



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
LEGISLATION COMMITTEE

**Estimates**

(Public)

THURSDAY, 22 OCTOBER 2020

CANBERRA

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**SENATE**

**RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE**

**Thursday, 22 October 2020**

**Members in attendance:** Senators Antic, Brockman [by video link], Ciccone [by video link], Davey, Lines, McDonald, McKenzie, McMahon, Rennick, Sheldon, Sterle, Whish-Wilson[by video link].



## **AGRICULTURE, WATER AND THE ENVIRONMENT PORTFOLIO**

### **In Attendance**

Senator Anne Ruston, Minister for Families and Social Services

Senator Duniam, Assistant Minister for Forestry and Fisheries and Assistant Minister for Regional Tourism

### **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

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 Jagers, 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

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 (ABARES)**

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 (AFMA)**

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 [by video link]

Mr John Berry, Chairman [by video link]

**Australian Pesticides and Veterinary Medicines Authority (APVMA)**

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 [by video link]

Mr Stuart McCullough, Chief Executive Officer [by video link]

Mr Jim Story, Company Secretary [by video link]

**Cotton Research and Development Corporation**

Mr Richard Haire, Chairperson [by video link]

Dr Ian Taylor, Executive Director [by video link]

Mr Graeme Tolson, General Manager Business and Finance [by video link]

**Dairy Australia**

Mr James Mann, Chairperson [by video link]

Dr David Nation, Managing Director [by video link]

Mr Charles McElhone, Manager, Trade and Industry Strategy [by video link]

**Fisheries Research and Development Corporation (FRDC)**

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

Mr Matt Brand, Chief Executive Officer

Dr Alison Anderson, General Manager, Research and Development

**Inspector-General for Biosecurity**

Mr Rob Delane, Inspector-General for Biosecurity

**Inspector-General for Live Animal Exports**

Mr Ross Carter, Inspector-General for Live Animal Exports

**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 (RIC)**

Ms Karen Smith-Pomeroy, Chairperson

Mr Bruce King, Chief Executive Officer

**Rural Industries Research and Development Corporation (Agrifutures)**

Mr John Harvey, Managing Director

Mr David Haezlewood, Senior Manager, Corporate

**Wine Australia**

Dr Michele Allan, Chairperson

Mr Andreas Clark, Chief Executive Officer

**Committee met at 09:01**

**CHAIR (Senator McDonald):** I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2020-21 and related documents for the Agriculture, Water and the Environment Portfolio, excluding the Environment. All questions on the Environment go to the department's appearance before the Environment and Communications Legislation Committee. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has before it a program listing agencies relating to matters for which senators have given notice.

The proceedings today will begin with an examination of the Australian Bureau of Agricultural and Resource Economics and Sciences within the Department of Agricultural, Water and the Environment. The committee has fixed Thursday 3 December 2020 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by the close of business on Friday 6 November 2020.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

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

The Senate has resolved also that an officer of a department of the Commonwealth shall 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, which will be incorporated in *Hansard*.

*The extract read as follows—*

**Public interest immunity claims**

That the Senate—

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

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

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

(1) If:

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

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

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

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

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

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

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

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

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

(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 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.

Senators, departments and agencies have been provided with advice on the arrangements in place to ensure the budget estimates 2020-21 hearings are conducted in a safe environment. This guidance is also available from the secretariat. The committee appreciates the cooperation of all attendees in adhering to these arrangements.

**Australian Bureau of Agricultural and Resource Economics and Sciences**

[09:05]

**CHAIR:** I now welcome Senator the Hon. Anne Ruston, Minister for Families and Social Services, Mr Andrew Metcalf AO, Secretary to the Department of Agriculture, Water and the Environment, and officers of the department. Minister Ruston, do you or Mr Metcalf wish to make an opening statement?

**Senator Ruston:** No, thank you.

**Mr Metcalfe:** No, thank you.

**CHAIR:** I now call on ABARES. Senator Ciccone, you have the call.

**Mr Metcalfe:** Ms Deininger is the deputy secretary of the department that ABARES reports to. We will have the available expert witnesses from ABARES come forward, depending on the questions that you're asking.

**Senator CICCONE:** We don't have the head of ABARES here?

**Mr Metcalfe:** The acting head of ABARES is here.

**Senator CICCONE:** In April of last year in estimates some questions were asked around the internal budgets for ABARES. I want to know if you can provide a breakdown of the ABARES budget for the 2019-20 financial year and confirm if the budget maintains—

**Mr Metcalfe:** You're a bit hard to hear. I think it was basically last year's budget compared to this year's budget or next year's budget? Was that correct?

**Senator CICCONE:** Can you provide a breakdown of last year's budget? Can you do the same for this current year as well?

**Ms Deininger:** In relation to the 2019-20 year, the budget for the ABARES division of the department was \$19,429,000. The budget for this year is expected to be broadly in line with that, at around \$18 million, but we haven't actually finalised the allocation of that as yet. Our supplier expenses, for example, move around and so you might have IT projects that have lumpy expenditure, which means that you have variability across the division. In terms of employees, the estimate for this year is around \$16.5 million and last year was \$17 million. The employees are broadly in line. Some of the suppliers move around a bit, as I said, depending on lumpy expenditures.

**Senator CICCONE:** If you can provide some more detail and a full breakdown on notice, that would be great. Can you also provide a breakdown of the staffing levels and the positions for the last five years, if possible?

**Ms Deininger:** Are you after the staffing levels in terms of average staffing level?

**Senator CICCONE:** That would be fine. But also the positions, too. Can you break it down by the different APS levels?

**Ms Deininger:** I can take that on notice. I do have average staffing level numbers for ABARES as a total. It was 125 in 2015-16, 140 in 2016-17, 134 in 2017-18, 126.6 in 2018-19 and then 124.4 in 2019-20. Again, the work of the division, like other divisions, varies over time depending on new policy proposals and different priorities of government and the department. I don't have the breakdown in terms of the levels of those staff. I will need to take that on notice.

**Senator CICCONE:** Could you also provide a breakdown of the costs that were associated with the ABARES National Outlook Conference and regional conferences for the 2019-20 year?

**Ms Deininger:** I will see whether I have any information on that. With our outlook conferences there is a cost recovery element, as you might appreciate, in relation to that. We do obviously charge people to attend. We will make sure that we provide the net cost, because there is that revenue aspect to the—

**Senator CICCONE:** If you could provide both the net cost and the actual costs, that would be great.

**Ms Deininger:** Yes.

**Senator CICCONE:** Has the COVID-19 pandemic affected ABARES' ability to do its work? Has it had to make any changes in light of the current pandemic with regard to staffing or resourcing?

**Ms Deininger:** As Ms Briscoe and others mentioned under outcome 1, the department generally has responded to the COVID-19 pandemic in terms of a greater number of staff working from home, of course, in the early stages of the pandemic. ABARES issued a number of additional reports very early on around that March-April period around the impact on trade and some analysis in relation to food supply and the security of food supply in Australia at a time when those matters were very topical. What I would say in relation to ABARES is, like other divisions in the department, a greater proportion of people of course work from home and work remotely and we use tools like Teams and so on to meet and to collaborate. There were newer pieces of work driven by the pandemic that we didn't anticipate six months ago of course before the pandemic arose.

**Senator CICCONE:** Would any of those research or policy requests have come from the minister or his office over the past six months? Have you had any requests for special research projects?

**Ms Deininger:** I'll have to take on notice who specifically asked for those particular products, but certainly ABARES has done that work responding to the economic and rural situation of Australia, reflecting that trade is obviously—

**Senator CICCONE:** Can you take on notice all of the research and policy requests for the past six months? Can you confirm the current value of the ag industry in Australia?

**Ms Deininger:** As we discussed yesterday, it was about \$61 billion last year.

**Senator CICCONE:** Has there been an estimated cost of the COVID pandemic on Australian agriculture?

**Ms Deininger:** I will see whether any of the officials would like to come to the table.

**Mr Metcalfe:** There are two reports that ABARES did through the period in addition to their regular pattern of work that I thought were particularly important. We can check on who actually commissioned them. You will recall at the time there were major runs on supermarkets in relation to perishable food, toilet paper, et cetera, and ABARES produced a valuable report basically providing reassurance that Australia produces three times as much food as Australians consume and that, therefore, provided supply chains remained open there was no need to panic buy. Secondly, there was a very important piece of work, following the decisions by the Chinese government to impose significant penalty tariffs on barley, to indicate that Australia is amongst the world's least subsidising nations as opposed to a significantly subsidising nation. Those reports might have been produced by ABARES in any event. We will check as to who commissioned them. They were both very helpful reports, and very useful to have that economic basis for the discussion on those matters.

**Dr Greenville:** In relation to the impact that COVID has had on the agricultural sector, what we saw initially when the pandemic began in China was really a slowdown in trade with China. Most affected were our high-value seafood exports. We estimated that, for example, rock lobster exports lost around \$200 million in earnings over that period. Since then the sector has been pretty nimble. If we look at our exports over the 2019-20 period, they are about two per cent down on what we saw last year. That's because our exporters have found a pathway to market. There's been a whole raft of changes that we have seen, and particularly with hold-ups in logistics, and the government's responded with IFAM. We have seen a softening of prices globally across the suite of commodities, and particularly those commodities that end up in more the manufacturing or disposable consumer goods.

One of the things that we pointed out—and we have found throughout this pandemic—is that people still need to eat and overall the demand for Australian agriculture products has remained pretty strong. The sector has been quite resilient in that sense. Again, the biggest impact that we've seen flowing through in terms of numbers for this year's production is really the drought. Also, there are lingering impacts on global protein markets related to African swine fever.

**Senator CICCONE:** What is the projected value for this coming financial year? Do we have any estimates?

**Dr Greenville:** Yes, we do. We released our September forecast relatively recently. We're expecting the value of agricultural production to hold about steady, at about \$61 billion, for this coming financial year. That's really a tale of a couple of stories. We have a strong crop-led recovery as part of that. Our winter crop production is about 20 per cent above the 10-year average, largely driven out of a big rebound out of New South Wales, with about 60 per cent of that coming from that increase in New South Wales. At the same time, as you would know, our exports and our production of livestock has continued quite strongly. That is largely because of drought and also strong prices from African Swine Fever and the impact that has had on markets. We are expecting with improved seasonal conditions that will start to pull back and herd rebuilding will begin. Production from the livestock sector will start to tail off as producers start to rebuild some of those flocks they have run down.

**Senator CICCONE:** Are we on track for 2030—

**Ms Deininger:** I think we've discussed that at hearings yesterday. The industry and government both recognise that that is a very ambitious target for industry to achieve. We are at \$60 billion. As we discussed, the government has a range of measures in play to assist the industry to try to meet that target. Of course, there is a whole range of variables, everything from international prices to the individual decisions of producers and businesses that will impact on production ultimately. Some of the things Dr Greenville mentioned, such as herd rebuilding, are really important fundamentals. In the short term that might lead to a dip in the actual value of production. I think, consistent with what we've said yesterday, certainly the government is doing a lot to support industry to achieve that target.

**Senator CICCONE:** It may have come up yesterday, but under the Future Drought Fund \$100 million has been set aside to help farmers prepare for and become more resilient to future drought. Does ABARES expect to play a role in those types of initiatives?

**Ms Deininger:** I apologise. The connection was breaking up. Was your question in relation to the Future Drought Fund and the role that the department plays?

**Senator CICCONE:** Will ABARES have a role to play with that future fund?

**Ms Deininger:** Peter Gooday will come to the table. I might just make a general comment. Of course, ABARES is part of the broader department of ag, water and the environment and work across the department on various things. It's not just a matter of their work being focused in their own area. Of course, there are links very much across the department.

**Mr Metcalfe:** The scheme of the Future Fund Act doesn't provide for a formal role for ABARES. I think from memory it does provide a formal role for the Future Fund itself for the advisory committee that Mr Finlay chairs that we heard from yesterday, and indeed for the Regional Investment Corporation. There are statutory roles in relation to that. Mr Gooday can speak for ABARES. My expectation is that, in providing advice to the minister about funding areas, the advisory committee would of course have reference to a whole range of data, including consultations. ABARES research underpins much of the decision making in this area.

**Mr Gooday:** Broadly, we've done quite a bit of work looking at the impact of drought on agriculture and the importance of adaptation in that. There was a report we released towards the end of last year, which illustrated how important adaptation had been for the sector in responding to poorer seasonal conditions since the year 2000. That's both a combination of uptake of new management practices and technologies, but also structural change within the industry. We have a program of work underway that looks to track that through time, and also to be able to provide information around the impact of climate variability on agriculture in terms of its impact on farm profits. That's one of the things we would be looking to add to the information that's available as well as the information around rainfall variability and the importance of that, how that's correlated to changes in farm profits. We have a range of work underway in that area. I will leave it there for the time being.

**Senator CICCONE:** Do you look at the economic impact of some of these government measures as part of the fund or other initiatives?

**Mr Gooday:** Certainly we are talking to the Future Drought Fund team about how we could use some of the modelling capacity we have within the monitoring, evaluation and learning framework that they are putting in place. Those discussions are underway. I'd expect that, if some of our information were to be used in that context, it would be combined with other information. The sorts of statistics and results that we could produce are at quite a high level. They would be directed at how the sector has responded overall or in aggregate rather than the sort of information you would need in order to look at the impact of a particular program or intervention.

**Senator CICCONE:** I refer to the work plan for 2019-20. Is this the most up-to-date plan for ABARES? I'm not sure who the relevant person would be to respond.

**Mr Gooday:** They would have been published for 2019-20. We are working on one at the moment to publish for 2020-21. We haven't settled that entirely yet. The one that you've been able to find through the website is the most recent publicly available one.

**Senator CICCONE:** There are a couple of areas of focus. Farm performance includes a number of themes. There's some talk about farm surveys and labour surveys. How long has ABARES undertaken these farm surveys and labour surveys?

**Mr Gooday:** The labour surveys have been underway since about 2015-16. We have done them intermittently through time. The broader survey program has been going since the 1970s. Every now and then there will be more detailed questions on labour. Over the last three years we've had a more concerted effort looking at labour use on farms. That started with the sectors that we traditionally survey—the broadacre sector, the dairy sector, and then the vegetable survey that we ran, and irrigated agriculture in the Murray-Darling Basin. Last year we extended the labour component of those surveys to irrigated agriculture or horticulture outside the Murray-Darling Basin. We got a much larger sample on labour use last year. We published the results of that work on 17 September this year that provided estimates by industry by month of labour use, and that was broken down into full-time, part-time, casual and seasonal labour use, and then whether people were on a visa, whether they were locals or whether they were Australian or New Zealand but not local. So there's quite a bit of—

**Senator CICCONE:** Labour use as opposed to labour shortage? Did it also look at shortages?

**Mr Gooday:** We've basically published information on what the profile of labour use looked like in 2018-19. From that you can see what time of the year the peak in labour use happens and how the peak in labour use is different across different states. The profile of labour use in Queensland, for example, is different from that in Victoria. In Queensland, labour use of casual and contract labour is pretty steady through the year, whereas in the southern states it peaks after Christmas for the harvest of what they grow down there. You can use that

information to look at how labour use is expected to increase through the year. For example, as to how labour use would change between now and February in a normal year—you'd expect that we would be using 20,000 more overseas casual and contract labourers in February than we would be in October.

**Senator CICCONE:** Can you expand on what data you collect on labour force needs in horticulture?

**Mr Gooday:** Yes.

**Senator CICCONE:** What actual data do you collect on the labour force needs in hort?

**Mr Gooday:** We ask how many people are used in different positions at the peak time of the year, whether that's harvest on a horticulture farm or shearing on a sheep farm. We ask questions about what their recruitment experience has been like. Have they tried to recruit? Have they had difficulty recruiting? What types of positions have they had difficulty recruiting? We ask questions about the profile of the labour use. On most farms, most of the labour use is family labour. We have a breakdown of that. Whether the people they are employing are part time, full time, whether they are contractors, whether they come from the local area, whether they are Australians or New Zealanders, or whether they are on a visa.

**Senator CICCONE:** How is the data collected? Do you randomly pick farmers? Who are you actually talking to?

**Mr Gooday:** It's all done with the operator of the farm. The surveys are a mixture of face-to-face surveys and phone surveys. The surveys are designed based on the ABS population list for the industry. It's a stratified random sample and we're using the ABS population list to get an estimate for the population in a particular region. We're aiming to be able to produce statistics that are robust at a regional level, which adds a lot of complication to the whole exercise in that it matters who agrees to participate in our surveys. Each farm, if you like, gets a weighting.

**Senator CICCONE:** How do you reach out to those?

**Mr Gooday:** How do we reach out to them?

**Senator CICCONE:** Yes. How do you pick one farmer versus another farmer?

**Mr Gooday:** It's quite involved. From the ABS population list we categorise farms basically into sizes and then we know that for each size category, we want to be surveying a certain number of farmers. Then we pick a random selection. We write to them and call them and ask them if they would participate in our survey. Then they are surveyed. If someone says 'no' we go to the next person on the list in that size category.

**Senator CICCONE:** Do you get any assistance from external stakeholders, farm federation groups or the like or is it just through the ABS?

**Mr Gooday:** At different times we will enlist the help of the industry organisations to promote the survey to increase response rate. That can be quite important. We will generally put out a media release of our own in the regions saying, 'You may be contacted by an ABARES officer to be part of this survey. It would be important if you could participate, because the surveys are used' for this, that and the other. We don't tend to enlist the help of the ABS because there's already a fair bit of confusion about what is an ABARES survey versus an ABS survey. We try to make that fairly distinct. It's surprising how good the response rate is, given the length of these surveys. People are very good with their time really.

**CHAIR:** It's my understanding that farmers don't understand that they have a choice; they believe they have no choice other than to answer the survey. I can confirm they know that. I suspect that's why you have an excellent response.

**Mr Gooday:** Our survey collectors try to make it as clear as possible that it's a voluntary survey and our letter includes words to that effect. My experience is that there's a great deal of confusion regarding the ABS surveys and the ABARES surveys. With the ABS surveys, you're supposed to fill out the census form and they'll chase you if you don't. Ours is not like that.

**Ms Deininger:** We try to have continuity of people in the survey so they have an ongoing relationship for a few years and develop a familiarity with the organisation, the data that's collected and the purpose to which it's put, which is to benefit their industry.

**Senator CICCONE:** Do you know what the ABS population sample parameters are?

**Mr Gooday:** The ABARES population—

**Senator CICCONE:** The ABS population sample parameters?

**Mr Gooday:** In terms of what you need to qualify to be in their population of farms?

**Senator CICCONE:** You have talked about samples. What is the population sample size?

**Mr Gooday:** Off the top of my head, I can't remember.

**Senator CICCONE:** If you can take it on notice.

**Mr Gooday:** Yes.

**Senator CICCONE:** How random is the selection process by ABARES?

**Mr Gooday:** As Ms Deininger said, we like to have some continuity from one year to the next, firstly, because it's useful to have some time series of a particular farm; and, secondly, it's much easier to contact them and costs less. It's not entirely random. Our statisticians are quite obstinate really. They hold us to the randomness of the sample pretty tightly. At the end of the day, the idea is to produce a population estimate, and that's very difficult to do if you haven't got a random sample.

**Senator CICCONE:** What's the penalty? The chair mentioned a penalty.

**Mr Gooday:** The ABARES survey is voluntary. There's no penalty. There's a reward for being involved in terms of a warm feeling about helping ABARES, but that's about the extent of it!

**Senator CICCONE:** As to continuity, doesn't that increase bias, though? What we're trying to always find is what the industry or sector is looking like. But, if you have this continuity, it's not really providing us with an accurate picture of the industry?

**Mr Gooday:** That's one of the reasons why the statisticians are keen on rotation of the sample. It's not the case that we'll have a farm in the survey for 20 years. It's very rare that there will be a farm in the survey for five years. We're careful to make sure there is a rotation of the sample. Every now and then we get the opportunity to check our results against other things that are produced and, more often than not, we're finding a great level of consistency with the things that we collect in our survey. For example, information that we collect on debt lines up very closely with the APRA information that's collected across a larger sample. That type of thing gives us confidence that the numbers are fit for purpose in terms of being able to report at that regional level. We're very careful when people are asking us to produce estimates at a regional level that's below what we are comfortable with. You can imagine that sometimes people are interested in a very small area. We'll have a look at our sample. If there are not enough sample points, we'll provide an estimate of a larger area.

**Senator CICCONE:** In response to some questions I asked yesterday, the department said that ABARES has undertaken some analysis of possible labour shortages. What has been the latest survey that you have undertaken with respect to labour shortages?

**Mr Gooday:** The latest survey we've done with respect to labour is the one released on 17 September. It didn't provide estimates of shortages or gaps; it provided an estimate of labour use through the year. That's the latest work we've published on that.

**Senator CICCONE:** Would it not make sense to also look at the gap, given it's a pretty topical issue at the moment?

**Mr Gooday:** The gap is a difficult thing to measure. It has to do with what the response of the local workforce is to the needs. It has to do with how many people on visas are still in the country and how many of them are working in agriculture versus something else. The information that we've provided can certainly be used to look at how we would expect labour demand to change through the year. It's relatively straightforward from the figures we've produced to look at the increase that would be expected between now and February, for example.

**Senator CICCONE:** Because it's difficult we don't try to understand what the gap is?

**Mr Gooday:** What we can take from the work that we've done is that there's a fairly significant increase normally in labour use in agriculture from now until after Christmas. There's potentially a significant shortfall in terms of seasonal labour. That's consistent with what industry is saying. I think the number is large enough that—

**Ms Deininger:** Given the size of the potential labour need, that has prompted the government from the very earliest stages of the pandemic to make sure that there are a range of measures to try to facilitate movement of labour—everything from trying to make sure that agriculture was a critical industry and we could have workers moving across state borders, to the ag workers code and the range of measures that has been announced. The analytics is one aspect, but the policy response is the other, which we canvassed at length yesterday.

**Senator CICCONE:** Where are the shortages most pronounced? Does the department or ABARES know where the shortages are most pronounced?

**Mr Gooday:** As I was saying before, labour use varies quite a bit between the different states. It is relatively constant in Queensland compared with, say, Victoria. You would expect that in Victoria, South Australia,

Tasmania—those states that have a big increase in labour use from January, February, March, stretching into April probably—there is going to be a significant pinch point.

**Senator CICCONE:** You are no doubt aware of an EY report that was released which showed a shortfall of 26,000 over the next six months. Have you undertaken any analysis to determine whether this number is correct?

**Mr Gooday:** We had a look at the broad differences between the EY report and the information that we released in September. Starting with the similarities, they are pretty obvious in that we're all agreeing on the basic profile of labour demand through the year and also across regions. That's all entirely consistent. The EY report goes into a bit more detail in terms of commodity coverage than we do. The EY report doesn't cover as many horticultural commodities as we do. Their report does not include wine grapes, for example. The other difference between the ABARES work and the EY work is really the way in which the estimates are constructed. We were talking before about the stratified random sample that we use to construct our estimates. The EY report spoke to 450-odd producers to construct their estimates. One of the differences there is that our estimates include information from a lot of smaller producers.

One of the big differences between the EY report and the ABARES report is the proportion of the casual workforce that's from overseas. The EY report has that at about 85 per cent. If I subset our industry coverage down to match theirs—so take wine grapes out—we would be saying our estimate is about 65 per cent, which looks to be a big difference. If we look at the large farms in our sample, it's very similar to the EY numbers. The difference between—

**Senator CICCONE:** Are you saying that the EY report doesn't paint an accurate picture compared with the work that ABARES has done?

**Mr Gooday:** The EY numbers don't include as broad a look at the agriculture sector as our numbers. Certainly, they've focused on the farms that are going to be employing large numbers of overseas workers—that's a sensible thing to do if you've got a short amount of time—whereas our report, because it took a broader look at the sector, has picked up a lot of farms that use relatively low levels of overseas workers because they're smaller and they're using a higher proportion of local labour and family labour too. There are differences between the numbers. We're basically agreeing on the location and the timing of the increases in labour demand. I think we're all agreeing that there's a sizeable gap left by the overseas workers that aren't here at the moment.

**Senator CICCONE:** That gap is something that's still contentious; we don't really know what the accurate picture is. Have you sought feedback from industry regarding your report, the EY report and the overall suitability of the labour force data you collect?

**Mr Gooday:** We haven't done a consultation specifically around the difference between the ABARES report and the EY report. We have presented the results to a couple of forums and people are generally comfortable with what they're saying.

**Senator CICCONE:** Why is it that industry has to commission its own study to assess labour force needs? They do pay levies to government. With the industry then going out and in effect outsourcing what could be done, a lot of farmers watching today would be scratching their heads thinking, 'Why do I bother paying levies if we're just going to pay for our own study to understand what the problem is?'

**Ms Deininger:** As Mr Gooday mentioned, the data was released in September. It's an annual survey. There's a time series of data that has been released. In fact, the government recognised that one of the aspects of the Fels inquiry was the importance of labour data and actually commissioned ABARES to do some more work. That was the Fels review that came out a couple of years ago. I think there is this continuity of data availability and there's certainly this focus of government on making sure that we understand the characteristics of the labour need and the labour force. As Mr Gooday has enunciated, we have a thorough and statistically rigorous process to understand that data. Of course, industry will from time to time commission reports on various things. We welcome that. We welcome the opportunity to understand industry concerns and we welcome the opportunity to understand industry perspectives. We have a very significant industry engagement presence through our industry engagement officer. They are regularly hearing on the ground the importance of addressing these labour needs. It's fair to say there's a broad range of information coming to the department in relation to the needs of agriculture.

**Senator CICCONE:** Have you done any forecasting to assess the economic impact Australia might suffer as a result of the labour force shortages in horticulture?

**Ms Deininger:** Do you mean the impact on production?

**Senator CICCONE:** Output-slash-production?

**Ms Deininger:** One of the challenges of course is that we don't know to what extent the domestic labour force will fill that gap. There is of course a gap because we aren't bringing workers into Australia in the numbers that we have in the past. However, we also have an available domestic workforce and incentives for domestic workers to move into those sectors. There's some difficulty, obviously, in trying to estimate that, or there are a number of variables that make that quite complex.

**Mr Gooday:** To add to Ms Deininger's point, it's exactly for that reason of seeking to encourage the domestic workforce who are looking for work to take up opportunities that state and territory governments are running extensive advertising campaigns and seeking to match opportunities with people looking for work. Some of the industry bodies are doing that as well. In answer to your question about the impact of the labour force gap, the policy response is to do as much we can collectively between Commonwealth and state governments to incentivise and encourage people to take up the opportunities that exist to undertake some paid employment.

**Senator CICCONE:** Has any research been undertaken to understand the undocumented workers that may be on farm—the lawful noncitizens, as they're technically described?

**Mr Gooday:** We haven't done any.

**Ms Deininger:** As Mr Gooday just mentioned, we haven't done any. There may well be some work that the department of immigration, or Home Affairs, does. I've seen estimates in the press of the number of undocumented workers who might be in Australia, but that's a matter for the Immigration and Home Affairs authorities.

**Mr Metcalfe:** I can certainly respond.

**Senator CICCONE:** I was curious to know if there had been any undertaking to do research.

**Mr Metcalfe:** We spoke at some length yesterday about the fact that Home Affairs is the department that has the databases in relation to visa overstayers and also has commissioned reports in the past on people who may be here with a visa but who are working in contravention of the terms of their visa. From my experience in that portfolio, that was an area of regular focus. That illegal workforce tends to concentrate and move between hospitality and agriculture, horticulture in particular, and whatever. You would need to ask Home Affairs for the current estimates of the size of that workforce. For many years, my recollection is that it was in the range of 80,000 people. But my figures are very dated.

**Senator CICCONE:** We did get figures to suggest it was in the high 60s. In terms of ABARES doing surveys, do they ask these questions of participants?

**Mr Metcalfe:** 'Do you employ illegal workers?'

**Senator RUSTON:** I am not sure anyone is going to ask that.

**Senator CICCONE:** I'm assuming it's an anonymous survey? It doesn't identify who the farmer is?

**Senator RUSTON:** They're still not going to answer that question. If they're illegally employing workers, they're highly unlikely to admit it to a government body.

**Senator CICCONE:** Why would they provide data to the government on a range of other issues? Wouldn't it be worth asking these questions to see what response we get?

**Mr Gooday:** When we do these surveys, we ask people where the workers come from. We are asking them whether they're locals, whether they're Australian, New Zealander, whether they're on a visa, and there is an 'unknown' category as well. It's not necessarily the case that people that tick the 'unknown' box aren't unknown to someone else in the farm business. That's the only information we have, really.

**Mr Metcalfe:** Particularly with the larger enterprises, many of the farm businesses would actually obtain their labour through labour hire companies. Therefore—I stand to be corrected—I don't think our survey would reach the labour hire company level. Again, that's an area where the Home Affairs department or the employment department may have more records. Ms Deininger did mention yesterday that there is a review underway about the long-term agricultural workforce needs, led by Mr John Azarias, with a significant panel of people assisting them. We are expecting that report in the next few weeks. I know they have been focusing on this whole area of the future needs of agriculture. That will be an important additional piece of information for us as well.

**Senator CICCONE:** I appreciate that. I have two last questions. Is it possible to provide the raw data from the surveys or some form of data?

**Mr Gooday:** The latest labour survey has been released as a data product.

**Senator CICCONE:** I will have a look.



**Mr Gooday:** Yes, you can try to download the data that way. We are happy, if that proves too difficult, to help out with that.

**Ms Deininger:** The idea behind that is that people can manipulate the data and create the dataset or the graph they are particularly interested in, rather than us deciding what sorts of data products to produce.

**Mr Gooday:** The data that's been released is at a regional level. It's not the individual-level data. It's not farm-level data. It's been aggregated to a region. You wouldn't be able to have a look at how many people Farmer Brown employed.

**Senator CICCONE:** Has ABARES factored in the current challenges that Australia is experiencing with our largest trading partner with regards to the theme of productivity? If so, what has ABARES found?

**Mr Gooday:** Dr Greenville might be in a better position to talk about trade.

**Dr Greenville:** I just missed the end of that question. Could you repeat it, sorry?

**Senator CICCONE:** With regard to productivity and the challenges we're currently experiencing with China, what has ABARES been able to find?

**Dr Greenville:** In terms of productivity or in terms of our export markets and trading relations?

**Senator CICCONE:** Under the theme of productivity, this goes back to the work plan—

**Dr Greenville:** To understand where Australia sits in trading relationships with not only China but all our major markets we do a lot of work just to look at the trends that are occurring, at possible shifts that might be there. We've done some work previously with a forward-looking bent as to new market opportunities where growth is going to occur. We regularly as part—

**Senator CICCONE:** Have you factored in the current challenges that we're experiencing? That's really the crux of my question.

**Dr Greenville:** The short answer is yes. In doing our forecasts for agricultural trade and production, we always factor in the current and likely challenges that the sector might be facing over the next year. If there's clear information on them—for example, this case with barley and the countervailing antidumping duties—that's explicitly in the forecast. Where there's uncertainty, such as the discussions and the actions with wine and the recent discussions about cotton, we factor that in as a downside risk. We do these quarterly. As we update this throughout the year, we gain more information and make an assessment as to the impacts.

**Senator CICCONE:** Thank you very much for that. That concludes my questions.

**CHAIR:** Are there any more questions? No? We're done. Please go with our thanks. We now call the Rural Industries Research and Development Corporation, AgriFutures.

#### AgriFutures Australia

[09:55]

**CHAIR:** Do you wish to make an opening statement?

**Mr Harvey:** No.

**Senator SHELDON:** Could you provide information to the committee as to what process research and development corporations have to undertake with regard to audits? What's the process? Could you provide that information to the committee.

**Mr Metcalfe:** Yes. It will vary. As you would be aware, about four of the research and development corporations are statutory authorities, such as RIRDC, or AgriFutures. The other are industry owned associations and therefore also have responsibilities under the Corporations Law. I will take that on notice to give you a comprehensive response.

**Senator SHELDON:** Is it correct that the auditors cannot have any links with the corporation and they cannot use the same auditor all the time?

**Mr Metcalfe:** I will take that on notice.

**Senator SHELDON:** And they have to be at arm's length?

**Mr Metcalfe:** I will take that on notice.

**Senator SHELDON:** If there's a breach of those rules, I gather there's some response from the department. Is there some accountability for that, a process and specific—

**Mr Metcalfe:** It's certainly our expectation that the RDCs comply with all requirements. I will check again as to what those arrangements are.

**Senator SHELDON:** Could you also give me the relevant act and penalties for any potential breach and remediation action?

**Mr Metcalfe:** I am happy to advise that on notice.

**Senator SHELDON:** Is AgriFutures a member of Agriculture Innovation Australia?

**Mr Harvey:** Yes, we are. We are a member.

**Senator SHELDON:** How much does membership of AIA cost AgriFutures?

**Mr Harvey:** Membership of AIA is on a sliding scale depending on expenditure. In our case, our membership fee is \$65,000, and that's locked in for the next three years.

**Senator SHELDON:** What does AgriFutures' engagement with AIA involve?

**Mr Harvey:** We are a member of the company, which is a company limited by guarantee. In relation to AIA, there may well be a lot of questions you have about AIA. In terms of the detail, it might be—

**Senator SHELDON:** The only question I'm asking right now is: what is the arrangement with regard to your engagement? How do you engage with them? What is your involvement with them?

**Mr Harvey:** We are a member of the company. That's the nature of our engagement. We are a member.

**Senator SHELDON:** You pay \$65,000 and you don't do anything else other than pay money? There's no other engagement other than that?

**Mr Harvey:** In terms of our legal arrangement, we're a member.

**Senator SHELDON:** What facilities do they provide to you? What services do they provide? What do you provide to them? What's the engagement? What's the relationship?

**Mr Harvey:** As I was saying earlier, Andrew Ferguson, who will be presenting later today and is with MLA, will give you a lot more detail in terms of how they operate. My expectation is that we will engage closely with them in identifying the issues. They will go away and develop strategies for the big transformational issues that are going to impact on the future of the whole of agriculture.

**Senator SHELDON:** What are you seeking to get out of that relationship?

**Mr Harvey:** We're looking to get out of that arrangement some really well thought out strategic transformational investments that we can potentially invest in.

**Senator SHELDON:** In what areas are some of those transformational investments that you're seeking?

**Mr Harvey:** It's the big issues that are likely to affect the whole of agriculture. For example, climate affects the whole of agriculture. The AIA could potentially make a substantial long-term investment in how farmers respond to climate change and climate, how they manage it, what impact it is likely to have on them. Likewise, for example, with natural resources, soils affect the whole lot of agricultural sectors. Rather than each individual RDC doing their own projects on soils there may well be an opportunity for us to collectively put together a strategy that all of our levy payers can benefit from.

**Senator SHELDON:** At a meeting in August 2020 the NFF announced it has 'thrown its weight behind an aspirational economy-wide target of net carbon zero by 2050'. Is AgriFutures conducting any research into emission reductions?

**Mr Harvey:** Yes, we are. We are involved in and provide the secretarial support to the Climate Research Strategy. One of the targets in that program is carbon abatement.

**Senator SHELDON:** What is the AgriFutures emission reduction target?

**Mr Harvey:** AgriFutures invests in research and development. We do that in partnership with our 13 levied industries. On our own we don't have one. We don't have a target for carbon reduction at this stage.

**Senator SHELDON:** When would you expect to have a reduction target? If you're carrying out research, having a target would mean you would continue testing the viability of that target? That would seem logical to me, but maybe you might say that's not so logical. I would be pleased to hear your response.

**Mr Harvey:** We will respond to the needs of our industries. As we consult with our industries, if that comes up as one of their goals and targets we certainly will work with them to ensure we're doing the right research to help them achieve whatever their target is, be it carbon abatement—

**Senator SHELDON:** Are you researching the NFF target of net zero carbon by 2050?

**Mr Harvey:** Not to my awareness, no.

**Senator SHELDON:** NFF is a small organisation. They are not very well known. They're not significant—well, obviously, they are. If you're saying you're being responsive to industry, isn't that being responsive to industry? Why aren't you carrying out that research?

**Mr Harvey:** To be specific, when I was saying 'responsive to industry', I was referring to the levied industries that we are responsible for who actually pay the R&D levy.

**Senator SHELDON:** Does AgriFutures consider it would be helpful for the minister to support the NFF's target and provide a yardstick for industry to work towards?

**Mr Harvey:** AgriFutures does not have a view on that.

**Senator SHELDON:** I want to turn to the AgriFutures organisations structure, which is available on your website. Can you confirm that, including the general manager, there are currently 11 communications officers employed at AgriFutures?

**Mr Harvey:** I presume you're referring to the business group which is called Communications and Capacity Building. I think it would be incorrect to characterise all of the people in that group as being communications officers. There are certainly some communications officers in that group. That group is also responsible for producing evokeAG and also GrowAg. It's also responsible for delivering our capacity building activities.

**Senator SHELDON:** Can you give me a breakdown of the responsibilities of those people? It appears that they are communications officers, the way it's presented on the website.

**Mr Harvey:** Yes. I can take that on notice.

**Senator SHELDON:** Their responsibilities and work requirements would be important so I can dissect it.

**Mr Harvey:** I can certainly take that on notice.

**Senator SHELDON:** Is it correct, within the communications, team that there are five staff who are involved in evokeAG?

**Mr Harvey:** I will need to confirm that and take it on notice. That is in the ballpark, yes. I would need to check the number.

**Senator SHELDON:** Can you confirm that, including the general manager, there are currently eight research officers employed at AgriFutures, with one additional vacant position?

**Mr Harvey:** Just for clarification, are you referring to our research programs group there?

**Senator SHELDON:** Yes.

**Mr Harvey:** Again, I need to take that on notice and check that number for you.

**Senator SHELDON:** What is the total funding of AgriFutures for 2019-20?

**Mr Harvey:** I will hand over to David Heazlewood, our senior manager, corporate.

**Mr Heazlewood:** The total funding for 2019-20 was \$46.9 million across all income sources.

**Senator SHELDON:** How much of this money was spent on research and development?

**Mr Heazlewood:** Some \$25.5 million.

**Senator SHELDON:** How much was spent by AgriFutures on evokeAG?

**Mr Heazlewood:** I have the figure here. If we are referring to the evokeAG 2020 event—the expenditure crosses financial periods—was \$2.3 million.

**Senator SHELDON:** Could you give me 2019 as well?

**Mr Heazlewood:** I don't have that number on me. I will have to take it on notice.

**Senator SHELDON:** Does AgriFutures intend to go ahead with the evokeAG conference in 2020-21?

**Mr Harvey:** Our intention is to run evokeAG in 2022, not 2021. Because of COVID-19, we had to postpone it. Can I just add to Mr Heazlewood's answer? With evokeAG there is significant revenue to the event. I might get Mr Heazlewood to also give you the revenue, because it's not a total expense for AgriFutures. In fact, there is a lot of revenue generated through the event.

**Mr Heazlewood:** The total income for evokeAG 2020 was \$1.6 million in round figures.

**Senator SHELDON:** Is there a make-up for that \$1.6 million? I'm projecting that your expectation would be that, in normal circumstances, it would have been at least equal, and I am sure you would be hoping for better. If it had have been going ahead, is money being made up for that \$1.6 million that you're going to miss out on?

**Mr Harvey:** Because we won't be running in 2021 we won't have expenditure and income, clearly. At the moment our plan for 2022 is that we break even.

**Senator SHELDON:** I will make it clearer. In 2021, if you're losing potentially \$1.6 million for that year, is that money being replaced from somewhere? Is there additional money allocated from the budget or from the government? How are you going to make up the \$1.6 million shortfall?

**Mr Metcalfe:** I think \$1.6 million was the revenue.

**Mr Heazlewood:** That's correct; \$1.6 million was the revenue figure.

**Mr Metcalfe:** I think it is about \$0.7 million.

**Senator SHELDON:** So you expect to break even?

**Mr Harvey:** Because we're not running the event we will have less expenditure in 2021 associated with evokeAG, and we are planning to break even in 2022.

**Senator SHELDON:** Just so I'm clear, for the last evoke you carried out you said it was \$1.6 million. Was it a break-even situation on that occasion?

**Mr Harvey:** We made a loss on the event in 2020-21. I will ask Mr Heazlewood to give you that amount.

**Mr Heazlewood:** It's the differential figure of \$760,000.

**Senator SHELDON:** Can you explain how evoke delivers AgriFutures' primary purpose, research and development?

**Mr Harvey:** To be really clear, AgriFutures has three mandates. One of them is to do the R&D for our levied industries. The second mandate is about doing research for new and emerging industries. We have an additional mandate, which is to do research that affects the whole of agriculture. The reason that we embarked on evokeAG was we were seeing an explosion of new technologies globally, particularly in the digital space but also in other spaces, such as synthetic biology. We believed that a lot of those technologies would be relevant to Australian agriculture, and to the whole of Australian agriculture. In particular, the digital technologies know no boundaries in terms of sectors and countries. EvokeAG was our opportunity to bring together all of the different players in the ecosystem and shine a spotlight on the great research we're doing in Australia, and also open up some of that great research to investment from commercial parties and other investors from around the world. In terms of evokeAG, both times we sold out. We had something like 30 trade missions. We worked very closely with Austrade. We had somewhere between \$2 billion and \$4 billion worth of managed capital in the room. As a consequence, we've had a number of interesting partnerships evolve. It certainly created a lot of interest around the world, both the first one and the second one. It has really opened a gateway for us into the global community.

You are probably aware that we have a great reputation globally for doing excellent research in Australia, particularly in agriculture. We are highly expert in it. There has been some criticism about how we go about commercialisation. Getting on to the global stage is critical to getting the scale that you need to get that commercialisation process working, and that what's evokeAG was doing.

**Senator SHELDON:** Does AgriFutures consider this to be an efficient and desirable use of levy-payer dollars? I appreciate you have said there's particular streams that you're concentrating on.

**Mr Harvey:** There are no levy-payer dollars that go into the event. We manage our levies separately. We have separate accounts for our levies. We have 13 different industries that we do R&D for. No levied industries funding went into evokeAG. Having said that, a number of our levied industries came along and participated and a number of our levied industries actually have done deals as a consequence of evokeAG to bring new technologies into Australia.

**Senator SHELDON:** On 7 October AgriFutures announced five new board directors. That announcement was made with the minister. Why did the minister appoint new board directors?

**Mr Harvey:** Under the act the current term of the directors expired at the end of September. The minister was required to run a process to appoint a new board.

**Senator SHELDON:** What was a process undertaken to select these directors?

**Mr Harvey:** The process requires the minister to appoint a presiding member. The presiding member then consults with our representative organisations and forms a selection committee. The selection committee then goes through a process of asking for applications, then screens and makes a recommendation back to the minister.

**Senator SHELDON:** What consideration was given to stakeholder representation and need?

**Mr Harvey:** In forming the selection panel, the presiding member consults with our two representative organisations—in this case that's NFF and the Australian Chicken Meat Federation—before forming the selection panel.

**Senator SHELDON:** This year we've seen trade tensions with China really come to a head in the agricultural sector, with some Australian agriculture products becoming subject to heavy tariff or potential tariff by China. Does AgriFutures consider trade and market access to fall within its research and development remit?

**Mr Harvey:** It depends on the question and industry need. It's not an area that we do a lot of work in. If there was a specific industry requirement or need we would look at potentially doing some of the research element of that market research.

**Senator SHELDON:** I think you touched on the market access questions when you were talking about bringing potential investors in to expand and connecting innovation in Australia.

**Mr Harvey:** Correct.

**Senator SHELDON:** Did you want to expand on that? You're welcome to; otherwise I'm happy to go to the next question.

**Mr Harvey:** The connections that we've made in terms of people investing in agrifood tech innovation have largely been centred around where the activity is. At the moment, a lot of the activity is still in North America, in particular San Francisco but also Israel, the Netherlands, Singapore and increasingly New Zealand. We've certainly worked very closely with New Zealand. We have been guided by and had amazing support from Austrade in that whole process. Austrade has partnered with us in running evokeAG to promote the event and to ensure that we had the right people from around the world forming trade missions to come out and see the great research and innovation happening in Australia.

**Senator SHELDON:** You have mentioned some of the research you have done on future markets. Is there any other future markets of note that you would like to tell us about?

**Mr Harvey:** Not specifically, no.

**Senator SHELDON:** Regarding some of the research and development being conducted into possible future markets—that's how I understood your previous answer—have you come to any findings regarding that research and developments at this point?

**Mr Harvey:** I want to be really clear here. We haven't done research into the markets for agricultural produce. We have been more looking at the investment and collaboration opportunities to collaborate with Australian researchers and Australian innovators, and particularly with a focus on commercialisation of that technology so that Australian farmers can get access to it and we can generate revenue for the economy.

**Senator SHELDON:** From the work that you've done have you prepared any reports on where that's up to?

**Mr Harvey:** No, there hasn't been.

**Senator SHELDON:** What's the total staff at AgriFutures?

**Mr Heazlewood:** Are we referring to staff as at the end of 2019-20?

**Senator SHELDON:** Yes.

**Senator STERLE:** Is there a difference between that and now?

**Mr Heazlewood:** Only very moderate. Total staff numbers as at June 2020 were 20. It's increased slightly to 21 currently.

**Senator SHELDON:** Do you feel AgriFutures is adequately funded to achieve the objectives of the groups that you're representing as part of your remit?

**Mr Harvey:** Yes, we do, bearing in mind that certainly some of our funding comes from levied industries, and they have a say in how much they want to invest in R&D. For example, recently the rice industry put a case to the minister to increase their levy from \$3 a tonne to \$6 a tonne. There are other industries that are interested in potentially increasing their levy. The question about whether we are adequately funded is really driven by what our industries believe they need. In the case of rice they made the call, which is an absolute credit to them, to double the amount of dollars they were putting into R&D.

**Senator SHELDON:** In light of the one you have mentioned that's gone up, could you explain a little about the reasoning behind the fact that they've put it up for rice. Have any others gone up? Have any gone down? If you could take all of those questions in one, that would be great.

**Mr Harvey:** Industries can approach the department—they don't go through AgriFutures; they actually approach the department—about any changes to the levies. I know in the case of rice they felt they had some fairly substantial challenges around water use efficiency. They believed that research and development was critical to the future of their industry. They were required by the department to go through quite a detailed development of a business case and consultation with rice growers before they then put a case. In fact, they did quite a detailed survey asking growers whether they wanted to increase their levy. The majority did want to increase their levy, and that was put through to the department and then through to the minister for a decision.

**Senator SHELDON:** When was the last time the RDC was audited?

**Mr Harvey:** Obviously we get audited every single year. We have internal auditors and we also are audited by the ANAO.

**Senator SHELDON:** Who selects the auditor? The board, I gather?

**Mr Harvey:** The internal auditor is selected by the board on the recommendations of the audit committee. The ANAO is obviously the government appointee.

**Senator SHELDON:** And the department oversights obviously then all of those processes?

**Mr Metcalfe:** Not really. As an entity under the PGPA Act, RIRDC is directly accountable as an agency in the same way the department is directly accountable as an agency. As Mr Harvey said, the board selects its internal auditors in the same way that we select our own internal auditors. The ANAO is the audit body for all Commonwealth entities.

**Senator SHELDON:** Does that apply to all the RDCs?

**Mr Metcalfe:** No. As I mentioned earlier, I have taken that on notice, but the majority of the RDCs are industry owned bodies. They are separately established and have responsibilities under Corporations Law as well as under PGPA Act arrangements. I will need to check as to the audit arrangements for them.

**Senator STERLE:** With the internal auditor, is it the same auditor each year?

**Mr Harvey:** Our internal auditor is normally appointed for about three years, and then we go through an open process.

**Senator STERLE:** In the history of RIRDC, or AgriFutures, is this a new auditor from the previous period or is it the same one?

**Mr Harvey:** I have been with AgriFutures for four years. This is our second internal auditor. Can you remember when they were appointed?

**Mr Heazlewood:** It was approximately 18 months ago. If you need an exact number, I would have to take it on notice.

**Senator STERLE:** That's fine.

**Senator SHELDON:** Can you provide the committee with the name of the company engaged to undertake the independent audit?

**Mr Harvey:** Our internal auditor is Calita.

**Senator SHELDON:** How was the company identified, and how much was it paid?

**Mr Harvey:** I'll need to hand that question to Mr Heazlewood.

**Mr Heazlewood:** We went through a procurement process with selection criteria. Calita was the entity that was the best rated out of our selection criteria. As to the exact number they are being paid, I would have to take that on notice.

**Senator SHELDON:** How is the actual audit process recorded? Is the committee able to receive any documentation that would assist us in knowing more about the process and the recording of the audit?

**Mr Harvey:** Each year, in consultation with the audit committee, the internal auditor will develop an audit plan, and we will talk to them about the areas of the business that we think need to be audited generally based on a risk assessment about where the highest potential risks are. They then will go away and develop up a plan on how they are going to implement those internal audits. They provide back to the audit committee their report, their recommendations and findings. That's then implemented by management.

**Senator STERLE:** Where's your annual report?

**Mr Harvey:** Our annual report was forwarded to the minister on 15 October.

**Senator STERLE:** What is that—two weeks ago?

**Mr Harvey:** Last Thursday.

**Senator STERLE:** When do the annual reports normally get handed to the minister?

**Mr Harvey:** On my understanding that is the normal date that we have done.

**Mr Metcalfe:** I have actually checked on this. The PGPA Act requires annual reports—and Senator Sheldon referred to this time period last night—to be forwarded to the minister by the 15th day of the fourth month of the period. So that is 15 October. AgriFutures complied with that requirement. They are required to be tabled before the parliament by the end of October. There's also a strong suggestion that they should be made available prior to Senate estimates hearings. There's a disconnect between the 31 October requirement, which the AgriFutures annual report complies with, and the fact that estimates hearings are now occurring a week or so before that. That is the full explanation.

**Senator STERLE:** I will just ask the minister. I guess you will have to take this on notice. When can we expect to see the tabled report?

**Senator Ruston:** The exact day obviously I will take on notice, but clearly by 30 October.

**CHAIR:** Thank you very much. We excuse you with our thanks.

**Mr Metcalfe:** Chair, just as we are talking, I received a message today that might be of interest to Senator Ciccone, given the earlier discussions. A friend of mine who lives in South Yarra has now been allowed to get a haircut, like other people in Melbourne. When he went to his barber he found that his hairdresser was no longer there. His hairdresser has gone shearing. It's an example of a city worker having seen an opportunity in the bush, because there's a shortage of shearers in Victoria. The sheep are getting a good haircut, but my friends said the alternative hairdresser was quite good as well. A nice little vignette, given what we were talking about.

**CHAIR:** That is a surprising segue.

**Mr Metcalfe:** It is good to see. They could not work as a hairdresser, so they went and worked as shearers.

### **Grains Research and Development Corporation**

[10:27]

**CHAIR:** I now call representatives from the Grains Research and Development Corporation. Good morning, Mr Williams. Do you wish to make an opening statement?

**Mr Williams:** Yes. Firstly, I might start with a little bit of a bio, because I'm 10 weeks into this tenure. I will give the panel a bit of an understanding of my background and then I will move to my opening statement. I joined GRDC from Bunge Lodders Crocklaan, which is a global food fats and oils business, a division of Bunge Limited, which is a global agribusiness. Before I was in that executive role, I ran the Bunge North America food oils business, which covered Canada, the US and Mexico. Prior to that I was in a global grain milling role with Bunge. Before joining Bunge, I spent a couple of years consulting in the private equity space, and I spent 14 years before that with Goldman Fielder in Australia and New Zealand. My background covers the entire grain spectrum from one end to the other, which I feel is probably not a bad way to start, relative to GRDC's role and mandate.

In terms of an opening statement, thank you very much for the opportunity to be here to discuss GRDC with you. I feel that GRDC has a privileged place in the Australian grain industry. Leading a business that is investing around \$170 million each year in innovation, research, development and extension across all regions of the country, and on behalf of 23,000 growers of 25 different grain crops, in order to drive enduring business and productivity growth and profitability growth is both exciting and humbling. The legacy that has been created over the past 30 years of GRDC activity by the current and previous chairs, board and management and the positive impact that has had due to the commitment of the Australian grain growers to adopt new methods and technology, resulting in the value of Australian grains production increasing from \$5 billion in 1995 to \$10 billion in 2007 and to a forecasted \$15 billion in 2019, is a testament to the value that can be created from the RDC model and the astuteness of the grower community in adopting the innovative solutions it generates.

GRDC's focus on outcomes and impact is a critical element of its consolidated national investment approach. This approach maximises the potential leverage of each investment dollar, by ensuring that our research findings have the broadest possible benefits across regions and all crops and then targeting application and adoption investments at the more regional level in order to provide localised farming solutions and systems. I'm encouraged by how effective this model can be. For example, the collaborative whole-of-value-chain effort led to canola being established as a major domestic and export growth opportunity, delivering over \$14 billion in farmgate value over the last 10 years—\$8 billion of which was captured by Western Australia, \$3 billion by Victoria and \$2 billion by South Australia.

I'm also encouraged by how efficient the business model is, as GRDC investments encourage significant co-investment from research partners across government, universities and private companies, both within Australia and internationally. These sorts of outcomes deliver ongoing benefits to growers, research partners and other RDCs as well as industry stakeholders and the broader Australian public.

Continuing to drive such positive grain industry outcomes is my key focus at GRDC in order to contribute to achieving the National Farmers Federation's \$100 billion agricultural farm output target by 2030 and even potentially increasing grain's current 22 per cent share of Australian ag. It is clear this will not be easy—stretch targets are not supposed to be easy to achieve—with challenges from global competition, climate, bushfires, pests and diseases and, most recently, global pandemics, all of which represent significant headwinds to growers and the broader Australian and global economies.

Despite the need to overcome these stay-in-business issues and offset cost inflation with ongoing productivity improving investments that deliver increased yield and reduced input costs, I'm optimistic about the opportunities that can drive Australian grains growth in the future and as a result increase enduring profitability for Australian grain growers. This optimism stems from the tangible results delivered by growers adopting investment outcomes, like the previously mentioned canola investment, as well as no-till farming and the emergence of new and exciting cropping opportunities, such as chickpeas, lentils and lupins—all of which can add to Australia's domestic and export market penetration while also creating a point of difference globally by leveraging the world-class quality, food safety and environmental stewardship reputation Australian grain growers, government agencies and industry participants have worked so hard for so long to establish.

My optimism also stems from the combination of global consumption trends shifting towards grain and grain based products as well as some of the truly innovative thinking being done in a collaborative way by the GRDC team, other RDCs and our world-class Australian and international research partner organisations. With all this in mind I'm very pleased to have assumed the leadership of GRDC and look forward to delivering even greater benefits to Australian grain growers and the grain industry in the future.

**CHAIR:** Thank you very much, Mr Williams. Before I hand over I want to ask a question. You mentioned the farmgate dollars of grain production around Australia, but you didn't mention Queensland.

**Mr Williams:** Canola is not really a major crop in Queensland.

**CHAIR:** Or not major enough to be registered in Queensland?

**Mr Metcalfe:** Wheat and barley are very important—

**Mr Williams:** Wheat and barley. Sorghum is a major growth crop in Queensland. That has grown by \$2.5 billion over the last 10 years.

**CHAIR:** I was just disappointed Queensland was not in that list.

**Mr Williams:** I am a Queenslander.

**Senator STERLE:** Mr Williams, welcome to Senate estimates. I listened to your opening statement and your CV. We're so blessed that former Senator Heffernan is not here, otherwise it would have been hijacked on international milling. You would have got one hell of a grinding, I can tell you.

**CHAIR:** Oh, dear. Have you been working on that?

**Senator STERLE:** I didn't even think of that.

**Senator SHELDON:** Welcome, Mr Williams.

**Mr Williams:** Thanks.

**Senator SHELDON:** Is GRDC a member of Agricultural Innovation Australia?

**Mr Williams:** Yes, we are.

**Senator SHELDON:** How much does membership of AIA cost GRDC?

**Mr Williams:** It's still being finalised because the company is only two weeks old, maybe three. It will be about \$500,000 a year for our membership.

**Senator SHELDON:** What will GRDC be hoping to achieve from being a member of AIA?

**Mr Williams:** GRDC has a mandate from its growers to solve a number of issues confronting them. We have the ability to control some of those within our auspices—things like varietal development et cetera. Some cross-industry issues, such as climate change, natural resource management and biosecurity, require access to a more efficient process than what we can do on our own. What AIA provides us with is the opportunity to help identify what those issues are, define investment strategies that might resolve those issues, and then provide a conduit to



the broader investment community in order to access and leverage any GRDC funds against private investment funds to try and invest in those projects and solve those issues.

**Senator SHELDON:** At a meeting in August 2020, the NFF announced that it had 'thrown its weight behind an aspirational economy-wide target of net carbon zero by 2050.' Is the GRDC conducting any research into emissions reduction?

**Mr Williams:** GRDC's impact on emissions is twofold. Firstly, we are conducting a greenhouse emissions effort with CSIRO to understand how to measure and baseline the emissions relative to grain production. Secondly—and it's more individual investment related—we always look to identify the dual benefits of productivity or cost improvements in our investments as well as environmental improvements, whether it's a reduction in chemical usage or an improvement in yield from the same inputs et cetera. That's how our impact on emissions is felt.

**Senator SHELDON:** Is there any more detail you can give us about the reductions, or outline in more detail the research that's been done in relation to emissions reduction?

**Mr Williams:** I might have to take that on notice. I'm not fully familiar with the TOR, the terms of reference, of that investment with CSIRO. My understanding is that it's looking to try to baseline what carbon emissions happen as a result of the activities of the grains value chain.

**Senator SHELDON:** Could you take that on notice as well. Thank you, Mr Williams. Does GRDC have an emissions reduction target?

**Mr Williams:** No.

**Senator SHELDON:** Has it considered looking at a target?

**Mr Williams:** GRDC's role—certainly the way I see it—is to support the industry with the sort of data that I suggested we were providing in order to be able to set its targets. We think it's fair that the industry sets its targets because it's the industry that has to achieve those targets. We obviously have a role to play in supporting how those targets are set and we work with our representative organisations to have those conversations, but at the moment I don't know that I see it as our role to actually set a target.

**Senator SHELDON:** With the NFF setting the target and given that, as you mentioned before, part of your key role with research and development is looking at climate change, in terms of that contributing to an overall target for the industry, which is the NFF's, do you see that becoming a role for GRDC? Is it a matter for further consideration?

**Mr Williams:** Once again I think that the GRDC role is doing research and supplying information to support the setting of the target. Do I think the grains industry will play a part in delivering the NFF target, like the grain industry has a role in delivering the \$100 billion target? Eventually I would think that it has to come, but I think it's up to the grain industry to determine the appropriate time and appropriate metrics for that.

**Senator SHELDON:** Thank you, Mr Williams. Does GRDC consider that it would be helpful for the minister to support the NFF's target and provide a yardstick for industry to work towards?

**Mr Williams:** The GRDC is an R&D organisation, so I suppose our focus is on investment in scientific research and developing that into tangible solutions. As to the setting of departmental policies and support, I'd have to defer to the department on what role they feel they should be playing in that.

**Senator SHELDON:** Would it be of assistance to GRDC if there were a target? When research is being carried out and you're looking at development, would having a particular target outcome assist in where you're allocating resources, what sort of project work you might be doing or at least what the expectation is, in the market and outside politically, and also in trying to work out trends? If there were a target there, you'd know that there would be more momentum and expectation. Of course, the development and research work is obviously forward thinking and can be over a considerable period of time.

**Mr Williams:** It's a bit of a speculative question, and after 10 weeks I'm probably not in the best position to speculate. I suppose my private sector background would tell me that the market will define what we should be focused on, because ultimately somebody is willing to pay for that. There's obviously a level of stewardship that's required from all of industry relative to this, but, at the end of the day, what the market is prepared to pay for will probably have as much influence on our investment strategies on behalf of farmers in growing their businesses as a target like that. The farmers set the target, and then I think we've done well.

**Senator SHELDON:** Well, we're pleased to say the National Farmers Federation have set a target, so I will look forward to future estimates discussions about it. This year we've seen trade tensions with China really come to a head in the agricultural sector, with some Australian agricultural products becoming subject to heavy tariffs

or potential tariffs from China. Does GRDC consider trade and market access to fall within its research and development remit?

**Mr Williams:** No.

**Senator SHELDON:** Do you identify new markets at all, and does GRDC go about pursuing such markets at all?

**Mr Williams:** Thank you for the question. As I mentioned earlier, GRDC is a research focused organisation. We work with industry partners—for example, the Australian Export Grain Innovation Council, AEGIC. I'm having trouble with all of the acronyms after only 10 weeks!

**Senator SHELDON:** I share your pain!

**Mr Williams:** Thank you. AEGIC do a lot of work on destination markets, buying signals et cetera. We then try to take those signals and translate them into investment strategies relative to product development, shall we say—so what new grains or farming systems will assist Australian growers to access those markets. We spoke about canola earlier. Chickpeas is another emerging export market. We work hand in hand with the global demand signals and, I suppose, our sister organisations within the grain industry, and the growers themselves, to identify what we should be doing to help them access those markets and capture value from that demand.

**Senator SHELDON:** Taking into account your answer there, is GRDC working with the barley industry? You've just mentioned new markets and opportunities. Has there been more demand to find new markets for development, particularly in light of the potential tariffs from China and the tariffs on China regarding barley?

**Mr Williams:** Once again, we are working with our sister organisations. Organisations like Grain Trade Australia will obviously have a sense of which other markets are looking for which other Australian products. AEGIC will also help with those demand signals. I know we're working with those entities in relation to accessing India as a barley market, using our technical support to be able to demonstrate that it meets their quality criteria in terms of various quality attributes. In that way, we help enable the marketing efforts of those who do the marketing.

**Senator SHELDON:** I want to come back to emissions reduction. Are you aware of whether the grains industry has set an emissions reduction target?

**Mr Williams:** No.

**Senator SHELDON:** Could you take that on notice?

**Mr Williams:** Yes, most certainly.

**Senator SHELDON:** Also, with part of the work that you're doing—the methodologies and research on reduction in emissions—you've got some scientific research that you've done. Are you relying on scientific evidence based research on methodologies to reduce emissions?

**Mr Williams:** Sorry—you might have to clarify the question for me.

**Senator SHELDON:** In some of the research and methodologies that you use to reduce emissions, are there particular targets that you have within those emission reductions? So, you do the scientific research; you're saying we want to be dealing with climate change. Are there some targets that you have within that research and methodologies to say, 'Here's where we want to get to'?

**Mr Williams:** Just so I'm clear: the research I'm aware of at the moment is in terms of trying to measure emissions, rather than reduce. I think that's our first primary principle. Therefore, there haven't been any targets set relative to what a reduction would be. We're just trying to make sure we understand what is a fair and reasonable way of measuring emissions across the grains value chain. That's my understanding of the CSIRO effort. In our other efforts, environmental benefits are equally important but probably more secondary to the commercial benefits.

**Senator SHELDON:** Are you aware of any research being considered by GRDC in how emissions could be reduced?

**Mr Williams:** Not specifically in how emissions could be reduced, no.

**Senator SHELDON:** I have a question regarding the payments by members of the GRDC. But first, what's the total funding of the GRDC for 2019-20?

**Mr Williams:** Our total revenue line is \$173 million.

**Senator SHELDON:** How much of this money was spent on research and development?

**Mr Williams:** In excess of 80 per cent.

**Senator SHELDON:** Is there someone who could give us the exact figure, if that's okay? Or you could take it on notice.

**Mr Williams:** Yes, I might take it on notice, if I may.

**Senator SHELDON:** What is the total number of staff at GRDC?

**Mr Williams:** It is 110 full-time equivalents.

**Senator SHELDON:** Do you feel that the GRDC is adequately funded to achieve its objectives for its members?

**Mr Williams:** The short answer would be yes.

**Senator SHELDON:** Can you give me the long answer? I've got time!

**Mr Williams:** After 10 weeks, I'm just getting a feel for the resourcing levels. I think GRDC is very efficient in the way it's been resourced. The previous management have done some very good work regionalising some of our resources and optimising the resource investment for return. So, I think it's a nicely balanced organisation in terms of cost base. As we move forward and challenge ourselves to try to meet our share of the \$100 billion in the next 10 years, the mix of that resource may very well need to change, to add new capabilities or capacities that maybe we don't have at the moment. But that's a process I'm going through to sort of assess, rather than have a definitive position at this point in time.

**Senator SHELDON:** Thank you, Mr Williams.

**CHAIR:** Thank you, Senator Sheldon.

#### **Proceedings suspended from 10:49 to 11:05**

**CHAIR:** Secretary, I understand that you have a correction to the *Hansard*.

**Mr Metcalfe:** Yes, just an update, really. We were talking about the tabling requirements for annual reports. Normally, of course, we would have a budget in May and estimates a fortnight later in late May. Because the budget was moved to October, these estimates are, in effect, the budget estimates. Normally at this time of year we would be having additional estimates, in November. Against that context, I'm advised that the statutory requirements under the PGPA Act are that annual reports need to be with the minister for clearance by 15 October and they need to be tabled 15 sitting days after that. The Department of the Prime Minister and Cabinet and the Department of Finance indicate that better practice is for annual reports to be tabled by 31 October—that is, earlier than the 15 sitting days but in advance of the normal estimates hearings which would be in November. But because we have estimates sort of earlier this year, PM&C have asked that agencies attempt to table them before estimates occur. Clearly that's been difficult for some agencies to achieve. I think that now clarifies exactly the situation and why some agencies have been unable to comply with the expectation that annual reports are available before these estimates, because normally we would be here in November, not October.

**CHAIR:** Thank you very much for that clarification. I am sure the committee appreciates that better understanding of tabling dates.

#### **Cotton Research and Development Corporation**

[11:09]

**CHAIR:** I now call representatives from the Cotton Research and Development Corporation. Mr Haire, do you wish to make an opening statement?

**Mr Haire:** I'll defer to Ian.

**Dr Taylor:** I'd like to make an opening statement, if that's possible?

**CHAIR:** Terrific, thank you.

**Dr Taylor:** CRDC really appreciates the opportunity to be here this morning to discuss research and development activities undertaken on behalf of the Australian cotton industry. We would like to acknowledge the very difficult summer and lack of rainfall, which have had a significant impact on agricultural production, including on cotton: 2019 was the smallest production year in recent history. It was less than the 2007-08 crop, with 58,795 hectares of irrigated cotton planted. This resulted in a total of 595,000 bales being produced and around 148,000 tonnes of cottonseed.

Due to the drought, R&D revenues reduced by 25 per cent, resulting in a decline of approximately \$6 million investment in R&D. CRDC placed an emphasis on retaining research capability and capacity, and worked proactively with research partners to reduce budgets or to reduce activities and move them into subsequent years.

In the 2020-21 season, while we have enjoyed some winter rainfall it hasn't yet translated into increased water in the storages and, therefore, is also likely to impact on cotton planting for the 2021 season.

I'd like to acknowledge the efforts of the CRDC team throughout the COVID-19 pandemic. CRDC has continued to operate effectively, despite COVID-19. The team has been working remotely, using digital systems that we have in place. COVID, though, has had an impact on global textile markets, with demand for apparel declining significantly. In the US, retail sales of clothing fell by 58.4 per cent and clothing accessories declined by 78.8 per cent. This is important because the US constitutes 61 per cent of the world's total demand for apparel. Consumption estimates of cotton globally have been revised downward and ending stocks are expected to increase by 21.9 million tonnes, therefore putting pressure on cotton prices in future years. The recent decision by Chinese cotton mills not to accept Australian cotton has placed further strain on the industry. Whilst it's not expected that this decision will impact on the 2019-20 cotton orders, it potentially could impact on our 2020-21 cotton season. Despite these setbacks we believe the Australian cotton industry is well-positioned to sell its cotton, as the quality of Australian cotton is still amongst the highest in the world.

We are happy to take any questions you have about our RD&E investments and activities of the CRDC. Thank you.

**CHAIR:** Thank you very much for that, Dr Taylor. Senator Sheldon, are you going to kick off?

**Senator SHELDON:** Yes, thank you. Thank you for that presentation. Is the CRDC a member of Agricultural Innovation Australia?

**Dr Taylor:** Yes, it is.

**Senator SHELDON:** And how much does membership of AIA cost the CRDC?

**Dr Taylor:** As John Harvey mentioned this morning, there is a sliding scale for representation. CRDC's cost is \$35,000 per year for the first three years.

**Senator SHELDON:** What is CRDC's engagement with AIA going to involve? What are you hoping to get out of the AIA involvement?

**Dr Taylor:** Our expectation is that through our engagement with AIA we will be able to substantially address some of the key strategic issues facing agriculture and cotton, such as climate, water, biosecurity, soils and digital technology.

**Senator SHELDON:** Good. As you've been listening, you'd have heard that I raised the meeting in August of the NFF and the important role that they play. They said very clearly in their announcement in August 2020:

Australia's peak farm body has thrown its weight behind an aspirational economy-wide target of net carbon zero by 2050.

Is the CRDC conducting any research into emission reductions?

**Dr Taylor:** Yes, we are. We have work looking at nitrogen use efficiency, and we lead a major rural R&D-for-profit program looking at nitrogen use efficiency in cotton production and other systems—from an emissions point of view, obviously, the use of nitrogen fertiliser does impact on emissions. Similarly, we've also had research looking at how we can utilise solar as an energy source for irrigation pumps and to supplement energy usage in irrigation pumps.

**Senator SHELDON:** Does the CRDC have an emissions reduction target?

**Dr Taylor:** We don't have a target as yet. We are working with our prescribed industry body, Cotton Australia, to ascertain what an appropriate carbon target might look like. We measure baseline carbon emissions and we've just completed a survey of 350 cotton growers to start getting feedback in terms of what sustainability targets might actually mean and relate.

**Senator SHELDON:** Does CRDC consider it would be helpful for the minister to support the NFF's target and provide a yardstick for the industry to work towards?

**Dr Taylor:** I think that's a decision for Australian cotton growers about what they would like to set as their target and how relevant that target is in relation to NFF. I also think it's important to understand that the NFF target also relates to the supply chain. It's not just about the production environment; it's also about the supply chain. Hence broad consultation needs to be undertaken with the supply chain to understand what the potential impact of a carbon target might mean for them as well.

**Senator SHELDON:** This year there have been trade tensions with China, as you're very much aware—I'm sure it's at the forefront of your mind.

**Dr Taylor:** Very much so.

**Senator SHELDON:** I was just reading more articles this morning. Of course it's coming to a head with the agricultural sector more generally again. Does the CRDC consider trade and market access to fall within its research and development remit?

**Dr Taylor:** Specifically, we don't see trade and market access within our remit. However, we work very closely with Cotton Australia who look after trade and market access. So, if they determined that there was a research need, in consultation with industry we may look at what is a specific research question that we could potentially answer. Our chair also, Richard Haire, has a lot of experience in this area. So, Richard, if you'd like to make comments about the impact of China on Australian cotton, I think you'd be welcome to.

**Mr Haire:** Would you like some comments?

**Senator SHELDON:** Thank you, Mr Haire; that would be good

**Mr Haire:** It's obviously a significant issue. China traditionally imports about 60 to 65 per cent of our cotton. We're basically an exporting country. We export nearly everything we produce here. Of that, China takes about 65 per cent. So, any unilateral move by them to withdraw from our product is pretty significant. There's obviously no official confirmation of that action but, anecdotally and in practice, there seems to have been a sudden reduction in demand for [inaudible] purchases. I would point out there have been absolutely no defaults on current commitments nor indication of any intention to withdraw from them, but there's been a significant decline in interest for future products. The industry's responding by looking at all kinds of markets for our product, but it is significant. We're seeing perhaps a 10 per cent price reduction back to the farmers as a result of this at this stage, and that could go further if the tension continues.

**Senator SHELDON:** Thank you, Mr Haire. I appreciate that overview. I want to go back to a particular point: the CEO mentioned before that, if you were asked to do further research into market questions, you would do it—if I understood that correctly. Has there been any research that you've embarked on as a result of what appears to be happening with China and cotton and the reports from your presentation, Mr Haire, just then?

**Mr Haire:** At this stage there is no opportunity that's been identified for us to engage. But, as Ian indicated, if something presents itself, we'll be there.

**Senator SHELDON:** Have there been any new markets identified? And how does CRDC go about pursuing such markets as part of their broader interest?

**Mr Haire:** We are not involved. We have a very competitive and efficient and effective marketing group in the industry at the moment. The alternative markets—Indonesia, Bangladesh, Vietnam—are countries that the industry will now turn its focus towards, but that's really beyond our remit.

**Senator SHELDON:** From 2019 to 2020, what's the total funding for CRDC?

**Dr Taylor:** Total revenue was \$11.9 million. Our expenditure was \$20 million. As you may appreciate, we have reserves and we build up those reserves over a period of time. The industry is subject to significant volatility, so one of our risk management strategies is to ensure we have reserves in place to support industry capacity and research efforts in times of drought. We deployed reserves in the 2019-20 year.

**Senator SHELDON:** How much of this money was spent on research and development in—

**Dr Taylor:** It was \$17.1 million, which is around 85 per cent of our total expenditure.

**Senator SHELDON:** What's the total number of staff?

**Dr Taylor:** We have 12 staff, which is 11.1 FTE.

**Senator SHELDON:** Do you feel the CRDC's adequately funded for the needs and volatility that occurs naturally in the industry? Also, obviously, things are more challenging now. Do you feel you have enough funding to deal with that?

**Dr Taylor:** We do. Looking forward, given the intensity of the 2019-20 drought, we discussed with the board re-looking at the quantum of reserves that we actually put in place, to ensure that, in terms of our strategy, we increase our reserves and ensure that, should we have very intense drought years that persist for a long period of time, we can still support capacity for the industry.

**Senator SHELDON:** Thank you. Going back to the China tensions, cotton appears to be the next victim of the China tensions. Can CRDC provide an update on the status of this issue in a bit more detail? I appreciate the chair spoke about it before.

**Dr Taylor:** We can provide a brief. If I take that on notice and provide that to you at a later date, would that be appropriate?

**Senator SHELDON:** You can make some comments now and add to it with a brief. That would be fine.

**Dr Taylor:** Okay. In terms of the impact of those tensions on cotton production, obviously it could impact our current planting year. Depending on how the discussions and the deliberations move forward, as we go into planting, the planting decision may be influenced by the ongoing tensions. As per Richard's comments and also the quality of Australian cotton, Australia only provides three per cent of the total global cotton market. The quality of our cotton is quite superb. It's certainly amongst the world leaders. Our expectation is we would still be able to move any cotton stocks Australia produces, but it could also have an impact on price. That's obviously one of the determinates for what growers actually choose to grow and, given alternative crops and rainfall, growers may look at sowing alternative crops in the current season.

**Senator SHELDON:** In the worst case scenario, what effect do you think this could have on cotton production? Separately, what effect do you think it may have on jobs?

**Dr Taylor:** They are good questions; I would like to take those on notice, in terms of the specific jobs numbers. My expectation is that most of the farming enterprises are suitably adaptable to change the particular crops they grow. The impact would actually be in terms of the processing of cotton, should you see a decline of cotton grown. That's probably where I would see the greatest impact occurring in terms of the ginners and the merchants.

**Senator SHELDON:** Thank you. Yes, perhaps you can take that on notice, regarding jobs and the impact, and your point about where that jobs fall is likely to potentially occur in a worst-case scenario.

**Dr Taylor:** Yes.

**Senator SHELDON:** I may have missed this in previous comments, but in the case of planting, in a worst-case scenario, what is the likely shift off cotton in light of what's happening now?

**Dr Taylor:** Our current estimate for area to be planted is around 167,000 hectares. A lot of that is more influenced by drought and water availability than it is by China's decision at this point in time. So, we really need to understand about the potential. As Richard mentioned, nothing official has come out in terms of the impact or the likely impact on Australian cotton. It's more anecdotal, so we would need to understand that in more detail before we can estimate what the potential impact is on planting area.

**Senator SHELDON:** You've got to appreciate that you need to be more scientific and you're assessing what the actual impact is, which is as important as a suspicion.

**Dr Taylor:** Yes.

**Senator SHELDON:** So I'm probably asking you for something more broadly, and that is: what is a worst-case scenario that you could envisage in light of some of the information coming out of China?

**Dr Taylor:** I would estimate that the worst case could potentially result in a shift of around 20 per cent of our planting area.

**Senator SHELDON:** Thank you for that. I wonder if the minister wants to make any comment on those issues.

**Senator Ruston:** No, I will take them on notice.

**Senator SHELDON:** It's an important area.

**Senator Ruston:** It is a very important area.

**Senator SHELDON:** I'm sure people are very interested in what's happening in the cotton industry.

**Senator Ruston:** It is a very important area, as all of our markets are. That's why we take trade and market access and all of the other issues that are associated with our export commodities very seriously.

**Senator SHELDON:** Minister, there have been some particularly important commentary and comments about what's happening with the perception and the actuality, it appears, of the effect on cotton. You don't wish to make some comments about what you've observed in the evidence this morning?

**Senator Ruston:** Clearly you're here to listen to what the agencies have to say. I'm quite happy to take anything and provide you with any commentary that the minister might like to add, whether that be the minister for agriculture or the minister for trade, in relation to these issues.

**Senator SHELDON:** Can the CRDC outline what it's doing to assist industry with mitigating the potential impact of these trade sanctions on cotton?

**Dr Taylor:** CRDC participates in the Australian Cotton Industry Forum. The Australian Cotton Industry Forum brings together a range of industry bodies, which includes Cotton Australia, as our prescribing industry body. It includes the Australian Cotton Shippers Association. They are the ones that are best positioned and best understand the market. Participating in that forum enables them to ask: are there any market intelligence reports

or any research questions that they would like us to invest in to answer any questions that they have? At this point in time, we haven't received any questions. I think this is probably more related to trade and trying to assess what the potential impact of that is on our trade. I don't necessarily think that we're in a position yet to fully understand the merits or the impact of that decision. As I mentioned before, nothing concrete has come out. At the moment, we're dealing with anecdotal feedback from industry and merchant dealings with the mills in China.

**Senator STERLE:** Dr Taylor, when was the last time your RDC was audited?

**Dr Taylor:** Our organisation is audited annually.

**Senator STERLE:** Great. So when was the last time your RDC was audited? Sorry; I didn't realise I'd made it so hard.

**Dr Taylor:** My apologies, Senator. I wasn't sure that you were actually looking for a month.

**Senator STERLE:** Month, day, time—whatever the last time was.

**Mr Tolson:** We're audited by the Australian National Audit Office annually. They completed the audit in time for our August audit committee meeting, so we were audited through July.

**Senator STERLE:** In July you were audited?

**Mr Tolson:** Yes.

**Senator STERLE:** Thank you. Is it the same auditor every year?

**Mr Tolson:** The Australian National Audit Office manage the audits for all government agencies, and they rotate their audit contractors. Our current audit contractor have been with us for two years, but we don't manage them at all.

**Senator STERLE:** Who is your current auditor then?

**Mr Tolson:** The audit contractor is Crowe, based in Orange.

**Senator STERLE:** And you've been using them for 18 months, you said?

**Mr Tolson:** Two years.

**Senator STERLE:** How do you choose the auditor?

**Mr Tolson:** We don't. The Australian National Audit Office chooses the contract audit partner. The auditor is actually the Auditor-General.

**Senator STERLE:** Fine. Thanks. Can you tell us if the department rely on the advice of the corporation that it has not interfered in the audit but simply provided the material requested?

**Mr Tolson:** Yes. At the audit committee meeting where the ANAO present the audit findings, they have a session with the audit committee where they discuss the process, and the audit committee asks them whether we have supplied all the information that has been requested. They have that interaction between them, without management involved. The executive aren't included in that. And they go through a normal audit process.

**Senator STERLE:** So you don't offer up any selected information?

**Mr Tolson:** No. They ask us for information, and we supply it. They have full access to our financial system.

**Senator STERLE:** That's great. If there is a breach with regard to the audit, what are the remedies available and who enforces them?

**Mr Tolson:** If there is a breach in the case of an ANAO audit, that will come out in the audit report, and the board would be expected to respond to that breach. That would go through the board.

**Senator STERLE:** What's the cost of the auditor?

**Mr Tolson:** ANAO's cost for us is \$26,000.

**Senator STERLE:** And they cover the costs of the independent one out of that \$26,000, do they?

**Mr Tolson:** They cover the costs of their contractor, yes.

**Senator STERLE:** If we were to ask for any documentation, would you be able to provide that for us, in terms of the audit?

**Mr Tolson:** Certainly. We can provide the auditor reports and our reports to the audit committee.

**Senator STERLE:** Thank you, Dr Taylor, Mr Tolson and Mr Haire. That does it for cotton, but I do want to clarify something with Mr Metcalfe, because, Mr Metcalfe, you've been misled with information. I know that you would never do this, so I'm just going to—

**Mr Metcalfe:** How have I misled you, Senator?

**Senator STERLE:** You've been given the wrong info. When we were asking for when the annual reports are due, and you talked about estimates in November, I thought: 'I've got to think about that. No, we haven't had estimates in November since 2013.' We had November estimates planned for 2014, but former Prime Minister Gough Whitlam passed away. I've got the dates, but every year since 2014—2015, 2016, 2017, 2018, 2019 and now—the estimates have all been in October, albeit this one is the first budget estimates.

**Mr Metcalfe:** I have been misinformed, Senator, and I do apologise to the committee. As you know, I haven't been around during that period, so I didn't have a personal recollection. That does make sense, though, in terms of the requirement for the 15 sitting days, but encouragement to table prior to estimates.

**Senator STERLE:** Where did you get the info from, Mr Metcalfe? That's not like you.

**Mr Metcalfe:** I was provided it by a colleague, Senator.

**Senator STERLE:** Within the department?

**Mr Metcalfe:** Yes.

**Senator STERLE:** Alright. Someone's not going to get a Fantale at smoko, then!

**Mr Metcalfe:** I'm sure they're reflecting upon their source of advice.

**CHAIR:** This is a question for either Dr Taylor or Mr Haire. I'm interested in the development of the cotton industry in northern Australia. I understand the Northern Territory is looking at sites, and we've got some greenfield sites in north Queensland. Is there a requirement for additional research and development around dryland cropping, different pesticides, heats and so on? Or do you think you are quite advanced in that space?

**Dr Taylor:** We have been conducting research in northern Australia for over 20 years, and so we have a very good understanding in terms of the environments per se. What we're really spending a lot of time conducting research on right now is understanding what the potential systems are. Cotton may be identified as a pillar crop for northern Australia—so you're quite correct, Senator—that is, north-west Western Australia, the Northern Territory and also northern Queensland. Obviously, they are very different geographies and very different soil types, so really understanding what the system should evolve to, to make that profitable, is important for the cotton industry moving into northern Australia.

**CHAIR:** Will you require additional infrastructure like a gin in northern Queensland?

**Dr Taylor:** Yes, Senator. That is very much likely on the cards. Again, in terms of the geographic spread of the industry, I would expect that there will be multiple gins required, depending on the scale of industry development over the next five to 10 years. Certainly in Kununurra, in north-western Australia, there is potential for a gin; I understand that there is a scoping or feasibility study being conducted in the Northern Territory around a gin and its feasibility going forward; and also there's the likelihood of a gin being required in northern Queensland.

**CHAIR:** That is terrific news, and, of course, the beef industry is looking forward to more cotton seed. It's been quite a shock not to be able to rely on it this year, I think.

**Senator STERLE:** I'll be in Kununurra next week: shall I spread the rumour that they're going to get a gin—don't worry; don't panic! I won't.

**CHAIR:** To the Cotton Research and Development Corporation: thank you very much for your presentation today, and please go with our thanks.

### **Animal Health Australia**

[11:38]

**CHAIR:** I now welcome representatives from Animal Health Australia. May I ask if you wish to make an opening statement?

**Ms Plowman:** Yes, thank you, Senator. I just want to be clear that Animal Health Australia is a not-for-profit public company governed by an independently elected board of directors. We are the independent and trusted national animal health body in Australia, bringing together government and industry to deliver animal health and biosecurity. Our members are all the state, territory and federal governments, and a number of livestock industries and associate members. We work with our members and partners across Australia and internationally to increase emergency animal disease preparedness, strengthen biosecurity and enhance market access. We do this to support a national biosecurity system that allows Australian agriculture every opportunity to succeed at home and overseas. Thank you.

**CHAIR:** Thank you very much. Senator Ciccone, I understand that you have questions.



**Senator CICCONE:** I do have just a few questions. Can Animal Health Australia confirm that it has not published the 27th edition of the *Animal Health in Australia* report?

**Ms Plowman:** That's correct. We have not.

**Senator CICCONE:** What's the status of the report?

**Ms Plowman:** The status of the report is, in discussions with the department, we have determined that we would be better placed to revise this particular publication to make it more contemporary and easier for both our trading partners and any domestic users to follow. The publication will be, I believe, produced in two different forms, but I'll ask my colleague Dr Samantha Allan to provide further information.

**Dr S Allan:** I can provide a bit more detail on that. We've been in discussions with the Commonwealth department, who our partners in producing that document, and we agreed that we thought it needed to evolve into a new type of production. We're going to have an annual report, which will be very similar to the previous editions and have, I suppose, quite standard content, and then we want to develop something that comes out a few months later which is a bit more contemporary and has more of a graphic sort of look to use for presentations and that sort of thing. So our production schedule has changed. We're hoping to have the annual report version coming out early next year, and we're still working on the format with the Chief Veterinary Officer for that supplementary report that will go with it.

**Senator CICCONE:** When you say contemporary, are we putting more pictures than words because people don't like to read things; they like to visualise?

**Ms Plowman:** We mean contemporary, I would suggest, also in the nature of its publication. It's a printed document, and, as we all know, things are going more electronic. And easier to read—that's what we mean by more contemporary.

**Senator CICCONE:** Have you had feedback suggesting it's not contemporary enough and that's why you've had to make changes?

**Dr S Allan:** Yes, we've been working really closely with the Commonwealth department, who rely on this publication a lot for when they're talking with overseas trading partners, and people like that really want to have something that meets their needs when they're going to those meetings or using the document as a gift or that kind of thing. So we're working carefully with them. I suppose they're the main user of it outside of Australia.

**Senator CICCONE:** You're a not-for-profit. Are you a private company? What's the legal status?

**Ms Plowman:** We're a not-for-profit public company.

**Senator CICCONE:** Okay.

**Ms Plowman:** We're not an arm of government; we're not a statutory authority.

**Senator CICCONE:** So government hasn't asked you to revise the report?

**Ms Plowman:** What we do is we have a number of programs that are co-invested by our members, whether they're industries or governments or other partners. This is one of those programs where we work with the department, and this particular publication is also funded by all our members, because it is an important tool in terms of market access. What's really important—and I'm sure we've all been in this situation where none of our reports look like what they might have looked like 10 years ago—is that we meet the needs of our trading partners, what they require to be presented in those reports.

**Senator CICCONE:** Alright. Can you provide a list of who you consulted with in respect of the change to the report?

**Ms Plowman:** In terms of the consultation with trading partners, that would be best directed to the Australian Chief Veterinary Officer, not us.

**Senator CICCONE:** Aren't Animal Health Australia the ones who've done the consultation?

**Ms Plowman:** No.

**Senator CICCONE:** Have you consulted?

**Ms Plowman:** No, what we're saying is that, through the department and their consultation with trading partners, they've received feedback. And they've come to us as part of that and have said: 'Here's the feedback. We need to make this publication more contemporary.'

**Senator CICCONE:** So, really: 'Here are the track changes. We want you to go off and make them?'

**Ms Plowman:** No, Senator, not, 'Here are the track changes.' 'Here's what our trading partners are looking for in the information that's being presented.'

**Senator CICCONE:** Secretary, are you able to enlighten the committee with any other information?

**Mr Metcalfe:** I don't have any particular detail on that. If you'd like, through the course of the day I can try to get some information from the relevant lead with the department. It sounds to me like it's a system of customer feedback; that we rely upon the report. We of course are a member, as are other governments, of Animal Health Australia because it plays an important bridging role between the industry and government, and so we very much value their work. Obviously this particular report, which I'm not personally familiar with, is a key document that we use. We've had feedback from our trading partners and our staff who use it to say, 'If the report looked like this or worked in this way that would make it easier to use.' It sounds like a pretty normal type of interaction. My colleagues from Animal Health Australia—you can't see it—are nodding.

**Senator CICCONE:** I can't see them, but I can't wait to get stuck into the 27th edition of that report. If you could come back to us later today on who was consulted I'd be very much grateful.

**Mr Metcalfe:** I'll be here through the day, so I will try to make some inquiries back with the department and see what more I can add. Otherwise I'll undertake to take a response on notice.

**Senator CICCONE:** Can we also get an understanding of how much the report previously cost?

**Ms Plowman:** Yes. We will take that on notice and provide that information to you.

**Senator CICCONE:** You don't have that there?

**Ms Plowman:** Not at hand. We will have to provide it to you. We run over 50 programs. That's just one particular program. We're very happy to provide that information on notice.

**Senator CICCONE:** Okay. I would have thought, in light of the current biosecurity issues with COVID and swine fever, you'd have the report published or at least made available on the website. Anyway, thank you for that. With respect to the Animal Health Australia budget, how many full-time and part-time staff are currently employed by the organisation?

**Ms Plowman:** I currently have, I think, approximately 34 staff. That's not FTE. If you want specific FTE, I'd have to come back to you. It's approximately about 30 FTEs.

**Senator CICCONE:** If you could provide a breakdown that would be great. What was the operational budget in the last financial year?

**Ms Plowman:** In the last financial year our operating budget—and this can all be found, by the way, on our website if you'd like to look at our annual operating plan—is approximately \$14 million, but I can provide you with the specific figures on notice if you'd prefer.

**Senator CICCONE:** Also for this coming financial year, if you could.

**Ms Plowman:** This coming financial year it's almost the same. It doesn't move much.

**Senator CICCONE:** Are staff predominantly based in capital cities?

**Ms Plowman:** Most of our staff are based in Canberra. We have a couple of staff based in Queensland and one in Sydney, but most of our staff are here in Canberra.

**Senator CICCONE:** If you could provide the breakdown on notice as well that would be great. Have you received additional funding for the purposes of biosecurity?

**Ms Plowman:** We received subscription funding, so we're very similar to Plant Health Australia. There were questions for my counterpart at Plant Health Australia last year. We receive subscription funding from our members. That is invested in a suite of programs such as the Emergency Animal Disease Response Agreement, AUSVETPLAN—those things that are of benefit to all of our members. We then have other funding for other projects, which amounts to around \$8 million. That's at the discretion of our individual members. Sometimes those programs are just funded by one member or a combination. That could be anything from the cattle surveillance program, sheep health monitoring program—those programs are actually funded from other income sources.

**Senator CICCONE:** Are you able to provide an update on the work you may have done with the African swine fever?

**Ms Plowman:** Very happy to provide you with information on that. We've done quite a wide range of updates on information available. This would be best answered by Dr Sam Allan, who works with the Animal Health Committee around what we've been doing around African swine fever.

**Dr S Allan:** It has been a focus of our work for the past 12 months. As the risk threat escalated we've escalated our activities and engagement with members. The main area where we work is with the EADRA, the emergency response deed. We've done a lot of work trying to educate the members about their roles and

responsibilities under the EADRA and understanding how to interact in the national committees that make the decisions about a response, the funding and how all of that works.

Another really important project that we manage is the AUSVETPLAN. That is the preagreed national approach to a response if a disease hits. We've got over 60 of those for priority diseases. African swine fever is obviously one of our really important ones at the moment. It's undergoing a really significant review. We've got a lot of input from industry, not just APL but a lot of technical people from the pig industry and policy people from the big companies involved in the pig industry as well. We've managed to bring those people together with all of the people from Commonwealth and jurisdictions. We're really having a good look at the response plan and trying to operationalise it as well. One of the issues that we've found is that when we took the plans and tried to consider how we would actually enact them—in the pig industry, because it's intensive, the animals move through. There are space limitations and animals have to move through in a certain time. We've had a look at that and how that would impact on processing, transporters and animal welfare. It has really opened up a lot of issues which we're exploring with members in trying to operationalise so that we will be ready if the worst happens and the disease hits.

**Senator CICCONE:** When do you expect the review to be completed?

**Dr S Allan:** It's a work in progress. We've made really significant progress and the updated draft of the AUSVETPLAN should be available by the end of the year. But we are relying on the Animal Health Committee and other stakeholders to make some pretty tough policy decisions. That's our target. I think we're moving really well towards that. I think having finalisation of that is our main goal, and then all the operational things are still being developed alongside.

I would like to say too that the department has been leading operation razorback, which is looking at some of the key issues that are going to impact on operationalising AUSVETPLAN. That's steaming ahead as well. There's lots happening. There are lots of difficult policy decisions to be made. We're sort of aiming to have that first draft out at the end of the year and we're all still working really hard to get the rest done as fast as we can.

**Senator CICCONE:** I appreciate that. When you say that tough policy decisions need to be made, what are we talking about here? What decisions are tough?

**Dr S Allan:** I guess it's a little bit like COVID. You could do things that are going to control the disease really effectively but they also have significant effects on the economy or, in this case, the industry and the viability of the industry. I guess when I say 'tough policy decisions', we have to make a compromise between what the technical people think will work and what the industry people say they can survive.

**Senator CICCONE:** Okay. Have you done work on the wild pig population?

**Dr S Allan:** There's lots of work happening in that space. Animal Health Australia is not directly involved. It's part of these sub-working groups that are happening alongside. We observe it but we're not leading it. We don't have a lot of technical input to contribute to that.

**Senator CICCONE:** Is there any additional cost to members because of this extra work?

**Dr S Allan:** Not at this stage. A lot of the work is in kind. The members will provide in kind and we just reprioritise some of the things that we're doing.

**Senator CICCONE:** Alright. With regard to the work of Animal Health Australia, can you provide an outline of the significant biosecurity outbreaks that have occurred in Australia over the past 12 months?

**Ms Plowman:** The most significant biosecurity outbreak has been the avian influenza incident in Victoria. There are currently three separate strains and three responses running. It's been a difficult time. I think Victoria has done extremely well during the COVID lockdown, particularly in the face of the largest AI outbreak that Australia has ever witnessed.

**Senator CICCONE:** In terms of the response, are you able to provide any updates on how we're going with the response so far in Victoria?

**Ms Plowman:** We're nearing the end of the most of the responses. Surveillance is now being readied. Sam, you were just on the Animal Health Committee this week, I think, so you'd be able to provide more detail to the senator.

**Dr S Allan:** Yes. We're very involved as the custodian of the deed. We're not making the technical decisions or anything like that, but the response is progressing really well. I'd have to say, we're all in awe of what Victoria has been able to do, with the human pandemic on top on this animal response. There have been no new detections of disease, all of the surveillance is coming up negative for disease and they've reduced the control area in Victoria—so it's all progressing very well. The next stage will be what we call 'proof of freedom', where we have

to do quite a lot of testing to be able to reassure our trade partners, to say: 'We've been successful.' That's the next focus; that's what we're moving on to. It seems to be going really well.

**Senator CICCONE:** It's a real shame, because I don't think there's going to be any fresh turkey come Christmas, by the sounds of it!

**Mr Metcalfe:** Senator, I understand there's a new chief vet in Victoria, Dr Graeme Cooke, who arrived in Australia from the UK and more or less walked straight into this very major incident. He has provided great resilience and leadership. I just wanted to mention the work that he has led—and my department and the other departments around Australia have contributed to the response, but Victoria has done very well in dealing with this major animal health issue in the middle of the human pandemic.

**Senator CICCONE:** Has Animal Health Australia conducted any research or work regarding the transfer of viruses from animals to humans?

**Ms Plowman:** No, that's not part of our work program at all, although we're very interested in work that's conducted in that area; but no.

**Mr Metcalfe:** Just on that, Senator, he was here yesterday but, unfortunately, he wasn't asked the question: the Australian Chief Veterinary Officer, Dr Mark Schipp, is the president of the World Organisation for Animal Health—which goes by its French initialism, the OIE—and he has been instrumental in leading work on this issue of zoonosis, or transition from animal to human, and is working closely at a global level in relation to that issue.

**Senator CICCONE:** Going back to Victoria: do we know how the outbreak actually occurred, or how it started?

**Ms Plowman:** In all probability it was transferred from wild birds, which is quite normal in an AI incident. I'm not sure that's been absolutely confirmed.

**Dr S Allan:** Senator, I don't think we are usually ever able to pinpoint the exact point of transfer or how it happened, but that's the accepted status, I guess—that we know these viruses can cycle in wild birds, and then, on occasion, they can transfer across into farmed birds, and that environment of the farmed bird allows the disease to become virulent, and then we have a problem.

**Mr Metcalfe:** My understanding is that the first outbreak occurred amongst a free-range chicken enterprise, and so there was probably co-mingling of wild birds with the farm birds in the open environment.

**Senator CICCONE:** Do you think it's under control now?

**Ms Plowman:** It's most definitely under control now. As my colleague Sam Allan pointed out, we're moving now into what we hope is proof of freedom, and undertaking surveillance. Again, Victoria has done an outstanding job in a very difficult situation because of COVID. I'd just like to commend them for getting us to this position now where we can move to proof of freedom for our trading partners and regain some market access.

**Senator CICCONE:** We do great things here in Victoria—don't worry about that. I just want to go to page 9 of the strategic plan. Strategic Policy No. 2 talks about 'Conducting extension activities that drive adoption of best practices'. What do you mean by 'extension activities'?

**Ms Plowman:** When we refer to extension activities, one of the best learnings that we understand for farmers or anyone involved in the farming community is that face to face. Currently, for example, we have in South Australia a biosecurity extension officer. That position is primarily funded from sheep industry levies. She works very closely with the sheep industry and the sheep livestock industries in South Australia to go on farm, to assist farmers to improve their biosecurity practices and to put in place biosecurity plans.

**Senator CICCONE:** How are the extension activities conducted?

**Ms Plowman:** We are focusing more at this stage on the sheep industry, because they have significant funding available to enable us to support extension activities. So, at present, they are more based in South Australia. We are looking also at placing an extension officer into New South Wales, working with the local land services. So this is done on an industry basis, and it's about working with the jurisdiction and the livestock industries in that jurisdiction to improve biosecurity practices on farm.

**Senator CICCONE:** Is AHA a member of Agriculture Innovation Australia?

**Ms Plowman:** No, we're not.

**Senator CICCONE:** Do you have any engagement with them?

**Ms Plowman:** No, not at present. But I am looking forward to some opportunities perhaps in the biosecurity space. The idea of the RDCs coming together to look at those important strategic issues that affect all of agriculture, whether you are livestock industry or a plant based industry, to improve outcomes and where we can

also play in that space, particularly with regard to animal health and biosecurity and anything where we can leverage investment together to improve those outcomes, is of interest to us.

**Senator CICCONE:** Thank you very much. I don't have any other questions, Chair.

**CHAIR:** Thank you very much to you both for presenting today. You go with the committee's thanks. We will look forward to seeing you at the next estimates. I believe we now have Dairy Australia online.

### Dairy Australia

[12:03]

**CHAIR:** Welcome. Do you wish to make an opening statement?

**Dr Nation:** I just want to flag that James Mann isn't yet able to join us and would have provided some opening remarks. He's madly driving to the nearest town to get reception for our conference today. He's mid-route between farm and town. Maybe when James does join us, Senator, there could be an opportunity for him to introduce himself.

**Senator Ruston:** Chair, can I suggest that, if he is able to do so, we can always table the statement if he provides it. I am sure Senator Sterle would be okay with that.

**Senator STERLE:** Very much so.

**CHAIR:** Dr Nation, we will table Mr Mann's opening statement.

**Dr Nation:** Thank you.

**CHAIR:** Senator Sterle, do you want to start?

**Senator STERLE:** Yes, thanks, Chair. Dr Nation, is Dairy Australia a member of AIA?

**Dr Nation:** We are.

**Senator STERLE:** How much does membership of AIA cost Dairy Australia?

**Dr Nation:** Dairy Australia, as a member, agreed to invest \$175,000 a year for the first three years in the start-up of AIA.

**Senator STERLE:** What will your engagement with the AIA look like?

**Dr Nation:** As a member, our expectation is that AIA is responsible for preparing investment strategies that are cross-sectoral. Our engagement is looking for high-priority cross-sectoral investments that are innovation focused—where are the major opportunities to work across sectors to drive innovation for this country?

**Senator STERLE:** I'll go to the August 2020 NFF announcement of throwing its weight behind net zero carbon by 2050. Is Dairy Australia conducting any research into emissions reductions?

**Dr Nation:** Yes, we are.

**Senator STERLE:** What are you actually doing?

**Senator STERLE:** Our area of immediate opportunity is in genetics of dairy cattle. We've been pursuing that. What we've identified is the way in which we are selecting cattle now in this country is reducing emissions intensity already.

**Senator STERLE:** You mean selecting the breeds?

**Dr Nation:** Selecting superior animals to produce from. We search the world for the most superior animals to use in our genetics. As part of that, the most elite animals on our scale are actively reducing our emissions intensity and we're looking to accelerate that.

**Senator STERLE:** Does Dairy Australia have an emissions reduction target?

**Dr Nation:** The dairy industry has a sustainability framework, and in that framework our target is to reduce emissions intensity by 30 per cent by 2030.

**Senator STERLE:** Does Dairy Australia consider it would be helpful for the minister to support the NFF's target and provide a yardstick for industry to work towards?

**Dr Nation:** As an industry services organisation, we look to the minister to give us a strong signal in emissions reduction that complements our research.

**Senator STERLE:** Unfortunately, we've got to start talking about the little spat we're having with our largest trading partner. Does Dairy Australia consider trade and market access to fall within its research and development remit?

**Dr Nation:** Yes. We have a long history of activity in that space.

**Senator STERLE:** And a very good one too, you tell me. Has any research and development been conducted as to possible future markets?

**Dr Nation:** Yes, it has. And maybe if I pass that question to Charlie, as our relevant manager in that space.

**Senator STERLE:** That's great. Mr McElhone?

**Mr McElhone:** We currently export Australian dairy to over 110 countries around the world. Obviously, we're looking at building that market presence. While our major market is Greater China, which includes Hong Kong and Macau, we also have a key focus on Japan and South-East Asia. A recent report by Rabobank concluded that by 2030 there is going to be an additional six-billion-litre shortfall of milk across the South-East Asian region which obviously creates a significant amount of opportunity for exporters in this region like Australia. Our focus is very much in this Asian region, particularly across South-East Asia. In saying that, we are also very keen to engage with new markets, like the United Kingdom. The ongoing free trade agreement discussions, the issues around Brexit and those dynamics, obviously, create some potential opportunities for us in that market as well.

**Senator STERLE:** When you talk about Japan and the UK, are these new markets? Are we already in there?

**Mr McElhone:** We're already in these markets. Indeed, as I said, we are exporting to over 110 different countries; there are very few markets where we don't already have some kind of presence. In saying that, we believe there is always an opportunity to expand that presence, particularly, as I said, across the South-East Asian region, where such significant growth in dairy is emerging.

**Senator STERLE:** How great a proportion of our dairy export market is China, compared to the other 110 countries?

**Mr McElhone:** About 30 per cent of the volume and about 33 per cent of the value we export goes to China. We export 250 million tonnes of dairy product, well over a billion dollars worth of trade. That's in the last financial year.

**Senator STERLE:** How do you go about pursuing new markets?

**Mr McElhone:** We work very closely with the Australian government. We work very closely with our export community, looking at research and [inaudible]. It's very much at the regulatory environment that we face. The work that we do with the department of agriculture and the Department of Foreign Affairs and Trade is critical to ensure that the regulatory environment that we place is positive to generating opportunities in different markets. That's why we work so closely with the ag network across the globe. Also we get a lot of intelligence from our exporters and the network that we have built across key markets over 20 years of market development programs to look at where we can generate opportunities. The work program comes from a range of different sources so that we get a better understanding about where to pursue opportunities.

**Senator STERLE:** With 110 countries, it doesn't leave a heck of a lot more to tap into. Are there any ones where we don't go that you have identified and that we will be targeting?

**Mr McElhone:** When I say there's 110 countries, in some of those we have a very small footprint. For instance I mentioned the United Kingdom before. Prior to 1973, when the United Kingdom joined the European Union, that was one of our largest markets. We exported 55,000 tonnes to that market, and now we put next to nothing into the United Kingdom as a result of them joining the European Union. Clearly we can look at trade agreements that we're negotiating with the UK. We do see a supportive regulatory environment, bearing in mind we currently face significant tariffs and barriers to trade in markets like the UK and European Union, that undoubtedly will open up more opportunities for us to explore. It should be said that even in relation to markets like Peru, for instance, where we have recently finalised free trade agreements, we have had input from some of our exporters that they have generated new export opportunities into that market which, prior to that time, they were unable to explore. So we are already seeing some of the windfall coming through our trade and liberalisation agenda. That has been really positive. We hope that that continues.

**Senator STERLE:** What was the total funding for Dairy Australia for 2019-20?

**Dr Nation:** Our revenue was \$56.3 million last financial year.

**Senator STERLE:** Can you tell us how much of that money was spent on R&D?

**Dr Nation:** Eligible R&D expenditure was \$43.7 million.

**Senator STERLE:** What's the total number of staff at Dairy Australia?

**Dr Nation:** I have that number here in front of me. The current headcount is 179 people, of which 158 are full-time equivalents.

**Senator STERLE:** Is that higher or lower than previous years?

**Dr Nation:** It's reasonably stable.

**Senator STERLE:** Do you feel that Dairy Australia is adequately funded to achieve its objectives for your levypayers?

**Dr Nation:** Yes, I do.

**Senator STERLE:** Right. Has Dairy Australia done its annual report yet for 2019-20?

**Dr Nation:** We're finalising our annual report. We'll have it out by the end of this month.

**Senator STERLE:** When do you normally get it done? Is it the same time?

**Dr Nation:** At the same time each year. Then we put out a notice of meeting for our annual general meeting for November each year.

**Senator STERLE:** I'm just reading here that Dairy Australia tabled its 2018-19 annual report in February of this year. Is that correct? No, sorry, it was last year. Did you table it in February last year?

**Dr Nation:** My understanding is that we provide the annual report each year to the department and to the minister, and then it gets tabled on behalf of us and the department.

**Senator STERLE:** Okay, because I'm just being informed here—I have information that it was in February. Could you just check that and tell me if I've got it wrong, and I'll correct the record.

**Dr Nation:** I'll check that.

**Senator STERLE:** Thanks. What steps has Dairy Australia taken to improve its capacity to meet its statutory obligations?

**Dr Nation:** Are there any particular statutory obligations that you have—

**Senator STERLE:** No, let's just chuck them all in the one bucket.

**Dr Nation:** So—

**Mr Metcalfe:** Sorry to interrupt. Senator, as you're probably aware, Dairy Australia is one of those research and development corporations established under the Corporations Act, and so it will have statutory obligations both under corporations legislation as well as under public-sector legislation.

**Senator STERLE:** Let's talk about both then.

**Dr Nation:** Sure. Our relationship with the Commonwealth is through a statutory funding agreement and we have dedicated resources for our compliance under that statutory funding agreement. We actively report to the department twice a year on our performance against our statutory funding agreement.

As to meeting those requirements and meeting the Corporations Act requirements: we prepare an annual report and deliver it each year. And there are our audited financial accounts which we report each year.

**Senator STERLE:** Let me ask this again: have you prepared and presented the report to the minister—your annual report?

**Dr Nation:** For 2019-20?

**Senator STERLE:** This year's—2019-20.

**Dr Nation:** This year—we haven't. We'll provide that to the minister by the end of this month, yes.

**Senator STERLE:** By the end of this month?

**Dr Nation:** We have it—

**Senator STERLE:** Alright, so help me out here. Section 46, I'm reliably informed, of the Public Governance Performance and Accountability Act requires Commonwealth entities, both corporate and noncorporate, to prepare an annual report and provide it to:

... the responsible Minister by:

(a) the 15th day of the fourth month after the end of the reporting period for the entity; ...

That translates to 15 October. I'm just checking the date now; it's the 22nd. Would it be unfair of me to say that I reckon you've failed to fulfil your statutory requirements?

**Dr Nation:** I'd have to take that question about lining up with that requirement on notice and review it. It's been our history to provide it by the end of October, but we'll happily review our compliance and ensure that we align with all compliance requirements.

**Senator STERLE:** Okay. I'll just put that question to Mr Metcalfe too.

**CHAIR:** I see that the chair, Mr Mann, has joined us now. Given that he has just rushed from his farm into town, I thought we should acknowledge him, and you might like to direct your questions to him.

**Senator STERLE:** Hello, Mr Mann.

**Mr Mann:** Good morning and sorry I'm late. My internet connection isn't great.

**Senator STERLE:** No worries. Chair, did you want me to go back and put the question to Mr Mann?

**CHAIR:** No. I was just suggesting that we should acknowledge him. That was all.

**Senator STERLE:** Okay. Mr Nation, thank you for your response, but I'd like to go to you, Mr Metcalfe, and to you, Minister, with what I've just raised with Mr Nation. Mr Nation has said—and he's going to check it out—that, contrary to what I just read out into the *Hansard*, it's been common practice to always present the annual reports of Dairy Australia to the minister at the end of each month. Can you steer me on the right course?

**Mr Metcalfe:** I'm getting some checking done at the moment. As you know, I don't have any history on the timing of when Dairy Australia has tabled its report previously. I'd obviously defer to Mr Nation on that. But, in relation to the legal requirement that you referred to, section 46 of the PGPA Act, I'm just double-checking that it is the correct section. The RDC is established under the Dairy Produce Act 1986. I'll just get some checking done and I'll provide you with some advice as to whether there is a different section of the PGPA Act that may somehow bear up on this.

**Senator STERLE:** Thanks. We'll move on. I'll go to page 10 of the Rural and Regional Affairs and Transport Legislation Committee report into annual reports, where we state that Dairy Australia:

... has apparently not completely fulfilled its obligations under the *2017 Dairy Australia Statutory Funding Agreement*. Under section 33.5(j) of the agreement, the agency is required to report details of senior executive and board remuneration. This detail has not been included.

I'll put the question to all of you. Why didn't Dairy Australia report on senior executive and board remuneration?

**Mr Mann:** David, you probably have that detail right in front of you [inaudible]. In my recollection, we do report on the combined directors' remuneration. I'm uncertain whether we [inaudible]—

**Senator STERLE:** It's a bit hard to hear.

**Mr Metcalfe:** I think Dr Nation is the right person, rather than the chair.

**Senator STERLE:** Dr Nation, did you hear my question alright?

**Dr Nation:** I did hear your question. I don't have the relevant document that you're referring to in front of me.

**Senator STERLE:** Is it far away or does someone else have it close by?

**Dr Nation:** You're referring to an assessment of our annual report in 2017. Is that correct?

**Senator STERLE:** No. I'm referring to the obligations under the 2017 Dairy Australia statutory funding agreement but of this year's annual reports for the RRAT committee. What year would that be that I'm querying, if you haven't reported it—2019-20?

**Dr Nation:** Our last is 2018-19.

**Senator STERLE:** Does that clear up for you where I'm heading, Dr Nation?

**Dr Nation:** When we publish our annual report, we do report our compensation to directors and compensation to executives.

**Senator STERLE:** But our report—and I should look to the secretariat here—clearly states that you didn't in your annual reports. How hard would it be for you to get a copy of what you did actually report, Dr Nation?

**Dr Nation:** I can go back a year. I might ask my support staff to do that. Every year, in our notes to our financial statements, we have a section on compensation of key management personnel. That includes compensation to directors and compensation to executives. Further notes underneath that document talk about what the chairman and directors earn and additional fees for committee members. The thing that I'm trying to work out, in answering your question correctly, is our compliance, as a company limited by guarantee, with the Corps Act, versus being a statutory authority.

**Senator STERLE:** Okay. I'm told that it's on page 4 of the RRAT committee report on annual reports. I'm going to put it this way: that's what our report says. I know the chair signed off on the report, the committee ticked all the boxes of the report and we're all happy because the work that we do is diligent; we make no apologies for that. But clearly that is I'm putting to you, Dr Nation: that that did not include the senior executive or board remuneration. While I've got you, why don't we just go to the next question? What was the remuneration of senior executives and board members in 2018-19? Do you have that information available?



**Dr Nation:** In 2018-19 the compensation of directors was \$876,749.

**Senator STERLE:** Okay.

**Dr Nation:** And the compensation of executives was \$1,739,758.

**Senator STERLE:** That's for the executives and the board members?

**Dr Nation:** And for directors it was \$876,749.

**Senator STERLE:** What about for 2019-20?

**Dr Nation:** The equivalent number for directors in 2019-20 was \$908,202 and, for executives, \$1,803,027.

**Senator STERLE:** Okay.

**Mr Metcalfe:** Chair, if I can assist, I'm looking at the 2018-19 annual report for Dairy Australia and, at page 68, in the notes to the financial statements, it clearly sets out, at paragraph 8.2, the compensation of key management personnel. It indicates the figures that Dr Nation has just given for directors in the financial years 2019, 2018 et cetera et cetera. In the subnotes, it indicates the remuneration of the particular directors et cetera et cetera. So it does appear, just from my very quick search on the internet, to have complied with those reporting requirements, which are quite standard reporting requirements about remuneration. I'm sure that Dr Nation, if there's some inconsistency between what you're reading from and what's been reported, can take that on notice. But it does appear, just on that quick check, that it's there.

**Senator STERLE:** Yes. This is what happens when you have cuts to the Senate budget. We ran out of ink for the computer when that was being written down! Anyway, we'll check all that out. It's something the secretariat and I and the chair will have a look at. Let me move down a bit further, still in the RRAT's annual report of agencies, to where it was noted that Dairy Australia's chair is Mr Jeff Odgers. Is Mr Odgers still the chair? He's not, is he?

**Mr Metcalfe:** Mr Mann's the chair now.

**Senator STERLE:** It says in our report that Mr Odgers identified the agency's key obstacles and achievements. In 2018-19 milk production fell by 5.7 per cent to 8.8 billion litres. Has milk production fallen again in 2019-20?

**Dr Nation:** We had a remarkable year last year. We were on track for a further significant decline coming out of the drought. From December onwards, the industry really turned it around. We had increases in production from December through to June and we finished 2019-20 only 0.2 per cent down on milk production. It was a remarkable year, a remarkable turnaround for the industry.

**Senator STERLE:** Production in Australia was down by only 0.2 per cent?

**Dr Nation:** By only 0.2 per cent, whereas over the past 20 years there has always been a decrease in production the year after a significant drought in the order of minus three per cent. So for the weather to turn and the industry to respond positively to strong milk prices and have a finish position of only 0.2 per cent is a truly remarkable outcome for the industry.

**Senator STERLE:** Yes, it could have been a lot worse. What is Dairy Australia doing to avoid a reduction in milk production across the nation?

**Dr Nation:** It's absolutely a core function of Dairy Australia to deliver innovation and market opportunities. It's not just production; it's obviously price and profitability for the sector. Our focus is on a more profitable industry. Our focus is on stronger operating margins for farm businesses, be it innovation projects, be it market development projects or be it sustainability initiatives that demonstrate to the market the quality and merit of dairy produce. There is a broad range of things that we do to lift the profitability of the industry.

**Senator STERLE:** This committee is having an inquiry into the dairy industry. I think it is about the third one into the dairy industry. Depending on what part of Australia you are in, we know there are challenges and some are doing all right and some are finding conditions terrible. Minister, what is the government doing to improve milk production? You can take it on notice?

**Senator Ruston:** Yes, I would prefer to take it on notice.

**Senator STERLE:** I wanted to ask that before the former minister entered and told us how good she was and that it was everyone else's fault. I'm sorry.

**Senator STERLE:** Dr Nation's comments around it being only 0.2 per cent down coming into the end of the financial year, I think, is a remarkable testament to the industry.

**Senator STERLE:** I agree and with drought and bushfires. As this committee knows, it is very challenging in the dairy industry. I want to talk about that \$11.2 million dairy farmers money that was held by the Australian Dairy Industry Council for 16 years. We know it should have been with the Australian Dairy Farmers. According to the original 2003 deed, ADIC's assets were to be transferred to ADF, Australian Dairy Farmers, which would then use the funds in the best interests of the dairy industry. Does Dairy Australia receive any funding from ADF?

**Dr Nation:** As a point of clarification, Australia Dairy Farmers is a separate organisation to Dairy Australia.

**Senator STERLE:** I am sorry. I just wandered off into the dairy inquiry and got mixed up. Do you receive any funding from ADF?

**Dr Nation:** We do not. ADF are our representative organisation, our group B member.

**Senator STERLE:** To the best of your knowledge, has Dairy Australia received any money from the \$11.2 million trust?

**Dr Nation:** To my knowledge, the answer is no.

**Senator STERLE:** Does the trust still exist?

**Dr Nation:** I think those are questions that we have to ask Australian Dairy Farmers. I have no visibility to the operation of Australian Dairy Farmers or their assets.

**Senator STERLE:** I bet your members would love to know the answer. That's fine. You don't have to comment there. Can Dairy Australia explain its relationship with ADF from a policy, research and financial standpoint, please?

**Dr Nation:** Yes, we can. Australian Dairy Farmers is our group B member. It's formally described as such. We recognise ADF's role as a lead representative organisation for the dairy industry. We recognise the work that they do to take policy positions on behalf of the dairy industry. We undertake policy research and technical development activities that develop knowledge that supports industry taking positions on matters of interest to the dairy industry.

**Senator STERLE:** Does Dairy Australia have any funding agreement with the ADF?

**Dr Nation:** We have a memorandum of understanding with ADF that sets out how we interact with ADF, for them consulting on our strategy and annual planning. That also sets out the role of some of their key committees in providing oversight and advice on the work that we do. We also support the industry coming together each November, which is obviously difficult this November, in terms of Australian Dairy Industry.

**Senator STERLE:** Is that funding agreement an amount in cents, dollars or whatever per levypayer or levy dollar collected? How does it work?

**Dr Nation:** What we've set out is that these activities would be eligible for Dairy Australia to pay for. So if we ask ADF as a representative organisation to give us advice on our annual plan or our new strategic plan, and they bring farmers together from around the country to give advice at a policy council meeting for that purpose, it would be fair and reasonable for Dairy Australia to pay for farmers to come together to comment on our strategic plan or annual plan, for example. It's an expectation of eligible expenditure rather than a set amount of money.

**Senator STERLE:** Has Dairy Australia had any communication with ADF or ADIC regarding the \$11 million pot of money?

**Dr Nation:** No.

**Senator STERLE:** When was the last time Dairy Australia was audited, Mr Nation?

**Dr Nation:** We've just completed our audit for the 2019-20 annual year, and we get audited every year.

**Senator STERLE:** Just completed last week or last month?

**Dr Nation:** No; presented to our September board meeting, so last month.

**Senator STERLE:** Who selects the auditor?

**Dr Nation:** We as board—James, do you want to talk about this as a board action first or do you want me to cover this off?

**Mr Mann:** No, I'm happy to answer it. As a board we select [inaudible] with information from management. The policy is that the auditing partner changes by rotation. If we [inaudible] so that's the government's arrangement. David, you might need to—

**Dr Nation:** That was hard to hear and understand, Senator. Maybe I can help you with the answer.

**Senator STERLE:** Sorry, Mr Mann, I didn't get very many words of that.

**Dr Nation:** We have a five-year rotation policy for an auditor. Each five years we put out a request for tender for audit services, and the board considers and appoints an auditor on a five-yearly basis.

**Senator STERLE:** Who's your current auditor?

**Dr Nation:** Deloitte.

**Senator STERLE:** And who was the last one?

**Dr Nation:** What happened was a different partner inside Deloitte was the auditor for the previous five years—a different audit team within the same organisation.

**Senator STERLE:** So it's been Deloitte for the last two five-year terms. Can you confirm that Dairy Australia only responded to requests for information and did not offer up selected information?

**Dr Nation:** To the auditor?

**Senator STERLE:** Yes.

**Dr Nation:** Yes, we confirm that we met all the auditor's requests.

**Senator STERLE:** But you didn't offer up selected information. You just answered their questions. You just provided answers to what they asked.

**Dr Nation:** We provided access, as required, for their audit services, yes.

**Senator STERLE:** If there was to be a breach with regard to the audit, what are the remedies available and who would enforce them?

**Dr Nation:** If there was a breach of the audit, we get audited according to the Australian Charities and Not-for-profits Commission Act as well as the Corporations Act. The breaches would be dealt with under both those acts as well as the auditor providing an opinion to the government of our compliance with the statutory agreement, of which the government could also take action if the auditor provided an auditor opinion that we were in breach of the statutory agreement.

**Senator STERLE:** How did you come to Deloitte? Do you get three, four, five quotes—what do you do?

**Dr Nation:** I'd have to take that on notice. The last appointment was before my tenure as managing director. My understanding is that there is a request for tender, multiple parties respond to that tender and there is an assessment process by the board of a suitable next partner for auditing.

**Senator STERLE:** How much does it cost to get audited?

**Dr Nation:** Our auditor's remuneration in this audit just passed is \$108,300.

**Senator STERLE:** What was it last year?

**Dr Nation:** It was \$90,000.

**Senator STERLE:** The year before?

**Dr Nation:** I don't have that number.

**Senator STERLE:** Take it on notice.

**Dr Nation:** I can provide it on notice, if you'd like.

**Senator STERLE:** That's fine. How's the actual audit process recorded? They present you a report?

**Dr Nation:** It's all detailed in our annual report, including declarations, presentation of approved limited statutory accounts and auditor's letters are provided in the annual report too.

**Senator STERLE:** If we asked for any further information, where it is and what else is on file, you'd be happy to provide that?

**Dr Nation:** Yes.

**Senator STERLE:** Dr Nation, thank you very much for your time. Sorry, Mr Mann, we couldn't hear you, but thanks for racing around madly wherever you are to try to get to us, and thanks, Mr McElhone.

**CHAIR:** Dairy Australia, thank you very much for your time today. We appreciate it very much. Please go with our thanks.

While we're moving to fisheries, I will say that I have been advised by the secretariat that the details of Dairy Australia's senior management's remuneration was included in the annual report, in a footnote on page 68.

**Senator STERLE:** Oh, that's tricky!

**CHAIR:** And it was the secretariat's error. They are continuing to examine how this may have happened. They will amend the report accordingly, but there is an acknowledgment that it was not Dairy Australia's oversight.

**Senator STERLE:** Great. Tremendous. Thank you.

### **Fisheries Research and Development Corporation**

[12:46]

**CHAIR:** I now call representatives from the Fisheries Research and Development Corporation and ask if you wish to make an opening statement.

**Dr Hone:** No, thank you, Senator.

**CHAIR:** Thank you very much, Dr Hone.

**Senator STERLE:** Dr Hone, how are you?

**Dr Hone:** Very good.

**Senator STERLE:** Okay. As part of the Ag2030 plan, the government announced on 1 October that they're going to invest \$1.3 million to support AIA to improve collaboration and commercialisation amongst and between RDCs. Is FRDC a member of Agricultural Innovation Australia?

**Dr Hone:** Yes.

**Senator STERLE:** Great. How much does membership of AIA—

**Dr Hone:** Sixty-five thousand dollars.

**Senator STERLE:** I love your work! This is really good.

**Senator Duniam:** We love his work too!

**Senator STERLE:** We've been doing this for years, and this is great. So what is FRDC's engagement with AIA going to look like?

**Dr Hone:** I'm very passionate about this, and I'm always a very strong believer that, where people do things of their own volition, you're going to get a better outcome. I think the RDCs have demonstrated amazing leadership in developing Agricultural Innovation Australia. In terms of FRDC, we are part of Australia, and we utilise the resources and also are very committed to the \$100 billion target. We will not do it alone. We do need to partner, and we need to be more nimble and agile, and we definitely need to be enduring. In other words, we need to be in this for the long run. Agricultural Innovation Australia ticks all those boxes. Thank you.

**Senator STERLE:** You are passionate—no argument about it. Let's talk about emissions for the net carbon zero, if we can. Is the FRDC conducting any research into emissions reductions?

**Mr Ashby:** Yes, we've been undertaking some research looking into alternative energy sources for many of the sectors. We've been working with the Blue Economy CRC, looking at alternative energy for things like aquaculture. We've also been working with industry and supporting industry in its moves towards reducing its emissions. So we've seen a number of new vessels come into line in several Australian fisheries that are actually diesel electric, with greater use of electric and battery power. It's also a component of our new R&D plan, the 2020 to 2025 plan, with outcomes 1 and 2 looking at alternative energy sources.

**Senator STERLE:** Okay.

**Dr Hone:** I don't want to miss out on my blue carbon!

**Senator STERLE:** Okay, tell me all about your blue carbon.

**Dr Hone:** Just as with terrestrial carbon, with farmers and the ability to have natural capital on farm, there's an opportunity in the ocean to have blue carbon. Obviously, the oceans of the world cover 67 per cent of the planet—just a slight bit bigger than the terrestrial. I know the dry side think they're important. We on the wet side think there's an enormous opportunity with blue carbon.

**Senator STERLE:** And you know you're dying for me to ask you what blue carbon is. What is it going to look like?

**Dr Hone:** We think about mangroves, seagrass—all the samphire communities along the coast—kelps, you name it. The micro algae in the ocean alone is one of the largest absorbers of carbon in the world.

**Senator STERLE:** So, we can see algae farms as the next thing, can we?

**Dr Hone:** We'd love to have some!

**Senator STERLE:** What is your reduction target? Have you got one?

**Dr Hone:** At the moment the industry is having a significant conversation, and you'd be very well aware that we've got the rec sector, the Indigenous sector, aquaculture and wild catch. Having a target for each of them individually is quite tricky. But we have a new plan, which is in draft, called Fish Forever, and it talks about a commitment to 2030, to getting to carbon neutral. Obviously that is a very complex equation for our sector, but the FRDC are very supportive of making sure that where there are research obstacles for the industry to have that conversation—we're trying to address it.

**Senator STERLE:** As you know, there are some real leaders in your industry. Look at Austral in WA.

**Dr Hone:** David Carter—amazing.

**Senator STERLE:** David Carter is an incredible human being—the work that he's doing.

**Dr Hone:** I will just give a little plug for his TEDx talk on the 28th.

**Senator STERLE:** I hope his new ship's down there catching—

**Dr Hone:** Yes, it's already down there.

**Senator STERLE:** The Patagonian toothfish?

**Dr Hone:** Yes.

**Senator STERLE:** It's gone, finally, thank goodness.

**Dr Hone:** We have another one—the *Antarctic Aurora*. We've got another electric boat, with Australian Longline, also heading down, out of Tasmania.

**Senator STERLE:** Whose is that?

**Dr Hone:** That's Malcolm McNeill's group, for Australian Longline.

**Senator STERLE:** The minister for Tasmanian salmon's just piped up. You know all about it!

**Senator Duniam:** His office is next-door to mine. I'm a big supporter of what he's doing—good stuff!

**Dr Hone:** It's an awesome-looking boat.

**Senator STERLE:** Mr Metcalfe, I have wonderful respect for FRDC.

**Mr Metcalfe:** I'm all for the fishing industry myself.

**Senator STERLE:** Seriously, fishermen are like truckies, but they're on the ocean. That's what I think.

**Mr Metcalfe:** Seriously, there is some inspirational work being done by our RDCs, and FRDC is doing some great work.

**Senator STERLE:** This has been one of the leaders, this RDC, and Dr Hone. And I'm not making that up. Now, FRDC: do you consider trade and market access to fall within your—

**Dr Hone:** Yes.

**Senator STERLE:** Great. And I forgot to ask you: do you think it would be helpful if the minister was to support the NFF's target and provide a yardstick for industry to work towards?

**Senator Duniam:** Are you asking—

**Senator STERLE:** No, I don't want to hear from you; I know what you're going to say! You've rehearsed yours. I'm asking Dr Hone, because he doesn't know how to fib. He'll be straight up-front.

**Dr Hone:** Look, it's always good to have support for improvements in targets. And it doesn't matter whether it's sustainable fisheries, carbon neutral et cetera. So, the answer would be: yes, of course.

**Senator STERLE:** It's all part of the leadership, isn't it. Has any research and development been conducted as to possible future markets?

**Dr Hone:** In terms of markets for trade?

**Senator STERLE:** Yes.

**Dr Hone:** Yes. And I think COVID's taught us a couple of things. One is that we've got to future-proof our industry. We can't assume that this will be the only pandemic going forward. That means we've got to make our supply chains more resilient. We've got to look at new technologies. We've got to connect things. We've got to build better digital solutions. We've got to build better standards so that the buyer and the seller know what they're buying across the internet. So, we are very much looking at how we can do that. Regarding trade and market access, we do a lot of work. Our industry is very trade exposed. We have significant export around the world. It's very important to us. On free trade agreements, we're very involved in the EU discussions, the UK discussions. We continue to work with different sectors on diversification. And perhaps I can just remind you that we've also

got a large recreational sector that also does trade, where the product comes in. So, it's all very important to us that we get these metrics right.

**Senator STERLE:** What are we up to now—70 per cent?

**Dr Hone:** In terms of—

**Senator STERLE:** Consumption. Do we export 70 per cent and import 70?

**Dr Hone:** Roughly it's about 70 or 75 per cent of import for volume of consumption. In terms of value it's about the same, because obviously we bring in higher volume, lower value. And in terms of exports going out, our exports actually match what comes in, in terms of value. But it is significantly lower in volume.

**Senator STERLE:** And I'd be happy for you to take this one on notice, because I remember the function—the Parliamentary Friends of Australian Seafood Industry is—

**Dr Hone:** Yes, it's coming up soon.

**Senator STERLE:** We had a magnificent presentation, when the minister for crabs and prawns and everything was down there. But COVID did frighten the living daylights out of us—not only for our exports, but, more importantly for our imports. So, perhaps you could take on notice, talking about future markets, to give us a snapshot?

**Dr Hone:** Yes.

**Senator STERLE:** That would be great. Thanks. So, when you identify new markets, how do you go about pursuing them?

**Dr Hone:** There are multiple ways. There's a role that the government has—there's an export consultative committee for seafood that the department runs, and that's a stakeholder advisory group to the government. We provide information to them on request, and they will give us information. We've established a group called Seafood Trade Advisory Group, and I cannot talk highly enough of that group and the leadership during the COVID pandemic.

**Senator STERLE:** The Seafood Trade Advisory Group?

**Dr Hone:** It's the Seafood Trade Advisory Group, or STAG. They have been just amazing. It's not just being prepared, but it's also how do you work across a diverse group of stakeholders—from little industries, small little companies, to big companies like Tassal—and make sure that we've got all the research that meets everyone's needs. STAG's been doing a fantastic job. Nathan Maxwell-McGinn, who is chair of that group, is just phenomenal. He works in industry, obviously—so, yes, we have quite a significant investment in seafood trade access..

**Senator STERLE:** Good. In terms of the spending of the levypayer dollars, what was the total funding of FRDC for 2019-20?

**Dr Hone:** 32.9—sorry, spending?

**Senator STERLE:** No—total funding.

**Dr Hone:** 32.9.

**Senator STERLE:** I'll come to how much you spent on R&D.

**Dr Hone:** 28.9

**Senator STERLE:** What are your staff numbers there now?

**Dr Hone:** 19.3 FTEs. We have about 24.

**Senator STERLE:** I do have to ask you—because it always frightens the living daylights out of leaders like yourself, because the levypayers are listening—are you adequately funded?

**Dr Hone:** Yes. I will say just a comment—just on record. Money is important—I don't get that wrong—but the role of FRDC is much more than just about money. It's about facilitation. It's about partnerships. It's about finding new opportunities. We spend a lot of time looking at groups who are coming onto our scene. We're very fortunate in our area, the marine science community—the government spends nearly \$1 billion a year in marine science. My job is to convince that billion dollars to be spent on my problems and my opportunities. But we've got some really exciting things. You've probably heard about the Minderoo Flourishing Oceans group. They are coming in as an amazing group with, really, a commitment to healthy oceans. We're really fortunate. We continue to not just look at our role of just being an investor but our role of making sure that we can help industry describe the problem to other investors.

**Senator STERLE:** I'm just going to come back now to—and you haven't quite convinced me yet on this one, Dr Hone. Guess what I'm going to talk about next?

**Dr Hone:** Rock lobster?

**Senator STERLE:** No.

**Dr Hone:** 16-wheel tractors?

**Senator STERLE:** It's carp. Come on! You were trying really hard, but anyway. I did say that we'd come and visit and we'd have a look, but other things happened. On your website, it says:

As part of the National Carp Control Plan, an assessment of the feasibility of using Cyprinid herpesvirus 3 as a biological control agent for introduced common carp in Australia was delivered to the Australian Government in January 2020.

The FRDC website states that you delivered an assessment of it. What was the nature of the report on the National Carp Control Plan delivered to the government by the FRDC in January 2020?

**Dr Hone:** The report met all our requirements under the original National Carp Control Program agreement with the department. So it provided all the elements: epidemiology, the risk, looking at transmission across everything, looking at the different parts of the environment in the catchments—all of that has been provided to the government.

**Senator STERLE:** And that was January of this year?

**Dr Hone:** Correct.

**Senator STERLE:** Because we were halfway through an inquiry on all of this, weren't we?

**Dr Hone:** We were.

**Senator STERLE:** Are the government going to let it out?

**Dr Hone:** Subsequent to that—this is really important—we all agreed that there was still a risk. It probably was one of the—do you remember the discussion we had with Jackie Lighten, in the committee?

**Senator STERLE:** Yes, I do.

**Dr Hone:** You've got to listen to the signal, because it's not just about the science; it's also about the perception of the science. We agreed that we should go back and redo the non-target species research. We agreed do that. We also agreed that we should re-explore additional derisking of the susceptibility component—in other words, that's the transmission component—and we also wanted to look at some of the seasonal elements to try and derisk it. In the whole public conversation that we were having, we as scientists are pretty black and white sometimes, but we understand that people want additional information. So we've gone out and we're doing that. We're pretty well on track to get that to the government mid next year. But the government, in the meantime, is doing a whole lot of parallel processing on this. You don't have to stop other elements of it. So we continue to support them where they want additional information.

**Senator STERLE:** That cruelled my next question. I was just going to ask you off the cuff if we could get a private briefing, but we're not ready yet. Are we ready?

**Dr Hone:** I think we could give you a private briefing any time you want.

**Senator STERLE:** Chair, could I request that we seek in the new year a private briefing on where we're up to with that carp control. We were having an inquiry, and everything went upside down.

**CHAIR:** We will make a note, Senator Sterle.

**Senator STERLE:** Thanks. Do you like the way I said it's for the new year?

**CHAIR:** Yes, I did.

**Senator STERLE:** Is it the case now, Dr Hone, that FRDC has completed and reported 13 different research projects into the aspects of the National Carp Control Plan?

**Dr Hone:** Correct.

**Senator STERLE:** What was missing from the January 2020 report that meant that yet more time and research was required, noting the project was launched in May 2016? Is it just because of what you talked about with the other species, or was there anything else?

**Dr Hone:** No, it was those three elements. Obviously we wanted to do additional research on the non-target species because of some concerns, and there was the issue about that susceptibility and environmental variability.

**Senator STERLE:** I'm dying to hear about that.

**Dr Hone:** You know, if you leave scientists, we'll study it forever!

**Senator STERLE:** Stop talking about scientists or Senator Rennick might arc up! It's alright. This is fish, Senator Rennick. You're okay. Sorry, I won't say any more! I shouldn't even joke. When did you think you would finish and have it all wrapped up and ready? Did you say mid-next year?

**Dr Hone:** Obviously, this has been a pandemic year.

**Senator STERLE:** Yes.

**Dr Hone:** We actually had hoped for the additional work to be all finished by this time, right now—between January and now. The Australian Animal Health Laboratory, the CSIRO facility at Geelong, can only do one piece of the research. Obviously, they've been doing quite a lot of other types of research lately.

**Senator STERLE:** Yes.

**Dr Hone:** So we have been delayed. We're now saying June next year.

**Senator STERLE:** June next year, before the minister for carp gets it?

**Dr Hone:** The additional piece of research.

**Senator Duniam:** I have so many titles! I don't want to know some of them, though, Senator Sterle!

**Senator STERLE:** I have a long line! It just depends what we're talking about at the time. Well, we'll be looking forward to that. Dr Hone, from the time when Minister Joyce launched the NCCP and said what he wanted to do and all that sort of stuff, are there any figures around how many damage carp have contributed to our waterways between then and where we are now? I've heard figures of \$500 million, but have you got anything?

**Dr Hone:** I have no data on that.

**Senator STERLE:** You don't doubt it?

**Dr Hone:** There are probably people who make anecdotal things, but I believe there is no science on that.

**Senator STERLE:** No, you couldn't tell us. It would just be interesting. Okay.

**Dr Hone:** I will just make a comment, Senator. You remember from our conversations about this that some of us have been working on this for 30 years, so getting it right is really important. Don't forget we had a lot of complementary research. We have the Williams barriers that happen at the weirs. We have a whole lot of other technology. We're not just depending on this. The most important thing is healthy habitats and healthy environments. We're very big supporters of OzFish Unlimited and the groups at Dubbo—everyone who's trying to improve and repair habitat rivers. We love it.

**Senator STERLE:** Yes, we were going to visit that.

**Dr Hone:** You were.

**Senator STERLE:** Let's hope COVID gets out of the way and we can get around to doing that. Of the original \$15 million funding bucket, are there any funds left?

**Dr Hone:** FRDC didn't get the whole \$15 million, as you recall. Ours was about 10.2 of the 15. Of that, we have sufficient funds to do the additional research that we're now doing—we have sufficient funds to do that. I suspect that, at the moment—because you get savings from projects—we're probably sitting on a buffer of about \$50,000.

**Senator STERLE:** I want to have a chat to your mate next to you.

**Dr Hone:** We work hand-in-hand with the department.

**Senator STERLE:** You need some more money. Coming back to the impacts of COVID on the fishing industry: have you done any assessment of the impact on the industry, including the economic impact and the social effect on operators and crews?

**Dr Hone:** The answer is yes.

**Senator STERLE:** What have you done?

**Dr Hone:** If you go on to our site, we've got qualitative and quantitative information. We have engaged Nielsen to do work in the supermarket-retail/home consumption space. We have a fantastic scientist, and I have to give a plug to Emily Ogier, who works for UTAS. She runs a social group which is doing a whole lot of work in trying to understand impacts on the rec sector, aquaculture and wild catch in terms of employment and a whole range of things. We have a group of economists working at the moment and we're anticipating that we'll have an additional update with better data on our website probably in the next six weeks.



The evidence to date is that, like in a lot of sectors, there have been people who have really, really suffered, like our barra sector—

**Senator STERLE:** Your what?

**Dr Hone:** The barramundi sector. They were very focused on that food service-restaurant market. But as things changed they've been incredibly flexible. We're very fortunate to have an industry, I would say, that is probably one of the most innovative in primary industries. I'm not trying to say that there's competition with the other groups, but I think they've been amazing!

Originally, our rec sector also had a lot of trouble. If you talk to Colin Tannahill at Shimano, for example, we had significant impacts, particularly on top of the bushfires and a whole range of things. But the evidence now is that we're having an absolute boom in tackle sales in regional Australia—

**Senator STERLE:** Is there an economic recovery being led by tackle sales?

**Dr Hone:** You probably know that in Exmouth at the moment, instead of roughly 5,000 tourists there are about 20,000. We're emptying the rubbish bin at the boat ramp three times a day. How do you put that into stats?

**Senator STERLE:** I was up that way—not to Exmouth—not long ago and they were banked up, 10, 15 or 20 caravans, bumper-to-bumper. Yes, it's crazy stuff.

**Dr Hone:** What we—John and the others—have to try and make sure of is that as things come out of the pandemic we can capture these gains in rural Australia. We're big supporters of the fact that we have an amazing country and there's an opportunity to mix tourism, fishing, eating seafood and looking at the cultural values that our Indigenous people have with fishing. It's an amazing story.

**Senator STERLE:** It certainly is. Now, here we go with our stretched relationship with our friends north. That's affected some of our high-value exporters, which you touched on—rock lobsters, and, I believe, abalone as well. I'm told that has led to some people pointing to the need to diversify into other markets. I believe that the departmental officers have been pushing this line. Given the size and the specific demands of the Chinese market, does FRDC see this as a workable solution in real terms?

**Dr Hone:** Yes.

**Senator STERLE:** Good. How?

**Dr Hone:** We have quite a significant range of diversification. If we take southern rock lobster: they have a diversification program and, believe it or not, we work with New Zealand on this as well, because we're in similar camps. We have the same species—*Jacus edwardsii*. We have a real push to try to grow our domestic market. Never leave your domestic market behind; the wine industry knows this. It's really important—domestic is good. We have expansion opportunities around Taiwan, Hong Kong, Singapore, Korea and North America. So there's a lot of work going into those markets at the moment in terms of improving. Obviously, they want different product types. The Asian markets particularly want live, and so we're looking at how we can improve our product in terms of product offerings to the different markets and a whole range of things. That's just Southern rock lobster as an example.

**Senator STERLE:** Right.

**Dr Hone:** They've got some amazing work that they're doing, from traceability to standards. They have a fantastic standard that underpins their clean green program. I don't know whether you know that Southern rock lobster has a voluntary standard that they've set, which is the clean green program, which underpins everything they do. It's a good group. I could talk about Western Rock Lobster. They're all doing some really clever things. Your mates at Geraldton Fishermen's Co-op, too.

**Senator STERLE:** Yes. I remember the Geraldton Fishermen's Co-op. On to carbon neutrality. Let's see if I haven't touched on it first. There are a number of industry sectors—indeed, individual firms have set targets. You've talked about your target. Does FRDC see an evolving social licence issue for the sector as a whole if it doesn't move to address carbon neutrality?

**Dr Hone:** Social licence is really important. It's a complex issue. We could probably have a whole day on that conversation. What you do to ensure you have a trusted partnership with the community—we work in a public resource. We don't have private ownership of our resource. To that degree, understanding what communities are looking for is critical. Some communities probably have climate change and carbon neutrality as high priorities; others might have animal welfare; others might have the Great Barrier Reef. It's important that we understand the local community and what they need and also understand the general public. We have a lot of work going on in social licence.

**Senator STERLE:** I know it's ongoing. I know the work that's being done—well, a lot of the work that's being done. You've expected me to ask you questions around auditing, Dr Hone. When was the last time you were audited?

**Dr Hone:** July.

**Senator STERLE:** Fantastic. Who's your auditor?

**Dr Hone:** We have two auditors. We have an internal auditor, which is appointed by the board, selected by the board and run by a process by the board, Yardstick. We pay them \$8,640.

**Senator STERLE:** I love this. Dr Hone is my favourite.

**Dr Hone:** We have a government appointed auditor through the Australian National Audit Office, which is Deloitte. I have to declare a conflict here because my daughter works for Deloitte. We pay \$36,000 a year to ANAO, who then contract Deloitte.

**Senator STERLE:** I don't want to ask you anything anymore, Dr Hone, because you are always straight up-front, as you always have been. It's a pleasure hearing from you. I'm sure the minister for bluebottles and blue-ringed octopuses would welcome having you by his side at every opportunity.

**Senator DUNIAM:** I do want to commend Dr Hone and his team on their work. It is a pleasure to work with the FRDC, who do so much with industry. I also acknowledge the former chair, former senator Ron Boswell for his contribution. Of course, we have former senator John Williams in the chair now. The whole team do an amazing job.

**Senator STERLE:** Do we? The transition! Papa bear has handed down to baby bear. That's good. That's great.

**Dr Hone:** Another plug: Ron is writing a book.

**Senator STERLE:** I know.

**Dr Hone:** I was hoping it would be out by Christmas.

**Senator STERLE:** I caught up with Ron in Brisbane.

**Dr Hone:** I'm looking forward to it.

**Senator STERLE:** I know I won't appear in it, because I was always nice!

**Dr Hone:** I hope he has a good lawyer!

**Senator STERLE:** He has a former senator helping write it, so now I'm really panicking.

**CHAIR:** Thank you, Senator Sterle. Can I join Senator Sterle in acknowledging the terrific work that scientists do. We are a very big fan of the work of science and its practical applications to land management, oceans and habitats.

**Senator STERLE:** Can I add on there too?

**CHAIR:** No. This is my statement! That was all I wanted to say. I appreciate the work you're doing.

**Senator STERLE:** I just want to say it was a pleasure working with former senator Ron Boswell. I couldn't think of a better replacement than Senator John Williams, apart from maybe me or you, Senator McDonald. I look forward to working from a distance with former Senator Williams. What do we call Wacka now?

**CHAIR:** On that very collegiate note we will break for lunch. Thank you very much for your presentation today. When we come back we will be joined by the Australian Fisheries Management Authority.

**Proceedings suspended from 13:14 to 14:19**

**Australian Fisheries Management Authority**

**CHAIR:** Welcome back, everybody. I now call representatives from the Australian Fisheries Management Authority. Do you wish to make a statement?

**Mr Norris:** No.

**Senator SHELDON:** Thanks very much for joining us. On 10 March in Canberra, AFMA held an annual public meeting as required by legislation, of course, as you know. It was to give stakeholders the opportunity to meet the AFMA commissioners and discuss AFMA's progress in pursuing the effective management of Commonwealth fisheries. Could AFMA advise how stakeholders were notified of the event; the number and nature of the stakeholders that participated; and the issues that were raised by those stakeholders? Does AFMA view the annual arrangement as an adequate means to meet a formal obligation to engage with stakeholders about the overall performance of its statutory role?

**Mr Norris:** I'm sad to say that we had no stakeholders participate in that meeting on 10 March. I will confirm after this the exact means we took to notify stakeholders of the meeting. That generally includes specific correspondence to stakeholders on our stakeholder registration and an advertisement in a national newspaper, usually *The Australian*. As I say, I will confirm that. As to your broader question about whether it is a useful means to engage with stakeholders, I think, clearly, the commission recognised that calling for stakeholders to attend a public meeting wasn't achieving the purpose that we want it to. The current commission, since it commenced in July last year, has been having an ongoing discussion about how we best engage with stakeholders both in the context of the general public but also specific stakeholders, such as fishery representatives and non-government organisations and so on. It has commenced the development of a specific engagement plan to step up the ability for commissioners to understand stakeholder perspectives and stakeholders to feed into commission processes.

**Senator SHELDON:** That is not quite clear to me. You advertised for stakeholders to participate and no-one turns up. What do you take from that?

**Mr Norris:** The message that I take from it and the message the commission took from it is that the concept of an annual stakeholder meeting isn't the best way to engage with our stakeholders, and so we need to find better ways to do it.

**Senator Duniam:** I would also add, Senator Sheldon, that AFMA is very good at engaging with stakeholders on an as-needs basis too. If the Commonwealth Fisheries Association reaches out and, say, wants to engage with AFMA, it does. I have been at some of those meetings and with direct fisheries representatives. So I think it's important to take that into context as well.

**Senator SHELDON:** Minister, were you at the annual public meeting?

**Senator Duniam:** I don't believe I was. Did you say 10 March?

**Senator SHELDON:** Yes. That's right. You're right.

**Senator Duniam:** I beg your pardon?

**Senator SHELDON:** Well, thanks. Minister, aren't you concerned about the fact that stakeholders haven't turned up to the annual meeting?

**Senator Duniam:** What I am actually pleased about is that AFMA and stakeholders engage frequently and on all matters of concern to them. So 10 March this year, I think, is the period of time you're referring to. Is that right?

**Senator SHELDON:** The annual meeting, a public meeting, was on 10 March in Canberra from 10.00 to 11.00.

**Senator Duniam:** In 2020?

**Senator SHELDON:** That's right.

**Senator Duniam:** I dare say that many of those stakeholders who would ordinarily have attended an event like that were probably very concerned about the impact COVID was having on their businesses.

**Senator SHELDON:** To have a public meeting under the terms of the AFMA requirement means a public meeting which can't be done as a webinar or by engagement with other facilities. Is that correct?

**Mr Norris:** I will add to the minister's comments. Firstly—

**Senator SHELDON:** So you advertised for a meeting that people couldn't turn up to?

**Mr Norris:** I will add to the minister's comments. Yes, every decision that AFMA makes is based on stakeholder consultation. So the concept of an annual public meeting is to supplement those specific consultation avenues that we have. Certainly, if any stakeholder or any member of the public had asked whether they could participate remotely in that meeting, we would have facilitated it.

**Senator SHELDON:** What was the purpose of the annual meetings being set up at first? What were the annual public meetings in response to?

**Mr Norris:** I'll have to take that on notice. It's something that has been in our legislation for some time.

**Senator SHELDON:** Minister, why would you not want to have an annual public meeting that works?

**Senator Duniam:** To suggest that we don't want to have an annual public meeting that works I think is a ridiculous suggestion.

**Senator SHELDON:** Well, has it worked?

**Senator Duniam:** What I already pointed out to you, Senator Sheldon, is that, while there might be prescription for an annual public meeting, the interactions of AFMA and its officers with the industry are not confined to that meeting. Indeed, as the CEO has pointed out, decisions made by AFMA are based on feedback and consultation with industry, proving that the interactions work.

**Senator SHELDON:** The idea of a public meeting is that the participants are held to account on what is going on. It seems like you've got an annual public meeting which logic would say can be public. People can look at the various speakers and presentations and what members of the industry are feeling and thinking. They might be even driven to make some comments themselves. They are people you would normally be in contact with. Most people have annual general meetings, for example, so that the general membership of an organisation or general people interested in that industry can come along. It seems like a fundamental failure if you have nobody turn up.

**Senator Duniam:** That is an opinion, Senator Sheldon. I'm very, very—

**Senator SHELDON:** You're happy with people not turning up?

**Senator Duniam:** I'm very pleased with the—

**Senator SHELDON:** I'm pleased you're happy that people didn't turn up.

**Senator Duniam:** I wonder if you would let me finish my sentence, Senator Sheldon—or would you like to keep talking? I might conclude what I was saying. I'm pleased with the work of the authority.

**Senator SHELDON:** I'm just trying to match you with the same approach.

**CHAIR:** Senator Sheldon, please let the minister finish.

**Senator Duniam:** I'm very pleased with the work that AFMA does in consultation with industry. I'm very pleased with their engagements. I've participated in many. Stakeholder feedback, which is the most important type of feedback we have, frankly, from any perspective, should be industry led. I know from talking to, for example, representatives of the Commonwealth Fisheries Association that they are very pleased with the approach AFMA takes with consultation, regardless of what may or may not happen at one meeting you've referred to.

**Senator SHELDON:** In the general remit of your responsibilities, how many companies and organisations would you say are involved that you would have an interest in getting feedback from? Is it 10, 100 or 1,000?

**Mr Norris:** It would certainly be hundreds. Our stakeholder base is obviously the commercial fishing industry. There are 400 vessels and a couple of hundred companies. A whole range of environmental and non-government organisations are very closely involved in our work through their representation on our consultative committees. There are representatives of the recreational fishing sector and representatives of the seafood processing and marketing sectors and things like that. So the stakeholder base that we routinely liaise with and consult with is enormous.

**Senator SHELDON:** Obviously, with that large a group, you would do some broad engagement. And the narrow engagement is the regular meetings and stakeholder conversations you have. So you're not constantly talking to 1,000 people. I don't think it's quite what the minister was suggesting. You're not speaking to thousands of different groups at one particular time. You're talking to their leadership. Is that the way it would normally work?

**Mr Norris:** It works in two ways. In terms of day-to-day communication, our officers are in touch with all of those individuals. Our licensing officers, our fisheries managers and our compliance officers are in daily discussion with a huge number of individuals. In terms of our formal consultative processes, yes, that's correct; it's done through representatives or expertise based selection.

**Senator SHELDON:** So what was the aim of your annual public meeting?

**Mr Norris:** As I said, Senator, I'll have to take it on notice and—

**Senator SHELDON:** I'm asking what the aim was of the annual public meeting you called.

**Mr Norris:** I thought it was what the agenda was. Sorry, my apologies. We had a presentation ready to go for any stakeholders that turned up that gave a basic introduction to who AFMA are and what we do; the types of activities that we undertake; the consultative mechanisms that we have in place; and our budget. I can't recall exactly what it was in it, but it was a general presentation on what AFMA is in anticipation that there would then be questions from any interested stakeholders.

**Senator SHELDON:** So the annual general meeting, really, is what you read on the website, rather than an engagement process. I take an annual public meeting to be a way to engage with the public, not just tell them that the organisation is here. So your aim was to tell everybody that you are an organisation they can see on the website or on, possibly, a pamphlet?

**Mr Norris:** Yes. That goes to my initial response to your question—that the commission recognised that just calling for a one-hour annual meeting doesn't give the opportunity for proper engagement. So, while that is a legislative requirement and we'll continue to do it, and we'll continue to try to improve the participation in it, we'll also look for alternative means to engage with that broader community level of stakeholders.

**Senator SHELDON:** Mr Norris, is it within the power to actually have made the meeting of a more interesting nature? There's a lot going on at the moment in fisheries. There's always a lot going on, but there's particularly a lot going on at the moment. Was there capacity to make it more engaging rather than something they could read on a website or on a pamphlet?

**Mr Norris:** Do you have any specific suggestions, Senator? I'm not quite sure I understand.

**Senator SHELDON:** Well, no. I'm actually asking. You're the expert. You're the person who is trying to get an annual public meeting together. The minister is very supportive of what you do and is very defensive of this public meeting. There's a public meeting to talk to the public and you're not giving them any information other than what they can see on a website. And you're telling me that it failed and you'll have to relook at it. With the greatest deal of respect, it would have failed. I don't think there are many organisations that could turn around and put a seminar on based on something they could read on a website. So is there a plan? What do you think could have turned around and made this annual public meeting more engaging?

**Mr Norris:** Thanks, Senator. Again, as I said at the start, that's exactly the discussion that the commission has been engaged in since the new membership started in July last year. You mention concepts like webinars. Obviously, familiarity with that kind of technology and that kind of opportunity has grown exponentially in the last three or four months, so that may well be a good avenue.

**Senator SHELDON:** Did you send emails to people or faxes? We were talking about faxes the other day.

**Mr Norris:** Gestetners.

**Senator SHELDON:** Gestetners, faxes, emails, letters, phone calls, texts, SMS?

**Mr Norris:** Thanks, Senator. We have a register of stakeholders. They all got written notification. I'm fairly certain that it was on our Facebook feed.

**Mr Metcalfe:** It was.

**Mr Norris:** Thank you.

**CHAIR:** Senator Sheldon, I want to clarify this. All these questions are around the meeting on 10 March; is that correct?

**Senator SHELDON:** It's regarding an annual public meeting. I would take an annual public meeting as an opportunity for the department to engage with industry publicly on the public record, where you're dealing with, as you said, many thousands of different groupings. You would have leaderships.

**CHAIR:** And the meeting was in Canberra?

**Senator SHELDON:** The meeting was in Canberra, yes.

**CHAIR:** And that was the week that we all—

**Senator SHELDON:** In actual fact, you can put it to the department because they'll be able to answer it for you.

**CHAIR:** No. I'm fascinated because I have lived this. On 13 March, I tested positive for coronavirus, as did other senators. There was a cabinet minister. There were a lot of people who were very worried about it. In fact, every news bulletin in the country was led and dominated by coronavirus. If there were people not coming to Canberra, I think it would be quite reasonable to say that that was a time when that wouldn't have happened. I'm not trying to take away from your questions, but I'm just suggesting that that was an extraordinary period of time. The whole country only had one thing on their mind and it was the pandemic. I just think that perhaps we could let them off the hook for one meeting that was held in that period when the world was really completely focused on a disease that they didn't know how they would catch. I think that might have suppressed any attendance numbers.

**Senator SHELDON:** Why didn't you postpone the meeting in light of the observations by the chair? This is an important event. To me, it is a public meeting. It is the annual public meeting. In light of what the chair has just said, why didn't you postpone it?

**Mr Norris:** We didn't have any discussions about postponing it, so I don't have a reason to offer you.

**CHAIR:** I guess at that point we were still holding parliament. We didn't realise how quickly it was going to spread.

**Mr Metcalfe:** Certainly, Chair, AFMA's website, I think dated 29 January, provided notification of the meeting that would be occurring on that day of 10 March. Their Facebook site certainly updated it. For me, I think the real issue is as you've described. It was an extraordinary week. I remember that week myself absolutely. I think many people around the country would have been focused on the coronavirus. I think the issue probably, if I could be so bold, is what the authority plans to do next year, given that we are so much more used to working virtually and interacting with people in different ways. Clearly, Mr Norris and the commission have been thinking about that.

**Senator SHELDON:** And I'll be looking forward at the next estimates to hearing what the annual public meeting will look like. Will it just be a presentation from the department about who we are, because that doesn't sound like an annual public meeting to me? On 14 May 2020, Minister, you announced that the federal government will now set aside five per cent of the Australian global southern bluefin tuna catch for our recreational fisheries. The press release makes no mention of AFMA or its commissioners. As a statutory independent regulator of Commonwealth fisheries, including the Southern Bluefin Tuna Fishery, was AFMA consulted on this decision?

**Senator Duniam:** Yes. In fact—

**Senator SHELDON:** I'm asking the agency.

**Mr Norris:** As the minister says, yes, we were consulted. We have been closely involved in discussions on this issue over the last five plus years. The arrangement prior to the announcement by the minister was a voluntary agreement between the Southern Bluefin Tuna Industry Association and AFMA to set aside part of their quota for the recreational fisheries. So, yes, we were closely involved along the way.

**Senator SHELDON:** Given AFMA has little management of recreational fishing, have the relevant states been consulted and established arrangements for them to manage the recreational catch of SBT?

**Mr Norris:** The minister may want to add. Certainly our state counterparts have been consulted along the way. The key input into the government's decision was a very comprehensive survey of recreational fishing throughout Australia for southern bluefin tuna. That's what produced the outcome that a five per cent set aside would be sufficient. The key point I would make about the ongoing role of the states is that under the arrangement that has been announced and now has been implemented by AFMA, there is no need for management intervention on the recreational fisheries. So there's no need for state governments to go and reduce any limits that they have in place at the moment. There's no need for them to introduce new limits or anything like that. That was quite a fortuitous outcome, really, because having to engage in that discussion between the Commonwealth government and four state governments obviously would have been very difficult.

**Senator SHELDON:** So, given the 2018-19 national survey estimated the national recreational catch of SBT to be around 4.7 per cent, does AFMA consider a five per cent set aside sufficiently precautionary given the high seasonal variation of recreational fishing catch and the inherent uncertainty in survey results?

**Mr Norris:** Yes. I think the decision that government reached on this was the correct decision. As you say, things will vary from year to year. The total allowable catch under Australia's allocation from the Commission for the Conservation of Southern Bluefin Tuna will also increase over time. So that five per cent will represent a greater tonnage over time.

**Senator SHELDON:** So, what steps will AFMA take to monitor annual recreational mortality?

**Mr Norris:** Unfortunately, I think that is a question for the department more than AFMA. I won't put words into the department's mouth, but this is an exercise that we have been going through over the last few years to live up to our international obligations to better account for all sources of mortality on southern bluefin tuna. So we are well satisfied that the five per cent set aside does that. It was announced and presented to the commission last week or the week before and accepted by the other parties. So we're satisfied that, for at least the foreseeable future, the arrangements in place are sufficient.

**Senator SHELDON:** Just step me through it. You are satisfied that the amount of five per cent is correct. For the moment, what would make you change your mind about that satisfaction? How are you monitoring that satisfaction? What is the gauge?

**Mr Norris:** Given that the five per cent is a government policy, it will fall to the department to be able to monitor and move forward on it. A separate piece of work that the department—

**Senator SHELDON:** You might be answering this at the moment. I want to hone it down. Is there a measure you have that means you're not satisfied?

**Mr Norris:** Not necessarily a measure that reflects satisfaction or dissatisfaction but a framework that is under development that will allow for the identification and action where there are what we call resource sharing issues. So the department is very well advanced in developing a resource sharing framework that will provide the process for any stakeholder, be it us as government, the recreational fishing sector or the commercial fishing sector, to say, 'There's an issue that needs to be looked at here.'

**Senator SHELDON:** That is a great segue to the department on the question of monitoring the annual recreational mortality rate.

**Senator Duniam:** As Mr Norris has already pointed out, it was a fairly protracted conversation over many years. I've come in at the tail end. First, I will echo what Mr Norris has said before I come to your point, Senator Sheldon. The survey that was done was beyond thorough and peer reviewed. It was an amazing piece of work. I would be very happy, if you were so interested, to provide a briefing from the scientist, Dr Tracey, if you're interested just to satisfy yourself and any stakeholder concerns that you might have. Obviously, on the way through I also engaged with state ministers. Obviously, state fisheries ministers have responsibility for recreational fishing. I engaged with them because they all have different systems and different ways of managing catch limits and bag limits et cetera. They'll continue to work on that.

There are great programs like Tuna Champions. I want to pay tribute to the recreational fishing sector, represented by ARFF, which was a big lead in trying to reach this outcome. Those programs like Tuna Champions, which I look forward to supporting in the future, have had a big hand in managing the numbers and putting us on the trajectory that has put us in the position evidenced by the survey. So the states will continue to monitor their own recreational mortality rate. We'll work with them and make sure that the system in place is fit for purpose and protects this fishery into the future.

**Senator SHELDON:** So, how is the department bringing all the various state interests, views and survey arrangements to the department? I gather you've got the answer to all those?

**Senator Duniam:** It is through the AFMF. The fisheries managers come together. I'm not sure how often they meet. But that is the point at which that information is provided to the Commonwealth and how we would manage it.

**Ms Deininger:** I would like to add briefly to the minister's answer. There is the Australian Fisheries Management Forum. I'm not exactly sure how often that meets, but I'm happy to come back to you on that. I also understand that South Australia is doing a survey this year in terms of monitoring, but we will also discuss the monitoring at that Australian Fisheries Management Forum.

**Senator SHELDON:** I understand from Mr Norris and the minister that a very thorough and robust process went through. That's what they're putting to me. It was based on at least one scientific person's view and assessment. I mentioned the person who had responsibility for it. I understand that there were concerns raised by the Victorian Fisheries Authority, which wrote to the department on 18 September 2020 indicating that they were not consulted on the proposed set aside and suggesting that the survey was not based on the best available sites as it missed key fishing grounds in Victoria.

**Senator Duniam:** That concern is wrong and completely unfounded. The Victorian Fisheries Authority and the personnel there have sadly engaged in what I would call troublemaking. I have observed, read and closely examined their activity and publications. They've not engaged constructively. They have been consulted. They have been a part of the entire process. Indeed, the former Victorian fisheries minister agreed with me that this was a good outcome because it actually allowed the Victorian government to adhere to their last election commitment on this very issue. She was pleased with the outcome. Sadly, it was undercut by the officials, who continue to play games, as you've just outlined. I hope they desist from that. We'll continue to work with them, though, on what I think is a very good outcome for both the rec sector and the commercial sector in the SBT fishery.

**Ms Deininger:** I might just add to that. I beg your pardon.

**Senator SHELDON:** Thank you.

**Ms Deininger:** In addition to the scientific advice that underpinned that survey, recreational fishers were also very heavily involved in that survey in all of the jurisdictions.

**Senator SHELDON:** Thanks for that. What is your response to the assertion from the Victorian Fisheries Authority that there were key fishing grounds missed in Victoria?

**Mr Norris:** The researcher who led the design and conduct of the survey has provided very specific information as to why areas were and weren't included and what the implications would have been had different areas been included. It was a specific question asked of the international peer reviewer when the final report was

reviewed. The peer reviewer made specific comment about the appropriateness of the areas included. I think from my perspective, the issue was more that it was a snapshot in time. If I understood the concerns from the VFA correctly, it was that the area excluded was not a particular hotspot when the survey was done or when the survey was referring to. In more recent years, such as this year, it has been a hotspot. We acknowledge that there is that variability. In some years, fish are going to appear in some places and in other years they're going to appear in other places. It was understood going into this that, again, we needed to respond to our international obligations. A comprehensive survey on a single point was deemed the best way to do that.

**Senator SHELDON:** In the last election, the Morrison government committed to a Commonwealth fisheries resource sharing strategy to ensure the fair and equitable sharing of fisheries. The statement states that to share a resource, you must know how large it is and the current level of extraction. For that reason, we've invested heavily in stock assessment and catch recording. I note the evidence you've just given, being mindful of the comments that the Victorian Fisheries Authority said. There was a study done. Some in-depth work that was done. That's from what you've just told me. Is it true that the Commonwealth has little or no data on recreational Indigenous catch of Commonwealth fish stocks and that AFMA collects data on commercial catches only? Is that correct?

**Mr Norris:** It's certainly correct that we only directly collect information from our commercial fishing operators. But we do obtain recreational fishing estimates from state governments as a routine part of stock assessments for all our fisheries. The veracity and depth of that data varies very dramatically depending on what kind of species we're talking about. For something like striped marlin, where it's largely the game sector that is organised on fishing fora and tagging fish, very good information comes through. For others—mum and dad fishing species—it's a lot more difficult.

**Ms Deininger:** Just in relation to the Commonwealth resource sharing framework that Senator Sheldon mentioned earlier, we have issued a draft framework for public consultation. It was out for a month over the period from August to September. We're now running a series of workshops with commercial, recreational and Indigenous fishers and stakeholders. We will be using that to inform the development of the final framework, which will be released in the coming months. So there is also that process of consultation as well.

**Senator SHELDON:** Thanks. I want to go back to the AFMA part of it and try to get the information together regarding non-commercial stocks. You are saying it's still highly problematic to work out exactly how that operates. You have different arrangements and different assessment systems used in different states. Is there any proposal to attempt a common assessment process across the states, with all the challenges that involves?

**Mr Norris:** No. There is no live discussion on that. As the minister has said, each state government maintains its own management approach to recreational fishing. That can be very different from place to place. Some of them have licensing regimes that allow them a basis for data collection. Others don't have that and so on.

**Senator SHELDON:** I note that the department has announced an intention to develop a national fisheries plan. I'm mindful of the last question I just asked you. It is working with the stakeholders, including state and territory agencies. Could AFMA indicate its role in the plan and what it sees as the outcomes of the exercise?

**Mr Norris:** The national fisheries plan in the election commitment announcements last year was to drive greater coordination and harmony in key aspects of fisheries management across the jurisdiction. So, in that context, AFMA is a stakeholder in the process alongside our state government counterparts. Our perspective is that our national fisheries plan provides us an opportunity to do a few key things better than we have in the past. Perhaps I'll give you one key example that AFMA will be pushing in the discussion. All of the states and the Northern Territory as well as the Commonwealth have vessel monitoring systems. There is the satellite tracking of commercial fishing vessels. Up until a few years ago, each jurisdiction ran its own program. Over the last few years, we've consolidated it, whereby and large now AFMA runs programs on behalf of each of the states and the Northern Territory. So that's a great example of harmonisation where it makes sense and where there are mutual benefits. There's far more to be done there. Even though AFMA is administering those systems, they are still run as standalone systems. There's huge power that could be had in terms of things like sharing the data between us and breaking down some of those walls. It would save costs and it would increase the power of our management and so on. So they are some of the things that AFMA will focus on in discussions about an NFP.

**Ms Deininger:** And, in terms of the time frame, we are currently consulting, as has been discussed earlier. The plan is to release a draft document for public consultation in the first quarter of next year. So there is already ongoing consultation. There will be a formal consultation process beginning next year.

**Senator SHELDON:** Thank you very much for that. One of the key themes identified is recognition of Aboriginal and Torres Strait Islander peoples and their fishing rights. I note that substantial progress has already



been made in the Torres Strait. What does AFMA see as the key challenges in other parts of Australia to making progress on this issue?

**Mr Norris:** Our biggest challenge outside the Torres Strait is determining the most appropriate way for us to engage with Indigenous communities to determine the nature and extent of interests in the fisheries that we manage. As you say, the Torres Strait is relatively straightforward. That's hardwired into our everyday management of the fisheries. For some of our others, though—the tuna fishery, for example, which operates along the whole of the East Coast of Australia and generally in waters right out to the edge of our exclusive economic zone—who do we consult with and in what way to best understand the interests that Indigenous communities have in them? There's obviously a huge array of land councils all the way along the east coast, native title bodies and so on. So that's our biggest challenge—trying to work out how we do undertake that meaningful engagement.

**Ms Deininger:** The FRDC also has an Indigenous reference group that we utilise for consultation on these matters as well.

**Senator SHELDON:** I appreciate it. I'm getting to appreciate it a bit further because of your explanation. There are a number of interested groups and important communities that need to be spoken to. Have you got a time line or have you targeted particular areas where you feel that there's more opportunity for progressing those discussions? Again, I go back to the Torres Strait Island arrangements, where there has been some progress. Where do you see some of the next opportunities to progress to similar outcomes elsewhere?

**Mr Norris:** After trying to explore a couple of different ideas that we had about how to go about this, including greater use of the Indigenous reference group of the FRDC, we've come to the conclusion that we need dedicated external assistants to help us here. We've put together a research project proposal for an engagement specialist who can provide us with some tailored advice about how we best go about this.

**Senator SHELDON:** What is the time line for that report? What is the expectation of that research? How far out are they going to be setting a proposed plan or strategy for AFMA?

**Mr Norris:** In terms of our proposed time frames for the outcomes, we're hoping that that will be an enduring process. We're anticipating that what will come out of this is an ongoing process and framework that we can use to continually engage as issues come up. In terms of getting the work underway, unfortunately, it's a relatively expensive body of work. It was not supported through the FRDC process, so we're looking for alternative funding at the moment.

**Senator SHELDON:** So we could be a long way off?

**Mr Norris:** I think it's something that is not going to happen rapidly. In some ways, obviously, that's a problem. But I think it is far more important to get it right than to rush.

**Senator SHELDON:** Well, at least get the funding to get it right. We haven't got to the base point yet.

**CHAIR:** Senator Sheldon, I have somebody else waiting to ask questions. Would you like me to come back to you?

**Senator SHELDON:** I have one more, if that's okay. What have been the major impacts as perceived by AFMA and Commonwealth fisheries and on Commonwealth fisheries of COVID-19? You don't have to go into detail about the annual public meeting. We've already got that. What adjustments has AFMA made to its regulatory framework to help Commonwealth fisheries deal with the changing environment?

**Mr Norris:** I guess I will start with how we've changed the way that we do business around COVID-19. I will start, obviously, with the announcement that the minister made on 1 April about levy relief. The government provided \$10.3 million to AFMA to waive and refund levies that were payable at that time by the industry. Alongside that, the international freight assistance mechanism, which AFMA has provided advice into but is not closely involved in, has provided the opportunity for subsidised freight for fisheries that are particularly hurting. In terms of our decision-making, we've had to grapple with quite a range of issues. For example, in the Bass Strait scallop fishery, it was impossible to run the independent survey that normally underpins our processes to set our total allowable catch. So the AFMA commission had to determine how it would make those decisions in the absence of the information that would normally go through.

Another element of our regulatory framework that has been impacted is the ability of our compliance officers to get out and about to cross state borders and to be doing boardings and things like that. So our compliance team has been faced with a particular challenge. I congratulate them on the way they've overcome it. They've looked for different ways to achieve the same monitoring and compliance outcomes that they would through their normal course of action. There are things like greater access to CCTV footage in ports to monitor unloads that they would normally sit there and monitor face to face and so on.

Lastly, our observer program has been impacted for the same reasons. Flying people around was very difficult. It is getting easier. It's still not quite simple. There are concerns amongst fishing vessels of someone flying in from interstate, getting on and living in close proximity and so on. They are some of the issues that we've grappled with that we've had to change our approach on.

I will say that it's not over. Our next big challenge as the regulator and as the management decision-maker is the impacts that COVID has had on the fisheries and what that is going to mean for the data coming through to inform our future decisions. If vessels are tied up because they can't afford to put their fish on a plane when they catch it, what is that going to mean when we plug that lack of fishing into a stock assessment? Is it going to interpret it as a stock problem and so on? So we've got plenty to do and it's going to take quite a while.

**Senator SHELDON:** I did say one more. This will be very quick. What is the estimated cost for the project that we were talking about before regarding fishing rights and Aboriginal and Torres Strait Islander peoples?

**Mr Norris:** I'll take that on notice. I have a feeling it was \$130,000, but I will confirm.

**Senator SHELDON:** Come on, Minister, cough up for that!

**Senator Duniam:** I think it would be wise and prudent to take it on notice and give you an accurate answer.

**Senator SHELDON:** I'm happy for an accurate answer. I'm just saying that you can cough up for that.

**Senator Duniam:** I'm just mindful. Sure. Noted. Thank you, Senator Sheldon.

**Senator WHISH-WILSON:** I have some questions in relation to foreign industrial fishing vessels being flagged in Australia. You may be aware that I asked questions on this last August. I have a few follow-up questions. Since I got those responses from AFMA, I've become aware of a freedom of information request and that you've agreed to allow foreign fishing vessels to fish in Australian waters. I think Mr Norris you signed off on that information request. It was then Mr Chris Smyth. In response to that FOI, there have been a large number of documents and communications released. Most of the information has been redacted. I have a copy here of what it looks like. It is clear that there was a draft foreign fishing policy being adopted by AFMA and that a workshop or workshops were held in relation to this. What is the status of this draft policy document, please?

**Ms Willock:** Consultation on the foreign fishing policy, which is a joint project with the department, was held in abeyance pending our ability to conduct more rigorous consultation over the last couple of months, obviously, with the impacts of COVID and face-to-face meetings. We have had some discussions internally about recommencing that because we see it as a fairly important policy to finalise in terms of an update.

**Senator WHISH-WILSON:** I notice that you referenced the last few months. There have been some discussions about COVID in the past few minutes. Much of what you said goes to May 2018. Has there been any work done on that policy since May 2018—for example, throughout 2019?

**Ms Willock:** No work on making amendments to the policy, which is still subject to the consultation process and the work that I mentioned in my previous answer. I think—

**Senator WHISH-WILSON:** You have been active with regard to those consultations in the last two years?

**Ms Deininger:** I might add to my colleague's answer. The department has been working on the policy aspects of this matter. We don't have any involvement in the FOI matter you raised, Senator. There has been some progress. I will see if there's any more information that I can provide. There has been work done in the last two years that you mention.

**Senator WHISH-WILSON:** Thank you. I have a couple of questions in relation to the FOI. How many applications has AFMA received for foreign boats to be declared and Australian boats under the fisheries management plan?

**Mr Norris:** In what time frame, please, Senator?

**Senator WHISH-WILSON:** In the last five years and especially in the last two years.

**Senator Duniam:** Senator Whish-Wilson, it's hard to hear you. Did you say the last five years, especially the last two?

**Senator WHISH-WILSON:** Yes.

**Ms Willock:** I would have to take it on notice to make sure I give you an accurate answer, particularly over that five-year time frame. Certainly in the last 12 months, I'm fairly confident the answer would be four applications received. I think in the last two years, including the four I just mentioned, I think there would be six, but it may be seven. I think there was an application refused. I would have to check the time frame. I will have to take the detail of that answer on notice.

**Senator WHISH-WILSON:** That would be great. Sorry you're having trouble hearing me. For what purpose were these boats wishing to enter and operate in the Australian fishing zone?

**Mr Norris:** I might clarify. Applications don't come in from foreign fishing vessels or the owners of foreign fishing vessels. Applications come in from Australian companies that hold entitlements to participate in fisheries.

**Senator WHISH-WILSON:** Licensed to quota.

**Mr Norris:** That's where the motivation is—where various elements of the Australian fishing industry recognise that the Australian fleet doesn't have the capacity to efficiently harvest the fish in our waters.

**Senator WHISH-WILSON:** Would you be able to provide a complete answer with the reasons for the stakeholders or licence holders to be seeking these vessels for operation in Australian waters? Which fisheries?

**Mr Norris:** In which fisheries? Certainly the ones for this year were all in the south-eastern shark and scalefish fishery, particularly in the Commonwealth trawl sector component.

**Ms Willock:** I will add to that. Targeting blue grenadier and the orange roughy fishery.

**Senator WHISH-WILSON:** Would it be possible for you to take on notice for each one of those, that six or seven you mentioned, going back over the last four years?

**Mr Norris:** Sorry, Senator, can you repeat that, please?

**Senator WHISH-WILSON:** Yes. Would it be possible for you to take on notice, please, a more comprehensive answer in relation to those six or seven that were outlined?

**Mr Norris:** Certainly.

**Senator WHISH-WILSON:** Thank you. I will put some more of the detailed questions on notice. I'm also interested in what type of vessels they were; what size they were; who the owners were; to which countries they were flagged; and to which Australian fisheries they made those applications. Can I ask—

**Senator Duniam:** Senator Whish-Wilson, it is extremely difficult to hear you. For belts and braces, I think you invited the officials to take that question on notice. If you're going to do that, perhaps do so in writing also, if that's all right. I'm not sure if you asked for that to be taken on notice. If you are, that would be helpful.

**Senator WHISH-WILSON:** Yes. I did ask them to be taken on notice. Does it help if I yell? Is that any better?

**Senator Duniam:** It's a bit better.

**Senator WHISH-WILSON:** Because you know I'm very good at that—

**Senator Duniam:** I know. I don't want to yell back.

**Senator WHISH-WILSON:** from time to time.

**Senator Duniam:** I'm not pretending to do this. We actually can't hear you, unfortunately.

**Senator WHISH-WILSON:** Perish the thought that you might do that. I will put more detailed questions on notice. I was interested in what type of vessels they were; what size they were; who the owners were; to which country they were flagged when they applied; and, as I mentioned earlier, which fisheries they wished to fish in. I will put them on notice. Thank you.

**Mr Norris:** Understood. Thank you, Senator.

**CHAIR:** Thanks very much, Senator Whish-Wilson. I'm sorry that there were some technical problems for your connection. I thank AFMA. We have no further questions.

**Mr Norris:** I'm sorry to interrupt you trying to let me go, Chair. I will correct myself on the proposed budget for the Indigenous engagement strategy. It's actually \$270,000.

**Senator STERLE:** I have a question.

**CHAIR:** Just one more.

**Ms Deininger:** I just want to mention in relation to these matters that there was an election commitment around capacity building for fishing representatives, which also does cover Indigenous and recreational fishers. That was for \$400,000. It is being delivered by Fishwell Consulting. So that's another means by which we're engaging in building capacity. I just wanted to build on Mr Norris's answer. Thank you.

**CHAIR:** Thank you.

**Senator STERLE:** What happened to the crappy AFMA ties you all used to wear?

**CHAIR:** I don't think that's a question. I think that's a statement, Senator Sterle.

**Senator STERLE:** What happened to them? You said when they walked in they all looked like toy soldiers with all the same ties.

**Mr Norris:** Senator, I was actually going to call you out on this because I think you did promise me that you would wear your AFMA tie to this hearing.

**Senator STERLE:** That was 10 or 12 years ago. That's what reminded me; I've still got it.

**CHAIR:** Terrific. Thank you very much for your attendance today. You go with the committee's thanks.

#### **Australian Pesticides and Veterinary Medicines Authority**

[15.11]

**Mr Metcalfe:** Chair, just while the witnesses are coming forward, I'm sure you're aware that Ms Croft has now been appointed as the CEO of the APVMA, having previously been the deputy CEO.

**CHAIR:** Thank you very much, Secretary. I was going to acknowledge your appointment and congratulate you, Ms Croft. We look forward to hearing from you today and at future estimates.

**Mr Metcalfe:** I think that Ms Croft has driven here from Armidale to be physically present. Hopefully we'll be able to hear her well today.

**CHAIR:** Thank you. That is terrific. It is easier to be together in person. That's great news. Do you wish to make an opening statement?

**Ms Croft:** I do. Thank you, Chair. This is the first time I have appeared before you as the new chief executive officer of the APVMA, a role that I was privileged to accept earlier this month following the departure of Dr Chris Parker. I want to acknowledge the significant contribution of my predecessor, Dr Parker, who led the organisation from June 2017.

In the APVMA, the quality and timeliness of our regulatory decision-making has always been, and will continue to be, our first priority. Today I have published our most recent quarterly time frame performance report. In the September quarter, 94 per cent of overall applications were approved within the time frame. Pleasingly, this included 90 per cent of all major pesticide and veterinary medicine applications being approved on time. Over the year ahead, the APVMA will continue to focus on the quality and timeliness of our regulatory decisions. We will also focus on strengthening our engagement with our diverse range of external stakeholders to assist us to further improve our regulatory operations. We will continue to develop and train our workforce and embed further IT enhancements. We will also support broader regulatory reform efforts across government and continue to contribute to the first principles review of the ag vet chemical regulatory framework. These focus areas all go to supporting our vision of being a global leader in agricultural and veterinary chemical regulation for the benefit of Australians.

One area which particularly highlights this benefit to Australians is that of world first registrations. In 2019-20, we completed four world first registrations for ag vet chemical products, and we have completed another one already this financial year. These world first registrations mean that Australian farmers and consumers have access to products ahead of any other market in the world, and this reinforces the efficiency and effectiveness of the Australian regulatory environment.

This year also marked the completion of our top 20 project—to develop and improve guidance material for applicants. We worked closely with stakeholders to identify the top 20 application types for which they required improved guidance. We have developed a suite of tailored guidance pathways to make the registration process easier and more efficient for our applicants. The completion of this project is another example of the work being undertaken to support timely access to safe and effective ag vet chemical products for the Australian community.

In addition to our registration activities, the APVMA continues to undertake important chemical review work, finalising six regulatory decisions since August 2019. We also continue to conduct regular compliance and enforcement activities to ensure pesticide and veterinary medicines comply with legislation. We maintain this oversight of the regulated sector through audits, monitoring, investigations, recalls and enforcement action in collaboration with international, federal and local agencies.

The year 2020 has proved a challenging environment for everyone, including our staff and stakeholders. I want to thank APVMA staff for their continued hard work, particularly through the COVID pandemic. Our improved performance results amidst this broader operating environment is a testament to their dedication to achieving our vision of being a world-class regulator. Thank you.

**CHAIR:** Thank you very much, Ms Croft.

**Senator STERLE:** Ms Croft, congratulations.

**Ms Croft:** Thank you, Senator.

**Senator STERLE:** Do you remember our last conversation?

**Ms Croft:** I do remember our last conversation.

**Senator STERLE:** Tell me all about it. What did I ask you?

**Ms Croft:** You asked me if I had applied, Senator, and I believe my answer to you at that time was no.

**Senator STERLE:** There you go. I wasn't the kiss of death. Congratulations.

**Ms Croft:** Thank you.

**Senator STERLE:** When did you apply?

**Ms Croft:** There were two processes.

**Senator STERLE:** The next day?

**Ms Croft:** No. Not quite. There were two processes. I was not an applicant in the first process and was an applicant in the second process.

**Senator STERLE:** They came headhunting you. That's fantastic news. As I said, congratulations.

**Ms Croft:** Thank you.

**Senator STERLE:** Ms Croft, on your website you still have the CEO down as Dr Chris Parker.

**Ms Croft:** Thank you for pointing that out to me. We will make sure that we amend that.

**Senator STERLE:** That should have been the first thing—get rid of ghosts past.

**Ms Croft:** Had I listed that we had updated the organisational chart? Perhaps we haven't picked it up everywhere. We will make sure we do that.

**Senator STERLE:** Because if he were, I'd say, 'Why isn't he here?' We'd rather have you here, Ms Croft—a brand new broom, a fresh light. I will put a question to the department or the minister first. Mr Metcalfe or Minister, can you advise if there was a preferred candidate identified during the first selection process for the APVMA CEO?

**Mr Metcalfe:** Yes.

**Senator STERLE:** Was that recommendation sent to the minister?

**Mr Metcalfe:** Yes.

**Senator STERLE:** Can you tell us when?

**Mr Metcalfe:** I'll have to check the precise date, Senator.

**Senator STERLE:** When was the recommendation presented to cabinet? Do you know that date?

**Mr Metcalfe:** Just bear with me one second.

**Senator STERLE:** This is nothing against you, Ms Croft. We've had a win.

**Mr Metcalfe:** The recommendation didn't proceed to cabinet.

**Senator STERLE:** It didn't?

**Mr Metcalfe:** No.

**Senator STERLE:** Can you tell me why? No names. I just want to know why. Stop whispering. I can't hear you.

**Mr Metcalfe:** The preferred candidate decided to withdraw at that point.

**Senator STERLE:** Can you tell us the total cost of the original recruitment process?

**Mr Metcalfe:** I'll take that on notice.

**Senator STERLE:** Sure. Via Senate questions, we know that the second selection process attracted 15 applicants. Of these 15 applications, were any of them put forward in the first round?

**Mr Metcalfe:** Put forward to the minister?

**Senator STERLE:** Yes.

**Mr Metcalfe:** I think the answer is almost definitely no. I'll just confirm. The answer is no.

**Senator STERLE:** I'm intrigued and I'm quite happy. Can you tell me how we ended up with Ms Croft? Was she head-hunted?

**Mr Metcalfe:** Ms Croft was identified as the best candidate for the role. Her name was advanced to the minister and to the government, who decided upon her appointment.

**Senator STERLE:** Well, that's a pretty powerful CV you've got there, Ms Croft. Someone very influential obviously saw the right move was to come and get you. Are you allowed to tell us who that was?

**Mr Metcalfe:** Sorry?

**Senator STERLE:** Can you tell us who approached Ms Croft?

**Mr Metcalfe:** It sounds like you did, Senator.

**Senator STERLE:** I did my bit before that lazy so and so.

**Mr Metcalfe:** There was an application process. Essentially, having not produced a final position first time around, we started again. Applications were sought. Ms Croft was an applicant and she was ultimately chosen for the role.

**Senator STERLE:** How many candidates were interviewed?

**Mr Metcalfe:** I'll check on that.

**Senator STERLE:** Can you tell us what the total cost of the second recruitment process came to, including time spent on the process?

**Mr Metcalfe:** I'll take that on notice.

**Senator STERLE:** Sure. We discovered some time back through this committee that there was a nice little arrangement of leave without pay in place so that Mr Parker would have a gig to come back to in Canberra. There's no secret we went into debt with that. Once he had done what he had to do for Minister Joyce in Armidale, can you clarify when Dr Parker officially finished as CEO of the APVMA?

**Mr Metcalfe:** Ms Croft might be able to assist us on those precise details.

**Ms Croft:** Yes. I believe that 16 August 2020 was his final day in the APVMA.

**Senator STERLE:** Where is Dr Parker now?

**Mr Metcalfe:** Dr Parker is now the First Assistant Secretary of Biosecurity Plant Division.

**Senator STERLE:** Why wasn't he here in estimates?

**Mr Metcalfe:** He would have been available if needed. As you know, we had some people here and some people elsewhere.

**Senator STERLE:** I'm being facetious, because I thought he would be dying to get back to Senate estimates.

**Mr Metcalfe:** I'm sure he'd love to talk about plant biosecurity with you.

**Senator STERLE:** Wouldn't we all. So he is a deputy—

**Mr Metcalfe:** He is a first assistant secretary.

**Senator STERLE:** Biosecurity—animals?

**Mr Metcalfe:** Plant.

**Ms Croft:** Plant.

**Senator STERLE:** Isn't he a vet?

**Mr Metcalfe:** He is First Assistant Secretary Biosecurity Plant. He's a very—

**Senator STERLE:** Flexible.

**Mr Metcalfe:** versatile officer.

**Senator STERLE:** Does he have any qualifications in plants?

**Mr Metcalfe:** I'd need to check. He certainly does have strong qualifications for a role in biosecurity.

**Senator STERLE:** I would like to know. If you could follow that up for me, please.

**Mr Metcalfe:** Yes, sure.

**Senator STERLE:** How many staff members do you currently have, Ms Croft?

**Ms Croft:** We have 181.

**Senator STERLE:** Can you break them up? I don't want names, of course, but where they are between Armidale and Canberra. Is there a third site?

**Ms Croft:** No. There's no third site. We have 137 in Armidale and 44 in Canberra.

**Senator STERLE:** How are we going for scientists?

**Ms Croft:** Ninety, which is consistent, as it has been for a number of years, Senator.

**Senator STERLE:** What were we at the peak? It is curiosity.

**Ms Croft:** I certainly know we have spoken for many estimates here about it. It tends to be around 90. That has been our average over the last number of years.

**Senator STERLE:** Guess what—I'm not going to ask you about any properties that burnt down. How good is that? Ms Croft, your website states in relation to maintaining staff in Canberra, and I quote:

Retaining staff expertise and regulatory science capability is a key risk for the authority as it manages the relocation.

It says that a number of risk mitigation strategies were implemented, but they have not reduced the relocation risk to an acceptable level. More was required to support the authority to fulfil its statutory obligations under the agricultural and veterinary chemicals code, which is why APVMA retained a unit of 30 to 40 specialist science and decision-makers in Canberra. Can you confirm that, without this critical cohort of specialist scientists and staff expertise, the APVMA would be able to stabilise its performance figures?

**Ms Croft:** I think that is a hypothetical question.

**Senator STERLE:** No.

**Ms Croft:** I have to say that retaining a workforce in Canberra, particularly the 40 I just mentioned, has been key to us being able to maintain and, in fact, improve our time frame performance, particularly over the last 18 months to two years.

**Senator STERLE:** What is the break-up of the 30 to 40 in Canberra? It is a mixture of what?

**Ms Croft:** In terms of what type of work they do?

**Senator STERLE:** Yes.

**Ms Croft:** They are largely in Dr Lutze's branch. I may allow him to answer that question for you.

**Dr Lutze:** The staff in the Canberra office are almost exclusively scientific staff apart from myself, my EA and a couple of technical and administrative staff.

**Senator STERLE:** Good. Thank you. The APVMA has clearly come back from a pretty rough point in 2017 regarding applications completed within the statutory time frame. That's good. That's a good thing. What efficiencies are being implemented to ensure continuing improvement in time frame performance, Ms Croft?

**Ms Croft:** I guess that a range of factors contributed to that. You will recall when we've talked at estimates before that we undertook an independent review of time frame performance. We have implemented the recommendations from that review. The quality of applications is one of the elements that led to our previous time frame performance. There's a couple of things we've done in that space. We have implemented a pre-application assistance team within the agency. They work with applicants prior to applications arriving with us to ensure that the applicant understands the requirements of the APVMA. Why that's important is that it means that rather than us getting halfway through the assessment process and determining that we don't have sufficient information to make a decision or that we perhaps might not have all the right datasets, we're able to work that through with the applicants at the beginning of the process prior to submission. Another aspect is what I spoke about in my opening statement in terms of our top 20 guidance, again for applicants, so that we can be clear with them about what is needed as the applications come through. Again, that assists with our time frame performance. In addition to that, we have made some IT improvements as well as some, I guess, what you would call regulatory process improvements within the agency to improve our time frame performance.

**Senator STERLE:** These time frames are statutory requirements, aren't they?

**Ms Croft:** Yes.

**Senator STERLE:** As such, would you agree that 100 per cent within that maximum time frame should be achieved, not the target?

**Ms Croft:** Yes. You will notice in our portfolio budget statement for this year that we have identified 100 per cent as the time frame performance target.

**Senator STERLE:** Good. I want to go back to Dr Lutze and the 30 to 40 scientific staff we still have here in Canberra. It's still essential that without the Canberra depot, sub-branch or whatever you call it, APVMA would be struggling?

**Ms Croft:** I think even prior to the decision to maintain a Canberra satellite office, the business operating model always envisaged having a cohort of staff remaining in Canberra. That was always—

**Senator STERLE:** That wasn't the case in the beginning.

**Ms Croft:** It was in the original—

**Senator STERLE:** It was all or bust, wasn't it?

**Ms Croft:** No. In the original business operating model, we always had intended to have some of our key scientific staff remain in Canberra. The difference was there was, I think, a view at that time that they might operate more in a working from home type arrangement. Then we determined to have a Canberra satellite office instead.

**Senator STERLE:** It's not well known around this building, but I'm a bit of a punter. I'll have a 50-cent scratchie that I reckon it wasn't the case to start with. Are you up for it? In fact, double or nothing. A dollar scratchie that there was never going to be a Canberra sub-branch, or whatever we call it.

**Ms Croft:** The original—

**Senator STERLE:** Unless there was a secret hidden from us.

**Ms Croft:** No. The original business operating model always envisaged us retaining some expert staff in Canberra. Dr Parker made the decision to establish a Canberra satellite office so that those people could remain in the office as opposed to doing a working from home type arrangement.

**Senator STERLE:** It was out of necessity because you were struggling. I don't want to go too far down this. We've gone down this path for a long time. But APVMA, if my memory serves me right, was absolutely struggling to attract staff to Armidale in those very early months and year. Before any senators start jumping up and down saying, 'What's wrong with Armidale?', I want to say that I'm not saying anything's wrong with Armidale. You had a major drain of scientists and staff that didn't go. You had a huge turnover. There were redundancies. McDonald's flourished because that was your office. Did you know that, Minister? McDonald's was the office in Armidale for a while. Are you up for a dollar scratchie?

**Ms Croft:** I don't believe that is a fair question. Perhaps if you would like to rephrase it, I shall answer it for you.

**Senator STERLE:** I reckon I'll win this bet if we have one. Sorry about that; I digress.

**Mr Metcalfe:** Just on that, I think I said it last time, but, just for the sake of absolute completeness, you would be aware that, while I was at Ernst and Young, we undertook the original cost-benefit analysis of the move of the APVMA from Canberra to Armidale. I think I disclosed that at the last estimates, but I just want you to be aware of that.

**Senator STERLE:** Sure. No worries, Mr Metcalfe. In fact, the last time I had a dollar scratchie here, the so-and-so didn't pay up, and it was former Minister Johnston. I had a dollar with him. I said the Perth freight link wouldn't be built. He wanted to put his life on it. I said, 'I'll let you off with a dollar scratchie,' and he never paid up. I want to talk about the APVMA cost recovery impact statement, Ms Croft. Let's have a look. The government announced significant APVMA fee and levy increases that will hit the farming sector. Could you tell us exactly how much additional revenue in fees and levies you are expecting to generate annually compared to the last financial year?

**Ms Croft:** Our revenue for 2021 will be approximately \$2 million above the revenue from the previous year. That is largely as a result of the change in annual registration fees to some application types.

**Senator STERLE:** Two million dollars?

**Ms Croft:** Yes. I might note that that is the first fee increase in five years.

**Senator STERLE:** But these fees go to the farm gate, don't they? Is that right? Does \$2 million come straight out of the farmers' pockets? I don't know where else it's going to come from.

**Ms Croft:** I think it would be fair to say that the cost of regulation is just one of many, many costs associated with bringing a product to market. So perhaps those who actually put the products to the market may be better placed to give you the percentage of that. But it is a relatively small component, for example, of the overall cost of the development of a new product.

**Senator STERLE:** So, with that \$2 million increase, can the farming community be assured that they will be able to get access to chemicals a lot more quickly and more efficiently?

**Ms Croft:** I think our continuous improvement in time frame performance over the past two years in particular would demonstrate that. I think in 2017 we were at 58 per cent of applications being approved within time frame. We are now at 94 per cent. I think that would be a very good indication that they are certainly getting access sooner than they might otherwise have.



**Senator STERLE:** You know what? All we've got to do now is look forward to 100 per cent! Considering that we've seen a very significant improvement in farming conditions since March, relative to the last five or more years, and that the Bureau of Meteorology is telling us to expect these conditions to continue, would it be correct to assume the APVMA will now be taking in even more revenue from the levies than you predicted?

**Ms Croft:** It is difficult to tell, because there is a lag. The levy information that we will receive in October this year is actually from the previous financial year. By the time we receive the income, it will actually be towards the end of this financial year. So you do see an 18-month to two-year lag. Our levy income does fluctuate, but it tends to stay around that \$18 million to \$18½ million a year.

**Senator STERLE:** With regards to the client and stakeholder survey you undertake each year, are the results of the surveys made public?

**Ms Croft:** I know that we certainly publish a summary of it. I'd have to take on notice if we publish the entire results.

**Senator STERLE:** If you can do that for us, that would be great. While you're at it, too, could you let us know if you published the methodology for the survey?

**Ms Croft:** Yes.

**Senator STERLE:** Do you consider the results to be reliable?

**Ms Croft:** Yes. It has provided us with, I guess, one element of what our broader stakeholder engagement is, though. The survey is quite broad based. What I would say is that, again, it is only one mechanism. We do a range of other stakeholder engagement activities that also provide us with information in that regard.

**Senator STERLE:** Okay. Is it possible to get a copy of the survey, Ms Croft?

**Ms Croft:** Yes. I'll take it on notice.

**Senator STERLE:** Thanks. I want to go to page 23 of the department of agriculture's annual report. It is around the 2019-20 changes to improve the efficiency of ag vet chemicals regulation. I draw the committee's attention to the Agriculture Legislation Amendment (Streamlining Administration) Bill. It was not mentioned in the annual report, but it was introduced and passed in the Senate on 2 December last year. It has not passed the House yet. Is the APVMA aware of what has caused the delay in the passage of legislation relating to APVMA?

**Ms Croft:** I think that would be a question best answered by the department.

**Senator STERLE:** Okay.

**Mr Metcalfe:** I think Ms Deininger would do an excellent job as secretary, so I might get her to sit here. We could institute the arrangement that PM&C has, where the secretary doesn't actually appear.

**Senator STERLE:** Great handpass, Mr Metcalfe! That's why you got an AO!

**Ms Deininger:** I apologise, Senator. I didn't catch the fullness of your question. Do you want to repeat it?

**Senator STERLE:** That's alright, because I can't remember what I asked. It's okay. I will go to page 23 of your annual report.

**Ms Deininger:** Yes.

**Senator STERLE:** These are my words—there is that sticky bit of legislation where the government wanted to introduce a board. Do you know that one?

**Ms Deininger:** Yes.

**Senator STERLE:** Quite clearly, we've been down this path a few times. We reckon APVMA is doing a magnificent job as it is. They don't need a group of friends from somewhere else to have a red wine once a month and get a few bob for it. Anyway, they are my thoughts. Is the APVMA aware of what has caused the delay in the passage of legislation relating to the APVMA?

**Ms Deininger:** My understanding is that there are differing views in the parliament in relation to the value or otherwise of a board. As a result of those differing views, the legislation has not yet passed.

**Senator STERLE:** My view has stayed the same all the way through. I'm with Mr Fitzgibbon. Would you be able to tell us, Ms Deininger, why the government is not prioritising the passage of this bill? Sorry to do this to you. You just got the handpass.

**Ms Deininger:** I'm happy to. I think it's fair to say that the parliamentary calendar has been very disrupted this year. I'm not privy to the discussions, if you like, of the parliamentary officers in relation to the prioritisation.

**Senator STERLE:** That's fair enough. Ms Croft, have you discussed the proposed governance board with the department or the minister's office? Have you had any discussions on it?

**Ms Croft:** I would have had discussions. We do talk to the department about the implementation measures that we will need to put in place to enact the legislation if and when it passes. I have definitely had conversations with the department. I have not had any conversations that I can recall with the minister, no.

**Senator STERLE:** Do we know how the proposed board is going to be paid for? You can come back with that.

**Ms Deininger:** I'm not sure of those arrangements. I will see if I can get an answer during the course of the session.

**Senator STERLE:** I will say this anyway, because we have been going on about this. The bill can be passed, just not in the form it has been presented. I thought I would throw that out. Ms Croft, could you please provide a list of what are considered public goods and services—under the standard definition used by government—conducted by the APVMA, and their costs?

**Ms Croft:** I would have to take it on notice. We did, certainly, as part of our PRIS process provide an overview in general terms about what those public good measures might be. But, if you're asking for our whole-of-government definition, I should probably take that on notice at this point.

**Senator STERLE:** Sure. Absolutely. Can I say, Chair, that this has been the most pleasant round of Senate estimates with APVMA for a while.

**CHAIR:** Thank you very much, Senator Sterle, for that prompt.

**Senator Duniam:** You missed the compliment.

**Senator STERLE:** I was paying a compliment. I haven't done that in this area for a long time.

**CHAIR:** I will have to go back and read *Hansard*!

**Senator STERLE:** We look forward to working with you, Ms Croft.

**Ms Deininger:** Chair, if I may, before we—

**CHAIR:** No, we have another question. I'm sorry to interrupt you.

**Ms Deininger:** I was just going to come back to a question from the senator. I'm happy to do that afterwards. My apologies.

**CHAIR:** Thank you.

**Senator STERLE:** It was in this area.

**CHAIR:** Senator Brockman is patiently waiting. We'll let him ask his questions and they might cover off on both.

**Senator BROCKMAN:** Thank you, Chair. Firstly, congratulations, Ms Croft. Thanks to Dr Parker. I hope he enjoys his time back in the department. Ms Croft, I want to cover off briefly a topic I have raised here before, which is glyphosate. You may have heard—I don't expect you've had time to look at the decision in detail yet—of regulatory changes in France concerning glyphosate. There are further restrictions on it. I've looked at what I can find on the decision. It seems to me—I accept this is my commentary; you don't have to comment on this—that it is more based on politics than science. From your point of view, have there been any changes in the scientific literature on the safety of glyphosate in the last few months since the last time I talked to Dr Parker on this issue?

**Ms Croft:** No information that would be different, I think, to what we have previously said in these estimates hearings. We have now reviewed more than 1,650 scientific studies on glyphosate. We consider that it is safe to use in accordance with label directions.

**Senator BROCKMAN:** Great. That is really all I wanted to go through, Chair, so I'm happy to hand it back to you.

**CHAIR:** Terrific. Thank you very much, Senator Brockman. Senator Sterle, back to you.

**Senator STERLE:** As long as you're not doing it in your thongs, Senator Brockman.

**Senator BROCKMAN:** Do you want me to show you my feet?

**Senator STERLE:** Your footwear thongs. Ms Croft, I forgot to ask you whether you have done your annual report.

**Ms Croft:** Yes.

**Senator STERLE:** And presented it to government?

**Ms Croft:** My understanding is yes. I have a printed copy in front of me.

**Senator STERLE:** Great. Has it been tabled yet?

**Ms Croft:** I understand so.

**Senator STERLE:** In parliament? I'd better go up the chain—minister or department?

**Ms Deininger:** We believe it was tabled on 16 October.

**Senator STERLE:** Brilliant. That's one. One out of six ain't bad. Thank you.

**CHAIR:** Please go ahead, Ms Deininger

**Ms Deininger:** In relation to the cost of the board that Senator Sterle was inquiring about, the first year of the cost of the board would be covered by appropriation. After that, it would be covered by cost recovery. There are a few other questions that Senator Sterle had at the beginning. In relation to the second process of recruitment for the APVMA CEO, there were six candidates interviewed. The cost of the second recruitment process was approximately \$66,000. A recruitment firm was utilised. That is the cost of the recruitment firm. The cost of the first round was around \$20,000 for scribing services, travel and advertising.

**Senator STERLE:** Thanks, Ms Deininger. I think it's nice you got head-hunted, Ms Croft. I think that's really good. That's a feather in your cap.

**CHAIR:** Thank you very much.

**Ms Deininger:** It was 16 October that the APVMA annual report was tabled in the parliament.

**CHAIR:** Terrific. Thank you. Thank you very much to APVMA for your attendance today. You go with our thanks. We are going to take a short break and be back in 15 minutes, which is four o'clock. I see that representatives from the Australian Meat Processor Corporation are ready to go. Give us 15 minutes and we'll be back to hear from you. Thank you.

#### **Proceedings suspended from 15:43 to 16:01**

#### **Australian Meat Processor Corporation Limited**

**CHAIR:** Welcome back, everybody. I now call representatives from the Australian Meat Processor Corporation. I see Mr Berry and Mr Taylor. Do either of you wish to make an opening statement?

**Mr Taylor:** Thank you. No opening statement today.

**CHAIR:** Thank you very much. Everybody has just disappeared. Senator Brockman is online. Do you have a question? No. He has gone too. Well, tell me about the government's reforms to the removal of red tape for the meat processing sector and how good it is.

**Mr Taylor:** Thank you. It certainly seems to be a good outcome. The AMPC has been involved over probably the last four months supporting AMIC in their endeavours to seek out those modernisations. We've conducted some research through our research firm Palladium. That was certainly something that was taken into consideration in developing that road map.

**CHAIR:** That's very good. Mr Berry, did you want to add?

**Mr Berry:** Sure. Thank you. I think it's a really good example of industry and government working together. It's an important issue in terms of the competitiveness of the meat processing sector and the effects of that on producers through lower cost. Mr Metcalfe and his department and the minister have really led the initiative. Hopefully, we'll get through to a more cost effective, more efficient and more modern approach to our inspection services across the country.

**CHAIR:** Given that our competitors have a fraction of the costs that we have in electricity and so forth, I'm sure that any streamlining we can do will be welcomed by the whole industry and help with it continuing to export 70 per cent of our meat overseas. Is that still about the right number, do you think?

**Mr Taylor:** Yes.

**Mr Berry:** It's about the right number. I think also, when you look at it, Australia is competing against the US and Brazil, where the government costs for inspection services are borne by the government. So any reform we can make to take costs out and have efficiencies has to be moving in the right direction.

**CHAIR:** Thank you, Mr Berry. I think Senator Sheldon has some questions. I will throw to him.

**Senator SHELDON:** Thanks very much. Thanks for joining us. Is the Australian Meat Processor Corporation a member of AIA, or Agricultural Innovation Australia?

**Mr Taylor:** Yes. We're one of the founding members, yes.

**Senator SHELDON:** Thank you. How much does membership cost for the Australian Meat Processor Corporation?

**Mr Taylor:** For the first three years, the subscription is \$5,000. After that, the members will determine what the ongoing rate of subscription is.

**Senator SHELDON:** Thank you. What is your engagement? What do you see as the important priorities you would see with AIA as far as the meat corporation is concerned?

**Mr Taylor:** It's a really good question. Meat processors are somewhat unique in this RDC space given that our members are manufacturers rather than growers. Obviously, there is a co-dependency on farmers. We have produce and finish inputs, such as the beef and pork block that drive the industry. So ideally for us, we're hoping that some of the larger ecological initiatives will be easily redressed. I guess, in a way, that will benefit all of those industries but certainly have an impact on the sustainability of the processing sector through things like ongoing sustainable peak production and related industries such as grain, which obviously feed into the grain fed cattle industry as well.

**Senator SHELDON:** I'm sorry, but you're breaking up a little. I'm not sure if I picked it up. In your answer, you said there were some matters you were hoping the AIC would take up for the meat processors, if I heard you correctly. What are some of those initiatives that you would like to see them take up?

**Mr Taylor:** They are the larger cross-sectoral initiatives. They are yet to be determined, of course, in the vehicle itself. I would suspect that they are issues such as climate change and sustainable production systems.

**Senator SHELDON:** Of course, they cut across very important areas of your interests. Are there aspects of what you've just said to me that you'd particularly like them to be concentrating on? Climate change is a big area.

**Mr Berry:** I will answer that. I think one of the objectives here would be to be efficient in terms of how we produce animals and how we process animals. Everyone has a win in that in terms of more money and more revenue for the product. So it is an initiative in the sense that if we pick the right projects, be it on farm productivity or the ability to take costs out through the greater use of technology, research and automation, it's all about Australia being competitive in a global space.

**Senator SHELDON:** Good. Thanks for that. As you are no doubt aware, the National Farmers Federation in August this year said that they had an aspirational economy wide target of net carbon zero by 2050. Is the Australian Meat Processor Corporation conducting any research into emission reductions?

**Mr Taylor:** Yes, we certainly are. In fact, just a number of months ago, we released some important research around pathways for the processing sector. That project identified the actions, technologies and investments required to reach different targets—for example, the Paris agreement, carbon neutral 2030 et cetera. I have in front of me a really great infographic that we've prepared today. I am certainly happy to share that with you and some of the findings in there.

**Senator SHELDON:** I would be pleased to have it when it's available. That would be helpful. Thank you.

**Mr Taylor:** Certainly.

**Senator SHELDON:** Does the AMPC have an emissions reduction target?

**Mr Taylor:** We do in a couple of different senses. We subscribe to red meat 2030, which is the Red Meat Advisory Council's whole of supply chain strategic plan. It has a target of carbon neutral by 2030. In addition, we also have specific targets we've outlined in our strategic plan. They are probably the next level down. They are around issues such as making sure that 50 per cent of our industry energy utilisation is actually measured and reported in some way, as an example. There are also some targets around identifying numbers of alternatives to greenhouse gas fossil fuels and greenhouse gas intensity through efficiency.

**Senator SHELDON:** In what ways do you feel that you've been supported by the government in the 2030 target? In what ways could they be of more assistance?

**Mr Taylor:** That is a good question, Senator. AMPC, first of all, as an organisation hasn't had much engagement with government on these matters as yet. But we're certainly looking towards a couple of different initiatives. It would be great to have the department involved in those conversations as we progress.

**Senator SHELDON:** Thanks. Does the AMPC consider trade and market access to fall within its research and development remit?

**Mr Taylor:** Yes, we do. We actually work with Meat and Livestock Australia jointly in that space. The majority of work around markets and promotion is conducted by MLA. We tend to operate within the non-tariff barriers space, so anything around the micro and access around that sense, yes.

**Senator SHELDON:** Has some of the research and development that you've been carrying out looked at some of the opportunities that could be available in possible future markets?

**Mr Taylor:** Not so much at an AMPC level. I would have to defer that question to Jason from MLA. He's on a bit later. We're conducting research ourselves, but that's available.

**Senator SHELDON:** What is the total funding of AMPC for 2019-20?

**Mr Taylor:** Our gross revenue was \$27.7 million. Of that amount, \$19.7 million was levies and just over \$7 million was government matching.

**Senator SHELDON:** Thank you. How much of that money was spent on research and development?

**Mr Taylor:** I believe that our direct project costs related to R&D, or research and development, were \$14.8 million. Marketing was \$4.7 million.

**Senator SHELDON:** Thank you. Do you feel that with the challenges for many during COVID and, of course, in various parts of the industry, you are adequately funded to achieve the objectives that your membership want to achieve?

**Mr Taylor:** It is a fantastic question. The question that we ask ourselves often is: we know we need outcomes, but how quickly do we want them? Of course, investing more money upfront is a better and quicker way to get to those things. I think as part of our strategic planning process, we actually just released earlier this year a new strategic plan for the next five years. In developing the financials behind that, we quickly realised that to achieve the outcomes we are looking to achieve, we will need additional funding from external sources. That goes into our operating model, if you will.

**Senator SHELDON:** And how is it tracking to achieve that additional funding?

**Mr Taylor:** Quite well. The AMPC has a program called the plant initiated projects program, whereby we actually conduct partnerships on an individual basis with individual processing plants. That attracts funding from the processing plant, some levies and then government matching on top of that. We have some additional funding coming in through that mechanism. We're also looking at doing some similar type projects with third party research providers. We have a number of those projects in development at the moment.

**Senator SHELDON:** Thank you.

**CHAIR:** Thank you very much, Senator Sheldon. I don't believe that there are any further questions for you. Thank you very much for your attendance this afternoon and making yourself available so much earlier in the day. We look forward to seeing you at estimates next time. Please go with the committee's thanks.

**Mr Taylor:** Thanks very much.

**Senator SHELDON:** Thank you.

### LiveCorp

[16:14]

**CHAIR:** Welcome. Do you have an opening statement, Mr Setter?

**Mr Setter:** Thank you for the opportunity to appear today. This is my first appearance before Senate estimates on behalf of LiveCorp. I thank you for the opportunity to be here and make a short statement by way of a brief background on LiveCorp. We're a relatively small RDC in terms of our resources and footprint, with a staff of 10 and modest budget of around \$7 million. However, we do not shy away from working in the most challenging areas of the industry, continually focused on improving animal welfare, adding value and reducing risk for our exporter members and, in turn, adding value to Australian farmers that supply them and their customers in international markets. We're entirely focused on driving change and improvement in the performance of the live export industry. We're accountable to our members and work hard to deliver the right services and make our technical expertise available to the department directly and through regulatory reviews.

As with the rest of the world, COVID-19 has been top of mind for most of this year. We've worked closely with the department, exporters and ALEC to minimise disruption. The adjustments and changes arising from COVID-19 haven't been without challenge for our exporting community needing to navigate travel restrictions. Biosecurity arrangements for their key personnel has been a significant challenge for an industry that's built around managing complex logistics. It hasn't been easy for the vets and stockhands who work on the vessels, some of whom have spent many months at sea. We remain conscious of their mental health and wellbeing. As we've seen in the industry, we certainly rely on them in our trade. Through these challenging times, we have rolled out our programs and support for mental health for the people who care for our animals. I also need to note the tragic loss of the New Zealand export ship and the livestock on this ship. Our thoughts and prayers are with the families and friends of the crew. Many of our export community knew the crew. We have been providing support for them as needed.

I will give you a quick update on the live export volumes we've got through the 2019-20 financial year. There's been both a rise in sheep and cattle export numbers. There was a strong finish to 2019 due to the destocking of cattle in northern Australia due to drought and a change to plan for the summer moratorium on sheep shipments predominantly out of southern Australia. We've also seen strong demand from Asian and Middle Eastern markets. However, we're starting to see a slowing in these shipments of sheep to the Middle East towards the end of the moratorium, particularly because of high sheep prices and COVID related costs and challenges. Cattle exports have also started to slow down in recent months due to high Australian cattle prices and COVID restrictions in key destination markets impacting demand and confidence. It's also been a challenging time for exporter members who haven't seen their customers now for over nine months.

Connecting our members is really important for LiveCorp. We get in front of at least 95 per cent of our members twice a year when we're planning and developing our operational plan for the coming year and reporting back at our AGM. Being directly accountable to our members like this helps us make sure our effort is directed to the right places. Believe me, our members are unapologetic about their questioning the purpose and the success of our investments and projects, and neither should they be.

Over recent months, we've been consulting widely with our members and a lot of stakeholders to develop a new five-year strategic plan with a vision of leading the world in the health and welfare of livestock exports by 2025. While our industry is already world leading in many respects, we can't rest. We know community expectations are always evolving, technology continues to improve and our competitors do not stand still. Thank you for the opportunity to appear here today and discuss a range of research and projects and initiatives that we've been investing in in the live export industry. Thank you.

**CHAIR:** Thank you, Mr Setter. I'm sure the entire committee—certainly I do—joins with you in mourning the loss of that ship and the crew. It's just a complete tragedy. As you do, as I walk through saleyards right across the north of the country. I see young people who feel incredibly touched, whether they've been on boats or their friends are. It's really rocked a lot of them. It is a terrible tragedy. I want to ask you about the development of ASEL 3.0. We had some discussions yesterday when the independent observer was here. Is that the right title that I've just given him, Secretary?

**Mr Metcalfe:** The Inspector-General.

**CHAIR:** The Inspector-General; thank you for correcting that. We had some discussion around the availability of scientific research on correct stocking densities on boats. I'm keen to understand what your views are, what data you've had and what's been available to industry to inform the process of consultation around this new reform?

**Mr Setter:** We certainly look at the actual data and the performance of historical voyages to really drive our thinking quite objectively. In terms of developing ASEL 3.0 and developing the protocol, I will hand to Sam, who has a lot more of the detail than me.

**Mr Sam Brown:** Is there a specific area that you would like to go into in stocking densities or in general about ASEL and our contribution to the development of ASEL?

**CHAIR:** Well, why don't you start with the thing that you think is most important. I was interested in what data is available to determine stocking. Here is the expert on the matter, Senator McMahon. Certainly that and your consultation around the process.

**Mr Sam Brown:** Firstly, when we contributed to the review of ASEL 2.3 and development of ASEL 3.0, like everyone else, including those who support and disagree with the trade, we were afforded the opportunity to provide submissions. We provided four submissions to the technical advisory committee. All of our submissions were around the technical areas and the challenges, particularly around areas of stocking density. We outlined the work that we will be doing. We also outlined where we had information gaps and talked to the research that we have in train at the moment. We deliberately kept our messages at a technical level because a lot of the areas that require judgement really fell into the policy space. So we left those areas to our peak industry council as they are responsible for the formulation of policy and putting policy views into that technical committee.

We provided submissions. In those submissions, we looked at some of the challenges of research that was being used, such as the use of allometrics. We discussed those. We looked at the importance of what we need to achieve when we're setting a stocking density—the physiological objectives for livestock, such as how they use space and how they behave in space. They are the sorts of things we were contributing to in that specific area of stocking density. Of course, a lot of what we were pointing to was some of the research and information gaps that we identified. We spoke to them about a research project we have going on with the UNE, where we've brought a multitude of problems and issues together to look at, one being stocking density, bedding and ammonia. In

practical circumstances and practical trials, it looks at how animals are behaving under a range of stocking densities. It's multifaceted. There's a lot to think about when we're thinking about stocking densities. There's the animals. There's the state the animals are in. There's the space that they require and, of course, the journey length. There's a lot to be thinking through. For us, right where we're at, we looked at this as much as a scientific question as a policy discussion. So our research in the area in which we're hoping to contribute over a period of time will complete in about mid-2024. We'll no doubt have milestone reports as we go through. It's a long-term project, but we're pulling apart a range of factors that we want to see contribute to informed decisions for our industry and regulators.

**CHAIR:** Thank you, Mr Brown. I might go to Senator Sheldon and come back to Senator McMahon.

**Senator SHELDON:** I might defer to Senator Sterle because, with the questions I want to ask, I don't want to break the flow of this part of estimates. I want to highlight to the secretary that I want to talk more about these annual reports in the budget estimates.

**Mr Metcalfe:** Sure, yes. Absolutely.

**Senator STERLE:** Welcome to your first estimates, Mr Setter. Is that what you said?

**Mr Setter:** Yes. Thank you.

**Senator STERLE:** Great. It can either go really good or really bad. Let me help you out. If we get short and sharp questions and answers to the questions, things are going to go swimmingly wonderful. Is LiveCorp a member of Agricultural Innovation Australia?

**Mr Setter:** Yes, we are.

**Senator STERLE:** How much does membership of the AIA cost LiveCorp?

**Mr Sam Brown:** For LiveCorp, our annual membership for the first three years will be \$35,000.

**Senator STERLE:** What is LiveCorp's engagement with AIA going to involve?

**Mr Sam Brown:** We're at the early stages of ag innovation Australia. We've been discussing with our stakeholders and talking to our peak industry council about our involvement in this initiative. LiveCorp collaborates at every level at every opportunity we can find, so it's a naturally attractive opportunity for us to be involved in it to look at how we collaborate across our RDCs as much as we can. We already do. We have a major collaboration with MLA. It has been going on for the best part of two decades, but we're keen to look at how we collaborate across other fronts as well.

**Senator STERLE:** Is LiveCorp conducting any research into emissions reductions?

**Mr Setter:** At this stage, we're not conducting research into emissions reductions. We are a post farm gate RDC and all our members are post farm gate. I will put on the record that we do take climate and emissions very seriously. But our ability to impact pre farm gate is minimal. There has been work done on ships. There are quite a few national and international rules around shipping oil and shipping fuel to reduce emissions from ships that are well and truly underway. The industry is a willing participant in the sustainability programs that the red meat industry has. While we don't have a specific R&D project on the go, we've absolutely got a culture of being part of emissions reduction.

**Senator STERLE:** Do you have a target?

**Mr Setter:** We are aligned to the 2030 target of the industry.

**Senator STERLE:** Does LiveCorp consider trade and market access to fall within its research and development remit?

**Mr Setter:** We'll support trade and market access as required.

**Senator STERLE:** Has any research and development been conducted as to possible future markets? You know where I'm heading with that with our unfortunate spat with our northern trading partner.

**Mr Setter:** I think it's fair to say that LiveCorp puts a lot of its energy, and so do our members, into market maintenance. Our big markets are Indonesia, Vietnam, the Middle East and, yes, China. There are certainly developing opportunities in Iran, and the reopening of Saudi Arabia offers exciting opportunities for exporters as well as Australian producers. So we're maintaining markets and strategically developing markets where we can.

**Senator STERLE:** How do you strategically develop markets? What do you do?

**Mr Setter:** We look at markets that can pay for Australian livestock and have the capacity to pay and will be a good trading partner.

**Senator STERLE:** Are there any new markets that we're just about ready to bring on board?

**Mr Setter:** Not as an immediate start. Sam can get into the detail of some of the Middle Eastern ones.

**Mr Sam Brown:** We're constantly working on it. We have a protocol committee, which is a committee that consists of government, industry representatives, stakeholders and peak councils where, quite simply, we come together and discuss the merits of different market access opportunities and prioritise them so we can really hone in our efforts and the limited resources we have to make sure we're hitting the right markets. That prioritisation covers both maintenance and opportunities. There are opportunities. There are markets where we're looking to bring together and respond to market access for—

**Senator STERLE:** Where?

**Mr Sam Brown:** The Eurasian Economic Union, which is a union between Russia, Kazakhstan and Belarus. It's been a long negotiation, as you could imagine, bringing those countries together to discuss protocols for breeding cattle. So that's been a priority for some time. There are some interesting opportunities for markets like Botswana, Namibia—

**Senator STERLE:** Are these relatively new?

**Mr Sam Brown:** Relatively new. Exporters are regularly scouting and looking for opportunities. Often a lot of small markets are coming up. People are looking for niche opportunities for exporting high quality breeding livestock to South America and places like that. Exporters are very active in looking for opportunities, particularly when we've got extremely high cattle prices and livestock prices. They're looking for new entry points. No matter how small they are, they see them as very important. On our website, we have a market access inquiry section so trading partners can come through and make requests which go out to all our exporter members.

**Senator STERLE:** Thanks, Mr Brown. What was the total funding of LiveCorp for 2019-20?

**Mr Sam Brown:** We received a total in levies of \$4.9 million. Our total income, which included revenue from other sources, was \$6.15 million.

**Senator STERLE:** Levies were \$4.9 million and \$6.15 million total?

**Mr Sam Brown:** Yes.

**Senator STERLE:** So how much of the money was spent on research and development?

**Mr Sam Brown:** We have a relatively fixed budget of, I think, \$636,000 of LiveCorp funds. We partner with MLA, and that gets matched up by the government, which is a total of \$2.4 million. It's a very modest R&D budget.

**Senator STERLE:** What are your total staff numbers at LiveCorp?

**Mr Sam Brown:** Ten.

**Senator STERLE:** I've asked everyone, so I might as well ask you as well. Do you feel LiveCorp is adequately funded to achieve the objectives for levypayers?

**Mr Setter:** It's a tough one. It is, I think. Yes, we are. We would like more money—we would definitely like more money; everyone would—but we're not going to go and push our members for more funding. We're going to make the most out of every dollar.

**Senator STERLE:** Sure. We've talked about your concerns around the ASEL. Senator McDonald has raised those questions. Does LiveCorp have the same understanding of the effects of the ASEL 3.0? The modelling done by you guys on stocking density for 300-kilo feeder cattle to Indonesia shows that it will decrease by 4.9 per cent. You touched on it. How serious a problem is it for Australian exporters? Could it be?

**Mr Sam Brown:** You're referring to a model.

**Senator STERLE:** Yes. The economic modelling. Your economic modelling.

**Mr Sam Brown:** We haven't done any economic modelling.

**Senator STERLE:** I'm sorry. Have you done any economic modelling?

**Mr Sam Brown:** No, we haven't. We haven't done any economic modelling ourselves of the impacts of ASEL 3.0.

**Senator STERLE:** According to LiveCorp, the stocking density for 450-kilo slaughter cattle to Vietnam from Australia's northern ports would decrease by 4.4 per cent. Is that correct?

**Mr Sam Brown:** I would have to take it on notice. I would need to know more specifics, I think. There would be an increase generally. More specifically, I can't give you an accurate answer to that one unless I know all the details.

**Senator STERLE:** That's alright. No worries. But you have done some modelling, haven't you?



**Mr Sam Brown:** Senator—

**Senator STERLE:** I'm led to believe you've done some modelling.

**Mr Sam Brown:** We have a lot of work that we've been doing in contribution to the submissions. We do a lot of work—and we are doing right now a lot of work—with the industry to support the adoption of ASEL 3.0. We've run stockperson training courses. We're actively working with our industry to support the adoption of it. But, as far as modelling goes, we'll always be doing different research activities and looking at—

**Senator STERLE:** Before you stuff up Mr Setter's first estimates session, I'm going to cut you off there. I might not have put the questions to you well enough. I'm saying that I'm led to believe you've done some modelling. I'm led to believe that your thoughts might be that costs will vary between exporters and vessels used. Does this ring a bell?

**Mr Sam Brown:** Yes. Costs will increase.

**Senator STERLE:** Exporters have indicated additional costs of approximately \$50 per head directly because of the ASEL 3.0 requirements. Is that your understanding?

**Mr Sam Brown:** I believe that could be possible, yes.

**Senator STERLE:** That's fine. No worries. When was the last time your RDC was audited?

**Mr Sam Brown:** We're audited annually.

**Senator STERLE:** You weren't listening to the earlier ones. Let's have a crack again. When were you last audited? You're not in trouble yet.

**Mr Sam Brown:** A month ago.

**Mr Setter:** July.

**Senator STERLE:** That's fine. That didn't hurt, did it? Who does your auditing?

**Mr Sam Brown:** A firm called Nexia Australia.

**Senator STERLE:** And how are Nexia chosen?

**Mr Sam Brown:** By the board and ratified by membership at the AGM.

**Senator STERLE:** Board and membership. How much does Nexia charge to do your auditing?

**Mr Sam Brown:** I will take it on notice. I think it is around \$20,000 to \$25,000. We're pretty tough on them.

**Senator STERLE:** No worries. Are they brand new or have they been around for a while?

**Mr Sam Brown:** We've been using Nexia for probably four to five years. We discuss it regularly. The board regularly discusses auditor rotation as a topic.

**Senator STERLE:** How often? Does it go to tender every couple of years, or is everyone just happy so they keep staying with Nexia?

**Mr Setter:** It goes every couple of years. We have a finance and remuneration nomination committee. We discussed it this year. Due to coronavirus, with our knowledge of that auditor and not being able to sit in front of a panel of other auditors, we chose to extend them for this year.

**Senator STERLE:** Okay. No worries. How is the actual audit process recorded?

**Mr Setter:** A standard financial audit to Australian accounting standards.

**Senator STERLE:** So they just ask you a heap of questions and you provide material that they want?

**Mr Setter:** They test the accounts. They test on a variety of thresholds based on us having a revenue of, in a normal year, circa \$7 million. We had a pretty low threshold for testing.

**Senator STERLE:** No worries. So they ask you for information. You don't offer up stuff before they even start asking?

**Mr Setter:** We present draft accounts to them, unaudited accounts that we've checked. They will go through those and they'll test those and come back with specific questions and work through them with our finance manager, company secretary and the CEO. They present to our finance and risk committee. They absolutely get grilled by the chair of that committee. She doesn't pull any punches. We then take that to the board.

**Senator STERLE:** That will do, Mr Setter. Bon voyage. Thanks very much.

**CHAIR:** Thank you very much, Senator Sterle. Senator McMahon, do you have some questions?

**Senator McMAHON:** Yes, I do. Thank you. With regard to ASEL 3.0, in your input into the report for that, did you rely on any scientific publications on stocking densities of cattle on short-haul voyages?

**Mr Setter:** Can I just clarify which report? Or is it in general?

**Senator McMAHON:** The working group that put together the report that led to ASEL 3.0.

**Mr Sam Brown:** When we put our submission together, we combed every piece of research that we have available to us on stocking density and shipping performance, particularly across to markets. It's something we were looking at in contributing to the review. There were a couple of drafts of ASEL as it came through the review process. We discussed and provided commentary on the use of allometrics, for example, and what we knew of that equation.

**Senator McMAHON:** In your submission, did you rely on any peer-reviewed scientific papers on stocking densities of cattle on short-haul voyages?

**Mr Sam Brown:** I'm not aware of any that are peer reviewed that have been used. I will happily take it on notice to look through and see what research papers have been prepared. Most of the work on stocking densities aboard vessels is done by us. It has been done by our R&D program. There's not a lot out there other than what we've been producing.

**Senator McMAHON:** Have you done any research on stocking densities for short-haul voyages?

**Mr Sam Brown:** We have done research on stocking densities. One short-haul voyage was included in that. I think it was a CSIRO research report, around 2012 or 2013, where we looked at the impacts and effects of stocking density and different stocking densities for cattle and sheep. It was primarily sheep, but one cattle voyage was included in that research. We have a research project that we have underway at the moment. It's a long-term research project that we are working with UNE on. It is looking at stocking density, ammonia and bedding and the impacts across all three of various stocking densities and behaviours, and monitoring behaviours under those scenarios.

**Senator McMAHON:** But, if that's underway, you couldn't have relied on that for your submission?

**Mr Sam Brown:** No, we pointed to it. Part of our submission was talking about the knowledge gaps and where we believe there are knowledge gaps. There's a lot of theory around a particular stocking density. We talked about the need for practical evidence, practical trials. We pointed to, of course, the work that we're doing.

**Mr Setter:** I think it's fair to say that, on short haul to Indonesia and South-East Asia, with several million head of cattle in the actual dataset under ASEL 2.3, the mortality rates were less than 0.04 per cent. When you annualise that, that's a very low mortality rate. So the need for further research on improvement was minor. There wasn't a need to re-establish that because we had many millions of head worth of data driving an excellent result.

**Senator McMAHON:** In your submission, did you recommend any change to the stocking densities in ASEL 2.3?

**Mr Sam Brown:** No, we held back from providing any recommendations for or against a stocking density. We talked about the technical elements that need to be considered. We left that discussion to our peak industry council. We felt it was more of a judgement call. It was more appropriate for the peak industry council, in the absence of evidence that we had before us at LiveCorp.

**Senator McMAHON:** Do you have any idea why ASEL 3.0 came out with revised stocking densities?

**Mr Sam Brown:** No, I don't have a comment about how that came about. We certainly noted that the TAC commented on the excellent performance and the difficulty of making a recommendation in that space. As I said before, we were looking at the work we've been doing on existing stocking densities and increased stocking densities and that impact. As I said, we left that to the peak industry council.

**Senator McMAHON:** Are you aware of how your exporters or your industry bodies feel about the changes to the stocking densities?

**Mr Sam Brown:** Absolutely. They've come to us on many occasions to look at the technical elements of it and seek our input and understanding of what research we have in the line and what data we have on various costings we have from other research projects—absolutely.

**Senator McMAHON:** Would it be fair to say that they are not happy about the changes?

**Mr Sam Brown:** I think there's a lot of pressure. That has been expressed numerous times to us, about the impacts—that it's a very difficult time in the industry's cycle with high cattle prices, trade impacts and things like this and impacts on customers. That was something they were certainly expressing to us.

**Senator McMAHON:** This is a question for Mr Metcalfe. Are you aware that the department has exempted short-haul voyages out of the north of Australia from stocking densities in ASEL 3.0?

**Mr Metcalfe:** ASEL 3.0 hasn't yet commenced.

**Senator McMAHON:** It hasn't, but it's about to. Are you aware that there have been changes?

**Mr Metcalfe:** I certainly know that ASEL 3.0 would change stocking densities compared to the pre-existing situation.

**Senator McMAHON:** Yes. Are you aware that approved exporters operating on short-haul voyages out of northern Australia have or will be exempted from the stocking density changes in ASEL 3.0?

**Mr Metcalfe:** I'm not aware that any decision on that matter has yet been made or decided or communicated.

**Senator McMAHON:** Very interesting.

**Mr Metcalfe:** I can take that on notice.

**CHAIR:** Thank you, Senator McMahon. Senator Sheldon, do you have additional questions for the secretary that are separate from LiveCorp?

**Senator SHELDON:** Yes, I do.

**CHAIR:** Shall we let LiveCorp go. Please feel released! Thank you for your attendance today. You go with the committee's thanks. We look forward to seeing you at the next estimates. Mr Setter, I hope this went well for you.

**Mr Setter:** Very good. Thank you, everyone.

**CHAIR:** The committee has received a letter addressed to me from ARTC CEO Mark Campbell. I would like to have that tabled as correspondence, please.

**Senator SHELDON:** There were a couple of comments last night. The ARTC hopes that Mr Campbell gets well soon. Thank him for the swift correspondence as well. I'm sure, if he's not well, that's another burden on the day. I would like to thank him very much for being thoughtful. Secretary, I know you broadly touched on this before. I will get to the meatier part of the questions I want to ask you. You have responsibility for the remit of the department and the remit it has across the economy. What do you think is the remit of the economic footprint that you would have as a department?

**Mr Metcalfe:** Massive. I don't know if it has actually been calculated. We partner with many organisations and regulate many organisations in relation to all imports from a biosecurity perspective and many exports from a food safety and quality perspective. We have a regulatory role in relation to many other issues, such as on the environment side developments that need to be considered under the Environment Protection and Biodiversity Conservation Act or issues relating to chemical registration. It would be a multi-hundred-billion dollar aspect, I imagine, because we touch so many different aspects of the economy.

**Senator SHELDON:** Thank you for that. That broad figure is fine. I think the point is this is a substantial responsibility—

**Mr Metcalfe:** Absolutely, Senator.

**Senator SHELDON:** and a major economic footprint for the economy. The decisions that the various bodies that you oversight, engage with or have responsibility to engage with are particularly important to that.

**Mr Metcalfe:** One example is that the value of biosecurity to the economy is seen as hundreds of billions of dollars in any given year. An outbreak of foot-and-mouth disease would be seen as, god forbid, probably impacting on at least a \$50 billion industry. So it's big.

**Senator SHELDON:** Of course, then you add in the dilemma and challenges of COVID-19 for many across the country.

**Mr Metcalfe:** Yes. I think we have had the opportunity over the last couple of days to talk about how the department and, indeed, many portfolio agencies have adapted, as have many other organisations, to those challenges.

**Senator SHELDON:** Of course, the government has made substantial announcements on additional expenditure to deal with some of those COVID challenges, let alone the ongoing challenges to a substantial part of the economy that comes under that general remit or engagement for a department.

**Mr Metcalfe:** Yes.

**Senator SHELDON:** It is incredibly important because of the COVID period and the importance of this section of the economy. The trifecta is that we've also had a substantial amount of additional expenditure by the government cutting across the various areas of responsibility of the department in areas of engagement. I'm going to ask a few questions about the importance of the department. Senate estimates is seen as a key part of oversight of strategic, operational and expenditure decisions by government, the performance of various departments and,

as we've seen, the RDCs. Last night, we had some lively conversations about the RIC and the long delays for farmers in getting loans. Twenty per cent of farmers, even with the new proposed measurements that the minister has announced, have been left in limbo. They don't have a measurement for when the turnaround time will be. We went through last night, in detail, the loans for a very important program of dams. The money hasn't found its way into actual dams that have been sitting there.

The point is that the Department of the Prime Minister and Cabinet tabled guidelines relevant to the issues we raised about reports being tabled prior to estimates. Part of those guidelines is that the entity's financial year ends on 30 June. It should be giving the report to the minister by 15 October, for tabling by the end of October. I've been listening! There are quite a few issues about the tabling of these reports. I'm deeply concerned that, whilst we've endeavoured to seek information from the departments, not having those reports beforehand has made it particularly difficult to properly hold the government and the departments to account on the decisions made. I don't mean decisions we may have differing views on but the veracity of decisions that we have agreement on.

As we've seen through estimates, right across the parliament, both government and non-government senators ask considerable questions of various entities appearing before us. Last night, we understood—the minister may also want to comment on this after the department—that a document from RIC was given to the minister prior to the hearing last night. It was a report. We still haven't received that report, to my knowledge. There's a large number of reports that we've not received. Is the issue that the department has got those reports and is sitting on them? Minister, I'm going to ask you the same question.

**Mr Metcalfe:** That was a very long contextual explanation. I'm grateful for that, Senator. I entirely agree with the point you make about the importance of the accountability of this committee. I have been appearing before Senate estimates committees for over 20 years and fully understand the significant work that senators do here. I think there are a couple of issues that you have raised.

Firstly, annual reports, of course, are looking back at what has happened in the past. You do make the point that an important role of the committee is to examine past performance and examine future performance. In relation to the government's budget decisions, they, of course, are contained in this document, the portfolio budget statement, which includes information in relation to every agency in the portfolio. In relation to annual reports, occasionally you interchangeably use the word 'department' or 'agencies'. Of course, the portfolio consists of the department and a significant number of agencies. The department's annual report was tabled in the parliament on 15 October. I have checked. We actually provided the draft of the annual report to our three cabinet ministers on 1 October. It was cleared by all three cabinet ministers on 8 October. It then took a few days for it to be printed and then physically tabled in the parliament on the 15th.

In relation to the portfolio agencies, there are a number of agencies that must follow the requirements in the PGPA Act, and particularly section 46 that you are referring to. They include the RIC, APVMA, AFMA and a number of the research and development corporations which are statutory authorities—that is, the Cotton Research and Development Corporation, fisheries, grains, AgriFutures and Wine Australia. The obligation of those agencies is to provide the annual report to the minister and for the minister, when satisfied with the annual report, to ask the department to table it so the department has a role in facilitating, with the parliamentary departments, the tabling of the report.

In the case of the RIC, I understand that the RIC provided the annual report to the minister and that the minister took about a week to clear the report. I know for a fact that the minister was travelling extensively during that week; indeed, it was significant travel by car. Of course, he had a number of other matters to deal with as well. However, the annual report, once cleared by the minister, is now in the process of being tabled. I can give you a precise example of that. Effectively, it is incumbent on departments and agencies to be mindful that ministers are busy. They have many duties. They regularly travel. To be honest, we put in a lot of effort—as did the department—to have the annual report able to be cleared by all three cabinet ministers in the portfolio on 1 October, knowing it would probably take a week or so for them to consider the voluminous matters included and for appropriate arrangements to be made for tabling. I would certainly encourage each of our portfolio agencies to be mindful of the timing requirements and the reality of those timing requirements.

There is one other point. The other agencies or bodies in the portfolio—the research and development corporations that are industry bodies—have somewhat different tabling arrangements. I think we got into this with Dairy Australia this morning. I am asking my lawyers to, in fact, just check on the tabling arrangements or the provision of annual report arrangements to the minister and then the parliament. For example, Dairy Australia has routinely provided annual reports in February. I understand that its legislation is actually not the Corporations Act, as it is a registered charity. The Charities Act is relevant to the reporting obligations there. There could well be different arrangements for Meat and Livestock Australia, for example. No doubt we'll explore that now.

Senator, I want to assure you that I personally take it seriously. I know that our ministers take this matter of accountability seriously. To the extent that agencies have not performed as expected, we certainly will be working with them on that.

**CHAIR:** Thank you, Secretary. Would you mind, Senator Sheldon, if we hold over the remainder of these questions? We do have some agencies lined up and the secretary is here until the end. So you will have another opportunity to do that. We won't have the agencies waiting while we go through.

**Senator SHELDON:** I will only take a few more minutes. I think it's important.

**CHAIR:** Just a few more minutes.

**Senator SHELDON:** I did not want to break through the previous report because it had already commenced. I gave them some time to think about what I was going to present to them so there was an opportunity that—

**CHAIR:** I don't have a problem with that. I'm just saying that we are here for quite a bit more time.

**Senator SHELDON:** I'd like to go through the train of conversation.

**CHAIR:** All right. Well, just a few more minutes, if you wouldn't mind. I'd like to move on to the MLA representatives, who are sitting here patiently.

**Senator SHELDON:** And I'm patiently asking these questions about reports. How many of the authorities and the RDCs have not got their reports and still some more reports to be given, of course?

**Mr Metcalfe:** I'm checking on that. I will answer that on notice. My expectation is that those agencies which are required to provide their report to the minister by 15 October under section 46 of the act will have done so. We are then checking on the exact requirement for tabling. As I've said, we are mindful that it is a very important piece of material for these committee hearings.

**Senator SHELDON:** I appreciate that you are ascertaining how many reports. I'm sure somebody will be able to work that out, particularly after last night's conversation. Somebody will be able to give that to us relatively quickly.

**Mr Metcalfe:** We'll do our best.

**Senator SHELDON:** How many reports have you calculated now that have not been presented prior to these estimates?

**Mr Metcalfe:** I haven't been keeping a tally, Senator. Obviously each organisation has been talking about its own arrangements.

**Senator SHELDON:** Tabling Circular No. 3 of 2020 expressly states under the heading 'Annual reports':

Budget Estimates hearings commence on 19 October 2020. It is expected Annual Reports are tabled prior to those hearings. This ensures Annual Reports are available for scrutiny by the relevant Senate standing committee. As noted above, in October, to facilitate the presentation of annual reports, documents may be tabled/presented any business day.

It is disturbing that it now appears that there are additional ones to RIC last night that have not been available and not met that deadline. Minister, you may have seen this. I highlighted it to the person sitting there just a second ago. Is there an explanation about why these reports aren't being presented?

**Senator Ruston:** Look; I'm sorry. I actually haven't been watching the estimates because I have had other things on. I apologise. I'm perhaps not quite as up to speed as I might be on what has transpired since I haven't been in the room. I've just heard what you said. My understanding prior to that was that they had to be with the minister by 15 October and tabled by the end of the month. I've just heard what you've read out. I'm happy to seek the advice of the minister in relation to this now. I'm sure the secretary is probably in a better position to actually answer the specifics about individual agencies and the provision of their reports to the department than I am. I certainly reiterate my comments this morning of how important the government believes the timely provision of information is for the scrutiny of the parliament of the actions of the institutions and authorities under our responsibility.

**Senator SHELDON:** Minister, I will finish with this. You weren't here, so I'll capture what I have been putting. The importance of the Senate estimates is critical to the proper functioning of government at any time, particularly during COVID. I say COVID not only because of the challenges that COVID brings to everybody in this place across the country but also because of the responses to COVID and the substantial amounts of money that have been expended to try to deal with the economic fallout of COVID. It is important to be able to hold both government and departments to account. I'm not saying that only the opposition is doing that; we've had occasions, of course, where people from the government ask critical questions of various departments, authorities and agencies. It is particularly disturbing after the more controversial discussions last night, most of which have

been relatively amiable over the last couple of days, that the report of the most controversial RIC, in this case, was not handed over beforehand and was not made available. It sounds terribly politically convenient for that to have occurred. To then find that there are other reports that, I understand, have not been presented as well says there's a fundamental breakdown in the accountability of government and estimates in being able to hold the government and departments to account.

**Senator Ruston:** Thank you, Senator. I do need to put on the record that it is not politically motivated. I can assure you of that. I will get back to you with the response of the minister as soon as I can.

**Mr Metcalfe:** You said 'the department'. The department has, in fact, complied with the requirements.

**Senator Ruston:** I acknowledge the fact that accountability that is generated through these estimates processes is fundamental to the operation of government accountability.

**Senator SHELDON:** Thank you, Chair.

**CHAIR:** Thanks, Senator Sheldon.

### Meat & Livestock Australia

[17:03]

**CHAIR:** I welcome representatives from Meat & Livestock Australia. Mr Strong, do you wish to make an opening statement?

**Mr Strong:** Only very briefly. Thank you for having us. I am also joined by Andrew Ferguson, who is our chief operating officer. We look forward to engaging with the committee.

**CHAIR:** Thank you.

**Senator SHELDON:** Thanks, Mr Strong and Mr Ferguson. Is the MLA a member of Agricultural Innovation Australia?

**Mr Strong:** We are. We have been involved from the inception of the idea. Andrew has been in it all and leading our activity, so I might have him answer any of the questions around AIA as well.

**Senator SHELDON:** That's fine. I'm happy for either of you two to chop and change as we go. What is the cost of membership for AIA?

**Mr Ferguson:** The cost of membership for MLA will be \$500,000 per year over the first three years of the company's existence.

**Senator SHELDON:** With regard to MLA's engagement with AIA, what are the objectives you have through your engagement with AIA for the part of the industry you represent?

**Mr Ferguson:** I guess the inception of AIA was predominantly about collaboration on national skills issues across the agricultural sector. So from an MLA perspective, participation in AIA, the vehicle, was a catalyst to allow that collaboration to take place. Ultimately the intention is, I guess, to provide a better return on investment for our levypayers than we would get attacking some of these large national issues alone.

**Senator SHELDON:** Thank you for the broad overview. Just for my purpose, because it is the first time I've had an opportunity to ask you these questions, in the case of MLA, are there specific high priority agendas that you believe AIA should follow that have a particular importance specifically to the MLA? They may have a knock-on effect to others. What are the priorities that you would like to see AIA pursue? Are they pursuing them?

**Mr Ferguson:** As we looked to create the AIA entity, the realisation was that many of the large issues that were impacting MLA, such as climate, biosecurity, soils and water et cetera, were also being looked at by the other RDCs. So we expect that in aligning our strategies and our strategic plan in many of those key initiatives, we would also overlap and they would be ideal topics for AIA to start to put together cross-sectoral strategies that would facilitate large-scale investment and collaboration.

**Senator SHELDON:** We are mindful of a number of industry bodies that have turned around and put carbon zero targets and emission targets. Before I get to that question, I am wondering whether the MLA is conducting any research into emissions reductions?

**Mr Strong:** We are. Quite a lot.

**Senator SHELDON:** Could you just outline that research for me, if you wouldn't mind?

**Mr Strong:** There are a number of things that we're working on in the sustainability portfolio. The most notable one would be the CN30 program, which has been underway now for a number of years. We are working towards a net carbon-neutral position for the red meat industry by 2030. That would be the most notable piece of work.

**Senator SHELDON:** Thank you for that. You mentioned that there are some others you are also involved in. Could you outline some of the other research in that space?

**Mr Strong:** To be reasonably specific, while there's that target of being carbon-neutral, there's quite a number of research areas that are associated with or are in parallel to that. We have some good examples in later stage research—the research that went into the red Asparagopsis, for example, which is the red seaweed. It is developed in conjunction with the CSIRO and James Cook University. It has now been going through late stage R&D and early stage commercialisation through an entity called Future Feed, which has now raised some external capital to take that forward to market. That's a product that, when fed as a supplement to feedlot cattle, significantly reduces methane reduction with no negative impact and, in some cases, a positive impact on production.

There are other areas we're working on around knowledge, for example. There is information on climate knowledge. There's some work we're doing with the Bureau of Meteorology. There are some programs we're looking at as far as waste management is concerned. They are on how we can actually better manage or utilise waste products across the supply chain. There's a number of projects focused on productivity. When we think about sustainability, we think about reducing the impact on the environment. It's got to be done in a holistic way, where we're either maintaining or improving the productivity and profitability of our sector, we're leaving the environment in a better place and we're ensuring that there's intergenerational sustainability of the businesses. We've got to make sure as we invest in these areas that not only are we maintaining or improving the environment but we're also maintaining or improving the health of the industry and the sector at the same time.

**Senator SHELDON:** Thank you, Mr Strong. Thank you for the environmental obligations. I understand that that would also be run in conjunction with your responsibilities for economic success. Would it be helpful if there were targets set? I note that there are targets set by a number of bodies, including yourself. Would it be helpful if the government set targets so that you could actually be aware of the advances and time lines you need to make? I appreciate you've set your own organisational targets. Would it be helpful if government also set targets?

**Mr Strong:** I think it's important that we're all aspirational. I also think it's important that we focus very clearly on the things that we can control. While there are things that the government can do that will be helpful to our cause, I think we also have a responsibility to take as much proactive action as we possibly can regardless of what some of those policies of the day might be. So we certainly understand the challenge and opportunity of some of those policy decisions and discussions. We also think we have an opportunity to have a leadership position in many areas, and sustainability is one of them. The industry took a leadership position a number of years ago which allowed us to be very proactive about our investment in sustainability, particularly understanding the impact of ruminants on the environment. It also allows us to have a lot more control over the investments and activities that we're involved in. So not only can we be thinking about how much better we can keep, leave or make the environment but also how we can do that in a way that adds to the productivity and profitability of our sector and the intergenerational sustainability of the businesses and families as part of the sector.

**Senator SHELDON:** I agree that it would be helpful if the government did set a target. I do give you congratulations for moving forward anyway. This year, there have been tensions with China, as we all well know and read every day. Of course, they are particularly felt in the agricultural sector. As you know, some products are receiving or are likely to receive heavy tariff or non-tariff effects from China. Does the MLA consider trade and market access to fall within its research and development remit?

**Mr Strong:** Yes is the short answer. But it's got a big proviso in the importance of the collaboration not just with industry but also with the government around market access and trade improvement.

**Senator SHELDON:** If I understood correctly, in some of the research and development work, do you look at future markets and potential other markets? Is that part of it?

**Mr Strong:** We do. There's quite a bit of work we do around insights understanding, trade flow understanding our current markets and the performance of those markets and development over time and how we can work with the industry and the government departments to support our current markets and make sure we're in the best position to develop those markets where there's opportunity.

**Senator SHELDON:** Where do you see some future opportunities and some potential opportunities more in front of us now?

**Mr Strong:** I think there are two significant pieces of work on market access. One is new or better access to markets. As far as agreements are concerned, the European and UK agreements were the last two substantial market agreements that are really available to us. Obviously the government and industry are very focused on that. There's a red meat EU and UK market access taskforce, which is made up of cross-sectoral representatives that work very closely with the government. It's chaired by one of the key exporters into those markets. Another

part where we probably have more activity is in the non-tariff trade barrier areas, where there's been a progressive updating of a report that the industry has had done which puts the potential value of improvements in non-tariff trade barriers at multiple billions of dollars—between \$3 billion and \$4 billion. There's a good example of some work that we were involved in with the government on improving access into the Middle East, which was around increasing the shelf life of both beef and sheepmeat. We were involved with the work that went behind the discussion or the argument to increase that shelf life. We were able to provide the evidence to allow the decisions to be made to extend the shelf life of both sheepmeat and beef into those markets. The projection added about \$100 million worth of value to that market in the increased time we had to get our product there, the sort of product that could go in and the route that it could go there. So we see those two avenues as being pretty important.

**Senator SHELDON:** Thank you, Mr Strong. With respect to the levies or payments you receive from industry and government, what is the total funding of the MLA for 2019-20?

**Mr Strong:** Our total funding last year was \$269.7 million.

**Senator SHELDON:** And how much of that money was spent on research and development?

**Mr Strong:** The allocation from that that went to research and development was \$172 million.

**Senator SHELDON:** What is the total number of staff at MLA?

**Mr Strong:** At the end of June, we had 284 staff.

**Senator SHELDON:** Thank you. Do you feel that the MLA is adequately funded to achieve its objectives?

**Mr Strong:** The answer has to be yes because we're custodians of those funds that, as you say, come from multiple sources. There are four key revenue sources. We have a responsibility for those to be invested in the most responsible and impactful way. That's absolutely what our focus is. It's not our position to be wishing we had more. What we do have a responsibility for is making sure that we invest that in the most impactful way we can. That has certainly been a focus for us. It is a focus in our five-year strategic plan. I think what also comes out of this type of discussion, when we think about some of those big issues like climate change, for example, and the things that have been considered as part of agricultural investment Australia, is the total cost of solving some of these big national issues. We can't solve some of those on our own. We do need to collaborate and find other sources of revenue or other partners to allow us to speed up the progress on some of those issues and bring forward the potential impact for the industry.

**Senator SHELDON:** Thank you. I have no further questions.

**CHAIR:** Thanks, Senator Sheldon. Senator Davey, do you have a question?

**Senator DAVEY:** I've got a few questions. Firstly, you've spoken about the significant amount of work you're doing to reduce emissions as an industry and research and development work you're doing in that. You're also part of the Australian Beef Sustainability Framework as well?

**Mr Strong:** We provide the secretariat with a framework, yes.

**Senator DAVEY:** That's doing some work using cutting edge technology produced by Cibo Labs and the CSIRO. Is that correct?

**Mr Strong:** The framework is really a positioning group for the industry. It's setting the framework for how we look at sustainability in the beef sector.

**Senator DAVEY:** Given all the work you're doing as an industry and across the industry to improve sustainability, how did you feel about the ABC's program *Fight for Planet A*, which I would say didn't really depict the industry as a sustainable, conscientious industry?

**Mr Strong:** It's disappointing to see an opportunity missed where there are so many positives that could be highlighted about the efforts being made by a sector to take a leadership position before many others and be proactively not just trying to understand and get a handle on what the impact on the environment is of the sector but then doing something about it. It is disappointing to see that opportunity missed. That's certainly the case with that program.

**Senator DAVEY:** Has the MLA lodged a formal complaint to the ABC or the communications body ACMA about that program?

**Mr Strong:** We haven't. The Cattle Council did. We certainly worked with them as the service organisation to help them with the information that went into the position they lodged. We didn't think it would be appropriate for us to be lodging that ourselves. But we certainly, at the request of the industry, provided support to them so they could do that.



**Senator DAVEY:** Do you know if they've had any response to date?

**Mr Strong:** They have just recently, yes.

**Senator DAVEY:** I'll chase that up with them. On a completely separate topic, is the Integrity Systems Company, or ISC, a subsidiary of the MLA?

**Mr Strong:** It is. It is a wholly owned subsidiary.

**Senator DAVEY:** Can you give us an update on the progress of the strategic plan integrity system 2025 in terms of the traceability technology and systems developments and their commercialisation and adoption?

**Mr Strong:** Yes. It is a year into that 2025 plan. The first year of that plan was largely setting up and preparation for identifying what areas might provide benefit and opportunity, which the team certainly has been doing. There weren't a significant number of deliverables out of that plan in the first year, but we are, as we normally would be, in the process of just reviewing that success after the first year of the plan and doing the check on the current program of activities going forward. But at this stage there are no red flags in that plan as it was initially put in place.

**Senator DAVEY:** So what has the expenditure to date been on the traceability technologies and systems developments?

**Mr Strong:** Since the start of that plan?

**Senator DAVEY:** Yes.

**Mr Strong:** So in the last 12 months?

**Senator DAVEY:** Yes. In the last 12 months.

**Mr Strong:** So the total expenditure on integrity systems in 2020 was \$19,300,000.

**Senator DAVEY:** That's for the whole company?

**Mr Strong:** That's the whole program.

**Senator DAVEY:** Have you got a breakdown of what your research and development component was specifically for these traceability technologies?

**Mr Strong:** I will see if we can find you that before we're finished.

**Senator DAVEY:** You can take that on notice.

**Mr Strong:** We'll try to get it to you before we're done, yes.

**Senator DAVEY:** Are you or the ISC aware of any duplication of effort regarding product developments and commercially available traceability technologies?

**Mr Strong:** Internally or externally or both?

**Senator DAVEY:** Anything that's commercially available.

**Mr Strong:** No is the short answer, because a key part of what we look at is ensuring that the first port of call is currently available technology. If there's a gap or a market failure in what is required, then we look at what might need to be developed. I think the best example of that is the tags that are used as part of the national livestock identification scheme. That's still the original technology that was developed for electronic identification of cattle in the 1990s. So it's not a program that's blasting out trying to grab the next piece of technology, but we are certainly considering what else might be happening in the next generation of identification. We would expect it to be quite different to the current tags that we use, for example.

**Senator DAVEY:** Would you say that part of the work that the ISC is doing is some horizon scanning to identify emerging technologies that would meet the objectives of your strategic plan?

**Mr Strong:** Yes. Absolutely it is. A lot of that work has already been done. There's quite a long list of potential animal identification systems, let's say, rather than solutions that exist or are being promoted. To date, none of those newer generations have been approved.

**Senator DAVEY:** Have you or the ISC sought to partner or partnered with any private companies to leverage investment in the development of new or emerging technologies to ensure the efficient expenditure of producer levies and the matched government contributions?

**Mr Strong:** We have. There are projects that the ISC is involved with that certainly leverage other funds to look at what the best solution might be. A key part of that is also looking at the broader R&D that is done within the MLA portfolio to ensure that we're not duplicating anything between what might be specific to the Integrity Systems Company and what might be being done otherwise.

**Senator DAVEY:** Have you got a line of sight on how much total investment is going to be when the strategic plan for 2025 is finalised, taking into consideration that you may have private funds and partnerships as well?

**Mr Strong:** We do. This next year is about 23. We'll get you the numbers out to the 2025 year. The investment in traceability into R&D in the 2020 year was \$7.1 million.

**Senator DAVEY:** That's great. Other than the numbers out to 2025, I have nothing further for you. Thank you very much.

**CHAIR:** Thank you, Senator Davey. Thank you very much, Mr Strong and Mr Ferguson. Please go with the thanks of the committee. We will look forward to seeing you at the next estimates, if not before.

**Mr Strong:** Thank you, Chair.

**Mr Ferguson:** Thank you.

**Mr Strong:** Thank you, senators.

**Mr Metcalfe:** I want to add slightly to the information I provided to Senator Sheldon.

**CHAIR:** Thank you very much, Secretary.

**Mr Metcalfe:** Senator, we've been checking on annual reports. I'm now advised that the Regional Investment Corporation's annual report was tabled in the House of Representatives after question time on Tuesday this week. Of course, the RIC appeared before this committee yesterday, Wednesday. So the report was available technically the day before the hearings occurred. The report is on the RIC's website as well.

Earlier this morning, I mentioned a period of 15 sitting days in a response, I think, to Senator Sterle. Section 46 of the PGPA Act requires annual reports to be provided to the minister before the 15th day of the fourth month after the end of the reporting period, but it's actually silent on the issue of tabling. There's the various guidance material that we've been discussing that certainly indicates that annual reports should be available for Senate estimates. But I am advised that the appropriate legislative provision is section 34C(3) of the Acts Interpretation Act, which indicates that when an act requires a person to furnish a periodic report to a minister for presentation to the parliament that does not specify a period within which the report is to be so presented, the minister shall cause a copy of the periodic report to be laid before each house of the parliament within 15 sitting days of that house after the day on which he or she receives the report. So that is where the 15 sitting days legal requirement comes from. Senator Sheldon and Senator Sterle, I absolutely accept that optimal practice, given the importance of these committees, is that the annual reports are available prior to the Senate estimates hearings following the October Senate estimates hearings. I just wanted to put on the record where the 15 sitting day issue came from.

**Senator SHELDON:** Thanks, Secretary. Thank you for that update. For the record, the point you raise is about the annual reports per circular No. 3 of 2020, which I appreciate you've touched on in your response.

**Mr Metcalfe:** Yes.

**Senator SHELDON:** It has asked for the reports to be presented by 19 October 2020. My apologies. It is notified that the hearings, of course, will be starting from 19 October 2020—

**Mr Metcalfe:** Yes.

**Senator SHELDON:** and the reports will be presented and tabled prior to that. But thank you for your comments.

**Mr Metcalfe:** Thanks, Senator.

#### **Australian Wool Innovation Limited**

**CHAIR:** We have representatives from Australian Wool Innovation on the line. I understand that Senator Sterle and Senator Sheldon don't have any questions for Australian Wool Innovation.

**Senator SHELDON:** We didn't call Australian Wool Innovation.

**CHAIR:** No, you didn't. The person who did call Australian Wool Innovation is not here. So we might take your questions and table those on notice, Australian Wool Innovation. I'm very sorry to have you all dressed up and online for such a very short appearance.

**Senator SHELDON:** We will send some questions on notice.

**CHAIR:** Terrific. You will receive questions on notice from senators. Are you satisfied with that, Secretary? Is there anything more we could be doing?

**Mr Metcalfe:** I'm very satisfied. It is very good of AWI to be available, but, if they're not needed, I'm sure they've got other things to do.

**Senator Ruston:** They're not going to complain.

**CHAIR:** Very good. I again apologise that we don't have the questions ready for you, but they will be available online very soon. Thank you and goodnight.

### **Wine Australia**

[17:33]

**CHAIR:** I welcome Dr Allan and Mr Clark from Wine Australia, who are online. Dr Allan, do you wish to make an opening statement?

**Dr M Allan:** No, thank you, Senator. Just quickly, I joined Wine Australia on 4 July. This is not my first Senate estimates. Thank you for having us. Thank you for being early. We appreciate it.

**CHAIR:** We are all pleased to be seeing you earlier in the day.

**Senator SHELDON:** Welcome. Is Wine Australia a member of Agricultural Innovation Australia?

**Mr Clark:** Yes, we are.

**Senator SHELDON:** What is the cost of membership for Wine Australia to the AIA?

**Mr Clark:** The cost is \$65,000 per year for the initial three-year period.

**Senator SHELDON:** Thank you. What do you see are the critical engagements and outcomes for the wine industry as a result of being involved with the AIA?

**Mr Clark:** In short, from our perspective, as a relatively small RDC, we need to collaborate. It's critical. There are obviously issues that impact on the grape and wine sector directly. There are also issues, obviously, that have a cross-sectoral impact. So it is a prime opportunity from our perspective to drive greater impact through collaboration and cross-investment at a national scale. So we're very much looking forward to the opportunities that this new vehicle will present.

**Senator SHELDON:** I appreciate that it is an admirable aspiration. What particularly for the wine industry are some of the projects that you see as being critical and priorities?

**Mr Clark:** I think similar to some of the others, climate change is an important issue for our sector. The opportunity to address it at scale is a priority for us. There are issues around soil, biosecurity, water and potentially around waste. They are some of the key things coming along that we see are to be developed through this new entity.

**Senator SHELDON:** Thank you for that. Is Wine Australia conducting any research into emission reductions?

**Mr Clark:** Yes. As part of our relatively new strategic plan for 2020 to 2025, which commenced at the start of this financial year, we made a firm commitment to invest in research to help establish carbon emission reduction and waste reduction targets for the sector. So it is a strong focus for us as part of our strategic plan.

**Senator SHELDON:** Specifically, what is some of the particular research that you're investigating or research that you're carrying out to make that a reality?

**Mr Clark:** Well, we haven't commissioned it yet. It's something that we're looking to develop now. As part of meeting the industry's aspiration, we recently released a vision 2050 document, which set out the aspiration from the sector to have zero net carbon emissions by 2050. So we need to establish obviously where we're at at this point in time to work out what is the trajectory or pathway from here to achieve that aspirational target by 2050.

**Senator SHELDON:** Good. Thank you for that. With the research plan that you're preparing, what is the timeline, do you think, when you will make some decisions about the specific projects that you'll move forward on?

**Mr Clark:** It's a priority for us to advance this during the course of this financial year. I will look over the next six months how we can move forward on that. We need to get moving as swiftly as possible. So that research would be my ambition.

**Senator SHELDON:** Thank you. Thank you for saying that the reduction target is zero for 2050. Would it be helpful if the government was also to set a target? I'm mindful that you're trying to give the industry some economic certainty as well as improving environmental credentials and marrying them for a better industry. One of the effects on that is government policy. Would it be of assistance to you if there were a target also set by the government?

**Mr Clark:** From our perspective, the industry vision statement really is the guiding light for us. At the end of the day, we're here as a service entity for our sector. It's really important that our people in the Australian grape

and wine sector set out their overarching industry aspiration. They've done that. We work out how we build on that. There is a clear line in the sand and we know what we need to do to achieve that, Senator.

**Senator SHELDON:** If you were listening before, you would have heard that we have been asking about challenges. There are many for many industries, obviously including your own. There has been a lot of talk, rightly, or discussions in the last couple of days, as it has been in the community and in this place for a relatively long period of time, regarding the trade tensions with China. Of course, they have particular impacts on the agricultural industry. Certainly newspapers have been suggesting what may or may not be happening with regard to the wine industry. Does Wine Australia consider trade and market access to fall within its remit? I want to look at what trade and market access that you do with regard to your research and development remit?

**Mr Clark:** Yes. Absolutely. It's an important part of helping our market attractiveness. We have the opportunity to sit in the overseas market and get over market access barriers. With all of that, though, obviously it is a collaborative endeavour. Again, we work with Australian Grape and Wine. Obviously, we will be working with the government on the market access issues, whether through a free trade agreement or market limitations. So our short answer is yes. It's been a tough one.

**Senator SHELDON:** Can you briefly outline the research you're doing and the development of the industry when you're looking at future markets? What is that research and development when you're dealing with those sorts of questions?

**Mr Clark:** We have a highly effective markets insights team. When we get aggregated data, whether at the retail level or country level, we purchase that. We digest it and analyse it and then we put it out to our exporters to help them understand what is happening in the market, whether it's by price point or variety, where Australia is now succeeding and where there are gaps and opportunities to plug some of those gaps. We take all of that research and it gets passed into very digestible information.

**Senator SHELDON:** I think your connection is coming in and out. I think I got the gist of what you were saying. What was the total funding of Wine Australia for 2019-20? What are the funding sources?

**Mr Clark:** Total funding was \$57.2 million in 2019-20.

**Senator SHELDON:** Sorry, what was that figure again?

**Mr Clark:** It was \$57.2 million. Matching funds was \$18.8 million. Commonwealth matching funds was \$13.5 million. In grants, there was \$26.5 million.

**Senator SHELDON:** Could you repeat that last figure? It would be helpful.

**Mr Clark:** In grants, it was \$26.5 million. Export fees were \$5.4 million. Users pays and marketing revenue was \$1.7 million. Other revenue was \$1.1 million.

**Senator SHELDON:** How much of the money was spent on research and development from that total funding?

**Mr Clark:** In 2020, it was \$30.4 million.

**Senator SHELDON:** Thank you. What is the total number of staff at Wine Australia?

**Mr Clark:** It is 77.9 FTE.

**Senator SHELDON:** Do you feel that Wine Australia is adequately funded for the challenges ahead?

**Mr Clark:** The short answer is yes. To be effective, we're given a funding envelope by our industry through the levy system before the Commonwealth matches with R&D. Our key role is to make sure we provide value with those funds and to make sure we communicate to our levy payers what it is they are getting and what we're doing for them.

**Senator SHELDON:** I might put a couple of questions on notice, depending on how we go. Somebody else might be able to pick up. They might have a better reception. Has the wine industry reached a better understanding of the direct and indirect impacts of the January bushfires on grape growers and wine producers? I've seen some of the reports, but where are we at now?

**Mr Clark:** In general, the key headline statistic is around direct impact on vineyards. That is the direct effect on vineyards. With the overall impact, there was less than one per cent of our national vineyards coverage. The issue of smoke taint is a broader issue, because obviously the smoke dissipated across many regions. The outcome from that was that around three per cent of the overall vintage was impacted by smoke taint. Obviously, that is an average figure. In some parts of the country, it was felt more acutely. Clearly, they suffered more directly through the fires. That is obviously the Adelaide Hills or places like the Hunter Valley, for example. Overall, that was the landing in terms of the result from the fires earlier in the year.

**Senator SHELDON:** How long do you expect it will take for the industry to recover fully from the fire impacts? What is the timeline?

**Mr Clark:** Well, from a smoke perspective, that's a one-off in terms of the vintage for that particular year. Obviously, those vines will be fine. They'll bounce back. There are no issues unless there is a repeat, and hopefully that doesn't occur, of course. With the vines that were burnt, as long as there is recovery, we will be talking two to four years in terms of recovery due to the fires. So although obviously that plays a part, they will bounce back in following years.

**Senator SHELDON:** Thank you. I want to move to a slightly different subject. China is a major export market for Australian wine, as we know. Have you or the industry seen any impacts on that market from our ongoing difficult relationship with the Chinese government?

**Mr Clark:** China, as you said, is the number one market. Through the course of this year, obviously export flows have been quite volatile, given the impact of COVID. So what we saw with China is that we had a dip in the immediate periods of January, February and March obviously off the back of COVID hit-backs and impacts on hospitality et cetera in China. So we saw a dip there. We are releasing export numbers next week. Overall, we're seeing a plateauing in terms of the export flow into China. As I said, it's quite a long time. It remains to be seen what kind of data comes from that.

**Senator SHELDON:** You might want to narrow it or make it slightly larger. Of your top five markets, you mentioned the impact of COVID and the potential effect on markets. Has the effect in China been more dramatic and larger than other markets as a percentage of impact?

**Mr Clark:** Well, I would answer that, as a percentage, we've seen markets like the UK actually come on very strongly. We've seen double digit growth into the UK. That's been dependent on obviously what is happening in the UK market. We're very strong in the retail setting. Obviously, while restaurants have closed down in the UK, people are purchasing through the supermarkets. We did very well in the supermarket chains. That's lifted our sales there. So we've seen very, very strong growth by a large margin compared to China in a market like the UK. We're seeing upticks in Canada as well and in the US. It's been swings and roundabouts. I guess the investigation has helped us out on that.

**Senator SHELDON:** As you mention, in the three other key markets you're actually growing and in the Chinese market you're declining. Is that it?

**Mr Clark:** Yes. Basically that is my last set of figures. As I said, we'll be releasing the next set of figures next week. It will be good to get those numbers. It will be interesting to see what has changed in the last quarter, obviously.

**Senator SHELDON:** Do you want to give us now a sneak preview of those figures?

**Mr Clark:** Next Wednesday they will be released. We will put them out then.

**Senator SHELDON:** I'm happy to push it, but I'm more than happy to wait until your timing. I want to go back to the point about diversification in other markets. The wine industry export profile has diversified, as you raised. Are there opportunities to reduce exposure to the Chinese market? I'm not going to say a doubling of efforts. What additional efforts are going on now in light of the volatility of the Chinese market?

**Mr Clark:** We've always worked on strength and diversification. That continues to be the case, obviously. We've been focused very heavily on driving the opportunity that sits in the US market. The US market is the No. 1 market in the world. It was a billion-dollar market for us 10 years ago. It is now around the \$430 million mark. That shows the size of the gap that we need to potentially reclaim. One person in Canada supplied references in the Canadian market. We're still in London driving the opportunities to sit in the UK, as I talked about before. We also went into Europe into the Nordic—places like Sweden and the Netherlands et cetera. So we're very focused on the strength of markets. For all the exporters I have talked to, that's front of mind for them as well. They want to have that diversification.

**Senator SHELDON:** Thank you. I have a couple of quick questions. When was the last time that Wine Australia was audited?

**Mr Clark:** We had an audit for the last financial year. It was in September. The financial statements and the audit reports were all presented to our board on 30 September. They were approved in final form at that meeting on 30 September.

**Senator SHELDON:** Can you provide the committee with the name of the company engaged to undertake this audit?

**Mr Clark:** As one of the statutory RDCs, we're under the purview of the Australian National Audit Office. They do subcontract the actual audit to Ernst and Young.

**Senator SHELDON:** Thank you. Just to clarify it in my mind, have you got Ernst and Young on behalf of the ANAO? Do you have an internal audit process that you engage, or is that one and the same?

**Mr Clark:** In the general audit, essentially the ANAO is the overarching auditor. But, for practical purposes, they subcontract and engage Ernst and Young to do the audit on their behalf. They have the personnel come in, do all the standard end of year process and obviously have a quick look at what happened et cetera. They provide their report up to the ANAO, which provides the clearance and reporting off the back of that.

**Dr M Allan:** We do internal audits as well. To answer the question, our audit and risk committees do a set of internal audits. It is not a statutory outcome but an ongoing improvement outcome.

**Senator SHELDON:** Thank you for that. That is what I was asking. Do you have somebody do the internal audit? Is there a firm you have particularly that does that?

**Mr Clark:** For the internal audit process, we are about to go to tender. They have the guidelines and the overarching strategy for that. I will be going to tender shortly and looking to have that done—

**Senator SHELDON:** I missed it. You cut out. What is the name of the company that does the internal audit?

**Mr Clark:** We haven't spoken to the company yet. We are about to go to the market with a tender, an RFT process, to identify who can drive that. So that will be happening in the next month or so.

**Senator SHELDON:** Thank you very much. I have no further questions.

**CHAIR:** Thank you very much, Senator Sheldon. There being no more questions, thank you very much for your presence today and your presentation. You go with the thanks of the committee. We will now look to see if Australian Wool Innovation representatives are available to come back to the Senate estimates. Have we been able to contact them?

**Mr Metcalfe:** We are trying to get hold of them, Chair.

**CHAIR:** We can't get hold of them. That concludes today's proceedings. The committee is due to recommence its examination of the budget estimates on Friday, 23 October. I thank Ministers Ruston and Duniam, officers of the Department of Agriculture, Water and the Environment, and all witnesses who have given evidence to the committee today. Thank you most sincerely to Hansard, Broadcasting and the secretariat. Goodnight.

**Committee adjourned at 17:55**