



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

Estimates

(Public)

WEDNESDAY, 21 OCTOBER 2020

CANBERRA

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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Wednesday, 21 October 2020

Members in attendance: Senators Antic, Ciccone [by video link], Faruqi, McDonald, McKenzie, McMahon, Rennie, Rice [by video link], Sheldon, Dean Smith, 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 Regional Tourism

Senator Ruston, Minister for Families and Social Services

Senator Seselja, Assistant Minister for Finance, Charities and Electoral Matters

Department of Agriculture, Water and the Environment

Executive

Mr Andrew Metcalfe AO, Secretary

Mr James Larsen, Deputy Secretary, Environment and Heritage Group

Mr Dean Knudson, Deputy Secretary, Major Environment Reforms 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, Acting Deputy Secretary, Policy, Innovation, Strategy, Fisheries and Forestry Group

Mr Andrew Tongue, Deputy Secretary, Biosecurity and Compliance Group

Agricultural Policy Division

Ms Cassandra Kennedy, First Assistant Secretary

AGVET Chemicals, Fisheries and Forestry Division

Ms Melissa Brown, Acting First Assistant Secretary

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

Mr Scott Turner, Director, Animal and Biological Imports Branch

Biodiversity Conservation Division

Ms Emma Campbell, First Assistant Secretary

Biosecurity Operations Division

Ms Lee Cale, Acting First Assistant Secretary, Biosecurity Operations Division [by audio link]

Ms Barbara Cooper, Assistant Secretary, Border Controls Branch

Biosecurity Plant Division (including Australian Chief Plant Protection Officer)

Dr Chris Parker, First Assistant Secretary, Biosecurity Plant Division

Dr Gabrielle Vivian-Smith, Assistant Secretary, Plant Science and Risk Assessment Branch

Mr Peter Creaser, Assistant Secretary, Plant Systems and Strategies Branch

Dr Robyn Cleland, Acting Australian Chief Plant Protection Officer, Australian Chief Scientist

Dr Bertie Hennecke, Assistant Secretary, Plant Health Policy Branch

Mr Anthony Wicks, Acting Assistant Secretary, Plant Import Operations Branch

Biosecurity Strategy and Reform Office

Ms Jo Laduzko, Assistant Secretary, Biosecurity Strategy and Reform Office

Compliance Division

Ms Peta Lane, First Assistant Secretary

Corporate and Business Services

Mr Lionel Riley, Acting First Assistant Secretary

Ms Bronwen Jaggers, Assistant Secretary, Ministerial, Parliamentary and Portfolio Coordination Branch

Mr Troy Czabania, Assistant Secretary, Security and Commercial Business Branch

Mr Adam Carlon, Assistant Secretary, Communications and Media Branch

Mr Mark Simpson, Assistant Secretary, Strategy, Planning and Governance Branch

Climate Adaptation and Resilience Division

Ms Beth Brunoro, First Assistant Secretary

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

Drought and Bushfire Response Division

Ms Kerren Crosthwaite, Acting First Assistant Secretary

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

Ms Courtney Bryant, Acting Assistant Secretary, Bushfire Response Branch

Ms Louise Palfreyman, Acting Assistant Secretary, Financial Policy and Business Support Branch

Exports and Veterinary Services Division

Ms Fran Freeman, First Assistant Secretary [by video link]

Ms Nicola Hinder, Assistant Secretary, Meat Exports Branch

Finance Division

Mr Scott Brown, Chief Finance Officer

Information Services Division

Mr Peter McKeon, Chief Information Officer

Legal Division

Ms Alice Linacre, Chief Counsel

Ms Amy Nichol, General Counsel, Commercial, Information and Agriculture Advising

Mr Jadd Sanson-Fisher, General Counsel, Biosecurity, Exports, Legislation and Compliance

Ms Kate Lalor, General Counsel, Environment, Employment and Litigation

Ms Cassandra Ireland, Acting General Counsel, Legislation and Royal Commission Taskforce

People Division

Mr Neal Mason, Chief People Officer

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

Ms Jasna Blackwell, Assistant Secretary, Capability, Planning and Change Branch

Ms Emma Connell, Acting Assistant Secretary, People and Policy Branch

Ms Jill Mand, Assistant Secretary, Integrity 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

Ms Jodie McAlister, Assistant Secretary, Agriculture Trade and Market Access Branch

Mr Matthew Worrell, Assistant Secretary, International Organisations and Negotiations Branch

Ms Paula Perrett, Assistant Secretary, International Strategy and Engagement Branch

Trade Reform Division

Mr Matthew Koval, First Assistant Secretary

Ms Ann McDonald, Assistant Secretary, Export Reform and Traceability Branch

Mr Andrew McDonald, Assistant Secretary, Business Reform

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

Australian Bureau of Agricultural Resource Economics and Sciences

Mr David Galeano, Acting Executive Director

Dr Jared Greenville, Assistant Secretary, Agricultural Forecasting and Trade Branch

Mr Peter Gooday, Assistant Secretary, Farm Performance, Biosecurity and Information Systems Branch

Australian Fisheries Management Authority

Mr Wez Norris, Chief Executive Officer

Ms Anna Willock, Executive Manager

Australian Livestock Export Corporation (LiveCorp)

Mr Troy Setter, Chairman

Mr Sam Brown, Chief Executive Officer

Australian Meat Processor Corporation

Mr Chris Taylor, Executive General Manager

Mr John Berry, Chairman

Australian Pesticides and Veterinary Medicines Authority

Ms Lisa Croft, Chief Executive Officer

Dr Jason Lutze, Executive Director

Dr Maggie Hardy, Executive Director

Dr Rachel Chay, Acting Executive Director

Mr Keith Lockyer, Acting Executive Director

Australian Wool Innovation

Mr John Roberts, Chief Operations Officer

Mr Stuart McCullough, Chief Executive Officer

Mr Jim Story, Company Secretary

Cotton Research and Development Corporation

Mr Richard Haire, Chairperson

Dr Ian Taylor, Executive Director

Mr Graeme Tolson, General Manager Business and Finance

Dairy Australia

Mr James Mann, Chairperson

Dr David Nation, Managing Director

Mr Charles McElhone, Manager, Trade and Industry Strategy

Fisheries Research and Development Corporation

Dr Patrick Hone, Managing Director

Mr Crispian Ashby, General Manager, Research and Investment

Mr Peter Horvat, General Manager, Communications Trade and Marketing

Future Drought Fund Consultative Committee

Mr Brent Finlay, Chair

Grains Research and Development Corporation

Mr Anthony Williams, Managing Director

Horticulture Innovation Australia Ltd

Mr Selwyn Snell, Chairman [by video link]

Mr Matt Brand, Chief Executive Officer [by video link]

Dr Alison Anderson, General Manager, Research and Development [by video link]

Inspector-General for Biosecurity

Mr Rob Delane, Inspector-General for Biosecurity [by video link]

Inspector-General for Live Animal Exports

Mr Ross Carter, Inspector-General for Live Animal Exports [by video link]

Meat and Livestock Australia

Mr Jason Strong, Managing Director

Mr Andrew Ferguson, Chief Operating Officer

Plant Health Australia

Ms Sarah Corcoran, Chief Executive Officer

Dr Susanna Driessen, General Manager, Emergency Response

Mr Michael Milne, Chief Financial Officer and Company Secretary

Mr Rodney Turner, General Manager, Partnerships

Regional Investment Corporation

Ms Karen Smith-Pomeroy, Chairperson [by video link]

Mr Bruce King, Chief Executive Officer [by video link]

Rural Industries Research and Development Corporation (Agrifutures)

Mr John Harvey, Managing Director

Mr David Heazlewood, Senior Manager, Corporate

Wine Australia

Dr Michele Allan, Chairperson

Mr Andreas Clark, Chief Executive Officer

Water Efficiency and Labelling Standards Regulator

Committee met at 09:02

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 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 which senators have given notice of. The proceedings today will begin with an examination of corporate matters within the Department of Agriculture, Water and the Environment. The committee has fixed Thursday 3 December 2020 as the date for return of answers. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business on Friday 6 November 2020.

Under standing order 26 the committee must take all evidence in public session. This includes answers to question taken 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 estimate 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 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 not be asked to give opinions on matters of policy and 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)

CHAIR: Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to a 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.

I now welcome Senator the Hon. Jonathon Duniam, Assistant Minister for Forestry and Fisheries and Mr Andrew Metcalfe AO, Secretary of the Department of Agriculture, Water and the Environment, and officers of the department. Minister Duniam or Mr Metcalfe, do you wish to make an opening statement?

Senator Duniam: Not I, Chair, but I think the secretary does.

Mr Metcalfe: Chair and Senators, thank you for the opportunity to make a short opening statement this morning. We have run out of superlatives to describe this most challenging of years. It feels like we're in a

different world to when we appeared before this committee back in early March this year. Back then we were still reeling from the black summer bushfires, and the pandemic was only just rearing its head. As the pandemic has impacted our lives and our work, my department has continued to deliver essential services to the communities that we serve and to our environment, including assisting the government's response to the bushfires, supporting major reforms in many areas and working with our industries to mitigate the impact of the virus. We also redeployed 138 of our staff to support agencies including Services Australia, the Department of Health, Austrade and the Victorian Department of Health and Human Services.

The impacts of this pandemic have been severe. Australians have been unwell themselves or have lost loved ones. They have been separated from their friends and family because of restrictions, and many people have lost their jobs and businesses. We see our jobs in the department as helping others to keep their jobs or to get their jobs and their businesses. Our department has a large number of staff based in Victoria, and I'd like to particularly pay tribute to their work over recent months. There and elsewhere around the country, many of our staff are at the front line, delivering essential services such as in biosecurity and agricultural exports, supporting trade flows and ensuring our agriculture and environment are safe from threats of pests and disease.

My staff have supported our agricultural industries to keep producing food and fibre through measures such as supporting farmers to function through state border closures, assisting with the government's freight solutions to export fresh produce, and supporting agricultural industries to get the workers they need in regional and rural areas.

Our staff are making an important contribution to Australia's economic recovery from COVID-19 through their work on major project amendments under the EPBC Act. They have also made a significant contribution supporting the recovery of Australia's wildlife and habitat following the black summer. Our staff in Commonwealth national parks have continued to look after these areas of outstanding national and cultural significance through these most challenging of times. We're also maintaining a COVID-free environment in our sub-Antarctic and Antarctic stations for the safety of our expeditioners in the most remote places on the planet. I would also like to acknowledge the similarly significant efforts of our colleagues in our portfolio agencies.

In conclusion, I'm very honoured to lead this department in this most challenging of years. I'd like to place on the record before this committee my gratitude and thanks to the department's senior leaders and all of our staff for the work they've done and continue to do to support the government and, through it, Australia's agriculture, environment and heritage, and water resources.

CHAIR: Thank you very much. Senator Sterle, are you going to commence this morning?

Senator STERLE: Just to start, and then we can go to Senator Sheldon, and then I'll come back for a bit. Thanks, Mr Metcalfe. I'd like to put on the record that I really want to work with the chair today and the department. I have a lot to get through. I'm keen to get through as much as I can. I don't want to send anyone home, but, if we get to the situation where senators flood the place wanting to ask questions, I'm in no mood to knock back the opportunity for a spillover day, and I—

CHAIR: Senator, Sterle, you wouldn't discourage any senators from asking questions during estimates, would you?

Senator STERLE: Not at all. I'm just putting the government on notice that I will be requiring a spillover day if I can't get through our line of questions. I'll work closely with you.

CHAIR: I'll hold your senators to that same account of being quick with their questions.

Senator STERLE: Absolutely fantastic. Quick, prompt answers would be great. Let's see how we go, because the system has been very poorly serviced over the last few years. I don't think I'll get an answer there. Anyway, Senator Sheldon. Thanks Chair.

CHAIR: Thank you, Senator Sheldon.

Senator SHELDON: Thank you, Chair. Good morning, Mr Metcalfe and Senator Duniam—it's good to see you again this morning—

Senator Duniam: It's good to see you, Senator.

Senator SHELDON: and Ms Briscoe. Could the minister please table the briefs prepared for the department for these budget estimates?

Senator Duniam: All of the briefs prepared for the minister or—

Senator SHELDON: Yes. We have an incoming minister, so is it possible to share the brief?

Senator Duniam: I'll take that on notice and see what we can provide for you, Senator Sheldon.

Senator SHELDON: Thank you.

Senator Duniam: Just to be clear, you're talking about just the ones prepared for the minister?

Senator SHELDON: Yes. On 23 July 2020, *The Australian* reported that the Australian government is considering whether to charge Amber Heard with perjury over the Pistol and Boo biosecurity breach. I understand the department's consulting with the Commonwealth Director of Public Prosecutions. Has the department determined as to whether the government will prosecute Ms Heard?

Mr Metcalfe: I don't know the answer to that. The people who have knowledge of that are probably in the room next door. If you want to keep moving, I'll get them here and we can answer that question shortly.

Senator SHELDON: That would be great. Thank you.

Senator STERLE: Mr Metcalfe, you said earlier that it's been turmoil, to say the least, and now we have a new supermerged department. At the last estimates, we understood that a lot of questions couldn't be answered because things were being put together. It can't remember how long ago that was.

Mr Metcalfe: March.

Senator STERLE: I'll put a few questions to you and hopefully we can get somewhere today.

Mr Metcalfe: Of course.

Senator STERLE: Mr Metcalfe, can you provide an overview as to how the different systems across the different departments were integrated and whether there is still more work to be done in this area?

Mr Metcalfe: I'll ask Ms Briscoe to assist with this.

Ms Briscoe: I take that, by your question, you mean computer systems, or more broadly?

Senator STERLE: All systems that go when you glue two departments together to come up with a superdepartment.

Ms Briscoe: A range of activities had to be done by 1 February, which were done. A whole range of systems were put in place to ensure we could operate as a new department, and, since that date, we've continued on quite a big program of integration activities. It's included policies. We had to merge two lots of policies together in pretty much all the corporate areas you could imagine: people policies, security policies, property, risk management—all of those things. I would say we're probably about 80 per cent through those policies. Many of those policies require us to consult with staff. We need to spread those out to give staff an opportunity to comment on them. We are not quite complete with all of the policies.

Senator STERLE: I understand.

Ms Briscoe: There's a whole range of contracts that we've been progressively integrating as well. Where we may have had two contracts for something, we're working through the process to bring those into a single contract. We've made quite a lot of progress on most of those. The last of those, which are much bigger and more complex, are in relation to IT. The third category of things would be IT systems, and we're progressively doing those as well. We established the things that were necessary to get people operating straightaway, in terms of a single email address and access to email boxes and things like that, but we have a program of work that will see us integrate more systems over the next 12 to 18 months.

Senator STERLE: Sure. I don't understate the task. I appreciate that. Can you give us an idea of what the cost associated with the integrating the different systems is—firstly, so far, and then all up? Have you got that information available?

Ms Briscoe: No.

Senator STERLE: If you haven't, I'm happy for it—

Ms Briscoe: We'll have to take that on notice.

Senator STERLE: That's great. Thank you. You said you've given a great deal of thought to the department the government wants you to be and how your many responsibilities fit together. What conclusion have you come to?

Mr Metcalfe: That manifests itself in several ways. The portfolio budget statement demonstrates that integration. We see ourselves as having a single purpose, which is partnering and regulating to enhance Australia's agriculture, unique environment and heritage, and water resources. Sitting under that broad purpose are five objectives which effectively go to agriculture, environment, Antarctica, biosecurity and water resources, and then there's a whole range of particular government priorities, such as reforming agricultural exports through

to internal capabilities. Given that we are a big department spread over dozens of locations and we are doing some quite extraordinary things, how can we lift the capability of the organisation as a whole?

Senator STERLE: Thanks, Mr Metcalfe. Can you let us know what processes have been put in place to make the most of the synergies between the responsibilities of your portfolios?

Mr Metcalfe: It's basically a constant task of mine and my senior leadership system. Very early on, in mid-February, we implemented a new structure for the department. While it left many parts of the department unchanged, we created a group that sits at the centre of the department which clearly related to all of our responsibilities. It incorporates bushfire and drought response because those have an agricultural, water and environment outcome. There's climate adaptation as well, and the water function sits there because it's, of course, got both agricultural and environment functions. It's a continuing work in progress. We constantly find areas where the issue relates to agricultural productivity but also to environmental sustainability. As you know, our farmers and grazers administer roughly 60 per cent of the continent. They are, therefore, the most significant environmentalists that we have, so programs like Landcare and so on are things that really are drawing upon the synergies of the new department.

Senator STERLE: Can you also articulate what you mean when you state:

Despite the challenges we faced, we reached the end of 2019–20 in good shape and ready for the year ahead.

Ms Briscoe: That demonstrates that we were successful. My thanks go to the team that was actually in place before I arrived, on 1 February, with the new department on the machinery of government changes, the physical bringing-together of staff and the issues that Ms Briscoe went to. We have continued down that path. The challenges of this year included that, by the time we got to March, we had 4,000 staff working away from their usual workplace. There's the fact that our technology teams were able to support that remote working and the fact that the department was able to continue to produce through the demands that the pandemic threw up in many respects: border closures; agricultural workforce movements; and issues around COVID in meatworks, where we have our own staff. I'm really proud of the work that people kept producing, I said it earlier, but I'm really proud of our staff in Victoria through the last three or four months of lockdown. With all the personal pressures and family issues that have gone with that, they have kept producing. The flow of food and products in and out of the country has been able to be maintained, with strong biosecurity outcomes as well. I could talk about this all day—but you don't want me to—but those are just some examples.

Senator STERLE: That's good. Thanks, Mr Metcalfe. Don't worry—our thoughts are with the Victorians regularly. Well, mine are. Mr Metcalfe, I want to go to page 7 of your corporate plan. That talks about the department's operating context. It claims:

In the face of an ongoing pandemic, helping industry reach the target of \$100 billion in agricultural output by 2030 will require a strong partnership between government and industry. It will also require hard choices to be made that lift farm productivity, increase the value of our produce and keep Australian exports competitive.

Can you just explain to the committee, please, what does 'hard choices' mean in a practical sense?

Mr Metcalfe: Ultimately, industry are going to have to make choices as to markets and as to products and how they sell them. As you know very, very well, Senator, last year we produced roughly \$60 billion of output at the farm gate. Roughly two-thirds of that was exported. Thirty per cent of those exports went to China. We've seen issues with the China market across a number of commodities—and no doubt we can talk about that later.

Senator STERLE: We will, yes.

Mr Metcalfe: But the aspiration to grow from \$60 billion to \$100 billion—which the National Farmers Federation has laid out and which the government has said it will support in every way—is obviously a big-stretch target, particularly when you consider that that additional \$40 billion will be through exports. Effectively, Australians consume over 90 per cent of the food that is grown here. So there's not a big opportunity to grow the domestic market. The big opportunity is growing the export market. So it's those types of challenges about opening up market opportunities with industry and helping industry continue to innovate and lift its own productivity and profitability where, right down at the farm level, choices will be made by people as to how they can best succeed.

Senator STERLE: Thanks, Mr Metcalfe—and we will talk about China and trade and market access later. I just want to check that I have got this right. So we had the \$60 billion farm gate output.

Mr Metcalfe: Yes.

Senator STERLE: And we've lost 30 per cent?

Mr Metcalfe: No, we haven't lost it.

Senator STERLE: We're down 30?

Mr Metcalfe: No; we've actually maintained that level of \$60 billion—notwithstanding the drought and notwithstanding issues with our major export partner. The challenge is associated with export markets. Thankfully, much of Australia does appear to be coming out of drought at the moment. We're pretty optimistic about the future, but we have to work hard to get ourselves from \$60 billion up to \$100 billion. We think that innovation, opening up markets and new products are going to be the ways that the industries will do it.

Senator STERLE: Where did I get the 30 per cent?

Mr Metcalfe: The 30 per cent is the amount that we export that goes to China. So 30 per cent of \$40 million goes to China currently.

Senator STERLE: So 30 per cent of \$40 billion?

Mr Metcalfe: Yes.

Senator STERLE: Okay. So, while we're still on page 7, it also states:

We have established dedicated taskforces to guide and assist staff to work safely and effectively from our national office network, in the field and from their homes—

which you said that 4,000 are now doing or were doing in the early days in the early days of COVID.

Mr Metcalfe: Many are now back in their usual workplace. But, certainly, when we were told to stay at home, a lot of people worked at home.

Senator STERLE: It was a huge challenge. I understand that. How many task forces have been established?

Mr Metcalfe: I'll get Ms Briscoe to assist. There was certainly one significant task force, which was our overall departmental response to the pandemic that was meeting on a very regular basis. But Ms Briscoe can provide a bit of detail. While she's doing that, I have some advice for Senator Sheldon. Senator Sheldon, the officer who can respond to your question is not here. We will deal with that after lunch, at about two o'clock. So, if it's okay, we'll ask her to be here in relation to the Amber Heard matter.

Senator SHELDON: That's fine. Thank you.

Senator STERLE: Ms Briscoe, please go ahead.

Ms Briscoe: On 6 March, we established the COVID-19 incident management team. That was our umbrella arrangement for managing, preparation response and planning. The task force for COVID that was established was predominantly focused on the policy response of the department. The folks that worked in that task force are under the next outcome on the program today. So can talk in detail about the policy response to COVID. So incident management was our departmental response and the COVID task force was focused on the policy response.

Senator STERLE: Were there any other task forces formed?

Ms Briscoe: In relation to COVID?

Senator STERLE: It is all around page 7. It is all around COVID. So far we have two task forces.

Ms Briscoe: I wouldn't necessarily call the COVID departmental response a task force. We had an incident management team structure and governance arrangement. I don't have the org chart in front of me, but I think there's also a task force on some reform that we are doing of our export legislation, and I think there's one in our waste space in the group that looks after environment and heritage.

Senator STERLE: If it would assist the committee and the department, you can take it on notice for us.

Ms Briscoe: Certainly.

Mr Metcalfe: We're happy to take it on notice to provide the detail.

Senator STERLE: While you're at it, if you can tell us how many people were on each task force and the associated cost around setting it up and then running the task force, that would be very helpful. If you got it there now, saves you running away and having to—

Ms Briscoe: I don't actually, so we'll take that on notice.

Mr Metcalfe: I should add that one thing I'm delighted about, touch wood, is that, to date, not a single departmental officer has reported having caught the disease, notwithstanding the fact that many of them have been in places where it's present—at ports and meatworks and elsewhere. We had one case of an officer returning from overseas who had picked it up overseas but was dealt with and one case of an officer who was identified as having been in contact with the disease through some other testing some months afterwards and been completely

asymptomatic. But, to the best of our knowledge, our staff have been able to continue to operate in a very safe and healthy way.

Senator STERLE: That's great, Mr Metcalfe. Just in context, how many of your staff would be possibly exposed to—

Mr Metcalfe: A large number. I can get the precise figure, but the ones who are at the front line, as I described it, are our staff who work at ports and airports. Air traffic, of course, has dramatically dropped, though there's still some. From memory, some thousands of cargo ships have come through the country and, of course, we had active cases on board some of those ship.

Senator STERLE: And still having.

Mr Metcalfe: Our staff have been in that environment. Similarly, there are our staff export meat inspectors and veterinarians have been working in some of those facilities, particularly in Victoria, where the virus has been present as well. But I can try to get you a better figure.

Senator STERLE: That would be good. Thanks, Mr Metcalfe. Can you provide a breakdown of the number of staff in the national office network working in the field and from their homes when you come back with those figures? You don't have to do it now.

Mr Metcalfe: We can give those to you. We'll come back with those.

Senator STERLE: If you can. I'm just giving you the opportunity. I like to do it all now because it saves the poor devils behind you bashing away on computers for the next three days while it sits in the minister's office for the next couple of months.

Ms Briscoe: Just in relation to that, though, the people that work in the field—so airports, ports, abattoirs et cetera—in normal circumstances may start their day in the office and then go and do a range of inspections and then come back to the office. Obviously, the change in COVID was they were starting their day at home and getting their running sheet and then working on site. At the height of working away from the office, we had about 89 per cent of our staff working at home. But, of course, as we have started our phased return to the workplace, the number changes pretty much every day. So, if I gave you today's number in Canberra, we have between 54 per cent and 56 per cent of our staff back in our offices in Canberra. That will vary across the states because of the different arrangements—and we do have people right around Australia. So those numbers are pretty fluid.

Senator STERLE: That's fine. But I think we should also note—this is a statement, Chair—our unsung heroes. We talk about our first responders—and thank goodness for them. And God bless our truckies, who are moving freight around this nation. But your staff not only could have been exposed to possible contamination but also had to go home to their families too. People don't think about that.

Mr Metcalfe: I certainly do. That's why I said in my opening statement that I'm very proud of what they have done and how, particularly in Victoria where there were large numbers of active cases in the community, our staff and their families kept themselves safe and they kept delivering so that, ultimately, the food and supplies that are needed throughout Australia kept flowing.

I know it's not the agriculture side of the department, but I'm also really proud of the work of our staff in the Commonwealth National Parks, many of whom are Indigenous Australians, in Kakadu, Uluru and Booderee national parks. The parks of course were shut at various times. But, given the real concern about the impact of the virus on Indigenous communities, they kept working in a COVID-safe manner. Finally, perhaps the most extreme example is that we have a large number of staff in our subantarctic and antarctic bases. We have gone to extreme measures to keep COVID out of those bases and we'll continue to do so, of course, so that's really impacted on resupply, the length of their expeditions and various other issues as well.

Senator STERLE: That's great. It's not lost on me, I can tell you—or the committee, I would assume. Also, can you provide on notice the cost of the department to establish staff working from home, or do you have that figure now? I know it would be a moving feast—

Ms Briscoe: I don't have that with me, but I can take that on notice.

Mr Metcalfe: We'll try and come back through the course of the day and answer as much of this as we can.

Senator STERLE: Mr Metcalfe, it would be fantastic if we could do that. Let's go to page 8 of the corporate plan where you state:

We are working to transform and streamline our processes, including the delivery of our regulatory responsibilities.

Have you got that page in front of you? It saves me reading out the preamble.

Mr Metcalfe: Yes, I have.

Senator STERLE: That's fine. I'm talking about ICT systems; they're not cheap exercises. How will these changes be achieved?

Mr Metcalfe: They're across a range of areas. The biggest item that's come through the budget process, of course, is in relation to the reform of export processes. We are a major regulator. As you know, we regulate everything that comes into the country from a biosecurity point of view and we regulate many agricultural products that leave the country from a food quality and safety point of view: meat, dairy, grains et cetera. Our own processes are old-fashioned and are unable to properly integrate with the much more modern systems that many of the companies that export use. For example, with some of our work, we still use carbon paper and fax machines, so—

Senator STERLE: Do you really?

Mr Metcalfe: If you'd like some carbon paper, we're good for a supply. We don't quite use Gestetners anymore, but we're not far from it.

Senator STERLE: Mr Duniam doesn't even know what that is!

Senator Duniam: A facsimile?

Mr Metcalfe: No—a Gestetner.

Senator STERLE: And carbon paper.

Senator Duniam: You're right; I don't.

Mr Metcalfe: There is a significant reform program and it's one of the major budget items. Again, we can talk about export reform in detail later when we have the right people here. Largely that is modernising the technology that we have as an organisation so that it is able to interface with our many export clients and customers. We are also, though, looking at the interaction across a number of sectors, particularly the meat processing sector, because of the value of that sector and the number of people it employs. It's a very valuable manufacturing industry and export industry. So we've been working in a very collaboratively way. Deputy Secretary David Hazlehurst, who'll be here later when we get to those items, can talk at more length about that as well.

Similarly, with biosecurity, we are constantly looking at how we can do our job better. For example, we are trialling X-ray technology at one or two airports which has got the ability to significantly lift our confidence in baggage inspections through, effectively, using algorithms that can recognise organic material in a 3D way. We're worried about everything from someone's pork sandwich bringing in African swine fever through to contaminated food or whatever it might happen to be. The fact that we'll be able to do that when bags go through an X-ray will then mean that the work of staff to actually vector in on people who are of concern, rather than just randomly, will be improved. It's that type of activity that I'm talking about.

Senator STERLE: I don't know if this is off stream, but that TV show—what's it called?

Mr Metcalfe: *Border Security*.

Senator STERLE: Has *Border Security* increased your phone calls from incoming viewers who say, 'How can these so-and-sos'—

Mr Metcalfe: I think it certainly has—

Senator STERLE: I'm not going to use the language that my dear of friend, former Barry O'Sullivan, said about it.

Mr Metcalfe: Well, I'll actually claim a little credit. I was secretary of immigration when that show was first pitched. I was apprehensive about it, but it's turned out to be an incredible demonstration to Australians of their taxes at work in border protection. From our point of view, I am sure it certainly helps our recruitment of people who see the interesting jobs that there are to do. I don't know whether that's it, but let me give you just one quick example. A few weeks ago, a couple in the suburb Kambah in Canberra received delivery of their new refrigerator from a retail outlet here in Canberra. They opened up the cardboard packaging and some strange beetles came out. Rather than getting the Mortein, they said: 'This looks odd. Where has it come from? Overseas. We'll ring the biosecurity hotline.' They rang the biosecurity hotline and it was worked out quite quickly that these were khapra beetles, which are a huge pest of stored grain.

Senator STERLE: You do know I'm going to get a phone call from former Senator Heffernan after this!

Mr Metcalfe: Absolutely. As a result of that alert work by those people in Canberra, we were able to trace back many other whitegoods packages that were contaminated. We think it was a dirty container that had not been properly cleaned. Through their good sleuth work, possibly informed by general awareness around border security

and that program, we've been able to deal with what could have been a real problem for our grain industries. My hat off to them and I thank them for the work they did.

Senator STERLE: That's great news. You're lucky my dear wife Fiona is not here as she'd start ripping strips of you, asking, 'Why did they walk away with such small fines?' We'll leave that there.

Mr Metcalfe: There are several major retailers in Canberra that had their stores shut for quite some time while we carefully went through and checked. It wasn't their fault. Ultimately, it came back to—

Senator STERLE: I was talking more about the suitcase stuff. That's great, Mr Metcalfe, and thanks for letting us know that. Is there a time line around when the industry can expect the better services that you are talking about?

Mr Metcalfe: There absolutely is. If I could seek your indulgence, I will get our colleagues from exports, who are on after lunch, to talk in more detail about exactly who we have spoken with. In relation to the technology improvements, we have a very aggressive two- or three-year process to lift that capability.

Senator STERLE: Has the department been provided with additional funding to modernise the ICT systems?

Mr Metcalfe: Absolutely. There is a very large item in the budget.

Senator STERLE: I haven't read that. How much is that very large item?

Mr Metcalfe: Let me get you the precise figure. It's on page 27 of the portfolio budget statement document. It's called 'Busting congestion for agricultural exporters: improving the ease of doing business.' There are a number of items there, 'Building a more competitive meat industry', 'Harmonising and streamlining plant export regulation' and so on.

Senator STERLE: The IT figure?

Mr Metcalfe: I will come back to you with the particular IT figure.

Senator STERLE: Put it this way, you're the secretary and you're looking pretty relaxed.

Mr Metcalfe: Yes. It's a couple of million dollars.

Senator STERLE: Let me know later what that is.

CHAIR: I just need to tell you how excited the beef industry is about the reforms to the costs for the beef industry processing. It will come back to the industry. It's very good.

Senator STERLE: Great. Page 8 of the corporate plan states, 'As we continue to mature as a department, we will maintain our core focus on strengthening our leadership capabilities.' Are we getting the basics right here? Is the department adequately resourced? I love these questions.

Mr Metcalfe: I believe that we are well-resourced to do the job that we've been asked to do. You know I'm not going to give you a—

Senator STERLE: I know. Always roll the dice—you never know.

Mr Metcalfe: We can play that game, if you want, Senator! There are substantial resources. We have well over 6,000 staff in the department. They have many, many things to do. And, of course, the reason we use the word 'partnering' in our purpose statement—partnering and regulating to enhance agriculture et cetera—is that what we do, we usually do in company with many other people. On biosecurity, we work very closely with the industries, with the state government and so on and so forth. On agricultural productivity, we work very closely with the research and development corporations and, again, with the farming bodies. We see ourselves as an enabler, helping create an environment of success for others. So partnering and, therefore, strong relationship skills—you know, making you want to do what you do, to get a better outcome—is something that's really valuable for us. That's why I focus on some of those human qualities—of us being leaders, of strong partners, of collaborating, of understanding and of working constructively with stakeholders even at the same time as we may be regulating them, and we have a formal role in relation to permissions et cetera.

Senator STERLE: Mr Metcalfe, for any youngsters out there wanting to have a career in the public service: if they click on to that answer, in 30 or 40 years, they, too, will be a secretary of a large department.

Mr Metcalfe: Thank you, Senator.

Senator STERLE: Fantastic—you tipped me on my ear on that one, didn't you! I thought you were just going to brush me off. On 7 October the minister put out a media release with dot points relating to the government's Ag2030 plan, and the dot points all just link to a bucket of money. Can you shed some light around what the actual plan is, rather than just the dot points with the bucket of money?

Mr Metcalfe: Yes, for sure. I'll get Ms Deininger to join us. Effectively, Ag2030 is a vision from the National Farmers Federation to grow the pre-farm-gate sector to 100 billion—and that is, frankly, only part of the story. After the farm gate are all of those other jobs in exports or food-processing industries and right through to grocery and retail. So this is a very big area of opportunity for us. We have identified that there are seven key pillars, or components, of the plan. And the government have been very much focused on how we can assist with those particular issues: workforce and people, for example; science and innovation is another; and exports is another. The way that the budget measures have been framed have been to try and seek to enhance our contribution to industry succeeding. Ultimately, we don't grow wheat or grow cattle; farmers and graziers and industries do that, but we can help through the provision of a whole range of measures.

Senator STERLE: And we fully support plans for the future, rather than plans that go around news polls or electoral cycles. I think that's great. We just want to know what the actual plan is.

Ms Deininger: As the secretary mentioned, and as you mentioned in your question, Senator Sterle, the minister did, just after the budget, talk about the Ag2030 plan at his Press Club address, and he talked about the seven themes. Quite a lot of information went up on the department's website that morning, and, in addition, today—and I'm happy to send the link to the secretariat—the minister has released a more formal document called *Delivering Ag2030*. It includes a foreword from the minister and, as the secretary mentioned, there are seven key themes—and we've already touched on some of those—around trade and exports, biosecurity, stewardship, supply chains, water, innovation and human capital. As part of that, there's more detail in relation to the particular aspects of each of those things.

Senator STERLE: Sorry, is that for the public?

Ms Deininger: Yes, it is. It's on our website. And there's also a 'Future steps' page. There's basically a page on each of the themes, and it picks up a number of initiatives that are in the budget or that have already been announced. Of course, not all of those initiatives come directly within our minister's portfolio—there are some, of course. For example, a number of the reforms to encourage workforce and to address workforce issues cut across different portfolios, so it is a cross-portfolio enunciation of what the government has announced in relation to Ag2030.

Senator STERLE: And has it clicked out of first gear? Are we moving now to forming working groups or consultation? Or is it just a plan on paper at this stage?

Ms Deininger: As the secretary mentioned, the government is supporting industry in achieving this goal. So, it's not about the government leading the charge.

Senator STERLE: No, I understand.

Ms Deininger: It's about the government setting the foundations. We have a very extensive range of connections, if you like, to different groups, whether it's the NFF or industry-specific groups. We also work very closely with the states and territories in the RDC. Under each of the different measures there are different ways that we are trying to support, for example, innovation or, as the secretary mentioned, the labour stuff. So it's really dependent on the particular proposal.

Senator STERLE: And let me tell you, I'm jealous, because I wish the infrastructure minister had this foresight to have a trucking plan; I think it would be great. That is wonderful.

Mr Metcalfe: Senator, I can respond to that earlier question you had. The overall budget allocation in relation to growing food and fibre exports is \$328 million over the forward estimates. And the digital component—you were asking about the technology component—is \$222.2 million over four years.

Senator STERLE: Thanks, Mr Metcalfe, and thanks, Ms Deininger. In the media release by the agriculture minister it states that around \$873 million is committed for biosecurity and export programs for this financial year, which I'm led to believe is an increase of \$243 million since the 2014-15 budget. Why is the funding described in terms of 'around'? I've always been amazed at how governments can pinpoint it to the exact cent. I wouldn't mind getting 'around' a few million for—

Mr Metcalfe: I'll ask our chief financial officer to enlighten us.

Mr Scott Brown: We can give you the exact number. It's \$873.2 million.

Senator STERLE: Thanks. And while I've got you here, Mr Brown, what is the split between biosecurity and export programs for this budget year? Do you have that information?

Mr Scott Brown: We do have a table, which I could table for you—

Senator STERLE: That's great.

Mr Scott Brown: because the 873 covers a number of pages of the portfolio budget statement, and it might be quite an exercise for me to go through every one. But I'd be prepared to table that for you to look at.

Senator STERLE: That would be great. Thank you. I will ask this one: is the \$243 million increase specific to biosecurity, or is it exports? Or is it split?

Mr Scott Brown: I will get back to you this morning on that.

Senator STERLE: That's great.

Mr Metcalfe: Sorry—a \$243 million increase in the overall portfolio budget, or—

Senator STERLE: Yes. This is for biosecurity and export programs. The extra 243 is above what it was in the 2014-15 budget year. I just want to know: is it biosecurity—

Mr Metcalfe: Alright. We'll have to track that.

Senator STERLE: So, you'll come back to me on that. I'm looking at page 86 of the portfolio budget statements for this year. It states that the total of expenses for outcome 4 is \$776, 830, 000. I'm just working out that it's well short of the \$873 million in the minister's media's release—okay?

Mr Scott Brown: Yes.

Senator STERLE: Can you help me to work out how that worked?

Mr Scott Brown: Yes, I can. That's why I'll table the table for you. There are other measures, like state payments, Treasury payments, which go through other departments and which are still biosecurity related but they don't come out of our department.

Senator STERLE: Great; that explains that. Thanks, Mr Brown. That'll be as clear as daylight when we get that table; that's fantastic. I think it's clear that staffing numbers have decreased by 18 staff members since 2019-20. Can you tell me in which divisions the department has had the staff decreases?

Mr Metcalfe: Decrease or increase?

Senator STERLE: Decrease. I'm led to believe it's decreased. The budget paper gives averaging staffing numbers.

Mr Scott Brown: Are you looking at page 86 again?

Senator STERLE: I am.

Mr Scott Brown: In 2019-20, we get a one-off ASL increase for the COVID response at airports. It was about 50-odd people. Really, overall, there hasn't been a significant drop. We just got a one-off increase, and that explains why the 2019-20 number is slightly higher than the 2020-21 number, because we got those ASL, those people, for one year only. When COVID came through, earlier in this financial year, the government gave us approximately 50-odd extra people for the COVID response and only for that particular year.

Mr Metcalfe: You'll recall in the early days, when we still had international passenger flights arriving, the department was asked to substantially increase its activity—

Senator STERLE: Because it was March.

Mr Metcalfe: to the extent that we were actually boarding aircraft. Our officers were in full PPE, going to each aircraft, seeing if there were sick passengers et cetera. That was effectively a surge of activity, which of course then fell off as the as the passenger flights reduced.

Senator STERLE: That explains that, thanks. Back to the corporate plan, which, on page 11, states:

We have appointed a chief risk officer at the first assistant secretary level to support the secretary in promoting positive engagement with risk.

Can you tell me when the chief risk officer was appointed; and is he or she here at estimates?

Mr Metcalfe: Ms Briscoe can answer the first question, and the second will be answered by the person who's approaching the table as we speak.

Ms Briscoe: While he's getting settled, yes, Mr Riley was appointed in that role in around March.

Mr Riley: Yes, around March. I don't have the specific date.

Senator STERLE: That's not a hanging offence. Mr Riley, can you explain your role with regard to supporting the secretary and key senior executives?

Mr Riley: Yes. The role of chief risk officer is to help drive a positive risk culture in the department. The chief risk officer oversees a small risk team that supports the department to ensure, in line with Commonwealth

risk guidelines, that we have a risk framework in place and that that's implemented in accordance with those guidelines.

Senator STERLE: Do you have a team to assist you with your work?

Mr Riley: Yes, a small team.

Senator STERLE: How many are in your small team, Mr Riley?

Mr Riley: About four or five.

Senator STERLE: You can take this question on notice, but please let us know: are they permanent full-time employees, not contractors?

Mr Riley: Yes.

Senator STERLE: You can take on notice their pay levels and where they fit into the public sector pay structure.

Mr Riley: Of course.

Senator STERLE: When you were at school, did you think you were going to be a risk manager one day? How did that start? You don't have to answer that.

Mr Riley: I'm lucky, I guess.

Mr Metcalfe: He does other things as well.

Senator STERLE: Do you?

Mr Metcalfe: Yes.

Senator STERLE: So this is not a full-time gig?

Mr Riley: No, I'm also Acting Assistant Secretary Corporate.

Senator STERLE: As well?

Mr Riley: Yes.

Senator STERLE: How do you split your time between supporting the secretary on risk management and being first assistant secretary. Are they two definitive roles or are they separate?

Mr Riley: No, not really. The role of chief risk officer is effectively a part-time role, in addition to the role of first assistant secretary corporate. My role also has responsibility for risk management—strategic risk management, enterprise risk management—in the department.

Senator STERLE: Were you a first assistant secretary before you became—

Mr Metcalfe: Mr Riley is an acting first assistant secretary. That's an SES band 2 officer, or two levels down from me. He has a division that consists of our work on strategy, planning and governance; on ministerial and parliamentary and portfolio coordination; on security and commercial business; and on communications and media. So it's quite a large group.

Senator STERLE: Yes.

Mr Metcalfe: But his role as chief risk officer sits as part of that job and supports me and the senior leadership in accepting that in any business like ours there's risk, that we need to understand the risk, that we need to have measures to mitigate the risk and that we need to actively manage it rather than having things pop up unannounced. That's the small team that Mr Riley has working on that issue with him.

Senator STERLE: Thanks, Mr Metcalfe. So, you were a first assistant secretary before you got the risk management job as well? Or they all came together?

Mr Riley: I don't know the exact timing, sorry, but—

Senator STERLE: It's been a whirlwind adventure!

Mr Riley: Yes, it was around about the same time, I think.

Senator STERLE: That's great. Thanks very much. Has this position been employed under the normal Public Service employee arrangements?

Mr Metcalfe: Yes.

Senator STERLE: Are formal reports regarding cross-cutting emerging risk issues and risk management approaches provided to the secretary and to the minister?

Mr Metcalfe: Yes.

Senator STERLE: Will those reports be made public?

Mr Metcalfe: Not normally, but if you're asking for them we could certainly see whether they could be made available to the committee.

Senator STERLE: Yes, thank you.

Mr Metcalfe: The only issue would be if they do touch on matters that go to cabinet deliberations.

Senator STERLE: Sure. And thanks for taking that on notice. On page 14—back to the corporate plan—figure 6 says, 'Our people' and states that this are approximately 7,000 employees. You said there were—did you say 6,000?

Mr Metcalfe: That is a head count figure, as opposed to an ALS figure. We have a large number of part-time and other staff. Ms Briscoe can provide you with detail around the categories of employment.

Senator STERLE: Sure. Can you just take this on notice? It's easier. Can you break down the staff across the three portfolio areas of agriculture, water and environment?

Mr Metcalfe: Agriculture, water resources—yes. Some, of course, are double- or triple-hatted in that they'll work across different parts. But we can certainly—

Senator STERLE: Sure.

Mr Metcalfe: I think the easiest way—I don't know whether you've seen our top structure chart—

Senator STERLE: No, I haven't.

Mr Metcalfe: It's on the web. We can certainly provide a breakdown of the staffing numbers across each of those groups. There are seven deputy secretaries, three of whom are very much focused on agriculture and biosecurity, two on environment, one on corporate and one on a sort of a blend of issues, including water and other matters. We can certainly give you that sort of breakdown.

Senator STERLE: That would be great. Thanks, Mr Metcalfe. Now, on page 17 of the corporate plan, there's a statement that says, 'Our biosecurity staff work on behalf of the Department of Health to carry out health screening of international passengers.' Can you explain to the committee why passengers from the *Ruby Princess* were not screened by a biosecurity officer or officers with regard to their health?

Mr Metcalfe: I'll ask the relevant deputy secretary to join me at the table. You would be aware that we provided extensive evidence on this matter to the committee chaired by Senator Gallagher, the COVID committee.

Senator STERLE: Yes.

Mr Metcalfe: We've appeared twice before that committee and provided answers to many questions on notice and provided, I think, all the submissions the department made to the Walker Inquiry—the New South Wales Commission of Inquiry into the *Ruby Princess*. The department, in relation to human biosecurity, effectively acts as an agency of the Commonwealth Chief Medical Officer. Under the Biosecurity Act, my role as secretary is the Director of Biosecurity, which effectively means director of biosecurity in relation to animal and plant health. The Chief Medical Officer, currently Dr Kelly, is the head of human biosecurity. There are separate powers in the Biosecurity Act. The Chief Medical Officer effectively delegates or authorises state health departments to undertake human biosecurity activities at the borders.

In the case of the *Ruby Princess*, it was the New South Wales Department of Health that was the relevant delegate or authorised agency in relation to human biosecurity. Because our officers are present at airports and ports, we undertake for the local authorities—New South Wales Health, WA Health, whatever—aspects of the human biosecurity screening. A large part of that occurs through a system called MARS, the Maritime Arrivals Reporting System, where ships or aircraft are obliged to report to Australian authorities whether there's any illness—

Senator STERLE: And they report that to border protection or—

Mr Metcalfe: It's a system that comes to us but others have access to as well. Mr Tongue or his colleagues will be able to provide you with more detail about that. But I'm getting to the *Ruby Princess*.

In relation to the *Ruby Princess* and other cruise ships, the New South Wales Department of Health had a specialist section in place relating to cruise ships arrivals, and, effectively, they received the information as to the state of health on board the vessel and made assessments as to whether or not they wished to attend. Where a ship was assessed by them as having anything other than low risk, they would physically go down to the port of Sydney and be present and be part of the overall biosecurity screening, while my officers were primarily focused on ballast water, food products—anything that might be a risk to animal and plant health. But I certainly accept that we do have responsibility in relation to human health because of this relationship that exists.

In the case of the *Ruby Princess*, for reasons that have been extensively canvassed before the other committee and the Walker commission, regrettably the New South Wales Health authorities formed a view that the vessel presented a low risk and therefore did not attend the vessel. Our officers undertook many of their tasks, but they did not do everything that they needed to do. I've advised the other committee that we clearly needed to improve our processes. However, effectively my officers were acting on the reasonable belief that the shift was low risk because New South Wales Health had not—it's not just New South Wales Health; it was an expert panel of four epidemiologists and four senior doctors who made that low-risk assessment. Commissioner Walker calls that out as a major issue in his report. There were certain procedures that our officers didn't do and there were certain procedures that they did do, but it was basically because of the local arrangements that existed at the port and the involvement of New South Wales Health or whatever. Certainly our officers did what they were required to do in ensuring that passengers had notices about the need to go home and isolate et cetera.

They did raise queries with New South Wales Health when they noticed that a number of swabs were being taken off the ship for testing. They actually communicated that morning with the New South Wales Health authorities and said: 'There are swabs being taken off. Is there anything that we need to worry about?'

Senator STERLE: This is a classic example where your staff could have been exposed. Did they have close contact?

Mr Metcalfe: They would have been there—I can check—wearing PPE. The whole procedure was that they were appropriately garbed. Mr Tongue can assist on that point. When they noticed these swabs being taken off, they actually checked by text with the key senior epidemiologist in New South Wales Health, who replied: 'No problems. Low risk. Just make sure they're getting their notices.' In the light of the Walker royal commission, Minister Littleproud has asked the Inspector-General of Biosecurity to examine our processes and procedures. We are constantly looking to improve them. But ultimately, as I've said, the issue of the *Ruby Princess* goes back to this issue of the low-risk assessment from New South Wales Health.

Senator STERLE: Thanks.

Senator SHELDON: Mr Metcalfe, thank you for that overview. I note COVID-19 evidence that you gave the Senate inquiry. You stated:

In hindsight, the national protocol was not followed, and the officers believed that they were exercising their responsibilities appropriately through the communication that did occur with the New South Wales health department.

Is that an accurate description of what was said?

Mr Metcalfe: That's a reasonable explanation.

Senator SHELDON: Isn't the agriculture department best described as a last line of defence?

Mr Metcalfe: I would better describe it as there being multiple lines of defence in this issue, and ultimately the overall system—

Senator SHELDON: You may put some additional lines that I'm not going to put there so as I can understand it. It's certainly the case you're giving that the health department made certain assumptions. Then, with the people coming off the ship, there was Border Force and there was the agriculture and health department—

Mr Metcalfe: Agriculture.

Senator SHELDON: Sorry, agriculture. I appreciate in your own evidence during the COVID Senate inquiry that you stated that they should have actually spoken to doctors directly—if I understand that correctly.

Mr Metcalfe: I believe that there is a system with multiple aspects to it. There were failures all around. Commissioner Walker has extensively inquired into that. Following that hearing of the committee, I wrote to Senator Gallagher and made a number of comments about my evidence, because there had been some discussion on the issue of this concept of pratique and when it was granted and whether it wasn't granted. I will read one paragraph because I think it's best if I refer back to what I've said. I advised Senator Gallagher that I believed that my officers acted in good faith through the biosecurity activities and disembarkation of the *Ruby Princess*. They relied upon the low-risk assessment of New South Wales Health, as the New South Wales special commission of inquiry indicated that they were entitled to do. They were particularly diligent in checking with New South Wales Health by text at 7.31 am, when they understood swabs were taken from the *Ruby Princess*, and confirmed with New South Wales Health their low-risk assessment that passengers were free to disembark and that appropriate notices were being provided.

Senator SHELDON: Mr Metcalfe, in previous evidence you've confirmed the national protocol wasn't followed. The officers didn't follow national protocol and they adopted a local practice that was at the port of Sydney. Obviously they've made some very fundamental mistakes in exercising—I'm not saying who else had

roles to play. There were other people who had roles to play here, Border Force included. I'm just talking with the Agriculture secretary and asking questions about the role that they play.

Mr Metcalfe: I can't really add to my earlier evidence, which was extensive, so I will simply refer you back to what I've said previously. It was a system reliant on multiple players. As Commissioner Walker indicated, the overall environment around that particular ship was set by the low-risk assessment. Looking with the clarity of hindsight, which is always easier to do than in what was clearly a dynamic situation—I'm sure you're aware that it's a very busy environment when a cruise ship arises. There are multiple agencies involved. I'm satisfied my officers were doing what they could. However, I have agreed that they did not do everything that was expected. It's for that reason that we've asked the Inspector-General of Biosecurity to examine our processes and procedures.

I believe that my officers at the port on that morning were doing what they thought they needed to do, and that when they did have a concern, when they noticed these swabs that had been taken from certain passengers being taken off the ship, they reconfirmed the situation with New South Wales Health. In that sense, they were the last line of defence. New South Wales Health confirmed that they had no objections to the disembarkation of passengers and that passengers were free to go, providing that appropriate notices were being provided, which they were.

Senator SHELDON: Mr Metcalfe, I disagree with your analysis of what's gone on here. We've got a national protocol that's not being followed. We've got a pandemic that was spreading across the world and across this country. As you're well aware, a whole series of people—and I'm sure you're aware of the dramatic effects of these passengers getting off the *Ruby Princess*—

Mr Metcalfe: Absolutely.

Senator SHELDON: We've seen fatalities and we've seen serious harm to communities, and, of course, people have experienced the tragedy of losing a loved one.

Mr Metcalfe: Yes.

Senator SHELDON: On a number of occasions, they didn't follow the national protocol; they followed a local practice which was contrary to the national protocol. I would not be blowing it off as a simple mistake; I think it's a very fundamental mistake that they made, and I think there are others who have made mistakes in this whole sorry saga of what's happened with the *Ruby Princess*.

In your evidence also, there was a question about who was responsible—the two responsible officers who allowed the disembarking to occur. Have they been identified now? They weren't identified, I understand, in the COVID committee inquiry.

Mr Metcalfe: Yes, they have been identified before the Walker commission. They were relatively junior officers. They were officers going about doing their job. As I've said, I ultimately agree that the protocols that were required by the national protocol were not adhered to. However, I accept that in the Port of Sydney on that particular day, in the environment that our officers were working in, they were acting in good faith, that they were relying upon the low risk assessment by New South Wales Health, and that they were being diligent. Rather than simply waving everyone off when they noticed that there was this issue around the swabs, they did check, and they had a confirmation from New South Wales Health, the medical experts. As I've said on numerous occasions, we are not doctors. My staff are not doctors; they are biosecurity officers. They were relying upon the expert advice from the medical professionals and really could do no more. When we look back on it, as Commissioner Walker did in a very comprehensive review, there were a number of things that should have happened very differently. I've made it very clear that I am, of course, very, very sad at the consequences of what occurred, but ultimately my staff were acting in an environment where New South Wales expert medical advice was that it was a low risk.

Senator SHELDON: Mr Metcalfe, I appreciate the candour of trying to get to the bottom of what occurred, and I want to be clear about what the next steps are. I certainly have a different view about the responsibilities. As I said before, the national protocol wasn't followed, and staff also just went by what was custom and practice at the Sydney port for non-COVID periods—non-pandemic periods. So, as you say, it does highlight—

Mr Metcalfe: Yes.

Senator SHELDON: I want to go to this question of the next steps, which I think is an important one. Is there a more senior—

Mr Metcalfe: Sure. Senator, I can—

Senator SHELDON: Can I just finish.

Mr Metcalfe: Sorry, Senator.

Senator SHELDON: I have two questions. Were they contract staff?

Mr Metcalfe: No, they were permanent APS employees.

Senator SHELDON: Are there more senior staff now, and what roles do the more senior staff have if there are senior staff now allocated to those sorts of tasks?

Mr Metcalfe: We, of course, don't have cruise ships arriving.

Senator SHELDON: Yes.

Mr Metcalfe: We have many cargo ships arriving, and of course there are a couple of ships at the moment where there are COVID cases on board. The staffing profile has not changed, but I'd certainly ask Mr Tongue, the relevant deputy secretary, to ensure that there was a thorough review of our procedures and training and that there was ongoing work to ensure that we have significantly improved the interrelationship that we have with the local health authorities. What was very clear in Sydney is that there was a team, almost, of people who worked the ships together. New South Wales Health would come down. Border Force were there. We were there. They'd work on it together. Clearly, with the benefit of hindsight, there should have been stricter application of national protocol. But, as I've said, in Sydney on that morning there was a low risk assessment, and people were doing their jobs, but they just weren't doing them the way the overall national protocol had described. That's exactly why the inspector-general was looking at it, and that's exactly why we have sought to improve our procedures.

We have strengthened our protocols, because effectively we are the agent of the Department of Health. We've been working with the Department of Health as to what more we could do in our relationship and communication with the state health authorities to ensure that if there is any reason to believe that the virus is on a ship it is appropriately managed by the health authorities and dealt with. One of the challenges, as we all know, is that people can be asymptomatic and not present with symptoms. That is one of the challenges that I think everyone's faced through this pandemic, whether it's border authorities, employers in abattoirs, truck drivers who go to cafes or whatever. They can have it, they can be contagious, but they're asymptomatic. The answer to your question is that the staff levels have not changed, but certainly daily we are diligently thinking about what we can do to ensure that we are detecting any situations where the virus might be present.

Senator SHELDON: So, as I understand it, you're describing that there's been additional training for that staff and other staff in similar roles?

Mr Metcalfe: Yes. Mr Tongue might pick it up from here.

Senator SHELDON: And I might ask one other question attached to that. Beyond the training, if there isn't somebody more senior now put into those roles, does increased reporting take place before—let's hope cruise ships will be coming back into our ports soon, but obviously it will take some time—is there somebody more senior that they'll be reporting to, to make sure that comfortable working relationship, which is I think the custom and practice at Sydney Port, doesn't fall foul of the national protocol?

Mr Metcalfe: For sure—a good question, Senator. I'll get Mr Tongue to answer it.

Mr Tongue: I'll just take you through what we've done in response to the changing maritime environment. We've instituted new communication protocols for biosecurity officers to ensure that port stakeholders are aware of what we're aware of. We've established weekly meetings with port stakeholders around the country. We've changed our electronic forms to more clearly articulate the decisions we're making. We're reviewing our pratique practices in the department. We've undertaken a review of our IML—our instructional materials library—which is what drives a lot of our practices out on the ground, and we'll be changing our IML to make it more modern. We've undertaken training in pratique processes.

We've started off with our more senior staff, which I think is where you were going, and we're developing other training associated with that. We've commenced a process with the New South Wales Department of Health to respond to the Walker inquiry. Mr Metcalfe's mentioned the work of the Inspector-General of Biosecurity. And we're undertaking a project to see whether we can give a wider group of stakeholders in the maritime environment access to the maritime arrival and reporting system. In terms of the tempo of our work, since the end of July we've handled around 4,000 vessels—no cruise ships, of course. Of those roughly 4,000 vessels, around nine vessels have had COVID cases on them. As of around last night, that was around 62 cases of all the crew. We're continuing to up the tempo and up the engagement of senior staff across the organisation in the maritime environment, and we'll continue to do that.

Senator SHELDON: Thank you.

Senator STERLE: Mr Tongue, I haven't seen you for years!

Mr Tongue: No, I've been away for awhile.

Senator STERLE: It looks like you had a good time when you were away. You're looking younger.

Mr Tongue: I got a tan. Thank you, Senator. I appreciate that.

Senator STERLE: Welcome back. Now, Mr Metcalfe—and I'm keen to wrap up so that we can keep moving on—I wrote a 'Dear Mr Metcalfe' to you on 16 October.

Mr Metcalfe: Yes, you wrote me a letter. I've got it here.

Senator STERLE: How did I go? Have you got all those answers for me that I was requesting on behalf of the other senators?

Mr Metcalfe: Well, Senator, you've asked for a lot of things. Which particular one was it? Was it the issue about the reports and reviews?

Senator STERLE: Yes, that and of course my questions about Agricultural Innovation Australia.

Mr Metcalfe: We're very happy to talk about Agricultural Innovation. Again, I might refer you to the relevant program, which is—

Senator STERLE: Yes. Have you written anything back to me—

Mr Metcalfe: No, I didn't write to you, Senator. I thought we'd deal with it here today because you only wrote to me on Tuesday night I think it was.

Senator STERLE: That's because you won't take my calls!

Mr Metcalfe: There's another committee that I've been spending time with, Senator—

Senator STERLE: And they're more important than me! I get it!

Mr Metcalfe: At the time, but right now you're very important. After the morning break we'll come to agriculture policy—

Senator STERLE: So you're armed? You're armed up and you've got all the information?

Mr Metcalfe: We're ready to go, yes.

Senator STERLE: Yes, that's it.

Mr Metcalfe: But on the issue about reports and all that sort of thing we certainly can provide that information to you.

Senator STERLE: That's great. And when we get to Agricultural Innovation Australia we'll get all that too.

Mr Metcalfe: Well, we'll deal with Agricultural Innovation Australia under the topic of agricultural policy.

Senator STERLE: Yes.

Mr Metcalfe: We're very happy to talk about that.

Senator STERLE: That's fantastic. Let's go to page 54 of the annual report, around the performance criteria. What we do know is that the department experienced an operating loss of just over \$50 million. I believe the wording is that the loss is within the department's approved loss. They are the farmer and industry bodies—anyway, you can answer that.

Mr Metcalfe: I'll get Mr Brown to help us; this goes to issues of depreciation and things that we're funded for and not funded for, so we need a chartered accountant to assist us here.

Senator STERLE: Okay—chartered accountants. Why are they chartered? What does that mean?

Mr Metcalfe: As opposed to 'unchartered', I suppose!

Senator STERLE: What I'm chasing, Mr Brown, is what caused the operating loss and the threshold.

Mr Scott Brown: What page was that, Senator, just so I—

Senator STERLE: Page 54. Are there other pages that talk about losses? I missed them!

Mr Scott Brown: The secretary is right; what creates the loss is really a technical accounting adjustment. Essentially, we have to provide for restoration of facilities, particularly in Antarctica, where, obviously, there is depreciation on assets. Plus, we have to restore that site back to its pristine state. So every year we have to book what we call a provision, which is a non-cash entry. Essentially, the loss is incurred because we're booking those provisions.

At some later date, once we have to fund those provisions, then we'll be coming back to government to seek some money to do that. Essentially, it's an accounting entry but it's not a cash issue for us.

Senator STERLE: If anyone wanted to find out where that is, where do they go to find out the breakdown?

Mr Scott Brown: I could probably give you the details on all of that.

Senator STERLE: Then please take that on notice and provide those details for us, Mr Brown. Thank you very much.

CHAIR: There being no further questions we'll now move from corporate matters to outcome 3. Secretary, do you have everyone here for outcome 3?

Mr Metcalfe: Yes, I think so.

Senator STERLE: No, sorry—we still have questions around AGMIN.

CHAIR: I'm sorry, officers, we still have a little bit on corporate services. Senator Sheldon?

Senator SHELDON: How is AGMIN administered by the department and what are the associated costs running to AGMIN?

Mr Metcalfe: I'll see if Ms Deininger can assist us. AGMIN is the Commonwealth and state agriculture ministers, which Mr Duniam often attends.

Ms Deininger: In relation to AGMIN meetings, the last face-to-face ministers' meeting was earlier in the year, in February, in Launceston. There are agreed cost-sharing arrangements in place for the cost of the venue and so on. Since that time, of course, with travel restrictions and COVID-related matters, the agriculture ministers' meetings have been held via video conference or by teleconference, so there have been none of those associated costs.

Senator SHELDON: That AGMIN meeting was on 21 February, was it?

Ms Deininger: That's correct.

Mr Metcalfe: That's right. It was held in Launceston.

Senator SHELDON: There have been several meetings between primary industry ministers, essentially to deal with matters with COVID-19 challenges?

Mr Metcalfe: Ministers have met quite regularly, particularly through the earlier parts of the pandemic. Quite often that was interspersed with the fact that I have a fortnightly meeting with my counterparts, with senior officials—so-called AGSOC meetings. But ministers also did some important work—for example, leading up to the work by national cabinet on the Agriculture Workers' Code.

Senator SHELDON: Was the last meeting of AGMIN held on 29 July 2020.

Ms Deininger: I believe the last meeting of AGMIN was on 2 September.

Senator SHELDON: The last meeting between primary industry ministers was 2 September?

Ms Deininger: Yes.

Mr Metcalfe: It would have been a few days before the national cabinet meeting.

Senator SHELDON: Has AGMIN changed its name to 'primary industries ministers meetings'?

Ms Deininger: I'm not aware of any change in name. It might be that it's a colloquial expression to call it AGMIN.

Senator SHELDON: There was a meeting of primary industries ministers on 29 July 2020?

Ms Deininger: Yes, there was a meeting on 29 July.

Senator SHELDON: At that meeting on 29 July—following the matter relating to workforce challenges was discussed. It appears from the communique that a specific ag workers code was not discussed. Is that correct?

Ms Deininger: I don't have the communique to hand. Certainly, there have been discussions, as the secretary mentioned in relation to the ag workers code—at officials level, with officials from the states and territories.

Senator SHELDON: You said you haven't got the communique there, but are you confirming that the ag workers code was not discussed?

Ms Deininger: We have a separate process of note-taking and so on. There isn't always a formal communique, and when there is a communique, of course, there are a range of issues that are discussed and so not every item is necessarily mentioned in it. It's more of an overview of the discussion and the issues—

Senator SHELDON: You can take it on notice.

Mr Metcalfe: Yes, we can check over the break. If there's a particular issue that you're trying to focus on, then we can obviously—

Senator SHELDON: If you can come back to me on whether it was discussed at that meeting. Two days post the agricultural ministers' meeting, it appears that Mr Barilaro knew more than what happened, including a communique regarding the Agricultural Workers Code. In an interview with *The Australian* on Friday 31 July, Mr Barilaro stated:

NSW Agriculture Minister Adam Marshall will attend a national agricultural ministers' meeting on Tuesday seeking consensus on the code.

It would allow agricultural workers such as fruit pickers to become an 'essential service' akin to freight workers and permit them to freely cross state borders amid the COVID-19 pandemic.

Should the code find agreement among Australia's agriculture ministers, Mr Barilaro says it will go to national cabinet later this week for approval.

We know the following Tuesday 2 September agricultural ministers did not meet. I understand Australia's chief health officers' meeting, which was chaired by Acting Chief Medical Officer Paul Kelly, rejected the minister's code. The chief health officers did not reach a consensus to endorse the proposal—is that correct that they didn't reach a consensus?

Ms Deininger: In relation to the drafting of the code, there was a very extensive consultation process with the states and territories, and the officials from agricultural departments. I'm not in a position to comment on Minister Barilaro's media appearances or commentary. Certainly there was a discussion at AHPPC during that time and then there were subsequent versions that were approved by the national cabinet and that were agreed—at least by some jurisdictions. They were agreed on the basis that the ag workers code was consistent with the arrangements and the requirements of the jurisdictions and the chief medical officers. I might also add that the ag workers code was modelled on the freight code which had been previously discussed and agreed to by the national cabinet in the preceding weeks.

Senator SHELDON: At this time, regarding 2 September, did the minister reject the advice of the chief health officers or does the minister believe that he knows more than the Australian chief health officers? Did we reject the advice and now we've gone forward with another proposal; or are we following the chief medical officers' advice? What's going on here?

Ms Deininger: There was no rejection of the AHPPC findings or considerations. Part of the process leading up to a national cabinet meeting is that the AHPPC is consulted. There were subsequent versions developed which were subsequently agreed to by jurisdictions and, in that process, jurisdictions take into account all of the factors that are relevant to them, including the chief health officer advice and other requirements in their jurisdictions.

Senator SHELDON: I understand the agriculture ministers were invited to attend a meeting on the morning of Wednesday 3 September—is that correct?

Ms Deininger: I'll just check my notes—I've got a meeting on 2 September of ag ministers.

Senator SHELDON: Is it possible it's somewhere else in the system, or are you sure that no agriculture ministers were invited to attend a meeting on the morning of Wednesday 3 September?

Ms Deininger: I'll have to check. The meeting that I have a record of here is 2 September.

Senator SHELDON: If you could check and come back to me, that would be appreciated. When the invitations go out to agriculture ministers, can you provide copies of the invitations?

Ms Deininger: I believe that the invitations come from the office of the agriculture minister, so I'd have to take that on notice.

Senator SHELDON: Could I have copies of the invitations?

Ms Deininger: I'll take that on notice.

Senator SHELDON: Were phone calls made to respective departments to assist with the arrangements of the meetings?

Ms Deininger: The arrangements of the meetings are fairly routine, is how I would describe them. There is a teleconference link and that is provided to participants. In addition to agriculture ministers, it is commonplace for their secretary or senior officials to also attend.

Senator SHELDON: With the Agriculture Workers Code, were there two codes presented to the agricultural ministers by the agriculture minister?

Ms Deininger: There were two codes discussed. One was what we might describe as a more principles based approach, and one was described as a more prescriptive approach. There were two different options that were considered, and these had been discussed with officials.

Senator SHELDON: You said a principles based approach, and the other was more—

Ms Deininger: Prescriptive.

Senator SHELDON: What did we end up with, a principles based approach or a prescriptive based approach?

Ms Deininger: The version that was agreed and is publicly available is the principles based approach. There is a reference in there, at paragraph 11, that mentions that. It says:

The enforcement of the measures in this Code will be through relevant Public Health Orders or Emergency Management Directions or other mechanisms of each State and Territory. The measures deliver greater consistency between states and territories in their implementation of border controls where these are in place.

What this is seeking to do is respect and recognise the individual arrangements of states and territories, which, of course, have differed during the pandemic.

Mr Metcalfe: Certainly the role of the Commonwealth ag minister, Minister Littleproud, was to try and seek to achieve a national scheme so that there would be the ability for agricultural workers to move across boundaries easily. There were numerous demonstrated examples of where critical activities were not able to take place because people were on the other side of the border to where they needed to be. The whole role the minister took and the department took was to try and find a national approach. But, ultimately, it's up to each state and territory as to the arrangements they wish to put in place. Some states have put them in place; others haven't put them in place. Like many other issues, we were trying to provide a forum and national leadership to encourage the nation to operate as a nation, notwithstanding the fact that state boundaries were the responsibility of each state.

Ms Deininger: Senator, if I may answer your earlier question, I've confirmed that there was not a meeting on 3 September and there wasn't a communique from the 2 September meeting. I might also add that in the code that was published and is available, it does talk about the code taking a principles based approach. There is a heading and it outlines the various principles. I'm happy to alert the committee to that.

Senator SHELDON: Thank you. Does AGMIN continue to meet on an ad hoc basis?

Mr Metcalfe: It will continue. Ms Deininger could tell us when the last one was. There's a formal meeting, a face-to-face meeting, scheduled for November in Western Australia, but we may not be able to proceed with that. So that's an issue that officials are considering at the moment. I think that where things were with it is there were semi-annual formal meetings of AGMIN and regular, and probably more frequent, meetings

of AGSOC. Because of the pandemic, we went to this very regular meeting cycle—dealing with the many issues that were being dealt with, information sharing and whatever—and the need for ministers to meet as regularly has now tapered off, given where we are with many arrangements being in place. But it can always be brought back together, if need be. On AGSOC, my meeting with my counterparts still occurs on a very regular basis. That's an opportunity to ensure that the jurisdictions are joined up and know what each one is doing.

Senator SHELDON: This might be a question to the minister but, by all means, the secretary of the department might want to make some comments as well. We still have the changes of labour shortages and other ongoing challenges in the agricultural sector. I appreciate you've said there is a meeting scheduled for November and there are ad hoc arrangements. Have we got any permanent arrangements about when these meetings are to take place? We still have many challenges in the sector—

Mr Metcalfe: Yes, we do have—

Senator SHELDON: I do note a lot concerns about the shortages of labour.

Mr Metcalfe: Certainly the frameworks are now in place. AGMIN did some very valuable work, I think, in ensuring that ministers were able to understand and share the problems and think about solutions, but many of those solutions are now in place. There has been provision made for Pacific Island labourers to come to the country, and we've now seen a couple of planeloads of people come from Vanuatu into the Territory to help with the mango harvest. Visa eligibility has been extended. The budget contains important measures to try to incentivise young, unemployed Australians to move to rural areas to pick fruit. What I'm saying is that actually the frameworks are in there; it's now up to people to sort of get on and do it. As far as I'm aware, in my discussions with my counterparts, there are no sort of major pressing issues that require a sort of policy review, because that's largely been undertaken.

Senator SHELDON: This is probably an important point, and it may be for the minister to answer. It seems to me that there's been an in-principle document, in the sense of the policy, that the AGMIN have come to a conclusion about how they're going to deal with shortages. From personal experience, I can't listen to the radio or pick up a newspaper and not get some comment about shortages in the agricultural sector regardless of this in-principle document. We've got ad hoc meetings taking place, so there are other significant issues happening in

agriculture now, with workforce being one of the most critical ones. Are we going to set regular times to keep nutting out these complications and work our way through them?

Ms Deininger: Senator, if I may—

Mr Metcalfe: I think the question was to the minister.

Senator SHELDON: Yes, it was to the minister.

Senator Duniam: Perhaps the deputy secretary will have something to add. As the secretary has already outlined, the principles based document has been put in place and now each state and territory jurisdiction has the responsibility and capacity to do what they need to do within their own jurisdiction, so it really is in their court. Also as the secretary has advised, at the AGSOC level, major issues aren't bubbling up like they were. Having participated and attended these meetings on a regular basis through many of those that have been discussed here, when issues arise that need to be dealt with, they are. I know Minister Littleproud makes himself available—

Senator SHELDON: I can't open a paper or look at something online and I can't listen to the radio or watch TV without somebody, on numerous occasions during the week, always on one of these mediums during the day, raising concerns about workforce shortages in regional Australia. For me, not having the regular meetings because there is a principles document that's been agreed to—

Senator Duniam: Correct.

Senator SHELDON: Is there a review process of that in principle document? All I can see is a lot of people saying, 'It's not working.'

Senator Duniam: There's the AGSOC process as well, where officials discuss specific issues that arise that need to be dealt with and, as required, discussions will occur. AGMIN isn't the only forum where ministers talk. Minister Littleproud, I'm sure, would talk with many of his counterparts on a regular basis, as I do in my very small patch as well, to deal with issues that need to be dealt with.

Senator SHELDON: I'm talking about focusing the minds of agricultural ministers rather than an ad hoc approach.

Mr Metcalfe: With respect to the states, the states put the borders in place. There is a principles framework which has been taken up by several of the states to try to ensure that the movement of workers can occur. The movement of workers is an issue that has been addressed. The overall availability of a workforce is an area that's been addressed through reopening and working very hard with the Department of Foreign Affairs and Trade, Home Affairs and Border Force to allow visa arrangements for Pacific labour arrangements to progress again. That's underway and working. There are major announcements in the budget around relocation assistance and other incentives for young Australians. Ministers have effectively put the framework in place. It's now up to the states to take advantage of those arrangements and, ultimately, for people to respond to the incentives that are there. I don't, personally, see any sort of policy blockages to people moving or people accessing those opportunities. Ultimately, there's an issue as to whether or not people are prepared to take up those employment opportunities, because there are many unemployed people in the cities and there are many jobs in the country, and incentives are being put in place to respond to that.

Ms Deininger: If I may add to the minister's and the secretary's comments: although we describe the ag workers code as a principles based document it is, actually, very specific in relation to a whole range of matters, including PPE, border crossings, accommodation arrangements and rights of review and enforcement. It is very specific. The reason it's called a 'principles based approach' is that it also reflects the fact that states and territories have different risk profiles; they have had different exposures to COVID, and the states and territories and the chief medical officers wanted to have that reflected.

Just building on the comments in relation to AGSOC and AGMIN, as the secretary has mentioned, the senior officials meet fortnightly but, beneath that, there are a range of more junior officials' discussions. They're not formal committees, but my people have been working very, very closely, initially with the NT, and now with Queensland and New South Wales, to bring in workers from overseas but also to understand their own schemes that are operating in those jurisdictions to encourage locals to work in those areas and to make those connections. As you would appreciate, bringing in workers from Vanuatu requires not just our department, and the state ag and the state health departments, but also Border Force and the employment department, so we need to make sure that all of that is coordinated. I would like to assure senators that there is an enormous amount of work that is happening at the working level to make sure that those arrangements are effective and that they suit the needs of the industry and also states and territories. It is also a requirement for industry to be involved in that, to make their needs known and to market test the jobs with local Australians before we're able to bring in workers from overseas.

Senator STERLE: Chair, can I just give a shout out to Senator Ciccone? I can see he's got his initials on the screen there. There's some movement at the station. There he is—looking extremely fit in lockdown! G'day, Senator Ciccone.

CHAIR: Senator Ciccone, do you have a question?

Senator CICCONE: I do have a few questions.

CHAIR: Just while you're finding your papers, Senator Ciccone, I want to acknowledge the document on outcome 4 being tabled by the department. Could we have agreement for that being tabled? Thank you very much.

Senator CICCONE: I've got a couple of questions with respect to FOIs, in the 10 minutes I have left.

Mr Metcalfe: Could we get a bit more volume on Senator Ciccone. Sorry to interrupt, Senator, it's just that—

Senator CICCONE: That's alright. It's an ongoing problem.

Mr Metcalfe: That's better now, thank you.

Senator CICCONE: I want to refer to the department's obligations under the Freedom of Information Act. I know that the department can reject FOI requests on the basis that the requests involve too much work for the department. What's the threshold that the department sets for too much work?

Mr Metcalfe: I'll ask Ms Linacre, who's our chief lawyer and who administers the FOI requests in the department, to respond to that.

Ms Linacre: There's no threshold. It would depend on the results from any search requests.

Senator CICCONE: It's on an ad hoc basis, okay. Are there any pages that are deemed too many, from your point of view?

Ms Linacre: No, Senator. We generally look at the overarching amount of work. I think that the Information Commissioner has previously mentioned that 40 hours work is considered a lot.

Mr Metcalfe: It's a factor not just of the number of pages but also, obviously, of what's on the pages and the extent to which third parties or other individuals might need to be contacted to provide advice in relation to the material. So a series of factors would be taken into account in that assessment.

Ms Linacre: That's right. It depends generally on the hours of work or on the amount of time, so you could have a five-page document that would take an extensive amount of time because of the complexity and the amount of consultation required, and you could have 300 pages that would take not that much time. It really is dependent on the actual search results.

Senator CICCONE: So the department would be able to accept or process more requests if more staff were assigned to the team? Is that what you're saying?

Ms Linacre: No. That's obviously a factor: if you have very few staff, it may be a higher diversion of the available resources. We generally resource the team to manage the number of requests coming in, but you can imagine a circumstance where a request returns thousands and thousands of pages of documents. Regardless of how large the staff profile dealing with those requests was, we would still consider that an unreasonable diversion of resources given the need to maintain resources to process other requests.

Senator CICCONE: Has the department officer responsible—I guess it might be you, Secretary—sought to have additional staffing or resources over the past 12 months?

Ms Linacre: Our staffing profile is appropriate for the number of requests we receive. We staff up and staff down depending on how many requests there are and the complexity. It's not a circumstance where we can simply add another 30 staff to the team and then process those many thousands of pages of requests. Again, we have to process the requests in terms of what would be appropriate looking at the overall workload of the team and the overall desire to ensure that resources are maintained and available to process further requests. We can't anticipate what the further requests might look like.

Senator CICCONE: Okay. This leads on to my next line of questions. On 11 March this year, the department received an FOI request from the office of Joel Fitzgibbon MP, which was subsequently rejected because too much work was involved. That was the reason cited by the department.

Ms Linacre: Yes.

Senator CICCONE: The Senate passed an order for production of the very same documents, which I moved on 12 May 2020, and the department then was able to comply with this order within 24 hours. Can you explain

why it is that an FOI request can be rejected because it involves too much work but then, when the Senate requests the same information, it can be supplied within 24 hours?

Ms Linacre: Yes, absolutely. They're completely different processes by which information can be requested and obtained. Obviously, where the Senate requires us to produce information, it is subject to parliamentary privilege, so some of those particular technical requirements under the act may not necessarily fall into place. For example, we would not necessarily do the range of consultations and consider the range of available exemptions. The documents are protected by parliamentary privilege, so it is a different consideration. Under the Freedom of Information Act, we need to look at all of the documents and consider whether those documents, when they are released to the world at large—which is what any release under the FOI Act envisages—require commercial-in-confidence information to be considered and consulted on or whether there is personal information. Also, the act allows us to consider whether there would be a diversion of resources. That is a statutory capacity under section 24AB of the act.

Senator CICCONE: I guess there's no appetite from departments to prioritise requests made by members of the public through the FOI process.

Ms Linacre: The department obviously prioritises notices to produce to the Senate. They are always treated with a high degree of priority. Freedom of information requests are also obviously processed within our statutory time frames in the department, but there is a large volume of those freedom of information requests—several hundred over the last 12 months—whereas notices to produce are much more infrequent and are prioritised as soon as they come in, of course.

Senator CICCONE: Okay. I know we don't have a lot of time. I might just read out a few things I was after, and you might take it on notice.

Ms Linacre: Sure.

Senator CICCONE: I just want to know how many FOI requests the department has received over the previous 12 months.

Ms Linacre: Yes, I can probably answer that now.

Senator CICCONE: And whether you can provide these even later in the day: how many departmental officers does the department have assigned to process any FOI requests.

Ms Linacre: Yes.

Senator CICCONE: Has this changed over time? And can a breakdown be provided over the past five financial years?

Ms Linacre: obviously given the combination of the departments and the machinery of government changes earlier this year, we have a limited set of data available for the entirety of our current department. So I can certainly go back to February of this year and provide you with combined statistics. I would need to take on notice, and I don't know if I would be able to provide, statistics for the last five years for both departments in all their various iterations.

Senator CICCONE: Sure. I am happy for you to provide me whatever information you can and we can come back to it at a later estimates. Who are the departmental officers responsible for overseeing the team with respect to processing FOI requests? Over the previous 12 months, how long has it taken, on average, for the department to provide a decision on FOI requests?

Ms Linacre: We fully require with all the statutory time frames for the last six months during the combined department. I oversee the FOI function within the department but the decision-makers rest in the business areas that have the expertise in relation to the documents. I'll come back to you on how many officers.

Senator CICCONE: What percentage of requests made are technically rejected by the department? And what are the common reasons for the rejections?

Ms Linacre: I can give you some statistics quickly that may assist.

Senator CICCONE: Sure.

Ms Linacre: From 1 July to 30 September, which is the Information Commissioner's most recent reporting period, we had: 24 requests withdrawn, zero transferred, four given full access to the documents, 16 requests given part-access, and access was refused in full to seven.

Senator CICCONE: Can the department provide a breakdown for the committee of the previous 12 months of requests received, the numbers expected, the numbers rejected? In the case of requests rejected, what were the reasons? Is the minister or his office informed of FOI requests when they're received?

Ms Linacre: No. For the minister, we generally have very general reporting arrangements with the minister's office. All of the ministers generally receive information if there is something they should be made aware of. After it is made, they are told about it. But there is no standard reporting to the minister.

Senator CICCONE: So is the minister informed where an FOI request is made by or on behalf of a parliamentarian?

Ms Linacre: No—it depends. Obviously once a request is made, then a decision may be made and, in certain instances, where, for instance, we think the matter may attract some media attention, we give the minister advice that that decision has already been made.

Senator CICCONE: Thank you very much. I promised to be quick. I'll leave it there for now.

CHAIR: That means that we have now definitely have completed outcome 1.

Proceedings suspended from 10:58 to 11:14

CHAIR: Secretary, would you like to start with some responses—

Mr Metcalfe: I'll ask Ms Briscoe to update Senator Sterle on a couple of issues he raised earlier.

Ms Briscoe: We were speaking about the COVID task force and the incident management team. I have staffing numbers but full costs I can take on notice. For the incident management team, we had an SES band 1, an EL2 and a contractor, so three staff. In addition, we rotated staff for a period through there—an APS6, two APS5s and a graduate. They were rotating through, and we'll provide the staff costs on notice. In addition, we rotated staff for a period through there: an APS6, two APS5s and a graduate. They were rotating through, and we'll provide the staff costs on notice. The COVID policy response task force that I spoke about was staffed with an SES band 1, two EL2s, three EL1s and two APS6s, for a total of eight full-time equivalents, as well as one EL2 part-time and three EL1s part-time. Connected to that policy task force we had a senior industry engagement officer at the SES level and an EL2, and an APS 5/6. They were connected to that policy task force.

You also asked about costs of, in particular, moving people out of the office in response to COVID. I can report that our 2019-20 costs in relation to information technology to enable people to work from home were in the order of \$3.9 million. We also incurred some costs in relation to additional employee assistance program cost to support employees, at \$12,000, and a range of what we call property costs—really just in managing that particular time around cleaning and consumables, touchpoint cleaning, hand sanitiser, alcohol wipes and gloves and things—and that was \$340,000. On the other question, I'd just like to clarify that the date we appointed the chief risk officer was 31 March this year. I'd also like to let the Senate know that Mr Riley said he thought there were five members of the team; there are actually six members of the risk team.

The last question to cover off for now: you asked about staffing per group in our organisational structure. Our ag policy, research and portfolio strategy group has an ASL of 314. Biosecurity and compliance, our largest group, has 2,547.9—this is ASL.

Senator STERLE: Yes.

Ms Briscoe: Our enabling services, 835.9; our agriculture trade group, 783; our natural disasters, water, farm support and environment operation group, 603.2; our environment and heritage group, 510.9; and our major environment reforms group, 135.7.

Senator STERLE: Thank you very much. Chair, I've got a heap of questions to go through. We're going to try and prioritise for this area so we can all have a fair go and get moving. But I just want to go ahead and put some questions around farm household allowance. And while Mr Metcalfe's doing that, after I cede to Senator Faruqi and then we come back to me, I want to talk about China, with the trade stuff. Does that throw you out?

Mr Metcalfe: That probably sits under exports, after lunch.

Senator STERLE: Yes, I know, but I was just hoping—okay.

Mr Metcalfe: But we do have the right people here. So if you want to go there, we can go there.

Senator STERLE: Yes, if I can, because I'm trying to prioritise.

Mr Metcalfe: Yes, absolutely.

Senator STERLE: Can the department provide a breakdown as to the number of farmers currently on farm household allowance? And how many farmers have been kicked off their farm household allowance due to exceeding the four-year limit since March 2020?

Ms Crosthwaite: If you're asking for a breakdown, do you mean by state?

Senator STERLE: Yes.

Ms Crosthwaite: The number of farmers currently on farm household allowance—we don't provide a figure for the ACT, because it's very low, so there are some privacy issues around that—

Senator STERLE: Okay—that low.

Ms Crosthwaite: For New South Wales, it is 3,680. It's also a very small number for the Northern Territory—and by 'small' I mean fewer than 20. For Queensland it is 1,891; South Australia, 986; Tasmania, 107; Victoria, 1,446; and Western Australia, 149. There's a total of 8,274 current farm household allowance recipients in Australia.

Senator STERLE: Ouch! Thank you. How many are no longer on it?

Ms Crosthwaite: The numbers for those who have exhausted their four years of payment are: the ACT, a smaller number than 20; New South Wales, 565; the Northern Territory, a smaller number than 20; Queensland, 530; South Australia, 140; Tasmania, 22; Victoria, 564; and Western Australia, 27. So there's 1,849 in total.

Senator STERLE: There's 1,849. Is that wholly and solely because they've reached the four-year limit?

Ms Crosthwaite: Yes, correct.

Senator STERLE: Isn't that sad? That's a lot of farmers. How many farmers do the department estimate to be eligible for the farm household allowance since the recent amendments were made to the application criteria in June? Have you got some figures around that?

Ms Crosthwaite: I might have to take that on notice.

Senator STERLE: Alright. How many applications were made for the farm household allowance for the 2019-20 financial year?

Ms Crosthwaite: I will have to take that on notice.

Senator STERLE: Sure, no worries. With a bit of luck, if I could get it today, that would be great.

Ms Crosthwaite: Yes, we'll work on that today.

Senator STERLE: That's fine, thank you. What was the average processing time for farm household allowance applications for 2019-20?

Ms Crosthwaite: I don't have that information. Services Australia provides the service to customers through Centrelink for the farm household allowance.

Senator STERLE: So you don't get to know—

Ms Crosthwaite: I can seek that information from them and bring it back to this committee.

Senator STERLE: If we can just keep it in our own backyard, that would make it easier for me. Thanks very much. Hopefully, that can come back today. On 26 June, the minister put out a media release which stated:

Farmers and their partners will automatically receive \$13,000 a couple or \$7500 a single person, roughly equivalent to six months of the standard FHA payment, if they exhaust their FHA payments between 1 July 2020 and 30 September 2020.

Are you aware of that media release?

Ms Crosthwaite: Yes.

Senator STERLE: Great, thanks. Between 1 July and 30 September this year, how many individuals and couples exhausted the four-year limit on the farm household allowance?

Ms Crosthwaite: I might have to ask my team to get me that information today.

Senator STERLE: Are the team here?

Ms Crosthwaite: No, they're online, but they're available elsewhere.

Senator STERLE: Okay. Between the same time period, how many single people received the one-off household allowance relief payment?

Ms Crosthwaite: I'll take that on notice as well, Senator.

Senator STERLE: Alright. Between 1 July and 30 September this year, how many couples received the one-off farm household relief payment?

Ms Crosthwaite: I'm just checking that I don't have that. We'll get that to you today as well, Senator.

Senator STERLE: Okay. What have you got in there?

Ms Crosthwaite: More general questions, Senator.

Senator STERLE: Let's try this one: can the department confirm that all eligible farmers who were kicked off the farm household allowance have received the lump sum payment?

Ms Crosthwaite: All eligible farmers who have exhausted their four years of payment would have automatically received the lump sum if they ceased their payment in the relevant period between July and September. It is my understanding that all those who were eligible did receive it.

Senator STERLE: Does the department know how many farmers have left farming as a result of losing the farm household allowance?

Ms Crosthwaite: We do have an exit survey which we conduct when Farm Household Allowance recipients cease their time on the farm household allowance. The proportion of people who respond to the exit survey—which is not compulsory, so it's not entirely reliable, but it's better than nothing—around 10 per cent of respondents to that survey will say that they have left farming.

Senator STERLE: How many responded to the survey over what period of time?

Ms Crosthwaite: I'll get that to you today. I do have it.

Senator STERLE: The more I ask, the more alarming it is how bad things are out there. Does the department intend to make further changes to the eligibility criteria for the farm household allowance to allow more farmers to access the payment?

Ms Crosthwaite: That would be a matter for government.

Senator STERLE: Does that mean there are or there aren't?

Ms Crosthwaite: As far as I'm aware, we've rolled out the recent changes to the farm household allowance eligibility and we're implementing those. The department, with Services Australia, will keep an eye on the efficacy of those changes, and I'm currently not aware of any suggestions that they need to be changed.

Senator STERLE: I'll just go further up the chain. Ms O'Connell, are you aware of any more changes that might be coming?

Ms O'Connell: No, and any prospective future changes would be a matter for government and government's consideration.

Senator STERLE: Is the department or the government going to make special relief available under the farm household allowance to barley growers who have been impacted by the China trade tariffs?

Ms O'Connell: I think, again, that would be a question for government.

Senator STERLE: Is that because you don't know if they are? I'm trying to establish whether you do know or you don't know, or you do know but you're not allowed to say?

Ms O'Connell: No, there's no decision, Senator.

Mr Metcalfe: There's been no decision, and the question of whether there would be is a matter for the government.

Senator STERLE: So you don't know. That's up to the government. Can the department confirm the farm household allowance is not available to foresters and fishers, despite the bushfires and COVID-19 pandemic?

Ms Crosthwaite: That is accurate. However, there's a little caveat on that around the nature of fishers. Wild catch fishers are not eligible for FHA; fish farmers, so to speak, are eligible.

Senator STERLE: Do you know how many of them are on it?

Ms Crosthwaite: I don't have those figures.

Senator STERLE: It would be interesting to know how many fish farmers have had to seek farm household allowance. Could you take that on notice.

Ms Crosthwaite: I will take that on notice.

Senator STERLE: And could you break it up for the states too, please, and how long they've been on it.

Ms Crosthwaite: Yes.

Senator STERLE: So the allowance is to support farmers who experience financial hardship. Minister, I'll go to you. Does the minister believe foresters and fishers do not face financial challenges that warrant access to financial support?

Senator Duniam: In terms of support for foresters and fishers, there were other mechanisms that provided support. I'm not sure how many we canvassed last time, but, with the fishers—who, of course, are in our domain—the Commonwealth fisheries had their AFMA levies waived; we also then provided support through the IFAM, or freight assistance mechanism, for those including small to mediums that need to get goods to export markets and the like; plus there were whole-of-economy response measures put in place; and there were the cash

stimulus payments that the Treasurer announced as well. I agree: they were facing significant hardships. Having worked with industry on what response measures they needed, these are some of the measures they came up with, both in the fisheries and forestry space—

Senator STERLE: Sorry, Minister, I'll jump in there because of time. Are their relief programs or projects equivalent to farm household allowance or are they superior? I don't expect you to know dollar for dollar.

Senator Duniam: No, they're tailored to the needs that they had that they outlined to government—what they were saying to us, based on our interaction with them, they needed support in. That's why we've gone with these measures.

Senator STERLE: I'll take the opportunity to ask, because you are also the minister for fisheries: did the fishing industry come to you and seek access to the farm household allowance?

Senator Duniam: We did engage with a number of peak bodies in the fishery space about farm household allowance, but we also engaged with them on other measures. The ones that we've announced were ones that were in amongst their list of requests—indeed, even the marketing, such as the 'Eat seafood, Australia' campaign to generate domestic consumption on top of our support for export. So, yes, we did have discussions with them about that, and there were a range of measures canvassed. We've announced these measures, and they were very happy and welcomed those as well.

Senator STERLE: It would be unfair for me to ask you, as fisheries minister, but I will ask you anyway—what about the foresters?

Senator Duniam: From memory, foresters didn't ask. I haven't been approached about support through FHA for foresters, from memory. I will take on notice if I have any correspondence to that effect.

Senator STERLE: I'll probably flick across to Ms O'Connell, too, if you have any knowledge of foresters knocking on your door.

Senator Duniam: In terms of support for them, from the beginning of the year, obviously, it's been bushfire focused and then other related matters through COVID, like HomeBuilder, which are supporting the timber sector. FHA hasn't featured in my conversations with them.

Senator STERLE: Ms O'Connell or Mr Metcalfe, what about the department? Have the foresters come kicking your door down, or not at all?

Ms O'Connell: No. I think there's a range of different measures in terms of responding to bushfires et cetera.

Senator STERLE: Okay, yes. Since the increase of the net asset threshold to \$5½ million, can you tell us how many applications have been made for farm household allowance?

Ms Crosthwaite: I'll have to take that on notice.

Senator STERLE: This was only 11 June 2020.

Ms Crosthwaite: Yes, this was very recent.

Senator STERLE: Alright, if you take—

Ms O'Connell: Just on that, are you seeking the number of applications that are specifically a result of that change—

Senator STERLE: Yes—

Ms O'Connell: or just the number of applications in the month? We won't know the difference between the two.

Senator STERLE: Oh, you won't know the difference?

Ms O'Connell: Not necessarily, no. Some will be in response to the changed criteria and some will be because they were applying.

Senator STERLE: Let's go to those that have come on because of the changed criteria.

Ms O'Connell: I'm not sure we'll be able to distinguish those numbers, but we'll see what we can do.

Senator STERLE: Alright, we'll try the whole lot.

Ms O'Connell: We can give you the net number that have applied but we couldn't tell you why.

Senator STERLE: While we're at it, is it too early to ask how many were successful, or are you still working your way through the applications?

Ms Crosthwaite: We can give you how many have applied and are now on the payment.

Senator STERLE: Good, thank you. Can you also tell me how the department arrived at the \$5½ million net asset threshold?

Ms Crosthwaite: The change to the asset threshold was a combination of two changes. It was an increase to the threshold and it was also a removal of the previous distinction between on-farm assets and off-farm assets. Previously, there had been separate tests for off-farm assets and on-farm assets. The on-farm asset test had been \$5 million, so \$5.5 million was determined to be a reasonable total, given it was now testing two different types of assets.

Senator STERLE: What consultation was done to ensure this was a fair, equitable and proportionate figure?

Ms Crosthwaite: The changes to the farm household allowance were a result of an independent review which was conducted in 2018. There was extensive public consultation around all of the elements of farm household allowance, including the asset test. The reason that it was one of the recommendations of that review—and was adopted—was because of the very consistent feedback from farmers that, firstly, the distinction between off-farm and on-farm assets was confusing and resulted in a lot of additional paperwork and that, secondly, \$5 million was a pretty strong threshold but that it probably didn't make sense in the context of off-farm income. There was significant public consultation.

Senator STERLE: And consultation was inclusive of farmers?

Ms Crosthwaite: It was.

Senator STERLE: Individual farmers could ring up and have their say?

Ms Crosthwaite: Yes. There were town halls, and people could provide individual written submissions.

Senator STERLE: Good. One thing about this committee—we know the power of a town hall, don't we, Senator McDonald? No worries about that, it's great, because you get told what you want to know or don't want to know—or what you should know. Has the department provided training for assessing farm household eligibility to rural financial counsellors?

Ms Crosthwaite: Rural financial counsellors don't make an assessment of eligibility. That's not part of their role.

Senator STERLE: My mistake. Since 11 June 2020, how many farm household allowance recipients have accessed the activity supplement?

Ms Crosthwaite: I'm just checking whether I have that—I may not. My apologies, I should be able to get that for you on notice.

Senator STERLE: I am dying to know what's in that file, but that's fine.

Ms Crosthwaite: I have a lot of responsibilities that aren't just farm household allowance.

Senator STERLE: What type of training does the department consider appropriate to receiving the activity supplementary payment?

Ms Crosthwaite: There are a range of activities that can qualify for receiving the activity supplement. I can give you some examples of ones that I've seen myself.

Senator STERLE: That would be good—yes.

Ms Crosthwaite: There are activities that will allow someone to be able to access additional off-farm income. One that I saw recently was that someone obtained their drone-flying pilot licence so that they would be able to get contracts with the local council during the bushfire season and supplement their income that way. We have had people who have gone back to uni and finished a degree that they might have started earlier on. We have had additional activities, less around the off-farm income and more about building business capabilities. People can use their supplement for training on new methods of running their business, whether that's really specific breeding genetics type of training—so it's a range of activities.

Senator STERLE: That's great. On notice—no names, no pack drill—it would be great to have those examples tabled.

Ms Crosthwaite: Absolutely.

Senator STERLE: That will do me for now, because I'm keen, Chair, to work with you to get through the program, so I'll go back to you. We've got AGVET Chemicals, Fisheries and Forestry, Rural Policy and Farm Performance, Agricultural Policy and then Trade and Market Access. Is it your desire to try to stay working through those areas rather than be hodgepodge all over the place?

CHAIR: It probably depends on the questions Senators Faruqi, Rice and Whish-Wilson have.

Senator STERLE: I am sure the same that allowed for Mr Metcalf to make it easy as possible—

Mr Metcalfe: We've got the officers here, too.

Senator STERLE: All right. I'll have a rest then.

CHAIR: Thanks, Senator Sterle. Senator Faruqi?

Senator FARUQI: Good morning, everyone. Thanks for coming in today. I'll start off with some questions on the National Horse Traceability Register. I have a media release here from the Victorian government, on 5 October, which tells me that a national horse traceability working group has been established to work on the National Horse Traceability Register. I just wanted to know if there is a timeline for that group to report back on the design of the register, and what progress has been made to date on developing the register?

Ms Deininger: As you've identified, the National Horse Traceability Register is being run by our Victorian colleagues. They just issued a press release announcing all of the members of that. Because they are leading on that, that is their responsibility. I'm not sure that they've released any details about their intended timeframes. Certainly, this was first foreshadowed, as you know, earlier in the year, but just with COVID and other pressures on industry that have delayed their involvement.

Senator FARUQI: Are you saying that the Victorian state has the responsibility of a National Horse Traceability Register? What role does the Commonwealth have? What role does the federal government have? I notice that there are representatives of the Commonwealth on the working group. Could you tell me who those representatives are?

Ms Deininger: Victoria agreed to lead the horse traceability working group. There was a discussion earlier this year at the ag ministers meeting, and there have of course been discussions at earlier meetings of AGMIN, as well. Our role will be to be consulted and be part of that. I'm not sure if—

Senator FARUQI: Who are the representatives from the Commonwealth on the working group?

Ms Kennedy: I don't have the exact name of the representative, but they come from our biosecurity group, given the strong links in with the traceability situation there.

Senator FARUQI: Could you please let me know on notice what level they are in the organisation and what their role is?

Ms Kennedy: I certainly can. I understand that the first meeting hasn't happened yet. This is something we will have a strong engagement in, so I think the representation will be flexible to make sure that there is the seniority there that's needed at a given meeting, as well. But we'll take that on notice.

Senator FARUQI: I notice that there is a representative from the RSPCA on that group, which is great. I just want to know if you knew of any other animal welfare groups that might be involved in there, or did the federal government actually put forward the names of any animal welfare groups to be involved in the preparation of the register?

Ms Deininger: Because the Victorian government and the Victorian minister established the working group, the attendees were really a matter for them. So, if there's any additional information, we can seek it from the Victorian government or Victorian officials.

Senator FARUQI: What is the role of the Commonwealth in that register? Are you just being consulted? It will be a register that is across the board in all of Australia. Is the federal government's role just to have a person on that group who will be consulted, or is there anything else that the federal government will do? Will the department, in some other way, shape or form, be involved?

Ms Deininger: As Jaclyn Symes has announced, the working group will analyse the existing systems and also put forward recommendations on what a new national horse register would look like.

Senator FARUQI: In an NBN Television news story on 15 October, it was reported that the horse register was backed by Minister Littleproud, and the minister said 'with the dollars to see it through'. Minister Littleproud also appears to say, 'The federal government will make investments in making sure the horse register can be achieved.' Could you confirm that the federal government will be making a contribution to support the creation of the register?

Ms Deininger: I think what I would say is that there isn't a proposal on foot, as it were, at the moment, and so it would be up for the government to consider that when the working group has actually made a recommendation. I think it's too early at this point to make an assessment about what level of funding commitment the Commonwealth might make because, of course, there might be other contributions from the states or from industry as well. I'm not sure if Ms Kennedy has anything to add—

Ms Kennedy: No.

Senator FARUQI: So at the moment there is no commitment from the federal government in terms of dollars?

Ms Deininger: What I was seeking to say is that there's no specific proposal that's been put by the working group for the Commonwealth to respond to and make a formal funding commitment. I understand that the minister has said that he's committed to the concept of a horse traceability register. In terms of—

Senator FARUQI: 'With the dollars to see it through' and 'make investments in making sure that the register can be achieved'. So you're saying there will be investment made later on, perhaps?

Ms Deininger: The normal budget process is that a particular measure or initiative will be considered through the budget process and the funding will be considered at that time. I just wouldn't seek to pre-empt the budget consideration of the level of funding, especially given that other jurisdictions or organisations might also be contributing.

Senator FARUQI: But could you confirm that there is no money at the moment in this budget for a horse register?

Ms Kennedy: That's correct to the best of my understanding, but there has been a clear commitment from Commonwealth and state governments to this. As you know, it was a decision from AGMIN and is supported by AGSOC, and the Commonwealth and the states will continue to be strong participants. When the report is finalised and it's clear what the path forward is, that will be the time for decisions about investments.

Senator FARUQI: Sure. I just asked about the time line of the development of the register. Could you take that on notice and see if you can get a response to that?

Ms Deininger: Certainly. We'll raise that with Victoria.

Senator FARUQI: Thank you. I have a couple of questions on a report on equine influenza. I'll just put that question. Let me know if it's not the right question for you to answer and whether I should ask it in the biosecurity section.

Ms Deininger: It's actually biosecurity, the next outcome.

Senator FARUQI: Okay, I will come back to it. Thanks, Chair.

CHAIR: Thank you very much, Senator Faruqi. Senator Sterle.

Senator STERLE: If it's possible, I want to go to trade and exports if I can, please, Mr Metcalfe.

Mr Metcalfe: I'll just ask those officers to come forward.

Senator STERLE: Chair, depending on other senators, when I'm finished I'd like to go to Senator Ciccone—or whoever else.

CHAIR: Senator Whish-Wilson is on now, I can see.

Senator STERLE: I won't be long here. I'm just going to ask you to provide an update on the impact of COVID-19 on our agricultural export industry, please.

Mr Hazlehurst: Certainly. COVID-19 has had a range of disruptive influences on trade, of course, but interestingly, in the period since the beginning of the year, those impacts have been variable. The most significantly impacted sector, particularly in the first part of the year, was the seafood sector, and that had a direct link to the impact on demand from China and the inability, until the International Freight Assistance Mechanism was in place, for many seafood exporters to access freight. But overall, in the period between the beginning of the year and the middle of the year, some sectors actually saw an increase relative to the averages from the previous three years—for example, the meat-processing sector. I'd be happy to give you a more detailed breakdown, if you like, of those that have been up and down.

Senator STERLE: I think you should, because there's a butcher at a table and, if I don't let you do that, she's going to be all over me like a cheap suit. Talking about cheap suits, does this look baggy on me?

CHAIR: You've lost a lot of weight, Senator Sterle.

Senator STERLE: There you go. It's not a cheap suit.

Mr Hazlehurst: My colleague might have that in front of him right now, but I can also turn to it if you give me a moment, Senator.

Senator STERLE: Sure. Okay, time up!

Mr Hazlehurst: If we make a comparison for the years 2017 to 2019 between the periods from January to June in each of those years, and compare that to the period of the first half of this year, as I said, beef and veal was actually up. The average had been \$4.032 billion in exports—the nominal value—and in—

Senator STERLE: Sorry, that's all over the world? That's South Korea, that's China—

Mr Hazlehurst: My apologies. I thought you were talking about the impact of COVID on trade.

Senator STERLE: Yes. I was. So it was \$4 billion?

Mr Hazlehurst: Yes, just over \$4 billion, and in the period this year it was just over \$5 billion.

Senator STERLE: Just over \$5 billion!

Mr Metcalfe: That's six-month periods.

Mr Hazlehurst: That's right.

Mr Metcalfe: For January to June in the prior years, we had \$4 billion.

Mr Hazlehurst: On average.

Mr Metcalfe: In six months from January to June this year, it's about \$5 billion.

Mr Hazlehurst: That's correct.

Senator STERLE: I know the price of a good chop has gone up, but you're talking just beef and veal?

Mr Hazlehurst: That's right.

Senator STERLE: No wonder you're smiling!

Mr Hazlehurst: There have also been increases in relation to wine and lamb and decreases in relation to most of the other categories. For wheat, for example, the average was \$2.8 billion, and in the first six months of this year it's down to \$2.3 billion.

Mr Metcalfe: Whether that's COVID or a drought factor—

Senator STERLE: Right.

Mr Metcalfe: And obviously with red meat there's now a restocking factor, so it's not as if we're just comparing each year being the same.

Senator STERLE: Yes, sure.

Mr Metcalfe: So the COVID impact on top of the seasonal variations is probably pretty hard to measure.

Mr Hazlehurst: That's true. These are just the raw numbers.

Senator STERLE: Okay, but that's one bright shining light. Senator McDonald, I know you want to ask some questions in my time, but I know you'll be kind to me about making it up. Do you want to follow up?

CHAIR: Senator Sterle, I wouldn't want to take any time away from you.

Senator STERLE: Okay, great. Thank you. We know the minister's 2030 ag plan. We're talking about boosting exports and expanding international markets. We understand that, but we have to face facts: under the Morrison government, the Australian relationship with our largest trading partner is strained, to say the least. So I just want to ask some questions about that, please. I'm from the great state of WA, and we relish our international trade with our largest trading partner—although not so much of it is agriculture. As part of the Ag2030 plan to expand Australian agricultural markets, does this involve resolving issues with Australia's diplomatic relationship with China? Who can answer that? Mr Metcalfe?

Mr Metcalfe: No, that is really an issue you'd need to talk to the Department of Foreign Affairs and Trade about.

Senator STERLE: Sure.

Mr Metcalfe: Our focus is on working with industries to let them take advantage and diversify. It is true that a significant amount of our agricultural trade—we discussed the proportion earlier, about 30 per cent—does go to the PRC, and there's a reason for that. There are premium prices paid by Chinese consumers, so our exporters have gone to where they can make good money. But given that there are issues amongst a number of commodities, particularly the decisions around barley and other areas, we're working closely with industries to help them realise opportunities in other markets.

Senator STERLE: I do appreciate a lot of questions have to go to DFAT. I get that. But I want to follow on from questions around here because it's Minister Littleproud—your minister—who has made some statements. So I'd ask that you help me out here. Minister Littleproud said he had attempted to reach out to his Chinese counterpart on no fewer than two occasions, the most recent one being in August, I believe. He said they were

both to no avail, sadly. Has the department taken any steps to restore its relationship with your Chinese counterparts?

Mr Metcalfe: I haven't had the opportunity to travel internationally at all, of course, because my appointment occurred on the eve of COVID or whatever. What we do have, as you know, are a number of overseas councillors, minister councillors, senior departmental staff, located in a number of key export markets. COVID has impacted on their ability to operate as well but we have a very experienced officer in Beijing, Mr Merrilees. He is there on the job and working very closely with the senior trade commissioner, Daniel Boyer, and with the ambassador and others: So I'm very satisfied that at a working level our people are continuing to engage to the best way they possibly can.

Senator STERLE: Let's hope we can break this deadlock. But, Mr Metcalfe, you haven't had the opportunity to speak to your counterpart or any of your senior officials—

Mr Metcalfe: No, I haven't.

Senator STERLE: Have you tried—

Mr Hazlehurst: Sorry, I should say we continue to have regular engagement with the relevant Chinese officials.

Senator STERLE: Good.

Mr Hazlehurst: addressing all of the matters that have been of concern to different parts of the agricultural sector—whether it's the meat establishments, for example, or the grain exporters, including barley exporters. We're having regular engagement, at a technical level, with Chinese officials about all of those matters. Those conversations continue to occur. The exchanges of documentation around specific concerns that the Chinese authorities might have continue to occur. So there is no breakdown, in terms of the technical engagement, around our regulatory functions.

Senator STERLE: Thanks, Mr Hazlehurst. Is it business as usual? There have been no dips; it's just been the same as pre-COVID. It's just sad that the bosses aren't speaking. Is that what—

Mr Hazlehurst: The engagement, if anything, has increased since COVID, because the Chinese government's been very concerned about potential impacts around cross-contamination or health issues to do with food that might be affected by COVID. It's very clear, and, indeed, there's an international consensus on this, that there is no scientific basis for saying you can catch COVID from food. Nevertheless, the Chinese authorities have taken a very concerned and conservative approach around these things, and we've been engaging them intensively around those to provide assurances around the safety of food produced in Australia.

Mr Metcalfe: Yes. One example of that, Senator, is you may recall there was some media around a COVID outbreak in the Beijing markets. This was some time on, after the Wuhan initial outbreak. The Chinese authorities were very concerned to ensure the health and wellbeing of their citizens, so they engaged extensively with countries whose imports were going into those markets. In our case I think it was fresh seafood, rock lobster, et cetera. That's an example of the engagement that Mr Hazlehurst was referring to. At a technical level, we were able to satisfy the Chinese authorities that there was certainly no contamination of the virus on foodstuffs or the containers they were travelling in.

Senator STERLE: Mr Metcalfe, is it common practice for secretaries to engage with their counterparts in our trade markets early in their tenure? Is that what happens?

Mr Metcalfe: It's now nine months since I've been in this role. Normally I would have expected, probably, to have travelled to a number of countries. Indeed, Minister Littleproud and I were planning to travel to Saudi Arabia to attend the G20 agriculture meeting early on in the year, but that travel was cancelled because of COVID.

Senator STERLE: I'm aware of the restrictions upon physical travel. I get that. I'm just trying to see if the relationship with our greatest trading partner is poisoned at the lower—I shouldn't say 'lower' levels. Is it just the ministers, the government—

Mr Metcalfe: Look, all I can say is what I know. The minister has indicated that he's reached out on a couple of occasions. I haven't seen any particular need to do so or sought to do so. I didn't have the opportunity to meet my Chinese counterpart in Saudi Arabia or Riyadh. There have subsequently been virtual meetings of G20 agriculture ministers. What Mr Hazlehurst is saying is that at the embassy level, on a technical level, we continue to work constructively with our Chinese counterparts on key issues associated with the export of food.

Senator STERLE: I'll move to my next line of questioning. In administrative order arrangements, the Department of Agriculture, Water and the Environment is responsible for commodity marketing, including export

promotion, as well as commodity-specific activities, while DFAT is charged with international trade and commodity negotiations and market development, including market access. That's correct?

Mr Metcalfe: That's correct, yes.

Senator STERLE: Is the department clear on its role with respect to resolving the trade issues with China?

Mr Metcalfe: I'll get my colleagues to talk. It's possibly no accident, Senator, that Mr Hazlehurst's previous job was as the deputy CEO of Austrade—

Senator STERLE: This is easy!

Mr Metcalfe: and Mr Tinning is a senior official from the Department of Foreign Affairs and Trade. So I have both key agencies enlisted to support our work with agriculture.

Senator STERLE: Brilliant.

Mr Hazlehurst: It's probably easiest to say that, at a high level, there are three elements to the way in which the various agencies engage. As Mr Metcalfe referred to, there's DFAT; there's Austrade, which is part of that portfolio; and then there's us. DFAT has the primary responsibility for actual negotiation of trade agreements; the high-level negotiation of free-trade agreements belongs to DFAT. The detailed work around technical market access, once a free trade agreement, for example, is in place, in relation to agricultural exports—things to do with food safety, contaminants, labelling, those sorts of issues—is carried out by the Department of Agriculture, Water and the Environment, engaging with the relevant other country. A trade agreement might be in place, but the technical market access arrangements associated with exports to that country and, indeed, imports into Australia are the subject of our work. Then you have Austrade, whose responsibility is more to do with promoting the opportunities that are available to Australian exporters in that country once the high-level free trade agreement is in place and the technical market access agreements have been struck.

Senator STERLE: That's pretty intense. Thanks very much, Mr Hazlehurst. I'll just ask a couple of more before I'd like to pass on to my colleague, Chair. Are you able to table correspondence that you have with your counterparts in China on all levels? Take it on notice.

Mr Hazlehurst: We'd be happy to take that on notice, I think, Senator. Some of it's not riveting reading; it's quite technical in nature. But we'd be happy to take it on notice.

Mr Metcalfe: There's obviously the caveat about international relations. But, as Mr Hazlehurst says, I suspect a lot of it's very technical—about the presence or absence of particular substances in exports et cetera.

Senator STERLE: Okay, thank you. So, just in wrapping up, we know the barley industry has copped a good tariff whack. Is any other industry suffering from the breakdown in our relationship with China at this stage or is it all talk? I know there's a meatworks thing something somewhere.

Mr Metcalfe: Just in summary, the Chinese basically suspended exports from a number of meatworks for reasons associated with food standards. That's been worked through; we're happy to talk to you about that. There have been the imposition of tariffs and other measures in relation to the barley. We disagree with their conclusions, and indeed ABARES has done some work on this issue. Effectively, Australia is more or less in the bottom two countries in the OECD when it comes to subsidising agricultural production. In other words, we barely subsidise our industries. Other countries subsidise them far more. So we reject the issue that our barley is subsidised and that it's dumped. Our barley farmers just produce really good barley in a very efficient manner, and therefore it's able to win significant market share. There have been measures indicated in relation to wine exports. That's being looked at by the Chinese at the moment. And, of course, there've been some recent signals in relation to cotton as well.

Senator STERLE: Are they just signals, or is there a timetable that says, 'We're going to come back and poke you in the eye or pat you on the head next week'? I don't know of any other way of putting it!

Mr Hazlehurst: In reverse order, at this stage there's been nothing officially confirmed or communicated in relation to cotton.

Senator STERLE: Are you in conversations with your counterparts in China about cotton and wine?

Mr Hazlehurst: On cotton, I think we are.

Mr Tinning: Yes. We're seeking clarification from China in relation to cotton, and in fact the minister's written to his counterpart to seek clarification as well.

Senator STERLE: I appreciate that. And, sadly, their minister's not ringing our minister. So, in terms of your coordination, your level—

Mr Metcalfe: We're doing it through our embassies in Australia and Beijing.

Senator STERLE: Right. So there is correspondence going on; there are a number of things going on. And they're coming back, and there's open dialogue, as much as it can be open dialogue?

Mr Hazlehurst: We get responses from the Chinese authorities, yes. In relation to wine, it's much more formal. The Chinese authorities have actually launched an investigation into subsidies and dumping measures in relation to wine, and they will take their time to conduct that investigation. It is similar to the investigation that was conducted in relation to barley that actually led to measures being taken, but there's no guarantee that measures will be taken on this occasion.

Senator STERLE: Sure. So we know the barley trade has ceased to China.

Mr Tinning: No.

Senator STERLE: No? There's still some going?

Mr Tinning: Yes. The barley trade hasn't ceased, but it's now subject to an 80 per cent tariff.

Senator STERLE: So is the same tonnage of barley going into China as it was before? Are the farmers still cock-a-hoop that everything's going all right?

Mr Tinning: No.

Senator STERLE: No, I've got to clear this up, because Senator McDonald and I were in China—I don't want to start an international incident!—and the Chinese were, on more than one occasion, very, very keen to tell Senator McDonald and me how rapt they were that they were the largest importer of Australian barley.

Mr Tinning: Yes.

Senator STERLE: And I'm not starting no blues.

Mr Metcalfe: And, indeed, my understanding is that our barley farmers had bred specific varieties to assist the Chinese market. So it was actually quite a bespoke product that was going into the brewing industry in China.

Senator STERLE: Right, okay.

Mr Tinning: In terms of barley exports to China, in 2018 it was \$1.4 billion, and now, year to date, it's \$487 million.

Senator STERLE: Okay. I've just got a couple of questions on barley, then I'll move on. So, while we're on barley, the DAWE annual report states that they're working with the barley industry to 'help it consider alternative markets'. We're nowhere near the trade we had exporting barley to China before. So where are we at now for the barley growers?

Mr Tinning: We've had regular dialogue with the grains industry more broadly about alternative markets. So we are working with them on markets such as Vietnam, Indonesia—under the new IA-CEPA trade agreement, there are opportunities there—and also potentially India.

Senator STERLE: Sorry, but I'm always a little wary of saying 'there are opportunities'. We've had a big crunch put on our barley growers, and I don't know how those poor devils sleep at night. But what's the difference between opportunities and actually getting grain off farm, on the back of a truck or a train, down to Kwinana and getting it on the ships to wherever they go? Is there actually trade happening? Have these holes been filled?

Mr Tinning: Exporters obviously need to make commercial decisions about where they target their barley—

Senator STERLE: No, I get all that. If they've gone from a thriving or sustainable business—the kids have shoes on their feet, they're paying off their loans, there's machinery operating and seeds being planted—to, all of a sudden, nothing, have they picked up alternative markets? I know the profit margin might be different, but is there still trade going on?

Mr Tinning: There is. Total year-to-date barley exports are \$1.1 billion compared to last year's \$1.5 billion. So, in terms of exports, they're on track to be the same as last year.

Senator STERLE: So what is the role of the department? When this stock—

Mr Metcalfe: Our role is to work on the technical aspects to allow market access to occur. So, as Mr Hazlehurst said, DFAT are there at the big trade issue; and Austrade are focused on all commodity exports, manufacturing goods and services, education et cetera. Our role is largely supporting the industry so that there are technical food standards; phytosanitary requirements; the absence of khapra beetle, as I described, earlier; and all those issues—

Senator STERLE: Yes, there are some out in—

Ms Silleri: to assure the importing country that the food that we are exporting is safe and of high quality. So we're involved in that through both export inspections and working in the markets to help satisfy their quarantine

authorities et cetera. But we also work with the industry to ensure that the authority of the high commission or the embassy allows doors to be opened and relationships to be established. So we're looking at all those aspects of how we get our produce out to those particular markets. The other thing about barley is that, while it doesn't have an indefinite shelf life, it doesn't decay immediately; it's not a perishable good from that point of view. So the industry and farmers will be making decisions about when they actually put it into the market and how they choose to distribute it, bearing, of course, that there are storage and other issues associated with it. And, with crops like that, there's the ability to transition to other crops in future years, and so—

Senator STERLE: I understand that. I was concerned with the big harvest that was done. It's sitting there. It's all very well—it's like the industry I come from, supply and demand—but there is a certain cost level where they have to get back their money.

Mr Metcalfe: Yes.

Senator STERLE: There could be other markets, but the other people don't want to pay anywhere near what the cost recovery is.

Mr Metcalfe: Yes. Ironically in some parts of Australia we're now getting a bumper season after some bad seasons.

Senator STERLE: So, on where we're going now, we're thinking barley exports might be back up to where they were this time last year—that's right?

Mr Hazlehurst: There's no shortage of markets to sell barley into. From a free-trade agreement or a technical market access perspective, there are up to 100 different markets.

Senator STERLE: Right. But it all goes down to value for—

Mr Hazlehurst: The issue is price—

Senator STERLE: Yes, okay.

Mr Hazlehurst: and there were very high premium prices for the malting barley that was going into China.

Senator STERLE: I'll finish on this one: did you say that the tariffs aren't on the wine industry yet—that they're just talking about them?

Mr Hazlehurst: That's correct.

Senator STERLE: I've got more in this area, Chair, but, when it's Labor's turn, I know Senator Ciccone—

CHAIR: We'll go to Senator Whish-Wilson and then to Senator Ciccone.

Senator WHISH-WILSON: It might seem a bit random, Mr Metcalfe, but I thought I might start by asking whether you have seen David Attenborough's new documentary, *David Attenborough: A Life On Our Planet*.

Mr Metcalfe: I started watching it last night, when I got home early from the other committee that I was appearing before, but I only got through the first 15 or 20 minutes. But I will keep watching it—maybe on the weekend.

Senator WHISH-WILSON: Fantastic—please do. When you do watch it, without wanting to spoil it for you, one of the things that Mr Attenborough talks about is a future of plant based foods, which we all know is potentially a major growth industry. I had some questions on that. I'm particularly interested in seeing whether the department is holding a transparent evidence based conversation in relation to the future of plant based foods, and especially there's credible representation from the alternative protein sector in discussions that are occurring at the moment. I understand from a media release put out by the minister on 29 September that he hosted a roundtable, to discuss the labelling of plant based foods. You were at that roundtable or you hosted that. Is that correct?

Mr Metcalfe: Yes. I'm struggling with the audio. My hearing is not great, but in the other committee rooms on other days we seemed to have much better volume from senators coming in remotely.

CHAIR: [inaudible]

Mr Metcalfe: Thanks very much, Chair. Senator Whish-Wilson, I will ask my colleagues to assist, but, yes, the minister did host a roundtable with a number of industries and advocacy groups and others interested in the issue. I chaired the discussion. I recall I was actually in Bathurst when that virtual meeting occurred—I was travelling through regional New South Wales that week. It was a useful discussion and I think not the beginning of the issue, but certainly there are a range of views expressed and the minister thought that was a very useful opportunity to commence those discussions. My colleagues can add to any further questions you have.

Senator WHISH-WILSON: Is this the beginning of a working group that's been set up to look at broader policy issues around plant based foods, not just labelling but broader issues?

Ms Deininger: As the secretary mentioned, there was a roundtable on 29 September and a range of organisations attended from the dairy sector, from the meat sector, from plant based industries, from the Australian Food and Grocery Council and some of our supermarket organisations as well. One of the outcomes of that roundtable is that there will be a working group set up that will contain members from a range of different sectors—from meat, dairy, eggs, plant, alternative protein and food manufacturing. At the moment, there has been some correspondence in relation to the breadth or otherwise of that group. The intention is that the group is really focused on specific broad industries rather than particular companies or individual companies. The idea of that working group is that they will consider a range of approaches to labelling and then report back to the minister in 2021. That group is in the process of being established, so I'm not in a position to talk in detail about the work of that group, because they haven't actually undertaken that work as yet.

Senator WHISH-WILSON: Could you give me the detail of who will comprise that working group? Has that been—

Ms Deininger: I don't have the names here but I'm happy to take that on notice and provide that to the committee once it's been established.

Senator WHISH-WILSON: Just a quick probity thing—more questions on this working group. I understand that several RDCs were invited to speak, including MLA and Dairy Australia. Is that correct?

Ms Deininger: They attended. There were also representatives from the grain industry. I can't remember if GRDC was there. But certainly there were representatives of the grain industry and the minister, in his press release, recognised that plant based foods are certainly a growth opportunity, given changing consumer preferences for that sector and for Australia.

Senator WHISH-WILSON: I'm just interested whether those RDCs, like MLA, will be part of the working group. You can take that on notice. But I'd also like you to explain how MLA's engagement in a round table aiming to seek new policy solutions and to allocate resources by the department to form the working group focussed explicitly on plant based labelling, is consistent with MLA's funding agreement with the Commonwealth [inaudible] and administered by the department, which specifically prohibits MLA from engaging in either public policy or resource allocation decisions?

Ms Kennedy: We can take that on notice and provide to the committee the membership of the working group when that's established. At the moment there's a call for nominations but we don't have the names as yet. But my understanding, and I can confirm this, is that the RDCs won't be on the working group. It's an industry-led initiative, the ongoing working group.

Senator WHISH-WILSON: In that round table that was set up by the minister, did those RDCs have a say or input into seeking new policy solutions or allocating resources to form that working group?

Mr Metcalfe: The answer to that is no, Senator. The RDC certainly did contribute, and innovation, science and research are core to their work, and so that's their ability to contribute on the nature of future food products. I am aware that MLA does have a marketing arm that is funded by its members and that it's separate to its RDC role. But I think that we were very clear in that initial workshop to try to get ideas on the table as to who was interested, what their perspectives were and where they were coming from.

The particular issue is not a concern about plant based foods and plants being used to develop new products—that's a very strong area of innovation. There was an issue around appropriate recognition as to the origin of the particular protein that may end up in a food: whether it was plant based on animal based protein, and whether it should be described as meat or milk or whatever. That's an issue that ultimately goes to food labelling and consumer awareness of what they're actually buying. So it was that range of issues that we discussed.

Senator WHISH-WILSON: Would it be fair to say that the establishment of the working group is an attempt to introduce new restrictions on labelling? Would that be a fair description?

Mr Metcalfe: No, it wouldn't be a fair representation. Certainly in the minister's own statements, he believed that there needs to be transparency in labelling—that would be a way to describe it.

Ms Deininger: I think the minister recognises that food and food manufacturing are a very significant part of our economy. They're a very significant part of our ag sector and growing the ag sector, so there are links all the way through. This is really an initial step to engage with industry on a growing area of production and interest.

Senator WHISH-WILSON: You're aware that the Australia and New Zealand Ministerial Forum on Food Regulation, at its meeting on 15 November 2019, declined to pursue additional labelling regulation, citing that existing regulations were fit for purpose? This isn't an attempt to circumvent that ministerial forum decision or statement?

Ms Deininger: We are aware of work that the Australian and New Zealand governments do around food and food regulation and we have a good relationship with FSANZ in that area. Minister Colbeck is the relevant minister there. This is really an exploratory working group process. From time to time, our minister does engage with those forums, or with his colleague on food matters, as you would expect him to do as a normal part of government.

Ms Kennedy: Can I just add: at the Australia and New Zealand Ministerial Forum on Food Regulation, on 15 November 2019, they did actually task the Food Regulation Standing Committee with investigating regulatory and labelling approaches to adequately differentiating between synthetic and lab-grown products and natural and conventional animal products. We're expecting a further report on that later this year. Although it's not just related to plant based, that is something that's going to be relevant as well.

Senator WHISH-WILSON: I'm aware of that differentiation. That feeds into my next question. I can provide to you with questions on notice with regard to some information that I've seen on whether there has been any confusion around labelling. Can the department provide any detail on the evidence basis for the problem that the working group is intended to address? Do you have any evidence that there is actually confusion around the labelling of these products at the moment?

Mr Metcalfe: That's what the discussion that we had back at the end of September was about. Some people were of the view that there is potential confusion; other people were of the view that there wasn't, and the whole idea that the minister had in bringing together such a diverse group was to get a better understanding of the views that they actually have.

Senator WHISH-WILSON: I'll put this on notice. I won't read it out now, because it will take up too much of my time, but I have got some examples of that confusion. I'll send those through and ask you to make any comments you can on that. Could you take on notice what the structure of the working group will be. The minister's press release announced a balance of 50 per cent traditional agricultural industries—meat, dairy and egg—on the working group, one seat for a retailer and one for manufacturers. The current working group format reserves just one seat for alternative proteins, and I would note that most alternative protein businesses aren't necessarily manufacturers; they tend to be start-ups. How does the department envisage that this composition will produce a credible and fair outcome between the alternative protein industry and the protein industries?

Ms Deininger: You were breaking up a little bit; the connection is a little bit poor, but I think your question was around what the make-up is and how that will deliver a credible outcome. Certainly, as we've indicated, we'll take on notice the names of those. Our experience is that working groups will often have a range of representatives, from large or small industries. I think our role as a department—obviously the minister will be keen to make sure that the working group is effective in examining the issues, and we will be seeking to work with those organisations and those representatives to ensure that that's the case.

Senator WHISH-WILSON: Sorry, if you missed it—

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

Senator WHISH-WILSON: I just wanted to outline there—and I'll put some more detailed questions to you on notice—that the minister's press release showed that 50 per cent of the representation of the working group would be traditional agricultural industries, then there would be one seat for a retailer and one for manufacturers. That basically leaves one spot on the roundtable for alternative protein companies. I understand you're going to give me the breakdown of who they might be, but do you think, as a general architecture, that one spot on the working group from the alternative protein industry is fair and equitable and will give a balanced outcome?

Ms Deininger: I don't want to pre-empt the outcome of the working group and whether it's fair and balanced. I think we are setting up an approach to engage with industry and to engage with different perspectives, as has been outlined by the minister. We're certainly happy to let you know who is on the committee and, of course, to keep the Senate informed as to the work of that committee.

Senator WHISH-WILSON: How can it be fair and equitable if you haven't set it up to give adequate representation for the alternative protein?

CHAIR: Senator Whish-Wilson, I think that the department did just answer your question. If you have other questions to table on notice, that would be terrific. We'll now move to Senator Ciccone.

Senator CICCONE: I have a couple of questions with respect to unlawful noncitizens or so-called undocumented workers. What work has the department undertaken in regard to the question of an amnesty for undocumented workers in agriculture over the past 12 months?

Mr Metcalfe: None.

Senator CICCONE: Has the department provided any briefs for the minister or his office with respect to an amnesty for undocumented workers?

Ms Deininger: No, we're not aware of any. An Allen Fels committee has examined that recommendation. There has been work done by the Public Service generally.

Senator CICCONE: I am aware of that. What advice has been provided to Mr Littleproud's office?

Mr Metcalfe: No. For the sake of completeness, the minister does have an expert group working on the future of agricultural workforce issues that is yet to report to the minister. I cannot pre-empt what they may or may not say. As far as the department is concerned, we would take the view that the issue of the status of agricultural workers and the underlying visa status is a matter for the Department of Home Affairs, not us.

Senator CICCONE: I ask the questions because back on 23 September that minister was quoted in *The Weekly Times* as saying that there was serious consideration being given to an amnesty. I am curious as to whether any advice has been provided by your department. What made that minister make those remarks?

Mr Metcalfe: To the best of our knowledge the answer is no, but I will double-check. You may or may not be aware but I spent 27 years of my life working in the department of immigration and seven of those years as secretary. So I have had general conversations with the minister on many, many things on the issue of visa status and the availability of foreign workers is obviously an area where we have had discussions, but we haven't provided specific advice in relation to a possible amnesty.

I would note that, I think, a senior minister has indicated recently that that was not an issue that the government is considering. I would also note that, in fact, effectively it wouldn't create any more workers; it would simply change the status of those persons who may be here working illegally by having overstayed visas or whatever. It's not an issue that the department would normally get involved in because, as I have said, the aspect of the entitlements of noncitizens to work or not is a matter for the Department of Home Affairs.

Senator CICCONE: I really do appreciate the answer. The one aspect of the comments that got my attention is when he said that the government is quietly exploring an amnesty. On what basis do you think the minister was saying that?

Mr Metcalfe: The minister is someone who is, I think, very open in discussing issues that he is thinking about but beyond that I can't really add to what we have said.

Senator CICCONE: Is the question being raised within the interdepartmental working group that the department is a part of? I understand there is an interdepartmental working group of Home Affairs, Agriculture and, may be, Employment.

Ms Deininger: Is this in relation to Allan Fels and the Migrant Workers Taskforce?

Senator CICCONE: The broader issue with respect to temporary visa workers and whether that includes the Fels report.

Ms Deininger: There is a working group that is working to implement the government's response to the Fels report and that is led through the Attorney-General's Department because they have the responsibility for the majority of the recommendations. We have a recommendation in relation to labour force data, which we are in the process of implementing and we have put up a lot of that data already on our website. We've added more questions to our surveys and have already started to implement and fulfil our obligations under that recommendation from the Fels review.

Senator CICCONE: Is that data separate to ABARES or is this part of the ABARES—

Ms Deininger: That is part of the ABARES work. Additional data was sought in relation to the demand for agricultural workers in the kinds of sectors in which that demand is apparent and the time frames, if you like, of that. What is the seasonal pattern of that?

Senator CICCONE: Does the department have an estimate in terms of how many undocumented workers are currently in Australia, or—

Mr Metcalfe: No, we would—

Senator CICCONE: the shortfall with respect to the agriculture industry? I'm assuming you're aware of the EY report that was produced for Hort Innovation, which states there is around a 26,000-person shortfall for labour over the next 12 months. I was just curious if the department or ABARES have been able to collate some of this data themselves, rather than relying on an external firm like EY.

Mr Metcalfe: The source of truth on this is the Department of Home Affairs which has the underlying statistical reporting about the number of illegal workers in Australia. In relation to particular sectors, many of

those illegal workers tend to be concentrated in a few industries: horticulture is one, but there are other industries—hospitality is another. The EY report, which I haven't read, has presumably accessed sources of data including that provided by the Department of Home Affairs.

Ms Deininger: I might just add to what the secretary—

Senator CICCONE: The department doesn't know what the labour workforce shortage is in horticulture?

Mr Metcalfe: We have a good understanding based upon advice from the state governments. And some of the work that we've done through the Agriculture Senior Officials meeting that I chair has been working with each of the states about their workforce needs. As I said to Senator Sterle earlier, we've been acutely conscious since the impact of COVID of the fact that the industry, which does rely significantly on foreign backpackers and other workers, was likely to face issues as we went through this year because of the departure of many of those people with work rights, and the fact that new people were not coming in for their gap year. It's for that reason that a range of policy measures have been put in place about extending or re-engaging the Seasonal Worker and the Pacific island schemes, providing extensions of stay to visa holders who were in Australia, and also the incentives in place for young Australians to take up jobs in agriculture. They have all been part of that work.

Ms Deininger: And just to add to—

Senator CICCONE: What's your understanding of the shortfall then? You talk about an understanding with the states. Have the states told your department what the shortfall is?

Ms Deininger: In relation to the ABARES's data, one of the things I can advise the committee is, for example, that normally in June each year there are around 100,000 casual and contract workers employed in agriculture, and that goes to about 150,000 in February. Of course, the seasonal peaks for those jurisdictions differ. We see the NT, although not need a huge number, coming on first; then you go to Queensland, and then Vic and South Australia. So we certainly have a strong feel for the overall numbers. We are working closely with the states and territories and with industry to understand, in more granularity, where those workers are needed and for what kinds of work, whether it's for picking or for packing or for distribution, to make sure—

Senator CICCONE: But you can't tell me a figure?

Ms Deininger: An exact figure of what the shortage is?

Senator CICCONE: An estimate of the shortfall in the labour workforce in horticulture, in agriculture. The department just does not appear to be able to provide me with a figure.

Ms Deininger: I'll see what I can provide—

Senator CICCONE: Is the EY report accurate—the 26,000 shortfall?

Mr Metcalfe: I'll declare an interest, Senator. As you may be aware, prior to taking up this role, I was a partner in EY, but I have absolutely no connection with the firm anymore and have no involvement in that particular report that they produced for Horticulture Australia. I can say that, like all of the big professional services firms, EY would do very careful checking in relation to the figures that it produces. I think Ms Deininger can add to her answer.

Ms Deininger: We'll just see what we can come back with later on in the hearing today in relation to the shortfall.

Senator CICCONE: Thank you.

Mr Metcalfe: Can I add that I think we all feel for students going through year 12 this year. It's been a really difficult year for many of them. Many of them would have been expecting next year to go overseas to have a gap year—that rite of passage, almost. In the same way, many young people from overseas would have been expecting to come to Australia. Given that inability for easy overseas travel, we are constantly appealing—I know the state departments are doing this—to young Australians to go out to the bush and to take up some of these job opportunities. There are jobs there. It could be the experience of a lifetime for people to have this opportunity to see Australia and to do some admittedly hard work to earn some money rather than simply not taking up the opportunity. So it's a bit of an advertisement but we are very keen for young people to go and take up these jobs.

Senator CICCONE: I appreciate that. I don't think that too many people will be listening to this, unfortunately, but hopefully, we will get a number of people out there. But it is mind blowing that the department cannot provide this committee with figures of the labour shortage. We keep saying we want young people to go out there but we actually don't know how many young people we want to go out there?

Mr Metcalfe: There are plenty of jobs out there, but there's a shortfall.

Senator CICCONE: There are but we are sort of just throwing money and hoping for the best. I want to also go back to what I was asking about earlier. Minister Littleproud also made commitments in the media when he was asked about the amnesty issue. He said he would look into it and that the government would give it serious consideration. Has there been any correspondence between your department and Home Affairs on this matter?

Ms Deininger: I'm not aware of any correspondence with Home Affairs. There has been correspondence from state ministers and comments from state in relation to the amnesty, but I'm not aware of any correspondence between Home Affairs and our department on this matter.

Senator CICCONE: Are you able to provide a copy of that correspondence from the Victorian agriculture minister on the amnesty issue?

Ms Deininger: I'll have to take that on notice; I don't have it to hand.

Senator CICCONE: And if there has been any other correspondence between the minister, the department or other state or territory governments on the issue, that would be great too.

Mr Metcalfe: I am happy to assist, but we would need to check with the Victorian government or the other governments that they were happy. I would make two points. Firstly, we rely upon others. We don't have a statistical collecting capability, so we rely upon others, and we will come back with the information we have later today. Secondly, the issue of an amnesty is an interesting one. The last amnesty that Australia had was in 1981. But effectively, it wouldn't actually solve the problem in that those people, by definition, are here working unlawfully at the moment and it would simply mean that they were here working lawfully. The way the governments have addressed that policy conundrum in the past was the initiative from Rudd government to introduce the Pacific Island scheme, which has been a significant contributor to that seasonal workforce issue, with benefits for the workers, for Australian growers and for the countries where the workers come from. We've worked very hard with foreign affairs, Home Affairs, employment and the Northern Territory government to get that flow of workers happening again, allowing the mango harvest in the Northern Territory to get under way.

Senator CICCONE: Yes, I appreciate that. A lot of farmers I talk to are quite angry at the moment, especially with the Commonwealth. After the comments made by Minister Tudge about the amnesty, they feel [inaudible] the issue and there was no genuine intention to make it happen. I've just got questions with respect to the Building Landcare Community and Capacity Program.

CHAIR: Given that I come from a massive fruit and horticultural part of the country, I've spent a lot of time talking to farmers as well. Their frustration is shared. It's very difficult for the department, given that so many seasonal workers move between agriculture, hospitality and other sectors. So I think we've got to be reasonable that the department is trying its very best to attract numbers, but industry is having trouble identifying exactly where the requirements are. But I am doing my bit for the nation and my grade 12 graduating son will be going out fruit picking—

Mr Metcalfe: Excellent.

CHAIR: from when he finishes in three weeks' time. I'm sure he will then torture his own children with stories of his hardship later in life.

Mr Metcalfe: Chair, I picked radishes on the outskirts of Toowoomba and it was 50 cents an hour back then. Hopefully, the wage rates are a bit better these days.

CHAIR: You'll be delighted to know that, with the competition for workforce, the pay rate is increasing at a rate of knots. It will increase the cost of food at supermarkets going forward, and we all need to be prepared for that.

Senator STERLE: I am prepared to pay more for my fruit and veggies—it flows on, not a problem.

Senator CICCONE: Since the last round of estimates, how many new grants have been approved under this program?

Ms Campbell: Since the last estimates, we still have the same number of projects. My understanding—and I'd have to get my team to check it; we can do that later in this session—is we've extended two projects, which are for the National Landcare Network and Landcare Australia Limited, and that has increased the amount of funding available to \$34.22 million for 34 projects.

Senator CICCONE: Is it still the case that the minister approves grant applications on advice of the department?

Ms Campbell: That's correct, consistent with the Commonwealth grant guidelines.

Senator CICCONE: Last time I asked, there was a bit of confusion about who was advising Minister Tudge in respect of these programs. Is that you?

Ms Campbell: It is me now. I have taken responsibility of this program since about March.

Senator CICCONE: In essence, you provide advice on whether to approve or reject?

Ms Campbell: That's correct.

Senator CICCONE: In the information that was provided in the estimates and in response to orders of the Senate that I've received to date, it was demonstrated that 32 grants have been made under the program. I believe this relates to round 2 of the program. But eight of them had been given to Landcare. Is that correct—eight of the 32 grants were provided to Landcare?

Ms Campbell: Are we talking about the Building Landcare Community and Capacity Program?

Senator CICCONE: Yes, out of 32 grants, only eight of them went to Landcare.

Ms Campbell: Out of the 32 grants, I can take on notice how many went specifically to Landcare. But it supports a range of organisations from the National Farmers' Federation—

Senator CICCONE: If you haven't got the answer there or if you could provide an answer later in the day—

Ms Campbell: Yes, okay.

Senator CICCONE: I have a couple I want to run by you. You may take them on notice to come back to the committee later in the day. Of the 32 grants, can you confirm how many had their grant agreements signed by the department in the week leading up to the 2019 federal election?

Ms Campbell: I can take that on notice.

Senator CICCONE: Unless you have it handy—

Ms Campbell: Yes.

Senator CICCONE: If you could do that, that would be great. And also, if you can confirm if it was 13? Who made the decisions for those 13 agreements or, if it's not 13, whatever the number is?

Ms Campbell: That were signed in the lead-up to—

Senator CICCONE: Prior to these agreements being formally signed by the department, had recipients been notified that they were successful?

Ms Campbell: They would have—

Senator CICCONE: How were they notified and by whom? And was the minister's office involved?

Ms Campbell: I'll take that on notice.

Senator CICCONE: If you could provide an answer by the end of today, that would be great. If not, please let me know.

Senator STERLE: Can you tell us what the current value of the Australian agricultural industry is, Mr Metcalfe, please?

Mr Metcalfe: The broad figure is \$60 billion pre farm gate. Rosemary Deininger may have an exact figure. It may be \$61 billion but it is in that order. That's pre farm gate, acknowledging, of course, there's significant value-add of many products post farm gate.

Senator STERLE: I apologise: because of all the excitement I forgot we talked about that three or four hours ago.

Ms Deininger: It is in that order: \$61 billion for the last financial year.

Mr Metcalfe: Yes. On page 3 of the annual report, I say:

The gross value of farm production in 2019-20 is estimated to be \$60 billion, down by 1% on the previous year. The pressure on the value of agricultural production has been eased by relatively high meat prices related to the global effects of African swine fever, as well as high domestic grain prices.

Senator STERLE: Great. Thank you. How much has the government committed to funding the Ag2030 plan?

Mr Metcalfe: Ms Deininger can take you through the many components of it, Senator.

Senator STERLE: If you could, please

Mr Metcalfe: For example, some of the measures in this year's budget such as the issue we were discussing earlier around agricultural exports—well over \$200 million or \$300 million—are a major part of it. Ms Deininger?

Ms Deininger: Thanks, Secretary. As the secretary said, the government has committed a whole raft of initiatives to support the Ag2030 target. It is outlined in the document that was released today and following the minister's speech after the budget. I don't have a total, of course. Some of these will contribute to the Ag2030 target but will also contribute to other priorities of government, such as, for example, creation of jobs and supporting different parts of the economy.

Mr Metcalfe: Another significant contributor, for example, if we're talking large items, is the Future Drought Fund, which is allocating \$100 million a year to assist resilience and preparedness for future droughts. The government has announced that \$86 million will be spent on developing a series of hubs throughout Australia to really provide the research capability. Australia has always had droughts, and we'll have more droughts in the future, but all of that will contribute to the aspirations to grow the industry and to deal with future droughts and a warmer climate. We can give you a very detailed answer, Senator, but the answer is that a very significant amount of money has been committed.

Senator STERLE: If it assists to take this on notice and supply it later, that's great. It might make it a bit harder for the next question, but I'm just going to ask: how much of the money is on budget as opposed to being accounted for in the form of concessional loans?

Ms Deininger: Certainly, as the secretary said, there are a whole range of measures—for example, the measures in relation to congestion busting and encouraging exports. That's \$328.4 million to reduce red tape and help exporters. That's a measure that was announced in the budget. It's not a concessional loan, for example, as you describe, which might be off budget, if that's where the question is going.

Senator STERLE: Okay. This has just come in the budget, but how much is actually being spent? That's what I want to know.

Ms Deininger: How much has been spent to date?

Senator STERLE: Yes. It's all around the Ag2030 plan, of course. We know the announcements, but now I want to know what's been expended. How much is out there? Is it too early, perhaps?

Ms Deininger: Perhaps when we provide the breakdown we can provide an annual breakdown, and that will give the committee a way of calculating the projected spend across those multiple years.

Senator STERLE: Good.

Mr Metcalfe: Senator, I will draw your attention to a media release put out by Minister Littleproud on 7 October, immediately after the budget.

Senator STERLE: Yes, I've got that.

Mr Metcalfe: That sets out in detail the priority areas and the initiatives that contribute to those priority areas. That's a pretty good summary, I think, of what's being done. Many of those initiatives are underway. Some are yet to commence, such as the work on agricultural exports, but we'll come back to you on notice on that matter.

Senator STERLE: Good. Thanks, Mr Metcalfe. With the challenges of trying to find our workforce and the breakdown of the relationship with our largest trading partner, do we believe that the agricultural industry will help us recover from COVID?

Mr Metcalfe: Oh, yes, absolutely. In fact, I think it's a tribute to our farmers, our fishers, our foresters as to how they have been able, through COVID, to work to keep producing food and fibre; to help supply chains stay open, notwithstanding the imposition of international and state borders; and to look to continue to export to help feed people internationally. Indeed, some of the initiatives of the government, such as the International Freight Assistance Mechanism, have allowed those exports to continue, notwithstanding commercial airliners no longer coming in the same ways. So I think our ag, fishing and forestry industries are an absolute pin-up in terms of working with the virus, responding to it, being agile and taking measures to ensure that we keep producing. As you know, agriculture, mining and tourism are the critical industries for rural and regional Australia, and agriculture and tourism quite often fit together because of the scenic nature of many of those areas. As someone who comes from regional Australia myself, I'm very proud of the way that our industries have been able to adapt and will continue to adapt. That's a little advertorial for the sector—

Senator STERLE: That's good.

Mr Metcalfe: but I think in responding to COVID, in helping build strong communities, in keeping the economy, in keeping us fed our industries are doing a wonderful job—and will continue to do so. I'm just glad now in some parts of the country we're at least having a better season. While, of course, there's always the risk of flooding and other natural disasters, at least we are getting some good crops off at the moment.

Senator STERLE: I want to go to pillar 2 of the NFF's 2030 road map: Growing Sustainably. How does the ag 2030 plan address that?

Ms Deininger: Senator, do you mind mentioning what the factors are in pillar 2? I don't actually have a copy of the NFF—

Senator STERLE: I can't because Senator Sheldon is deeply reading through the pack there. I'll come back to it. Don't worry, Senator Sheldon. If you don't have the pillar 2 there, I'll have to come back to it.

Ms Deininger: Thank you.

Senator SHELDON: Here it is.

Senator STERLE: No, keep reading; it's very important what you're doing. The DOR 2019-20 annual report says we've got the third consecutive year of decline in volume of agricultural production, which is down by, sadly, 16 per cent on 2016-17.

Mr Metcalfe: That's the drought.

Senator STERLE: Is it wholly and solely the drought, Mr Metcalfe?

Mr Metcalfe: I suspect the best people to answer that question are ABARES, who are here tomorrow morning.

Senator STERLE: Sure.

Mr Metcalfe: They study and measure these things carefully. The drought would be a big factor, but, obviously, other natural events such as the appalling floods we had in north-west Queensland going on 18 months to two years ago particularly impacted that industry. There are many factors, of course, that ultimately end up in the value of what's able to be produced at the farm level, but I imagine the drought would be a big aspect.

We've now got pillar 2 in front of us, if you want to return to pillar 2.

Senator STERLE: Great, let's go back to that.

Mr Metcalfe: Growing Sustainably.

Senator STERLE: Yes, that's what I said; I said, 'Growing Sustainably'.

Mr Metcalfe: The dot points that the NFF have under that are:

- The net benefit for ecosystem services is equal to 5% of farm revenue.
- Australian agriculture is trending towards carbon neutrality by 2030.
- Halve food waste by 2030.
- A 20% increase in water use efficiency for irrigated agriculture by 2030.
- Maintain Australia's total farmed area at 2018 levels.

We could talk a lot about those issues. Food waste, for example, is a major area of focus under Minister Ley's work associated with a ban on exports of certain products and also a circular economy. Water use efficiency: of course, we're here on Friday talking in detail about water issues.

Senator STERLE: You are.

Mr Metcalfe: The whole issue of carbon neutrality is an issue that the industry is focusing upon. So, if there are particular questions, we could attempt to answer them, but it's a pretty broad set of issues that they're looking at.

Senator STERLE: I'm keen to get through as much as we can, because I am going to run out of time. Could you tell us which sectors of the agriculture industry are in decline?

Mr Metcalfe: Again, I would—

Senator STERLE: Since 2016-17?

Mr Metcalfe: Yes, again I would suggest that ABARES are best placed to—

Senator STERLE: ABARES?

Mr Metcalfe: There are so many commodities across the Australian continent with different factors impacting them that I think it would be best if we give you the expert answer tomorrow. We'll let ABARES know that you're going to ask that question.

Senator STERLE: Alright. I'll go to the National Agricultural Innovation Agenda. When does the government expect the Agricultural Innovation Policy Statement will be ready?

Ms Deininger: As the minister announced on 1 September, that's expected to be ready in the first half of next year, along with the digital strategy.

Senator STERLE: Good, okey-dokey. Can we go to Senator Rice and then come back to me if Senator Rice can give me five or 10 minutes at the end?

CHAIR: Yes, I think that'll work really well. Senator Rice, over to you.

Senator RICE: Thanks very much, Chair—and Senator Sterle, for ceding some time. I've got some questions on forest and forestry.

Mr Metcalfe: You have the right people here, Senator.

Senator RICE: Excellent. It's a bit hard to see when participating remotely. I want to go to the forestry video that I asked questions about at last estimates, and I got some very good information, thank you, [inaudible] questions on notice you took. This was the video produced under the contract CN36214 to provide creative and digital media communication in the form of a native forestry narrative video that was produced last year. I want to know what the impetus for that contract was.

Ms Deininger: What was the what for the contract?

Senator RICE: What was the impetus? What was behind that contract being put out to tender?

Ms Deininger: They were developed to provide information in relation to the forestry sector.

Senator RICE: Yes, I know that's what they were doing, but was it requested by the minister, was it requested by stakeholders, did it emerge from a departmental process? What was the impetus for it?

Ms Brown: They were agreed to within the department and with industry in terms of providing out to the broader community what the forestry processes are and what's undertaken. It was an agreement between the department.

Senator RICE: An agreement from the department? But you said with stakeholders as well. Where did the idea come from? Did somebody have the idea within the department or did the stakeholders suggest to the department that they might like to create this video?

Ms Brown: It was a discussion internally in the department on what opportunities were available to put out what the forest industry actually undertakes, the value of production and what it provides to the broader Australian community. So it was a departmental action and initiative.

Senator RICE: In relation to the approval process for the request for quote, who approved the request?

Ms Deininger: I'll have to take that on notice. I believe it might have been in our corporate area, in our enabling services area, but I'll need to double-check who that was.

Senator RICE: Was the minister's office aware that you were putting out the request for quote?

Ms Brown: Yes.

Senator RICE: Did they have input into it?

Ms Brown: Yes. We worked closely with the assistant minister's office in relation to the content and the objective of the videos.

Senator RICE: Thank you very much. How many potential suppliers did you send the request for quote to?

Ms Brown: I'd need to confirm that with our communications area.

Ms Deininger: But I believe, according to my briefing, there was an open tender process, which is through our usual procurement arrangements.

Senator RICE: Can you expand on that: your usual procurement arrangements?

Ms Deininger: Yes. Sometimes it's possible to do an open tender, where you put a tender in the public domain and anyone can bid. At other times, you go to a panel where there are already preselected, if you like, companies who have met particular minimum standards, and you can ask a subset of them to bid. So I'm happy to check how many we went out to.

Senator RICE: Okay—so whether it was a panel or whether it was open?

Ms Deininger: Yes.

Senator RICE: Okay, thank you. How many potential suppliers did you actually get a quote from?

Ms Deininger: I'll take that on notice as well.

Senator RICE: Was it more than one?

Ms Brown: I can answer that question now: it was approximately five.

Senator RICE: What was the process of selecting the actual tenderer?

Ms Brown: There was a panel that was established in the department, but I can get further information on that for you.

Senator RICE: Okay. Who was the actual decision-maker? Did the minister's office have input into who the preferred tenderer was?

Ms Brown: The decision-maker was the former assistant secretary of Forestry Branch, Michelle Lauder.

Senator RICE: Did the minister's office have input into who undertook the video?

Ms Brown: We provided the minister's office with the preferred candidate and the information that was going to go into those videos. They were driven through the department and provided through to the minister's office for visibility.

Senator RICE: So was that after you'd selected the preferred tenderer, or was there input from the minister's office on who the preferred tenderer was going to be?

Ms Deininger: The officer who was the chair of the panel is no longer working in the department, so we'll just need to double-check the exact process. I apologise that we don't have that level of detail here.

Senator RICE: Okay, yes. I've previously talked to Ms Lauder on many issues on forestry.

Ms Brown: Sorry, Senator, I can just clarify for you: there was no input from the assistant minister's office prior to the decision that was made by the former assistant secretary, and the review was undertaken against a selection process in consultation with our communications branch within the department.

Senator RICE: So then, once you'd signed the contract, what engagement did you then do with stakeholders over the development of the video?

Ms Brown: We worked with stakeholders on what was the most appropriate way to have the videos give visibility to the community and what opportunities there were in terms of different conferences et cetera that they were undertaking.

Senator RICE: Which stakeholders did you engage with?

Ms Brown: As I understand, we engaged quite closely with the Australian Forest Products Association and other industry parties, but I can come back on that to you.

Senator RICE: Thank you. Did the minister have input into the content of the video?

Ms Brown: I'll need to take that on notice.

Senator RICE: Okay. Was there any engagement with forest ecologists?

Ms Brown: I'll need to take that on notice in terms of forest ecologists.

Senator RICE: Okay, I'll just accept that. I look forward to seeing whether there was any engagement with other people who had different perspectives from AFPA's on native forest forestry. Have you had any feedback from AFPA since the videos have been launched?

Ms Brown: Yes, we have. They've been received very positively in the forest industry, but we've received positive feedback from communities as well, not just within the industry itself but from the broader community, in terms of their understanding of the value of the forest industries and what they produce.

Senator RICE: Yes, I imagine that AFPA and the native forest logging industry were very grateful for the free publicity provided by the taxpayers, but there are other perspectives, as you know, which this video did not reflect, in terms of the issues associated with native forest logging. But I'll move on. On the department's website above the Faces of Forestry video, it says that the Australian forestry industry 'directly employs about 52,000 people'. Where's that figure from?

Ms Brown: I understand it came through from ABARES, but I would need to confirm that.

Ms Deininger: We often get data in relation to employment statistics from the ABS, because the ABS run their regular census and we take information from those sources as well.

Ms Brown: I've just had confirmation that that figure is from the census data.

Senator RICE: My reading of the census data is that it's much closer to about 10,000, because it says that the forestry industry directly employs 52,000 people.

Senator Duniam: We can dual on the figures all you like, Senator Rice, like we did last time, but I'm going to go with the ABS, the department, ABARES—

Senator RICE: Yes, exactly. That's why 52,000 direct jobs in forestry is not accurate.

Senator Duniam: Says a Greens senator.

Senator RICE: No, I'm reading statistics.

Senator Duniam: You were last time too, Senator Rice.

Senator RICE: And that figure, of course, doesn't include any breakdown as to the jobs in plantation forestry versus native forest logging. Is there any more information that you can provide me compared with last March as to any breakdown between jobs in plantation forestry and native forest logging?

Ms Deininger: I'm not sure if the ABS goes to that level of detail, but I'll see if ABARES—

Senator RICE: No, it doesn't. The ABARES reports do not.

Ms Deininger: Yes.

Senator RICE: Can you take on notice as to whether there is any further work being done in the department? It's a clinical figure. As we know, 88 per cent of the wood produced in Australia is from plantations and yet the department and the government and the industry deliberately conflate the two. There's very little controversy about plantation forestry; there is a lot of controversy, for very good reason, about native forest logging. And there are legal issues as well, as you obviously know. I'll move on to the government funding that's been given to the forestry sector post bushfires, which I asked questions about to the National Bushfire Recovery Agency earlier this week, which [inaudible]. This is a \$40 million Forestry Recovery Development Fund Program. How many applications have you received?

Ms Brown: The application round closed on 13 October, and we've received 35 applications. These will now be reviewed against the eligibility and assessment criteria in the guidelines to determine eligibility.

Senator RICE: So you haven't actually approved any applications as yet?

Ms Brown: No.

Senator RICE: Obviously, seeing as 13 October was only a week ago. So there's been no funding dispersed out of that program as yet?

Ms Brown: No.

Senator RICE: No. Who's the decision-maker for the program?

Ms Brown: The decision-maker will be the delegate of the Assistant Minister for Forestry and Fisheries.

Senator RICE: Who will that be?

Ms Deininger: Normally, what happens is that in the process of agreeing to the guidelines, we agree who the delegate is. I'm not sure if that's—

Ms Brown: So the delegate will be me.

Senator RICE: Thank you. Can you talk me through the development of the guidelines for that program? How were they developed?

Ms Brown: Yes, sure. The department developed the guidelines in consultation with a range of stakeholders. We worked quite closely with our state counterparts and industry and also the National Bushfire and Recovery Agency, and the Community Grants Hub, of course.

Senator RICE: Are there any other stakeholders who weren't industry related stakeholders?

Senator Duniam: Given it's an industry support package—

Senator RICE: It's an industry that has an impact on our native forest heritage.

Senator Duniam: Who are you suggesting we should consult, Senator Rice?

Senator RICE: You should maybe consult some scientists or the Threatened Species Recovery Hub potentially—people who are impacted by the impact of native forest logging on our threatened fauna and flora. You're providing taxpayers' money to support an industry. In particular, there's nothing in the guidelines that distinguishes between native forest logging and plantation logging, is there?

CHAIR: Senator Rice, is that a question? You're just about out of time.

Senator RICE: I just wanted to confirm that there's nothing in the guidelines. I've got two more very quick questions, which I've got the same issues with. Basically, in relation to the \$15 million for forestry transport assistance, where is that process at? Is there agreement with the various states over that?

Ms Brown: We're just working through with the relevant jurisdictions at the moment to sign national partnership agreements on those. The Commonwealth signed them on 19 October and now they're with the relevant jurisdictions for their consideration and signature.

Senator RICE: Thank you. So you're expecting to have them signed very shortly?

Ms Brown: Yes, that's the expectation. I guess it will depend on how long the jurisdictions want to consider it and consult within their agency.

Senator RICE: Okay. Is that the same case for the \$10 million Salvage Log Storage Fund?

Ms Brown: Yes.

Senator RICE: And signed by the Commonwealth at the same time?

Ms Brown: Yes.

CHAIR: Terrific. Thank you very much, Senator Rice.

Senator RICE: I have some more questions which I would like to have a chance to come back to, please, but I'm happy to cede the call now.

CHAIR: Senator Rice, we are completing outcome 3 before we go to lunch. If you would like to put those questions on notice, that would be the best way to go now.

Senator RICE: I'm entitled to continue to ask these questions.

CHAIR: Senator Rice, we have also got Senator Patrick, and we have the same problem for everybody. It's unfortunate we don't have days and days. Senator Sheldon, could you move to your questions, please?

Senator SHELDON: Yes. On 7 October, Minister Littleproud announced the Ag2030 plan. Of course, the government, as per usual, had a big announcement:

... comprehensive whole of government Ag2030 plan in support of the farm industry's target of \$100 billion in farmgate value by 2030.

Yet it's taken over a year to develop its plan for the \$100 billion agriculture industry by 2030. At the moment all we've got are media releases and dot points. Can you fill us in, Minister, about where we are actually up to? What is the detail of the plan moving forward?

Senator Duniam: The plan we've been talking about—

Senator SHELDON: The actions going forward. I appreciate it's taken a year. I'm asking what the actions are that we're taking now to move forward.

Senator Duniam: Sure. With regard to my own areas, which is probably where I'm best placed to speak—have you had a look at this document, Senator Sheldon?

Senator SHELDON: You're more than welcome to include Minister Littleproud as well.

Senator Duniam: Thank you for that invitation. Have you had a look at the document yet, Senator Sheldon?

Senator SHELDON: I tell you what: I'm very pleased to listen to your explanation of detail rather than dot points.

Senator Duniam: No, this is not dot points.

Senator SHELDON: There's a document with a number of dot points in there, yes.

Senator Duniam: You have read it, okay. In there, of course, the IFAM has been referenced, which is the International Freight Assistance Mechanism. There was the \$4 million for seafood marketing to encourage domestic consumption. I'm seeing in here the \$50 million for industry growth centres, including Food Innovation Australia Ltd, to assist with implementation of the government's new Modern Manufacturing Strategy. There is \$107.2 million towards the Supply Chain Resilience Initiative. We will be supporting the ACCC with its inquiry into perishable agriculture supply chains. There is the showcasing of Australian products through country-of-origin labelling. There is \$4.2 million over two years for four new Indigenous river ranger groups. Look, there's a whole list of thing there, and I think the department has already provided this document to you. I'd urge you to have a look at it and see the actions that have been announced and funded and that are underway to support achievement of this target.

Senator SHELDON: We might go to Senator Patrick, if that's okay.

Senator PATRICK: I'm just going to do some speed estimates, if that's possible. The question is related to grain, on barley assistance and so forth, and I understand Senator Sterle has asked some questions on this. If in fact this has been answered, just say so and we'll move on. What is the government doing to help the barley producers and the grain sector in response to—

Mr Metcalfe: We did cover that before.

Senator PATRICK: Did you cover the investments and programs you have established in order to assist?

Mr Metcalfe: Most of our evidence went to working in relation to diversification of markets. That was the primary area that we spoke about earlier.

Senator PATRICK: The grain industry recovery fund is a proposition from industry. Has the government considered that request from industry for funding? They got what's called a '\$20 million industry recovery fund request'.

Mr Metcalfe: I am aware of it. I think there is a concern that that, in fact, would potentially amount to subsidisation, which is the very issue that the industry rejects in relation to the measures taken by the PRC. I can get you a more detailed answer when I check, but my understanding is that we are aware of that proposal but it has not been taken up.

Senator PATRICK: If it hasn't, could you just spell out the reasons why it hasn't, such that industry might be able to consider that.

Mr Metcalfe: I will carefully check just to make sure that—

Senator PATRICK: In respect of dealing with the trade issues and the trade barriers, you have covered exactly what you're doing in that space?

Mr Metcalfe: We did, quite extensively.

Senator PATRICK: In terms of your approach to this, are you taking it just in respect of those particular products that have been affected by the trade concerns of the PRC? I'm justified in my view, and the politics in my view, but are you looking across the whole of the grain sector or are you simply focusing on the areas where—

Mr Metcalfe: There's obviously been specific work done in relation to barley and alternative markets and whatever, knowing that these markets can take some time to be put in place. But, indeed, we're looking right across the set of export industries. The clear message is that we can understand that many of our industries have looked to China, because of the obvious opportunities there and the premium in pricing that they're able to obtain, and we know that many of them are now looking also at diversification, so that not all eggs are in one basket, so to speak.

Senator PATRICK: In terms of understanding the market, if China says, 'We're not going to buy it off Australia,' is the market so flush that that means, in essence, that they look somewhere else and, therefore, we get an opportunity somewhere else? Is that the way the market works?

Mr Metcalfe: I wouldn't purport to be an expert in global grain commodity trading issues, but I know that there would be experts. GRDC is appearing before the committee later in the hearings, and they may well be able to provide that more detailed aspect. I'm not sure if my colleagues can assist me at all here.

Mr Tinning: There are a relatively small number of major barley exporters. Canada is another one. The global market is not 'flush', to use your word. Obviously, if Canada sells more to China then that opens, potentially, opportunities for us in other markets.

Senator PATRICK: But they are being subjected to—

CHAIR: Senator Patrick, thank you. This is fascinating discussion, but we are out of time. Do you have some questions you'd like to put on notice?

Senator PATRICK: Can I just ask this one final one, please?

CHAIR: One final one.

Senator PATRICK: In the case of Canada, PRC are also pushing back on Canada on certain things.

Mr Metcalfe: Yes.

Senator PATRICK: At a government level, is there some coordination taking place to deal with the fact that they may penalise them in one area and then penalise us in a different area?

Mr Metcalfe: I think that would largely be something that you'd need to talk to Foreign Affairs about. Senator, I know we're out of time. If you would like a more detailed briefing on those issues, we'd be happy, with the agreement of the minister, to talk with you in more detail outside estimates.

Senator PATRICK: Senator Duniam is always very helpful.

Senator Duniam: Yes, granted.

CHAIR: On that collegiate note, we will break for lunch.

Proceedings suspended from 13:19 to 14:23

CHAIR: We will move to outcome 4.

Senator STERLE: Hello Mr Tongue. You have some answers to my earlier questions?

Mr Tongue: We've got an answer on the Amber Heard matter. Can I hand to—

Senator STERLE: Before you do, were you able to come back to me from when I was asking about the \$870-odd million between biosecurity and I can't remember what the other part was.

Mr Tongue: I can cover that at a high level.

Senator STERLE: That's great, thank you. I'll go to Senator Sheldon.

Ms Lane: There was a question this morning in relation to Amber Heard. I can confirm that the department is investigating that matter. There was evidence presented in the London court case which suggested false statements were provided in the court case in Australia in 2016, so we are investigating that.

Senator SHELDON: So what time line do you expect that investigation decision to be made about—as I understand it, the former estate manager of Johnny Depp, Kevin Murphy, said in a witness statement that he told Heard:

... by email, telephone and in person that she could not take the dogs to Australia because the relevant paperwork and permits were not complete and the required 10-day quarantine arrangements had not been put in place.

Murphy continued:

Ms Heard later told the court in Australia that I had told her it was fine to bring the dogs into Australia. That is false and I never told her this.

Ms Lane: We understand that to be the evidence provided in the London court case. Giving false testimony is an offence under the Crimes Act, so that is what we are now investigating. Time lines are a little difficult to predict, particularly so where the persons of interest are located overseas, but we are working with the AFP to obtain the relevant information. We will, as needed, work through the Attorney-General's Department, through mutual assistance requests, which is pretty standard for investigations which involve information being obtained offshore.

Senator SHELDON: Have you have been contact with Mr Murphy?

Ms Lane: I don't believe so at this point. But we are liaising with the AFP, who are using their contacts overseas to obtain information on our behalf.

Senator SHELDON: So no-one's actually got to Mr Murphy since 23 July?

Ms Lane: I think we have made attempts to contact Mr Murphy, but I'm not sure we've made contact as yet. Those processes are underway.

Senator SHELDON: Thank you. Can I go to changes proposed to meat inspection as part of the \$328.4 million over four years from 2020-21 for a package of measures to improve the ease of doing business for agriculture exports. It's funded under the JobMaker plan. I have some questions I want to work through here. The Busting Congestion for Agricultural Exporters reform package in the budget contained a statement that export meat processors currently utilising federal meat inspectors were required to change to using 'Australian authorised officers'—company meat inspectors, as I understand. On what basis was the decision made?

Mr Metcalfe: Mr Hazlehurst can assist you.

Mr Hazlehurst: This is part of a process that has been running for quite some time. Perhaps I can deal with it in two parts.

Senator SHELDON: That's fine.

Mr Hazlehurst: The first part is to say that you're quite right to point to the Busting Congestion for Agricultural Exporters package. Mr Metcalfe referred to that earlier today. The overall package there is a \$328.4 million package, and it has a major component to do with the refresh of IT systems and then a number of components which relate to particular sectors. One of those is in relation to meat exports—a \$10.9 million initiative over three years, with a number of subcomponents.

The second part is: at the same time, during the course of the last three or four months, we have been engaging with the meat processing sector, with a group comprising not only the Australian Meat Industry Council but also representatives from JBS and Teys, who are two of the major producers but aren't members of that industry group. We've developed with them a package of modernisation reforms, one of which is the completion of a set of reforms that began back in 2011—these were the Australian Export Meat Inspection System reforms back in

2011—which commenced the process of transitioning establishments from only using our staff for meat inspection and on-plant vet services to using a combination of our staff and, as you referred to, authorised officers. The authorised officers can be either employees of the establishment itself or, in some cases, as you referred to, employees of the third-party providers of meat inspection services. It was anticipated that that transition would occur quite rapidly. Over time, we've got to a position where I think we have about 33 establishments that are still operating under the original approach. Seven of those have indicated that they are in transition now, so that leaves about 26. But the industry representatives themselves are committed to wanting to move to a full transition to that set of reforms from back in 2011. It's always been open to them to move in that direction; it's just that it's taken longer than they originally anticipated.

Senator SHELDON: Thanks for your answer. How much training does a federal meat inspector receive and breaking those two groups as the Commonwealth inspectors, for want of another word, and then there are the AAOs.

Mr Hazlehurst: I will need to defer to my colleague, Fran Freeman, on that. She is taking advantage of the technology—she is not in quarantine but unable to travel from Tasmania at present. If you don't mind, I'll defer you to her. She's just on the screen now.

Ms Freeman: Certainly. There are a range of training requirements that are specified, regardless of whether you're employed by the government—

CHAIR: Excuse me; we're just going to get the volume turned up, please. Terrific, please go ahead.

Ms Freeman: So there are a range of obligatory training requirements and, if you like, Senator, we can just outline it for you and provide it to the committee—and we're very happy to do that.

Senator SHELDON: That would be fine.

Ms Freeman: Yes, thank you.

Senator SHELDON: How much, on average, do these government meat inspectors receive in wages, do you know?

Ms Freeman: There are a range of levels depending on the role they perform. So that obviously is that—

Senator SHELDON: Sorry, I'll make it a bit narrower for you; that's a fair comment. Someone who is an AAO and carrying out the work that an AAO typically carries out, in comparison with somebody who carries out the work for the Commonwealth, what would be the Commonwealth wage level there, do you think?

Ms Freeman: For an FSMA? I would take it under advisement [inaudible], but I would imagine it would be roughly \$75,000 to \$85,000 per year. But I'd have to confirm that and come back to you on that. I should say, too, Senator, that I know that a lot of the companies that use AAOs also utilise those staff to do a range of other functions. They obviously have a requirement under the Export Control Act of the function that they need to perform so that we can certify. But a number of them, I know, find that they use them to do other things of benefit to the company and, I would imagine, as additional experience for the employee or the authorised officer as well.

Senator SHELDON: How does a federal meat inspector—I asked before about the training. I wasn't quite sure whether I got it clearly or whether the connection cracked up. Is the training exactly the same or is it different?

Ms Freeman: They have to be able to demonstrate certain—whether they're cert III or cert 4IV—

Senator SHELDON: Sorry, I will clarify that. Is the training exactly the same for the meat inspector and the Australian authorised officer?

Ms Freeman: There are a number of training providers who are authorised to provide accreditation, if you like. Again, I can provide that to the committee.

Mr Hazlehurst: But the level of accreditation is the same?

Ms Freeman: Yes, it is. Correct.

Senator SHELDON: I'll come back to that then. You mentioned that there was consultation with industry on developing this policy and the latest iteration. You particularly mentioned, by name, two major producers. Were there smaller export companies that were consulted about this as well?

Mr Hazlehurst: It is probably best to flip it around the other way, which is to say that AMIC represents the vast majority of the sector and then there are two large producers that aren't part of AMIC and therefore we included them in the discussions, because they represent a significant part of the sector. But the smaller producers are represented by AMIC.

Senator SHELDON: What's the program that the department has to encourage export meat operators to make these changes?

Ms Freeman: The longstanding policy, as Mr Hazlehurst said, is from 2011 [inaudible] self-select. So, which model they would want to use and basically, as it stands, as long as they give the department three months notice for us to transition to that, obviously [inaudible] some issues around workforce capability, to make sure that [inaudible] place. So that happens now. I should also say there was a review undertaken—

Senator SHELDON: You just broke up a little bit there. You said they get three months notice to transition?

Mr Hazlehurst: They give us three months notice.

Ms Freeman: Yes, as it stands now.

Mr Hazlehurst: Effectively, the incentive is because they want to operate under a different system. We don't have a set of incentives or facilitation, or whatever, to support a move to the model now. It's by and large because the companies themselves see the attractiveness of, particularly as Ms Freeman referred to, the additional flexibility in terms of how they can use those roles. That's the main attraction.

Senator SHELDON: Recent changes to the recommend meat inspection procedures have included a reduction in inspection of mutton, goat, carcasses and the cessation of the incising of beef cheeks. Can you explain the reasons for the reduction in inspection standards?

Mr Hazlehurst: I'll defer to Ms Freeman on that.

Ms Freeman: To clarify, are you referring to the recent [inaudible]. I am unclear what your—

Senator SHELDON: I didn't quite catch what you were saying in response? The words were cutting out.

Ms Freeman: I am just trying to clarify whether you're talking about the recent changes to the Australian Standard that industry have been seeking for us to make—that is basically providing the same level of food safety, if you like, but actually involving a less labour-intensive amount of inspection. I wanted to clarify that with you. I could possibly take that on notice—

Senator SHELDON: That's what I was asking about—the fact that there are fewer inspections and the reasons behind the reduction in inspection standards.

Ms Freeman: I just would need to know explicitly what it's about. Often it's about making sure that there might be a more efficient way to do things and there's new science that shows we can get the same on equivalent food safety outcomes doing something a different way. For example, cutting into the viscera—some of the organs, for example—but still being able to provide assurance around the food safety aspects. I should also say that we get audited, and prior to COVID, up hill and down dale by our trading partners, who actually come and look at—and both models, as we have them, have passed the test since 2011 as actually providing an equivalent level of food safety. But if you have the specifics of that question I'm happy to answer that, if there's something specific.

Senator SHELDON: Are you confident about the changes in the standards, including the inspection, the increased number of inspectors that will be company inspectors, and I'll use that in the very broadest terms, directly employed and also employed by other businesses providing services. Are you confident the meat export industry won't be at risk, including from potential outbreaks of such as things such as beef measles?

Mr Hazlehurst: We are. As I say, the system's been operating this way for a majority of establishments for some years. Once the seven that have already told us that want to transition transition, there'll be 26 out of just over 70 active establishments. So we're confident both in terms of the performance of the system—having had that many establishments operating that way—and, as Ms Freeman referred to, the fact that we've had the audits conducted by trading partners of both approaches and they were comfortable with the appropriate level of food safety.

Senator SHELDON: What scientific evidence have you used when reaching those standards of inspection and when moving into this different Australian standard that you've now put forward?

Ms Freeman: Our requirement, obviously, sits under the Australian standard for a range of elements that we would have that cover animal health, food safety, et cetera. So we can actually provide you with 'here they are' if you like. Basically under the Export Control Act you need to comply with the Australian standards on all these things, plus, if you want to export to certain markets, they may also have reporting country requirements you potentially may need to meet as well, so we would certify that you're meeting another country's requirement. I'll give you an example. There might be different things around the use of hormone growth promotants—some countries do allow them and some don't. So our job is to make sure, if you are exporting to country X that allows them or doesn't allow them, that we have checked that. I should also say we have a role of checking the checker,

so as well as the staff who are on plant we also have area technical managers and field operation managers whose job it is to basically make sure that everyone's operating across the system. So we're checking BU and AAO or our staff—we are providing that oversight. We have trading partners also checking that we're complying [inaudible]

Senator SHELDON: On the field operating officers—again, I stand to be corrected here—in 2011, there were 50 federal meat inspectors and there were 30 who roved across plants. Were they the field officers that you were talking about? Is that the same equivalent?

Ms Freeman: The 50-odd—I'm not sure whether that's what they were. I'd have to go back and see what we had them doing then, to be honest. But when you have people roving, I wouldn't describe them as 'roving' really. This is really just that broader oversight that they're providing to the people on [inaudible]

Senator SHELDON: I'm using my language, but I'm picking up on what I thought you were saying to me, so correct me if I'm wrong again. There were a number of inspectors in 2011 who were doing that checking that were—I'm using the word—'roving', moving around, designated to different plants and different areas rather than settled in a particular region, because as we know a number of these federal meat inspectors are regionally based. Do you know if there's been a substantial decrease in those numbers since 2011?

Ms Freeman: Not that I know of. The obvious thought that crossed my mind is the number of meat export establishments. That has changed a fair bit since then—certainly looking at how they would be operating with technology changes, for example, so there may be less need for inspections if we have more science that actually shows that you don't need to this anymore and it's safe for you to do it another way. So I don't know if you're comparing like with like, but I can certainly get you the numbers and explain what's changed [inaudible] absolutely.

Senator SHELDON: If you could give me the numbers, that would be very helpful. Thank you.

Ms Freeman: Yes, absolutely.

Senator SHELDON: And the difference between the roving federal meat inspectors would be helpful.

Ms Freeman: If I may, at the risk of being bold, Senator, I think the other point is with the congestion-busting rules. We're also looking at different ways of doing this as well with the use of things like smart glasses. Obviously COVID has meant that we've actually had to provide some of what you termed as 'roving' functions a little bit differently as well, where the use of virtual technology to provide [inaudible] is also being investigated.

Senator SHELDON: Thanks. On the training area as I understand it, a federal meat inspector must hold a certificate IV in meat inspection. An Australian authorised officer, which is private or company based, can have a certificate III and work for up to 12 months before they get a certificate IV.

Ms Freeman: I believe that to be correct.

Senator SHELDON: The level of qualification for a federal meat inspector was changed to 12 weeks, down from two years. That was changed by correspondence between what the arrangement should be. A federal meat inspector however receives continual training through the department doing mandated modules. There's ongoing skill redevelopment and improvement. If I go then to an Australian authorised officer, as far as I'm aware there is no continued training requirement?

Ms Freeman: No, not to my knowledge. I can provide you with the requirements to meet our obligations. I can outline it for you for either a private provider or the departmental officer.

Senator SHELDON: For the private provider there's no requirement for continued training?

Ms Freeman: To my knowledge they would have to continue to meet the requirements to perform their functions. As I said, there are a range of providers and a range of training providers also providing services.

Mr Hazlehurst: If I may, the competencies are the same as far as I'm aware. But we understand the nature of the question you're asking. Perhaps if we can on notice provide you with a detailed breakdown of the skill levels required, the training and the ways in which we then ensure that the authorised officer, if you like, remains authorised?

Senator SHELDON: I'm more than happy to have that. I understand from some of the documentation I have, but a more fuller description and explanation from the department would be very helpful. I'm just asking broad questions. You're saying cert IV is a requirement for the federal meat inspector, cert III is a requirement for the Australian authorised officer and, after 12 months, completing a cert IV. That's the difference between—

Ms Freeman: He said [inaudible]

Senator SHELDON: There's ongoing training for the federal meat inspector. Is there a requirement for ongoing training for an Australian authorised officer?

Mr Hazlehurst: I believe there would be in order for them to maintain their competency. I would like to confirm that on notice, if I may. One aspect of the move from cert III to cert IV for the authorised officer can also be in those circumstances where an establishment is training up one of its own staff in order to then perform that function. So it's a part of the transition process, if you like, for those establishments that wish to move to that regime.

Senator SHELDON: Thank you.

Ms Freeman: Their level of competence is verified by our staff as well.

Senator SHELDON: I also understand that if an AAO is filling a spot vacant in the Public Service they need to do a three-week training program before they can start working. I appreciate that some of that would be familiarisation with the department and services, but I also understand that training is skill and knowledge based training, or what otherwise would have been considered as a fundamental requirement of an Australian authorised officer. What I'm putting to you is that even though they have the same cert level and they've been engaged by the department as a person who previously was an Australian authorised officer, they still need to do three weeks training to build their skills up to a level that's satisfactory to the department.

Mr Hazlehurst: I think what we may need to do is to take that on notice and provide a clear account of what that training is in detail. I'm sure some of it, as you suggest, is to do with, if you like, becoming a member of the department. But I think we just need to confirm for you. I'm not sure Ms Freeman does, and I'm certain I don't know about that and I would not want to mislead the Senate.

Senator SHELDON: If you could take that on notice, thank you. I introduced this right at the beginning to give you a chance to think about this, hopefully, or somebody on the panel. That fact of the plan is, as I read it, on page 27 of Budget Paper No. 11 of 2020-21, it comes under the JobMaker plan, the Busting Congestion for Agricultural Exporters, improving the ease of doing business. When I think of JobMaker, I think of JobMaker and the under-35s. Is that why it's contained there? Is it just a pure coincidence that same language is being used?

Mr Hazlehurst: I believe it was positioned within the JobMaker package on the basis that the whole package of reforms, the congestion-busting for agricultural exports, is about supporting industry growth. So it's about supporting employment. The package as a whole is about making it easier for exporters to export.

Senator SHELDON: Is it specifically also raising the issue of JobMaker? Is it considering the JobMaker subsidy, or is it something broader than that?

Mr Hazlehurst: No, it is an initiative which comes under the general label, if you like, of the JobMaker package.

Senator WHISH-WILSON: My first question is on the National Environmental Biosecurity Response Agreement. The NEBRA was put in place in 2012 and was subject to a five-yearly review in 2017. I understand the 2017 review recommended a number of changes to improve transparency in the ability of the agreement to protect the environment. But there have been no changes resulting from that 2017 review. Could you tell me when the agreement will be finalised? And what are the reasons for the delays in implementing the recommendations?

Ms Laduzko: Sorry, I came in halfway through your question. I understand you're asking for an update on the progress of the NEBRA review and revisions to the agreement.

Senator WHISH-WILSON: Correct.

Ms Laduzko: We've been through an extensive process of considering the recommendations of the independent review into the NEBRA agreement. That combined also with our consideration of some of the recommendations from the Dr Craik IGAB review. We've got to a point now where we've agreed at senior biosecurity officials levels both a response to the review and amendments to the NEBRA agreement. We'd be looking to present that to ministers for consideration very shortly.

Senator WHISH-WILSON: Is it your thought that that would lead to any changes in regulations, or do you think there may potentially be legislation on the back of that?

Ms Laduzko: No. My impression would be that this agreement is an agreement between jurisdictions as a policy framework. We take it very seriously and bind ourselves largely to an operating model. A lot of the reforms are intended to make it clearer in its operation, also to make some adjustments to enhance the opportunity for non-government participants who may wish to be involved in environmental responses to participate.

Senator WHISH-WILSON: Thank you. I'm going to fly through a couple of different subject matters here because I don't have a lot of time. I'll probably put some more detailed questions on notice. In relation to invasive

ants and the biosecurity plan around those, I understand the Invasive Ant Biosecurity Plan 2018-28 describes the actions required to best address the biosecurity threats posed by invasive ants offshore, at the border and onshore. The plan includes 42 actions, including two very high priority and 22 high priority actions. When it was adopted by the National Biosecurity Committee, no new funds were allocated towards those plans. Can you give me an update on what funding has been allocated to implementing the Invasive Ant Biosecurity Plan?

Mr Thompson: I would have to take on notice the individual allocations to activities under the ant plan, as we call it, but ants have remained a very high priority under biosecurity. As you're aware, there's the significant incursion response in Queensland. There have been incursions in other states which are under control and eradication. We've been doing work with the centre for biosecurity risk assessment in Melbourne on things like consequence assessment of invasive ants. We work with the states on getting better diagnostics around ants. So many of the actions that are required to protect Australia from tramp ants are underway.

The other thing is that ants are one of the many animals that seek to come to Australia as hitchhikers or stowaways. There's a program that cuts across plant, pest, environmental biosecurity and our compliance area is looking at better management of hitchhiker pests. For example, earlier this year we held an international workshop to look at trying to encourage the rest of the world to take closer attention to clean trade and address hitchhiker pests through that route. So in many senses it's hard to tie down the exact money going to ants. We're doing a lot of work on hitchhikers and a lot of work of invasive invertebrates. Ants have also been identified as a key pest under the draft or interim exotic environmental pest list, which is expected to be finalised very shortly.

Senator WHISH-WILSON: Thanks for the update. I'm very familiar with hitchhiker pests, with European wasps being a significant issue here in Tasmania and, I'm sure, other parts of the country. Just to be clear: the Invasive Ant Biosecurity Plan doesn't have a separate funding stream that you're aware of?

Mr Thompson: It doesn't have a separate identified funding stream. The activities are funded as priorities out of other activities such as border surveillance, surveillance, inspection, compliance, work that we might do on research, and those sorts of things.

Senator WHISH-WILSON: You may have to take this on notice. As I mentioned, the plan includes 42 actions including two very high priority, and two high priority actions. Could you give some progress on the implementation of the very high and high priority actions?

Mr Thompson: I don't have the ant plan in front of me, so I'd have to take that on notice to give you an accurate answer about what those measures are.

Senator WHISH-WILSON: That would be great. A few questions on red fire ants: in July 2017 the federal, state and territory governments agreed to a \$411 million, 10-year eradication program for red imported fire ants in South-East Queensland. You may have just referenced that. Fifty per cent of the cost, \$10 million a year, is funded by the federal government. In the last budget the Commonwealth and Queensland funds were brought forward. Can you provide an update on the progress of the Red Imported Fire Ant Eradication program in South-East Queensland?

Ms Laduzko: The South-East Queensland response, as you know, is led by the Queensland government. The Commonwealth is a substantial, 50 per cent funder of that plan and a member of the steering committee. I can give you a passing view of progress from our point of view, but if you had substantive questions it may be better to put them on notice and I can get a more detailed response for you.

Senator WHISH-WILSON: I'll do that, but if you could give me a very quick overview, that would be great.

Ms Laduzko: Yes. We are several years into what is probably the largest attempt at eradicating red imported fire ant that's ever been attempted, so it's a little bit of an evolving program. At the moment, we have been finding some success with our eradication, which, as you know, is going from internal to coast as we sequentially move through areas, and we're just getting the final data to validate that the ants are actually being killed through the treatment program. We've got an extensive science program to find new ways to both find and eradicate the ants. We did bring a substantial amount of funding forward to help the Queensland response team invest in those areas we need an investment in. When we signed up, we just did a very linear funding model. It turns out that didn't work well for the needs of the program. So we're probably, it's fair to say, still confident, but we're at a point where we're just testing out some of our assumptions and making sure they are valid and will work for the future. It's a big program, though.

Senator WHISH-WILSON: Indeed it is. Are you confident it's on target to achieve eradication by 2028?

Ms Laduzko: I think with all these things—with evolving environmental conditions and a lot of the outcome dependent on human behaviour, not just ant behaviour—we're still confident we have an effective approach to eradication, and we would be hopeful we can achieve eradication within the time frame, but there is a bit of

science involved in being absolutely confident on these things and, even if we get to the end of 10 years, it will take some time to validate proof of freedom.

Senator WHISH-WILSON: I'll put one of my two questions on notice. I have a question about the IGAB review recommendations. In 2017, the independent review of biosecurity headed by Dr Craik delivered its report, *Priorities for Australia's biosecurity system*. That included 42 recommendations. They were adopted in principle by state and territory governments and a subsequent meeting of agriculture ministers in 2018. All 37 recommendations were agreed to, but I understand that the performance and accountability to date has been patchy. Can I ask specifically: what mechanism will the government use to replace the lost revenue from the abandonment of the biosecurity levy?

Mr Tongue: That will be a policy question for government for the future.

Senator WHISH-WILSON: What progress has been made on the performance and accountability in the 2017 Craik biosecurity review—in particular, in relation to recommendations 15, 22 to 24, 38 and 40?

Mr Tongue: Recommendation 15—public reporting of research and innovation investment?

Senator WHISH-WILSON: Yes.

Mr Tongue: That recommendation is being implemented alongside recommendation 28, and ministers agreed to use the Centre of Excellence for Biosecurity Risk Analysis, or CEBRA, at the University of Melbourne. The value of Australia's biosecurity system project was established to identify and agree on uniform and fully inclusive investment categories for the national biosecurity system. We've received a report on the CEBRA project. It's just going through peer review literally as we speak, so I'm hesitant to quote numbers from it until I'm absolutely sure, but we are within days of getting that project. I'm sorry, Senator: which other recommendations were you chasing?

Senator WHISH-WILSON: I would appreciate some feedback on recommendations 22 to 24 as well as 38 and 40, so I'll ask you to provide that on notice. I have one other question to put on notice.

Mr Tongue: I have a high-level answer here. I'll take it on notice if you like, rather than chew up time now.

Senator WHISH-WILSON: Thank you. I will have some other questions on this topic to put on notice as well, but my last question is: will the government include community and environmental representatives such as NRM groups and community conservation organisations in the Biosecurity Futures group as agreed by all national governments? Has a decision been made on that?

Mr Tongue: That Biosecurity Futures group is chaired by Minister Littleproud. Being relatively new, I've attended one meeting of that group. It's early days yet, and I think it'll be the minister's decision about the future path of that group and who might be represented around the table as we tackle various biosecurity functions.

Senator WHISH-WILSON: Will you be providing any advice to the minister in regard to representation?

Mr Tongue: That goes to the nature of our advice.

Senator WHISH-WILSON: Has he sought advice from you on representation?

Mr Tongue: I'd have to take that one on notice.

Senator WHISH-WILSON: If you could take that on notice, thank you. That's it, Chair. I'll put my other questions on notice.

CHAIR: Thank you very much, Senator. Senator Sterle.

Senator STERLE: Thank you, Chair. Can I draw your attention to the *Biosecurity risk management of international express airfreight pathway for non-commercial consignments* report? That was a gobful, wasn't it!

Mr Tongue: The Inspector-General of Biosecurity's report?

Senator STERLE: Yes. Sorry, I should have said that—the Inspector-General of Biosecurity's report.

Mr Tongue: I think I have Ms Cale on the phone.

Ms Cale: Yes.

Senator STERLE: Thank you. The report found:

There have been inadequate resources and senior management attention—

That's before you came along, Mr Metcalfe, so we know that'll be fixed—

for some years ... a "set-and-forget" pathway ... Relatively rapid manager/staff turnover, and poor documentation of decisions on risk assessment and resource-level changes has led to many assumptions about the pathway's risk level and processes.

He doesn't mince his words, does he.

Mr Metcalfe, you've also acknowledged that there has been a reduced focus on the express airfreight pathway in recent years, as it's a lower-risk pathway and therefore resources have been deployed to areas that present a higher biosecurity threat. Do you agree that this is not an acceptable excuse for the lack of attention to airfreight pathways?

Mr Metcalfe: I think the inspector-general has made a very useful report. My understanding is that, ultimately, decisions are taken about the allocation of resources, depending upon risk, and that particular pathway, in the past, was not seen as particularly high risk. I think the inspector-general is saying that risk profile is changing and, accordingly, the resourcing and attention for that needs to change, to be increased, as well. The inspector-general is a very experienced person—I think he's actually appearing later this evening—so his advice and his views are something that we take very seriously. In terms of what we're doing, Mr Tongue or Ms Cale may be able to provide some more detail, if that's where you're looking to go?

Senator STERLE: I am. You did mention earlier there's screening in a couple of the airports, too.

Mr Metcalfe: Yes.

Senator STERLE: I'd be keen to see—

Mr Metcalfe: That report has come out in a year in which it's been a very dynamic situation, given that we are facing far fewer passenger arrivals at airports. Cruise ship arrivals have dried up, from a passenger point of view, but there's been a significant increase in small-parcel activity as people are sourcing things online. The focus of our biosecurity people has changed as a result of all of those issues. But the inspector-general's report picked up the broader underlying trend of parcel post, through internet purchasing of goods, being important. There have been particular areas of enhancement, with substantial resources associated with African swine fever and various other issues as well, but my colleagues can certainly add to what I've said.

Senator STERLE: That's good because I'm keen to touch on swine fever too.

Mr Tongue: I'll have a quick once-over and then I'll hand to Ms Cale. In part because of the inspector-general's report, I was at the Australia Post Sydney mail gateway facility on Friday, reviewing how we're delivering that aspect of our operations, which is related. We've just put in a new piece of technology there, what's called an RTT machine. Effectively, it's a 3D X-ray machine which would typically be used in aviation security. We're running new algorithms in that machine to see if we can interact with these high-volume high-speed systems to do with parcels and mail and so on. Could we deploy that technology to detect risk items, as one example? And because the airports aren't operating at the moment we're running additional dogs in the system.

In terms of risk assessment: the thing that strikes me about biosecurity risk assessment is that it changes quite rapidly. For example, international airfreight that would have been coming in pre-COVID has been offloaded at Singapore and the cans put in containers. Then it presents as a sea problem. So we're looking at the future of what I'll call small items pathways, because a lot of these items are quite small. We're having a look at what technology we can deploy and we're also thinking through our relationship with industry. But after those high-level remarks, I'll pass off to Ms Cale.

Ms Cale: From my perspective at the moment, obviously, we've agreed to all 25 recommendations. At this stage, we've got a resource that's been set aside in our area to work across a whole range of people across various areas of biosecurity. As you can appreciate, the IGB's recommendations cross over a number of different areas. That team is working diligently now on progressing those recommendations. I'm not sure if my colleague Ms Lane might have an update on some of those actions.

Mr Metcalfe: I'll just let senators know that Ms Cale is in Melbourne. She's the head of our biosecurity operations across parts of Australia. She is currently acting as the head of Biosecurity Operations Division. She and her staff in Melbourne are the ones I was referring to earlier as just having delivered above and beyond through a very difficult time, so it's great that she can contribute to the hearing this afternoon.

CHAIR: It's great to acknowledge her and her team, thank you.

Ms Lane: Senator, I can describe to some extent some of the activities that we have underway at the moment in response to the review. I think the secretary has already said that we've accepted all the recommendations and that we take them seriously. In his review, the inspector-general certainly identified some areas for improvement in terms of some of the records we keep and the risk analyses that we're undertaking. So we do have some areas of work underway at the moment to strengthen those activities.

He also recommended that we do more routine testing of our verification of that pathway through some targeted operations. We have completed a targeted operation very recently on the airfreight pathway which did

confirm, very happily for us, that it didn't present a high risk. But as the inspector-general has indicated in his report, we will ensure to undertake such verifications more routinely so that the pathway risk remains known and we can respond to that in an appropriate way. He also suggested that we work more closely with our stakeholders in the airfreight pathway and also with the Department of Home Affairs and the ABF in terms of the activities we have underway to manage the risks. So we have some work underway in that space too, to talk more frequently with those stakeholders about the activities we have in place.

There are some activities that go more to our processes and systems as well. We have those underway to make sure the things we do are recorded appropriately and that those who need to know have appropriate visibility of them. I think there were some deficiencies in that space, which we're certainly looking to improve.

Senator STERLE: You've just been running a trial of Australia Post in Sydney, you said?

Ms Lane: That's right.

Senator STERLE: Were there any other sites targeted? Correct me if I'm wrong, but there would be a heck of domestic freight moving around there too. Is that an international freight warehouse?

Mr Tongue: In that case, because it's the border, we're targeting the international freight movement. We ran a successful trial of the three-dimensional X-ray technology at Melbourne Airport. We put it after the primary line in bound at international, and then we ran through bags to see if we could train the algorithm—which is normally spotting, effectively, the elements of a bomb—to look for organics. That went very well. We're now expanding that trial to the mail gateway to see if we can find similar organic items—threat items—in parcels and other things. Having completed those trials, the next question for us is: if they can handle volume and they are reliable, how would we take that forward over a period of time? We would begin to change how we do many of our border operations, but it's early days yet.

Senator STERLE: I understand that. There's obviously a significant cost to this, of course.

Mr Tongue: Huge, yes.

Senator STERLE: Is that budgeted for? Is this part of that \$873 million—

Mr Tongue: That's one of our questions going forward. Because of our regulatory powers, we might be able to enjoin people to pay for it over time. The government may decide it wanted to pay for it, or it might be a mixed model. That's one of the things we have to work through.

Senator STERLE: That's Australia Post, and—

Mr Tongue: Yes.

Senator STERLE: obviously, it would be lovely if the airports were up and running with passengers, suitcases and all that as well, because—

Mr Metcalfe: Senator, you've probably heard the news about mystery seeds that are being sent into the country.

Senator STERLE: No, I haven't.

Mr Metcalfe: Okay. This is an example, I think, of the sort of issues that we're having to deal with. Over recent months, people around the country and overseas have been receiving unsolicited seeds in the mail. Our warning about this is: 'Don't plant them. Don't dispose of them. Ring us, and we'll deal with them properly.' I think the view is that it's actually an internet activity to try and boost the recognition of particular companies on search sites and that sort of thing so that they can demonstrate that they've delivered things. But it's of real biosecurity concern.

Senator STERLE: What are the seeds?

Mr Metcalfe: The seeds have been sent through the post, and it's exactly the sort of issue that I think the inspector-general was almost foreshadowing in his report. But Mr Tongue or others might be to assist.

Mr Tongue: Typically, they're coming in what I'd call a padded mail jiffy bag, about so big. I can show you some photos after. Inside, there's a small plastic bag, only about so big.

Mr Metcalfe: You'll need to describe that for Hansard, I think.

Mr Tongue: So a small bag about—

Senator STERLE: You'll have to describe it for Bill Heffernan; he'll pick this up in a couple of days!

Mr Tongue: It's four centimetres across and about five or six centimetres long, with seeds inside. We're doing some work to identify what these seeds are, but, to give you an idea of volume, if you imagined a pallet about a meter square or slightly larger, we've filled a couple of those.

Senator STERLE: Jeez!

Mr Tongue: In order to detect the seeds, at the moment, the dogs are working pretty hard to sniff them out. Frankly, we have people in the line and, because of our legal responsibilities, the staff actually have to feel for seeds. Some have made it through, but, thankfully, people have called us. I would say about 110 little packets have made it through, but I'll provide that on notice. We're continuing to monitor that one and trying and work out what this scam is all about. Mail is coming from all over the Asian world.

Senator STERLE: I might flag that with the chair—because that's something that the committee would probably like to get a bit of briefing on as we get further down the track—rather than take up too much time here where they come from, whether there's a system there and all sort of stuff.

Mr Metcalfe: I'm told that there's an understanding that they were being sent through the mail as part of an ecommerce practice known as 'brushing'. Brushing is used by a vendor to bolster their store's order and ratings in order to increase their visibility online. So it's not actually an effort to breach our biosecurity; it's an attempt to increase that company's visibility on the internet. God knows what they could actually be sending through. That's the sort of target that our people are having to try and work with.

Senator STERLE: Alright. So there's a lot of work to be done there in the process. This is before we start getting to the ports. On that, are the ports playing a heavy role? We talk about the air freight pathways, but I would've thought the ports would be a greater source for leakage?

Mr Tongue: Aviation, of course, has taken a huge knock. Port volumes are holding up, as you know. One of the things we've been dealing with recently is what we call 'dirty containers'—those hitchhiker pests that Mr Thompson referred to earlier—travelling in/on containers coming to Australia. We've had a few interceptions recently. We're having a very close look at the container pathway. The khapra beetle is the most recent.

Senator STERLE: I might come in there because I do want to put my skates on and get going. I think it would be great if the offer came from the department, again when we're back to normal—we've had a great turnover of senators, so it would be great to see the fine work that goes on behind the scenes at Sydney Airport with bugs and all sorts of stuff. It's an amazing thing for senators to see. Check-in a self-invite for the committee.

Mr Tongue: Sure.

Senator FARUQI: I might start off with some questions about the exemption application process for the *Al Kuwait* shipment in June. Could you briefly explain exactly what changed between the first decision to reject the exemption application, which was made by Ms Hutchison, and the reversal of the decision several days later? I think it was your decision, Mr Hazlehurst?

Mr Hazlehurst: Certainly. The first thing I'd say is it wasn't a reversal. It was a—

Senator FARUQI: That's not how it's been described by Justice Kenny, who made the decision in the challenge of *Animals Australia*. She states, very clearly, 'the first decision was effectively reversed a little over 10 days later'.

Mr Hazlehurst: I think the operative word there is 'effectively.' They were actually separate decisions in respect of separate applications, so it wasn't a review process. The subsequent application was made by the exporter, but in respect of a different ship that was to be used and also with a much more extensive animal welfare plan. As the decision-maker I had to make a fresh decision on a fresh application. If you'd like me to, I can step you through the basis for that decision.

Senator FARUQI: No. You said 'animal welfare grounds'. The updated management plan is reviewed by both applications. One makes a decision that it will not result in good animal welfare outcomes and the other decision comes to a different conclusion. What I'm trying to get to the bottom of is: is it the case that in the second application the decision put a lot more weight on the commercial and trade interests of the exporter than the initial application? I've read those applications in detail and it seems to me that animal welfare became the casualty of trade and the commercial interest of the exporter.

Mr Hazlehurst: No. The basis upon which I proceeded with considering the application was to take into account all of the relevant circumstances. The first application was not what I considered. I only considered the second application, and the original decision-maker only considered the first application; they didn't consider the second.

Senator FARUQI: Sure, but I've looked at it, and the management plans were almost identical. What has been called the updated management plan is almost identical in both of them. That's my concern.

Mr Metcalfe: We were talking about much lower stocking numbers. There were noticeable differences between the two applications. To a certain extent, we now know what happened. The ship arrived and there was a

very, very low series of issues, so, effectively, the decision that was taken by Mr Hazlehurst, given that he weighed many factors—animal welfare and a range of other issues, including the extraordinary circumstances that the pandemic had brought—

Senator FARUQI: That has nothing to do with animal welfare, though.

Mr Metcalfe: No, but animal welfare is always part of the considerations. So the decision by Mr Hazlehurst to provide an exemption to the summer order in reality was a good decision because of the outcome of the voyage, and we're very happy to talk to you about outcome of the voyage.

Senator FARUQI: I'll just come to the outcome. I've had a close look at the independent observer's report, and we do know that 1,000 animals experienced a heat stress score of four, and 4,000 animals experienced a heat stress score of three. As you well know, a heat stress score of four is the highest level of heat stress. It's described in your own department's advisory note as severe heat stress, open-mouth panting with tongue out, extremely laboured, distressed demeanour. And heat stress 3 is also open-mouth panting, laboured respiration and extreme discomfort. Do you consider that a good outcome?

Mr Metcalfe: I think if you look at the amount of time that those conditions prevailed for—but my colleagues, I'm sure, Dr McEwen, could—

Senator FARUQI: I've looked at some of the videos and I'm a little bit intrigued at why there isn't a video for the heat stress score while there are for others, but it doesn't look to me like they were comfortable. The sheep were experiencing extreme distress. So surely you can't consider that a good outcome?

Mr Hazlehurst: I might just clarify a couple of things. In relation to heat stress indicators and pant scores, there are a couple of things that we need to be clear about. The independent observer and the assessments that he made of pant scores are not the same as the heat stress indicator scores. The heat stress indicator scores include assessments of the demeanour and levels of distress of the animal, whereas the pant scores relate simply to breathing rates, open-mouth panting and the tongue protruding. It is true that on four days of the voyage between ½ per cent and three per cent of the sheep on the vessel—

Senator FARUQI: That's 1,000 sheep.

Mr Hazlehurst: experienced a score of four.

Senator FARUQI: That's 1,000 sheep, Mr Hazlehurst. Percentages are meaningless because these are living, breathing, sentient beings.

Mr Hazlehurst: Thank you, Senator. What the independent observer observed in respect of the sheep's demeanour and levels of distress was that no sheep was observed to be in severe heat stress or in distress from heat during the voyage. They were never observed as being in extreme discomfort or distressed. So this is why I need to point out the distinction between the pant scores, which are what the independent observer was recording, and the heat stress indicator score. I accept the difference between the two may have led to some confusion in terms of your interpretation, but the independent observer's report was very clear about the demeanour and levels of distress of the sheep.

Senator FARUQI: So severe heat stress—according to your own chart it clearly says severe heat stress is second stage respiratory rate, extremely laboured, distressed demeanour—was not the case?

Mr Hazlehurst: What I'm saying is the basis upon which the independent observer recorded his results—he was focused on the panting score, not the heat stress indicator.

Senator FARUQI: Why was that the case? Why wasn't the independent observer using what the department has developed?

Dr McEwen: As you'll appreciate, the briefing period that we had for the independent observer was very short because we were having to negotiate with the government of Kuwait and so forth to get him on board. He volunteered to go. We weren't 100 per cent sure about arrangements and so forth. Normally we have detailed briefings about what we're expecting the independent observers to record and do during the voyage, but we just didn't have time.

There's both the heat stress score and the pant score, which are both measures that are used at different times by different parts of the industry. While we would prefer to look at the heat stress score, there are some challenges around it because determining distress in animals is actually quite subjective. In some ways the pant score is much clearer because it goes to particularly clear measures. You can tell whether an animal has their tongue out and is panting versus a more subjective measure of distress. Different people will look at the demeanour of the sheep and make a different decision about whether they are a bit distressed, not distressed at all or extremely distressed.

Senator FARUQI: I want to go back to that. I'm absolutely shocked and gobsmacked that you gave an exemption to allow a ship with thousands of sheep to go in one of the hottest months—and the government had decided because of previous instances that it wouldn't allow a ship to go at that time—and then you put on an observer who wasn't trained.

Dr McEwen: He was trained—

Senator FARUQI: Sorry, you said that there wasn't enough time to train him properly. That's just ridiculous. I cannot comprehend that.

Dr McEwen: I said that there wasn't enough time to brief him properly, which is different.

Senator FARUQI: Yes, so what's the point of putting the observer on?

Dr McEwen: We did have a conversation with him on the phone in that process. He was a trained observer who had been on previous voyages as well. I think you're mischaracterising what I said in terms of our briefing of him before he got on the ship versus his training. He is a trained and very experienced veterinary officer from the department who had been on voyages before.

Senator FARUQI: I'm still gobsmacked that they weren't briefed. There was such a rush to get the ship off that they weren't even briefed.

Senator Ruston: Chair, I suggest that the officer be allowed to finish answering a question before she gets yelled at by the senator.

CHAIR: I think this was an important answer. Please continue.

Dr McEwen: As I said, there's a difference between saying that he was not trained and saying that we had limited time to have deep, in detail discussions with him, as he had to travel from Brisbane to Perth at short notice.

Senator FARUQI: Why was there limited time?

Dr McEwen: Because the ship had to leave. We certainly didn't want to be the ones who held up the departure of the ship and made it go further into the period of—

Senator FARUQI: But you didn't brief them enough for them to have the proper knowledge of what they were supposed to do on the ship. I do have other questions.

Mr Metcalfe: I completely reject any suggestion that my officers were in any way cavalier or insensitive in relation to animal welfare issues. These are at the heart of the existence of the northern summer order. Any objective observer of the decision taken by Mr Hazlehurst would form the view that it was taken very carefully, very soberly and with a great deal of information. It was tested in the court and the court found that it was a reasonable decision to make in the circumstances.

The independent observer was a highly experienced officer. Because of COVID travel restrictions, the ability to get him from Brisbane to Perth at short notice is the issue that we're now discussing. There was no suggestion that he was anything other than an extremely competent officer. The point of detail we're talking about now is how much time we actually had to talk with him, but he knew what his job was and he had the voyage to do that job. His report has been made public. Videos have been produced in a way that they haven't in the past. I think the officers are attempting to demonstrate that we were mindful all the way through of the animal welfare issues.

Senator FARUQI: Could I just come to the observer—

CHAIR: Senator Faruqi, you're coming to the end of time. Could this be your last question, please.

Senator FARUQI: I do have a lot more questions.

CHAIR: Well, we have quite a few more senators—

Senator FARUQI: I know you want to ask a question, Senator Rennick.

Senator RENNICK: I'm sitting here, waiting patiently.

Senator FARUQI: I'll have just two more questions, maybe, and then I'll finish. The observer, as you know, also provides that there were 28 mortalities on that voyage, but they also said that they did not witness many or potentially any of the necropsies on board. Is that usual practise for an independent observer to not be present when necropsies happen?

Dr McEwen: It's about the rhythm of a ship and the activities that are undertaken. There's no requirement that the independent observer is present during that time. Ships work on—

Senator FARUQI: Are they usually present at that time? They are an independent observer.

Dr McEwen: There's a mixture. In previous voyages, there's been a mixture of occasions when independent observers have been there and when the independent observers haven't been there during post-mortem examination of the animals. It really depends on the time at which it's chosen to be done, what the role is, what else is happening on the ship at the time. We don't put requirements around that because we don't want to interfere with the operations in terms of things on the ship.

Senator FARUQI: My last question is: the independent observer says there's a discrepancy with 155 sheep. There were 155 sheep fewer when the sheep got off than at the start.

Dr McEwen: Yes.

Senator FARUQI: I find that a bit peculiar and I understand that's not usually the case. Do you know what happened?

Dr McEwen: It's not that it's not usually the case. It's that there is a range of gaps between the number of sheep on or off and sometimes it differs in both directions. That's because it's not that easy to count sheep, to be honest, as sheep are going on board ships. There could be errors at both ends. We have been trying to work with industry, and I know LiveCorp are doing some research around improving sheep-counting technology. At the moment, sheep aren't individually identified in the way that cattle are. All cattle have an NLIS tag that is an individual identifier, whereas sheep are identified on a mob basis. So it's very hard for exporters and for the department to verify exactly the numbers going on. You're counting the sheep going through, but human error often intervenes.

Senator FARUQI: Okay. So 155 sheep go missing. They could have died and been thrown overboard. That could have happened?

Dr McEwen: We've sought information from the exporter about why that happened—

Senator FARUQI: Any investigation?

Dr McEwen: and both the exporter and the ship's master have reported to us that it's due to miscount.

Senator FARUQI: Okay. And that happens quite often, you say?

Dr McEwen: There miscounts on both directions at various times.

Senator FARUQI: But 155 sheep is a lot, though.

Dr McEwen: It's probably slightly higher than normal, but it is not completely outside any norm of that.

Senator FARUQI: Thanks.

CHAIR: Senator Sterle.

Senator STERLE: I'll put my skates on. What are the current staffing levels within the biosecurity division? Sorry, I'm back to biosecurity.

Mr Tongue: Prior to some organisational changes, I would have said approximately 3,000. Because we've changed some of our arrangements, right now in the function I'm responsible for, approximately 2,500.

Senator STERLE: Okay. You can take that on notice.

Mr Tongue: Yes, I'll give you all the breakdown.

Senator STERLE: Going back to the *Biosecurity risk management of international express airfreight pathway for non-commercial consignments* report, is there a need for additional staffing to address the recommendations as well?

Mr Tongue: No, Senator. We'll manage that within our existing workloads.

Senator STERLE: With regard to recommendations within the report that require federal or state attention, how has the department progressed these recommendations?

Mr Tongue: Sorry, Senator, I missed that one.

Senator STERLE: I'm starting to rush myself now. With regard to recommendations within the report that require federal or state attention, I just want to know how has the department progressed these recommendations?

Ms Lane: Senator, do you have particular recommendations in mind? I can't immediately think of which one—

Senator STERLE: No, I'm just referring to the *Biosecurity risk management of international express airfreight pathway for non-commercial consignments* report.

Mr Tongue: Typically, we would handle something like that, if it were a federal-state matter, through the National Biosecurity Committee, which I chair. It sits under AGSOC, which Mr Metcalfe chairs.

Mr Metcalfe: Yes. Sitting underneath the Agriculture Senior Officials Committee, which is me and—

Senator STERLE: I wondered what the 'SOC' was.

Mr Metcalfe: AGSOC—the senior officials committee. The National Biosecurity Committee is typically headed by the heads of biosecurity across the jurisdictions. Mr Tongue chairs that committee, and it would involve the chief biosecurity officer of each state and territory. That is the way that we drive Commonwealth-state partnerships around biosecurity.

Senator STERLE: So have we progressed that? Sorry to cut you off, Mr Metcalfe. This is what I'm trying to say: since the scathing report from the inspector, I just want to know if we've got anything moving in that direction.

Mr Tongue: I would have to take that one on notice.

Senator STERLE: Alright. While you're at it, just let me know if you've prioritised any of the recommendations and when you expect to finalise the full implementation of the recommendations.

Mr Tongue: Okay.

Ms Lane: I was just going to add that I think that, where the report does go to resourcing, it principally relates to new technology in respect of how we screen airfreight—

Senator STERLE: So new computers?

Ms Lane: which we're doing a lot of work on presently.

Senator STERLE: Yes. Okay, thank you. This is a bit drawn out, but I want to get to it. In relation to the recommendations relating to the biosecurity management of African swine fever—because Senator McDonald and I have heard a lot about this—the inspector-general was scathing on the challenges the department faces in relation to resourcing, stating:

Diversions of resources for crisis management (including ASF) from other parts of the biosecurity system is not sustainable—and, by crikey, doesn't this committee know about those things!—

and may increase the risk of severe pest or disease incursions and trade disruption. Constraints such as staffing caps should be removed for critical biosecurity assurance and oversight functions that are cost-recovered by various means.

Then he goes on to say, 'The department will need to review and bring to the government's attention'—okay. Has your department reviewed the resourcing levels and removed staffing caps for critical biosecurity assurance and oversight functions?

Mr Tongue: It's well known that in the Public Service we have staffing caps.

Senator STERLE: Yes, sure.

Mr Tongue: We try to manage around those staffing caps by using contractors and consultants and other mechanisms, but I have to work to a budget and I have to work to a staffing cap. So we do try to move resources around and manage as efficiently as we can. We're conscious that we were given, by the government, a specific budget allocation for ASF, which we can talk to, and we manage within the constraints that we have to.

Senator STERLE: Mr Tongue, I'm just trying to decipher there—and by no means is this a slight on the department; I understand, and all governments do this—

Mr Tongue: Yes.

Senator STERLE: But the inspector's report was so scathing of this, and we have seen where there are, unfortunately, some slip-ups, whether it be canker or whatever it may be coming through. We know those things get through, but I'll tell you what I fear: I fear that, if there is an incursion and we find an industry shut down and destroyed, which we have witnessed in this nation on a number of occasions, it's very easy for senators to wind up when there's a newspaper reporter around and blame the department. Quite frankly, the people behind you are hardworking and they're doing their best with what little they have. I know you're not going to come out and pooh-pooh your minister and all this sort of stuff; I understand that. But I don't want to get in a situation where Senator McDonald and I are chairing or ushering through a Senate inquiry into the shutdown of another part of the agricultural industry because the claims in the inspector's scathing report weren't funded and addressed—without blaming the poor damn officials on the front line.

Mr Metcalfe: When Senator McKenzie was agriculture minister, she actually secured an additional \$66 million in funding. On 11 December last year, Senator McKenzie as agriculture minister announced a significant increase in resourcing for the department to manage the issues associated with African swine fever.

On that broader issue though, the Commonwealth invest very heavily—\$830 million—in relation to biosecurity. As I said at the outset this morning, it's a partnership. We work closely with the states and territories, we work with Animal Health Australia and Plant Health Australia, but, ultimately, every traveller has got to be a biosecurity officer, and so it's enlisting that community understanding of the risks associated with bringing in items that people shouldn't. I've asked Mr Tongue as the new deputy secretary for biosecurity to look very closely, not only in response to the inspector-general's report but more broadly on our overall biosecurity efforts, to ensure that we are maximising our impact. I'm not in any way suggesting that we haven't been, but I do think it's important that we continually look at what we are doing, how we're doing it and who we're doing it with, to ensure that we get the maximum benefit.

Senator STERLE: I appreciate that. I want to come back to when the inspector's scathing report came down: was the \$66 million moved to or provided to the department—when Senator McKenzie was the minister—after the report?

Mr Metcalfe: No, the report came later. So the inspector-general would have been aware of that \$66 million.

Senator STERLE: What I'm trying to establish is: will that \$66 million address—not go to, but absolutely address—the concerns the inspector had?

Mr Metcalfe: I don't think anything could absolutely address those concerns. I think they are well-placed concerns. I think it's an important indicator for us as to the fact that we need to be continually thinking about risk pathways and the particular issues. But you just can't keep throwing more and more money at it. It's a question of how wisely you spend the money and the resources that you've got. As I've said, we see ourselves as in partnership in this task. We're not the only authority working on this issue, but the more that we can get good cooperation from everyone—from CSIRO through to DPIS, through to industries and airlines and so forth—working with others to get the outcome is what we're very focused on.

Senator STERLE: Mr Metcalfe, I'm not going to argue with you, but I just want to just focus back on the report—without asking you the same questions seven different times, which annoys me at the best of times. The inspector's wording actually said: 'Constraints such as staffing caps should be removed'.

Mr Metcalfe: That's something the inspector-general can recommend, but the government has a clear policy in relation to ASL caps.

Senator STERLE: Okay, that answers my question. I understand that. Has the incoming minister been informed of the critical shortages within the biosecurity division?

Mr Metcalfe: The minister is aware that we have a very large resource, over 3,000 people, and he expects us to get on and do our job as well as we possibly can. That's not to say we don't always have ideas on what more we can do, and the sort of X-ray technology that Mr Tongue has worked with—and Ms Cale down in Melbourne has been leading that work—is the sort of work we are doing to maximise the benefits we can provide.

Senator STERLE: I want to go back to the document you tabled on biosecurity and export services available funding when I was asking earlier about the \$873 million. I'd asked if we could split it up into what is export and what is biosecurity. I've read this during other senators' questions, but I'm still not clear, Mr Tongue. I see that some are very clear and state that it's biosecurity, and some say it's export, but there's a great wad there in the first bit where there's 352.5 million and 374.9 million, but I can't break that up. Can you help me out?

Mr Tongue: Certainly. We tend to produce the combined number, because, in order to maximise our operational efficiency and effectiveness, we use services that, say, might principally, most of the time, be focused on import to support export, and vice versa. So that could be technical scientific services or it could be boots on the ground. If I were to try to isolate them, the budget for biosecurity this year will be very similar to the budget for biosecurity last year, and that'll be of the order of \$350 million. The reason export is looking bigger is because of the significant injection of funding from the government for improving our export pathway, but, even there, a lot of that money will be spent on what I'd call the digital core of the department, and many exporters are also importers. So when we build the system for exporters, we can then integrate the import side into that digital spine. So, even with that investment, we're characterising it that way because it is principally, to start, about exporters, but, down the track we anticipate we'll be able to make it useful for importers.

Senator STERLE: I understand that. We know from 2013-14 budget that the biosecurity spend has increased by about \$169 million, I believe. What I'm trying to get to is, with the inspector's scathing remarks about biosecurity—and these are my words—I'm thinking biosecurity should be front and centre. I hate to use this term, but there should be 'a greater emphasis on making sure we get that right'. Fix up the export issues, of course, but that means more money somehow. That's what I'm trying to get. I'm just getting a big confusion here, myself. If I'm really off the mark, you can table it all for me and sit me down with the pointer and the dunces hat. I'm

thinking it's looking like there's a huge pool, but I'm thinking that there's more money going towards the exporting rather than fixing up the biosecurity shortness.

Mr Tongue: It's fair to say that funding for biosecurity is holding up at a difficult time for the economy. As I've said, the export side of the business looks pumped up. Biosecurity will, in future, benefit from that. As we move forward—

Senator STERLE: Can I interrupt you, respectfully. We understand there are staffing caps and you have to work within those staffing caps. There's a part of me that's sat here for a long time watching fundamental stuff-ups that occur, sometimes by devious people at the other end who are sending it in. But I still can't accept spending a lot more money on the export side while we've still got this 'blatant challenge'—the inspector's words—and the government's sitting on staffing caps. No matter how hard those poor devils that you employ all the way down the line work, if there ain't enough of them there to cope with the influx, and all this money is going over to exports, how can that benefit biosecurity?

Mr Tongue: One of the challenges in biosecurity is that some of our systems that we use to support biosecurity are—

Senator STERLE: Like carbon paper!

Mr Tongue: very much the same. We've got a limited people resource. How to take biosecurity forward in a more challenging world over the next decade is to add data and analytics—

Senator STERLE: I'm agreeing with you. I get that, Mr Tongue, and I don't want to keep going, but I'm still—

Mr Metcalfe: Senator, you're worried that we're not putting money in biosecurity where we have to, and that we're putting money into exports instead. Is that your concern?

Senator STERLE: Yes, that is, but—

Mr Metcalfe: The short answer is: in an ideal world you'd have as much money as you can, but we've got to be realistic here. We saw that there has been a significant investment in biosecurity. It continues and it's about getting it right. I mentioned Senator McKenzie's work in securing additional resources for exports. Particularly in relation to meat exports, it supports Australia's biggest manufacturing industry. Converting animals into meat products is now our biggest manufacturer; thousands of jobs rely upon it. So we are always making decisions as to priorities, but I'm very glad the government has provided the additional resourcing into exports.

Senator SHELDON: Mr Metcalfe, we're waiting for the responses—which is fine—to those questions I put on notice before about the meat inspectors and the AAOs, the private company ones. The private company inspectors often, as I understand it—I'll pursue this again on another occasion in more detail—reach out privately to the government inspectors, because of the difficulty when you're employed by a company and you're asked to give a tick or a cross. People quite often, either legitimately or by perception, feel, 'If I give a cross on this, will it have an impact on my job by the employer or an impact on somebody else's job within the business?' So they start making ill-informed decisions. When you start employing somebody directly and effectively privatising oversight—not much different from privatising police, in my view—in these sorts of circumstances, where there's money to be made if something goes through the system—I'm deeply concerned about that occurring.

When you say 'more resources into biosecurity', if this pathway of going to company based meat inspectors continues we'll find fewer and fewer government inspectors—I'm confident that evidence will come back—who are more highly trained, are more skilled and have a relationship with veterinarians and many other good people that work in the department—so they have a ready supply of knowledge, capacity and ability without the threat of losing their job, because they made a decision that meant that the works wasn't working or the employer decided to terminate them. Those are normal things that happen every day in the private industry in working life. It can happen everywhere else in government life as well—we know that—and in political life, too. But the fact is: you try to make sure there is a difference between the two.

I'm picking this up because you mentioned meat there. We've seen these recent cases—and I'm not fully knowledgeable about all the cases in the past—in the USA, and, of course, the allegations over China. Certainly the situations we've had in the USA highlight to me the importance of making sure that we get the inspections right. Privatising it doesn't seem, to me, to be right. I'm happy for you to respond, because I've just made a series of statements, but I'll pursue this on future occasions as well.

Mr Metcalfe: I think my colleague has indicated the initiative commenced back in 2011, and I was secretary of the department in 2013—so when it was in its early days. Minister Ludwig was the minister when it was introduced. As Mr Hazlehurst has said, effectively it's progressed some way and the desire of the industry is to

progress it. But I think you're right; we need to ensure there are checks and balances in the system to ensure that people are rewarded for pro-disclosure as opposed to punished for finding things—that people are not incentivised to ever turn a blind eye, that they're actually praised for finding issues.

Ultimately, our meat companies have to satisfy foreign inspection services as to the quality of the food that is being produced. It would be a very short-sighted meat company that stood over its privately employed inspectors and wanted them to take their eye off the ball. Frankly, the incentive is to make sure that problems are found and addressed immediately rather than turning a blind eye. Ms Freeman also indicated the system of school inspectors, so to speak—our staff who have a supervisory role across it.

Very quickly, with your indulgence: that pro-disclosure culture is really important. We've seen that recently through what, sadly, has been the largest destruction of animals in Australian history, in Victoria, in recent months. It's largely gone unreported because of the problems with the human pandemic, but hundreds of thousands of free-range chickens, turkeys and emus have had to be destroyed in Victoria because of avian influenza that we think was probably spread to the animals by wild birds that carry the particular strain of avian influenza. The whole system incentivises farmers to report if their animals are sick, rather than cover it up—to incentivise people to take action. That's the sort of pro-disclosure environment that we have in biosecurity, and we very much encourage that and want the same thing in relation to exports as well.

Senator SHELDON: I'm really keen to explore this further on another occasion, because there are assertions being made which I'd like to explore on an occasion when I have more detail.

Mr Metcalfe: Yes. We'll continue to work this through very carefully with our own staff and, obviously, with the companies concerned.

CHAIR: Terrific. Thanks, Senator Sheldon. Senator McKenzie.

Senator McKENZIE: My apologies for getting here a bit late. I have some questions on ASEL 3.0. I'm hoping I can get a quick and timely update on the implementation of Australian Standards for the Export of Livestock 3.0.

Dr McEwen: ASEL 3.0, which will be the first update to the ASEL implemented since 2011, will be in place from 1 November. Our offices are currently working through approved arrangements and other documentation for exporters. It has proved to be quite an iterative process, in that some of the documentation we've got has needed to go back and forth with exporters a few times, so it's taken a little bit longer than we had hoped. However, we're in a position where we can be sure that all exporters will be able to export if they wish to and have indicated to us that they're going to be exporting from November and have all that documentation in place. There will be some work that we do after 1 November, but we've been doing that on a prioritisation basis.

Senator McKENZIE: Beautiful. Thank you. Given the 1 November start date, can you guarantee that all approvals will be in place for all livestock exporters?

Dr McEwen: Not for all livestock exporters and not all documents for all livestock exporters. Some exporters have 70 or 80 different pieces of documentation that need to be approved for each market that they are going to—so, for each species to each market. What we can guarantee is that no exporter will be unable to export from 1 November because approvals haven't been undertaken.

Senator McKENZIE: Right. My understanding is that exporters are being asked to prioritise their markets.

Dr McEwen: In the sense that we want to know from them if they're planning to export in November, so that we can make sure that those are the first things that we look at rather than the last.

Mr Hazlehurst: In other words, no-one will be held up.

Senator McKENZIE: On places they need to get to in November?

Mr Hazlehurst: No exporter will suffer a delay.

Dr McEwen: That's right.

Senator McKENZIE: There's concern out there—because exporters have told me they won't have the necessary approvals in for all their markets by 1 November, despite the department having the required documentation since August.

Dr McEwen: Well, we've had some form of the documentation since August. In many cases, the documentation was incomplete, was inaccurate, was not addressing all of the standards that needed to be addressed and, in some cases, was not addressing important country requirements. So we've needed to work with the exporters. We could have just refused that documentation, but instead we've tried to have a process where we've been able to support them—

Senator McKENZIE: Big steps! Fantastic! 'Let's have a conversation.'

Dr McEwen: Yes. We're trying to support the exporters to be compliant, and so it's been a process of trying to work with them, which, as I said, has unfortunately taken longer than we expected. What we have done is make sure that we can prioritise. We've encouraged exporters and the exporter body, ALEC, to let us know if there are exporters who have specific consignments early or specific markets they need to go to.

Senator McKENZIE: Given the rationale for the request for prioritisation, do you then envisage a time line whereby no exporter will be unable to deliver, depending on when their different shipments go to different markets, because you will be able to approve them in a timely fashion?

Dr McEwen: We will. We're expecting most of them to be completed in December, and we've already worked with exporters fairly carefully to try and make sure that if they've got upcoming consignments we've been able to prioritise them.

Mr Hazelhurst: If you're aware of particular concerns, please pass them on.

Dr McEwen: And specific—

Senator McKENZIE: I'll follow up offline. No worries. And maybe on notice I'd like a table of where we're at—who's who in the zoo, how many are still waiting et cetera.

Dr McEwen: Absolutely.

Senator McKENZIE: The department accepted the Technical Advisory Committee's ASEL review recommendations relating to stocking density for cattle voyages to South-East Asia. ASEL 3.0 will reduce the number of animals—I know you've already covered this earlier with Senator Faruqi—exporter per consignment based on the type of vessel, weight of animal, voyage duration and destination. ALEC has stated that these reductions could equate to between 61,000 to 130,000 fewer cattle being delivered to South-East Asian markets. What scientific animal welfare basis was this reduction based on?

Dr McEwen: The decisions that were made in ASEL 3.0 were based on the TAC recommendations. As you'd well be aware, there hasn't been a lot of research done on voyages specifically.

Senator McKENZIE: No.

Dr McEwen: So the work that the independent panel considered in making its decision through the Technical Advisory Committee was work that's been done internationally on stocking densities in situations such as short-haul voyage cattle transportation where animals do and don't need access to feed and water and work that's looking at stocking densities also in areas such as feedlots and so forth. The scientific consensus is—

Senator McKENZIE: Is loose at best, it would seem—

Dr McEwen: Well—

Senator McKENZIE: and is definitely not fit for our market.

Dr McEwen: The broad scientific consensus is that a stocking density of 0.03 is reasonable for longer haul voyages, but—

Senator McKENZIE: I'm not technically a scientist but I have studied it. When you say that's a 'reasonable' in the scientific assessment, how is that number derived?

Dr McEwen: That number was derived from a range of work that was done on stocking density. It was actually also a little bit—

Senator McKENZIE: Wasn't it in the middle?

Dr McEwen: It was in the middle, to an extent.

Senator McKENZIE: between a range?

Dr McEwen: Yes.

Senator McKENZIE: So there's actually no science to this. It's like—

Dr McEwen: There is science to it.

Senator McKENZIE: 'Here's the top. Here's the bottom. We'll just whack it right in the middle and we'll be—'

Dr McEwen: No, I wouldn't characterise it quite like that.

Senator McKENZIE: I'm sure you wouldn't, Dr McEwen!

Dr McEwen: It was based around looking at all of the best science and evidence that was available on stocking densities in difference situations.

Senator McKENZIE: I think that we're both probably agreed on this, that there isn't a robust body of science available to us right now to be making these decisions. We're using the best science available, but the reality is it's not good enough and it is not fit for purpose for our industry, our place in the world, our markets.

Mr Hazlehurst: Senator, I think that's [inaudible]

Dr McEwen: You [inaudible]

Senator McKENZIE: So I think that's when you can actually get perverse outcomes, which I'm happy to go through and stop my commentary.

Mr Hazlehurst: We'll wait for a question, Senator!

Senator McKENZIE: That's no worries! Let's go to a practical example then. Have there been any animal welfare incidents on voyages to South-East Asian markets that justify the implementation of reduced stocking densities on vessels travelling to these destinations?

Dr McEwen: There have been a number of reportable mortalities to South-East Asian markets.

Senator McKENZIE: When you say 'a number' that sounds terrible. How many? What's the proportions? What's the percentage?

Dr McEwen: I don't have the exact proportions and percentages with me, but I can provide those to you on notice.

Senator McKENZIE: You don't have the mortality rates for our markets when we're implementing a huge change?

Dr McEwen: I actually do—here we go. In reportable mortalities, we have had two to Vietnam over the last year, I think, and there—

Senator McKENZIE: Two beasts out of—

Dr McEwen: No—two reportable mortalities, where it's exceeded the mortality rate. Overall, we recognise that the voyages to particularly Indonesia, but to South-East Asia generally, are lower risk in terms of animal welfare.

Senator McKENZIE: Incredibly low risk.

Dr McEwen: That was the reason that the technical advisory committee recommended what the industry body had originally advocated for, which was 0.027 stocking density as an alternative for exporters who showed good performance.

Senator McKENZIE: But it wasn't in recognition of existing great performance. They had to prove post or—

Dr McEwen: No.

Senator McKENZIE: Did it actually recognise that, for the past two years, the voyages have met—

Dr McEwen: The currently published policy on this recognises good performance over the past 12 months.

Senator McKENZIE: Thank you. The reduction in stocking density will see an increased cost per animal?

Dr McEwen: Yes. Animal welfare costs money.

Senator McKENZIE: Are you saying our live export industry doesn't actually have the highest animal welfare standards in the world?

Dr McEwen: No; I'm saying that any measures to improve animal welfare do cost money.

Senator McKENZIE: Why is it that the industry which is already recognised as having the highest animal welfare standards in the world is the one that is required to pay this additional cost, when we've already admitted the science is light-on?

Dr McEwen: The industry and the government have indicated a commitment to improving animal welfare in the live export space.

Senator McKENZIE: Until it's 100 per cent perfect? Wow! Utopia, here we come!

Mr Hazlehurst: Senator, these things are always—

Senator McKENZIE: I know; I'm taking up time and I need to get on with it. The reduction in stocking density will see the cost increase per animal. This is significant particularly for southern ports where the average lightweight for Holstein dairy heifers exported to China is, for example, 270 kilos. The stocking density for this class of animal will decrease by 8.9 per cent. What does the department calculate the lost income to be for the entire industry?

Dr McEwen: We haven't got a calculation for lost income as that was not part of what we were required to do through the regulatory impact statement process or the OBPR. The Office of Best Practice Regulation asked us to calculate the costs of complying positively with the legislation as opposed to the opportunity costs lost.

Senator McKENZIE: So, there's no true cost-benefit analysis, through the RIS process, to an industry of increasing government regulation?

Dr McEwen: The approach that we took was in line with the requirements of the Office of Best Practice Regulation.

Senator McKENZIE: I appreciate that.

Dr McEwen: So, yes, it's not—

Senator McKENZIE: I might have to follow that up with someone else. My understanding is that TAC stated in the report that, in the reduced time available to the committee, it had to curtail the development of a detailed and complex model with a substantial database for one that could be achieved in the time frame, when it came to appropriate economic modelling. So, it was less about fulfilling regulatory and legislative requirements under existing legislation for RISs and how they're to be complied with and more about a lack of time?

Dr McEwen: If that's what the report says—yes.

Senator McKENZIE: That's what the report said. What you said were the reasons that the calculation wasn't done is not what the TAC itself said was why the modelling and the impact on industry wasn't conducted.

Dr McEwen: The TAC did one level of modelling. I was referring to the modelling that we did as part of the Office of Best Practice Regulation.

Mr Hazlehurst: Senator, there are two different sets of modelling that were undertaken.

Senator McKENZIE: Yes; I've got it.

Mr Hazlehurst: The TAC did undertake economic modelling of the overall impacts.

Senator McKENZIE: Yes, but the RIS process doesn't require a full economic impact on industry modelling—

Mr Hazlehurst: Yes.

Senator McKENZIE: as Ms McEwen stated.

Mr Hazlehurst: That's the government's—

Senator McKENZIE: No; I get it. That's why I'm going to talk to someone else as well.

CHAIR: Senator McKenzie, we're going to have to go to a break.

Senator McKENZIE: Two more questions, thanks, Chair, or I'm happy to come back after the break.

CHAIR: Senator McMahon has one as well.

Senator McKENZIE: Indonesia has regulated floor and ceiling prices for beef which are monitored daily. Increased costs associated with ASEL 3.0 will make it difficult for businesses to increase their selling price in response to increasing input costs as a result of this change. Was this a consideration by the department when considering the economic impacts of ASEL 3.0? Indonesia's ceiling price was considered?

Dr McEwen: The economic environment in which this was occurring was considered—yes.

Senator McKENZIE: Could you table the economic modelling for me for detail, if it's not already publicly available?

Dr McEwen: In terms of modelling undertaken by the—

Senator McKENZIE: By you.

Dr McEwen: I believe it's published on the Office of Best Practice Regulation website.

Senator McKENZIE: I will look for it there because I couldn't find it elsewhere. Given there'll be—

Mr Hazlehurst: Senator, just for clarity, the other point of economic context for Indonesia is, of course, the free trade agreement, which has led to the five per cent tariff on live cattle imports to Indonesia being dropped to zero.

Senator McKENZIE: That was taken into account?

Mr Hazlehurst: A tariff quota of, I think, 500,000 head in the first instance, increasing by four per cent each year.

Senator McKENZIE: That was taken into account?

Mr Hazlehurst: I'm not sure if—

Senator McKENZIE: On notice.

Mr Hazlehurst: It could have been at that time, because the agreement has only come into force since July.

Senator McKENZIE: Thank you. I'll put my last question on notice.

CHAIR: Thank you very much. Senator McMahon.

Senator McMAHON: Thank you. Going back to your comments on stocking densities, you said words to the effect that there's general scientific agreement on what the stocking density should be. Could you tell me which particular scientists or which scientific organisations have agreed to that?

Dr McEwen: I will have to take it on notice, but there are certainly some papers published on it which were used by the committee in making those decisions. I don't have the exact titles of the articles, but I was actually reading one the other day about stocking densities across a range of different activities. We can provide that on notice.

Senator McMAHON: Senator McKENZIE: I read the report of the committee in which they only referred to one scientific paper on stocking densities. It wasn't actually a scientific study; it was a review of the available literature, none of which was relevant to live export of cattle on ships. So, if there are other peer reviewed and published scientific papers, as you have said there are, could they be tabled, please?

Dr McEwen: We'll find them and can provide them—yes. As I said, there wasn't any specifically on live export ship studies. They were using analogous situations to make a decision on what would be the best approach. We operate within the best science that's available. There haven't actually been specific studies on the stocking density impacts on ships.

Mr Hazlehurst: But they relate to the same sorts of considerations: the ability of the animals to get to food and water and the ability for them to lie down to sleep. The same factors are taken into account in those studies, even if they're in relation to a different context, not on ships.

Senator McMAHON: But would you not understand that they're not transferrable and that you cannot compare cattle on a ship to cattle in a feedlot to cattle in a paddock? They're not the same situation.

Senator McKENZIE: Or a university lab.

Mr Hazlehurst: The technical advisory committee, the panel of experts, was asked to provide advice on that. And, as you know, because you've read the report, that's the advice that they provided.

Mr Metcalfe: I would note that LiveCorp will be appearing before the committee tomorrow evening. It would be my expectation that, as the industry funded research and innovation body, they would be focusing on some of these issues as well. We'll see whether they can assist us tomorrow night.

Senator McMAHON: Thank you. But, yes, I would appreciate those papers to be provided.

Dr McEwen: Sure.

Senator McMAHON: Thank you.

CHAIR: Thank you very much. It sounds like ASEL might be a little bit premature for a 1 November start. We'll look forward to following up on that. Thank you all.

Proceedings suspended from 16:19 to 16:37

CHAIR: The committee will resume.

Mr Metcalfe: Chair, we can update on a few issues.

CHAIR: That would be terrific, if you could do that.

Mr Metcalfe: Mr Hazlehurst might lead off.

Mr Hazlehurst: It's a shame that Senator Sheldon is not here.

Senator STERLE: He'll be back. He is just on his way.

Mr Hazlehurst: Do you want me to wait?

CHAIR: Why don't we start our proceedings?

Mr Metcalfe: Senator Sterle asked earlier today how many of our workers have been working on the front line during COVID. I can advise that the total number of staff working on the front line in airports, ports and mail centres through the COVID period is 1,789 staff. But their role at any particular time depended upon what they were doing. So it's not everyone all the time but it's that sort of number. I also want to just slightly correct some

evidence I gave as well. I referred to around 3,000 staff working on biosecurity. The correct number is 2,547. So I just want to make sure that that is on the record.

Also, I'm not sure if Senator Faruqi is coming back, but I'll just put on the record that she asked earlier whether there's a timeline for the Horse Traceability Working Group, convened by Agriculture Victoria, to report back and who will be the Commonwealth representative. I can advise the committee that the first meeting of the working group is scheduled for 30 October this year. We understand the Victorian department will propose that the working group report findings and initial recommendations to senior officials and the ministers late next year. That will be confirmed at the first meeting. My department's representative has not yet been settled. As Ms Kennedy indicated this morning, our representation will balance the appropriate seniority with the relevant subject matter knowledge to advance the working group's tasks.

We do have a couple of responses for Senator Sheldon, but we're happy to wait for him to return.

Senator STERLE: He is not far away.

Mr Metcalfe: Chair, can I just confirm that we're now finished with the department.

CHAIR: We have; thank you.

Mr Metcalfe: So I can ask officers to go back and do other things?

CHAIR: Yes; thank you. Senator Sheldon is here. Do you want to continue with your responses for him?

Mr Hazlehurst: Thank you, Chair. Senator Sheldon, I thought I should just offer a couple or more comments about the issues we were discussing around the meat inspection reforms—mindful that we will come back to you with those detailed responses and that you've signalled that you'd like to further explore the issues. One point I thought was probably useful to clarify was particularly around the dynamics you suggested around the risks, perceived or otherwise, of not having government officers present in the establishments, particularly as it might relate to market access issues.

One thing I just wanted to clarify is that there'll continue to be, of course, an on-plant vet, which will be a government officer, involved in observation of what's occurring on premises. But, in addition, most establishments are approved for exports to the US. A requirement of the US for imports of processed meat products into the US is for there to be an inspector, a government inspector, at the end of the chain. So there will continue to be, for most establishments, an on-plant vet and an FSMA, a government inspector, at the end of the chain in most plants—probably 90 per cent. It's true that there would be fewer FSMAs on plant in general, but it's not that they would, in general, be disappearing completely, if you like, from those establishments. I thought I'd clarify that, mindful that I'm sure we will have further to engage on on this matter.

Senator SHELDON: Thanks for that information. I'm looking forward to further engagement.

Mr Hazlehurst: Thank you, Chair.

Interim Inspector-General of Live Animal Exports

[16:42]

CHAIR: We will now move to the Inspector-General for Live Animal Exports. Would you like to make an opening statement?

Mr Carter: No, thank you.

Senator STERLE: G'day, Mr Carter. I note that you have three reviews underway: into the Export Supply Chain Assurance System, livestock export permits and implementation of Moss review recommendations. Can you give us an update as to when you expect these reviews to be completed, please.

Mr Carter: Yes. I'm in the final throes of my report on progress against the Moss review implementation of recommendations. I adjusted my work program due to COVID, and I felt that bringing that one forward would be the one that would work best without being able to get out and talk to stakeholders. So I would anticipate that that report would be published within the next three to four weeks.

Senator STERLE: Thank you. The other two have already been done?

Mr Carter: No. On the other two, we've done a lot of the desktop analysis for those, but my sense—particularly for permits and health certificates, as well as for ESCAS—was that I would much prefer to be able to get out on the ground and consult directly with both industry participants and animal advocacy groups before I finalised those ones.

Senator STERLE: Thanks, Mr Carter. With regard to the Moss review recommendations, there are 31 of them—correct?

Mr Carter: Correct.

Senator STERLE: Were they all supported? They were supported in principle, weren't they?

Mr Carter: There was a mix of support and support in principle.

Senator STERLE: Alright. Let's go through that. Can you just break it down for me: of the 31, how many were supported and how many were in principle?

Mr Carter: I'll have to dig into that.

Senator STERLE: Okay.

Mr Carter: What I've been looking at more is progress on the commitments that the department made, whether it was in principle or full support.

Senator STERLE: Yes, me too.

Mr Carter: As a general observation, my sense is that the department made reasonable progress through the first year, through their October 2019 progress report, but, to me, they've really plateaued with the rate of change. If I were to generalise, I think there are about 15 of the Moss recommendations that still require fairly substantial work.

Senator STERLE: So 15 of the 31. So how many have been implemented? Is it 16? Is that what that means?

Mr Carter: I would say that, implemented and ongoing, there are about 14. There are a few that are in progress but they've indicated they're on hold—about three. Then, in progress, there are about 12. But one of the things that I will be doing in my next review is making some observations about the status categories the department uses for recommendations. My view is that the statuses should be adjusted. Some recommendations, in my view, have a couple of phases to them. One of them is implementing, and then the follow-on is continuing the ongoing maintenance of whatever was implemented. So there are very few of those recommendations where you just reach completion, tick the box and then move on.

Senator STERLE: Righto. So you have some that are in progress and some ongoing. There are two different categories there—is that right?

Mr Carter: Yes.

Senator STERLE: Can you help me out with the differences between 'in progress' and 'ongoing'?

Mr Carter: Well, I'll be making some observations in my next report about that. For example, if we look at ASEL 3.0, there was a recommendation requiring the review of those standards. My view of that recommendation is that it is implemented but it is ongoing. So the first review has been completed with ASEL 3.0, coming up to implementation, but it requires continuous improvement or examination as scientific evidence or practice improves.

Senator STERLE: My experience is that when reports are written and then the government reports come back as 'support in principle', normally, it's a cover for, 'Yeah, okay, but we're not going to do anything.' Of the 15 completed recommendations, can you tell us: were there any of those that came from the 'support in principle' category or not?

Mr Carter: I haven't got a cross-analysis of that handy. That's something you might ask the department.

Senator STERLE: Should I ask you, Mr Metcalfe, for that information? Mr Carter has said I should ask the department.

Mr Metcalfe: I'm happy to say yes to that.

Senator STERLE: So you'll take that on notice?

Mr Metcalfe: Yes.

Senator STERLE: Thanks. With regard to the completed review into monitoring and reporting during livestock export voyages, what follow-up is anticipated to monitor the department's response to the review, noting support or support in principle?

Mr Carter: The way I've been looking at my work program is that it's a body of work. So, for each review that I've planned to undertake, I'm undertaking both an examination of the issues within scope but also seeking to provide observation and guidance to the department against the object of my act to do with improving their regulatory practice, and so I will go back to recommendations that I haven't seen progress on, from that monitoring and reporting, and reiterate the need for them, if I see them as a key. Clearly, there were a couple of recommendations that Mr Moss made in his review that I've overlapped with, in *Monitoring and reporting during livestock export voyages*—for example, improvements to IT systems and also looking at automated monitoring,

some of which has been progressed, or it's been indicated that it has been progressed through the recent budget announcements. I hope I'm not reading too enthusiastically into that, but it does seem to countenance an investment in a couple of the areas that I was very concerned about.

Senator STERLE: Mr Carter, I want to go to a media release of yours on 3 March 2020 where you said: ... the department should focus on increasing transparency, improve their clarity of purpose and target regulatory effort ... Can you just share with the committee what led you to make that statement? Can you give us the examples?

Mr Carter: Yes. My view of good regulatory practice is that regulators should be constantly asking themselves the question, 'If not, why not?' when it comes to publication and transparency. So that will be a theme that I continue to look at. That said, I have been impressed with the progress the department has made on transparency issues. I've certainly had a lot of feedback from stakeholders about concerns with individual matters of FOIs et cetera, but in terms of what's accessible on their website—decisions, reports and that sort of information—I do think they've made good progress on transparency.

The regulatory targeting issue goes, to my mind, to the core of good regulatory practice, and I am still concerned that I see, in the department, an overreliance on what I see as more red tape and process approaches rather than active compliance monitoring. By that, I mean: targeting poor performance, targeting issues of concern, and putting operations into the field to examine those issues to see if there is noncompliance occurring, to detect it and then to take corrective action for it.

Senator STERLE: Mr Carter, how long have you been in the role?

Mr Carter: I was formally appointed in November last year, but I was in the role, in a contract form, prior to that.

Senator STERLE: So you're not new to the operations. When did you start seeing the improvement? Your words were that you were impressed with the progress.

Mr Carter: With the progress on transparency it's been in the last few months, as I've been examining these other issues and relying both on my data requests to the department and on what's publicly available.

Senator STERLE: Can you confirm that the live animal export regulator is not an independent regulator?

Mr Carter: I think I watched the previous secretary provide an answer in estimates to his view of that, that the secretary is the head of power under that live animal exports legislation and in that sense it's independent. If I look at different models of regulation there are clearly models that establish entirely separate statutory regulators that report to independent boards. It's not that model. But it is a model that has independence from direct, if you like, ministerial decision-making.

Senator STERLE: Nobody could argue your CV—nobody. In your biography you say that the live animal export regulator is not independent or an independent statutory body, that's why I raise that. Is it possible that undue influence or conflicts of interests can occur because a regulator is not an independent statutory body?

Mr Carter: I think any model of regulation can work. It's quite clearly about how governments and oversight operates. I guess if I put my idealised or academic hat on with regulation and governance, the perfect model is an independent statutory organisation with a board. However, that comes at a great deal of, if you like, cost and capacity to operate an organisation of that nature.

Senator STERLE: You've identified four initial focus areas for improvement by the regulator and we know what they are. Were you surprised by the failings which existed within the regulator previously to that?

Mr Carter: I wasn't entirely surprised. I think that they are difficult areas for a lot of regulators. When I look to the Moss review at where the regulation of live animal exports had been in terms of its focus and approach, I guess those areas were not a surprise to me. They were, if not directly mentioned in the Moss review, certainly alluded to in his report.

Senator STERLE: Did you find examples of times when the regulator chose not to enforce sanctions? Did you ever find that?

Mr Carter: I haven't examined individual circumstances. My view has been to look at the systemic regulatory practice. I'll caveat this by saying I think that as a regulator the department has been hampered by the limitations of tools or sanctions it has available to it under the current legislation. I note that the export control act 2019, that I think comes into force in April 2021, corrects that and provides a more detailed range of sanctions. But my concern is that an industry of this nature, like any industry, has a range of performers. There are a range of compliance and non-compliance issues that occur. I would expect to see a more resolute use of sanctions—albeit, as I've said I think the department is a bit hampered in that the sanctions are at the extreme end. Suspension and

cancellation of a business's ability to operate is seen as quite an extreme sanction in regulatory practice. It's difficult to send appropriate signals to correct behaviour of regulated entities with administrative systems. I do think the department has put a lot of effort into trying to develop ways of sanctioning at those lower end, if you like, noncompliances, and the sorts of examples I've seen are increases in audit frequencies and the nature of audits in response to finding a non-compliance issue that needed to be addressed.

Senator STERLE: Mr Carter, thank you very much for your time today. We look forward to the next round of estimates to follow up on how things have been going. As soon as you mention transparency, no-one could argue with that. Good on you—tremendous. Chair, I'm keen to move onto drought.

CHAIR: Thank you very much, Senator Sterle. Thank you very much for your presentation today, and we look forward to seeing you at another estimates.

Mr Metcalfe: Chair, just as we're changing witnesses, I can provide a further response to some of our earlier evidence.

CHAIR: Thank you. Please go ahead.

Mr Metcalfe: Senator Ciccone and I were discussing the issue of possible labour shortages in the horticulture sector, and I'd just like to put on the record that the department recognised early during the COVID pandemic the potentially significant impact on the availability of labour for the agricultural sector. This is due in part to the closure of Australia's borders to new arrivals, whether working holiday-makers or other seasonal workers. In addition, many working holiday-makers or other seasonal workers have returned home since the beginning of the year. In our regular consultations with industry and with the states and territories, confirmed availability of labour has been a growing issue. This risk to the availability of labour has resulted in a number of Australian government initiatives, including extending the visas of those in Australia and wishing to stay, relocation incentives for Australian and overseas workers, and the reopening of the Seasonal Worker Program, with two flights of seasonal workers already having arrived from Vanuatu into the Northern Territory.

In addition, the government has announced new independence criteria for youth allowance for those who work in agriculture, and an expanded harvest labour service to advertise available agriculture jobs. Individual states and territories have also introduced incentives to attract domestic workers into agriculture. A further focus has been to facilitate the movement of agricultural workers between jurisdictions through identifying agriculture as a critical industry for the purpose of movement across otherwise closed state borders and the Agriculture Workers Code, given the need for the workforce to be able to move according to harvest needs.

Based on its latest survey, ABARES has undertaken some analysis of possible labour shortages. Labour used in agriculture typically increases from around 315,000 workers in September to a peak of close to 354,000 in February. Labour use remained high in March and April this year before falling back to around 310,000 in May. Overseas workers are important in filling the increase seen between September and February in any year. ABARES analysis shows that between September and February the use of overseas workers in agriculture increases by around 20,000 persons. To the extent that we don't have overseas workers coming into Australia to meet this demand, this could represent the gap. Some of this would be offset by local farmers finding domestic workers, especial given initiatives by Commonwealth and state governments. We're yet to see the full impact of these measures, but, despite the unknowns, this and the EY estimate indicate the gap is significant. As a result, the department will continue to closely work with industry, states and territories, and across the Australian government to develop and implement initiatives to assist industry to address this likely labour shortage in the agriculture sector.

CHAIR: Thank you. Senator Ciccone, hopefully you heard, otherwise it will be in *Hansard*.

Senator CICCONE: Chair, is it possible for that to be circulated via email? Given I'm not actually in Canberra at the moment, it would be great if that could be circulated by the secretariat.

Mr Metcalfe: Chair, we can provide that, ahead of the *Hansard* being available, via email to the secretariat and we can get that to Senator Ciccone.

CHAIR: Terrific. Thank you very much, Secretary.

Senator CICCONE: Today?

CHAIR: Yes, that will happen this afternoon.

Senator CICCONE: Thank you.

Future Drought Fund Consultative Committee

[17:03]

CHAIR: Do you wish to make an opening statement?

Mr Finlay: No, I haven't got one.

CHAIR: Senator Sheldon, we will go to you.

Senator SHELDON: Can you give me an outline of the consultative committee's place and how it played a role in the selection, design and allocation of the funding levels for the programs that were announced by the minister?

Mr Finlay: The consultative committee came together 12 months ago, so we have just been on board. Part of that was to develop the draft plan initially, public consultation, the plan that was tabled in the parliament in February, and then instructed to start to develop the programs—what the programs are that dropped out of the public consultation process in November-December 2019.

Senator SHELDON: Just on some of the processes of the selection process itself, how did proposals come forward to the committee, and what conversations did they have?

Mr Finlay: Around the programs?

Senator SHELDON: Yes.

Mr Finlay: All the way through the public consultation there were a number of very key themes that dropped out, so then we came together with the department with all the records of all the public consultation, and then we started to talk about what the themes potentially for programs would be. And that's how we arrived at the eight programs that were announced by the minister on 1 July this year.

Senator SHELDON: A large number of proposals, I'm sure, came forward, and they were whittled down to a tighter level.

Mr Finlay: Yes.

Senator SHELDON: What are the specifics?

Mr Finlay: Through public consultation, we did over 70 sessions across all of Australia. We met with industry groups, representative bodies but also the general public. We had hall forums, shed forums as well with extensive note taking. It was interesting. The further we went into it, the commonality of what the potential themes would be but also the themes that were very successful with the Western Australian drought pilot, so around the business theme, the business planning theme—that was a very clear indicator of what was successful in the WA drought pilot, and then that fitted through what we heard on the road.

Senator SHELDON: The committee, as you say, had a number of suggestions put forward to them. Am I reading this correctly that the eight programs—is eight correct?

Mr Finlay: Yes.

Senator SHELDON: And they totalled \$89.5 million.

Mr Finlay: There were eight programs announced by the minister on the 1st. And then one of the programs, which is the research and adoption hubs—it was once put forward that there would be two hubs. The level of interested in those hubs—of course, being Australia, every state wanted a hub, so that was expanded to eight, and then that program was topped up.

Senator SHELDON: Is that part of the \$89.5 million?

Mr Finlay: Yes, that takes it to the \$100 million that is allocated to be released this financial year, and that is on track.

Senator SHELDON: Have there been concerns raised? I note that, when the minister made the announcement about the Future Drought Fund program, the rollout was to start from July 2020. How did you see that rollout progress?

Mr Finlay: I guess to be able to make the announcements in July 2020, which was what was done, around the programs, and then you go through the process of further developing the programs, if they need more work, and some do and have done. Also the minister announced one of the programs actually opened in July. More programs opened in August, and the tendering process for another one was actually announced today.

Senator SHELDON: What's the time line for the programs to actually be taking action? When do the invoices come in, for want of a better word?

Mr Finlay: We expect on four programs that announcements that have been open and applications have been sought and those programs have been reviewed by an independent panel of the successful applicants that there will be four programs that will be announced before Christmas.

Senator SHELDON: I appreciate the programs are being announced, but what's the time line of the activity? Maybe I'm missing something here very straightforward, but can you just explain the time line?

Mr Finlay: I said 'programs', but I meant the successful applicants will be announced.

Senator SHELDON: I see.

Mr Metcalfe: There is a sort of handover point between the role of Mr Finlay's advisory committee and then the action that this needs to be taken by the department to implement those decisions, so, if you want to explore those issues, I have the officers here who can assist.

Senator SHELDON: That might be useful based on the other questions I need to ask, just to clarify any questions that I might raise. If we're saying that the rollout is starting from July this year—and that's what the minister said in the statement. Rollout to me means work being put into the field. I think that's the colloquial way of saying it: rollout meaning a roller—you start to build the road! It doesn't mean: 'We're going to think about building the road. We're going to design it and do all these other things.' So when do we actually start getting feet on the ground actually doing the work?

Looking at the timing of the rollout, it appears that at least some of the projects are decided, as you say, for later this year—decided about who's on the list, finally—and then we have some that won't be decided until—if I understand this correctly—July next year.

Mr Finlay: There's a lot of negotiation, particularly with some of the programs that are linked to the states, and those negotiations are being undertaken by the department.

Senator SHELDON: But can you confirm if I'm correct or if I'm misreading this: are there some programs that won't be commencing until July next year?

Mr Finlay: I think the feeling from the consultative committee is that, as soon as the work is done, it will be rolled out. The plan, as I said, is still 100 million goes out in this financial year.

Mr Metcalfe: Ms Connell can provide you an update, Senator. Effectively, the division of work is that Mr Finlay and his committee consult and advise. The minister makes decisions. It's then up to us to actually get on with the job, and that's what Ms Connell and her people are doing.

Ms O'Connell: There are a number of programs that have been out and have closed, and assessments are being made and underway in projects likely to be announced later on in this calendar year, so in November or December, and then funds will be spent on those programs very early next calendar year. That's for four programs where that has happened. It's fair to say that for the drought fund this is the first year, in terms of the 100 million. There are some design elements for some of the components, and they're quite significant and they will have a long-term, lasting effect. So there needs to be effort put into those design components. But it's still on track as intended for the full 100 million to be spent this financial year.

Senator SHELDON: Thanks for that. I want to get to that point about the 100 million. Does the committee know why the program has taken so long to establish and open? Is there a feeling of delay? And has the committee discussed the matter with either the minister or the department?

Mr Finlay: We meet regularly. We've had 17 video conferences since COVID started and are regularly updated where the programs are, and we also—

Senator SHELDON: Sorry; is that 17 with the committees themselves?

Mr Finlay: And department. Again, as the secretary said, there's a lot of work in setting this up in the foundation year for ongoing years, and the committee's very keen to make sure that that is done thoroughly. There's a lot of detail to get across. And also, some of these programs are evolving on when they were released in July—we also got a lot of feedback about the programs and particularly the hubs that I mentioned earlier on and wanting to expand them to eight. And we take that on board as a committee and also then advise the minister.

Senator SHELDON: In principle 4 in the funding plan it states that funding:

not duplicate or replace existing Commonwealth, state, territory or local government funding programs, and will aim to improve the coordination or integration of existing Commonwealth Government policies, frameworks and programs where they meet the Fund's purpose

How does the funding of the Natural Resource Management Drought Resilience Program differ from the natural resource management building drought resilience program?

Mr Finlay: Again, through the public consultation. The fund is very much about agricultural landscapes and the communities in rural and regional Australia. And so we heard a lot about the desire to improve the biodiversity, the soil carbon, the quality of the landscapes in which we farm, and that was right across Australia

we got that message. And, therefore, it's a program that sort of dovetails into that—that's what those programs are—along with the grants process as well.

Senator SHELDON: I'm sorry; maybe it's me, but what's the difference between those two programs? How does the Natural Resource Management Drought Resilience Program differ from the natural resource management building drought resilience program?

Mr Bover: Senator, I think what you're referring to—and correct me if I've misunderstood—is that we have under the Future Drought Fund a natural resource management program. There are two components to that program: there's a \$5 million component which is called natural resource management—landscapes; and there's a \$10 million component which is called natural resource management—grants. The landscapes component is targeted at regional natural resource management bodies, so it's only open to them, and it's about their role in supporting drought resilience at that NRM region level. The grants process, which has opened now, is open to all through a competitive grants process, and it's very much targeted at finding innovative and transformational opportunities to improve drought resilience.

Senator SHELDON: Thanks for that explanation. I appreciate it. I understand that the Natural Resource Management Drought Resilience Program is for \$10 million, and the information says:

The program will provide grants of between \$20,000 and \$200,000 to organisations, farmer groups and individuals to build drought resilience on agricultural landscapes.

A competitive grants process for organisations, farmer groups and individuals opened on 29 September 2020.

Is that correct?

Mr Bover: Yes.

Senator SHELDON: It continues:

Funding for successful applicants is expected to be provided for activities to commence in 2021.

Is the committee concerned, or have there been concerns raised, that the announcements for the Future Drought Fund programs are starting to roll out not from July 2020 but actually from 2021?

Mr Finlay: No. Again, as it's a foundation year, it's about making sure that we get this right. We build these programs, hopefully for a number of years, so we need to be very methodical and do what we need to do and then also invite the applications that come in. Then there's an independent panel, separate to the Consultative committee, that assesses all those application.

Mr Bover: If I may add to that, Senator, I take your point earlier that 'rollout', to you, means on the ground. We, of course, have to comply with Commonwealth grant guidelines and procurement guidelines and so forth. So that's what we're setting about doing now. On 1 July, the programs were announced and we kicked into an implementation phase, and we've moved very quickly on that. As Mr Finlay mentioned, we'd opened the first program by the end of July, we opened two programs in August, we've opened another one just recently, and we hope to open another one very soon as well.

Senator SHELDON: Thank you for that explanation. Regarding the proposal next year to develop the interactive digital platform, have you engaged a provider to prepare the design for that platform?

Mr Bover: Sorry, Senator?

Senator SHELDON: I understand that it will take until next year to develop the interactive digital platforms. Is that correct?

Mr Bover: Work is underway. In fact, I think Mr Finlay mentioned just a moment ago that a process was opened just today. That process is to select a provider who will work with the department and relevant stakeholders to design and build that platform over the next six to nine months—that's right. But it's not that there won't be anything until the end of the financial year; it will progressively be built over the next nine months.

Senator SHELDON: The Climate Services For Agriculture Program is 'an interactive digital program bringing together a variety of climate information specifically for farmers and the agricultural sector'. We've talked about this a bit before, in the previous presentation. The information continues:

It will help farm businesses anticipate and plan for the impacts of a variable and changing climate.

A provider will be engaged shortly to design the service, which will include a consultation phase with end users to ensure it will meet their needs.

Is all that correct?

Mr Bover: Yes.

Senator SHELDON: Thank you. It continues:

The first phase of the platform is expected to be operational before 30 June 2021.

Is that correct?

Mr Bover: Yes, it's all correct.

Senator SHELDON: We've got an announcement.

I'm excited to announce the Future Drought Fund's programs are starting to roll out from July 2020.

That was from the minister. It shows an intention to give the impression that it's all rolling out and is full steam ahead. In fact, the reality is that there's a whole series of steps and delays, and there is one project which doesn't come into its full form for the first phase until 30 June 2021, nearly 12 months after the rollout. Isn't there some concern at misrepresentation about what this program was actually able to achieve and what the length of time and time frame was?

Senator Ruston: Not at all. I think the officers have answered very clearly, as has Mr Finlay as the chair of the advisory group, that when you're talking about building programs that are going to, quite often, go for many, many years, the first stage of the rollout of those programs is to build the infrastructure in which they're going to be delivered. So I think it's a misrepresentation to suggest that they're delays. They are an absolutely fundamental part of building a drought resilience program that's going to stand Australia's farmers in good stead over the coming years. So, no, I don't agree with your statement.

Senator SHELDON: I'm not getting so much into the allocation of the funds at this point. We'll keep an eye on that, but what I'm saying is that when a minister gets up and says, 'We're rolling out,' and it's 12 months later before even the first phase of an important part of the project is actually starting to roll out, that's a misrepresentation. It goes back to the question of whether making an announcement and actually having the work done for it to actually happen are two different things.

Senator Ruston: I think you're interpreting the words of the minister when he made the announcement in relation to this important program as meaning something. Clearly, understanding the way a long-term program operates, we're not talking about a one-off expenditure of money on a particular thing; we're talking about long-term programs that run over many, many years. You've chosen to interpret the words of the minister in a particular way. I believe the minister's intention was clearly exactly what is being achieved at the moment by this responsible development of these ongoing programs. I think the minister's words were completely accurate.

Senator SHELDON: I think we're going to beg to differ, because—

Senator Ruston: Indeed, and that's fine.

Senator SHELDON: when you use the word 'rollout' colloquially when you're talking to the general public they would take 'rollout' as, actually, I would.

Senator Ruston: You can choose to interpret it as you like, and I'm quite happy to agree to disagree, as I'm sure you are. I don't agree with you. I believe the minister was accurately reflecting what needed to be done for this very important ongoing program.

Senator SHELDON: I have no further questions, Chair.

CHAIR: Could I go to you, Senator Smith.

Senator DEAN SMITH: I just want to make sure that I'm clear to start with, and then I've got some questions. The Future Drought Fund Consultative Committee informs the Drought Resilience Funding Plan; the Drought Resilience Funding Plan guides the investment decisions on specific drought resilience projects; and there's \$100 million every year, from 1 July 2020, for the Future Drought Fund plan. Is that correct?

Mr Finlay: That's correct.

Senator DEAN SMITH: Great. Can someone talk me through the consultation process that's been gone through in regard to the Drought Resilience Funding Plan?

Mr Finlay: I certainly can. The consultative committee was formed in September last year after it passed through parliament in July. The first role of the consultative committee was to put together, with the department, a draft plan. That draft plan was then presented to the minister. He then instructed the committee to go out and do six weeks of public consultation, which was also contained in the process that went through the parliament—that that was what was required. We then travelled extensively, as a committee, all over Australia having a series of meetings with industry stakeholders, communities, councils, universities—

Senator DEAN SMITH: State governments?

Mr Finlay: State governments and territory governments. It was comprehensive. We did a lot of media around that time as well. The response was fantastic. We actually split the committee in two just to cover the territory. We had a number of regional centres we went to as well as all the capital cities.

Senator DEAN SMITH: Can you provide me on notice with a list of the Western Australian stakeholders that you met—when you met them and where you met them, including discussions with the Western Australian state government—

Mr Finlay: Yes.

Senator DEAN SMITH: and also the Western Australian Local Government Association?

Mr Finlay: Yes. All the way around Australia, local government was generally represented by mayors or the leaders or councillors of the local government entities. It varies from state to state. They were very prominent in our meetings.

Senator DEAN SMITH: To be more clear, I'm really interested in your negotiations and consultations with the WA state government, but, to be polite, I thought I would start big. But that's where I want to get to.

Mr Finlay: Yes.

Senator DEAN SMITH: That's the first point. So you worked with the department, you had a draft plan, and it was the basis for your consultation.

Mr Finlay: Yes, it was.

Senator DEAN SMITH: Can you make that draft consultation document available to me?

Mr Finlay: Certainly.

Senator DEAN SMITH: There have been some criticisms levelled at the federal government from Western Australians, whether they be the Western Australian state government or the Western Australian Local Government Association, with regard to drought funding in Western Australia. How does the government respond to those? They're the subject of correspondence between the WA government and the minister.

Mr Finlay: I'll see if officers can assist me with that, knowing, of course, that on overall drought measures, the North Queensland flood and drought response agency has a whole-of-government perspective on those issues. But I'm not sure if an officer at the table can assist.

Ms O'Connell: Are they specific to the Future Drought Fund or are they more general about drought?

Senator DEAN SMITH: General issues around drought funding. But I will come back to the drought resilience program.

Mr Bover: I believe the program you're referring to is actually managed by the infrastructure department. I know that there was some remedial action, but we might have to take the details of that one on notice. I know it's not within this department.

Senator DEAN SMITH: Perhaps take on notice whether you can provide me a detailed response to those comments made by the Western Australian government in a letter to the minister on 12 December 2019.

Mr Metcalfe: Was that in relation to the Drought Communities Program extension?

Senator DEAN SMITH: That was in regard to financial assistance for drought affected farmers.

Mr Metcalfe: For farmers, as opposed to councils?

Senator DEAN SMITH: Yes.

Mr Metcalfe: We'll track it down.

Senator DEAN SMITH: Where I'm getting to is, how do we ensure that there's a fair, proportionate amount of funding to Western Australian projects or initiatives around drought resilience?

Mr Finlay: This was raised with me in my meetings with the state government and a couple of ministers.

Senator DEAN SMITH: It gets raised with me by the state government and by the local government association.

Mr Finlay: Again, I talked extensively about a contest of ideas, not necessarily this amount goes where. It's actually the ideas, the good ideas, the ideas around drought resilience, whether it's in agricultural landscapes, agricultural farming operations, agricultural communities or regional communities. It is a contest of ideas. That's what hopefully comes forward from all the applicants to the programs.

Senator DEAN SMITH: So the drought resilience program is testing drought resilience ideas?

Mr Finlay: Yes, anything that comes to the table around what actually helps to build capacity and build resilience in the key areas of our landscapes, communities and farming systems, yes.

Senator DEAN SMITH: The competitive process, just drill down in some detail of that for me.

Mr Bover: As has been mentioned earlier, we have effectively nine programs underway, or eight if you don't count that one of them has two components. Each of those programs has different ways in which it's approaching the market, in terms of ideas, applications and so forth. I'm very happy to talk through every single one of them—

Senator DEAN SMITH: No, just the drought resilience.

Mr Bover: The regional resilience planning in particular?

Senator DEAN SMITH: Yes, that's right.

Mr Bover: That's one of the two programs that we're looking to work with state governments and territory governments to deliver. What we're actually looking to do there is essentially to provide funding to the state governments, who then will work with local governments and other stakeholders to invite applications, if that's the route that they go, in order to support the regional resilience planning activities.

Senator DEAN SMITH: And the expectation is that the Commonwealth will make a contribution and state governments will make a contribution as well?

Mr Bover: That's certainly the expectation, yes.

Senator DEAN SMITH: So you could have a scenario where, just for the sake of this exchange, the Commonwealth might commit \$100 million to Western Australia—it wouldn't—but \$100 million in Western Australia, the Western Australian government commits \$100 million as well, but the quantum of the Commonwealth's contribution in other jurisdictions would be set by the level of contribution by that jurisdiction?

Mr Bover: We're not at that point. It's a challenging one to talk about because we're in the middle of discussions and negotiations with each of the jurisdictions and all of them, about not just that regional resilience planning program but also farm business planning program as well. We're at a stage where we've had quite a bit of engagement with each jurisdiction and we're getting a sense of how they would roll out programs within their jurisdictions. We have talked quite a bit with the WA government, who I understand are talking with local councils and others. We're not at the point—

Senator DEAN SMITH: So you understand they are, or they are? We understand from Western Australian government officials that they are engaging with certainly the WA Local Government Association and others. We're at the point now where we've a good base of information from each jurisdiction in terms of how they would see the program rolling out in their jurisdiction, but we're not at the point of decisions being made about how then to allocate the funding and so forth.

Senator DEAN SMITH: So the starting point for each of those conversations, is it a draft document? Is there a document that the Commonwealth brings to the table with each of the jurisdictions to begin that conversation?

Mr Bover: Yes. We've shared a working document with all jurisdictions, which is essentially a program framework. It outlines here's what we're trying to achieve through the program and here's how we would like to go about achieving it. We've tried to structure it in a way where there are certain things that we want to see happen nationally in terms of national consistency and objectives, but we also acknowledge that each jurisdiction is different, and indeed within the jurisdictions there are differences.

Senator DEAN SMITH: So the working document is the same for each jurisdiction?

Mr Bover: Yes.

Senator DEAN SMITH: Can you make that available to me?

Mr Bover: I might have to take that on notice. It is very much a working document, and it's something that's—

Senator DEAN SMITH: Secret?

Mr Bover: Not necessarily.

Senator DEAN SMITH: It's not going to stay secret for very long if you're dealing with seven jurisdictions. If you could take that on notice I would be most appreciative.

Mr Bover: I could take that on notice. The thing that I'm concerned about is giving you a document at a particular point in time, when we're in the middle of negotiations and it will continue to evolve.

Senator DEAN SMITH: If you make it very clear to me that's it a starting point and the expectation is that it will evolve, then I will treat it appropriately. Thanks very much.

Senator SHELDON: I have maybe two quick questions. I want to clarify: this project that I asked about before, which was the climate services for agriculture program, the first phase of the platform is expected to be operational—I gather that 'expected' is not a hard deadline, it's an aspirational deadline—how confident are you that you can meet that date?

Mr Bover: I'd say we're very confident. To give you a sense of what's been going on, there is absolutely action going on. The team working on that has been out engaging with key stakeholders as part of a co-design process to understand what people need and want from that platform. They're engaging closely with the CSIRO and the Bureau of Meteorology, who will be partners in building that platform. They're at the point now of negotiating to provide the CSIRO and the bureau some funding to start the work of developing that platform. Through the course of developing that platform there'll be further engagement with key stakeholders and co-design to make sure that that platform meets the needs that people are looking for. Indeed, we will have something operational by 1 July. We'll do it in collaboration and through a co-design process with our key stakeholders, who we hope will be key users of that platform. So action is very much under way on that one.

Senator SHELDON: The moneys for that program, how are they being allocated now? If it's 2021, how much of that \$10 million that's been allocated to that program would have been spent?

Mr Bover: I expect all of it would be in this financial year, and it will be spent through the Bureau of Meteorology and the CSIRO.

Senator DAVEY: I have a couple of questions on the consultations. I looked up your activities on the website: 73 discussions in 23 locations. On the website it says you identified four priority areas—farm business planning, community initiatives, research and extension and farming and youth leadership. Did you produce a more substantive report than what is on the website?

There are a few infographics, but I couldn't click on an executive summary or anything. I clicked on the plan and that's the plan I got, which is fine but it doesn't outline what you heard through your consultations. Have you got a consultation report that's available?

Mr Finlay: No. We certainly have the list of everyone. Through the process we asked people if it was alright if we identified who they were and what they were, where people said that was okay. There is also the list of organisations that met with us; there are many of those as well.

Senator DAVEY: I did see that you've got links to submissions up there; I just know that other agencies sometimes produce a little bit more of what they heard. The other thing is: the four priorities on the website that you identified through your consultations are not necessarily the same as the priorities reflected in this document. I'm trying to follow the bouncing ball to find out how we got three strategic priorities here from four priorities over here. I can see a link with some of them, but I can't with others necessarily.

Further to that: as these programs are being announced as we go—I note Senator Sheldon's concerns about it not all being spent in one year, but I appreciate that the Future Drought Fund was never a one-year program; it is a long-term program, so I have no concerns about how it's been rolled out and announced—is there a one-stop-shop website that will clearly enunciate all the initiatives coming out under the Future Drought Fund and how people can access them—particularly what grants are available to individual farmers to improve their on-farm resilience and the practical programs as well the other programs? I note one was announced for groups in August, and you've mentioned the NRM ones that have been announced that are for both groups. To Landcare Australia, if you're listening: hopefully you get a lot of your people to apply for those. Is that something that's in the work program?

Mr Bover: Absolutely. We do have a website; you've clearly accessed it, which is great. On our website we have details about the programs that were announced on 1 July and updated since. We regularly update that information on the website as programs open, including with links to the Community Grants Hub, where people can access information around making applications. We also have quite a large mailing list of people who can subscribe for regular updates on the Future Drought Fund; whenever there's any development, we get the word out there. We've got a very active communications strategy in terms of using social media and other channels to make sure we're giving every chance to get the word out there for people to hear it. We're always open to feedback in terms of how to make sure we're getting the information out to the people who need it.

Senator DAVEY: Just finally, you were saying before that you were working with the BoM and the CSIRO to develop an information portal, which sounds great. But I've heard it from a lot of departments—we're talking at the MDBA level for a single source of truth on water, which will be fantastic when it's done. BoM and CSIRO information regarding soil, moisture and natural resource management would be great. If I can put forward a suggestion: can we make sure they're linked? One of the biggest problems we've got is that we have these great

resources that no-one knows about, but they're also so piecemeal to access that it becomes a bone of contention for farmers. In your development of that, can you talk to the MDBA on their single source of truth, because I think they're going to be very relevant to each other. Thank you.

CHAIR: Thanks, Senator Davey. Thank you very much, Mr Finlay. You go with our thanks.

Inspector-General of Biosecurity

[17:40]

CHAIR: I now call the Inspector-General for Biosecurity, Mr Delane. Do you wish to make an opening statement?

Mr Delane: Yes. Thanks for the opportunity. I was appointed on 25 July 2019 for three years as Inspector-General of Biosecurity, as senators know, under the Biosecurity Act. I've got over 20 years experience in biosecurity, including, as Senator Sterle may remember, that I was deputy secretary at DAFF in Canberra in 2009. I have chosen in my three-year term—rather than try and look at the full stretch of the work of the Director of Biosecurity, the secretary of the department—to focus on prevention biosecurity, so pre border and at border, which in my view is the most critical area, in that it's the one for which the Commonwealth has got sole responsibility.

I take a very practical view of things. I think, if something doesn't make sense to the Inspector-General of Biosecurity, then it probably doesn't make sense, and I certainly should have a look at it. I look further, and what is written is all very good, but what actually happens on the ground in warehouses, in ports and airports et cetera is the reality.

One of the things also that's very important in biosecurity is that the critical issue at stake may not be the most obvious, and the root cause for the problem could be somewhere else entirely and it could be the cause of a whole lot of problems in the biosecurity system. So, with that, I've taken a framework approach to things. In other words, it's pretty much 'What does a good system look like?' If we can make a reasonable attempt at that, then we can measure how the system's going to go, and that framework approach is the one I've taken.

There have been two reviews completed to date. One was on the adequacy of preventative border measures to mitigate the risk of African swine fever. The second one, which I know you talked about this morning, was on biosecurity risk management of international express airfreight pathway for non-commercial consignments. There are two reviews which are underway at the moment. One is a review of the adequacy of the department's operational model to effectively mitigate biosecurity risks pre border and at border in evolving risk and business environments, and, most recently, an [inaudible] review at the request of Minister Littleproud—confidence-testing for the critical security functions et cetera, which begins with issues around the *Ruby Princess*. Over to you, senators.

CHAIR: Thank you very much. Senator Sheldon, do you have questions?

Senator SHELDON: Yes, I do. Thank you, Mr Delane. With your extensive experience in biosecurity and risk management strategies, your report, we expect, will be thorough. Could you paint a picture of where the biosecurity system is and whether it's under strain—would that be a correct analysis?

Mr Delane: I think we should always expect that the biosecurity system is going to be under strain because of the very nature of it. Biosecurity is a very complex topic. There is a lull in quite a number of areas, of course, at the moment because of COVID-19. At the time of my appointment, the official forecast of growth in trade and travel at that point was up to 40 per cent by 2025, and, clearly, that's abated. But there are rapid changes in risks pathways, shipping, aircraft and what moves where, and, as I think the secretary talked about earlier today, the Australia Post pathway. It is a very rapidly changing field. So, in that sense, we'll always be under pressure; therefore, commanding a level of agility of the science and the management of resources. That does not always come easy to government departments or, in fact, government budget processes and policies.

Senator SHELDON: You wrote a series of recommendations in your most recent report about the biosecurity risk management of the international express air freight pathway for non-commercial consignments, and you mentioned that in your opening statement. That is the review report from 3 July 2020. You mentioned the adequacy of preventive border measures to mitigate the risk of swine fever, which you touched on a bit earlier, and the effectiveness of approved arrangements in managing biosecurity risks in Australia. Would you say that that area is under extreme strain—you mentioned strain before—which means that we are at a high level of risk? How do you think the department is tracking with implementing the recommendations that you've put forward?

Mr Delane: My recommendations are from two reports, the first of which was [inaudible] the 13 recommendations are roughly, satisfactory, optimal, considerations [inaudible] the key performance area. The

second are the express air freight recommendations, and seven out of the 11 framework areas are assessed by me to be satisfactory. Clearly that's under pressure or is not getting the attention that it needs.

There have been a lot of changes since both reports, including the growth in air freight, parcels et cetera, which has got some quite different risk profiles from what I've looked at. Yes, it's under strain, and the department needs to continue every day of every week to be agile in its risk assessment resource allocation. [inaudible] No, I don't. Do I think the department always does it well? My report and those of my predecessors produced over 300 recommendations. I think they clearly point out that the department still has work to do.

Senator SHELDON: Mr Delane, you're breaking up a little bit there. I just want to be clear. Did you say that there was an area that you thought wasn't getting enough attention, or did I misunderstand you?

Mr Delane: I think it's clear in my report, particularly the air freight report—and it will also be clear in the report that the Senate will see before the end of the year, I think, which goes to the operating model—that the department hasn't had for quite some time perhaps the systemic continuous improvement approach that's necessary for it to be able to improve on a [inaudible] front—you know, to be able to juggle and walk and chew gum at the same time. So there are significant weaknesses. The two reports already highlight some of those. I suspect the next reports will highlight more challenges for the Director of Biosecurity and his team. To a significant extent, quite of a few of those should be expected, but the department does have quite a lot of work to do.

Senator SHELDON: You say that there's quite a bit of work to do, that there are a number of challenges there and that the system is under strain. In your report, one of the issues that you raised concerns about was staffing caps—is that correct? And would you like to explore that a bit further?

Mr Delane: Yes, I did make comment about staffing caps, but in the context of cost-recovered services. It's not the inspector-general's business to comment on government policies, and you won't see [inaudible] comment on those that are specific to a government, but most of the issues in biosecurity are not specific to one [inaudible] certainly not to one policy decision, including budget decisions. The agility needed to deliver cost-recovered services means really being held back by a staffing cap when [inaudible] may well be rapid growth in the trade or rapid evolution of the trade, the need to begin recruiting or sustain recruiting so that you can keep staff up to a growth trend, perhaps including to provide for a surge capacity if that risk assessment says that that's likely. A staffing cap or a recruitment freeze hardly plays to the needs of the department and therefore to the nation in that sort of area.

Senator SHELDON: If I understand correctly, then, you're saying that, to be agile, to deal with changing circumstances and to deal with surge capacity, it raises the part of the issues raised—correct me if I'm wrong here, of course—that staffing caps can further make it more difficult to deal with those sorts of situations or those effective responses? Have I correctly analysed what you've said?

Mr Delane: Yes—a good summary. I mean, without going back to revisit the previous policy decision, the Beale review recommended in 2008 that there actually be an independent authority. A major driver for that was to generate the agility needed [inaudible] the complexities of biology and international trade and travel. That policy decision is way behind us now. The challenge for the secretary, Director of Biosecurity and the team is to try to achieve something like that agility within a department. That is a very difficult challenge, but it's particularly a difficult challenge if you've got particular appropriation models at work that are [inaudible] a lot of [inaudible] and you've got things like staffing caps on cost-recovered programs.

Senator SHELDON: With regard to the review and the adequacy of the department's operational model to effectively mitigate biosecurity risks, pre border and at border, and evolving risk in business environments, when do you expect to complete this review?

Mr Delane: We will put out to stakeholders a summary of the consultation phase for that towards the end of next week. I think we'll complete that probably about the end of November, or certainly before Christmas. Just to summarise, what became clear to me from a lot of consultation and visits around the department's work, during my first year, was that there were a whole lot of underlying issues. There are very important technical complexities. I'm a plant scientist by training. There are a lot of complexities there, but there are a lot of other complexities that come because of the nature of the business that the department needs to deal with. So this goes to: how does the department work that either makes it a very effective risk [inaudible] or potentially leads to a higher than appropriate [inaudible]? So we've been out and consulted with the industry [inaudible] department very extensively. I've had 25 video meetings with [inaudible] organisations in the import sector, and 15 video meetings with various department people. We've brought that together into a consultation report, which will be

out next week, and it will be a major basis for the kind of report which I [inaudible] or aim to complete by the end of November; certainly, it'll be done before Christmas.

Senator SHELDON: Also, would you be able to tell us now—or by all means provide us with a list of the stakeholders who have been consulted?

Mr Delane: I'll take that on notice. If we can provide it now we will, but we're still consulting and will be going back out and seeking some final input. Certainly, that will be part of the final report and that list should be able to be provided or will be able to be seen by you because the report will be released. If those names can't be published, I'm sure we can provide them to the Senate. So we'll take that on notice.

Senator SHELDON: Yes. If you could provide the stakeholders that you're consulting with now, that would be very helpful. I appreciate that you mentioned that that would be an evolving list. But to receive an updated list now and then as the list evolves would be helpful. Thank you.

CHAIR: Thank you very much, Senator Sheldon. That completes questions to the Inspector-General of Biosecurity, and we will now move to Plant Health Australia.

Mr Metcalfe: Chair, while we're waiting for them, I've got a very comprehensive response to the questions that Senator Sterle asked this morning about the farm household allowance. I could read it, but it would probably take 10 minutes, but we can email it to the committee and make it available to Senator Sterle and committee members very shortly.

Senator STERLE: That would be great.

Mr Metcalfe: There were nine questions; they were about application rates and time approvals and that sort of thing. So we've got that for you and we'll get that through to the committee.

Senator STERLE: Tremendous; thanks, Mr Metcalfe.

CHAIR: Thank you, Mr Metcalfe; that is a very good solution.

Plant Health Australia

[17:58]

CHAIR: I now call representatives from Plant Health Australia. Do you wish to make an opening statement?

Ms Corcoran: By way of background, Plant Health Australia leads and coordinates government and industry partnership plant biosecurity in Australia. We're a not-for-profit company that is funded through member subscriptions from all Australian governments and the major peak bodies in our plant industry in Australia.

Senator STERLE: I want to put a question to you about Agriculture Innovation Australia. The AIA role is described as: 'Intended to facilitate joint investment and collaboration in cross-industry issues of national importance, including biosecurity. It is a membership based model with RDCs subscribing as founding members but open to other public and private members.' Would I be correct in assuming that this seems to be almost exactly the same model as Plant Health Australia, albeit with a broader remit?

Ms Corcoran: From my awareness of that company, which has been newly formed, I don't believe so. Their membership base is around research and development corporations that are, as I understand, looking to invest in R&D which would have biosecurity benefits. So I would see them as a potential collaborator for us rather than being in competition.

Senator STERLE: But playing almost exactly the same role as you?

Ms Corcoran: Not essentially, no. Our remit is broader and our membership is broader.

Senator STERLE: Plant Health Australia—you describe yourself as the national coordinator of the government industry partnership for plant biosecurity in Australia. You don't think there appears to be scope for some confusion of roles between the two organisations?

Ms Corcoran: As that company starts to form and mature, we will obviously be looking for opportunities to work with them, and I could apply areas of work and areas where we can collaborate.

Senator STERLE: Was Plant Health Australia invited to join the AIA?

Ms Corcoran: Not at this stage, no, but as I mentioned earlier, I understand that they are a very newly formed company.

Senator STERLE: Do you see Plant Health Australia's role changing with the creation of AIA?

Ms Corcoran: No, I don't. Our role, as I mentioned, is we lead and coordinate the national plant biosecurity system in conjunction with industry and government. One of the things that we are particularly focused on is assisting industry and government in emergency plant pest response. We are the custodians of the deed, which is a

legally binding document between governments and signatories of affected parties of industry. That is a significant part of our work and one that we will continue.

Senator STERLE: What's the outlook for your ongoing budget? Did you get the same amount of money? Were there any increases this time around?

Ms Corcoran: As I mentioned, we are member funded, through subscriptions. Those subscriptions go towards the activities that I mentioned earlier, particularly those in relation to emergency plant pests. We also receive non-subscription payments which we utilise for projects that will enhance biosecurity for our plant industries in Australia.

Senator STERLE: What are the major challenges for your organisation in the near future?

Ms Corcoran: There are a number of challenges, which I understand have been discussed today throughout the proceedings, in terms of biosecurity. The risk profile is one that we monitor. We realise that we need to be adapting to and looking at new methodologies and the ways that we prioritise investment—that is part of our role. Working with others, collaborating with others to address those risks and making sure we are as prepared as possible is a particular challenge for us and is one that has always been there. The current environment and climate for our agricultural industries here in Australia have been particularly challenging. That said, we have seen strong support amongst our members and, in fact, that's continued to grow.

Senator STERLE: Is funding availability a challenge for Plant Health Australia?

Ms Corcoran: I wouldn't say it's a challenge, but we certainly look for opportunities where funds may be available for investment in plant biosecurity and other biosecurity related activities.

Senator STERLE: Thank you very much. Chair, I'm ready to move to Hort.

CHAIR: Thank you very much for your time, Ms Corcoran. Please go with the committee's thanks. Mr Metcalfe, what are the chances of us seeing Horticulture Innovation Australia prior to the dinner break?

Mr Metcalfe: We've been calling Horticulture but we are having trouble contacting them, because they were expecting to be on at 8:30—

Senator STERLE: Is RIC available?

Mr Metcalfe: We're trying both Horticulture and RIC and we now have Mr Snell online.

Hort Innovation

[18:08]

CHAIR: I welcome Horticulture Innovation Australia. Do you have an opening statement?

Mr Snell: Sorry, but my colleagues haven't joined me yet. As chairman of the company, I'm available for the start of this Senate estimates hearing for Horticulture Innovation Australia. We have been providing our services to our levypayers, our stakeholders, over a matter of 37 industries, which is quite a complex model. We are ready to answer the questions you might have for us today.

CHAIR: Thank you very much, Mr Snell.

Senator STERLE: Thanks, Mr Snell. If you've got the answers at hand, it would be great; if you don't, you can take it on notice. Can you tell us how many staff Hort have?

Mr Snell: We have 89.7 full-time employees.

Senator STERLE: And you've got part-timers, casuals and contractors on top of that?

Mr Snell: There are a few, but they would not register as a full-time employee. So, the number is 89.7.

Senator STERLE: Have you announced any redundancies lately?

Mr Snell: Yes, we've had a couple of redundancies.

Senator STERLE: How many, Mr Snell?

Mr Snell: I believe about three or four in the last six months.

Senator STERLE: Have you had a high turnover of staff recently?

Mr Snell: Yes, we've had around 27 per cent of turnover over the last six months due to a change in the direction of our model, responsibilities and project work, requiring different skills and new resources to fulfil the roles. I must admit some of our turnover has been because we are the breeding ground of freight people and we do get people coming and taking a few of our good employees away from us.

Senator STERLE: So, of the 27 per cent turnover, only three or four redundancies. They're full-time employees—they just left the business, did they?

Mr Snell: Yes, they either have gone to improve their roles, or circumstances are that they no longer wanted to work for the company.

Senator STERLE: What about over the last four years, Mr Snell—how are the numbers of turnover been? Is this just been a high year, a low year, an average year?

Mr Snell: I think over the last 18 months we have had turnover figures of around 20 per cent due to a reconfiguration of the business and that has contributed to it. We're at the end of that process at the moment. We believe that all the roles are being filled. We have nine vacancies at the moment, and they are being recruited as we speak and will be in position in the next couple of weeks or—

Senator STERLE: Mr Snell, with the large turnover, has that been an impediment to your operational performance like holding onto corporate knowledge?

Mr Snell: Let me say, with the COVID-19, it hasn't been easy. One of the new strategies was around adoption and extension and, with that, we have taken on some new people. That was done in April, and some of those staff have not even actually got outside. Their roles are in the field advising and giving help to our levypayers. So, some of those people haven't actually seen the light of day with regard to their day-by-day jobs. That's been a real issue. But, other than that, the staff have been recruited for the specific jobs that the organisation needs.

Senator STERLE: Mr Snell, has Hort Innovation overspent any industry funds over the last three years?

Mr Snell: Not really; I don't think so. I think we've been within budget on every aspect of our business. Unless you have a specific figure, [inaudible]

Senator STERLE: No, I don't. Sorry for jumping ahead, but this doesn't happen very often in this committee. So we're quite chuffed at the moment, especially after the last two days. Mr Brand, I was just asking Mr Snell if any funds have been overspent over the last three years, and Mr Snell has said not to his knowledge. Do you have any knowledge?

Mr Brand: We came very close to overspending on our Vegetable Fund. But, because of the forecasting that we do for levies, it's all based on forecasting. And then, when the levies come in, we then have to cut the cloth accordingly. With the Vegetable Fund, a couple of years ago, the organisation did come close to overspending, but that was rectified. We do have instances where industries request investing ahead of the curve, but that's taken on a case-by-case basis. If they do overspend, they then have to repay the money.

Senator STERLE: Are there any examples of that happening at the moment?

Dr Anderson: There is an example in the Custard Apple Fund. We invest in a breeding program. We have committed against their priorities; it's their major priority, being a small fund. That's an instance where they have spent slightly ahead of their funds so that they can do that high-priority work. With a small fund, it can be difficult to fund high-priority work with smaller fund amounts.

Senator STERLE: What's a small fund—how much?

Dr Anderson: We have several funds that collect levies of under \$200,000, and some of them are for smaller tropicals such as custard apples, passionfruit and persimmons. They're some of the smaller research and development funds.

Senator STERLE: Thanks for that. Has there been a change to your corporate cost recovery model lately?

Mr Brand: There are three components that make up corporate cost recovery. The approach we're taking to corporate cost recovery is a work in progress, but we've taken three components of corporate cost recovery—base, shared and fund. Now we've got base, and we've combined the shared and the fund components of corporate cost recovery. The reason we've done that is that it's not one size fits all. Some of the larger industries felt that they were cross-subsidising the smaller industries, so that was why corporate cost recovery was brought in. We've capped it this year and made sure that no-one is paying any more than last year. In fact, most industries are paying less than they did the previous year. So it's an area we're working on all the time, and it is a work in progress.

Senator STERLE: Tremendous. Thank you. Has that that change been communicated to the levypayers?

Mr Brand: We had a peak industry body forum three or four weeks ago. We haven't communicated the good news—that no-one is paying any more. Everyone was aware that we have corporate cost recovery, and we are in the process of recommunicating out to everyone that we've actually worked with the board to ensure that no-one is paying any more for this year. So it's actually a good story. We just haven't had a chance to communicate that out.

Senator STERLE: No worries. But is this new change going to provide greater or lesser transparency for levypayers?

Mr Brand: It will probably be much the same as last year. We've been very open and transparent with corporate cost recovery to each relevant industry. The approach we're looking at is trying to continue to lift the transparency, hence why we've committed to at least twice a year having peak industry body forums. Every six weeks, we also send out an email to the industry bodies. If there's anything of any real note, I'm also sending letters out to my counterparts across the PIB so they're in the loop.

Senator STERLE: Good. Based on your budget for 2020-21, can you give us a percentage of grower levies that will be charged for corporate costs recovery under the new model? Do you have that figure?

Mr Brand: Yes. It's a little bit difficult to provide an average across all the industries. But, as an example, we split it into R&D and marketing. The total cost recovery for R&D for this coming year will be \$8.6 million. It's down from last year, which was \$8.7 million. With marketing, it increased slightly this year versus last, from \$3.6 million of total corporate costs for marketing to \$3.9 million this financial year. That's reflective of the additional activity that we're doing in the marketing space. We've reset our marketing function to help drive more consumer demand. In the past, before I started at the organisation, the marketing function was very promotions driven; we're now more strategy driven and working with industry to relook at how we can drive consumer demand both domestically and internationally.

Senator STERLE: Does Hort have a strategic investment fund?

Mr Brand: The organisation has a centralised strategic reserve, which is money that came across when HAL changed into Hort Innovation. That reserve is used at the board's discretion, when an emergency or calamity—a flood, a fire, a cyclone—impacts an industry. Obviously, this year we've had floods, fires and COVID-19. The fund is utilised for industry, but it's at the discretion of Hort Innovation's board how that money is allocated against certain projects.

Senator STERLE: It's more of a rainy day fund, is that right?

Dr Anderson: It's a reserve fund for when there's an emergency and our funds can't meet the expenditure of their current commitments. For example, there might be a cyclone in bananas and they can't get their current projects and commitments funded.

Senator STERLE: That leftover money from HAL—was that made up of growers' levies, or was there government money in it as well?

Dr Anderson: It's made up of levies. It's a centralised strategic reserve. The R&D levy reserve, when it's expended, can be matched with Commonwealth funds.

Senator STERLE: Okay. While we're breezing through, let's see if we can get this finished. It would be good if we could. If we can't, we'll have to come back after the dinner break. I want to talk about Good Mood Food. Was the Good Mood Food marketing campaign funded out of that fund, that leftover HAL money?

Mr Brand: It was a combination. The majority of it was from a centralised strategic reserve. Some of the industries also put additional money in to help amplify the program. We got some really good momentum off it, and some of the industries invested some of their own funds in it as well.

Senator STERLE: I'm led to believe that the funding for the program was drawn from strategic reserves—\$2 million from the marketing reserve and \$1 million from the R&D reserve—is that correct?

Mr Brand: That's correct.

Senator STERLE: Can you tell us, Mr Brand, what formal consultation did Hort have with industry and growers prior to commencing the campaign, particularly given it was funded exclusively by their levies?

Mr Brand: Yes. The approach we took was that when we were hit with COVID-19 we saw an opportunity to show some leadership—don't waste a crisis, I guess—and to address the issue of very erratic consumer behaviour. We also saw an opportunity in the fact that people were being forced into isolation. We saw an opportunity to help drive health nutrition messages and to remind people to purchase fresh fruit, vegetables and nuts. Because over 24 industries have a marketing levy, we decided to develop a program and then go back out to industry—and that's where some industries said they wanted to contribute additional money to help amplify the base campaign that we'd funded through the strategic reserve.

Senator STERLE: We understand that some industry bodies were briefed the day prior to the launch of the campaign. Is that correct?

Mr Brand: I'm not sure about that. I did talk to a number of large growers, and I know some of the team did talk to a number of the industry bodies to give them the courtesy of telling them that the campaign was starting. But we certainly have communicated far and wide the media schedule, the activity that we're doing. We also got a lot of support from people outside of horticulture but who are related, like the health nutritionists who were

supportive of what we were doing, driving the healthy nutrition message. When we launched the campaign we made sure all the industries were aware of it, and throughout the [inaudible] mechanism, we then tapped into each industry that had a marketing levy to give them an opportunity if they wanted to invest more of the levy.

Senator STERLE: As you said, it's not a case of 'don't waste the crisis'. I get that, but I'm just trying to establish were some bodies only just briefed the day before the launch?

Mr Brand: That's probably true. I'd have to go back and check with some of my team. Certainly we wanted to get it all sorted and ready to go. My concern was that if we waited on getting 26 industries to agree to the look and feel of the campaign, the messages, we would still be looking at the font size and colour!

Senator STERLE: Sorry, I shouldn't laugh that loud. Can you tell us what metrics and evaluation process has Hort Innovation used to derive a return on investment to industry for this campaign?

Dr Anderson: Through the research and development component of the funds and for the R&D response, as you said, there were R&D funds and marketing funds. We have broad based data insights projects that we're funding through the R&D component to provide that preparedness and response to COVID-19, because having the data and the attitudinal response to the community on COVID-19 is important to respond. A part of that is the monitoring and evaluation project. That is currently under way. They are looking at the benefits, doing a cost-benefit analysis. They're doing their qualitative assessment of the project currently of the potential benefits over a long period of time. I'll correct myself—it is not a cost-benefit analysis in this instance; it is an evaluation of the effectiveness, efficiency and process appropriateness.

Senator STERLE: You can take it on notice should you need to consult further, but would that information be available to the committee?

Dr Anderson: Yes, that report will be made available.

Mr Brand: Because the Good Mood Food campaign is still going, for ongoing measurement and evaluation, as results come in, we have been updating industry. I wrote to every peak industry body with an outline of the campaign, gave them the full briefing, including sharing the current research results. We're more than happy to provide you all with those results because they are very, very impressive results.

Senator STERLE: Good, tremendous.

Dr Anderson: It was undertaken by Acil Allen Consulting.

Senator STERLE: Can you tell us what consultation with industry you had before commencing this project?

Mr Brand: I let the industries know that we were doing a campaign in response to COVID. I did talk to a number of large growers who also represent lots of other growers who grow for them to get their feedback. That wasn't to seek their approval, because we were locking and loading. My view is that we're in a crisis and we needed to show some leadership and really tap into some of the work that's been going on for years but really hasn't moved the needle, which is trying to get people to consume more fruit, vegetables and nuts. Our view was: don't waste the crisis, let's get people not eating Mars Bars but eating bananas.

Senator STERLE: I can't argue with that. I want to go to the levy payer register and I probably have about 13, 14, 15 questions. Is it true that Hort Innovation commenced the process of commissioning a levy payer register?

Mr Brand: That's correct.

Senator STERLE: If so, has this decision been ratified by the board?

Mr Brand: Yes, it has.

Senator STERLE: What formal consultation process did Hort have with industry and growers prior to commencing the process?

Mr Brand: Three years ago, when a levy-payer-register approach could commence for agriculture, my understanding, from conversations with the department, was that a number of industry bodies were interested in pursuing a levy payer register. We had it on our list of things we were going to do, and industries knew that we were looking at a levypayer register. We communicated that on numerous occasions, and, in my two years at Hort Innovation, it had been raised at a number of meetings, including a previous AGM. We've just commenced the first stage of the process, which is getting consultation from industry, the peak industry bodies, but also the sales agents, which is the process that you go through.

Senator STERLE: Do you have evidence that the industry and growers want you to set up a levypayer register?

Mr Brand: Yes. So far amongst the peak industry bodies, let's say we've got a third that are in favour, a third that are undecided and a third that are against the levypayer register.

Senator STERLE: I am sure that you will work your way through that. Has the department of agriculture given you any indication that the levypayer register should be created?

Mr Brand: With the relationship we have with the department, obviously there are a number of other RDCs that have got levypayer registers or are in the process of it. We've been working with the department around looking at exploring it. That's all we're doing—stage 1, which is exploration—and the department have provided some good assistance in making sure we talk to the right people within the levies department.

Senator STERLE: What is the expected total cost of implementing a levypayer register?

Mr Brand: The first stage is \$76,000. Setting up stage 2, which is after we've written a letter to the minister of the day requesting a levypayer register, will be approximately another \$200,000 to \$280,000. Then the ongoing maintenance of a levypayer register for Hort Innovation across all the RDCs will be somewhere between \$10,000 and \$17,000 per annum for the next 10 years.

Senator STERLE: Each year for the next 10 years or is that the whole figure?

Mr Brand: It is \$10,000 to \$17,000 per annum for the next 10 years.

Senator STERLE: Is this fully funded by the grower levy?

Mr Brand: Yes, it is.

Senator STERLE: Is it true that Hort Innovation has agreed to participate in the cross-RDC special purpose vehicle?

Mr Brand: Yes.

Senator STERLE: Has this decision been ratified by the board?

Mr Brand: In principle, yes, but we've got a board meeting tomorrow. So yes.

Senator STERLE: Alright. I won't ask you to pre-empt the outcomes of the board meeting. You couldn't possibly do that. Has there been any formal consultation with the industry and growers around this decision?

Mr Brand: Not at this stage.

Senator STERLE: Has Hort Innovation explained to levypayers what implications there might be for industry levies and matching funding of levies if Hort Innovation participates in the cross-RDC special purpose vehicle?

Mr Brand: No, but when we do, I think we'll be able to provide them with the benefit of the fact that we can do large multi-industry projects through our co-investment model, similar to what we've got with our industry-specific co-investment model, which is called Hort Frontiers.

Senator STERLE: I want to go to a question on the board selection and the constitution. With such an obviously popular resolution amongst members, has Hort Innovation considered that there may be other similar popular changes which could be made to the constitution which should be supported and not obstructed by Hort? That goes to where you've made the changes of selection of directors.

Mr Brand: Two changes were voted on two weeks ago at the EGM. One was that all growers get to elect the directors. The other one was that the term of directors is now capped at six years, so there are two lots of three-year terms. We're open to any opportunities. If people want to put changes forward, they go through the normal process of any constitutional change for a company. So we would be open to other changes if they came forward.

Senator STERLE: That's very encouraging. We understand that the panel composition is a representative from the Commonwealth, an independent, an industry representative and a representative from the current Hort Innovation board. Is that correct?

Mr Brand: That's correct.

Senator STERLE: We understand that Robert Clark was listed as the Hort Innovation board representative and chair of the panel in the publicly available Director Applicant Information Pack 2020. Is that correct?

Mr Brand: Yes.

Senator STERLE: We also understand that Mr Clark stood down from the panel and the outgoing chair, Mr Snell, became the Hort Innovation representative and the chair of the selection panel sometime before the board director interviews. Is that correct?

Mr Brand: Yes.

Senator STERLE: Can you tell us why there was a change on the selection panel? I'm happy for Mr Snell to add to that.

Mr Brand: I'll throw to Chairman Snell, who's on mute.

Mr Snell: Professor Clark came to me and said that he wished to stand down from that position. He had some feelings that he was conflicted. I went to the board and asked them to reconsider a nomination. The board unanimously asked me to do that role, so I did, which was normally my role anyway. So I participated in sharing that committee.

Senator STERLE: Thank you, Mr Snell. I'm just trying to establish, through that process, did the levypayers actually get a say?

Mr Snell: A levypayer has a representative that had been canvassed three years before where there was a collection of people who were interested in doing that role. That was done by the department, and that is confidential. We don't know who it is. Each year they put forward a person. This year it was Mr Hamish Mitchell from the nursery industry, and he did a great job.

Senator STERLE: But when you replaced Mr Clark, would you go to the growers and all the levypayers normally to say, 'Hang on, we agree'?

Mr Snell: No.

Mr Brand: It's part of the constitution. I'm sorry to interrupt. It's outlined in the constitution, so we follow what's in our constitution.

Senator STERLE: Alright. I'm sure that'll be a good talking point around the barbeque and most growers communities. I'll hand over to Senator Ciccone.

Senator CICCONE: How much does Hort Innovation pay to be a member of Agriculture Innovation Australia?

Mr Brand: At the moment, we're just working through that. But it will be up to a maximum of, I think, \$500,000 in the initial stage.

Senator CICCONE: When will you be in a position to know?

Mr Brand: The company's only two weeks old, so I hope in the next couple of weeks we should be able to confirm exactly the number.

Senator CICCONE: Just very quickly, you engaged EY, who put together a report with respect to a seasonal horticultural labour demand and workforce study.

Mr Brand: Correct.

Senator CICCONE: Why did you engage EY? What prompted you to put together this report?

Mr Brand: I guess the reason is that we see that we have a role as a leadership group in horticulture to provide data and information to help industry. EY had already done some work in this space, and it was a continuation of a project that had been initiated with one of our peak industry bodies in AUSVEG. It was a great opportunity for us to meet a need that we saw in terms of providing more data and information to help quantify the challenges that we had with COVID. Obviously, with COVID, the rulebook was thrown out the window in terms of the way people were able to get access to workers et cetera.

Senator CICCONE: Is this the type of data that you would have expected to come from the department or ABARES?

Mr Brand: It's a combination. From ABARES to the department, I'd see that as almost top-down. The EY report was more of a bottom-up, so it was a great opportunity to combine a number of data sources. I think the work that ABARES and the department did was really helpful as well. The EY paper just quantified it more because we went directly to growers across seven production regions where we identified there were challenges and issues.

Senator CICCONE: And it's fair to say that those challenges and issues, and the fact that we've identified there's a shortfall of around 26,000 in the labour workforce, are not things that we knew about until EY put the report together?

Mr Brand: I think there was certainly information from the state and territory governments, asking lots of questions about what the challenges were. As Hort Innovation we don't get involved in agri political, so I got a number of state and territory departments to talk directly with industries like the Australian Table Grape Association and Citrus Australia. So there was information around. The department was also doing a lot of work in collating information.

Senator CICCONE: It sounds like there was a lot of work and a lot of information, but that no-one actually put it together until now. The report said that it's a public report. Does that imply that there's a not-public report, like an embargoed report? Or is this the report?

Mr Brand: That's a good question.

Dr Anderson: There could be one with raw data in it.

Mr Brand: I think the only thing we'd say is that there would be raw data which wouldn't be publicly available because we aggregated the data. There would be a private report with the raw data which wouldn't be available for the public.

Senator CICCONE: Okay. EY was engaged on 2 July 2020; is that something that you're able to share with the committee, even if it is partly redacted—what the engagement agreement was?

Mr Brand: In terms of the procurement process and the brief, do you mean?

Senator CICCONE: I'm just looking at the report and there's a thing here called the engagement agreement on 2 July 2020.

Mr Brand: Yes, that's just the brief—

Senator CICCONE: Are you able to share a copy with the committee?

Mr Brand: I think we can do that.

Dr Anderson: Yes.

Mr Brand: It's basically the brief that was written—sure, we can do that.

Dr Anderson: It's called our research agreement.

Senator CICCONE: Whatever information you can provide to the committee, that would be great.

Mr Brand: No problems.

Mr Metcalfe: Chair, just for absolute disclosure: the CEO indicated with the EY report that part of the awareness was that Horticulture Innovation Australia had known that EY had done earlier work for AUSVEG. I was involved in some earlier work for AUSVEG, but, again, I'm just restating my advice to the committee that of course I've had nothing whatsoever to do with the more recent work that the senator has been referring to and that I've had no contact or ties with any work from EY since my appointment as the secretary on 1 February this year.

CHAIR: Thank you for that disclosure, Mr Metcalfe.

Senator CICCONE: Just following the secretary: does that mean, Secretary, that you did any previous work with AUSVEG?

Mr Metcalfe: I was a partner in EY. We had an extensive practice in agriculture, and one of the teams I was involved with did undertake work with AUSVEG in past years, yes.

Senator CICCONE: The work that AUSVEG had done before Hort—

Mr Metcalfe: Yes. From my recollection, the work was more associated with export programs and it didn't go to labour force issues. But I just wanted to reassure the committee that of course I've had absolutely nothing to do with any of this work.

Senator CICCONE: Thank you, I appreciate that.

CHAIR: Thank you very much. Thank you very much to Horticulture Innovation Australia. You go with our thanks.

Proceedings suspended from 18:44 to 19:45

Regional Investment Corporation

CHAIR: Welcome back everybody. I now call representatives from the Regional Investment Corporation. Do you wish to make an opening statement?

Ms Smith-Pomeroy: Yes, we would, thank you. Regional Investment Corporation is helping to build a stronger regional Australia through its affordable loans for farmers and farm related small businesses. We're now early into our third year of operation and we've continued to deliver outcomes with more than 550 loans valued at over \$730 million being approved during financial year to June 30 2020.

Since the RIC was established in July 2018 and up to 30 September 2020, more than \$1.26 billion worth of loans have been approved. Most of these loans went to farmers across Australia, managing or recovering from the what the Bureau of Meteorology has said is the worst drought on record. So far in this financial year in a three-

month period we've have received more loan applications than we approved in the entire last financial year, and it's clear that farmers and the agricultural industry see financial benefit and value from our loans.

In July this year we surveyed over 300 of our farm business loan customers with 81 per cent saying that the RIC provides them with greater confidence in that long-term future in the agriculture industry. Eighty per cent of our customers also agree that the RIC is contributing to regional economic growth and investment.

The unprecedented demand that we have seen has resulted in significant delays to our processing with a RIC loan taking an average of around 11 months to settle from receipt of a completed application. We know this is taking too long and we're working hard to reduce it.

We've set ourselves a loan-processing target of 80 per cent of our loans being delivered within 65 days, excluding time with third-parties such as banks and the customer, and we aim to achieve this target by the end of the current financial year. To do this we've quickly gone about expanding our teams since the federal government announced in July 2020 an additional \$50 million for operational funding over four years. As at the end of September we'd appointed an additional 38 team members, mostly contract staff, to support the immediate demand. It's also worth mentioning that our lending services partner has increased their staff numbers with 33 additional staff appointed this financial year for loan processing. Appropriately experienced loan assessors are in high demand at the moment in the current economic environment, so we are competing with others for talent.

All of our team members have been appointed during Covid-19 and we've been proud of our ability to maintain our services and business continuity on a remote working basis during this time. But there's much work to be done, and we expect to see progressive improvement in our processing times throughout the year.

Along with the \$50 million in operational funding, the federal government also announced an additional \$2 billion for the RIC's drought related loans and \$75 million for AgriStarter, which will be available from 1 January 2021. We already have a significant amount of interest in this product.

During the 2020 budget, the federal government announced that the RIC would not be required to administer the National Water Infrastructure Loan Facility, which was initially announced in 2016. This fund was available for state and territory governments to construct major shovel-ready water projects. Whilst the RIC has worked hard to increase awareness of the loans, we've found that most projects have very long lead development times and no loan applications have been received since the original announcement.

The government advised us that ongoing drought, devastating bushfires and, more recently, the global pandemic were contributors to the decision. So the RIC will now be wholly focussed on delivering loans for farmers and farm related small businesses to help them grow, build their resilience or respond to drought conditions.

We're proud of the work that we're doing at the RIC delivering the federal government's farm business concessional loans, and we look forward to the future as we continue to encourage growth, investment and resilience in our Australian farm businesses and regional communities.

CHAIR: Thank you Ms Smith-Pomeroy. Senator Sterle, you have some questions?

Senator STERLE: I'm going to cede to Senator Sheldon, but I just want to ask Mr Metcalfe a question if I may. Senator Ciccone had raised questions on the Building Landcare Community and Capacity Program and I was hoping that the information he requested had made its way back to the room.

Mr Metcalfe: I will check on that, Senator.

Senator STERLE: Thanks, Mr Metcalfe.

Senator SHELDON: Section 46 of the Public Governance, Performance and Accountability Act requires Commonwealth entities, both corporate and non-corporate, to prepare an annual report and provide it to the responsible minister by the 15th day of the fourth month after the end of the reporting period. Are you aware of that?

Mr King: Yes, we are.

Senator SHELDON: I understand that translates to 15 October. Is that correct?

Mr King: I don't have the exact date to hand but, yes, I will take it on your advice as the 15th.

Senator SHELDON: Others are nodding their heads; I gather it's the 15th. I understand that the RIC tabled its annual report to the parliament yesterday, 20 October? Is that correct?

Mr King: Yes, that's correct.

Senator SHELDON: Why did the RIC fail to table the document in time to allow proper scrutiny prior to this estimates hearing?

Mr King: I have to just confirm a couple of facts there, but I understand that the tabling of our annual report was delivered through the department.

Senator SHELDON: You're saying you gave it to the department sooner than that, and the department failed to deliver it until yesterday morning?

Mr King: I'd have to pass to the department on their processes, but just bear with me for a moment while I confirm the exact timing of our transmittal to the department.

Senator SHELDON: When did you send it to the department?

Mr King: Sorry, I'm just confirming. I'll have to take our date on notice. I'll confirm that for you in just a moment—I'll have my team take a quick look and see if we can determine it.

Mr Metcalfe: Senator, we're checking as well. My understanding is that the statutory authorities, like the RIC, send their report directly to the minister for clearance and, once cleared, the department then arranges tabling as swiftly as possible. So we're just checking on when we received it, but, between Mr King and myself, I'm sure we'll be able to provide advice to the committee.

Senator SHELDON: Thank you. Could we have the time that the RIC sent it to the minister and when the minister sent it to the department? I gather the department is the one that presented it on the 20 October?

Mr Metcalfe: We'll need to check. I'm not sure if I can let you know tonight or not, but we'll try and find out.

Senator SHELDON: I might just say this as a general observation and take this opportunity to remind the RIC and all government agencies, that timely tabling of annual reports allows senators sufficient time to consider the detail before the hearings. I note that last year the RIC failed to table its annual report prior to supplementary estimates in October, which is the preferred practice. We again see that the RIC is failing to table its annual report in a timely manner for this budget estimates. Mr King, are we able to get them next year by the due date? Is it within your control to make sure that we get it before the due date?

Mr King: I'll have to confirm that it's entirely within our control—around the submission. But, certainly, at the RIC we do endeavour to provide the information in a timely manner. I would also note that this year with the pandemic taking place the preparation of reporting through this period was somewhat of a different experience. I can confirm—I've just had notice from our team here—that our annual report was provided to the responsible minister by the department on 9 October.

Senator SHELDON: Minister, can I direct this to you: is there an explanation why this report arrived on 9 October and we didn't receive it until 20 October?

Senator Ruston: I wasn't aware of that, but I'm more than happy to take that a notice for you and provide you with an answer.

Senator SHELDON: In light of the information that we've just received—that the minister had it from 9 October—can we get a confirmation that we'll have it on time next time?

Senator Ruston: Certainly. I am more than happy to take your concerns on notice and provide you with a response from the minister as to the reasons why—if it is the case that the report hasn't been tabled in the time required.

Senator SHELDON: Can the government make a commitment to have the document available next time on time?

Senator Ruston: I can say that the government takes it very seriously—the provision of documentation and all other requirements to be provided in a timely manner. But, in this particular case, I will take the specifics of it on notice, to make sure that I inform you specifically and correctly about this matter.

Senator SHELDON: I'm going to move on, but it's appropriate that I make some further brief comment: it is appropriate that these reports are available on time. Minister, you've said that the desire is to get it on time—correct my language—but there should be a firm commitment from the government that they will not only endeavour; they will deliver next time on time. That's the most appropriate thing to do. It's a particularly shoddy bit of work for us to be getting this just yesterday morning.

Senator Ruston: All I can say is that I'm not aware of the circumstances surrounding this particular report and its tabling, but, on the whole, the government takes its responsibility very seriously to meet its time line requirements.

Senator SHELDON: I appreciate you taking that on notice. Can you also take on notice the reasons that, prior to supplementary estimates hearings in October last year, the annual report failed to come as per preferred practice.

Senator Ruston: Yes, I will.

Senator SHELDON: I want to ask the agency a question regarding resources. Do you feel that you've got enough resources to carry out your statutory obligations? I will soon be finding out whether 9 October was a late submission to the minister. Were the timing issues with you sending this document over because you don't have the resources? You mentioned that you've got challenges with COVID, as we all have and the country has. But due diligence in the oversight of your agency is particularly important. Are you underresourced, that you couldn't get it together sooner for the minister's perusal?

Mr King: I would have to take the specifics related to the timing of that on notice. I would just broadly provide that the RIC has seen unprecedented demand for our loan, which has seen us add additional staff across various areas of the business to enable us to perform at our statutory obligations, to provide loan decisions and to assess the loan applications that we are provided from our applicants in such manner.

Senator SHELDON: This is a statutory obligation. It does raise questions about other statutory requirements that RIC has, if Estimates isn't receiving these documents on time. It starts raising concerns about the fundamentals of how RIC operates. On page 353 of the DOR budget statement, there is \$2.575 billion in loan funding available for RIC, which is an increase from prior years. Can the department point to which page in the budget the \$2.575 billion is allocated to the RIC for 2021?

Ms O'Connell: In the budget the RIC received an additional \$2 billion in loan funding in 2020-21—that effectively doubled the RIC's loan portfolio funding from \$4 billion—and received an additional \$50 million over four years from 2020-21 in operational funding to help support the RIC to deliver those additional loans.

Senator SHELDON: Is it page 353 of the DOR budget statement—so it's not \$2.57 billion in loan funding available for RIC?

Ms O'Connell: I'll have to get that. I think our CFO might have left, so I might have to take that on notice. But it is \$2 billion in loan funding plus an extra \$50 million over four years, to help operational costs.

Senator SHELDON: If you could come back regarding page 353, that would be appreciated. I understand there are concessional loans that are demand driven; however, page 355 of the same paper states: 'RIC does not have any 2020-21 budget measures.' Is that correct?

Mr King: That is correct. Our measures were announced in the economic and fiscal update.

Senator SHELDON: Minister Littleproud's media release 22 July claimed that the additional \$2 billion doubles the total RIC farm and small business loan funding to \$4 billion. Is that correct?

Ms O'Connell: Yes.

Mr King: It is \$4.075 billion.

Senator SHELDON: Could you explain how Minister Littleproud reached this figure? It may not need a lengthy explanation.

Mr King: I can't go to the minister's process for reaching that explanation. I am aware that the RIC was funded for \$2 billion of lending, spread across the forwards, and we received an additional \$2.075 billion of funding through that process.

Senator SHELDON: Would the minister be able to explain how Minister Littleproud reached the additional \$2 billion?

Senator Ruston: I'm not sure I understand the question.

Senator SHELDON: There was \$2 billion announced, which doubles the total RIC farm and small business loan funding, which brings it up to \$4 billion. I'm asking what the logic of the minister was in reaching that \$2 billion figure. What was it based on? How did he pull the calculator out and work out that it was going to be \$2 billion—not 2.5 or 1.5?

Senator Ruston: I will take it on notice, because I'm not quite sure of the nature of the documentation or the deliberations that went into reaching that decision. I'll provide you with whatever information I am able to, subject to the determination of how that was determined.

Senator SHELDON: The DOR budget statement claims that RIC was also provided an additional operating funding of \$50 million over four years, from 2020-21, to deliver the additional loans and process the significant volume of loan applications already on hand. Can you provide a breakdown of the \$50 million over the forward estimates and how that is to be allocated?

Mr King: We can provide this. It is broken down into a number of different elements. The 2020-21 budget is made up of \$1,339,000 for the AgriStarter loan delivery and \$28,929,000 for service delivery improvement. For

2021-22, there is \$290,000 for the delivery of the AgriStarter loan and \$9,192,000 for the service delivery improvement. For 2022-23, there is \$291,000 for the delivery of the AgriStarter loan and \$3,448,000 for service delivery improvement. Finally, for 2023-24, there is \$294,000 for the delivery of the AgriStarter loan and \$6,563,000 for service delivery improvement.

Senator SHELDON: Thank you for that. Would you consider that the extra money was also because, previously, you were underresourced in trying to deal with loan applications that were already on hand?

Mr King: I would state that the additional funding goes towards improving our service delivery. We had a significant amount demand for our loans, and that was expected as a result of the announcement in November of 2019 leading to a significant increase in the number of loan applications. A large portion of this funding goes towards making the delivery improvements necessary to speed up our processes.

Senator SHELDON: You were underresourced before. Do you feel you've got the right resources now to meet important KPIs?

Mr King: The Regional Investment Corporation was set up to handle between 300 and 500 loan applications per year. We have seen significant increase on that number over the period so far. I think this talks to the demand from rural and regional Australia for the loan products that we provide.

Senator SHELDON: There has been comment about long processing times, and, at least prior to the new resources that have been allocated, one farmer said that they had waited 674 days to assess a loan. Are those sorts of delays also attributed to the fact that you were underresourced prior to this recent budgetary decision?

Mr King: I don't think it's appropriate for us to go into the specifics of an individual loan applicant and their process. I would like to point out that, as we have a duty to discharge our funds with an appropriate amount of due diligence, the experience across our loan application is that there are a number of applicants that received loans settled in a shorter time frame. I would also like to recognise that our organisation works incredibly hard to make sure that we're working through and processing those applications as quickly as we can.

Senator SHELDON: According to Grain Producers chairman Andrew Weidemann, 'The failures in RIC has stretched the mental health of the people it was set up to help,' and is 'the worst example of incompetence' of a government led program. One of the 2019-20 actual achievement/targets on page 360 of the PBS states:

80 per cent of loans with an end-to-end delivery timeframe of 65 days.

Is that meeting your KPIs?

Mr King: That's correct. That's the budget measure that was announced as part of this current financial year, and, with additional funding that we've been allocated and the additional resources that we are adding to the business, it is our intention to be delivering up to 80 per cent of our loans within that 65-day time frame, as outlined in the measures.

Senator SHELDON: The GrainGrowers chairman has a very different view about the concerns about how long it's taking to deal with the loans. To date he's raised comments that it is the worst example of incompetence, and you're saying these are the new figures. Do you think that will address the GrainGrowers chairman's concerns that he's raised publicly?

Mr King: I do. We have added a significant number of additional resources so far and we continue to add those resources and deliver change within our processes and systems to allow us to better assess and settle those loan applications. We have brought considerable pressure to bear on our lending service partner to speed up processing. We acknowledge that it is taking too long and we are working very hard as members of the rural and regional community to deliver the loans in an appropriately timed manner. We are very conscious of the stress that is placed on applicants for our loans. We're also incredibly aware that the people that are applying for loans are people who are in financial need and we must balance that our requirement to be able to deliver the results swiftly with our need to discharge taxpayer funds with an appropriate [inaudible].

Senator SHELDON: Thank you for the answer. RIC has advised that from 1 January to June 2020 the average time for processing a loan application was 337 days. Between June 2020 and July 2020, what is the average loan processing time now?

Mr King: We have a process in place, and I'm pleased to say that at the moment the overall process is 11 months. I'd like to point out that that is for after we receive the complete application and we're able to go through that. We recognise that that median time frame is too long, but I would also like to point out that our shortest loan application has been completed within 77 days.

Senator SHELDON: Your shortest one has been 77 days? You have one that took 77 days? Is that what you're saying to me?

Mr King: That's correct.

Senator SHELDON: And the average is 337 days?

Mr King: I don't have our average in days at the current moment, but, in terms of median time frames, the median time frame for the delivery of our loans is 11 months.

Senator SHELDON: Mr King, I've got to say it doesn't surprise me that we got the report late, because it appears that everyone gets their loans late. Was there a lack of resources prior to this announcement that caused this to happen, or is there a reason that is to me about how anyone could wait 11 months on average and was previously waiting 337 days. Frankly, saying to me that your best on time has been 77 days, which is still far surpassing what the KPI is for the future, sounds like a wreck.

Mr King: I don't agree with that characterisation at all. Our organisation, as I stated, was set up to handle between 300 and 500 loan applications in any one year. We've seen a significantly larger number of applications than that, pointing to the demand for our loan products even after an acknowledgement and awareness within the industry of how long our loan time frames have taken. In September alone we received 1,295 applications, which I point out was after the industry was aware of our current time frames, and we've been provided with some additional funding from the government to address this backlog and in acknowledgement of the increased demand for our loan applications to date. We're working very hard as an organisation to deliver these improvements. We've done that by adding a significant number of staff to ourselves and our lending service partner to address this issue. We have provided additional overtime. We're running additional shifts on Saturday to make sure that we can respond as quickly and as accurately as we can to farmers and graziers across the country that apply for our loans. We have provided additional overtime and we're running additional shifts on Saturday to make sure that we can respond as quickly and accurately as we can to farmers and graziers across the country that have applied for our loans.

Senator SHELDON: So, we're waiting 11 months and we're doing okay? It's not okay in my mind. Since June 2020, you've said the average loan-processing time is 11 months—is that correct?

Mr King: That's correct. Senator, I don't think we've said that we're doing okay. We've acknowledged that it is taking too long and we're working hard to address that. In spite of the additional demand and the significant number of loan applications that we've received, we are working hard to address that while adding the additional staff and making sure that we are able to make those responses [inaudible]

Senator SHELDON: With the additional \$50 million in funding for operational costs, is RIC confident it will be able to reach its loan-processing target of 65 days?

Mr King: Yes, we are.

Senator SHELDON: Given RIC loans are demand driven, has the government considered changing eligibility criteria to fit the needs and demands of farmers, Minister?

Senator Ruston: I'll have to take that on notice but, clearly, as Mr King has said, the demand for the loans and the significant increase in loan applications since November last year was predicated on some changes around the conditions of the loans which have seen this significant increase. So, we did respond at the time in November last year to market demand.

Senator SHELDON: Minister, are you confident that they can get down to—and it still seems like a long time. I note that I don't know where the other 20 per cent falls. They've said where the 80 per cent is, and I'm going to ask that question in a second, Mr King. So, 80 per cent within 65 days. Are you confident that this new funding arrangement and RIC have the capacity to meet those KPIs?

Senator Ruston: The reason why the additional funding was provided to RIC, and the additional staff to go with it, was to try and make sure that the RIC had adequate resources to meet that KPI of the 65-day turnaround, excluding, obviously, third-party involvement for 80 per cent of its loans. The purpose of making a KPI for the majority of the loans and not all of them is that, as you would expect, there can be quite significant complexities in loan applications that may take longer. To make sure that we still maintained very tight timeframes, the 80 per cent was put in place, recognising that there will be on occasion times when the application process is likely to take longer for reasons of complexity.

Senator SHELDON: Mr King, you've got 80 per cent below 65 days. What's the time line on average and also the time line for that group of 20 per cent to be dealt with? Have you broken it down into smaller percentages? Is that 20 per cent on average going to be X amount of days; is the five per cent going to be X amount of time? I'm just wondering what your calculus is for the last 20 per cent that's in no man's-land at the moment.

Mr King: Again, just to echo some of the minister's comments: I think there needs to be recognition that we are providing loan funding here and we need to make sure that we provide an appropriate process. As you may be aware, for our loans we share a 50 per cent of the term debt between us and a commercial lender, so there is a requirement for us to negotiate with that commercial lender around the sharing of security arrangements and other such things. This can take time and, in particular, where we are dealing with customers or applicants that have significant financial need or have been through things like a drought and where the security that once was available might not be available to the same extent, there can be an extended period of negotiation with it. That is the reason we have focused our efforts on delivering 80 per cent of our loan applications and loan funding within that 65-day time period, not including those negotiations with some of the third parties.

Senator SHELDON: So can you answer my question, Mr King? What is the time line for the 20 per cent that is not included in this KPI? You have 80 per cent at below 65 days. What is the time line for the other 20 per cent?

Mr King: I would have to take that on notice.

Senator SHELDON: So we don't have a time line for one in five, right?

Mr King: That's correct.

Senator SHELDON: It doesn't sound like we've got robust KPIs to me. Given RIC loans are demand driven, has the government considered changing eligibility criteria to fit the needs and demands of farmers? I direct that question to the minister.

Senator Ruston: I just answered that question. You have already asked me that.

Senator SHELDON: I may have missed your answer then.

Senator Ruston: I made reference to the fact that we made some changes to the criteria for our loans in November last year in response to what was determined as a particular demand from the sector, which is what happened in November last year. And that has actually led to the significant increase in the number of loan applications that have been received by RIC, which Mr King was referring to. So, yes, we are and we have.

Senator SHELDON: Is there an intention to make further eligibility criteria changes?

Senator Ruston: Certainly we would continue to monitor what the market was asking. Clearly we are hoping that industry doesn't continue to need the kind of support that is provided by these loans, but that's a matter for government at some stage into the future. At the moment we have a loan product out there that is currently well subscribed—I believe probably subscribed to capacity. And RIC is very much focused on processing those loans in the most timely manner as possible. Then matters in relation to what happens into the future will be a matter for the minister to determine.

Senator SHELDON: Thank you, Minister. I note that the measurement is 80 per cent below 65 days, and one in five don't have a time line. What is the main reason applicants are unsuccessful and how many farmers have been rejected on the basis of a failure to comply with administrative requirements such as submitting paperwork, Mr King?

Mr King: In terms of percentages, approximately 15 per cent of our loan applicants are not successful. And that is for them not fulfilling all of the criteria. Our criteria go to a number of different areas, such as available security, ongoing viability of the operation and such things as being able to demonstrate financial need or, indeed, being able to demonstrate an extended period of loss over two years. There are a number of other eligibility criteria that are provided through our guidelines, and we do of course invite applicants to meet these criteria.

Senator SHELDON: How many farmers would you suggest would be rejected on the basis of failure to comply with administrative requirements such as submitting the full paperwork? How many fall into that category?

Mr King: I would have to take that on notice.

Senator SHELDON: Thank you. You can take it on notice. How many farmers were refused on the basis of failing to meet the eligibility criteria?

Mr King: I'm sorry—I'm not sure I understand your question.

Senator SHELDON: I think you gave me this figure before, if you wouldn't mind giving it to me again. It was the number of farmers that were refused on the basis of failing to meet the eligibility criteria to receive a loan.

Mr King: Approximately 15 per cent—I will have my team confirm the exact percentage that we've received. Since inception we've had 501 loans for a total of \$400,829,000 representing applications that have not proceeded due not meeting eligibility criteria.

Senator SHELDON: I want to go back to another question. You said on page 6 of the RIC annual report: The 300 annual applications for which the RIC was initially resourced reached 300 a month at the peak. This demand presented many challenges as the team tried to keep pace and our loan processing timeframes extended as a result. We saw the average waiting time go to 334 days. It appears quite clear that you are underresourced. Did you approach the minister to request additional resourcing during this period?

Mr King: We've worked closely with the department and with government on understanding what our demand is, the number of applications that we've received and then what the appropriate resourcing was for that. As a result, I think you'll recognise, through the budget process, that we've been allocated some additional funding and ASL to acquit our responsibilities in that regard.

Senator SHELDON: Would you be able to give me the dates when you made requests for additional resources, whether they be of funding or human capital?

Mr King: I'll have to take that question on notice; I don't have the specific dates.

Senator SHELDON: The committee's report on annual reports stated that for 2019: Program eligibility and loan settings were determined to be key barriers to uptake. Is that correct?

Mr King: Sorry, Senator, is this with regard to the—

Senator SHELDON: No, sorry, this committee's report on annual reports noted that for 2019: Program eligibility and loan settings were determined to be key barriers to uptake. That report was delivered in 2019.

CHAIR: And your question?

Senator SHELDON: I'm just asking whether he's aware of that report—those comments. Mr King?

Mr King: Yes.

Senator SHELDON: In the last financial year has this continued to be a problem identified by RIC?

Mr King: I'm not aware that that report goes directly to the performance of the RIC. More broadly speaking, from memory, it's around loan uptake in relation to drought. I would just point out that we've certainly seen significant demand for our loan applications since the RIC was brought into operation.

Senator SHELDON: Can you talk me through how RIC arrived at the figure of 80 per cent of people dealt with within 65 days—the loan applications?

Mr King: The time frame for the handling and processing of loan applications was managed through discussions with external parties and in conjunction with the board to determine what we felt was an appropriate time frame to process loan applications, acknowledging the prior banking experience of both some of our board members and senior leaders within the RIC.

Senator SHELDON: On page 6 of your annual report you said:

Following recommendations from the Auditor-General in response to an audit of the design and establishment of the RIC, risk management, performance reporting and strategies for compliance and assurance will be a focus in the coming year. Many of these efforts have already begun, ...

Which specific recommendations will the RIC be implementing from the Auditor-General's report?

Mr King: This is the ANAO performance report into the *Design and establishment of the Regional Investment Corporation*?

Senator SHELDON: Yes.

Mr King: The RIC has accepted four recommendations:

RIC should finalise its risk management policy, including risk reporting requirements and more clearly articulate its risk appetite in line with the adoption of the Commonwealth Framework.

The second recommendation was also accepted:

RIC should update performance measures for the farm business loan scheme and implement baseline data and evaluation methodologies as required.

And the third recommendation:

RIC should develop and implement a compliance and assurance strategy which covers the accuracy and completeness of loan data from the external service provider and compliance with key RIC policies and procedures for loan assessment and approval.

Apologies, I misstated: it was three recommendations provided by the ANAO which RIC has accepted.

Senator SHELDON: Is there anything the Auditor-General has said in the recommendations in that report that you disagree with or aren't implementing?

Mr King: No. We have agreed with those three recommendations.

Senator SHELDON: So there is no commentary from the Auditor-General that you disagree with?

Mr King: Talking specifically to the recommendations that have been provided by the Auditor-General through the report, we have agreed with all three of those recommendations.

Senator SHELDON: And you agree with the commentary attached to the Auditor-General's recommendations?

Mr King: We have provided a response to those recommendations. Is there a particular piece of commentary that you are looking to—

Senator SHELDON: No. I am asking, for the record, whether there are things in the Auditor-General's commentary and recommendations that you disagree with.

Mr King: There is a fourth recommendation that was provided to the Department of Agriculture, Water and the Environment, and the RIC could not provide comment on that.

Senator SHELDON: You don't wish to make any further comment about the fourth recommendation?

Mr King: It was a recommendation that was provided to the department.

Senator SHELDON: Does the department want to make a comment about the fourth recommendation?

Ms Crosthwaite: The department accepted the fourth recommendation, which was to review the cost for farm business loans and to advise the government of the impact of the scheme on the Commonwealth's underlying cash at the end of the financial year.

Senator SHELDON: I think you have already given the answer by virtue of accepting the recommendation, but I will just ask formally so Mr King can think about his time lines. The time lines for implementation of the fourth recommendation have been adopted by the department. Have I understood that correctly?

Mr King: Yes.

Senator SHELDON: Mr King, what are the time lines on the three recommendations that you have accepted?

Mr King: We're working through the three recommendations. The first recommendation is partially implemented. We have engaged some expert advice to assist with the development of the RIC risk management procedure formalising and operationalising the RIC's identification, monitoring and reporting of enterprise risk. That procedure has in fact been implemented. We've engaged with Comcover's risk and education team to increase our organisational awareness of the RIC and the Commonwealth framework and the application of the activities of the RIC. This includes focusing on ongoing improvements to the RIC's risk appetite, tolerance statements and participation in learning and development activities provided by Comcover. The RIC is in the process of revising the remainder of its risk management documentation to align its operational reform with the awareness and learning that has been achieved through the interaction with Comcover. This recommendation is expected to be fully implemented by December 2020, following consideration of revised risk management materials by the RIC board in November. The second recommendation has been fully implemented. The third recommendation has been partially implemented. Again, the strategy is expected to be implemented by December 2020 following consideration by the RIC board in November 2020.

Senator SHELDON: I note from table 1.1 in the DAWE budget statement that the average staffing number at RIC is expected to increase from 32 in 2019-20 to 88 in 2020-21. On page 6 of the RIC annual report you state:

The additional funding will allow the RIC to increase our workforce and make system and process improvements to boost our efficiency and deliver on our commitments.

You have already answered this question but could you clarify that these positions will be funded from the \$50 million over four years.

Mr King: That's correct.

Senator SHELDON: Has the RIC commenced hiring additional staff?

Mr King: It has. In accordance with our chair's opening statement, we have indeed commenced hiring and we are holding a current workforce of 80.4 FTEs, having added 50 additional staff since 1 July this year.

Senator SHELDON: You touched on some of the recommendations. Can you outline any further improvements and processes that RIC is undertaking?

Mr King: Certainly. We're making a number of improvements across our loan application processing. This includes things like implementing a triage of loan applications as they come in, including making sure that we streamline those applications that are more complete and sit within a particular risk tolerance to speed up that process. We have added the additional staff, as I mentioned. We have amended our application form and introduced different processes based on the complexity, as I was outlining earlier. This has enabled a more streamlined approach. In conjunction with our service partner, we are using pre-assessment credit ratings to provide a streamlined approach for applicants that would qualify for loans based on our historical decision-making. These applications can be assessed and a recommendation made in approximately 50 per cent of the time for a full application. We have developed standard operating procedures with a number of the major lenders and are continuing to refine those as circumstances allow, which improves the capability to escalate issues between the bank and RIC as they are negotiating things like deeds of priority and security-sharing arrangements. We continue to work closely with the Rural Financial Counselling Service to ensure that the applications that they provide are more complete and allow us to better manage the applicant expectations. Overall, as a result of that, we have seen a reduction in the frequency of complaints that have been received by the RIC.

Senator SHELDON: Thank you, Mr King. In answers to question in writing No. 1910, the RIC indicated one of the assessment criteria for measuring its progress includes that 'management and audit reviews find no instance of funds being disbursed inaccurately or outside of risk appetite'. Will these targets be reported in the annual report?

Mr King: I would have to take that on notice for the production of the annual report for the 2020-21 financial year. Those matters are not reported in our 2019-20 annual report.

Senator SHELDON: How frequently would this assessment be published if it were put in place?

Mr King: I'll have to take that on notice.

Senator SHELDON: The further question then—and you can take it on notice—is: in that case, who will conduct these reviews?

Mr King: I will also take that on notice.

Senator SHELDON: According to Minister Duniam's 11 November 2019 media release, consultation is underway 'to inform the Australian government's commitment to provide plantation development concessional loans'. The plan includes a commitment of \$500 million in concessional loans, which 'includes the ambitious goal of a billion new plantation trees over the next decade'. What is the status of the plantation development concessional loan program?

Mr King: I'll have to refer that question to the department.

Ms Crosthwaite: Our Forestry colleagues would have more specific details, but the plantation concessional loans are still under policy development and under consideration.

Senator SHELDON: This was 12 months ago.

Ms Crosthwaite: There was an extensive industry consultation process that occurred during November and December last year. Further progress was delayed by the very severe impact of the bushfires, which had a direct impact on the forestry industry, and also the drought, and now the pandemic. So, those loans are still under development.

Senator SHELDON: In light of the fact that they're under development, when do you expect that these loans would be made available?

Mr Metcalfe: We'll need to take that on notice. We don't have the right people here.

Senator SHELDON: I appreciate that you've just given us an explanation of your view of why it's been delayed. But perhaps also you could give me some further detail from the department—you could add to that, if you wish—regarding what's taking so long to establish these loans.

Mr Metcalfe: Sure.

Senator SHELDON: I have no further questions.

Ms O'Connell: Perhaps I could just answer a question that was asked earlier on, just to finalise. You asked about the PBS representation of the additional funding for the RIC, and the additional \$2 billion for the loan as represented on page 22 of the PBS under 'Administered assets and liabilities'. It's included in that. And the additional \$50 million to assist with administering the loans over the four years is on page 76 of the PBS, and it sets out the amounts across the four years.

CHAIR: Thank you very much.

Mr Metcalfe: And I'm not sure whether Senator Ciccone is still on the line, but Senator Sterle, I've checked, and unfortunately we can't provide that information that you asked for this evening. So, we'll keep working on it.

Senator STERLE: That's great. I was being cheeky. If it's here in the morning, I'll be just as happy. Thanks very much.

Mr Metcalfe: I'll keep working on it.

Senator Ruston: We'll keep you here all night!

Senator STERLE: I'm telling you, Minister: this department is one of the efficient ones. I've always said that.

Senator Ruston: I trained them well, back in my day!

Senator STERLE: They've been very efficient over the last number of years. It's just that it goes missing in the time tunnel once it gets into the minister's office! But they've been very good. Am I'm not saying it's Minister Littleproud, because we've had other ministers. Now: I suppose I'm going to you, Mr King. When was the northern water infrastructure loan facility established?

Mr King: The National Water Infrastructure Loan Facility?

Senator STERLE: Yes.

Mr King: It was established prior to my time at the Regional Investment Corporation, but the Regional Investment Corporation took over the administration of the National Water Infrastructure Loan Facility on 1 July 2018.

Senator STERLE: But Ms O'Connell will know this: when was it first established?

Ms O'Connell: I'm going to have to defer to Ms Crosthwaite.

Ms Crosthwaite: That program is run out of the Department of Infrastructure. It's not a program of the Department of Agriculture.

Senator STERLE: That's okay. But does anyone know when it was established? I may as well just ask you, Senator Sheldon! Can you tell me when it was? No? Alright. How about Ms Smith-Pomeroy? Do you know when it was established?

Ms Smith-Pomeroy: No. I've only been the chair of the board for about seven months.

Senator STERLE: That's alright. My mate here will tell me; he'll let me know.

Ms Smith-Pomeroy: We can always take it on notice for you.

Senator STERLE: I'm sure we'll find it. Do we know who the minister was? Does anyone know who the minister was, who established it? No? Let me know that one too, Tony.

Senator Ruston: I think you'll find it was established during the term of Minister Joyce as the agriculture minister. But I could be wrong.

Senator STERLE: You're never wrong—or not many times! How many loans were paid out of that facility?

Mr King: There were no loans paid out of the National Water Infrastructure Loan Facility.

Senator STERLE: What was the value of that?

Mr King: The facility has it at \$2 billion—

Senator STERLE: Oh—I've got it here, sorry. Are the loans competitive?

Mr King: The National Water Infrastructure Loan Facility was set-up to provide loans to the territory governments. The loan terms that're provided allow for loans into shovel-ready water infrastructure projects. The current interest rate that they are available at is 1.46 per cent. This came into effect on the 1 August.

Senator STERLE: This year?

Mr King: This year.

Mr Metcalfe: This internet tells me the infrastructure loan facility was launched in February 2017.

Senator Ruston: I was correcting the minister who was presiding over agriculture at the time.

Senator STERLE: According to a document released through freedom of information the department had described the loans as being of a non-competitive nature. Is that correct?

Mr King: Is that a question for me?

Senator STERLE: I assume it's for the department, sorry, not for you.

Mr Metcalfe: I think the problem we've got is they're actually administered by a different department. The National Water Grid Authority is in the infrastructure portfolio.

Senator STERLE: My apologies.

Senator Ruston: I think you might find that many of the officials that are here, particularly the secretary, are reasonably new.

Mr Metcalfe: We will have water day on Friday, so—

Senator STERLE: Maybe we should put this on water day. Would that be easier?

Senator Ruston: The National Water Grid Authority will be—

Senator STERLE: Let me try—

Senator Ruston: present on water day on Friday.

Senator STERLE: As you know, I've successfully stayed away from water days all these years and nothing's going to change this year either. I will try the questions and if I'm in the wrong area tell me. Mr King, have you received an application under this scheme since its inception? You haven't been around have you?

Mr King: No, despite working—

Senator STERLE: I know you said there hasn't been any. When do I ask questions of RIC, to water, only from 2018?

Mr Metcalfe: [inaudible] only administered the scheme since then.

Senator STERLE: Since you've been administering the scheme there have been no loans have there? You said, that Mr King.

Mr King: No.

Senator STERLE: Have there been any applications for any loans in the time that you administered the scheme?

Mr King: No, there have been no applications.

Senator STERLE: Why not? Do we know why?

Mr King: I think that might be a question for the—

Senator STERLE: I'm going to put it to the whole room. I'm going to put it to you, Senator Sheldon. I'll put it to you, Chair. Can anyone tell me why no-one picked it up? I am not trying to be smart because I don't know anything about it. What I'm trying to say is if there is \$2 billion out there—and I will quickly read it, because Senator Sheldon got going quicker than I expected, 'this was going to waterproof Australia.' I'm just trying to find out what went drastically wrong in four years?

Senator Ruston: I don't necessarily think it went drastically wrong. What we found was that the states and—

Senator STERLE: It wasn't bubbles blowing out of people's backsides, Minister, I can tell you—

Senator Ruston: When you put a fund up to the states and territories and offer to co-fund projects with them the projects are being undertaken on the sovereign territories of the states or territories. If they choose not to pick up the opportunity that's offered to them that's entirely up to the states and territories.

Senator STERLE: I understand. I'm reading that there was fanfare around this magnificent announcement and how it was going to waterproof Australia, that's what the Treasurer at the time, Mr Morrison, said—being ably led by Mr Joyce. Something was going to waterproof Australia. It was going to be the be all and end all, yet no-one picked it up. Can anyone tell me why no-one picked it up?

Mr Metcalfe: I think you would have to ask the states and territories that.

Senator STERLE: I could do the stupid thing like Senator McKenzie and say, 'They're not here!' and embarrass myself, but I was thinking you know something that we don't know.

Mr Metcalfe: We can certainly let the National Water Grid Authority know of your interest and that the issue may come up on Friday. I think that Senator Watt may well have asked questions already in the other estimates hearing about this. The simple answer is, as ministers have said frequently, the Commonwealth does not operate bulldozers and doesn't operate picks and shovels. The state governments are responsible for building dams. The Commonwealth has done everything it can to make funding available, and it's up to the states and territories to take up those opportunities.

Senator STERLE: I am told that last estimates there were discussions about the investment of loans mandate changing for the loans facility. Did that occur? Mr King, can you shine some light on that for me?

Mr King: We've been working with the government and the department on this. I think it would be appropriate for the department of infrastructure to reflect any changes through the discussion.

Senator STERLE: So I'm completely in the wrong area.

Senator Ruston: I think there are two areas. One is that this water policy sits within the Infrastructure portfolio, so the nuts and bolts of this particular program rest with the National Water Grid Authority. You're sort of halfway between the two, but everyone is listening and I will make sure that both Infrastructure and the water division have heard your questions and will be ready to answer them for you and, if not, take them on notice.

Senator STERLE: That's fine, thank you. See why I stay away from water?

Mr Metcalfe: I certainly know that the head of the National Water Grid Authority would be able to take you through, chapter and verse, all of the measures the Commonwealth has put in place, the various areas that have been identified as potential dam sites and so on. But ultimately state government approval and action is required.

Senator STERLE: Let's run through it, and in five minutes I might find something that Mr King might be able to assist me with. I see something saying that no states took up the offer, aside from New South Wales, but then it didn't eventuate. Do you know if that was the case, Mr King? Is there something about the New South Wales government wanting to go for two dam projects? Is that right?

Senator Ruston: I think the two dams that you're referring to are the ones that we were discussing in Infrastructure the other night: Wyangala and—

Senator STERLE: That's it, Wyangala and Dungowan.

Senator Ruston: Yes, Wyangala and Dungowan, not the third one. I think those two are the subject of a specific and separate funding source for the purposes of those three. One is at feasibility and the other two are shovel-ready, but I'll get you the details on that.

Senator STERLE: Does that fall under this portfolio?

Mr Metcalfe: No, it's the Deputy Prime Minister.

Senator STERLE: Just bear with me for five seconds, please. You ask your question while I'm just trying to work myself out.

Senator SHELDON: I want to go back to an earlier answer given by Ms O'Connell. I raised the \$2.5 billion on page 353, in the Regional Investment Corporation section of Budget Paper No. 11 in budget 2020-21. You answered that there was \$2 billion and an extra \$50 million. I'm just trying to recall the rest of the details, but also in that report it states that in 2020-21 there is \$2.575 billion in loan funding available for RIC. In your response to me, you've mentioned money that's available for loans, and you've said that, making up that \$2.57 billion, there's \$2 billion for loans and a confirmed \$50 million over four years. Where is the other \$0.575 billion in loan funding available for RIC?

Ms Crosthwaite: What was made available in this financial year—there's \$2 billion of additional drought loan funding and \$75 million of additional funding for the AgriStarter loans, and there was already \$500 million of original funding, which is not new funding.

Senator SHELDON: So that's your original funding.

Ms Crosthwaite: Sorry, it's \$500,000—that's the little five.

Senator SHELDON: So it's \$2 billion and \$500,000.

Mr King: That's \$2.575 billion.

Senator SHELDON: Right, it's \$2.575 billion. Thank you.

Senator STERLE: I have questions for you, Mr King. I will focus on you and RIC. Were any applications received by RIC to access any money from the National Water Infrastructure Loan Facility from the time—

Mr King: No, there were no applications received.

Senator STERLE: Right; that clears that. Were there discussions about the investment or loans mandate changing?

Mr King: We had some discussions about whether there may be a need to change the mandate or change any of the loan settings. The RIC was successful in having some of the settings, such as the minimum loan size, reduced through that process.

Senator STERLE: Was there anything else, apart from the minimum loan size, to be reduced, that you can share with us?

Mr King: We were also successful in seeking a longer loan term, which allowed for up to 30 years or less, for the loans and which was allowed to include a construction period of up to a maximum of five years.

Senator STERLE: Were there any other changes?

Mr King: From memory, they were the only changes that were made.

Senator STERLE: Take it on notice, in case you find another one that may have escaped your attention. Did the investment mandate change?

Mr King: No.

Senator STERLE: You can't tell me about the New South Wales government's two dams. We're going to do that somewhere else. Is that right?

Senator Ruston: Yes, that's right.

Ms O'Connell: On Friday, and the Water Grid Authority will be there.

Senator STERLE: Okay, it's making sense now.

Senator Ruston: One of the questions you just asked, Senator, could also be asked of that authority. It moved from RIC to them and so—

Senator STERLE: To who?

Senator Ruston: The funding facility moved to the water infrastructure group; therefore, they may well have answers to the questions you're asking.

Senator STERLE: Okay, we'll do it on Friday. That's good. Mr King, when were you first made aware that the government wanted to abolish their loan facility?

Mr King: I would have to take that on notice. We did receive some advance advice from the government that the loan facility would be transferred to the National Water Grid Authority.

Senator STERLE: Are you taking it on notice because you can't remember the exact date and you don't want to give me a red herring?

Mr King: That's correct.

Senator STERLE: Just roughly? Was it this year, last week or two days ago?

Mr King: It was just prior to the budget announcement.

Senator STERLE: When did you first advise the government that the loan facility was not working?

Mr King: Again, I'd have to take that on notice, to get an exact date. I'm not sure that we ever advised that it was not working. We certainly conducted a number of awareness-raising activities, and states and territories were aware of the loan facility and of its availability to them.

Senator STERLE: So you think you might not have advised them or even spoken to them about no-one being interested in picking up any money from this loan at all. Were there no conversations with the minister's office or—

Mr King: We had certainly pointed out that we had a loan facility available. State and territory governments were aware of it. As you are well aware, a number of these projects have long lead times, and our expectations around receipt of applications within that space were that we certainly would not receive anything in terms of an application immediately.

I've also got confirmation on the date that we received advice from the government about the facility being transferred out of the Regional Investment Corporation. That was on 1 October.

Senator STERLE: From the time it was announced, it wasn't in your hands; it was somewhere else. We understand that. Then it came to you guys in 2018. Were you at the helm in 2018 when this fell into your lap?

Mr King: I joined the Regional Investment Corporation in December 2018.

Senator STERLE: Okay, so not long after. I'm trying to find a chronology of events, like from 'Here's \$2 billion. This is going to be the magic bullet to fix up and waterproof Australia'—my words—to 'How great is this \$2 billion?' We're not talking about a couple million. You or someone wrote off to states, and obviously there wasn't much activity. Did you follow up with: 'Hang on; did you get my mail? Six months ago I was telling you about this opportunity to waterproof Australia.' Was there a series of, 'Hello, I'm still here trying to give away \$2 billion at 1.46 per cent' or whatever it was back then? Or did you just sit back and wait for someone to go, 'Hang on; what about that thing we announced four years ago?' Sorry, Mr King. I'm not having a crack at you; I'm just trying to get—

Mr King: No, we most certainly did not just sit back. We have had constant engagement with states and territories and other proponents about the facility. In that regard, the facility has remained open and available to those states or territories to avail themselves of throughout that time frame. I think that, as outlined by the

secretary, it's perhaps appropriate to direct some of those questions to those states and territories as to why they didn't avail themselves of the funding.

Senator STERLE: Okay. Let me just put this to you as I'm getting closer to wrapping up. Are there emails? Were there phone calls? Did a pigeon fly through your window with a note from a premier or another from New South Wales saying, 'We want to have a chat to you about this magnificent waterproofing Australia fund? Did you get anything—SMSes?

Mr King: We certainly talked to a number of state and territory governments about the facility to help them to understand what was involved in an application for the facility. We've put an extensive amount of work into documenting the process and making sure that those potential applicants were aware of the facility and how to apply for any loans within the facility.

Senator STERLE: I suppose what I'm trying to lead to is that I'd really love to know whatever correspondence you got—whatever's available—that you can supply to the committee. If there's a wad of money out there—and there are a lot of politicians who can't wait to get into that rag called *The Australian* and talk about building dams, and then go and try to rat on their premier, but that's another story. Jeez, I get side-tracked easily, don't I?

CHAIR: You do, Senator Sterle!

Senator STERLE: Back on track. Could you supply the committee with any correspondence from the states? I'm trying to find out why it didn't get off the ground. No-one should be panicking. We shouldn't be hiding anything. No-one's in trouble.

Mr King: I've just been supplied with some additional information. We have, in fact, had 75 meetings since 1 March 2020, including meetings with state and territory governments and other proponents through that process. I'm quietly confident in confirming that we have had extensive engagement with potential applicants for the loans.

Senator STERLE: Okay. When you say proponents—so not state or territory governments—who are proponents?

Mr King: That includes state and territory governments, but 'proponents' may include other agencies or other departments within those agencies to raise awareness of the facility. As I alluded to, there is a long lead time in setting up these types of projects, and from our experience we determined that it was best to be involved early in any potential projects to make sure that they had the best awareness of the RIC and of the National Water Infrastructure Loan Facility to make sure that they were prepared for any applications that might be forthcoming.

Senator STERLE: Thanks, Mr King. Jeez, I wish the states would be on it! I don't know why they didn't, but anyway. So how much money was spent on staffing and other budget items in administering the loans facility during the entire period of operation? Can you only go back to when you had it? I suppose you can only tell me from the time you had it.

Mr King: Apologies, Senator—I have got some information. For total program expenses we have \$615,986 expended over the program to 30 September 2020. That may not include overheads associated with the facility specifically.

Senator STERLE: Okay. You can jump in any time, mate.

Senator SHELDON: Mr King, were the interest rates that you were proposing higher than the market rates? There was state dam activity going on at the time.

Mr King: That's correct. We have a requirement, as part of the Commonwealth, to only provide a portion of funding into any individual project.

Senator SHELDON: No, I was asking: were the interest rates that you were charging higher than the available market rates?

Mr King: With regard to the interest rates, it is difficult to ascertain an exact interest rate comparison from one project to another all across the particulars, as there are always different risk elements associated with any particular loan facility.

Senator SHELDON: No, that's not what I'm asking. That's a very logical thing you've said, but it's not an answer to my question. Were the interest rates that you were charging higher than the available market rates? Was someone else offering lower interest rates on those projects? For example, there have been a number of state dam activities going on.

Mr King: The states obviously are able to avail themselves of funding from a number of different sources. I'm not able to say with clarity, as it relates to the provision of our loan, which has some quite specific terms—

Senator SHELDON: I'll ask the question more clearly, then: were the states able to get cheaper interest rates than you were able to offer them?

Mr King: They were able to achieve funding from other sources. That may go to the price of the interest rate, or other benefits, or other terms and conditions that were included within that funding.

Senator SHELDON: And that includes that the market rate for the interest rate might be lower? That's what you just said to me. Thank you. So there are no loans—

Mr King: Senator, I—

Mr Metcalfe: I think, to be fair to Mr King, he really said he doesn't know.

Senator SHELDON: He doesn't know what the market rates were at that time? So you don't know what the market rates were and what you were offering?

Mr Metcalfe: We're saying there was no one market rate. There are a whole range of factors.

Senator Ruston: Also, governments of all persuasions have access to finance at a rate that's not necessarily a readily known market rate. What you and I would expect as the market rate is not what governments have access to.

Senator SHELDON: Yes, the governments have access to different rates; I appreciate that. I'm not talking about a home loan; I'm talking about loans to government—in this case, the state governments—and those interest rates. Put it this way: you would have looked at what the reasons for what people were doing. You would have logically asked, when you tried to pitch a loan, 'What is the competition doing?' Did you ask those questions?

Mr King: That's right, Senator. As I'm sure you're aware it's not always possible for people to share exactly what the competition is doing in providing any loan facilities.

Senator SHELDON: But they might well say to you, if they want to get a better deal or a better consideration on other matters out of you, 'This is what I'm getting.' Were the reasons given that they were getting better interest rates? Were those reasons given?

Mr King: They had access to funding from other sources, and some of that went to grant funding.

Senator STERLE: Went to what?

CHAIR: Free money.

Senator STERLE: I'd better get my hearing checked.

Senator SHELDON: So their access to money was better than what you could actually provide? That's logical.

Mr King: Again, Senator, I think you would have to talk to the states, but—

Senator SHELDON: That's not fair, Mr King. You had negotiations and discussions about what should happen in regard to loans. I'm not asking about specific loans. You were in negotiations regarding loans, and I'm asking a very clear question. In those negotiations, you would have taken into account what package you were offering and what they were saying their competitors were offering them. Did they raise that the interest rates they were getting, including grants, were lower than what you could provide the money for?

Mr King: What I would say is that, as I've outlined, the terms and conditions that they had available to them through other funding sources, they determined to be better. That can be through a combination of perhaps a lower interest rate, perhaps an extended tenor on the facility or perhaps access to a fixed rate. What we were able to determine was that the interest rate that we were offering was not deemed to be better than what they were able to access in terms of a package of circumstances, going to things like the tenor of the facility and the terms and conditions that underpin that facility, such as whatever security may be required to be provided. Of course, the interest rate would be one factor in that.

Senator SHELDON: I just want to follow this. This sounds more like an announcement facility, not a water infrastructure facility.

Mr Metcalfe: I'm not an expert in this, but it seems to me that the policy objective was to promote the construction of more dams. If, ultimately, state governments were ready, willing and able to do that and were able to achieve financing in other ways, and have in fact commenced construction of dams, then the policy objective has been achieved. The facility was a sort of fallback if they didn't have access to other funding. So I think a discussion about market rates and the cost of borrowing is a bit beside the point, because it's really a question of whether in fact dams have been commenced that would otherwise not have been commenced or of whether in fact the states are willing to construct more water resources. But the experts on this are the National Water Grid Authority, as we've said.

Senator SHELDON: Thank you, Secretary. Mr King, on the question regarding interest rates, you weren't able to obtain any loans, and thankfully—I'm taking this from what you've just said—there was a combination of reasons that those loans weren't taken up, including more competitive interest rates and grants and offers from elsewhere for the states. It just seems to me this was set up to fail and was just an announcement.

Senator Ruston: You don't have to answer that.

Senator SHELDON: Well, it has failed. Not only can I say that; it's actually exactly what happened. It failed. It was set up to fail. It was set up to be just an announcement—it was grandstanding.

Senator Ruston: I completely reject what you've just said. It was set up for a specific purpose, and I think Mr Metcalfe has just given you a very good explanation of the positive outcomes that have been achieved through it. Would we like to have seen more dams built? Yes, we would. But were dams commenced on the back of this facility? Yes, they were. So I completely reject the premise that it was set up to fail.

Senator SHELDON: Well, this achieving no waterproofing and no loans is not a success.

Senator Ruston: You're just saying that. That is not based in fact. We clearly know that dams have been constructed, albeit through alternative funding sources. The policy intent of this was for water infrastructure to be undertaken, and that clearly has happened. So I reject the premise that it was set up to fail. It was set up for a purpose and, to some extent, it has delivered that purpose. Hopefully, the National Water Grid Authority on Friday will be able to give you greater satisfaction about how it might be more successful going forward.

Senator SHELDON: Minister, I'll put this question to you: wouldn't it be fair to say—and I'm using what you've just said to me—that it was to goad people into turning around and building dams and that it wasn't actually to get a loan facility out there?

Senator Ruston: No, not at all. I said that the policy intent was for dams to be built. If people or governments around Australia had wished to avail themselves of the facility that was made available, it was there for them. If they chose to use alternative sources of funding to undertake the same policy outcome, that was great too. The Australian taxpayers have still got the money in the bank to be able to spend on future water infrastructure, and I think the National Water Grid, on Friday, will hopefully be able to give you some information about how they intend to go about that.

Senator SHELDON: Minister, with due respect, in 2013 there was a promise for 100 dams. There's not been one built. I wouldn't describe that as a 'success'. If they weren't able to turn around—

Senator Ruston: That's not correct either.

Senator SHELDON: and have one of these loans go out, then it raises serious concerns about how this was set up in the first place and how it's been structured since then.

Senator Ruston: It's not correct to say that there have been no dams built. That is just simply not correct.

Senator SHELDON: Under this facility?

Senator Ruston: No, you said there were no dams built. There have been dams built. There has been massive water infrastructure put in across the whole of Australia. I live on a river system that has had tens of millions, billions of dollars—

Senator STERLE: Pork-barrelling in your seat—

Senator Ruston: I don't think you can call it 'pork-barrelling' in my seat: there wasn't too much money spent in South Australia. There's been a lot of money spent on water infrastructure—waterproofing this country through the Murray-Darling Basin initiatives. I think to characterise that as no waterproofing having occurred in Australia under this government is blatantly incorrect.

Senator SHELDON: There is nothing under this spending; there's been not a dollar spent with this money. So how can that be success, and how does that build dams? I'm talking about this loan facility that was set up that has failed to deliver a dam.

Senator Ruston: I disagree with you.

Senator SHELDON: You're saying that this money is now available for other water projects—is it? Are new arrangements going to be made to the facility, different arrangements available to states—

Senator Ruston: You'll need to ask the National Water Grid on Friday.

Senator SHELDON: Is that what you're suggesting to me? Because this has not worked since the announcement in 2013.

CHAIR: I think you've got your direction to take these questions to the National Water Grid on Friday. You can have a discussion about what changes or what potential there is with that.

Senator SHELDON: I've got a further question, unless Senator Sterle—

Senator STERLE: I'm not cutting you off. I'm having a ball. I haven't finished my money question yet. Stop smiling, Mr King; people might think you're enjoying yourself down there!

Senator SHELDON: We can have this to and fro in several different ways, but the fact is that there has been—

CHAIR: Senator Sheldon, I don't want to discourage your line of questioning, but I do feel that we have covered this territory. Would you mind moving on to a fresh question, one that we can answer for you?

Senator SHELDON: Yes, I'm more than happy to finish with this. If there's no federal government money that's assisting out of this loan facility to build a dam, then it has failed.

CHAIR: You have made your comment. Can we just move on to your next question?

Senator SHELDON: I've got no further questions.

CHAIR: Back to you, Senator Sterle.

Senator Ruston: Bring us home, Senator Sterle.

Senator STERLE: Mr King, you said the cost to your budget so far from March this year was \$615,986. What about prior to March this year, from the time it first lobbed into the lap of the RIC?

Mr King: That was the total program cost excluding overheads from July 2019 through to 30 September this year.

Senator STERLE: What were the overheads? What would the overhead figure be?

Mr King: The overhead figures are associated with housing of staff, office accommodation et cetera. That might also be allocated through the National Water Infrastructure Loan Facility component. I don't have that detail here.

Senator STERLE: Take it on notice for us if you could, please. There's just one thing. Help me out here: was the \$2 billion chucked into a bank account and parked up, and then, once you've taken out the costs, did you have to give it back? Is that how it works?

Mr King: No, Senator, that's not the case. The funds were to be provided on request from the Department of Infrastructure.

Senator STERLE: Okay. You know what? On my last hurrah, I'm with him. I'm telling you. Not one dam has been built out of this facility; the facility is a failure. There you go.

Senator RENNICK: Can I get a question now?

Senator STERLE: Don't take the bait, Gerard. We have been arguing this for the last hour. You won't win the argument. In this facility—

Senator RENNICK: Who approves the building of dams?

Senator STERLE: Go back and have a look—

Senator RENNICK: It's state governments.

Senator STERLE: Okay, tell us how many state governments took money out of this facility and took a loan. Come on, Gerard. Do you mind if Gerard take your place, Minister, because I really want to—

CHAIR: What a wonderful discussion it has been! I would like to thank everyone for their contributions. That concludes today's proceedings. I most sincerely thank Ministers Ruston and Duniam and the officers of the Department of Agriculture, Water and the Environment and all witnesses who have given evidence to the committee today. Thank you also to Hansard, Broadcasting and the secretariat.

Committee adjourned at 21:20