



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

Estimates

(Public)

TUESDAY, 26 OCTOBER 2021

CANBERRA

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RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Tuesday, 26 October 2021

Members in attendance: Senators Antic [by video link], Canavan, Ciccone, Davey, Faruqi [by video link], Green, Keneally, Lines, McCarthy [by video link], McDonald, McGrath, McMahan [by video link], Rennick, Rice, Sterle [by video link] and Whish-Wilson [by video link]

AGRICULTURE, WATER AND THE ENVIRONMENT PORTFOLIO

In Attendance

Senator Duniam, Assistant Minister for Forestry and Fisheries, Assistant Minister for Industry Development
[by video link]

Senator McKenzie, Minister for Emergency Management and National Recovery and Resilience, Minister for Regionalisation, Regional Communications and Regional Education

Department of Agriculture, Water and the Environment

Executive

Mr Andrew Metcalfe AO, Secretary

Dr Chris Locke, Deputy Secretary, Environment and Heritage Group

Mr James Tregurtha, Acting 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, Deputy Secretary, Agriculture Policy, Research, and Portfolio Strategy Group

Mr Andrew Tongue, Deputy Secretary, Biosecurity and Compliance Group

Agricultural Policy Division

Ms Joanna Stanion, First Assistant Secretary

AGVET Chemicals, Fisheries, Forestry and Engagement Division

Ms Emma Campbell, First Assistant Secretary

Australian Bureau of Agricultural Resource Economics and Sciences

Dr Jared Greenville, Acting Executive Director

Biosecurity Animal Division

Dr Robyn Martin, First Assistant Secretary

Dr Mark Schipp, Chief Veterinary Officer

Biodiversity Conservation Division

Ms Cassandra Kennedy, First Assistant Secretary

Mr Steve Costello, Assistant Secretary, Program Delivery Branch

Dr Fiona Fraser, Acting Threatened Species Commissioner

Biosecurity Operations Division

Mr Colin Hunter, First Assistant Secretary

Biosecurity Plant Division

Ms Monica Collins, Acting First Assistant Secretary

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

Dr David Dall, Assistant Secretary, Plant Sciences and Risk Assessment Branch

Biosecurity Strategy and Reform Office

Ms Peta Lane, First Assistant Secretary

Ms Josephine Laduzko, Assistant Secretary, Biosecurity Response and Reform Branch

Compliance and Enforcement Division

Mr Peter Timson, First Assistant Secretary

Corporate and Business Services Division

Mr Lionel Riley, First Assistant Secretary

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

Climate Adaptation and Resilience Division

Ms Maya Stuart-Fox, Acting First Assistant Secretary

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

Digital Trade Initiatives Division

Mr Nick Woodruff, Head of Digital Trade Strategy and Initiatives Division

Drought and Farm Resilience Division

Ms Kerren Crosthwaite, First Assistant Secretary

Environmental Biosecurity Office

Dr Robyn Cleland, Chief Environmental Biosecurity Officer

Environment Protection Division

Ms Kate Lynch, First Assistant Secretary

Mr Matthew Ryan, Assistant Secretary, Waste Policy and Planning Branch

Exports and Veterinary Services Division

Ms Nicola Hinder, First Assistant Secretary

Finance Division

Mr Paul Pak Poy, Acting Chief Finance Officer

Information Services Division

Mr Mark Sawade, Chief Information Officer

Legal Division

Ms Alice Linacre, Chief Counsel

People Division

Ms Jasna Blackwell, Acting Chief People Officer, People Division

Plant and Live Animal Exports Division

Ms Tina Hutchison, Acting First Assistant Secretary

Portfolio Strategy Division

Mr Nick Blong, First Assistant Secretary

Trade, Market Access and International Division

Mr Chris Tinning, First Assistant Secretary

Trade Reform Division

Mr Matthew Koval, First Assistant Secretary

Water Division

Ms Rachel Connell, First Assistant Secretary

Ms Kirsty Bunfield, Assistant Secretary, National Water Policy Branch

Dr Marcus Finn, Assistant Secretary, Healthy Rivers Branch

Portfolio Agencies**AgriFutures**

Ms Kay Hull, Chair [by video link]

Mr John Harvey, Managing Director [by video link]

Australian Pesticides and Veterinary Medicines Authority

Ms Lisa Croft, Chief Executive Officer [by video link]

Dr Sheila Logan, Acting Executive Director [by video link]

Mr Brendan Wright, Acting Chief Operating Officer [by video link]

Australian Wool Innovation

Mr Jock Laurie, Chairman [by audio link]

Mr John Roberts, Acting Chief Executive Officer [by audio link]

Mr Jim Story, Company Secretary [by video link]

Dairy Australia

Mr James Mann, Chair [by video link]

Dr David Nation, Managing Director

Mr Charles McElhone, General Manager, Trade and Strategy

Horticulture Innovation Australia

Ms Julie Bird, Chair

Mr Matt Brand, Chief Executive Officer

Mr Anthony Kachenko, General Manager, Stakeholder Experience

Grains Research and Development Corporation

Mr John Woods, Chair

Ms Cathie Warburton, Interim Managing Director

Inspector-General of Biosecurity

Mr Rob Delane, Inspector General of Biosecurity [by audio link]

Meat and Livestock Australia

Mr Jason Strong, Managing Director [by video link]

Mr Alan Beckett, Chair [by video link]

Mr Andrew Ferguson, Chief Operating Officer [by video link]

Ms Lucy Broad, General Manager, Communications [by video link]

Wine Australia

Dr Michele Allan, Chair [by video link]

Mr Steven Weinert, Acting Chief Executive Officer [by video link]

Committee met at 9:00

CHAIR (Senator McDonald): Good morning, everybody. 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 2021-22 and related documents for the Agriculture, Water and the Environment portfolio, excluding the environment. All questions on the environment will 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 related to matters for which senators have given notice. The proceedings today will begin with an examination of corporate matters within the Department of Agriculture, Water and the Environment.

The committee has fixed Friday 10 December 2021 as the date for the return of answers to questions taken on notice. Senators are encouraged to provide any written questions on notice to the committee secretariat by the close of business on Friday 12 November 2021.

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. 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.

The extract read as follows—

Public interest immunity claims

That the Senate—

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

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

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

(1) If:

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

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

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

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

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

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

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

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

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

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

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

Senators, departments and agencies have been provided with advice on the arrangements in place to ensure the budget estimates 2021-22 hearings are conducted in a safe environment. This guidance is also available from the secretariat. The committee appreciates the cooperation of all attendees in adhering to these arrangements.

Department of Agriculture, Water and the Environment

[09:04]

CHAIR: I now welcome Senator the Hon. Bridget McKenzie, Minister for Regionalisation, Regional Communications and Regional Education, and Minister for Regionalisation, Regional Communications and Regional Education; Mr Andrew Metcalfe AO, Secretary of the Department of Agriculture, Water and the Environment; and officers of the department. Minister McKenzie, do you or Mr Metcalfe wish to make an opening statement?

Senator McKenzie: I don't, Madam Chair, but I think the secretary does.

Mr Metcalfe: Thanks very much, Minister and Chair. Senators, thank you for the opportunity to make a short opening statement this morning. Firstly, I need to bring to your attention a typographical error in the annual report. The department has identified that on page 202 at table 61 we provided incorrect figures for our budgeted and actual average staffing levels for outcome 4 in 2021, which we will correct formally. The correct figures in 2021 should have read a budgeted ASL of 3,738 and an actual ASL of 3,599. I'm arranging to table, I think, the correct replacement page today for the committee's information. My apologies for that mistake.

Secondly, in keeping with COVID-safe protocols, I'd like to advise the committee that we can have only a small number of officers in this room at any one time. We have additional witnesses elsewhere and other witnesses ready to join us later in this session. Obviously, we'll indeed do our best to have the right people at the table to respond to questions from senators.

Chair and Senators, when we last met six months ago now, helping our agricultural sector to grow and prosper was identified as a core pursuit of my department. We are working side-by-side with each of our farming industries to achieve this despite the ever-changing pandemic and other challenges that they have faced. Australia's agricultural sector has shown remarkable resilience in recent times. Most regions have bounced back from years of drought and setbacks from the COVID-19 pandemic to allow the sector to have two consecutive years of record production. Last financial year, the agriculture sector reached an overall value of \$67.8 billion, a record at the time. This financial year, we expect it will be higher, setting a new record. For the first time, it will top \$70 billion, with ABARES forecasting the gross value of production to reach \$73 billion. Combined with our fisheries and forestry sectors, the overall value generated by our industries is forecast to reach \$78.4 billion. The year 2021-22 will see another near record winter crop. We are starting to see the dividends from herd and flock rebuilding following through to increased production. Australian exports are also taking advantage of strong international prices driven by lower global grain production, with exports expected to reach a record \$54.7 billion in 2021-22.

As a department, we're committed to embracing new ways of operating, as outlined in our recently released Future Department Blueprint. Transforming our approach to become future ready will enable us to support and protect our growing agricultural sector and the natural environment which underpins it. One such example is the delivery of the inaugural hybrid online and in-person Future Drought Fund Science to Practice Forum, held in late June. More than 850 people around Australia registered. Farmers reported that they were able to attend to matters on their properties while participating in the forum on their smart phones. The forum enabled researchers, farmers, community representatives, agribusiness owners and ag innovators across the country to connect and to learn from each other in a way they haven't been able to before.

Earlier this month, we saw the launch by the minister of the National Agricultural Innovation Policy Statement, which outlines four new priorities that target export, climate resilience, biosecurity and digital agriculture. Action under these priorities will assist in aligning efforts and target investment across the agricultural innovation system to achieve a more profitable, productive and sustainable agriculture industry. This is an area that the minister and indeed I are both quite passionate about.

Based on the success of the 2020 National Biosecurity Forum, held online due to COVID constraints, we're hosting this forum again, virtually, on 10 and 11 November. Through this online forum, we hope to connect to stakeholders right across the country to discuss challenges, opportunities and innovation in protecting Australia's biosecurity system. Over the last six months, we've continued to strengthen our biosecurity systems to enhance protections for our essential agriculture sector and our unique animals and plants.

We've grown our Indigenous ranger workforce to ensure that we have enough eyes and ears to respond to the growing biosecurity threats in the north. This investment also aligns with our commitment to reconciliation under our reconciliation action plan and recognises the important role of Indigenous Australians in the north, with our interests covering close to 80 per cent of Australia's northern landmass.

I continue to be extremely proud of my staff right across the country not only in juggling their own personal challenges through this time of COVID, such as living with lockdowns, but also in being open to different ways of working. We've achieved a great deal since we last met, too much to list here today. We also recognise that there is much to do. We have our eye focused on the massive delivery task ahead of us. We remain very focused on delivering strong outcomes for the future of our farmers, graziers, fishers, foresters and the communities that they support. Thank you.

CHAIR: Thank you very much, Mr Metcalfe. Yes, as we move out of this COVID time into a new period, I guess there's probably a whole new range of challenges being faced in your time right across Australia that probably haven't occurred to us. It will be good to hear more from the department today about exactly the changes they are seeing and as they ramp back up into engagement and so forth.

Mr Metcalfe: Yes, absolutely. Certainly, the transition out of lockdown is not at all straightforward. We have staff on the ground in export meat establishments, in biosecurity locations and approved premises and elsewhere. The particular rules and requirements that apply at any one time in any one jurisdiction have required great flexibility and great leadership from our team. We would be happy to brief you about that. Of course, as we start moving back towards international travel ramping up again, we will be back at airports and ports as well.

CHAIR: I will be interested to hear what Suki, Charlie and all the rest of your four-legged team have been doing during that time.

Mr Metcalfe: Absolutely.

CHAIR: Thank you. Senator Sterle, thank you for waiting. Are you ready to lead on questions?

Senator STERLE: Absolutely. Thank you. I can't see the full table. If any of my colleagues are there, please just jump in. Mr Metcalfe, how did you go with that letter that I wrote to you requesting certain information last week?

Mr Metcalfe: Thank you, Senator Sterle, and thank you for your letter. As we have in the past, I can direct you to a number of the issues which you've raised. I can respond to a number of the issues that you raised. We're very happy, of course, to respond to some of the detail as we work through the program elements today. Some of the information that you've requested is already publicly available. For example, the national plans around delivering Ag2030, fisheries, forestry industries and drought policy are all on the department's website. I can provide to you through the committee secretariat the particular addresses for those materials. The Agriculture Workers' Code you asked for is also published on our website. Detailed summaries of program funding are available in our portfolio budget statements, of course. I have the chief finance officer here with me if there are particular questions. All details of grants are available on GrantConnect. So we're very happy to respond to those issues as we come to those parts of the program today.

Senator STERLE: It took me four goes to get on this this morning, so forgive me for my cynicism towards websites. That is not a great start to the day. Mr Metcalfe, when is the next Agriculture Ministers' Forum meeting?

Mr Metcalfe: I think, from memory, it's next week. It's in early November—I can double-check. I think the people who have the precise answer are in the room next door. From memory, it's in early November. It will be a virtual meeting. It was originally due to take place in Western Australia, but unfortunately Western Australia won't let us come to Western Australia so we're doing it virtually on this occasion.

Senator STERLE: Yes. We're quite happy over here in WA. We spare a thought for you poor devils who have gone through lockdown; we've been lucky enough not to do have to do that. Mr Metcalfe, I'm sure that my colleague Senator McCarthy will have some questions on the Indigenous Rangers Programs. As you very well know, this committee are really good, strong supporters. We're sorry that we couldn't partake on that trip to meet them up at the Top End. Hopefully, next year, when the COVID restrictions will be down, we will be able to continue. I know that I'm very keen to get out there, because the work is in the Kimberly. Chair, that's me for corporate matters, unless my colleagues have anything else to raise.

CHAIR: Thank you, Senator Sterle.

Senator McCARTHY: Good morning, Chair. I'm here—just getting myself sorted. Give me five minutes and come back to me.

CHAIR: No worries.

Mr Metcalfe: If Senator McCarthy had any particular questions in broad areas, that will allow us to have the right people in the room when she comes back later. It may well be about biosecurity matters. I know that there are other issues she raised last time. Anything that can assist us would speed up the work of the committee.

CHAIR: Yes, sure. Senator McCarthy, could you give the department a heads-up on topic areas so that they can bring the correct people into the room?

Senator McCARTHY: Absolutely. You are right. Biosecurity is certainly one area that I would like to go through later today. That's the main one that I think I want to get to in terms of the Northern Territory.

CHAIR: Thank you. We'll return to you shortly.

Mr Metcalfe: Sorry to interrupt again. If Senator Sterle is still on the line, I can advise him that the next agricultural ministers meeting, certainly in my diary, is on Monday, 1 November. I will let you know if that is not right but, certainly, that's what is in my diary at the moment.

Senator STERLE: Thank you, Mr Metcalfe.

Senator CICCONE: I'm just waiting to be interrupted.

CHAIR: I know. Me too.

Mr Metcalfe: My apologies.

Senator CICCONE: No. You don't have to apologise, Secretary; I seek some guidance. Thanks for the blue document you shared around. I want to raise some questions about the ag visa. Where is that better suited?

Mr Metcalfe: If we're in general questions, we can probably do that now. Again, the staff who can talk about the ag visa are next door, so they can be here in 30 seconds if you want.

Senator CICCONE: Is there an outcome?

Mr Metcalfe: It's broadly in outcome 3. That's how I would describe it.

Senator CICCONE: We can wait until then, if that works with you?

Mr Metcalfe: Yes.

Senator CICCONE: Alright.

Mr Metcalfe: Agricultural workforce issues are 3.10. You will see it towards the bottom of that first page.

Senator CICCONE: Alright. We can do it in outcome 3, then.

Mr Metcalfe: If we're in outcome 3, those staff are close by.

CHAIR: We're not at outcome 3 yet. We're in corporate matters. Senator Ciccone, do you have anything in corporate matters that you would like to cover?

Senator CICCONE: Not really, no, Chair.

CHAIR: Terrific. We don't want to rush Senator McCarthy. Let me ask you to elaborate on what has been happening with your four-legged biosecurity animals. Is that in corporate matters? Can we talk about that?

Mr Metcalfe: We can deal with it now or we can deal with it under biosecurity. Certainly, the role that our biosecurity detector dogs play is absolutely critical. Of course, as you know, they are located not only at airports but at mail centres and have proved invaluable. We've noticed, of course, increasing levels of imports through the mail and parcel chain. There has been a very well-documented increase in activity, possibly because of COVID or other sort of global trends; consumers are bringing a great deal in from overseas through that channel.

Unfortunately, we have been finding products that cause biosecurity concern. We do that through both our animal detectors and the increasing use of X-ray technology. I'm really proud of the work that our teams have been able to do. It is quite innovative work around trialling 3D X-ray technology that allows us to not just detect the shape of an item but to detect basically what it's made from as well and whether it's organic. You know that African swine fever is a particular area of focus for us. The combination of our dog teams and our X-ray protocols are ensuring that we are detecting large amounts, unfortunately, of pork products and other products that people are bringing in—I suspect innocently much of the time but ignorantly. Of course, it would be devastating if that particular disease got into Australia. My colleagues from biosecurity will be here later this afternoon under outcome 4 and would be more than happy to talk in more detail about that.

CHAIR: That will be terrific. It's probably the No. 1 issue for all of us on this committee—understanding the strength of our biosecurity regime and new innovations in technology to allow us to pick up more quickly new diseases. I know that Charlie McKillop on the *ABC Country Hour* has been talking recently about the mango shoot looper. We do have a terrific ability to come up with great names for these terrible invasive species!

Mr Metcalfe: The world is full of things that we don't want to come into our country. Not only will they impact on our plant and animal industries; many of them can impact on the quality of human life. Of course, one of the major areas of funding over recent years is efforts in South-East Queensland to deal with the red imported fire ant, which is a terrible pest. It effectively swarms and attacks and impacts on both human amenity and other animals. It has been an absolute battle to try to keep it contained into that area, effectively within the Brisbane Valley. The Queensland government and all the governments contribute to that effort.

We've also seen how biosecurity is a partnership among the Commonwealth, the states and territories and industries, both importers and agricultural industries, and the community. I think we reported either at the last hearing or the hearing before about the excellent work of some people who detected unusual beetles coming out of packaging and reported them to the biosecurity hotline. Of course, it turned out to be khapra beetle, which is one of the world's great plant pests. It impacts on stored grains and whatever. It would not only have a huge impact on our grain stores but also our ability to export if it became established in Australia.

We've seen that pest come into Australia in pathways that we had never seen before. Again, it's probably because of the changes to global shipping patterns and the use of containers. Rather than arriving in grain or other products, we've seen khapra beetle arriving effectively in the floors of containers, crawling out after being

dormant in packaged goods such as refrigerators or, indeed, baby highchairs and then exiting that at some other point. It has been a huge effort for both ourselves and state governments to deal with a number of detections of khapra beetle. As I have said, my colleagues from biosecurity will be here later and can talk in more detail about all of those issues. That includes Senator McCarthy's questions about the particular focus we have in Northern Australia through our Indigenous ranger groups and the northern Australian quarantine strategy, which is more important today than it ever has been in the past.

CHAIR: Terrific. Senator Canavan has some corporate matters. I think we might be able to excuse the corporate matters team and then move fully into biosecurity and those other issues.

Senator CANAVAN: Well, I'm not sure if they're for corporate, but it's always best to come early in the day so I don't miss out. I've got some questions on the *Awassi Express* investigation and evidence in regard to conduct by Animals Australia. Are those people here?

Mr Metcalfe: That takes us into the live exports part of the department.

Senator CANAVAN: What time should I come back? At 12.15 pm?

Mr Metcalfe: That's outcome 4, which is expected to be later this afternoon. I can certainly make sure that we've got people ready to talk about that.

Senator CANAVAN: Great. That would be fantastic. Thank you, Secretary. Thanks, Chair. I will be back.

CHAIR: Great. Good to have that flagged. Thanks, Senator Canavan. I believe that that now finishes the corporate matters part of the schedule. To those department officials who have come in, thank you for all the preparation you've done for us. We'll look forward to seeing you at the next estimates. If we could move to—

Mr Metcalfe: Outcome 3.

CHAIR: outcome 3—thank you very much, Secretary—that would be terrific. Senator McCarthy, would you like to kick off? Senator Sterle?

Senator STERLE: Did I say that I hate this technology? I really want to be in the room. Sorry if Senator McCarthy wants to kick off in here. Don't worry; I'm coming back. I'm happy for Senator McCarthy to do biosecurity. I have some questions in this area, too, Chair.

CHAIR: Alright. Terrific. Thanks, Senator Sterle.

Senator McCARTHY: Chair, I have the biosecurity questions, which I notice are outcome 4. You are in outcome 3. Can we go to biosecurity now?

CHAIR: Let's go to Senator Sterle, then. We'll see if we can get through ag policy, ag vet chemicals, climate adaptation and resilience division, drought and bushfire response division, trade, market access and international division, portfolio strategy and division, ABARES and water non-MDB. They are the bits that we are doing in this section now.

Senator STERLE: Thank you, Chair. My questions are for the minister. Good morning, Minister.

Senator McKenzie: Good morning, Senator.

Senator STERLE: What is the Morrison and Joyce government's position on net zero by 2050?

Senator McKenzie: We're backing a net zero by 2050 plan that protects regional communities and secures opportunities in the regions.

Senator STERLE: Can you tell us more about the plan, Minister, while we have this opportunity to speak with you?

Senator McKenzie: I think that is currently a matter for the Prime Minister and the Deputy Prime Minister. I'm sure they'll be saying more about the plan today; that is my understanding.

Senator STERLE: Can you let us know, Minister, whether the Morrison and Joyce government committed to net zero by 2050?

Senator McKenzie: We are absolutely working towards getting to net zero emissions by 2030. That is what the Prime Minister—

Mr Metcalfe: By 2050.

Senator McKenzie: By 2050, sorry, yes. We're not doing it by 2030. No way, never. What a faux pas! That's the plan and the goal that the Prime Minister will be taking to Glasgow.

Senator STERLE: Thank you, Minister. I have to say you have been a vocal opponent to net zero by 2050.

Senator McKenzie: Senator, can I correct you on that?

Senator STERLE: You can, of course.

Senator McKenzie: I have always accepted the science of climate change, but I have never signed a black cheque. In my time in this parliament, we've seen various climate policies that would decimate rural and regional Australia, our industries and our jobs. I haven't been prepared to sign up to those plans. But to somehow make out that I'm not supportive of the government's position or that I somehow don't accept the science of climate change actually misrepresents my entire time in this place. I have been very consistent.

Senator STERLE: Thank you. Are you now personally committed to net zero by 2050?

Senator McKenzie: I am absolutely committed to making sure that we tread very lightly on this earth. Please remember that rural and regional Australians—you would know this too—were conservationists long before the environment was weaponised for ideology. We live out there in the environment. We earn our living on it. We raise our kids on it. So we're very careful with it. The National Party has made its decision around net zero by 2050. The Morrison and Joyce government has a plan to get there, and I fully support it.

Senator STERLE: I understand that, Minister. Are you personally fully committed to net zero by 2050?

Senator McKenzie: Yes. I take the pledge.

Senator STERLE: Thank you. It makes it a lot easier.

Senator McKenzie: Well, Sterlo, will you join me? Anything else? What is your plan?

Senator STERLE: I'm not telling you. That is my secret. You'll find out. The same as you won't tell me yours. You tell me yours and I'll tell you mine. How is that?

Senator McKenzie: I'll leave it to the Prime Minister to outline our plan.

Senator STERLE: Minister, Mr Joyce has referred to the Nationals' position as being committed to a process towards net zero. Does that mean the Morrison and Joyce government is committed to net zero by 2050 or just the process?

Senator McKenzie: This is what happens when the Labor Party selectively quotes from interviews. I think in the same interview Mr Joyce also said he was 100 per cent committed. So I do think we need to be very clear with the Australian people. The National Party's involvement in this process within the coalition has meant that rural and regional Australians will be protected and that they will secure opportunities from a plan towards net zero by 2050. That's a good thing. We won't be taxing our economy. We won't be shutting down the mining industry. We won't be making farmers pay the price, as happened out of Kyoto. So this is a positive move, where the benefits of decarbonisation will be realised in the regions. I think it's a positive move forward, and Barnaby agrees.

Senator STERLE: Minister, this is where the confusion lies. You can't blame us for that. We don't know what the plan is. I saw all the ministers interviewed. It was just committing to a process. Without the back-up and the meat around the bone, you can understand why we have these questions.

Senator McKenzie: I'm pretty sure by lunchtime that those questions will be answered.

Senator STERLE: Thank you. Minister, did you support the National Party room and the cabinet adopting the support for net zero by 2050?

Senator McKenzie: As you know, I don't talk about what happens in our party room. I don't talk about what happens in cabinet. I'm very publicly to you today saying what I think and what I see as the government's position, as our party room's position, as my position. But I'm not going to conversations in the National Party party room, the joint party room and the cabinet meeting et cetera. It is actually not appropriate for MPs and senators to be talking outside the room because it leads to an erosion of trust within the room.

Senator STERLE: Minister, forgive me, you have colleagues even in the room with you now who don't mind talking about what goes on in the party room. So I will ask you this, then.

Senator McKenzie: It's disappointing, Senator, that people don't respect the sanctity and the primacy of the party room, be it my party room, the Labor Party room, caucus or, indeed, the Liberal Party room.

Senator STERLE: I absolutely agree with you on that one, Minister. We can both tick off on that one. We're on a joint ticket.

Senator McKenzie: We are. It's no secret I've been pushing for the best deal possible for the regions. The Prime Minister made it very clear he was heading to Glasgow. I think that's what the National Party has been able to achieve.

Senator STERLE: Minister, can you confirm that it wasn't true that the National Party room was split on the vote 12 for and nine against?

Senator McKenzie: Senator Sterle, once again, I'm not going to confirm or deny what goes on in our party room. I absolutely believe we are the most democratic party in this place. That is because we can trust and respect each other within our room. It was a very respectful process despite the difference of views within the room itself. I'm not going to denigrate the room by talking about what happened inside it. That would be a betrayal of National Party traditional culture and my fellow MPs and senators who have been sent here to stand up for the regions.

Senator STERLE: Minister, there's no truth to the rumour going around that you and the leader were in the minority vote?

Senator McKenzie: Senator Sterle, I have been very public with my views on climate change over a number of years. I've also been very public with my views on making sure rural and regional Australia doesn't pay the price for any government—yours or mine—from climate policy. So there is no secret on where I stand on the substantive issue.

Senator STERLE: Minister, is the leadership tenable within your party room?

Senator McKenzie: Sorry?

CHAIR: We couldn't hear what you said.

Senator McKenzie: I've got two National Party senators here.

Senator DAVEY: I raise a point of order. I actually heard it. I don't know what National Party leadership has to do with the budgetary process or the departmental operations or anything to do with the estimates process. While I am very grateful that Senator Sterle is interested in our party and its machinations, I don't think that the questions are appropriate for this forum.

Senator STERLE: Thank you so much, Senator Davey. Once again, I'll ask: is the leadership tenable, Minister?

CHAIR: That is the end of the questions, Senator Sterle. Do you have anything to ask on something else? I think I've given you a fair bit of latitude on a broad-ranging discussion. That is not a question that is relevant to Senate estimates and the department of agriculture and the very important work that they have to do. I would hate to think for a second that my takeaway was that you didn't think that the work of the agricultural department was not important. I know that that is not the case. Would you like to turn back to that, please, Senator Sterle?

Senator STERLE: I'd like to still ask questions. We still need to know. We hope that you do get there, Chair. I think it is more than fair for the committee to ask what is going on and it's more than fair for any senator to come in and ask any question they wish to in the process. We're talking about net zero. Clearly, there's some sort of secret deal. We know that the Nats have secret deals. It's only fair for us to ask what that costs because no-one wants to tell us. So I'm going to continue on this line. If the minister doesn't want to answer, I'll go to my next question. I appreciate that.

Senator McKenzie: Senator Sterle, I have been incredibly helpful throughout your inquiries thus far.

Senator STERLE: You have. Minister, you have. Senator Davey is coming to your assistance. You don't need it. Minister, can you confirm that a secret deal went to cabinet yesterday? You're not going to tell me what the secret deal is. Did a secret deal go?

CHAIR: Senator Sterle, I take it that you don't have any questions on outcome 3, agricultural policy division and ag vet chemicals?

Senator McKenzie: I might very quickly deal with Senator Sterle's question again. Your colleague Senator Watt tried this one on for a few hours yesterday. It's cabinet. I'm not going to talk about what is on the agenda. I'm not going to talk about the contents of that discussion. If the Labor Party ever gets back into government, you may actually recall what cabinet processes are like. It is actually a highly confidential process so that respectful and serious and robust conversations can be always had in the room. I'm not going to undermine that. As a member of a party of government, not like the Greens but the Labor Party, you know the rules around cabinet solidarity and cabinet sanctity. I ask you to respect the fact that at this point in time I am a cabinet minister and I will be upholding those conventions.

Senator STERLE: Thank you, Minister. I didn't ask what the content was. I just asked whether the deal went to cabinet yesterday.

Senator McKenzie: You asked me for the cabinet agenda. That is what you were looking for there, Senator.

Senator STERLE: No, I didn't. Let's move on. You're not going to answer that. Was the department consulted on this submission?

Mr Metcalfe: No.

Senator STERLE: Thank you. Was the minister for agriculture consulted on this submission?

Senator McKenzie: Senator Sterle, is that to me or Mr Metcalfe?

Senator STERLE: It's to you.

Senator McKenzie: On a cabinet submission?

Senator STERLE: On the deal that went to cabinet, yes.

Senator McKenzie: I'm really happy to run through the publicly available process that the National Party ran, which was very transparent and very inclusive. Obviously, we met as a party room. It's public knowledge that we were briefed by the minister responsible, Minister Taylor. Coming out of that meeting, as the Deputy Prime Minister made clear recently in a media interview, the view of the room was no to what we were presented with. We took our time robustly, carefully and in a considered way assessing what we were presented with against what we felt would protect and secure the regions. We then went through a process between the Deputy Prime Minister and the Prime Minister to secure a positive outcome for the regions for our nation. I think it was a very respectful process, particularly given the difference of views in our room. Everybody in the National Party party room—senators and MPs—was able to feed into that process.

Senator STERLE: Thanks, Minister. As I have asked you, was the minister for agriculture consulted on that?

Senator McKenzie: Well, I've just answered your question, Senator. I'm not going to the details of the National Party party room discussions or my leadership conferences with the deputy leader and the leader. I am also not going to the cabinet consultation. I've given you everything I can.

Senator STERLE: I don't want to take too much time. Minister, I want to ask. I don't want to know what is in the submission. You're not going to tell us.

CHAIR: No. We've covered this.

Senator STERLE: You've made that very clear. You can't just push it aside. All I asked was a simple question. Was the minister for agriculture consulted? Is the minister for agriculture the deputy leader?

Senator McKenzie: Yes.

Senator STERLE: Sorry, Minister. I thought you were the deputy leader.

Senator McKenzie: No. That was a while ago. I'm the Senate leader now.

Senator STERLE: Did the department provide input?

CHAIR: No. The department has already answered that question.

Senator STERLE: My question is still to you, Minister, and to Mr Metcalfe, of course. Has the department provided any advice to the minister on the deal reached between the Liberals and the Nationals for support of net zero by 2050?

Mr Metcalfe: No.

Senator STERLE: Thank you, Mr Metcalfe. Has the department undertaken any work around any modelling that determines the cost of including or excluding agriculture from net zero emissions?

Mr Metcalfe: Senator, the department has done nothing specifically on that matter in the last few weeks. However, ABARES, of course, have undertaken work in relation to the overall impact of climate change to the agriculture sector and, in fact, published a report about that some months ago.

Senator STERLE: So nothing in the last couple weeks?

Mr Metcalfe: No.

Senator STERLE: Were you not asked, Mr Metcalfe?

Mr Metcalfe: We were not asked, and we did not provide anything.

Senator STERLE: Thank you. Can the department confirm if you have undertaken any work around any modelling that determines the cost of including or excluding agriculture from climate change solutions?

Mr Metcalfe: Not recently, Senator. I would have to check our records as to whether that sort of work has been done over past years. As I've said, ABARES has undertaken work in relation to this issue more generally. That's obviously available to the government if it wishes.

Senator STERLE: We can follow up with ABARES anyway. The National Farmers' Federation supports a net zero emissions target by 2050. That's correct, isn't it, Minister?

Senator McKenzie: Yes. As you know, the beef industry is hoping to be net zero by 2030. But you've got MLA later on today.

Senator STERLE: Yes. The NFF's policy states:

The continued success of the Australian agriculture sector will depend on our ability to build on this foundation and continue to innovate and adapt to best manage future climatic risks and to reduce the emissions intensity of our production systems.

Minister, you would agree with the NFF?

CHAIR: Just before you answer, Minister, I advise that we've got media in the room. This is a reminder not to film things on people's desks. If any department official doesn't want to be filmed, please move yourself out of shot.

Senator McKenzie: We're going to the NFF's view. I'm in constant contact with President Fiona Simson. Obviously, the NFF, and particularly AgForce, the Queensland division of the NFF, have been very vocal about the impact of the Kyoto agreement and the subsequent behaviour by the Queensland state government around land clearing and native vegetation law, which has actually seen agriculture do much of the heavy lifting to meet those targets. So they've been very clear that farmers are at the forefront of tackling climate change. They are also doing things on farm to increase production and lower emissions to sequester carbon. I have just been advised—thank you, Secretary—that in the recently released national agricultural innovation policy statement the second priority is for us to be a champion of climate resilience and to increase the productivity, profitability and sustainability of the agriculture sector. So whether it's the NFF, my own VFF, Senator McDonald's AgForce or Senator Davey's New South Wales Farmers Association, I think the National Party works very closely with the farmer representation bodies to make sure that the policies of this government are sustainable and growing into the future. Despite not adopting the Labor Party's carbon tax back in the day, we've seen emissions lower in this country by 20 per cent and we've seen agriculture exports go through the roof.

Senator STERLE: So let's go back to my original question, Minister, when I read part of the NFF statement.

Senator McKenzie: This is their statement of 11 October?

Senator STERLE: I can't tell you what that statement is. We've had the NFF on a couple of inquiries. We've heard from the NFF a number of times, where they've clearly said that their goal by 2050 is net zero. I read that part of the policy. My original question was: do you agree?

Senator McKenzie: Senator Sterle, I don't know how many times I can reiterate the statements of the Deputy Prime Minister, the Prime Minister, the deputy leader, the Senate leader or the government that we have agreed to go to Glasgow with a goal of net zero by 2050. I have also outlined my own personal views. I don't know how much more helpful I can be. I am very clear on the NFF's view. That is why we have worked very hard in this process to make sure that there are safeguards for the agriculture sector in any plans that this government develops. We want to make sure that we protect the regions and secure future opportunities for the regions. That's been our two principles that have guided our party through this whole process.

Senator STERLE: I will come back to my original question: do you agree with the NFF's statement? You?

Senator McKenzie: Senator Sterle, I have said this.

Senator STERLE: Can't you just say yes?

Senator McKenzie: Yes.

Senator STERLE: Why do you waste—

Senator McKenzie: No. Because we have literally spent 20 minutes where I have outlined my views on the substantive issue with the policy that the government has announced. I don't think I could have been clearer. I am looking at the committee. They are nodding furiously.

Senator STERLE: Well, it's fantastic that the committee is doing it. Of course they would be nodding furiously. They are on the right-hand side of your view. I agree they would be nodding. If they weren't, they would be getting a good stern lecture after, wouldn't they? So the NFF policy states:

A transition to a low emissions economy will require transformation across a number of sectors, especially energy and transport. It is critical that the suite of Government policies that seek to address the challenge of climate change are fully examined, to ensure that the policy levers of Government work cohesively to achieve our national objectives, while minimising the risk of unintended or perverse outcomes.

Minister, why have you been more focused on standing in the way of climate change than ensuring the policy levers of government work cohesively in tackling climate change?

Senator McKenzie: Senator Sterle, we have been through this before. I have been very clear with you. I have always accepted the science of climate change in the decade I have been in this place. My position has been consistent and clear. What I will not accept, as a senator that has been sent from the regions to Canberra, is any plan to deal with the problem that actually sees rural and regional Australians paying the ultimate price. Under your party's former policies, that's exactly what would have happened, which is why we didn't support it. As we've lowered emissions by 20 per cent, we've also seen growth in mining and agriculture, which is great for the regions. So our job as the National Party is to protect regional and rural communities and to make sure we secure a prosperous and sustainable future. That's what we've done as part of a very respectful process within government. You can try to spin this any other way. I can't be more honest and open with you about my personal views and the views of the party and, indeed, the government.

Senator STERLE: Thank you, Minister. Has the National Farmers' Federation communicated its position to you personally?

Senator McKenzie: I've already said to you I'm in very regular contact with not just the NFF but its constituent bodies.

Senator STERLE: You did say that. Did they communicate their position to you?

Senator McKenzie: Yes. I've just answered that.

Senator STERLE: Minister, with the greatest respect, you do stretch out the questions and go around. A 'yes' or a 'no' is very easy in my world. Thank you. What about the department, Mr Metcalfe? Has the NFF expressed their view to you?

Mr Metcalfe: In relation to climate policies generally, Senator? Is that the question?

Senator STERLE: To their stated climate policy?

Mr Metcalfe: We meet regularly with the NFF and attend their forums. There are a range of topics usually discussed. Certainly adaptation to climate is one of those topics. I don't recall that they've in the last couple of weeks raised the specific issues, particularly in areas that you've mentioned, that go beyond the agriculture portfolio more generally into energy or transport. But we're obviously familiar with their position. We read what they say. That is simply part of our job.

Senator STERLE: That's in the last—

Senator McKenzie: What is your plan for the regions? What is Albo's plan for agriculture?

Senator STERLE: I told you, Minister. Show me yours and I'll show you mine. It's very easy.

Senator McKenzie: I'll ask you this same question a little later today and I bet you won't be able to show me, Sterlo.

CHAIR: It will be a good discussion, because Senator Sterle and I share an interest in the trucking and transport industry. Given how critical that is to agriculture, I'm sure that Senator Sterle will be having strong input into his party's position on net zero and how it affects that industry and agriculture. Thank goodness he is there to be a voice of reason in that room.

Senator STERLE: Thank you, Chair. Mr Metcalfe, you said not in the last couple of weeks that the NFF have communicated their position to the department. What about prior to that?

Mr Metcalfe: Well, as I've said, Senator, we talk very regularly to the NFF, both myself and the whole range of my different officers. I will need to check as to whether they specifically let us know about their current position. As I've said, we talk to them about many things. The ability of the agriculture sector to adapt to a warming, drier climate is certainly one of those issues that we discuss. But I'll check and take on notice whether any of my officers have heard quite specifically over the last couple of weeks about this range of issues. However, as I also said, we are obviously aware of the views of the major industry associations and representative groups relevant to our portfolio. Even if the NFF haven't specifically drawn them to our attention, because of the media focus on this issue, we, of course, are aware of what their position is.

Senator STERLE: That's fine. Minister, has the NFF encouraged you or the government to adopt net zero by 2050?

Senator McKenzie: I think they've been really clear that they want to see sustainable, profitable regions just as much as we do. They've been clear that, in supporting a net zero by 2050 position, they didn't want us signing a blank cheque either, Senator Sterle. They had a raft of protection measures and safeguard policy responses that they wanted to see as part of the plan. It's an iterative discussion, as these things always are.

Senator STERLE: Minister, I understand. It can be a simple 'yes' or a simple 'no'. All I'm asking is whether they have encouraged you—

Senator McKenzie: If this were a simple thing, Australian governments would have solved it a long time ago. This hasn't been simple because the impacts in the past, particularly under your party's propositions, would have decimated rural and regional Australians. That is why they choose not to vote for the Labor and Greens solutions to global warming. We've put forward a proposition that is much more in line with our values, which is around technologies, not taxes. The National Party, working with the Liberal Party, has secured significant protections and safeguards for rural and regional communities and industries not just to the next election, Senator Sterle, but for the next three decades. I look forward to seeing the Labor Party's response, because what you've put forward in this regard for the last decade has been, quite frankly, embarrassing and why rural and regional Australians continue to reject your electoral proposition on this issue.

Senator STERLE: Thank you very much for the lecture. The beauty of this is that I have been around too long and I am not going to bite. I will come back to my question, which is simple. It was very simple. I ask whether the NFF has encouraged your government to adapt the net zero position. There's nothing hard about that. It's either 'yes' or 'no', Minister. I'm happy for another lecture, because it just keeps chewing up time. We'll have a spillover day. It doesn't worry me. I've got all the time in the world, and I'm in the beautiful state of Western Australia.

CHAIR: I think the minister has answered that. Senator Sterle, I do have other senators waiting for the call. Do you have any other immediate questions? Otherwise, if I could share the call, that would be terrific.

Senator STERLE: I'm more than happy to share the call. I have many more questions. I will be at your hands, Chair. As I've said very clearly—please don't shut me off on this one—it was a very simple question, Minister, and you have not answered it. Try a 'yes' or a 'no' or a 'maybe' or 'don't know'. You don't need to go off and give me lectures about the past and present.

Senator McKenzie: Well, it's relevant to the discussion. You get to ask the questions, no doubt. I get to answer them.

Senator STERLE: I wish you would. Please answer it—yes, no, maybe.

Senator McKenzie: You don't have to like the answer. You seriously don't have to like the answer. It's great to have Madam Deputy President in the room. You don't have to like my answer, but that is the answer I have given. The NFF has made clear their position. We are very aware of it. We all want a sustainable and profitable agriculture industry going forward. Our government is heading off to Glasgow with a net zero by 2050 position that protects the regions. I have nothing more to add, Senator Sterle.

Senator STERLE: After all that, they have.

CHAIR: Thank you, Senator Sterle.

Senator STERLE: Over to you.

CHAIR: I will go to Senator Rice.

Senator RICE: I have a range of questions about forests and forestry.

CHAIR: Senator Rice, Senator Duniam will be here.

Senator RICE: In 10 minutes.

CHAIR: Would you mind if I go to Senator Whish-Wilson and come back to you?

Senator RICE: No.

CHAIR: Thank you.

Senator WHISH-WILSON: I just came in before Senator Duniam appeared. I will be quick, Senator Rice. I have a couple of questions for ABARES. Can you tell us a bit more about the report released on 29 July, where you say that the changing climate is costing every farm, on average, \$30,000 a year? Can you give us a bit more detail on the reaction that you have had to that report?

Dr Greenville: Certainly. That report we released in July this year looked at the impact that the last 20 years of seasonal conditions has had on farms. What we do in that report is use our extensive farm survey data to build what we've called a microsimulation model termed farmpredict. That model really takes the farms of today and says, 'Okay, if we had a climate that existed in the past, from 1950 through to 2000, what kind of outcomes would we see in production given the prices we've observed in recent times?' What it has shown is that farms operating in the climate of the past would be earning around \$29,000 more in profits. The other aspect of that is that we can start to untangle what has really been happening. We know when we observe survey data and other information—

and, as Mr Metcalfe said this morning, the Australian agriculture sector is still doing pretty well—that it's growing. It's taking advantage of new markets and the like. We can start to unpack what is the real productivity performance. What we've seen is that, despite these challenges of a pretty rough 20 years, the sector has had very strong productivity growth over that period. So it is adapting to these changes in conditions. That's maintained farm profitability over that period.

Senator WHISH-WILSON: Thank you. You mentioned that in your report as an offsetting factor, but it particularly applied to larger scale, broadacre farms. You mentioned you had concerns about smaller farming operations. Have you been able to get down into any detail, for example, on a state by state level in terms of impacts? Obviously, Tasmania, my state, has predominantly smaller farms.

Dr Greenville: In the report we have, I guess, the map of where you can see the range of different impacts on profitability across the country. That gives us a bit of a feel. We haven't detailed the reports at a state level. We do know that it is really dependent on the type of operation. We see that cropping farms have been most affected, with fewer impacts so far on livestock enterprises. When we look forward, we see that the adaptation pressure in different areas does vary. In particular, we see that some of the adaptation pressure, particularly in the northern beef regions, is going to be more significant because of the expected impact of heat and heat stress.

Senator WHISH-WILSON: Thank you. What kind of feedback to the report have you had from key agricultural enterprises, organisations or other stakeholders?

Dr Greenville: We've had some pretty good engagement following the report just from various actors in the sector. I think there is knowledge that the adaptation pressure is mounting on the sector. But we've seen that the sector has been able to perform in the past. There are various industry groups that are also starting to look at how to tailor some of the adaptation work they are going to do. We've engaged with our department and the areas in our department that are responsible for adaptation. We're trying to use these, I guess, insights to at least give us a bit of a forward warning of where some of the pressures are going to be most acute.

Senator WHISH-WILSON: Thank you. That was going to be my next question. Were you planning to do more work as a spin-off from this on, for example, crop selection with water use? Hemp comes to mind, for example, as a potential future crop. Was it also your intention to get farmers more interested in soil carbon initiatives on the back of this?

Dr Greenville: Some of the work we can do around this really is limited by the data that we have on existing farms. Introducing aspects such as new crops and the potential of them is quite difficult with the model that we have because it relies on that long history of what farmers have done and what they've planted and how they've responded when rainfall and temperature have changed. So we're not going to look at, I guess, the addition of new activities, although we do note that in other types of work you could look at how things like stewardship payments and biodiversity payments could help supplement farm incomes. There are other extensions to the model that we are looking at really related to expanded coverage. At the moment, it focuses on broadacre agriculture.

Senator WHISH-WILSON: Thank you. You talk about future projections as well. Are you able in your model to, for example, simulate the cost to farmers of different scenarios of degrees warming over the century or to 2050? Could you tell us what the cost would be under a three to four-degree warming trajectory?

Dr Greenville: We can say what the adaptation pressure is. The issue with the model is that it holds the farm of today constant. We know from past history that Australian farms aren't going to be the same in 2050 as they are today. They are going to adopt new technologies and become more productive and learn new ways, and the size and distributions will change. Markets will change as well. So it gives us the very basic kind of counterfactual and says where the pressure is going to come. But we can't really say what the cost of different kinds of warming scenarios or different kinds of climate outcomes is. That assumes that, I guess, the farms would be naive to those changes and just carry on doing what they are doing today, which we know is not right. That would give you a very unbalanced picture of the future.

Mr Metcalfe: I will add to that response. The minister mentioned just before the national agricultural innovation policy statement and how the second priority is about our innovation system championing climate resilience to increase productivity, profitability and sustainability. That's intended to be a strong signal right through the sector to the research and development corporations, to the work we're doing with CSIRO and to the work that we do with state and territory governments, universities and the industry about this need for continuing adaptation, new farming methods, new cropping methods, new plants and new animal production. Indeed, we've seen this adaptation occurring over time. Emissions from cropping and grazing have fallen 71 per cent over the

last three decades. That is because farmers are adaptable and they are innovating. We are looking through these measures, through the Future Drought Fund—

Senator WHISH-WILSON: Was that net emissions or gross emissions?

Mr Metcalfe: I'm simply quoting from the document, Senator.

Senator WHISH-WILSON: I suspect that's net emissions. Could you clarify that?

Mr Metcalfe: I'll take that on notice. I am emphasising the point from Dr Greenville that we understand that this is an area of priority and we're directing the system to focus on this because we actually want to support agriculture not to shrink. We want it to grow.

Senator WHISH-WILSON: Of course.

Mr Metcalfe: We actually want to increase our exports and increase our production.

Senator WHISH-WILSON: On that point: I know there are crossovers here with the environment department. Certainly the Greens and the Labor government brought in a carbon farming initiative nearly a decade ago. Could I get some feedback on how things are going through the ERF? How many farmers are signing up to soil carbon initiatives, which we know is an important part of the adaptation process?

Mr Metcalfe: I don't have the right people with me at the moment. We can check whether they are here. We'll come back to you on that during the course of the morning, if that's okay.

Senator WHISH-WILSON: Yes. If you could. I do have a number of questions on how that is proceeding and what the barriers are.

Mr Metcalfe: Okay.

Senator WHISH-WILSON: I will ask very briefly for some guidance. I know that AgriFutures has specifically looked at research for individual industries such as the hemp industry, which is a fledgling industry. Can I ask questions you guys about that?

Mr Metcalfe: Well, you can. AgriFutures is actually due to appear before the committee this evening.

Senator WHISH-WILSON: That's true.

Mr Metcalfe: I'm sure that Mr Harvey would be happy to answer questions on that when they appear.

Senator WHISH-WILSON: Lastly, I seek guidance. I don't have a thread here. I would also like to ask more about seaweed farming and its use in reducing cattle methane emissions. Who should I address those questions to? It is a government policy around stimulating research and development for it.

Mr Metcalfe: Certainly Meat and Livestock Australia have been doing work in that area. They are due to appear late this afternoon.

Senator WHISH-WILSON: Excellent. Thank you very much.

CHAIR: Thanks very much, Senator Whish-Wilson. I've made a note to remind you then that AgriFutures is coming up so that you are alerted to it. Senator Davey, do you want to ask ABARES questions and then Senator Rice?

Senator DAVEY: I will be very brief. It is right on the back of what Senator Whish-Wilson was asking about. I also want to know a bit more about the assumptions that went into that report regarding modelling and the cost of climate change already. In your response to Senator Whish-Wilson, you said you looked at the climate we had 50 years ago. So you took a farm of today, with the systems and the technology of today, and applied it to the climate of 50 years ago. Did you also look at what the increasing costs of climate change policies to date may have had on those farms? For example, in Queensland, a lot of farms have had five to 10 per cent of their area taken out of managed production and returned to native vegetation. Did you subtract those costs at all?

Dr Greenville: The short answer to that is no. We take the farm given where it is located, its available land, its technology, the way it operates and just give it a different climate. We're really trying to isolate one factor here. To do that other kind of analysis would be quite complicated because you need to somehow unpack all those different technology changes and all those other things and really ask some 'what-if' type questions about what it could have been or would have been.

Senator DAVEY: So this was a very simplistic exercise, just looking at the climate of 50 years ago and noting that the last 50 years of the last century were actually quite wet and quite good farming conditions. So if we had said, 'We'll put it on the climate of 100 years ago', you might have had a completely different outcome?

Dr Greenville: Yes. It is one of those things. It is a very complicated model and needs a lot of information and data to get a really tight answer to a question. It's flexible enough to look at different climate patterns. I guess

we just need to get the information on climate. Part of that future looking stuff was looking at scenarios. We are very keen to think about how to make better use of this for near term seasonal forecasting as the BoM and CSIRO get a bit better at translating some of these seasonal forecasts into things that are useful for farmers.

Senator DAVEY: You said that this was a look at broadacre farming systems. I've read a lot of reports that the increased carbon dioxide in the atmosphere can actually be a good thing and that we might increase our grain productivity. Will you work those into your future models to see if those assumptions balance out and make up the difference? There is \$30,000 in lost production due to climate as opposed to \$30,000 in increased production because we've got better grain yields based on soil carbon sequestration.

Dr Greenville: We don't have direct plans for, I guess, looking at that forward place at the moment. I guess that will get built into how yields change. Part of that might be aspects of increased CO₂ in the atmosphere and how that might translate into better growing conditions. But technologies develop and we get new varieties that can deal with a whole range of different atmospheric conditions and rainfall and the like. It is about how that would play out. We haven't looked at this stage—and we don't have direct plans to look at—at what could be, I guess, a likely future as farms go through to 2050 or to 2030 and adapt and adopt new technologies and the like. That is, in a theoretical sense, quite feasible. It would require, I guess, a lot of information and a lot of robust studies translating those on a geographic scale that matches where our farm populations are rather than, I guess, a more general area. We rely on that really tight spatial data to make it meaningful so that we can bring it down to particular areas and particular industries.

Senator DAVEY: I will hand over the call to Senator Rice now. Thank you.

CHAIR: I want to follow up. I have asked questions about ABARES before. As an ex-ABARES survey recipient, I have some strong views on the value of the data that ABARES produces. It's just that nobody else produces any data, so ABARES is the proxy for agricultural data. I'm again curious as to why you would spend time researching such a narrow question. I am 51. In my lifetime, we have had floods, droughts and events middle of the road and you've picked 50 years for this productivity question. You talk about heat in the north but you're not reflecting predicted and actual rainfall increases. I'm just wondering if this is a good use of ABARES's limited resources?

Senator DAVEY: Or if it is even a robust report. I know I can see it as overly simplistic.

Dr Greenville: I will come to those points to correct them. The future look does look at rainfall and heat. It's just that heat was the driving factor for some of the impacts we were seeing. It includes what the CSIRO has as their best guess as to future climate scenarios at a disaggregated scale. Coming to the question of value for money, it's really important to know where the pressures are coming forward for the agriculture sector. We need to understand what kind of innovations and investments, as Secretary Metcalfe has mentioned, in drought hubs and other investments we are putting into our R&D system. We can then better target those investments to get some of the productivity gains in the future that we've seen. The key point that comes from trying to isolate different factors like climate is that you can't reference the past to know the future. As you were saying, a whole raft of different things have occurred in the past. It's always good to look forward instead of backwards so that you can have a better design for your policy. That's what we're trying to do in terms of using this analysis.

In terms of the robustness, we've also had this work peer reviewed. We'll seek to get it peer reviewed at a very robust level in academic journals. That is just to make sure that we are, as you say, making sure that we have been as robust as we can in the work that we do. I think there is sometimes some confusion about the survey data that we collect, which is very much at the farm level. We survey only farms. We also work with the ABS. They do the broader agricultural statistics, which picks up a wider range of activities. We focus mainly on broadacre and dairy farms. We do occasional surveys for irrigation and for some other products as we go along. We try to work directly with farmers. We provide them with reports that help them benchmark as a means to make sure, I guess, the data is as robust as we can make it.

CHAIR: On notice, which I hate doing, I would ask that you provide your work program for the rest of the year and the next 12 months, with the scope of what it is that you are looking at. It is not government that drives innovation. It is private operators who are responding to market conditions and risks and threats to their business. I would be keen to understand where it is that you are going and that it is money well spent. Thank you.

Senator RICE: I have a range of questions. Given that ABARES is at the table, I will start with my ABARES questions. I want to ask about your statistics about forestry. I think I was asking about them a year ago. In particular, there are statistics about our plantation based forestry. My understanding is that the last report you produced of Australia's plantation log supply was published in 2016.

Dr Greenville: We have just very recently—yesterday, in fact—released the latest version of the report.

Senator RICE: Yesterday?

Mr Metcalfe: Better than tomorrow.

Senator RICE: Yes, indeed. I haven't had a chance to look at it. In fact, I was going to ask you some questions about some figures from the 2016 report. You can give me the updated statistics. In that report, it said that the national plantation log harvest in 2014-15 represented 85.1 per cent of the total plantation and native forest logs harvested in Australia in 2014-15. You might give me the updated statistics from yesterday's report.

Dr Greenville: I have a few statistics that I could provide. There have been some changes to the plantation estate. What we've seen is largely that the softwood plantation state has remained relatively stable in size but there have been some additions. We've seen some reduction in the hardwood estate, which is responsible for, I guess, an overall decrease by about 10 per cent in the plantation estate from 2014-15. In terms of total softwood forecast log availability for the period 2020 to 2024, it is around 15 million cubic metres per year. Hardwood supply and log availability is around 10 million cubic metres per year in that period.

Senator RICE: In terms of the statistic, then, for the plantation log supply, the 2016 report had the national plantation log harvest in 2014-15 being 85.1 per cent of the total plantation and native forest logs harvested.

Dr Greenville: I will have to look. I don't have that figure directly to hand. If you have some other questions, I can try and pull that out as we go. So that's the share of hardwood?

Senator RICE: Basically, the share of plantation logs compared with the total of plantation and native forest logs harvested in Australia. Get that pulled out. As at that previous report, we have 85 per cent of the total logs coming out of Australia coming from plantations. The *Australian Forest and Wood Product Statistics* for 2019-20 states that about 87 per cent of harvested logs came from plantations. I want to go to employment. We have had discussions previously about the number of jobs in the forestry industry, of which there is a total of 52,000. The statistics you gave are from a question on notice a year ago. I note that, in fact, almost 30,000 of those 52,000 jobs are in manufacturing rather than logging. Is there any data that indicates whether either the logging or the manufacturing from either plantation or native forestry is more labour intensive?

Dr Greenville: Unfortunately, we don't. I think it has been referred to in previous answers to similar questions that we don't actually have a split in terms of labour associated with either side of the sector.

Senator RICE: So there's zero information about the intensity of labour? Is it much the same, would you expect? Is there any reason to believe that one would be more labour intensive than the other?

Dr Greenville: We just don't have that information, so I wouldn't want to guess, really, at an answer.

Senator RICE: In the absence of any information, my presumption would be to say it's the same. That is in the absence of any rationale as to why one or the other is different. In that case, if you have 85 per cent or 87 per cent of the logs coming from plantation logs, it would be a fair presumption that about 85 per cent or 87 per cent of the jobs in the industry are also plantation based jobs?

Dr Greenville: I would have to refer to my previous answer. We haven't actually done any work. As far as we know, in terms of the ABS, they don't collect this type of information either.

Senator RICE: It goes a bit to the question that Senator McDonald was asking in terms of the work that you do. Given that the government policy has now a very strong focus on growth in the plantation industries—the last forest statement was largely focused on plantations—wouldn't it be valuable to have that data to be able to split it apart, because they are two very different sectors?

Dr Greenville: It's not a traditional area that ABARES has worked in in terms of labour. We're starting to get more into that but largely related to the agriculture sector. We've received, I guess, some new work to look at labour issues in the agriculture sector and collect some more information. I think we rely quite heavily on the ABS and their statistics collections, which don't do this split.

Senator RICE: That's right. You rely on them, and they don't do the work.

Dr Greenville: That's right. We're significantly smaller than the ABS and don't have a legislated mandate to collect a number of statistics. We rely, as I mentioned before, on often the goodwill of the operators when we go to survey and their cooperation when providing information. So, at the moment, we haven't looked at that area. I guess that's where we're at.

Ms Deininger: Perhaps it might be a question for the ABS, if they're appearing later in the week, as to why they survey in particular areas and not others.

Senator RICE: Alright. I'll keep on pursuing it. That's ABARES. Thank you for that.

Dr Greenville: In reference to your question, I will get someone to check it out. The number is not in the report, so it wasn't just the fact that I couldn't find it. They've produced that same number this time. I will try to get an answer to you before the close.

Senator RICE: Thank you. I want to more broadly go to the issue where I think we have agreement, including with Senator Duniam, who is online, which is the value of carbon abatement for growing more trees. Obviously, we've got the trees on farms initiative and farm forestry as an initiative. I don't want to go into detail about where things are at with farm forestry. Is there anything specific in terms of progress with farm forestry and the regional forestry hubs that you can share with me? If it is just that things are progressing, let's not spend a lot of time on it.

Ms Campbell: We're working on a farm forestry strategy and expect to have it at the end of the year. The hubs are doing well, but I don't have a specific level of detail.

Senator RICE: I want to go to the carbon element of getting more trees in the ground and how much that has been the focus of the work of the department at the moment. It is about valuing and rewarding the carbon value of growing more trees across the board, be it in farm forestry or plantation establishment.

Ms Campbell: Australia's forest and wood products store significant amounts of carbon. We estimate that about 22 billion tonnes of carbon are stored in wood products in the forests. In terms of working to increase opportunities, the department, through our water division, works on the water rule under the Emissions Reduction Fund. Ultimately, that is a decision of Minister Taylor in combination with Minister Pitt, as the water minister. There's certainly a range of activities in place there. Five original regions in the south-west of Western Australia, the South Australian part of the Green Triangle, north and north-west Tasmania, north-east New South Wales and the south-west slopes all have been assessed under the water rule, which is a way to support and encourage plantations so that farmers and growers can be confident about ERF method of access under the carbon rule. Those maps are published by the department of industry, so there are details on that methodology. The department is also supporting the Clean Energy Regulator's work on a new plantation forestry measure as well. Again, that is led out of a different department.

Senator RICE: Specifically for farmers who want to be growing more trees on their farm and have been part of abating carbon through that, are they able to access the ERF?

Ms Campbell: Again, we continue to work through the regional forest hubs, through the ERF methods and the farm forestry strategies to give that information to people so they can have that access.

Ms O'Connell: I think in relation to non-forest farmers, in particular I point to the ag biodiversity stewardship program that enables farmers to, if you like, receive carbon credits for looking after vegetation on their farm. So it's about an on-farm product that provides rewards and pays farmers for looking after carbon and biodiversity. In fact, there is some significant investment in that in terms of the recent budget, which built on a previous investment. The pilot for the carbon plus biodiversity program is underway. It opened. It went to a number of NRM regions. We received 65 applications, which is a healthy number of applications for the pilot under that carbon plus biodiversity program. Right now, there's a program that is about enhanced remnant vegetation on farm. That's open for applications at the moment.

Senator RICE: So protecting remnant vegetation and being able to access carbon credits?

Ms O'Connell: Correct. That's right.

Senator RICE: Not clearing it. For protecting it and enhancing its carbon capacity?

Ms O'Connell: And receiving the carbon credits through the Clean Energy Regulator, correct.

Senator RICE: I presume that the details of that methodology and what farmers are receiving are all public. Could you point me to that? On notice is fine.

Ms O'Connell: I might just ask my colleague to join so that we give you comprehensive information.

Senator RICE: I don't want to take up too much time now. I basically just want to clarify that, yes, farmers can access carbon credits for protecting areas of remnant vegetation on their land.

Ms O'Connell: Yes, they can. Both under that carbon plus biodiversity pilot that we're running and then, more recently, under the enhanced remnant vegetation pilot. In fact, the enhanced remnant vegetation pilot applications are open until 27 October, which is fairly soon. We'll go into the assessment phase for the enhanced remnant vegetation pilot.

Ms Stuart-Fox: Under the biodiversity stewardship program, there is a carbon plus biodiversity pilot. That is looking at crediting the biodiversity value in environmental plantings. Those environmental plantings are then credited through the Emissions Reduction Fund and receive carbon credits. Enhanced remnant vegetation is

looking at enhancing the biodiversity values in existing carbon stores. As there is no additional carbon sequestration, they are not also registered through the Emissions Reduction Fund at the same time. The method for valuing and measuring the increase in biodiversity is being developed through the ANU. They are all available. We can make them available to you.

Senator RICE: In terms of clarity, the carbon value of that existing vegetation or enhancing that vegetation is being rewarded through carbon credits?

Ms Stuart-Fox: No. The Emissions Reduction Fund rewards additional sequestration, so increases in sequestration as a result of some sort of management activity, such as planting. Enhanced remnant vegetation is looking, as you say, at existing carbon stores, existing on-farm vegetation. There is not an improvement in the carbon store but there is an improvement in the biodiversity value or biodiversity benefits as a result of protecting it, weeding it, fencing it and those sorts of activities.

Senator RICE: I imagine that if you are protecting that vegetation, potentially you are, in fact, increasing the carbon sequestration of that bit of vegetation. You are improving soil carbon. That vegetation is being allowed to grow old and keep soaking up more carbon.

Ms Stuart-Fox: To the extent that there is an increase in carbon sequestration through, for example, an environmental planting, that's something that would be credited through the Emissions Reduction Fund. Because the enhanced remnant vegetation is mature vegetation—and I take your point that there is some scope to do in-fill planting and have very small increases in sequestration—by and large, those increases in sequestration aren't sufficient to warrant inclusion in the Emissions Reduction Fund, so there's a cost effectiveness question. Enhanced remnant vegetation is really looking at valuing the biodiversity change, the biodiversity improvement.

Mr Metcalfe: We worked very closely with the Australian National University in developing the methodology to measure that biodiversity and to be able to commercialise it, effectively, so that it is a tradable resource.

CHAIR: I notice the minister has something to add there.

Senator Duniam: It's nice to see you, Senator Rice. I want to add to something Ms Campbell said before with regard to the changes to the water rule and how to access the carbon credits in those hubs. There was an announcement this morning into three additional hubs where credits will be accessed. They are in western Victoria, Gippsland and southern Tasmania. The Victorian side of the Green Triangle with Gippsland, in effect, are expanding through to southern Tasmania from the north and north-west. For what it's worth, industry have come out and said today that, from their point of view, the addition of being able to access the credit from these three hubs will pave the way to an additional 100 million trees being planted over the next decade. That is just to give you a sense of what this announcement will mean in terms of an impact not only on plantations but also farm forestry. I'm very excited about the idea of farm forestry and people being able to access these credits more easily. You are very familiar with the north-west and Tasmania. As Senator Whish-Wilson said before, there are lots of small farms. The ability to aggregate, for example, to access those credits is something I would be keen to explore as well. This point echoes something you said. I think we are all agreed that one of the big strengths of forestry moving forward is going to be carbon sequestration. I think the industry is very excited about it and so is the government, hence the announcement today.

Senator RICE: Thank you, Minister. How about the situation where a farmer has got the right to clear an area of forest because it is under native vegetation clearance control? They've got the right to do that. It might be a small area. They decide that they are not going to clear it and they're going to keep it. Can they access the carbon value in doing that?

Ms Stuart-Fox: They can. There is an avoided deforestation method under the Emissions Reduction Fund. That's where farmers have a right to clear and show that they would actually clear. Then there is a carbon gain that can be credited through the Emissions Reduction Fund.

Senator RICE: I want to go to the issue—I have asked this question before, but there is an increasing focus—of carbon sequestration with the commitment of net zero by 2050. It is not enough, but it is a step forward. There is the establishment of a methodology for avoided native forest logging.

Ms Stuart-Fox: I can check, but I believe that there is an avoided deforestation methodology and there is an avoided clearing of native regrowth methodology.

Senator RICE: That's not the methodology? The methodology for assessing the carbon value of not logging native forest?

Ms Stuart-Fox: Let me check for you. My understanding is that the avoided deforestation method does exactly that. It's looking at valuing the benefit of not clearing native—

Senator RICE: I've asked questions about this before. My understanding is that there isn't such a methodology. Avoided deforestation is when you are clearing it and you have no intention of allowing that forest to regrow. But the science is very clear that actually not logging forests is better than logging them and then having regrowth forest. The ANU research that the minister is referring to shows that the carbon sequestration value of just letting native forests continue to grow rather than be logged is very positive. My understanding—correct me if I am wrong—is that this government has not determined a methodology for the carbon value of not logging native forests.

Ms Stuart-Fox: I will just check for you.

CHAIR: I think the minister is wanting to speak.

Senator Duniam: Are you throwing to me, Chair?

CHAIR: I am. You were looking animated, Minister.

Senator Duniam: I just wonder whether some of these questions might be better directed to the Clean Energy Regulator, which is currently undertaking the update of the methodologies. They can probably speak in detail about some of these things. I'm not sure. I will be guided by the officials. Having met with them and spoken with them, they've told me about the work they're doing. I think they would be quite enlightening for you, Senator Rice.

Senator RICE: I'm happy to not take up the time of the committee. Clearly, if there are people who aren't at the table who know the detail of this, I'm happy for it to be taken on notice. It is the consideration of a carbon sequestration methodology for avoided logging, essentially.

Ms Stuart-Fox: The minister is exactly right. This sits within the industry portfolio and is the responsibility of the Clean Energy Regulator. I can double-check for you and come back to you. We'll check with them.

Senator RICE: Alright. Can I continue? I want to move to the regional forest agreements.

CHAIR: You can. Senator Rice, five minutes or six?

Senator RICE: I probably need more. I am happy if you come back to me.

CHAIR: We will all try to stay quite targeted. Senator Whish-Wilson wants to go back to finish that ERF question he had. Then we'll go back to Senator Sterle and Senator Ciccone and keep moving around the room.

Senator RICE: I will try to be as quick as possible. I want to know the current status of the major event review under the Victorian RFA.

Ms Campbell: The major event review is progressing. The panel that has been appointed to conduct the major event review has had stakeholder consultations through August and September. My understanding is that they have finished the public consultation and they're working on their final report. We're expecting a final report to both the Victorian and Commonwealth governments by the end of the calendar year.

Senator RICE: I want to ask a quick question about the selection of the people who are on that panel. In particular, there is a traditional owners representative. What was the process for selecting that person?

Ms Campbell: Victoria identified that person. My understanding—I will ask my people to correct me if I am wrong—is that Victoria ran a process. They took quite a bit of time, but they really did the detail. The Commonwealth government received a letter from the Victorian minister to Minister Duniam seeking the Commonwealth's agreement with Victoria's proposal. We agreed.

Senator RICE: Soon after that person was announced, I asked the First Nations communities across Gippsland whether they knew them and whether there had been a process of engaging them. They knew nothing about it. They knew the person, but they said that person was not representative of those First Nations communities.

Ms Campbell: Again, the appointment of that member was an issue for the Victorians.

Senator RICE: I won't dwell on that. I now want to go to the clause in the updated regional forest agreements. Ms Campbell, you know that I was asking questions about this yesterday in the environment committee. There is a clause in the RFAs that states that where a listed species or community is present in the RFA, Victoria will undertake a risk assessment within six months of April 2020 and determine whether additional interim or permanent protections and management actions are necessary. Where necessary, it will use reasonable endeavours to implement interim enforceable protections and priority management actions. I want to know whether that clause in the RFA has been completed.

Ms Campbell: Again, we talked yesterday about an interim risk assessment. Our response to your question on notice was that it was a high-level interim risk assessment and there would be further work underway. We do know that Victoria has current requirements to protect Leadbeater's, including out of that risk assessment. My understanding is that it included fire impacts. Leadbeater's weren't a fire impact. It may well be that people are just exploring the reason that Leadbeater's didn't appear as prominently in that risk assessment. But there's a range of measures underway. For example, there is the establishment of 200-metre radius special protection zones.

Senator RICE: My reading of that clause in the RFA is that where a listed species or community is present, Victoria will undertake a risk assessment. I read that for each listed species seen to be at risk from forestry there will be a risk assessment done. Has that been done?

Ms Campbell: I'll have to take that on notice. I certainly am aware of the high-level risk assessment. Victoria had a commitment to do further detailed risk assessments. That was outlined in our last answer. But as to the status of those, I don't have it.

Senator RICE: The risk assessment has identified 23 threatened species in communities that are at high or significant risk. I would like to get the detail of that risk assessment. The documents that Victoria has produced do not give that risk assessment for each of those species. Could you take on notice the details of that risk assessment for each threatened species; the assessment of whether additional permanent protections or management actions are necessary; and how we're going with implementing those interim enforceable protections for each species, not just for the species that have been determined through some very opaque process to be priorities? A timeline set out in the RFA was committed to. We are now a year after when that time should be up and there is nothing on the public record about that assessment of each of those listed species.

Ms Campbell: I'll see what we can get from Victoria about that.

Senator RICE: Thank you.

CHAIR: Senator Whish-Wilson, I think you wanted to follow up on your ERF queries.

Senator WHISH-WILSON: Yes, please, Chair. I have just a few questions. I will ask a question with a bit of background first. When the Carbon Farming Initiative, or CFI, was essentially ceased in 2014, people using that scheme automatically rolled over into the Emissions Reduction Fund. What is the fundamental difference between the original CFI and the ERF in policy terms?

Ms Stuart-Fox: There was no difference to the crediting mechanisms. The Carbon Farming Initiative was a mechanism for accrediting projects that delivered additional reductions in emissions or additional sequestration. It was linked to the carbon price. So the demand side was provided by companies that had emissions reduction obligations under the carbon price. When the carbon price was abolished, the Emissions Reduction Fund was introduced as a way for the government to purchase credits generated through the Carbon Farming Initiative. But the crediting mechanism stayed the same.

Senator WHISH-WILSON: So the government, under the ERF, purchases the credits. How does it set the price for purchasing those credits?

Ms Stuart-Fox: It conducts auctions. Again, this is the responsibility of the department of industry. The Clean Energy Regulator conducts those auctions.

Senator WHISH-WILSON: Sure.

Ms Stuart-Fox: I can give you information about the numbers of projects and credits that are attributable to the agricultural sector and the land sector.

Senator WHISH-WILSON: Excellent. Perhaps I could ask for the data, then. How many contracts were awarded under the CFI for farmers adopting soil retention initiatives et cetera?

Ms Stuart-Fox: Currently under the Emissions Reduction Fund, the government has contracted 167 million tonnes of abatement. This is linked to land and agriculture. That's a revenue stream of around \$2 billion. As those credits come online, because credits are issued as the sequestration occurs or as the emissions reductions occur, the ERF has a contract to purchase that stream of credits from project owners. The value of that is around \$2 billion.

Senator WHISH-WILSON: How many were rolled over from the CFI into the ERF back in 2014? I want to compare the two schemes in terms of uptake or interest from farmers?

Ms Stuart-Fox: I'm not sure that there's a like-for-like comparison. During that time, a large number of additional projects would have come online. I don't have the specific data in front of me.

Senator WHISH-WILSON: Could you take it on notice?

Ms Stuart-Fox: There are CFI projects that have been contracted through the Emissions Reduction Fund.

Senator WHISH-WILSON: I visited a Farmers for Climate Action conference recently. This issue was discussed in a lot of detail. A couple of things came up. Firstly, the cost of compliance of the ERF scheme was deemed to be, I suppose, prohibitive by a number of farmers. What is the department doing about making the administration of the scheme for individual farmers more streamlined or easier?

Ms Stuart-Fox: That's a matter for the Clean Energy Regulator in the department of industry. Under the biodiversity stewardship scheme, Minister Littleproud has been very focused on designing a scheme that seeks to address the compliance issues and make it much easier for farmers to participate. That has been a really key design focus. It's one of the primary things that we're trying to do through the biodiversity trading platform, which is both a trading platform and a project design tool that makes it easy for farmers to get in there, see their land, understand the value of both carbon and biodiversity on their land and easily develop and submit projects. So it is an issue that we're very alive to, but we're addressing it through the biodiversity scheme that Minister Littleproud is responsible for.

Senator WHISH-WILSON: That scheme is separate to the ERF, or is it part of the ERF?

Ms Stuart-Fox: It's separate. As we were talking about before with Senator Rice, we are linking the biodiversity with the carbon scheme. So where farmers are undertaking an environmental planting that delivers both carbon benefits and biodiversity benefits, we're looking to allow them to both get a value for the biodiversity benefit through our scheme and a value for the carbon benefit through the Emissions Reduction Fund. So they are distinct but they are linked together.

Senator WHISH-WILSON: If I'm a farmer and I have some remnant vegetation that I would like to protect, I can do that through your biodiversity scheme. If I also want to trade my soil carbon or grow my soil carbon and trade it, does that application go through your biodiversity scheme or does it go through the ERF?

Ms Stuart-Fox: The soil carbon goes through the Emissions Reduction Fund. The Emissions Reduction Fund and the Carbon Farming Initiative are the mechanism for crediting the carbon. We are looking to additionally credit the biodiversity value.

Senator WHISH-WILSON: Another issue that came up was uncertainty around the value of the credits. There was an impression that these values will be much higher in the future than they are now. We are seeing in Europe, with their carbon farming initiative, that the carbon price is much higher than our voluntary carbon price here in Australia. Farmers are anticipating that they will make more money in the future so they aren't necessarily wanting to trade those credits now. Under the biodiversity scheme, how do you get a value for those credits? Is it an auction process as well, or does the Clean Energy Regulator pay a set fee?

Ms Stuart-Fox: It doesn't seek to change any of the arrangements that are there through the Emissions Reduction Fund.

Senator WHISH-WILSON: That is the pricing signal?

Ms Stuart-Fox: That's right; that is the pricing signal. I completely understand that, as with any market, people are making judgements about what the future demand might be and how that might affect price.

Senator WHISH-WILSON: I am interested. I'm not being academic here. If the ERF scheme is creating a value for those carbon credits, isn't it actually setting a price? Isn't that just a carbon price under another disguise?

Ms O'Connell: The questions about how the Clean Energy Regulator operates and the price for carbon really are matters for the department of industry and the Clean Energy Regulator and the pricing mechanisms.

Senator WHISH-WILSON: With all due respect, I don't think that's the case. If you want farmers in agriculture to take up more soil carbon initiatives—and we all do; we want to see that across all political parties—actually understanding how you are pricing the carbon is going to be critical. Farmers are very canny. They are very clued. They know they can do the right thing and potentially make an income stream out of this. If you don't have an efficient pricing mechanism, isn't that a problem for farmers?

Ms O'Connell: That is why we've spoken about the ag biodiversity stewardship program, which is to provide that incentive to farmers to exactly do that either under the carbon plus biodiversity pilot or the enhanced remnant vegetation pilot. The reason that they are pilots is to create a viable commercial market.

Senator WHISH-WILSON: The government talks a big game on a trade. When farmers are potentially going to be entering into new market arrangements in places such as Europe that have carbon trading schemes and a carbon price, and there may be punitive measures taken against Australia if we don't have a carbon price, is that something that your department discusses in any formal process? How do you provide advice on how to make our markets more efficient or more competitive?

CHAIR: I think this will be a question for another department. I am with you, Senator Whish-Wilson. This is a fascinating conversation. I am keen to hear more about it. I think we have strayed now into trade and—

Senator WHISH-WILSON: With all due respect to you, you don't get to decide what my questions do or don't say.

CHAIR: I am not trying to restrict you. I am trying to target you towards somebody who can answer it. The department will tell you—

Senator WHISH-WILSON: The ERF requires a carbon price.

CHAIR: The ERF is not this department.

Senator WHISH-WILSON: We want more farmers to do it.

CHAIR: The ERF is not this department. The ERF is industry and science. I'm fascinated. I support your line of questioning. I think we've just come to the end of what this department can assist us with.

Senator WHISH-WILSON: I don't feel that is the case, Chair. I applaud the biodiversity initiative. I have talked to farmers about it. There are consultants and people going out trying to raise awareness in the farming community about the need for adaptation measures for climate change and the need to put more carbon in the soil. It enhances productivity and brings a whole range of benefits to farmers that go beyond trading carbon credits. I applaud that initiative. The feedback I've had from farmers looking very closely at this is that without the certainty or a better understanding of what future prices of carbon are going to be, you're not going to see a volume or an uptake under the ERF scheme. I think it is a fundamental issue the agricultural department should be aware of and should be able to answer and provide me some guidance on.

Senator Duniam: I will echo the chair's sentiments. It's something I have pointed out before. Everyone has outlined that there have been interactions between this department and, indeed, me and the Clean Energy Regulator. In terms of the information you're seeking now, I think you're best placed to go and ask the Clean Energy Regulator further detailed questions.

Senator WHISH-WILSON: I will. I will make my point again. This is the agriculture department. It is all things to farmers. We talk a lot in this committee about this. This is a major initiative by the government to tackle climate change and to enhance soil and carbon for a range of issues. We should be able to talk about how the scheme works and how it could potentially be more efficient and work better for farmers.

CHAIR: I think your points are well made and well raised. I, in fact, support your concerns.

Senator WHISH-WILSON: Do you support a carbon price, Chair? That is really what we need for this scheme to be more efficient.

CHAIR: I am sorry; I am getting off topic. Senator Whish-Wilson, do you have any further questions? Otherwise, I will hand the chair to another senator.

Senator WHISH-WILSON: Thank you, Chair. I appreciate it.

Senator CICCONE: Are we planning to break at 11 am?

CHAIR: We are planning to break at 11 am.

Senator CICCONE: Do we want to do that and then come back?

CHAIR: That's probably a very sensible decision.

Senator CICCONE: I think we need a break after this morning.

CHAIR: Let's take a break. We have some information to be provided.

Ms Deininger: Dr Greenville has some additional information to provide in response to earlier questions from Senator Rice. We might take a couple of minutes now.

CHAIR: That is perfect timing. Thank you.

Dr Greenville: Thank you. I won't be long. In response to the question Senator Rice had with regard to the share of forest products sourced from plantations in total, we've had the team calculate the numbers for us. In June, 87.5 per cent of the total log harvest—that is of all sources—came from plantations. The total log harvest in 2019-20 was 29.5 million cubic metres. From plantations, it was 25.8 million cubic metres. That is the response to that question.

CHAIR: Thank you very much for providing that information for Senator Rice. We are going to take a break for morning smoko.

Proceedings suspended from 10:58 to 11:17

Senator CICCONE: Secretary, I've got some questions with respect to agricultural work force shortage.

Mr Metcalfe: Ms Deininger can help you, and I think she'll have a colleague to join her.

Senator CICCONE: She's been a great help along the journey on this issue for many estimates. In the last round of estimates I think we got an update from EY, I think EY had a phase 2 report or a second report that they had released, which had identified that the workforce gap was somewhere in the area of 11,000 to 24,000 workers. Does your department have an update on the workforce gap since EY released its second report? Are there any updated forecasts in terms of the gap?

Ms Deininger: We are in the process of doing some additional survey work on the horticulture sector. We expect that to be released in the coming months. I think it's fair to say that there are still clearly workforce shortages, because we still have not only domestic but also international border restrictions. So I expect in coming weeks there will be an update on that data. But certainly what we are seeing through a range of domestic measures to encourage Australians into the agriculture sector, but also the combined Seasonal Worker Program and PLS, we've had about 12,000 workers coming to Australia since about September last year through those programs. We have about 55,000 workers ready in our Pacific nations to come in.

The other thing I would say in relation to the worker shortage is that over the course of the pandemic we have seen things change. Businesses, for example, have adopted changed practices, which means they might have deferred maintenance or deferred expenditure or some effort to focus on picking. They might have found efficiencies in how they have operated their business. So there are some things that have happened on farm that have helped deal with the labour shortage aside from simply bringing in additional workers. I guess really what I'm saying there is that it makes the job harder of estimating the labour shortage or the labour mismatch, because there are a lot of factors that are working in this space.

Senator CICCONE: Do you still know, to the best of the department's ability, what the gap is?

Ms Deininger: I will see if I've got some old data that I can refer you from our earlier work, but the work that is about to be released in coming weeks or the coming month or so is not yet finalised. We haven't got the final figures.

Senator CICCONE: That will provide us with the latest update? That's good to know. I know the Seasonal Worker Program and the Pacific Labour Scheme aren't strictly administered by your department, Secretary. Obviously they are through the Department of Foreign Affairs and Trade. But to the best of your ability, does the Department hold any data with respect to where these workers that come under those two schemes are located? Is that something that the Department of Agriculture, Water and the Environment has information on?

Mr Metcalfe: Located in Australia, or where they come from?

Senator CICCONE: Both.

Ms Deininger: Certainly in relation to where the workers are available, that is managed through DFAT. The Pacific Labour Scheme and the Seasonal Worker Program have been now merged into the PALM scheme—the Pacific Australian Labour Mobility scheme. They have the data because they have the on-ground connections in country. So they have the data in terms of the work availability. Also they are the department that manages the movement of workers across different employers or across borders, so they would have that data as well.

Senator CICCONE: Okay, so the agriculture department doesn't have that data?

Ms Deininger: I will see if Ms Stanion has some additional data that we would have sourced from those departments.

Ms Stanion: We do have a breakdown of workers by state based on the state that they flew into when they came to Australia. I can give that data to you if you want.

Senator CICCONE: Whatever data you can provide would be most helpful.

Ms Stanion: This has been provided by DESE and DFAT. Queensland 3,691 workers; New South Wales 2,323 workers; Tasmania 844; Northern Territory 719; WA 1,633; South Australia 914; and Victoria 1,730.

CHAIR: What period is that over?

Ms Stanion: That is since the restart of the Pacific mobility programs until 1 October.

Senator CICCONE: Just for the record, when did the restart occur?

Ms Stanion: In September 2020.

Senator CICCONE: Can the department also provide an update on the information that was included, I think it was on question SQ21000451, in relation to the Seasonal Worker Program and the Pacific Labour Scheme? In that you I think the committee had asked for a breakdown of figures. Can you provide an update on those figures?

Mr Metcalfe: We're just trying to get that response in front of us.

Senator CICCONE: I don't know if you've got this at hand, but while we're waiting for that, the total number of workers who have entered Australia since September 2020, and how many of those are working on farms; a breakdown of those workers in Australia—I think you've provided some other information—and a breakdown of those workers that are employed in Australia; and a breakdown of workers by the state and territory—which I know you've also provided—and also by the scheme or program that they are part of, too. That is the other aspect, if you are able to provide that information.

Ms Deininger: We'll have a look at the qon. It might be that we have some information, but we might not have the level of granularity, because, as Ms Stanion said, producing the response to the qon it would have gone to DFAT, as they are the owning department.

Ms Stanion: Just to clarify, the workers who are brought into the country are brought in to work, so our expectation is that they would all be working. The figures I have from the Department of Education, Skills and Employment are that 11,220 Seasonal Worker Program workers are in the country and 4,707 Pacific Labour Scheme workers are in the country. Both of those are at 1 October.

Ms Stanion: Certainly in my notes I don't have the breakdown between the Pacific Labour Scheme and the Seasonal Worker Program, but perhaps over the course of the hearing today we will see if we can replicate these figures.

Senator CICCONE: That would be good, if you could update—

Ms Deininger: These figures were as of 18 June, so it's probably around to that 1 October date that Ms Stanion mentioned.

Senator CICCONE: I would appreciate that today if you could. That would be great. Can the department also confirm how many pre-vetted workers are ready to enter Australia to work on farms? I know in the past we've spoken about that, and I think the minister has also flagged around 25,000. Is that still the case?

Ms Stanion: It has increased. As at 1 October there are 55,851 pre-vetted workers in the Pacific.

Senator CICCONE: And that has increased since when? Since the start of the year?

Ms Stanion: No, in the last few months.

Senator CICCONE: I understand that last week in the House the minister mentioned or confirmed that 12½ thousand pre-vetted workers were now in Australia. Is that the case?

Ms Deininger: I think there are some later figures. The figures that Ms Stanion just read out with the state breakdown, I think that's about 12,000 as of 1 October. Obviously the numbers are moving, because we have people coming in—

Senator CICCONE: So it's 12,000 in Australia as of 1 October.

Ms Deininger: That's since September. There were already workers who were here under previous arrangements whose worker visas were extended. There were a couple of extensions offered to those workers who were already here and wished to stay.

Senator CICCONE: So we are then expecting the remainder to enter Australia. Is there a process already in train with those other Pacific nations about trying to get the remainder into the country?

Ms Deininger: That's the existing PALM program. What that involves is basically matching up the demand that employers have with that available supply and then arranging all the arrangements around that, the flights and the quarantine and so on.

Senator CICCONE: Since the minister's announcement in October 2020, could you please provide a breakdown for each month since, in relation to each of the 25,000—or pre-vetted workers as we've now updated that figure—that have entered Australia, a breakdown across the 10 Pacific nations of those who have entered Australia; further, a breakdown across the 10 Pacific nations of expected workers to enter Australia; how many have entered Australia and are working on farms; how many have entered Australia and are not working on farms; how many are not working at all? How many have not worked since the minister announced the number of pre-vetted workers; and for those workers who have entered Australia, provide a breakdown of those participating in both the SWP and the PLS. Could you take that on notice?

Ms Stanion: We will take that on notice.

Ms Deininger: Can I just clarify about the pre-vetting process. In the home countries there is a pre-vetting process around health and availability and so on. That means that is a work-ready pool that can be drawn upon when there are employer demands. Not all those 55,000 workers, obviously, have come here so far. They are in

that pool. We will find the detail in relation to the workers who are here, as per your question, when it is available.

Senator CICCONE: Thanks very much. Could I turn to the National Agricultural Workforce Strategy. I think it has been almost a year now since the minister has had the strategy on their desk. Can the department provide an update on where the government is in terms of responding to that strategy?

Ms Deininger: Certainly. Earlier in the year the minister released a roadmap which outlined in broad terms the way forward following the National Agricultural Workforce Strategy. In the budget in May there were also a range of initiatives that address particular recommendations. I think, if not at this committee then at other committees we've given a bit of an update as to where those budget measures correlate, if you like, or relate to those recommendations. We have been working on the government response. Because it was an independent report to government, there have been some consultations with industry, and we expect that government will respond in due course, reasonably shortly.

Senator CICCONE: I'd be happy to be provided any update on how many of the 42 recommendations have been met or adopted or been considered.

Ms Deininger: I'm happy to run the committee through some of the measures that were announced in the budget this year that relate to particular recommendations. For example, there was funding for the AgFAIR measure, which related to recommendation 9. There was an ag career start program related to recommendation 13.

There was an AgUP grants program relating to recommendations 18 and 19. There was some additional funding provided for community perceptions and worker experience that relates to recommendation 19, updating the data, ANZSCO criteria and classification system, which relates to recommendation 35, and updating career maps relates to recommendation 11. There is some ABARES forecasting in relation to recommendations 32 and 33. There has already been an amount of work done and additional funding provided that responds to many of those recommendations, but there are others that are still to be responded to.

Senator CICCONE: When do you expect a response?

Ms Deininger: That's a matter for government.

Senator CICCONE: Have you briefed the minister or government of late on that strategy?

Ms Deininger: Yes. I don't have the dates, but we have briefed the minister in relation to that strategy.

Senator CICCONE: As in the last few months?

Ms Deininger: Yes.

Senator CICCONE: Can I turn to the agriculture visa. I understand Senator Reynolds has some questions, too. Was it always the government's intention to ensure that the visa was not just a horticulture or an ag visa but also to include other industries such as meat, fisheries and forestry?

Ms Deininger: Yes. It's similar in a way to the seasonal worker program, which also covers those sectors. You're right; it covers not only skilled and semiskilled but also unskilled workers. That's the intention, yes.

Senator CICCONE: It's fair to say, though, it's broader? The scope of the visa has certainly broadened to what I think had been originally discussed, as in just agriculture, but it now includes other sectors?

Ms Deininger: I'm not aware that the government made statements earlier that sought to narrow the visa. I'm not aware of those statements. Certainly, I can confirm that this government announcement, most recently, is covering all of the sectors that you mentioned, beyond simply hort or narrowly ag.

Senator CICCONE: Do you know what steps have been put in place to ensure that the ag visa doesn't undermine the seasonal worker program and the PLS?

Ms Deininger: The program is demand driven. It's not the case that workers will come to Australia unless there are roles available. I think the public statements of ministers have been clear that the Pacific remains a priority and that we will continue to work closely with our Pacific neighbours with the PALM scheme. There's been a range of changes to that scheme to make it easy for employers to use and more effective. I think that that shows an ongoing commitment from the government and from employers to using that program. The ag visa is an adjunct to that program.

Senator CICCONE: Are you aware of anything that Pacific nations have expressed about the development of the agriculture visa?

Ms Deininger: The Department of Foreign Affairs is engaging with potential partner nations. That's really a matter for them. We're not involved in those discussions and negotiations over those arrangements.

Senator CICCONE: How many people do you expect to be arriving in Australia on this new visa by the end of the year?

Ms Deininger: The first phase of the visa goes from December to March, and that's the initial phase of arrivals. Because we haven't finalised the agreements with the partner countries, we're not in a position to advise on the uptake of numbers during that period at this point.

Senator CICCONE: You haven't done any modelling or any advice to government on how many numbers you expect to be on this visa by the end of the year?

Ms Deininger: As I mentioned, it's a demand-driven program, in the same way that the PLS and Seasonal Worker Program are. The inflow of workers in that phase will depend on agreements with partner countries, demand from employers and, of course, other practical things like quarantine arrangements. Of course, there's some movement on that at the moment as well. What that might look like in December may have changed as well.

Senator CICCONE: I appreciate it's demand driven, but at the same time usually departments would have some forecasting. I guess you just don't think, 'We'll just see what happens. We'll just open the floodgates'? Surely you have some predictions for how many people will be on that visa by the end of phase 1, for instance?

Ms Deininger: I'm happy to check with DFAT whether they have any projections.

Senator CICCONE: Does the Department of Agriculture not have those projections?

Ms Stanion: We've been working with DFAT and Home Affairs on the development and implementation of the visa. The intention is to trial this during the December to March period. It's a smaller cohort of workers, but we haven't put a specific figure on that at this point. As Ms Deininger said, it is dependent on negotiation and agreement with the partner countries, and demand from industry for the workers.

Senator CICCONE: When we say 'smaller cohort', what does that mean in a practical sense? What are you looking at—a couple of hundred, a couple of thousand?

Ms Deininger: We're not in a position to tell you today. I'm happy to see whether DFAT has additional information or to provide information later on, if that becomes available. The other thing I would really emphasise is that the Seasonal Worker Program and the PLS are really going to be an important mainstay in terms of our agriculture labour. That's not slowing down. We have a number of planes expected to come in before now and the end of the year to continue to bring in workers through those programs. The AVs are very important, and we're building that up, much like we did with the restart of the Seasonal Worker Program, which also started with some initial flights into the NT and then expanded it as we could.

Senator CICCONE: I don't want to put too fine a point on this, but you've got ABARES, which has a lot of resources behind it, yet the government has had to outsource to EY to tell the government what the labour shortage is. I'm simply asking you how many people are going to be arriving into the country to help our farmers, and it seems like no-one knows what the answer is?

Mr Metcalfe: I think the EY material is actually provided to the horticulture industry, from memory, so it's not commissioned by the government. ABARES has done work in this area and is continuing to do work in this area. What we do know is that there's a clear demand for workers across many industries. That will change district by district and region by region as the harvest progresses across the months, starting in the north and heading south. There's a range of other occupations beyond horticulture, of course, and the meat industry, dairy and elsewhere where there's a demand for workers as well. We know that there's a demand for workers. The new ag visa together with the previous visas will be a highly effective way of ensuring that we can in fact harvest our agricultural products and get them to market, which is what we're all about.

Senator CICCONE: I don't dispute that, but the point still is why is the government having to outsource what you would think would be the role of government—that is, to know how many people we need?

Mr Metcalfe: It's entirely appropriate for the horticulture industry to develop views as to its need for workers. That's useful information. We rely upon the work that ABARES does. The Department of Employment is also very important here in relation to labour market demand. We hear from the various agricultural industries. We meet regularly with the NFF and with the various commodity peak bodies. It's very clear that there's a demand, and we are now doing something to really ensure supply. This is not just a short-term issue. It's a long-term issue. The ag visa will play a very important role. But as Ms Deininger said, it's demand driven. It's not just about thousands of people arriving here. They'll need to come here where there's a demonstrated need for them to actually do the work. Of course, with any new visa—and I can speak from long experience on these matters—it is appropriate to trial the arrangements, make sure they're working well and then ramp them up. It's exactly what we

did back when we introduced the seasonal labour program under Prime Minister Rudd. We started small and worked it up, and so it's become a very effective mechanism.

Senator CICCONE: So, once we get to March next year, the expectation is that the trial finishes and are we then into, what, a phase 2?

Ms Deininger: That's right, and there's a fact sheet that I'm happy to provide which talks about the next steps. That would be around potentially going to more countries, depending on where the negotiations are at with DFAT, and not larger numbers of workers coming in. As the secretary said, it depends on demand.

Senator CICCONE: So, the expectation is for what to be completed within the next three to four years?

Ms Deininger: There will be different things done at different points in time. Obviously, the pilot is the most important aspect now, and then understanding how that works in practice so that then can be broadened to more countries and also so that can be increased to more workers. As to the ABARES work—as I said, I expect in the coming months that the next tranche of ABARES data on labour workforce will be released publicly. That's fairly imminent.

Senator CICCONE: Are you aware of where the negotiations are up to with the other countries?

Mr Metcalfe: I think it's appropriate that DFAT talks about that.

Senator CICCONE: I know that. Your department knows—

Mr Metcalfe: We're aware, but I'd prefer DFAT talk about any matters relating to other governments. With indulgence, I'll just say that, of course, while we expect seasonal labour, Pacific programs, ag visa will all be very important contributors to dealing with the workforce issues, the pandemic has thrown up other disruptions to what you'd describe as normal workforce arrangements. There is a grey nomad factor, or the itinerant Australian factor, which has been largely suppressed because of state border closures, and of course the traditional foreign working holiday factor has also been suppressed because we've had no backpackers coming to the country. When we move through COVID into a vaccinated economy, of course, we would expect that some of those things will return, and they will also help meet the labour supply. But we always expect that the Pacific schemes and the ag visa will be critical to ensuring that we can in fact take our agricultural industries to their full potential of not only giving us food security but also being a great export industry as well.

Senator CICCONE: Do you have an understanding of what arrangements, if any, will be negotiated with the states and territories with respect to quarantine?

Ms Deininger: The quarantine arrangements vary across the jurisdictions. For example, in the NT—

Senator CICCONE: Don't worry; we know that.

Ms Deininger: The NT and Queensland have been successful in doing on-farm quarantine. Victoria and Tasmania have an arrangement whereby workers who are going into Victoria quarantine in Tasmania. The arrangements vary. There is a Commonwealth-state group of senior officials who meet regularly to discuss all of these matters under the auspices of the secretaries of ag departments. That's been really important to making sure that we have a coordinated approach that takes into account the differing arrangements to quarantine across the states and territories.

Senator CICCONE: Chair, if it's all right with you, I will hand over to Senator Green.

CHAIR: Senator Green.

Senator GREEN: I just have a few follow-up questions. This is really going back to the initial question that Senator Ciccone asked with regard to the industries that have been chosen for the agricultural visa. I assume your department was involved in developing that policy?

Ms Stanion: Yes.

Senator GREEN: The agricultural visa, as I understand it, has been talked about for a little while, particularly during the pandemic, because we have seen workforce shortages. When was the decision made to include meat processing as part of the visa?

Ms Deininger: When the visa was announced—I don't have the dates immediately to hand—there was a cabinet process which ran through all of the parameters and the arrangements for that visa. The original announcement was 16 June and then there was a follow-up announcement in August.

Senator GREEN: In August? And then the final announcement was on 1 October, right?

Ms Stanion: Correct.

Ms Deininger: The announcement on 1 October was after the regulations were made.

Senator GREEN: Who put forward the idea of including the meat processing industry?

Ms Stanion: We've been having a lot of conversations with industry about what the ag visa should cover. Industry has been telling us where they see a need for additional workers from other countries. It was very early on in the process. The ag visa, as we looked at it, wasn't going to be restricted to horticulture.

Senator GREEN: When you say 'industry', who have you consulted with? Who has the department consulted with to get an understanding of the workforce shortages?

Ms Stanion: I don't have the full list of organisations that we have talked to, but we have had more than 26 industry consultations so far with different parts of the agriculture sector.

Senator GREEN: I'm specifically asking about meat processing. Whom did you meet with in that industry?

Ms Deininger: Just while Ms Stanion refers to any additional information on the stakeholders, I think it's evident from the PLS and the Seasonal Worker Program that meat processing is a sector that uses workers from the Pacific in particular to supplement its domestic workforce. We know from that program that there is demand for meat processing workers for workers in abattoirs.

Ms Stanion: On 15 September, we met with the Australian Meat Industry Council, Australian Pork Limited and representatives from around 40 small, medium and large meat processing facilities.

Senator GREEN: You met with employers?

Ms Stanion: Yes.

Senator GREEN: Did you meet with any of the unions in that industry?

Ms Stanion: We have met with some unions.

Dr Greenville: With anyone representing any of the workers that are involved in the meat processing industry?

Ms Deininger: There have been some discussions with unions, I believe—the Australian Workers' Union, on 22 September, and the United Workers Union also on 22 September.

Senator GREEN: Did you flag in those meetings that the visa would cover meat processing? Those unions have coverage predominantly of farm workers in certain geographical locations, but might not necessarily have been representing workers from the meat processing industry. Did you flag that in those meetings? Did you try to arrange a meeting the meat workers union?

Ms Stanion: I'll need to check with my team.

Senator GREEN: You can come back.

Ms Stanion: My understanding is that those consultations were very broad and they were general discussions about what industries the stakeholders thought should be covered and any issues that they would like us to consider as part of the development of the visa program.

Senator GREEN: It sounds to me that a lot of industry and employers were consulted on this decision, but I'm keen to understand whether anyone representing the workers in that particular industry was consulted. If they were consulted, I think they would have raised some concerns with you, and they've done that publicly. This visa, as you've said, has been developed from June to the regulations being made in October. On 1 September, there was an awful story in the *Sydney Morning Herald* about a meat worker who was injured at meatworks in Biloela. He was a migrant skilled worker. The injuries that he sustained are so graphic that the article actually comes with a warning that there are graphic images in the article. That happened in September. The article goes on to list a number of other injuries to workers in that industry. In September, a meatworks in western Queensland was actually charged with industrial manslaughter because of the death of a migrant worker working in that industry. These are just the latest in a line of stories that we've been hearing for years and years about the exploitation of migrant workers in the meat industry. At any stage was there reconsideration after these stories came to light of including the meat processing industry in the agricultural visa?

Ms Deininger: The general observation I would make around worker safety and worker exploitation is that it's the government's expectation and certainly our department's expectation—

Senator GREEN: Are you aware of those reports?

Ms Deininger: I have seen reports around the work health and safety issues—not all of the examples necessarily, but I have seen some of them. The government's position and the department's position would be that for employers they need to comply with work health and safety laws and labour laws in all industries. That is a clear expectation of government.

Senator GREEN: There's evidence that that is not happening in this industry.

Ms Deininger: It is important to have the relevant regulators, whether it's the work, health and safety regulator, or the Fair Work Ombudsman, investigate and prosecute those employers or others who are responsible for that. As part of the Pacific Labour Scheme, the Seasonal Worker Program, and as part of the AVs there is vetting of employers. It's a sponsored program, unlike, for example, the arrangements under the working holiday maker arrangements, where workers will work for different people who are not vetted or there's not a worker sponsorship arrangement.

Senator GREEN: My question is: was there any reconsideration, after these stories in September came to light, of including meat processing in the regulations?

Ms Deininger: I'm not aware of any reconsideration.

Mr Metcalfe: The clear expectation is that employers ensure proper work health and safety. It's something that all employers are required under law to do.

Senator GREEN: But they're not doing that. It's not happening.

Mr Metcalfe: For example, I'm a very large employer in terms of numbers. I take very seriously the responsibilities I have for my 7,000-plus staff. There is a regulatory authority and an investigatory body should we have issues in the workplace, which sadly occasionally we do. We have exactly the same expectation in relation to all industries, that workers are protected and safe in the workplace, and there are appropriate regulatory authorities. The ag visa is about the availability of people to do jobs where there is a clear demand for that job to occur.

Senator GREEN: I would put it to you that the employees that you are responsible for have much more literacy about their workplace rights, are in a stronger position in their employment, and would not be put in the same conditions that these workers in the meat industry time and time again, documented over and over again, are being put in. I appreciate your protection of your employees, but we know that this is a problem. I'm asking about not only the reconsideration of the visa, but what additional protections have been considered as part of the agricultural visa for the meat processing industry to stop these things happening. Not just saying, 'There's a workplace regulator. Let them do their job', because they're not doing their job. That's clear; otherwise we wouldn't have people with life-threatening injuries and people dying in workplaces, if the workplace ombudsman and the workplace regulator were doing their job. We know that this is a problem. What additional protections have been put in place to protect these workers?

Mr Metcalfe: I can provide some advice, and my team can provide some advice, in relation to some work we're doing with particularly small employers, particularly in the horticulture industry, about ensuring that people are well aware of their responsibilities.

Senator GREEN: I'm talking about meat processing.

Mr Metcalfe: In relation to meat processing, I don't think there's much more that we can say other than we expect, quite properly, employers and regulatory bodies to do their work properly. I certainly would direct you to the Department of Employment, which has particular responsibility for this issue.

Senator GREEN: But your department, along with DFAT, made a decision to establish a visa that would allow more workers to be—

Mr Metcalfe: The government made a decision and it was to be implemented by the Department of Foreign Affairs, the Department of Home Affairs, and the Department of Employment. The role of the Department of Agriculture is really to work with those departments to ensure that a good understanding of the particular industries that we work with is provided to them. But ultimately the aspect of the regulation of which countries are involved, who gets a visa, how it is processed and how it's monitored sits with those agencies.

Senator GREEN: Your department is responsible for giving industry advice to the other parts of government and to the government, to the ministers. Did you provide advice about the risks to workers in this industry if the agricultural visa was opened up to them?

Ms Stanion: We are still working on what the program will cover and how it will be implemented. It is still in development. This is one of the issues that we are considering with industry as we work with them to codesign the program, on how we can ensure that there's a strong industry accreditation process so only reputable employers can take part and sponsor workers under the ag visa—

Senator GREEN: These injuries occurred at Thiess Australia. They're a big employer. We're not talking about a small employer, dodgy people who are just trying to skirt around the regulations, do the wrong thing and make a bad name for everybody else in the industry. These are big employers that I would suggest the department

would consider reputable. Are you going to consult with representation from workers who are involved in the industry when you're putting the protections in place so they have a voice in this?

Ms Stanion: As Ms Deininger mentioned, we have spoken to some unions and we have a discussion with the ACTU planned soon. Can I just ask as a final question, just to wrap this up, because I know that other senators have questions: the Pacific Labour Scheme, as I understand it—and I'm not an expert on the matter and I'm sure that DFAT has more information for me—provides predeparture training in country, support programs in country here, including training from union representatives or worker representatives about workplace rights, specific information about accommodation, checks and balances, from check-ins from the department, and also choosing places where there's already a community connection. So, choosing a town or a community where there's already a connection to that person's home country. Are exactly the same worker protections going to be in place under the agricultural visa?

Ms Stanion: We are modelling the agriculture visa on—

Senator GREEN: Are exactly the same worker protections going to be in place under the agricultural visa?

Ms Stanion: They certainly won't be any less.

Ms Deininger: As Ms Stanion has said, we are developing the details. We are consulting with industry and we are developing the details. We're not in a position now to be saying they will be exactly the same or different in this way or different in that way, but I can say that we are developing the details and we are modelling it on the Seasonal Worker Program and the Pacific Labour Scheme.

Senator GREEN: No-one will come here on one of these visas until those details are finalised; is that right?

Ms Stanion: Correct.

Senator GREEN: When will the details be finalised?

Ms Deininger: As we discussed earlier, the first phase of the establishment of the visa is between December and March, because we need to agree a whole range of things. We need to agree arrangements with employers, we need to agree arrangements with partner countries, and we need to facilitate the movement of workers. We can't give an exact day as to when all of those things will be agreed, because they're being run by different organisations and they are subject to constraints or decisions that are outside of the Australian government's immediate control.

Senator GREEN: I have one last question, just to finalise this. Finally, what is the basis for including the meat processing industry in the agricultural visa when there are already visa programs that are available and also Australian workers that are skilled in that industry? I know you said you consulted with industry, but did you just believe what they said?

Ms Deininger: We have not touched on this, but a key part of the Seasonal Worker Program and Pacific Labour Scheme and also the ag visa will be market testing. Before an employer can offer a role to a worker from the Pacific or under this new visa, they will need to have market tested to show that there are not Australian workers who are prepared to do this work. We know that there are many overseas workers already working in abattoirs and who have been through that market testing process. Those jobs have been through that market testing process.

Senator GREEN: Local workers in Mareeba tell me that they have applied to work in the processing facilities there time and time again, and they cannot get a look-in under the labour market testing rules that are in place. They apply over and over again. Will it have the same level of labour market testing as the Pacific Labour Scheme?

Ms Deininger: As I indicated before, we're working through the details. The arrangement will involve market testing for the participants in the ag visa. It's very difficult for me—I'm not trying to be difficult—to say that things will be exactly the same when we haven't got to that level of detail.

Senator GREEN: Perhaps the government would like to give an assurance to workers and people who are concerned about this exploitation of workers that they will be the same? Maybe the minister can do that now, say that there won't be any less protection under this visa than there would be under the Pacific Labour Scheme—and just rule it out?

Senator Duniam: Thank you for that. The officials have pretty well outlined the process that we're going through to provide protections, as both Ms Deininger and Ms Stanion have said. I also understand Minister Hawke is going to table laws around ensuring additional protections are there to prevent overseas worker exploitation. But I would make the point as well that, while we do have the federal workplace standards, generally

workplace safety is a matter for state governments. I presume with some of those examples you've been in touch with them relating to those, out of concern for those you've mentioned?

Senator GREEN: Are you ruling out that there will be any less protections under this visa? That was my question.

Senator Duniam: I've just provided you my answer. Did you miss it?

Senator GREEN: I'm asking you to rule it out. Can you just do that?

Senator Duniam: I've just given you my answer. If you don't like the words I've used, I'm sorry. I've provided you my answer.

Senator GREEN: So there won't be any less protection under this agricultural visa than there are under the Pacific Labour Scheme?

Senator Duniam: Did you hear what Ms Deininger said to you before?

Senator GREEN: I'm asking you, Minister, to give an assurance.

Senator Duniam: I've answered it before, and you can reread *Hansard*. I've already provided you my answer.

CHAIR: Can I clarify, Senator Green, is that the Steggles abattoir that you're talking about at Mareeba?

Senator GREEN: Yes.

CHAIR: So that's the chicken industry, just for clarification. Can I just follow on from that, because I have had representations from a broad range of meat processing facilities across Australia around the amount of product that's now not being processed—paunch that's being thrown out, offal that's not being packed—because there aren't enough workers to do those jobs. Have you had representation on the lost productivity to abattoirs, and are you concerned that there will be abattoirs that will close down because there's not enough workforce available to kill the animals and to pack them?

Ms Deininger: Certainly, we know from the numbers of workers coming through the PLS and Seasonal Worker Program into abattoirs that there is demand for workers there. Our goal really is to work closely with the states and territories and with employers to make sure that we can get the workforce so that there aren't those impacts on productivity or production that otherwise would exist if they didn't have the numbers of workers. I'm not personally aware of representations on that subject that you mentioned. I'm not sure whether Ms Stanion has seen any. Certainly our goal in working closely with industry and the states and territories and other departments is to make sure that we've got that available supply. It really goes back to the earlier discussion around having those prevetted workers in country so that then we can use that available workforce.

Mr Metcalfe: We have other colleagues with us who specifically focus on the meat processing industry. As you know, we're a major regulator in relation to export meat. We actually have staff in export meat processing establishments. We meet regularly with the Australian Meat Industry Council and the major companies as well as the Red Meat Advisory Council and other bodies. It is absolutely clear that there is a labour shortage in this area and it's absolutely clear that those companies are all looking to expand and provide more food and protein for Australians and to be able to export as well. On details of the discussions or what we may have heard from them, some of my other colleagues who can join us later might be able to expand on that.

CHAIR: So you regulate the export aspect of the industry. To Senator Green's points about workforce safety in industry, is that the responsibility of state jurisdictions or federal government jurisdictions?

Mr Metcalfe: It's a responsibility of—

Senator GREEN: It's the responsibility of everyone.

CHAIR: It obviously is everyone, but who is legislatively responsible?

Mr Metcalfe: Work health and safety laws apply primarily at the state level. The Fair Work Ombudsman of course is available in relation to breaches of federal awards and those issues. As an employer, I am responsible to federal authorities in relation to my health and safety responsibilities, including those of my staff who work in export meat establishments. Just to reiterate the points that we were discussing with Senator Green, all workers in Australia have the same rights and protections at work regardless of their citizenship or visa status. Employers must pay them properly, their entitlements are set out by law, and employers are required to provide a safe workplace. If that doesn't occur, that is a responsibility for the employer and the appropriate regulatory authorities.

CHAIR: Minister Duniam, before you hand back to Minister McKenzie, Senator Davey has some questions.

Senator DAVEY: I'll be brief. I have a couple of questions that the minister might be best placed to answer and then the department can take over. Firstly, we have recently seen a successful appeal in Victoria about the

regional forest agreements there, but we've also more recently had the Environmental Defenders Office launching a case in New South Wales against the regional forestry agreements there. Can I get a bit of an outline of what the claims are in that case, what the difference is between the Victorian case and the New South Wales case, and also whether the Commonwealth is in a position to share its response?

Senator Duniam: I think the officials might be best placed to answer the detail around the two cases and the differences and then we can go from there.

Ms Campbell: There are two questions there. I might start with the New South Wales forestry case. Effectively, the New South Wales Environmental Defender has taken on the Commonwealth and the New South Wales government, charging that the RFA extension in northeast New South Wales is not an RFA for the purposes of the RFA Act. The grounds really go to, in renewing the RFA, the effects of climate change, assessments of endangered species and assessments of old growth forests that were taken into account by both the Commonwealth and subsequently the New South Wales governments. Both the Commonwealth and the New South Wales governments have filed their defence in that case, and that matter is really before the court for next steps. It was listed for a case management hearing this week. I understand it's been deferred for a short period, but I don't have the dates in front of me. That's the New South Wales case. The Friends of the Leadbeater's possum case in Victoria went to the actions that the Victorian government took in administering the RFA. So it's a different case. It's about the operation of forestry actions within an existing RFA. That case is subject to appeal in front of the Full Federal Court, and that case is between Vic Forests and Friends of Leadbeater's possum. Friends of Leadbeater's possum has sought special leave to appeal, and that is in front of the High Court. We're awaiting a decision from the court on that. Both matters are in front of the court.

Senator DAVEY: So the Victorian one has gone back for a second go. It went through one court process—

Ms Campbell: The Federal Court overturned the original decision. Friends of Leadbeater's possum has sought special leave to appeal the Full Federal Court decision, and the High Court will determine whether that leave is granted.

Senator DAVEY: One of the concerns I keep hearing from industry is these continual legal challenges are undermining the confidence of the industry and their ability to invest and proceed. It's a bit hard. I understand that, under section 38 of the EPBC Act, RFAs that are established are exempt from certain parts of the EPBC Act and that's how the RFA is established. Does this provide industry enough certainty to be able to invest and proceed?

Ms Deininger: Certainly, these matters are before the courts, and they will go through the courts system as is appropriate. As we've discussed at other hearings, government is very supportive of the plantation sector, and in particular with recent bushfire funding and also in relation to additional incentives to invest such as access to the Emission Reduction Fund. Certainly, I think that the government has a very significant policy agenda to support the plantation forestry sector across Australia and to help give that investment confidence and set those important foundations. Minister Duniam, did you want to add something?

Senator Duniam: It's a fair question and one that industry have asked. Another committee did, of course, provide recommendations relating to changes to the EPBC Act. One of those recommendations actually touches on the specific issue you're asking about. That recommendation and consideration of it by government is in effect contingent on the High Court granting leave for the appeal. I think we'd just refer back to that point; this particular matter is still live before the courts, but it is an issue industry faces. I and I know Senator Davey have been working with industry around ways to try to provide certainty. There is one option there on the table of course that my colleague Senator McKenzie worked on with industry. We are alive to it and I want to do everything I can to provide that certainty with the rest of the government. There are other things at play here, too, of course. It's not just in the form of court actions. You do have some state governments that have unilaterally decided that, of course, native forest timber is no longer a thing that they want to trade in and have pulled the rug from under the industry, with very little notice. Those issues, of course, are similarly disastrous when it comes to the certainty an industry needs to be able to invest and make future plans. There's a lot of issues here, and I'm trying to find the best way the federal government can support industry to give it certainty, some of which we've touched on here today. There's more we need to work on with industry and certainly ahead of the next election.

Senator DAVEY: I'll move away from that section now, but I'm still on forestry so don't run away. Earlier we were hearing in questioning from Senator Rice a lot about avoided deforestation and clearing regrowth. What work has the department done to evaluate the carbon storage benefits of managed forestry, including managed native forestry and plantations, when compared with active native vegetation deforestation? So the lock it up and leave it approach, compared to managed forestry—which one has better carbon sequestration over the long term?

My understanding is that, when you cut down a tree and turn it into a table that carbon is captured until the day the table disintegrates, compared to a tree in a paddock that falls over and starts to decompose.

Ms Campbell: I understand the question. I don't have the data in front of me about the carbon in a long-term forest versus a sustainably managed rotation forest, versus untouched, lock-it-away forest. So we can certainly take that on notice. We do certainly recognise the carbon stocks in the forest but also in the wood products. I talked earlier about 22 billion tonnes in our forestry stocks. That includes wood in wood products, wood in landfill, and so that continues to be stored in carbon for the life of the wood product, but we can take the detail of that answer on notice.

Senator Duniam: I might just add, if I can, that as I said before the story forestry hasn't told has been its capacity to do a significant amount of lifting when it comes to carbon abatement. Native forestry is no different. The IPCC report that Senator Rice often refers to actually does make the point that sustainable long-term native forestry operations store more carbon than the alternative, which is the lock-it-up and leave it approach. There's been a bit of selective quoting going on. There's a bit more context to demonstrate that. I think as Ms Campbell said, we will get you that detail on notice to make the case very clear about the advantages native forest operations have when it comes to carbon sequestration.

Senator DAVEY: That would be great. I also know that Oxfam has produced a report that identifies managed forestry and agroforestry as more beneficial because it still allows it to be part of the food production system. We heard earlier as well that there are programs that people can apply for with ag biodiversity stewardship and the enhanced remnant vegetation programs of the Clean Energy Regulator—it is a different department; I acknowledge that. People can apply for that under the ERF or carbon farming initiatives. My understanding is that both of those programs are not open for potential harvesting. If I wanted to sign up for the ag biodiversity stewardship program, I can't then harvest the wood; is that correct?

Mr Metcalfe: I'll just ask the officials who are the experts on the biodiversity program to come forward.

Ms O'Connell: Yes, the ag biodiversity stewardship program, and both of the pilots there, the carbon plus biodiversity and the enhanced remnant veg, are about retaining that vegetation and making sure that there are payments that basically go to farmers to retain that vegetation and carbon.

Senator DAVEY: Is there an initiative such as a private forestry initiative? I understand forestry hubs and the water rule, but is there an initiative whereby farmers can seek to establish or set aside a portion of their farm for on-farm managed forestry that they can then harvest and get carbon credits through that?

Ms Deininger: I'll just have to check. Let me go back a step. There have been a number of decisions made by Minister Taylor in relation to access to the Emission Reduction Fund, and for certain regions there is a water rule that applies, and so it's not any region. There is a process underway whereby those areas have been specified, and that will allow access to the ERF and those carbon credits. But it's a region-by-region basis as opposed to a carte blanche. Minister Duniam, would you like to add to that?

Senator Duniam: That is right, and we referenced it before. Farm forestry and plantation forestry will be benefiting under three hubs announced today by myself and Minister Taylor, being Gippsland, western Victoria and southern Tasmania, where they aren't constrained from participating in that by virtue of the water rule. The point of the hubs is that it's about having trees growing in a logical location near processing facilities, near transport and logistics facilities, for obvious reasons, to get goods to market. As part of that, farmers will be able to participate in this and gain the benefit for a part of their farm—and they say that 15 per cent to 20 per cent of farms across the country could be used for such a purpose because there is no other viable use for that particular portion of land on the farm. If a farmer wants to plant out trees and contribute to the carbon abatement effort but, more importantly, provide a resource let's say for the housing and construction sector there's a benefit there. They are getting more and more access. As I said, industry themselves today off the back of our announcement have said this will pave the way for an extra 100 million trees just from those three regions over the next decade.

Senator DAVEY: Do we have an estimate about how much carbon that will sequester over that decade? So 100 million trees is a very positive addition to our program and very positive for the farmers who might put their hand up to participate.

Ms Deininger: I don't have a figure that. We'll see if we can take that on notice. There might be an estimate that industry or the Clean Energy Regulator might have.

Senator DAVEY: Thank you very much. Thank you for staying over time, Minister Duniam. That's all I have on forestry.

CHAIR: Thank you, Minister Duniam. We will let you go back to your very bookish office. House of Representative Hansards—

Senator Duniam: There are some red ones down the back there but, more importantly, there's a beautiful sustainably harvested myrtle down the back there, too.

CHAIR: Very nice.

Mr Metcalfe: If I could assist the committee? Senator Ciccone wanted to talk about the Landcare program. We do have the relevant officials available, if he wanted to ask questions at some stage in relation to that.

CHAIR: We will turn back to that after Senator Sterle's questions. Could I just ask department officials: you are an incredible font of extraordinary information and knowledge. We are, however, a little over time, and so in the interests of moving along at a cracking pace, if you would stay focused on Senator Sterle's questions and let's see if we can move through so that we can be finished this outcome by lunchtime. We will see how we go. I just make that observation in no way to cut you short but to encourage brevity of answers. Senator Sterle, over to you.

Senator STERLE: We've just lost Minister Duniam, have we?

CHAIR: We have Minister McKenzie back.

Senator STERLE: I was hoping to ask Senator Duniam some questions on the announcement today. I will throw this at the officials and see how we go. It's regarding the new 100 million trees announcement Senator Duniam just touched on. Can the department explain if this is under the One Billion Trees goal or is this a standalone measure?

Ms Deininger: In the forest industries plan that was released a few years ago, one of the commitments that the government gave was to open up access to the Emission Reduction Fund.

Senator STERLE: Can we just get a straight answer, please, nice and quickly? Is it linked or not? I'm trying to work with the chair; otherwise it's going to go on all day. I'm sorry if that sounds rude.

Ms Deininger: Yes, it is linked. The government gave a commitment to expand access to the Emission Reduction Fund, and today's announcement is part of that.

Senator STERLE: Sorry? It's part of it? It's not additional?

Ms Campbell: It's a contributing factor to the One Billion Trees. Part of the way to get to the One Billion Trees was opening up access to the ERF, and this is another step towards the goal.

Senator STERLE: How much funding is part of this announcement as a total, and by regional forestry hub? Can you help me out?

Ms Campbell: In terms of the announcement on the Emission Reduction Fund today, that's a policy mechanism, not a funding mechanism. So it opens up opportunities for the future for people to contribute in the ERF, but there's not a specific budget for that. In terms of funding for the forestry hubs, which I think was part of your question as well, the government under the national forest plan provided \$9.223 million to the nine regional forestry hubs, and that money has been flowing out to those regional hubs.

Senator STERLE: So this new \$100 million announcement has got no money attached to it?

Ms Campbell: No, it's access to a scheme rather than a financial announcement.

Senator STERLE: We've heard that it involves the regional forestry hubs in Victoria and southern Tasmania. I did hear the minister touch on that. Can you tell us why these two hubs were chosen and not the other five?

Ms Campbell: Under the Emission Reduction Fund, we already had access to a range of areas. Five areas, which I outlined earlier, had access to the Emission Reduction Fund. The announcement today was to add three additional areas in Tasmania and the Victorian side of the triangle. There are further areas that are being considered, and really what we're doing to get those into the hub is it's a process of mapping and assessing which areas can support plantation forestry without unduly taking away from water allocation. So there's three more added today. There may be more coming when the hubs and the state governments provide us that mapping information and those maps are considered by first Minister Pitt as the water minister and then ultimately by Minister Taylor as the minister responsible for the ERF.

Senator STERLE: Can you tell us how many trees will be planted over what timeframe in relation to this announcement?

Ms Deininger: I think what you're referring to with the 100 million trees is an estimate from industry as to the additional plantings that would be encouraged by this decision. We don't have any detail about how that would be allocated between different regions and so on.

CHAIR: We've just got a big announcement but do we know if and when trees will start to be planted?

Ms Deininger: The idea of accessing these carbon credits is that it encourages plantation development, but industry has also been very clear with us that they want to make sure that trees are planted in the right areas—as Minister Duniam has flagged, close to transport and close to processing facilities. Ultimately, those are decisions for industry rather than the government as a plantation owner, and the timeframes over which they're planted.

Senator STERLE: So we don't have any idea? It's just an announcement but there's no set time when trees will be planted, where they will be planted and when they will be harvested? There are no timeframes? There's nothing?

Ms Deininger: As Ms Cambell has indicated, the government has a regulator to approve particular areas where plantations can access the Emission Reduction Fund.

Ms Campbell: Minister Duniam's comment about the 100 million trees this morning was that industry had told him that this morning's announcement would lead to that level of trees. I haven't had a conversation with industry. The announcement only happened this morning while I've been in the committee. We'll work with industry to better understand what that means in the coming days and weeks.

Senator STERLE: I know it's hard on you guys, because it was just announced today, but this is just my comment and thoughts. Here we go, big announcement but there's no meat around it. Do we know how long the trees will take to grow? Is there any science around that?

Ms Campbell: Growing plantation timber to harvesting can take in the order of 25 to 30 years. It's a long-term plan to grow timber for the future. The National Forest Industries Plan recognises that there's a need for additional timber, and industry has a desire to grow the timber industry and sets the policy parameters for government to support industry make those decisions. It is a long-term proposition, but this is for the future of Australia's sustainable forest industry.

Senator STERLE: I have many other questions, so let's see how we go for time. I just want to digress to something else. It has been over a year since Alice Workman wrote in the *Australian* about the department of agriculture investigating Amber Heard for possible perjury over the Pistol and Boo palaver. Where are we at with that? Are the right officials around?

Ms Deininger: This is a biosecurity matter, which is under outcome 4.

Senator STERLE: We will wait until 4.

Mr Metcalfe: Just on the forestry issues we've been discussing, I know that the Forest Products Association has put out some media releases around this. My understanding is that they do expect that the environment that we've created to allow these plantings to occur will mean that the trees will be planted over the next decade. But obviously there's a long lead time when trees are actually becoming available for harvest. No doubt you're having discussions with the forest product industry as to the benefits of these recent programs, and they've got material in the public domain about it.

Senator STERLE: Maybe we should just continue on timber for a little bit longer, and then hopefully we'll be finished with timber. Do we agree that we actually have a timber shortage here in Australia?

Mr Metcalfe: We do. We have to import timber.

Senator STERLE: Do the department and the minister concede that it is difficult to locate timber for housing frames and do-it-yourself projects as well?

Mr Metcalfe: I think that's well documented. I had an experience last year of needing to build some fencing, and it was quite a long delay, exacerbated, of course, by the impact of bushfires in the southern parts of Australia.

Senator STERLE: I do remember.

Mr Metcalfe: You'll be pleased to hear the fence is now built.

Senator STERLE: Very good. On the department's website there's a plan titled Growing a better Australia—A billion trees, which we're talking about. I want to go to that project. It makes reference to a number of hectares of new plantations that are needed over the next decade to meet Australia's timber needs. I'm talking about 400,000 hectares. Can the department provide details about this 10-year timeframe, please?

Ms Campbell: Details about the 10-year timeframe?

Senator STERLE: Yes, the timeframe.

Ms Campbell: The plan Growing a better Australia—A billion trees for jobs and growth, was a 10-year plan. As you said, it flagged industry's desire to grow. The plan included a number of initiatives, 14 initiatives, which industry had asked government to do to support removing the barriers, supporting investment, supporting science, in growing the timber industry. Minister Duniam released a progress report on that plan last month. There's been

strong progress on the plan measures. To date, over the first three years, today's ERF method, was flagged as part of those measures. There's still more to do, though, and government recognises that. Minister Duniam last month convened a roundtable of state and territory ministers and the forestry industry to see what else needed to be done to support that ambition of industry to grow the forest industry. It is a long-term plan. Mr Metcalfe talked about the impact of the bushfires, and that has certainly delayed some things in the growth of the plantation industry, as existing growers put their efforts into recovery, as existing seed went into recovery. That certainly has been a step back, and the fires burnt approximately 4.8 per cent of Australia's plantation. It was a significant impact.

Senator STERLE: Yes, it was. Of the 400,000 hectares announcement, how many have been planted?

Ms Campbell: Approximately 10,000 hectares of new plantations have been planted in the last five years, which equates to between eight and twelve million trees.

Senator STERLE: Where have they been planted?

Ms Campbell: Across the country. I might throw to my colleague from ABARES on this one.

Senator STERLE: Don't go far away.

Dr Greenville: New plantation estate has occurred in a number of areas. There's essentially been an increase in most of the national plantation regions. What might be more efficient, if you would like, is that we released a report last night which has the full details of the changes in the plantation estate; we could provide those details rather than me read verbatim into *Hansard*.

Senator STERLE: Absolutely. That would be great, if you could release that now. That would be very handy. I won't take up too much more time, but I just want to ask: how many trees do we envision need to be planted per year to get to the one billion?

Ms Deininger: As we discussed earlier, what the government did in the original forestry industries plan was to seek to set the foundation. Whether it was access to Emission Reduction Fund or the regional forestry hubs, it was really around setting those foundational pieces. We know, for example, that the forestry industry has made those announcements today around projections for additional trees. In WA, for example, the state government is a big forestry plantation owner. WA has indicated it would spend \$350 million over 10 years for softwood plantations, including another 50,000 new hectares. Victoria has allocated \$110 million to expand its plantation. We're also expecting a very significant expansion in that green triangle hub. What we're hoping and what we're trying to set the foundations for is for industry and the state governments to be able to expand the plantation sector, recognising the impacts of bushfires but allowing them to expand over the next 10 years. Because the Commonwealth isn't actually the plantation owner, because the plantation owners are the private sector or the state governments, we don't have a set plan, as it were, for where that expansion will happen in that level of detail.

Senator STERLE: Let's just go back to the figure of 18,000 jobs around the plan. How many jobs have been created so far?

Ms Deininger: I'm not familiar with that figure. Ms Campbell may be able to respond to your question.

Ms Campbell: The plan also included, amongst the hectares, a target of 18,000 new jobs in the forestry sector. We'll get further details on forestry jobs as part of the Census. Mr Greenville and Senator Rice spoke this morning about the jobs figures and where we get that data. We're expecting to get updated data from the Census that's just occurred, and we should have that best data next year.

Senator STERLE: I apologise. I missed out on Senator Rice; I was doing something else. If questions have been asked, I understand. I might leave timber at that, because we have other stuff to get through, and we're trying to work to the timeframe. We do want to get to outcome 4. I just want to now go to the mouse plague.

Ms Deininger: That's also outcome 4. It's a biosecurity, pest and disease—

Mr Metcalfe: It's a sort of feral pest issue. We'd normally do that under outcome 4, if that's okay.

Senator STERLE: Yes, let's do that under outcome 4. In that case, I'm keen to get to outcome 4, but I'll flick over to Senator McCarthy.

CHAIR: Senator McCarthy, over to you.

Senator CICCONE: Maybe while Senator McCarthy is getting ready—

CHAIR: Senator Ciccone, why don't you do that?

Senator CICCONE: I should have asked earlier. I know Senator Sterle had written a letter to the secretary and the secretary had indicated that there were a number of links on the department's website where we could find that information. I would hope the secretary could table that information and provide that information to the committee.

Mr Metcalfe: Yes, happy to. As I indicated when I talked to Senator Sterle earlier, I think we were endeavouring to respond to the issues that he flagged with me as we go through the various programs, and we're doing that. But he did ask for a series of plans, documents or whatever that were in the public domain. I do have a document I could provide the committee that basically sets out the websites or internet addresses for those documents, just to assist the committee. I'll make that available through the secretariat. I only have a hard copy, but I'm sure they will be able to produce copies for you.

Senator CICCONE: Thank you. I'm happy to hand back to Senator Sterle.

CHAIR: Senator Whish-Wilson has some questions on fish.

Senator STERLE: So do I.

CHAIR: Senator Sterle, you start with fish, then.

Senator STERLE: Can the department shed any light on what is happening in the Commonwealth waters in Victoria regarding commercial fishers and the catch of King George whiting?

Ms Campbell: That was a question that I think Assistant Minister Duniam was pleased to answer. Effectively, my short summary is that it's an issue for AFMA, and we can take the detail on notice. There has been a small take in Commonwealth waters of King George whiting, but mostly this is a state issue and I'll have to take the rest on notice.

Senator STERLE: Does the department hold information that lists the number of commercial fishers for each state and territory that operate in Commonwealth waters?

Ms Campbell: That would be a question for AFMA. We can take that on notice.

Senator STERLE: We didn't call AFMA, did we?

Ms Campbell: No.

Mr Metcalfe: No, AFMA was not asked to appear today.

Senator STERLE: Can the department confirm what work is undertaken with the commercial fishing industry or other research organisations around ways to mitigate catching bycatch or specific species? Or is that an AFMA one as well?

Ms Campbell: If it's about Commonwealth fisheries, it's with AFMA. We continue to work with those fishers, but I think the details are probably best left to the manager of the fishery, which is AFMA.

Senator STERLE: We'll put those on notice. I am finished on fisheries. Senator Whish-Wilson has questions on fisheries. I have some other stuff that I want to close off around wine.

Senator WHISH-WILSON: I won't be long. This looks like it's a new developing area. The Commonwealth has just signed an MOU with the Tasmania government around the potential development of offshore aquaculture in Commonwealth waters. Do you have the relevant person I could ask some questions of regarding the MOU?

Mr Metcalfe: Yes.

Senator WHISH-WILSON: In terms of the MOU, I do have a copy of it, and thank you for putting it up on a website so we could read it. Is it going to be negotiated as to who is going to have legislative or regulatory supremacy with regard to the regulation of that aquaculture expansion?

Ms Campbell: We'll work through an MOU with the Tasmanian government, as the next steps. The Tasmanian government is consulting on changes to its legislation to allow this to happen. What we're envisaging and the MOU foreshadows is a fisheries management arrangement under the Commonwealth Fisheries Management Act, under section 72 of that act, which would allow state law to regulate aquaculture for the trial. This is similar to the offshore constitutional settlements that we have for a range of fisheries that come over into Commonwealth waters across the three nautical mile line. We have approximately 59 of those in place already.

Senator WHISH-WILSON: You said 'trial'. Is there going to be a trial period?

Ms Campbell: Yes, the MOU is for a trial for the aquaculture strategy. We're envisaging that blue carbon CRC will run that trial for us. It's a relatively short-term small area and will explore the regulatory policy, environmental considerations as part of the trial. You did ask about regulatory arrangements. I should clarify that there's no expectation that the environmental powers under the EPBC Act or the Sea Dumping Act, for example, would be transferred to Tasmania. This is really just a fisheries management arrangement that's envisaged in the MOU.

Senator WHISH-WILSON: In terms of that fisheries management arrangement, will that, for example, bring AFMA into the equation?

Ms Campbell: Very much; we're working closely with AFMA on the arrangements and we envisage that the fisheries management arrangement under section 72 would be underpinned with an MOU with the Tasmanian government in which we'd expect the principles and rules that we'd expect the trial to operate under.

Senator WHISH-WILSON: Is there any precedent for this kind of MOU or proposed operation around the country or anywhere else in Commonwealth waters?

Ms Campbell: There is long-standing practice to allow fisheries management arrangements for states in Commonwealth waters through the offshore constitutional settlements, and that's often when there's a straddling fish stock and a state fishery operates in Commonwealth waters. This will build on that. This is the first aquaculture situation.

Senator WHISH-WILSON: Are you aware of the existence of a spatial planning committee between Commonwealth and state officials that has led to the progressing of this MOU and the concept of farming salmon in Commonwealth waters?

Ms Campbell: Not specifically a special planning committee. Certainly I'm aware of work that the Commonwealth has done together with the states on special planning over many years back to the days of the oceans policy, but not a specific committee.

Senator WHISH-WILSON: Was there any specific discussion within that framework that you were just referring to in relation to salmon farming in Commonwealth waters?

Ms Campbell: I'll answer that in a different way. The National Aquaculture Strategy, which was released I think in 2017, envisaged a potential for aquaculture in Commonwealth waters. It's certainly been something that has been on government's agenda for some time. This will be the first trial and it will certainly involve closely working with states, including on appropriate locations, which goes to your spatial planning question.

Senator WHISH-WILSON: Just to be clear, there's been no work done as to planning for appropriate locations of aquaculture? That's still coming? It seems like the northwest off Stanley is where they're going to do the trial. How much work has been done already to propose the trial in that location?

Ms Campbell: My understanding is blue carbon CRC has done some consideration about options, but ultimately any areas would be subject to negotiation with a range of affected users, including Commonwealth fishers, oil and gas and ultimately agreed between the two governments. We're not at that stage. I think the blue carbon CRC potentially has proposals in place, but they are just that at this stage.

Senator WHISH-WILSON: Has AFMA begun consultations with the commercial fishing industry or with the oil and gas industry in relation to the location of the trial?

Ms Campbell: Not in relation to the location. This is in an early stage. People have been told that there's a trial, but we haven't started that consultation yet.

Senator WHISH-WILSON: Are there any details? I don't want to get down into the weeds here, because I don't have a lot of time. The definition of a pen, for example, an aquaculture pen under Commonwealth legislation, would that differ from Tasmania legislation or has that just not been looked at, at this stage?

Ms Campbell: One of the things we're thinking about is I guess enlivening Tasmanian aquaculture legislation, fisheries legislation, to manage aspects. I would expect that that would cover pens, but all of this will still be worked through.

Senator WHISH-WILSON: The MOU refers to development of an appropriate policy framework for efficient and effective regulation and approvals processes for offshore aquaculture. You just stated that the Tasmanian government might have jurisdiction over certain aspects of the regulation. Who will ultimately decide if the policy framework is appropriate in the context of aquaculture operating in Commonwealth waters? Will it be the Tasmanian government or will it be the Commonwealth government?

Ms Campbell: The Commonwealth government will have to agree to enter into an arrangement under the Fisheries Management Act and agree to any MOU about how that arrangement would be accounted for. So, it will be a joint decision but the Commonwealth will certainly have decision-making points. How far that MOU and that arrangement goes in the decision-making points is still to be decided.

Senator WHISH-WILSON: Do you expect that the federal parliament, a bit like we've seen with the offshore wind farm planning legislation recently, will at some stage be viewing and voting on legislation in relation to this?

Ms Campbell: It's too early to say, I think. For the trial, which is a scientific trial, we don't think that's necessary, depending on how big and how significant it is. That will be one of the issues the trial looks at.

Senator WHISH-WILSON: Section 4414 proposes amendments to state and Commonwealth legislation, including the Commonwealth Fisheries Management Act 1991 and the Tasmanian Living Marine Resources Management Act 1995. Is it still too early to say what the nature of these legislative changes would be and how will they be negotiated? Will there be any stakeholder process or engagement in relation to this?

Ms Campbell: The Tasmanian government is certainly doing stakeholder engagement now on its legislation and they have opened that up. We're not foreshadowing legislative change from the Commonwealth at this stage, so it's still too early to talk about processes. But I would expect that there would be a consultation should that come on the table as part of the trial or beyond.

Senator WHISH-WILSON: Have you done any preliminary or got any preliminary legal advice on whether you could do this through regulation rather than legislation?

Ms Campbell: There's a range of options. Our preferred approach is to have a fisheries management arrangement under the existing legislation, under section 72 of the Fisheries Management Act, but we'll consider alternatives as needed.

Senator WHISH-WILSON: Section 5.1 has a clause that states that no media releases or public statements concerning this MOU can be made without agreement between the parties, including no details of activities to be undertaken under this MOU except with the permission of both parties or as required by law. Is it fair to say that that means that a Tasmanian minister can't make a comment about work being undertaken on aspects of this MOU without permission being granted by the Commonwealth and vice-versa?

Ms Campbell: That's certainly what's envisaged in the MOU, that it's cooperating in a, I guess I'd consider it, a no surprises approach to policy announcements and statements.

Senator WHISH-WILSON: What kind of international benchmarks or examples are you aware of that around deeper water agriculture in open ocean? It seems to be mostly inshore; it certainly is in Australia. This is the first proposal of its kind. Are there any benchmarks the Commonwealth would be familiar with?

Ms Campbell: We could get some details. It certainly has happened offshore overseas, and we see it as a growing area. But in terms of benchmarks, we work through that with the Tasmanian government, the blue carbon CRC and through the trial.

Senator WHISH-WILSON: This is the last question from me, and I'll put some other questions on notice. Is there any timeframe in relation to the MOU? It wasn't clear from reading it. Do you at least have expectations on when the trial will get under way and how long it will take? Presumably the success of the trial will dictate whether you proceed further, for example, to legislation?

Ms Campbell: We're expecting the trial to last in the order of two to three years. It's not a quick process. Tasmania, as I said earlier, is consulting on its legislative changes. Should those go through, then there would be an arrangement with Tasmania that I've talked about under the Fisheries Management Act, and consultation with stakeholders will be involved as well through that process. It's a two- to three-year short trial that we're envisaging.

Senator WHISH-WILSON: Just as a matter of interest, obviously the Tasmanian government currently regulates the salmonoid industry through the EPA. There's significant concern in the community down here around regulation, and has been for a number of years. There are social licence issues within the salmon industry. You're probably well aware of these. Is there any way the Commonwealth could have jurisdiction over the regulation of offshore permits in Commonwealth waters? Would AFMA have the expertise and the legal power to actually also say what happens and how those pens are regulated?

Ms Campbell: Currently in terms of expertise, not yet because the Commonwealth hasn't managed any aquaculture pens, but it's an option that's certainly on the table for the trial about how best to make this happen in the future, and the Commonwealth is interested in exploring this not just in Tasmania but across the country as a potential option.

Senator WHISH-WILSON: Just to be clear, there is potential in the future if the trial works out that the Commonwealth could be responsible or partly responsible for the regulation. So, consumers and Tasmanian people could have the confidence it was properly regulated?

Ms Campbell: How any future industry operates is subject to the trial and future decisions of government.

Senator WHISH-WILSON: Thank you very much. I appreciate it.

CHAIR: Thank you, Senator Whish-Wilson. Could I just flag that the secretary wishes to table a document listing the links to all the information that has been provided on request by Senator Sterle, and that document will now be circulated to the committee. Thank you. Senator McCarthy.

Senator McCARTHY: I'd like to go to the wine tourism and cellar door grants program, if I could.

Mr Metcalfe: We'll just get the right officers to come to the table.

Senator McCARTHY: Mr Metcalfe, I do have a few questions, a little later on, on cotton. Is that something I could still do in output 3? This would be to the department.

Mr Metcalfe: The cotton industry is generally in outcome 3.

Ms Deininger: It would just depend on the questions. The cotton IDC hasn't been called today, but we'll see if we can assist.

Senator McCARTHY: I'm mindful of that. Can I just go to the grant that was announced on 2 December 2016, just to look at some chronology here. According to the department's website, it states that this funding measure is a demand-driven grant that aims to encourage Australian wine tourism, and that it's been administered by Wine Australia from July 2019. Can the department confirm what funding was attached to the announcement made by the then Assistant Minister for Agriculture, Senator Ruston, on 2 December 2016?

Mr Metcalfe: I don't think anyone at the table has current knowledge of that, because everyone is new to their role. We will need to go back and check on that point.

Senator McCARTHY: Can the department confirm how many rounds of the program have been completed, those in process and those that will occur in the future? This will be a current question.

Ms Deininger: Round 3 closed on 30 September this year.

Senator McCARTHY: What about into the future, from 30 September?

Ms Deininger: I'll just need to check whether or not this is an ongoing program or a program that has a finite date. I thought it might have been ongoing, but I'd just prefer to confirm. Certainly, I can advise the committee that three rounds have happened to date, with the most recent closing on 30 September. I'll just confirm whether or not it's an ongoing program and what the table, if you like, or the expectation is for future rounds.

Senator McCARTHY: Can you confirm how much funding has been allocated to this great program since 2016 by financial year and across the forward estimates?

Ms Deininger: I can confirm that it is ongoing and provides \$10 million per financial year.

Senator McCARTHY: If there's three rounds, those three rounds are your rounds? How do you define the three rounds?

Ms Deininger: Sorry? I couldn't quite hear you. How do we define the three rounds? I don't have detail on the dates that each of the earlier rounds closed, but I can seek to get that for you. Just one moment. Round 1 opened on 1 July 2019 and closed on 30 September 2019, and that was for sales made in the financial year 2018-19. Round 2 opened on 7 September 2020 and closed on 30 October 2020 and that was for sales made in the 2019-20 financial year. Round 3 opened on 1 July 2021 and closed on 30 October, as mentioned, 2021, and that's for sales made in the 2020-21 financial year. I'll just need to double check when it actually closed, because one of my notes says 30 October and one says 30 September. I will just confirm. I apologise to the committee. I'll just confirm when round 3 closed.

Senator McCARTHY: That would be good. You said there was \$10 million per financial year. How much money has been allocated to date for each year the program has been operational?

Ms Deininger: My understanding is that this program is very popular and so all the funding has been expended, because it's effectively been oversubscribed.

Senator McCARTHY: That's for the three rounds?

Ms Deininger: The third round is still being assessed, so I can't comment on the third round, but certainly I can say that the first round and the second round were oversubscribed.

Senator McCARTHY: What does that mean in terms of funding?

Ms Deininger: It means that, if you applied for a certain level of grant, you might not get the whole level of that. For example, in round 1, each applicant received 63.3 per cent of their grant, and in the following year it was similar; it was 64.84 per cent.

Senator McCARTHY: That was in order for it to be fairly spread across the applicants?

Ms Deininger: That's right, because then it's evenly allocated; everyone receives the same proportion of the eligible grant. Rather than giving some people 100 per cent and some 35 per cent or whatever, everyone gets the same proportion.

Senator McCARTHY: How many applicants were there for round 1 and round 2?

Ms Deininger: In round 1 there were 180, and in round 2 there were 176. Ms Stanion wanted to mention something.

Ms Stanion: I was just going to clarify that round 3 closed on 30 September.

Senator McCARTHY: Thank you. Are you still in the process of finalising that, or can you give us details of how many applicants there were and what percentage is being given?

Ms Deininger: Wine Australia is still assessing the applicants. There are 191 applicants, we understand. They're still being assessed, so the percentage isn't available.

Senator McCARTHY: Thank you. Can the department explain what work was undertaken within this grant program from the time it was announced, on 2 December 2016, to when the grant program opened, in 2019?

Ms Deininger: As the secretary has mentioned, neither I nor Ms Stanion were in our respective roles at that point. I'm happy to take that on notice and provide some additional information. I would say that there is a period where grant guidelines and so on need to be developed, so some of that time would have been doing that kind of work. We'll take that on notice. We just don't have that level of detail available.

Senator McCARTHY: You may have to take these on notice then. What happened in those three years? For example, was there any consultation with the industry around the design of the grant program? If there was, could you provide details, please?

Ms Deininger: We're happy to do that.

Senator McCARTHY: Thank you. How much oversight does the department have over this grant program?

Ms Stanion: It's administered by Wine Australia, so we are not closely involved in the day-to-day running of this program.

Ms Deininger: I might also add that Wine Australia is on the schedule for the hearing today, after the dinner break, so they might be able to assist you with some of that additional information.

Senator McCARTHY: Is Wine Australia the sole decision-maker regarding which organisations get funded?

Ms Deininger: I don't have that level of detail, so I think it's best that those sorts of administrative matters and grant decision-making matters are raised directly with Wine Australia.

CHAIR: They're on at 7.15 tonight.

Senator McCARTHY: Would that be a yes—that Wine Australia is the sole decision-maker in terms of the grants?

Ms Deininger: I'm not aware of the decision-making process for the grants—whether there's a panel or who the delegate is. Wine Australia is on at 7:15, so we'll give them a heads-up to be prepared to provide some information to the committee on their decision-making processes.

Senator McCARTHY: What I'm trying to understand is what role the department has. Does it not have any role, in any way, in determining the applicants?

Ms Stanion: That's correct. We don't determine the applicants. There are program guidelines in place.

Senator McCARTHY: Can the department provide a list of successful round 1 recipients including the name of the winery, the amount of funding they received and the location of their cellar door by suburb and by state and territory? That was 180 applicants?

Ms Deininger: That's right, so—

Senator McCARTHY: Would they all have been successful recipients?

Ms Deininger: Again, we'll need to ask Wine Australia for that level of detail.

Senator McCARTHY: But were the 180 applicants all successful recipients?

Ms Stanion: Yes, they were.

Senator McCARTHY: Can the department confirm who set the threshold of \$1.2 million in sales? Was it the department or the minister?

Ms Deininger: We'll check. Because the program has been going for a bit of time, I don't have that detail to hand in terms of who made the decision around the program parameters.

Mr Metcalfe: Senator, I know that Wine Australia are monitoring estimates, so, if you have questions, the more that you could flag what you're going to ask, the better they'll be able to answer them this evening. We're very happy to assist with that.

Senator McCARTHY: Thank you, Mr Metcalfe. I'm sure they are listening to all my questions now and perhaps know that I'll be asking the same questions of them. Does the department think it appropriate that many of the recipients of these grants represent some of the largest wine companies in Australia, with annual revenues exceeding millions of dollars?

Ms Deininger: I don't have the names of the successful applicants. As I said, I don't actually have the program parameter details and why certain decisions were made, but we're happy to take that on notice and come back to you as to what the parameters are and then the outcomes, as we've discussed earlier.

Senator McCARTHY: Does the department believe it's appropriate that two of the recipients are ASX-listed entities with one of those entities having a market capitalisation in excess of \$8 billion?

Ms Deininger: As I mentioned, I don't have a list of all the successful applicants here, and I don't have information around the program parameters and why it was decided that way. I'm happy to take that on notice and come back to you, Senator.

Senator McCARTHY: According to the figures published on the Wine Australia website, Australian wineries total approximately 2,500 in number. Can the department provide an explanation as to why the 179 wineries—or in your case I think you said 180—received support via the cellar door grants in 2019-20 and approximately 163 of these wineries also received funding in the 2020-21 financial year?

Ms Deininger: It's possible that many of the wineries don't have a cellar door and then maybe don't qualify for the grant guidelines or the grant requirements.

Senator McCARTHY: But you don't know why, do you?

Ms Deininger: As we've discussed, because Wine Australia run the program, we're not in a position to answer. I don't have the grant guidelines here because it's not a program that we administer, but I'm just suggesting that it is focused on tourism and cellar doors, and there are some wineries who don't offer that as an offering but will produce wine or will produce grapes.

Senator McCARTHY: Given that the cellar door program is purely demand driven, is the department satisfied that the approximately 2,300-plus wineries across Australia that did not receive funding via this program were not eligible to access such funding?

Ms Deininger: Again, I don't have the number of wineries that have a cellar door as a proportion of the number of wineries in total that you've mentioned. The grants are well known in the sector, and Wine Australia is well known and well connected in the sector, so perhaps Wine Australia can talk a little bit this afternoon about how they advertise the program and the availability of the grants to maximise the access for eligible wine tourism and cellar door businesses.

Senator McCARTHY: Is the department comfortable with a government grants program that appears to have benefited only approximately seven per cent of the wineries in Australia—

Senator McKenzie: Senator, are you asking the officials for an opinion on government policy? I think that's against the standing orders.

Senator McCARTHY: Minister, would you like to answer? Are you comfortable that government grants appear to have benefited only approximately seven per cent of the wineries in Australia? Is it appropriate that it is approximately the same seven per cent of wineries that have benefited year on year?

Senator McKenzie: What I heard the officials' evidence to be was that Wine Australia would be the best people to answer these questions. They're on later on in the day, so why don't we hear from the experts in the field that are actually responsible for this area, and then we can draw some conclusions from that.

Senator McCARTHY: You're the minister, though. Seven per cent of the same wineries, year on year—

Senator McKenzie: I just made the point, Senator, that the chair has made it very, very clear that asking officials matters of opinion on government policy is inappropriate.

Senator McCARTHY: No, I'm asking you. You're the minister. I am asking you.

Senator McKenzie: I'm going to wait until I hear from Wine Australia, which is what the evidence from the officials was. They don't have the detail to hand. Wine Australia will, so why don't we discuss it then?

Senator McCARTHY: Alright, I'll be happy to bring the question back to you then.

Senator McKenzie: Happy to take it, once I've heard the evidence.

Senator McCARTHY: I have a couple of questions on soils. Can the department confirm when the National Soil Science Challenge was announced by the government?

Ms Stuart-Fox: There's a National Soil Science Challenge which DISER is running, and then there is also a component of our soils package which is a soils challenge grant round and that hasn't opened yet.

Ms O'Connell: Senator, I draw to your attention that there's a media release on 13 May that related to the budget initiatives associated with soils. On 13 May, there's a combined release on soils that talks about delivering a \$230 million plus package around soils. It included the National Soil Strategy which was released at the same time. There were quite a number of initiatives administered through the agriculture minister's portfolio. There was also the announcement of the National Soil Carbon Innovation Challenge, which I think is the one you're referring to, and that's administered under the energy and emissions reduction minister's portfolio—DISER. Also a part of that was Australia's organic waste processing infrastructure under the Food Waste for Healthy Soils Fund, administered under Minister Ley. So the particular one I think you're talking about is the National Soils Carbon Innovation Challenge, which was announced on 13 May as part of the budget but as an overall package around soils—some administered through agriculture, some administered through the energy and emissions reduction minister's department and some administered on the environment side, through Minister Ley.

Senator McCARTHY: So is it the \$20.9 million that's set aside for the National Soil Science Challenge over four years?

Ms Stuart-Fox: That is our program, but that hasn't opened yet. That is the \$20.9 million program. That's to look at foundational science—gaps in our understanding of soil carbon. The program that's administered around soil carbon in the industry portfolio is really around reducing the cost of monitoring and measuring soil carbon and getting that price down to \$3 a tonne. So there are two soil science challenges, or grants programs, but with quite distinct purposes.

Senator McCARTHY: Has any of that 20.9 million been spent?

Ms Stuart-Fox: No, not yet. There will be a grant round that we anticipate will open soon.

Senator McCARTHY: And when will that be?

Ms Stuart-Fox: Ultimately that's a decision for the minister, but before the end of the year is what we expect.

Senator McCARTHY: Thanks, Chair.

CHAIR: We'll now take a break for lunch.

Proceedings suspended from 13:16 to 14:16

CHAIR: Welcome back. Senator McCarthy, over to you.

Senator McCARTHY: I would like to go through a couple of questions on cotton before the end of this outcome. During the May estimates the department highlighted community engagement being led by the Northern Territory cotton industry. Do the Cotton Research and Development Corporation or the department have any further information on how this has progressed over the past six months? What feedback has community given on the prospects of a large-scale cotton industry for the Territory?

Ms Deininger: The Cotton RDC has not been called today. I don't have any specific feedback that they have provided to me, but I am happy to take it on notice and see what the Cotton RDC can provide in terms of stakeholder and community feedback on the cotton expansion proposed in Northern Australia.

Senator McCARTHY: Does the department have any involvement in terms of trying to build community trust around the issue of cotton in the Northern Territory?

Ms Deininger: Not specifically. We engage with different industry organisations and work closely with RDCs on particular issues, but we don't have a particular role in promoting or advocating for industry development.

Senator McCARTHY: Is the department aware of recent clearing and construction activity at Tarwoo for the purposes of a cotton gin while approvals for the clearing are still pending through the Northern Territory planning process?

Ms Deininger: I am not familiar with that. We do have an environmental approvals area in the department, in a different group to mine. I am not sure if it is Commonwealth approvals you are referencing or state and territory approvals. If it is state and territory approvals you are referencing, then that would need to be taken up with the relevant state jurisdiction.

Senator McCARTHY: It is a Northern Territory planning approval process. I am asking if the federal department is aware of recent clearing and construction activity?

Ms Deininger: I am not personally aware of that, and I am not aware if any of that work has required approvals through our department. The way we would become aware would be through the EPBC approval process. But I am not aware that they have had to seek that.

Senator McCARTHY: Did you want to just take that question on notice, or are you fairly confident that is the case?

Ms Deininger: I will take on notice whether any approvals have been requested through our department.

Senator McCARTHY: The industry focus seems to be on dryland cotton. What will the rotation crops be, and what are the implications for land clearing, erosion and soil quality if this isn't worked out from the start?

Ms Deininger: I am not familiar enough with the proposal. That might be something the Cotton RDC can provide some input on. I am not familiar enough with the proposal, the rainfall patterns and so on. Certainly our understanding is that it would be a dryland crop.

Mr Metcalfe: Normally with this type of proposal or land use, the appropriate authorities are the local territory departments. We don't have any involvement as a Commonwealth department in land use or particular types of cropping or whatever. Where we do have a responsibility, as you know, is if it triggers the role of the EPBC Act in relation to matters of national environmental significance. That would depend on assessments of the issues or whether other federal laws, for example, in relation to Aboriginal heritage, were triggered. So normally we would not be involved at the early stages of this sort of application. We would rely upon the Northern Territory planning authorities and other authorities as to whether land could be used in this way. It would only be if those sorts of specific responsibilities were triggered that we would normally get involved.

Senator McCARTHY: What does this best practice regulation and monitoring look like for a new cotton industry in the Northern Territory? What measures is the department assisting the industry with in its development, and in working with and listening to communities downstream? Is the department involved at all?

Ms Deininger: I am not aware of any involvement.

Mr Metcalfe: Last time Cotton RDC were before the committee I think they had done some research in relation to tropical cotton, et cetera. I am not sure whether CSIRO has done any research. They have obviously done broader work in relation to Northern Australia. We will check, but as far as we know, our department hasn't been involved in those matters.

Senator McCARTHY: Thank you, Mr Metcalfe. I have questions which are obviously for those areas you mentioned, to understand just how much the federal department is across this and involved. If you can provide on notice further information on any of those questions, send that through. That comes to the end of my questions on cotton.

CHAIR: Senator Ciccone is doing some Landcare questions, and that will bring us to the end of outcome 3.

Senator CICCONE: I have a couple of questions on the National Landcare Program. First I want to refer to the Regional Land Partnerships service agreements, which are also part of the National Landcare Program.

Ms Kennedy: My colleague Mr Costello would be able to provide some more information on that, but I understand that is correct. The Smart Farms program as a whole has three elements; it is \$136 million altogether. One is Smart Farming Partnerships, one is Smart Farms Small Grants, and the other is Building Landcare Community and Capacity.

Senator CICCONE: Thank you. Amongst other things, it sets out the Australian government's expectations of service provider engagement with Landcare and other community groups. As you would know, it also includes a requirement that at least 20 per cent of the combined value of projects delivered by the service provider must directly support the delivery of small on-ground projects and related activities that are delivered by or directly engaged with the local Landcare community. How does the department ensure this requirement is met?

Mr Costello: The service providers have to report annually to the department on their achievement against that target. We receive annual reporting on that, and we review those annual reports.

Senator CICCONE: Does your team review those reports?

Mr Costello: Yes.

Senator CICCONE: Is the department able to provide a list of projects that are funded through the 20 per cent provision?

Mr Costello: I would have to take that on notice; there would be a lot of analysis involved in that.

Senator CICCONE: If you could take that on notice and come back to the committee, could you also include details of the on-ground outcomes of each?

Mr Costello: Absolutely.

Senator CICCONE: Thank you. While the definitions of 'Landcare' vary, it is widely accepted that 'local Landcare community' involves partnerships and voluntary community leadership, et cetera; so it is more than just

about the individual land managers. How does the department define 'local Landcare community' for the purposes of this requirement?

Mr Costello: It is a community based movement so, as you have correctly said; it is not restricted to groups with 'Landcare' in their name. It can be friends of groups—so friends of a local park or a reserve, or friends of a species. So it is a community driven, volunteer-type activity.

Senator CICCONE: But the department does not have a definition as such?

Mr Costello: I could check the services agreement. Given that it is a contractual requirement, there may be a definition in the agreement; I am not sure. But I will certainly check that.

Senator CICCONE: Which would be a standard definition, I assume.

Mr Costello: Across all of those.

Senator CICCONE: If you could check and come back, that would be great. Does the department have any information about the extent to which thousands of Landcare groups operating in Australia are satisfied with their level of engagement with the RLP?

Mr Costello: A review of the National Landcare Program is currently underway.

Senator CICCONE: Yes.

Mr Costello: Consultation has been taking place, involving a series of workshops, including with representatives of the Landcare movement, and surveys that are open to anybody; the 'Have your say' survey. The results of all that consultation are currently being analysed. We will have that information at hand in the next few weeks.

Senator CICCONE: Who have you written to about the survey?

Mr Costello: It was publicly available. We promoted it through our social media channels, the National Landcare Program social media—a media release was put out about it—and also the representatives of the Landcare networks. Mr Jim Adams, from the National Landcare Network, is on a reference panel for that review and so is Mr Shane Norrish, from Landcare Australia. The representatives of the Landcare movement are involved in the process and are well aware that the consultations are underway.

Senator CICCONE: The department supports around 65 regional agricultural Landcare facilitators in a program worth around \$33 million over five years; is that correct?

Mr Costello: That's correct.

Senator CICCONE: Most of these are employed by contracted service providers. Can the department provide details of how it ensures that these positions provide agricultural Landcare facilitation services?

Mr Costello: There are requirements for those positions in those service agreements. There are also annual work plans agreed with the department, and reports done annually by each of those regional agricultural Landcare facilitators. They report annually on their work, and we review that.

Senator CICCONE: So they have to provide reports into your team?

Mr Costello: That's correct.

Senator CICCONE: Are there any other measures or reports?

Mr Costello: The service providers, who run a range of agriculture and environmental programs, provide an annual report on all of their projects and activities, which may also refer to the activities of the facilitators as part of their overall operation as well as a specific annual report from that facilitator.

Senator CICCONE: Are the Building Landcare Community and Capacity Program grants something your team looks after, too?

Mr Costello: Yes; we can talk about that.

Senator CICCONE: Excellent. Is the minister still responsible for approving the grants applications on the advice of the department?

Mr Costello: Yes.

Senator CICCONE: Are you the officer who is in charge of advising the minister on which grant applications they should approve?

Mr Costello: I am, yes, as part of a chain of command.

Senator CICCONE: What type of information would you ordinarily provide the minister or their office?

Mr Costello: For every grant application there is a set of grant opportunity guidelines which have criteria. So we would do an assessment against the criteria and provide advice to the minister on whether the project meets those criteria.

Senator CICCONE: So you provide a list of projects that you would recommend that the minister should sign off on for funding as well as those that should not receive funding; is that correct?

Mr Costello: Depending on the nature of the process—whether it is a list, if there were multiple grants involved. If it was an individual project, obviously there wouldn't be a list. But yes, typically.

Senator CICCONE: So essentially you provide: 'Here are all the applications. This is what we say you should approve. These are ones you shouldn't approve.' Are there any other categories in between?

Mr Costello: Yes, certainly. So it's quite normal actually for there to be more applications that meet the criteria than there are funds available. So we would provide the top group of proposals up to the limit of the funds available but there could very well be projects below that line, below the limit of funds, that are also suitable and meet all the criteria. Then there would be some applications which do not meet the criteria and would not be suitable for funding.

Senator CICCONE: Are you able to advise the committee how often the minister has gone against advice of the department?

Ms Kennedy: I think we'd need to take that on notice. It would be probably useful to know: do you mean just in relation to the BLCC program?

Senator CICCONE: Yes, just that program.

Mr Costello: None, but there has been a situation which I've just described where there's been a certain number of projects—

Senator CICCONE: Did you say none?

Mr Costello: There have been no instances for the BLCC where the minister has gone against the advice of the department. However, there have been instances where there were more projects that met the criteria than there were at the time that we thought funds were available for that program. The minister's asked us to find some additional funds because there were further projects that he wished to fund out of the process.

Senator CICCONE: And where would you ordinarily get the extra funding then? From other programs?

Mr Costello: The Building Landcare and Community Capacity is one component of a broader Smart Farms Program. So the minister has the authority to reallocate between those subprograms. He has complete authority over the whole package; so it's really his decision how much—

Senator CICCONE: Can you also provide, then, evidence to the committee about how often the minister has maybe sought advice from the department about reallocating funding or seeking additional funding elsewhere to support projects in the BLCC?

Mr Costello: Yes, we can take that on notice.

Senator CICCONE: How many grants have been provided over the life of this program?

Ms Kennedy: My understanding is it's 41 projects.

Senator CICCONE: And how many of these have gone to Landcare itself or a Landcare body?

Ms Kennedy: Mr Costello probably has the detail but yes, you're absolutely right that Landcare Australia and the National Landcare Network are key partners who receive funding in the order of \$14 million.

Mr Costello: \$14.4 million out of a total of \$33.6 million has gone to Landcare Australia and the National Landcare Network, those organisations specifically with 'Landcare' in their title.

Senator CICCONE: But no community Landcare group, if I can use that phrase? We're not giving money directly to the local community?

Mr Costello: Through other components—

Senator CICCONE: Or is it through Landcare Australia or the National Landcare—

Mr Costello: So the grants through the Building Landcare Community and Capacity are for those peak organisations to support the Landcare network. But certainly Landcare groups have received funding through other components of that program such as Smart Farms.

Senator CICCONE: Have any new grants been made since estimates October 2020?

Mr Costello: Yes, there would have been some new grants made in that time frame, yes.

Senator CICCONE: And of the grants that have been made so far, can you confirm how many of them had their grant agreement signed by the department with particular reference to the week that was leading up to the 2019 federal election?

Mr Costello: There were 15 grants approved by the minister on 21 March 2019. I think that's the period you're referring to.

Senator CICCONE: But the week of the general election, the date in May, the 16th.

Mr Costello: That was before the caretaker period.

Senator CICCONE: Caretaker period, all right.

Mr Costello: Before the caretaker period.

Senator CICCONE: So the minister signed off on 16, did you say, grants?

Mr Costello: Fifteen.

Senator CICCONE: Fifteen?

Mr Costello: On 21 March.

Senator CICCONE: And there weren't any signed off during the caretaker period by the minister. But were any signed off by the department?

Mr Costello: By signed off, the funding was approved by the minister. The funding agreements were signed by the department.

Senator CICCONE: And that's the normal process regardless whether we're in caretaker mode or not; is that correct?

Mr Costello: Yes. The department doesn't approve the grants; the minister approves the grants.

Senator CICCONE: So you wouldn't have seen an instance where the minister has approved the grants prior to the election being called and then in the middle of caretaker the department then signs off on the agreement?

Mr Costello: That is what occurred in this particular program, yes.

Senator CICCONE: So in that instance how many occurred in the month of May 2019?

Ms Kennedy: I think we might need to take that on notice. My understanding is that the department moved quickly after the minister's approval, as we always do, to make sure that those contracts were in place and funding could flow. I'm aware that there were some contracts signed during that caretaker period that you're mentioning but I don't have a number in front of me for exactly how many that was. We can take that on notice and come back during the session, though.

Senator CICCONE: Had recipients been notified that they were successful in the application for money through the program once the minister had signed off but the department hadn't yet signed an agreement?

Ms Kennedy: Yes, my understanding is that there were media releases in relation to those projects.

Senator CICCONE: That was my next: how were they notified? But only through media release?

Ms Kennedy: I'd have to take it on notice, I'm sorry. It's a little bit before my time. Mr Costello might remember if there was correspondence.

Mr Costello: There would be, because the normal practice is to provide a draft funding agreement and ask for details from the organisation to be included in a funding agreement. So in between the period of the award of the grant and the agreement being signed there is certainly correspondence backwards and forwards with the fund.

Senator CICCONE: From the department?

Mr Costello: Yes.

Senator CICCONE: Not from the minister's office?

Ms Kennedy: I think we'd need to take that on notice and just confirm because there are quite a lot of grants obviously administered within the department and within my division. And sometimes the ministers are the ones that sign the letters notifying the successful applicants and sometimes that is done by the department or even by the Grants Hub, for instance. So I would just need to confirm. We can do that later in the session.

Senator CICCONE: Earlier you mentioned that you weren't aware of any grants or agreements being signed preceding the general election or in that caretaker period. From my understanding, there's one example which relates to the number of grants provided through the program. I think it was Primary Industries Education Foundation Australia and Agricultural Shows Australia. Are you aware of these grants?

Ms Kennedy: My apologies, I am vaguely aware of those in the department but my understanding is that they might be in relation to the agricultural productivity division. I don't think they're ones that we have. We might need to take that on notice and make sure we've got the right people.

Senator CICCONE: So your team looks after grants generally or was it just specifically national Landcare?

Ms Kennedy: Yes.

Senator CICCONE: I might just pause there for a minute. I don't know if Senator Keneally—

Mr Metcalfe: Pausing or finishing, Senator Ciccone?

Senator CICCONE: I just wanted to check something. Just based on the evidence that the officials—

Ms Kennedy: I think we do have details on that.

Mr Costello: So the Primary Industries Education Foundation was approved on 21 March 2019.

Senator CICCONE: Sorry, you need to speak up.

Mr Costello: On 21 March that grant was approved, according to my records here.

Ms Kennedy: And confirming it was under the Landcare program, yes.

Senator CICCONE: It was through your program?

Ms Kennedy: Yes.

Senator CICCONE: That your team administers, I should say. So from my understanding—these are the questions I'd asked earlier in estimates, I think last year—there were about three grants totalling around \$900,000. Is that your understanding?

Mr Costello: So the Primary Industries Education Foundation, \$200,000. Agricultural Shows Australia, one grant for \$572,000 and another one for \$81,800.

Senator CICCONE: So can you tell me when the agreements for these three grants were signed?

Mr Costello: I have the date they were approved, which was 21 March. But the agreements themselves, I'd have to get back to you on the specific date the agreement was signed.

Senator CICCONE: My understanding of the Agricultural Shows Australia grant from that \$80,000-odd grant was signed the day before the general election in 2019.

Ms Kennedy: As we said, once the grant approval is done by the minister then it is the job of the department to continue that process forward to have a funding agreement executed as soon as possible. But that can take a different amount of time depending on how the recipient is placed and also in terms of resourcing within the department.

Senator CICCONE: So who works out the timing of when the money is actually passed on to the recipient?

Ms Kennedy: It can vary from time to time. It really depends on how quickly the recipient is getting back to us in terms of those details that Mr Costello mentioned earlier and how quickly we can have the paperwork ready to go as well. And as we said, some of these proposals do go through the Grants Hub as well. I don't think that is the case for these ones, though. But as I say, different grants and different funding opportunities will take different amounts of time to go from the point where the approval is received to the point where the funding agreement is executed.

Senator CICCONE: So why delay? So the minister signs off in March. Why does it take some months for the department then to sign off on an agreement?

Ms Kennedy: Mr Costello could probably talk through in a bit more detail the process steps but essentially we have to know whether or not the funding recipient is still in a position to deliver the project that they applied for. Sometimes there's some time between. We need to make sure that they are aware of all of their obligations and that they are happy to accept all of those. There's sometimes a period of negotiation. So, as I say, in each different circumstance it takes a different amount of time.

Mr Costello: And they may seek legal advice and then come back with questions about clauses in the agreement and that sort of thing.

Ms Kennedy: Yes.

Senator CICCONE: There was a media release which at the time the Prime Minister, the DPM and the minister issued on 27 April 2020 'Strengthening our agricultural shows and regional communities'. It had as its contact Coalition Campaign Headquarters. Is that normal to have such contact details on the bottom of a ministerial media release or would there normally be a departmental contact or a contact in the minister's office?

Ms Kennedy: I think that's probably a matter for the minister's office in terms of how they choose to issue a media release on a given point in time. I'd need to check whether there was also a departmental media release at the same time, which is also sometimes the case.

Senator CICCONE: So how were Primary Industries Education Foundation Australia and Agricultural Shows Australia informed that they were successful in their applications?

Ms Kennedy: I think we'd have to take that on notice again. As we said before, sometimes the minister will sign off a letter to the funding recipient at the time that they make the approval. Sometimes they leave that for the department to follow up on afterwards. So I'm just not aware of the nature of the correspondence in the instance that you're talking about. But we can confirm that on notice.

Senator CICCONE: Have you been in this role since the election or prior to it?

Ms Kennedy: I've been in the role since February this year.

Senator CICCONE: So who was in your role prior?

Ms Kennedy: I think there's been a number of people. There was, I think, Emma Campbell in the role before I was.

Mr Costello: This program was in the agriculture department at the time.

Ms Kennedy: A good point, Mr Costello.

Mr Metcalfe: Senator, you're asking a very specific question about two grants. The department deals with hundreds of these things over the years; so I wouldn't expect an officer to have a detailed recollection in their head this afternoon. We can check the points that you want and we'll give you the advice on notice.

Senator CICCONE: I guess the main point is: is it normal practice for the department to provide funding or government-approved funding in the middle of a caretaker period?

Mr Metcalfe: I think that my colleagues have advised that the decisions were taken prior to the caretaker period commencing and administrative action then to put that in place occurred in the normal course of action. So I think we've already answered that question.

Mr Costello: I've got some follow-up information for some of the questions you asked. So the Primary Industries Education Foundation agreement was signed on 13 May, and the Ag Shows agreement on 17 May 2019—13 May and 17 May.

Senator CICCONE: Sorry, signed off as in the agreements were signed off?

Mr Costello: The funding agreements.

Senator CICCONE: The funding agreements?

Mr Costello: The approvals were given on 21 March, as I've previously stated.

Senator CICCONE: We had to go at length to obtain some documents to a point where we had to go through the Senate to get an order of the Senate to produce some documentation with respect to this grant. As part of that—I'm not sure if you're across all the details, Secretary—under the order and the documentation that the Senate had received there was one departmental officer, which we won't name, commented to another in an email quoting, 'I think Ag Shows might be beyond the realm of the BLCC.' So I guess my question to the department: was any advice provided or passed on to the minister's office flagging that it was inappropriate that such grants should be approved?

Ms Kennedy: As I think Mr Costello said previously, with the 15 decisions that were taken that day, there were two different categories. They were all suitable for funding, and there were 13 of the 15 that we recommended at the time as being the best fit for the envelope of funding that was currently available. As Mr Costello said, they were all suitable and met the guidelines. Once the minister decided to have some additional funding moved into that program, it was entirely appropriate for them to be funded.

Senator CICCONE: The commentary from, I'm assuming, some of your staff was factually incorrect; is that what you're suggesting?

Mr Metcalfe: In big organisations there are always different views about different things. It's not just our department; there are many different organisations that have different views. I think that the officers have explained the situation quite well.

Senator CICCONE: I think it's pretty serious when someone says, 'I believe it's beyond the realm of the program.'

Mr Metcalfe: That's their opinion.

Senator CICCONE: True, but it is advice to another senior official.

Mr Metcalfe: I wasn't there at the time. All I know is that, with organisations with thousands of different people, we encourage people to express their views. Ultimately, the management in place at the time undertook the course of action that they did, and I'm sure it's entirely proper.

Senator KENEALLY: I have a question that is probably best asked of the minister. The ABC's political editor, Andrew Probyn, has suggested that this booklet, a 125-page booklet detailing Australia's plan to achieve net zero emissions by 2050, could well have been printed before the weekend, and have been printed before the Nationals party room agreed to it. Can you advise us when this booklet was finalised and printed?

Senator McKenzie: No, I can't.

CHAIR: Is this about outcome 3, Senator Keneally?

Senator KENEALLY: Yes, this document goes directly to access to international markets for agriculture.

Senator McKenzie: She's been waiting for this.

CHAIR: I think so. She's come in late.

Senator McKenzie: All lunchtime we've been waiting for—

CHAIR: She's been waiting all afternoon to come in and do this.

Senator McKenzie: I'd like to take this opportunity, Chair, seeing that we are talking about net zero in the agricultural estimates. Over the lunch break the NFF—and I know Senator Sterle will be very glad to hear this—is absolutely stoked with the government's plan. It's a departure from the failed Kyoto approach which saw farmers regulated into footing the bill without recompense or recognition. We talked earlier this morning about the Queensland state Labor government's impact through their native veg laws on the agricultural sector, particularly up there. It recognises, with respect to the National and Liberal parties' plan that was announced by the Prime Minister and Minister Taylor earlier this morning, the hard work that agriculture has already done in driving down Australia's emissions. Our plan also recognises the tremendous opportunity that exists to use agricultural land as a carbon sink—something I know, Senator McDonald, that you're very keen on—by working with and incentivising farmers to do even more. The NFF also welcomes the socioeconomic review mechanism, which will see the Productivity Commission carry out five-yearly measurements of the impact of the plan on rural and regional Australia, the first one being in 2023. On a number of the measures that are reported, the National Farmers Federation is very glad to see the Liberal and National parties agree to head towards net zero emissions by 2050, with a plan that doesn't tax agriculture and regional industries out of existence. Senator Keneally, before you got here, your party chose to do that, which is why they've been rejected at the last three elections.

Senator KENEALLY: Minister, how does this represent the Nationals' plan if it was finalised and printed before the Nationals' party room met on Sunday?

CHAIR: How do you know that, Senator Keneally?

Senator KENEALLY: The minister cannot guarantee—

Senator McKenzie: They don't use typesetting blocks anymore. They don't go off to the printer anymore and put them on blocks.

Senator KENEALLY: The minister cannot guarantee that this was not printed until after the party room meeting.

Senator McKenzie: You can change documents quite easily these days, Senator Keneally.

Senator KENEALLY: Are you now guaranteeing this—

Senator McKenzie: I would not be making those assumptions.

Senator KENEALLY: Are you now guaranteeing that this was only finalised and printed after the Nationals met on Sunday afternoon?

CHAIR: Haven't you asked Senator Birmingham about this already? What are you doing? Shopping questions?

Senator KENEALLY: I think you're confusing me with Senator Gallagher. We're not interchangeable; we're different people

CHAIR: So you're asking questions about when something was printed?

Senator KENEALLY: I'm asking this minister, who is the leader of the Nationals in the Senate, whether this document was finalised and printed after the Nationals' party room meeting on Sunday.

Senator McKenzie: I haven't seen that document, to be honest, Senator Keneally.

Senator KENEALLY: You haven't seen this document?

Senator McKenzie: You're waving a bit of blue paper around.

Senator KENEALLY: This is the Prime Minister's plan released today.

Senator McKenzie: I've been sitting in estimates.

Senator KENEALLY: This is the Prime Minister's plan released by the Prime Minister today.

Senator McKenzie: It is the Liberal and National Party government's plan, agreed to by both political parties, after thoughtful consideration by the National Party over the last couple of weeks.

Senator KENEALLY: How is it the Nationals' plan? You haven't seen it and you can't guarantee that it wasn't printed. You say you haven't seen it?

Senator McKenzie: I've just read out, Senator, what the National Farmers Federation is very keen to have seen in the plan.

Senator KENEALLY: You haven't seen it? Hasn't this whole last week been a charade?

Senator McKenzie: What the National Party senators, including the chair of this committee and I, want to see are the types of things that we have been keen to see in a low emissions future.

CHAIR: Worked very hard for.

Senator McKenzie: They are also, surprisingly enough, included in the plan.

Senator KENEALLY: How do you know it's in the plan? You just said you haven't seen it.

Senator McKenzie: I read the NFF's media release.

Senator KENEALLY: How do you know that this wasn't finalised and printed well before the Nationals' meeting on Sunday? How do you know that? You don't, do you?

Senator McKenzie: I'm assuming it hasn't.

Senator KENEALLY: This is as useless as Chamberlain with his paper.

Senator McKenzie: Just like you're assuming it has.

CHAIR: Senator Keneally!

Senator KENEALLY: This is as useless as—

CHAIR: Senator Keneally!

Senator KENEALLY: peace in our time.

CHAIR: Senator Keneally!

Senator KENEALLY: It's a charade.

Senator McKenzie: It can go up on your Facebook page. You've showed it enough now. One more for the cameras.

CHAIR: Got the clip; fantastic.

Senator KENEALLY: So you can't tell us when this was finalised?

CHAIR: Senator Keneally, that is not—

Senator KENEALLY: I just want to be clear—

Senator McKenzie: It hasn't come out of my office; no, I can't tell you the details about when that was printed.

Senator KENEALLY: So it's possible that it was finalised and printed before—

Senator McKenzie: I can take that on notice, Senator.

Senator KENEALLY: You'll take it on notice?

Senator McKenzie: I'll take it on notice.

Senator KENEALLY: Thank you, Senator McKenzie.

Senator McKenzie: Always a pleasure.

Senator KENEALLY: I appreciate that; interesting.

CHAIR: Is that your question?

Senator KENEALLY: No, I have a whole set of questions for outcome 4. I told you I had one question for outcome 3.

CHAIR: Okay, fantastic; because we've got nothing else to do.

Senator KENEALLY: Apparently, the National Party doesn't have much to do, either.

CHAIR: What are you doing, Senator Ciccone?

Senator McKenzie: We've been very busy.

CHAIR: Have you got more questions, Senator Ciccone?

Senator CICCONE: I might just leave mine there, unless Senator Sterle or—

CHAIR: Senator Sterle, do you have more questions under outcome 3?

Senator STERLE: No, I've been trying to get to outcome 4 for the last hour.

CHAIR: I think that brings us to the end, except that Mr Metcalfe has something to say.

Mr Metcalfe: Chair, earlier this morning Senator Sterle asked some questions of the executive director of ABARES about new forestry plantation areas established through national plantation inventory regions. I can table a document that sets out the new areas established in 2018-19, 2019-20, and in the five years to 2019-20. That is based on data collected by ABARES in their five-year plantational log supply survey. I'll make that available to the committee.

CHAIR: Thank you very much, Mr Metcalfe. That brings us to the end of outcome 3. Thank you very much to the department.

[14:53]

CHAIR: We will now move to outcome 4, where we are doing biosecurity. Senator Faruqi will lead off.

Senator FARUQI: Chair, I have some questions for biosecurity, and with respect to live animal exports. I might start with some questions about greyhound exports. According to the agriculture department's website, there have been 98 greyhounds exported overseas this year, until the end of September. How many of those dogs had Greyhounds Australasia passports?

Mr Metcalfe: I'll ask our colleagues who deal with exports to come to the table.

Ms Hutchison: The department does not require greyhounds to have passports. We regulate for the health of the animal to meet importing country requirements. The greyhound passport arrangements are managed at a state level, so I cannot give you that information.

Senator FARUQI: You don't monitor whether greyhounds that are exported have the passport or not?

Ms Hutchison: We do not.

Senator FARUQI: Do you know how many of those dogs were exported for racing or breeding purposes?

Ms Hutchison: When dogs are exported it's not necessary for them to tell us the purposes for which they are going. I cannot tell you the purpose for which they were exported.

Senator FARUQI: Previously, there have been concerns raised in Australia—and I think by the government as well—about animal welfare standards in some countries where the dogs are exported to. For instance, four dogs are recorded as being exported to China this year. I'm figuring out from your responses to previous questions that you can't give me any assurances at all that those dogs did not end up at a racetrack?

Ms Hutchison: Correct.

Senator FARUQI: There was a news story in August about a number of greyhounds that had been exported to the UK and then reshipped to China. It was reported that the Victorian state authorities were investigating it. Are you aware of that investigation or is the department of agriculture even involved in that investigation?

Ms Hutchison: No, Senator.

Senator FARUQI: You're not aware; you're not involved. What I'm getting to is that I'm frustrated by the pretty nonsensical situation here where the Australian government notionally doesn't like sending greyhounds to countries where they'll be treated poorly, but there's nothing stopping that from happening because the industry-devised passport scheme which operates for export is not enforced by the law. Dogs could end up in horrific situations, and are ending up in horrific situations, regardless. Is there something that can be done about that? Should we be changing the federal laws?

Ms Hutchison: Currently, as it stands, the legal framework that the Department of Agriculture, Water and the Environment administers is in relation to meeting importing country requirements in relation to the health status of an animal. Once the animal reaches another country, that animal becomes subject to the laws and the activities

in that country. Under the current framework there is not an opportunity to look for the things you're asking for, Senator.

Senator FARUQI: The Greyhounds Australasia passports are pretty useless, in that sense?

Ms Hutchison: The passport arrangement is managed by the industry themselves.

Senator FARUQI: Yes, I know that.

Ms Hutchison: That is a matter for the industry and the participants in that industry to manage for their industry.

Senator FARUQI: I'll move on to sheep exports. This year, were there any applications for exemptions to comply with the order prohibiting sheep exports to the Middle East during the northern summer?

Ms Hutchison: No.

Senator FARUQI: What has the department's assessment been of how the northern summer prohibition order worked this year?

Ms Hutchison: The prohibition which has now been in place for two years is currently under review by the department. When that legislative arrangement was put in place we did undertake to review, and a review has commenced, taking data from both last summer and this summer, noting that this summer has not yet completed. The department will review all of that information, and it anticipates releasing a public consultation draft of that review in December.

Senator FARUQI: So there will be a public paper released?

Ms Hutchison: There will be.

Senator FARUQI: In December?

Ms Hutchison: Yes.

Senator FARUQI: Do you have a date for putting independent observers back on ships?

Ms Hutchison: Not yet.

Senator FARUQI: I remember last time we spoke the indication was that the program wouldn't be back up and running until international travel resumed. As far as I'm aware, international travel to Australia is resuming outbound travel on 1 November, so in five or six days time. So why aren't we then starting the program of independent observers as soon as international travel resumes?

Ms Hutchison: There's a range of arrangements that need to be in place. It's not just about international travel being available to and from Australia; it's about being able to move people around within Australia to get to departure points. It's about being confident that when they arrive in a third-party country they're able to disembark, get on a plane and come back to Australia without being disrupted by whatever arrangements might be in that country. We are well aware that international travel is starting to open up, so we're looking carefully at that. We also need to have a look at all the arrangements not just to get independent observers to the vessels but to get them home again. We will recommence that program when we are confident that that can occur.

Senator FARUQI: Is that weeks away, months away or years away?

Ms Hutchison: I expect it to be months away. I don't think it's realistic to think that it's weeks away. But I don't expect it to be a year away.

Senator FARUQI: So you can give me an assurance that the program will be up and running in a few months?

Ms Hutchison: In some months. Exactly when that is, as I said, I can't tell you, but it is the intention of the department to restart that program when those international travel arrangements are suitable to deploy officers and to have them return.

Senator FARUQI: Thank you. I now have a few questions about the horse traceability register, so I'm not sure if the people who can respond to those questions are at the table.

Mr Metcalfe: We'll just need to swap over officers.

Senator FARUQI: Thank you.

Mr Tongue: I might just hand to my colleague Ms Laduzko.

Senator FARUQI: Can you provide an update on the working group on a national horse traceability register in the sense of how many times has the group met this year, when did it last meet and what has been the progress?

Ms Laduzko: The horse traceability working group still continues to meet quite regularly. I think that at the last Senate estimates we were talking about this. It first met in October 2020 and we've most recently met on 22 October.

Senator FARUQI: What has been the progress? What are the updates since we last spoke?

Ms Laduzko: I think it's still a work under progress. It's reasonable to say we've still spent some time working through some advice from a consultant as to what is out there in the existing tracing arrangements for other forms of livestock that could be adapted to the horse model. I know we've talked about this before. That would be expansion of arrangements like for property identification and some livestock traceability and how effectively that would work. It's still very much trying to ascertain what a reasonable model would be and what each party's willingness to contribute to that model would be. As we've also talked about before, there's a number of objectives of the working group, from safeguarding for biosecurity and animal disease spread through to animal welfare issues, through to human safety issues with horses. I think it's still at the point where its primary focus is what could a system work and look like and what would be the contributing factors from different parties. There is no easy answer to this, unfortunately.

Senator FARUQI: Is there a place where any public updates are provided? The Victorian government website says that the meetings happen in April and May, but you just told me that there was a meeting in October as well. I know there is a lot of interest in this. Is there a way of providing updates to the public, whether it's on a website or somewhere else?

Ms Laduzko: There is a website available in Victoria. I can't speak to how quickly they upload communiques, but my understanding is that Victoria is the lead jurisdiction who supports the secretariat for this role and makes available communiques from each meeting. There is a website link. It sounds like you already have it, but I will read it into the record. It's agriculture.vic.gov.au/livestockandanimals/horses/horsetraceability. I believe that's where the Victorian government puts the material on the progress of the working group.

Senator FARUQI: When is the working group due to report to the AGMIN Forum?

Ms Laduzko: At the moment we would not be thinking they would have a proposition to put to agriculture ministers until the start of next year.

Senator FARUQI: So early 2022?

Ms Laduzko: Early 2022; that's correct.

Senator FARUQI: Last time we spoke the Commonwealth had offered, as far as I remember, \$50,000 to support the work of the working group. Do you know if that money has been allocated yet and what it is being spent on?

Ms Laduzko: No. As yet, we haven't finalised the funding arrangements with Victoria for the disbursement of the funds. They were certainly offered and they've certainly been accepted and they're being built into the forward planning for the working group, but we haven't actually provided the money.

Senator FARUQI: What's the reason for that?

Ms Laduzko: Part of it was around the appropriate form in which we could disburse money to Victoria for the purpose. It was more of a government nature and we had to have some discussions with our own central agencies about the best form. I think the second is just making sure we have an agreement that properly articulates the use for which it's to be put.

Senator FARUQI: Do you know whether other jurisdictions are providing any cash contributions or just in-kind contributions at the moment?

Ms Laduzko: My understanding is that it remains in kind. I'm saying that in the absence of knowledge that they have provided financial contributions and not to say that I know they haven't.

Senator FARUQI: Thank you very much. Thanks, Chair.

CHAIR: Senator Canavan.

Senator CANAVAN: Thank you, Chair. As I mentioned this morning, I have some questions on the *Awassi Express* investigation and issues around that. I believe that in August 2019 the department released a statement suggesting that had not uncovered any evidence that the video evidence was contrived or that fans had been turned off. Is that correct?

Mr Timson: That was the advice from the Commonwealth DPP.

Senator CANAVAN: Was there a report released with regard to that at the time? Was a report done that informed that statement?

Mr Timson: It was the advice provided, I believe, from the Commonwealth DPP when they assessed the evidence that was put before them.

Senator CANAVAN: Was there any internal report done on the evidence that was collected?

Mr Timson: I'd have to take on notice whether there was a post-investigative review.

Senator CANAVAN: Can you also take on notice whether there was something pre the DPP conclusions as well?

Mr Timson: Yes.

Senator CANAVAN: Has the department ever received any admission from Animals Australia that it provided money to ship workers?

Mr Timson: I'd have to go through the case file and take that one on notice.

Senator CANAVAN: Okay. Just so we're clear, that's just any monetary payment, not for any particular purpose or anything; just any payment to a ship worker on the *Awassi Express*. Has the department ever received any correspondence from Lyn White of Animals Australia that indicated a transfer of money to ship workers?

Mr Timson: I do not have the investigation material before me, so I'd have to take that on notice as well.

Senator CANAVAN: Okay. If you do have correspondence, could you provide that to the committee?

Mr Timson: Certainly.

Senator CANAVAN: If you were to provide money to ship workers in exchange for footage of suffering animals, would that be an incentive to allow the suffering?

Mr Timson: That's an opinion.

Mr Metcalfe: I think that's a legal opinion, Senator, that we probably should not attempt to answer.

Senator CANAVAN: Fair enough. Is the department aware of any evidence that there's an open reward from Animals Australia for footage that meets their threshold for animal cruelty?

Mr Timson: I'm not personally aware.

Senator CANAVAN: Minister, are you?

Senator McKenzie: No, I'm not.

Senator CANAVAN: I'm just asking the question, Minister.

Mr Metcalfe: As you know, Senator, this happened some time ago now, so we'll need to check.

Senator CANAVAN: Just keep in mind that question; it is an open reward. If you could take that on notice, not just with regard to *Awassi Express*.

Mr Metcalfe: Yes.

Senator CANAVAN: Are you aware of Animals Australia rejecting footage from workers on the basis that it was not good enough and not showing sufficient animal cruelty?

Mr Tongue: We're not aware, Senator, but we're happy to take it on notice and search the files.

Senator CANAVAN: Okay. Does the department work with Animals Australia in any way? Do you have a relationship with them?

Mr Metcalfe: There are other colleagues here who might be able to assist on whether there is any communication or interaction with Animals Australia. I'll just ask them to come forward, Senator. Effectively, what we have is the team working on compliance issues and the people coming forward deal with live animal regulation and policy.

Ms Hutchison: Animals Australia obviously have an interest in live animal export. The department engages with them. We have meetings with them from time to time. They participate in at least one of the formalised animal welfare advisory meetings that we have. Sorry, I correct that; the RSPCA do. I'll need to check whether Animals Australia do as well. To the extent that we meet with them from time to time, they raise issues with us. They may participate in public commentary when there is a public release for consultation on matters related to live animal export. They raise issues with us. We meet with them on matters of policy development around live animal export matters.

Senator CANAVAN: How many meetings have you had this year?

Ms Hutchison: I'll take that on notice and have a look.

Senator CANAVAN: Including, obviously, Zoom; online-type meetings.

Ms Hutchison: I'll need to verify that and come back.

Mr Metcalfe: Bearing in mind that we're in the middle of a review of the northern summer audit, for example, I'll be surprised if we haven't received some form of communication from Animals Australia as part of that.

Senator CANAVAN: Obviously, the DPP conclusion was there was not a case for criminal investigation. But there is evidence, isn't there, that Animals Australia did at least email some people offering payment for videos of animal cruelty? I'm sure you're aware of that. Are you aware of those media releases?

Mr Metcalfe: I don't think that we should comment on those issues, Senator.

Senator CANAVAN: Well, it seems to me strange that you'd maintain a relationship with an organisation that has been engaging in that sort of conduct, or would appear to be engaging in that sort of conduct.

Mr Metcalfe: I don't think there's a suggestion that they've been found guilty of any unlawful conduct. We obviously go to the whole range of different organisations, as you'd expect. Those relationships will vary from time to time, depending upon the action. For example, Animals Australia occasionally write to me raising formal complaints about animal mistreatment. Those complaints are properly investigated and dealt with. So there's a professional relationship there. They take various other actions, so I suspect that, to the extent that we interact with them, we certainly don't seek to give them any status or preference.

Senator CANAVAN: Do you have any internal guidelines in the animal welfare space for the conduct of organisations that you do engage with, standards that you expect that they uphold?

Ms Hutchison: We don't currently. We are developing a policy to make it clear both to the public in general and those types of organisations when and where the department engages, what types of matters we engage on—being matters of policy development—and what matters we don't engage on—being regulatory decisions.

Senator CANAVAN: But that wouldn't go to the conduct of the stakeholder per se.

Ms Hutchison: Correct.

Senator CANAVAN: Thank you, Chair.

CHAIR: Senator Sterle.

Senator STERLE: I just want to talk about the Amber Heard thing that was written about probably a year ago by Alice Workman in the *Australian*.

Mr Metcalfe: We're talking about Boo and Pistol, are we, Senator?

Senator STERLE: Yes. Can you imagine if those two dogs escaped and were bowling through the air terminal? You wouldn't want to run around chasing after them and calling after Pistol, would you? Anyway.

Mr Metcalfe: We've got the right people here now, Senator.

Senator STERLE: So where are things at with Pistol and Boo?

Mr Timson: The department is aware of the current media reporting concerning the prosecution of Ms Amber Heard in Australia in 2016 and is currently liaising with the Australian Federal Police and the Commonwealth Director of Public Prosecutions on the matter.

Senator STERLE: It has been going for over 12 months now; is that correct?

Mr Timson: Yes, that is correct.

Senator STERLE: Why has it taken this long?

Mr Timson: This is an ongoing investigation, and I would prefer not to comment on the details as to why it has taken so long.

Senator STERLE: Let me put it this way: we are talking about two celebrities who thought they could circumvent Australia's biosecurity laws and smuggle two puppies into Australia. We are not talking about murder and missing persons and all sorts of stuff; it is a simple case of deliberate flouting of Australia's biosecurity laws by celebrities. Why can't you talk about it?

Mr Metcalfe: It is a matter of strong public record about the decisive action taken by the then agriculture minister and the high-profile comments that the now Deputy Prime Minister made in relation to the inappropriate importation and the failure to declare the two dogs and their subsequent departure from Australia. The issue of criminal liability is a serious issue. We take it very seriously if people mislead us or provide false statements in relation to their incoming passenger cards. We are obviously aware of the allegations. Mr Timson has indicated that we are working with the law enforcement authorities, but you obviously would not expect that we could say anything that would go to any of the detail of those inquiries. The AFP and others may be prepared to talk in more detail, but we can't say much more than we have.

Senator STERLE: Mr Metcalfe, if this were citrus canker or prawn white spot or something that we are confronted with every few years, when something pops up, we would be all over it and we would be having a Senate inquiry, regardless of any legal action. This is a cut-and-dried case. Two celebrities thought they could sneak their dogs in on their private jet and they were caught. We are talking perjury. What is there to hide, and why is it taking so long? That is all I want to know. Do we need to have a Senate inquiry on it?

Mr Timson: There is nothing to hide. It is an active investigation.

Senator STERLE: How can it take 12 months? We know the evidence that was there. In they came. The celebrities thought they were above Australia's biosecurity laws. Minister Joyce had his little meltdown—and good on him. This is cut-and-dried. What is taking so long?

Mr Tongue: It is only cut-and-dried if we can get a conviction, and we can only get a conviction if we work with our partners at the AFP, the Director of Public Prosecutions and international partners. As much as we might like to pursue this matter, we have to go in the queue behind all the other matters that those organisations and our international partners are dealing with. But you can take it as ready that, as Mr Timson has outlined, we are pursuing the matter and we don't intend to go away; we will continue to pursue.

Mr Metcalfe: We are absolutely determined to ensure that biosecurity laws are fully enforced. Indeed, the parliament has recently passed significant increases in penalties associated with breaches of the law. They now include matters such as visa cancellation of foreign nationals who flout the laws, and that has been occurring. Mr Tongue is making the point that effectively the individuals associated with this matter all live overseas and the AFP are reliant upon their ability to work with foreign collaborating bodies in relation to the issue. We at the department are obviously reliant on the AFP to take this forward. So we understand your interest and concern. We are all encouraging, and we will continue to encourage, those authorities to press on the matter as quickly as they can.

Senator STERLE: Thank you for that, Mr Metcalfe and Mr Tongue. Are we saying that if it were drugs or people-smuggling or something, it would be higher up the pecking order? Is that what it is leading to?

Mr Tongue: No. I don't know the pressures that some of our partner agencies are under. I just know that they are very busy and very active on a wide range of fronts. We collaborate with them across a range of areas—not just on this matter, but on multiple matters. I think the judgments about priority-setting in those agencies are best left to those agencies.

Senator STERLE: Fair enough. Mr Tongue, are you able to tell us how much this has cost the taxpayers from your department's side of things?

Mr Tongue: I would have to take that one on notice; I am happy to take it on notice.

Mr Metcalfe: Whilst the department has expended significant time and effort in relation to this matter, there is a spinoff, and that is the huge publicity that this case and other high-profile cases such as Joe the pigeon, which I think Senator Ciccone was interested in—

Senator STERLE: That was my next line of questioning, Secretary.

Mr Metcalfe: They highlight that Australia has very tough biosecurity laws—the toughest biosecurity laws in the world, possibly, apart from New Zealand. We take it very seriously. Cases like Boo and Pistol and the ongoing publicity serve to remind people, and effectively provide free publicity to us, about how seriously we take these laws. Every day, as you know very well, we have staff out there on the borders who are seeking to ensure that these laws are enforced and doing a wonderful job.

Senator STERLE: Mr Metcalfe, there is no arguing. This committee, more than any other committee in the Australian parliament in the Senate structure, knows the importance of our biosecurity and what happens when we do have slips. You know very well that we have never gone out there and targeted the officials. We have always supported our officials.

Mr Metcalfe: We deeply appreciate your interest and support, Senator.

Senator STERLE: So you'll take on notice how much this has cost your department so far, because this is a very serious case.

Mr Metcalfe: We will take that on notice.

Senator STERLE: Can I go to the mouse plague?

Mr Metcalfe: Mr Tongue can certainly help on that one.

Mr Tongue: I am the officer in charge of mice, Senator.

Senator STERLE: You are the mouse man—you're Mighty Mouse!

Mr Tongue: That's right.

Senator STERLE: I know we have asked questions about the mouse plague in previous rounds of estimates, but we also know—please correct me if I am wrong—that there has been a surge of mouse numbers after winter, with the weather warming up and more food around for them. Can the department confirm how many states and territories are currently being impacted by increased mouse numbers?

Mr Tongue: It is a complicated picture in the work we have been doing with our colleagues in states and territories, CSIRO and GRDC. A number of jurisdictions are impacted. The ones I would call out are some evidence in Western Australia, some evidence in southern Queensland, rather more evidence in New South Wales and some possible hotspots in parts of north western Victoria. The extent and number of the hotspots depend on where the various jurisdictions are, in the grain season particularly. So I think it is fair to say that we have interest from a majority of jurisdictions on the matter.

Senator STERLE: Mr Tongue, is it still the view of the department that it does not have a role to play in devising a national response to the mouse plague?

Mr Tongue: The management of mouse plagues is principally centred on state government working with industry and individual producers. Our colleagues at the APVMA have a role in approving the use of chemicals for mouse management. We continue to work with our state and territory colleagues on the advocacy of bait supply: for example, using our network of counsellors overseas to assess trade routes and the production of zinc sulphide, which is the active ingredient producers use. Mostly because of global trade disruption, we just want to make sure. We continue to work with our state and territory colleagues about what I would call 'information flow' up and down the supply chain for bait. We also play a role in communication, using the scale that the Commonwealth has in communication. Minister Littleproud has also put up a web page directing producers, in particular, to the various Commonwealth resources that are available to them.

Senator STERLE: So from our last couple of rounds of estimates to what you have just stated, Mr Tongue, in terms of APVMA—I wasn't aware of the minister's frontline defence of the web page, so that is a good thing—what has changed? I am talking about the mice and the role of the department in formulation a national plan.

Mr Tongue: We have always tried to play a role, but not confuse the matter on the ground by pretending that the Commonwealth can do things it is not equipped to do. The wet autumn is highly correlated with mouse plagues; so to have a plague and then to have a wet relatively warm autumn tends to suggest the possibility of a second year and, subject to what summer and autumn next year look like, maybe a third go around. So we are responding; we are playing with what is in front of us. Some of the issues that started to emerge towards the end of last season clearly had some potential Commonwealth interests in them, and so we responded accordingly. We continue to do that.

Senator STERLE: Mr Tongue, is the department aware that farmers have estimated that more than one billion mice per week were being killed? Did you hear that figure?

Mr Tongue: I have heard some enormous numbers. The mice tend to grow in number until they cannot be sustained in the environment and then the population collapses. So, yes, I have heard huge numbers.

Mr Metcalfe: Senator, as you know, CSIRO have some particular expertise in this area, and we have been working very closely with them. They may have more data that goes to numbers and that sort of thing. But you are right; this is a serious problem spread across several states. We are certainly seeking to ensure Commonwealth leadership, working with the Grains Research and Development Corporation, who are here tonight. They would certainly be happy to talk to you. They have committed substantial funds to this issue. The APVMA is a key regulator in relation to the relevant chemicals. It is a serious problem. I think everyone is worried that we might be into a second and possibly third year before, as history shows, these sort of plagues or infestations peak and then collapse. But we don't appear to be at that point yet.

Senator STERLE: Okay. If it is for APVMA I understand, but do we have enough bait? I know there were shortage issues; you touched on that, too, Mr Tongue.

Mr Tongue: Yes, we do have enough bait. However, we continue to work with states and territories and the bait producers to monitor the bait supply because of global trade disruptions, including at the moment disruptions out of Singapore and so on. The active ingredient is manufactured in India and is quite a toxic chemical; the containers it is stored in are last on the ship and first off the ship. So we are staying close to it. We are also staying close to any shipments that might need to come in by air and need assistance to arrive by air. So we are working with Commonwealth colleagues and our councillors to assure ourselves. Rumours sweep around about inadequacy of bait supply, but whenever we have followed them up, they mainly appear to be rumours or localised supply issues, not national supply issues.

Senator STERLE: Can the department confirm when it last briefed the minister about the mouse plague?

Mr Tongue: I speak fairly frequently to the minister on a range of matters. And I think it would be maybe weeks or a week or two since I last raised the issue, just to give him a bit of a verbal update on it.

Mr Metcalfe: Yes. As you'd expect, we regularly meet with the minister and we discuss a whole range of different issues. And mice is certainly one of the ones that are regularly discussed. He has a very strong interest in ensuring that the Commonwealth can support the states and the industries as much as we can; hence the actions he's taken about ensuring that farmers and households and industries know where to go for information. I must just declare an interest, and I think Mr Tongue has. He and I both live in regional New South Wales and we're actually eligible for a major rebate from the New South Wales government for any purchases of mice poison and whatever. Fortunately, where we are, they haven't arrived but it's possibly only a matter of time, I think.

Senator STERLE: That's fair enough. So that was probably about a week or two ago, Mr Tongue?

Mr Tongue: Yes, quite recently. I'd have to check. I'm happy to provide it on notice but it would have been relatively recently.

Senator STERLE: If you could take that on notice, that would be great, thanks. Have you briefed any other ministers about the mouse plague?

Mr Tongue: The committee that I chair of state officials, GRDC, CSIRO and one or two others, meets every fortnight and I most recently gave a report back to AGSOC, the agriculture senior officials meeting that Mr Metcalfe chairs, and I want to say about a fortnight ago.

Senator STERLE: You can let us know that exactly. Has any minister requested any briefings from the department about the mouse plague?

Mr Metcalfe: Not yet. Are you talking about the agriculture minister or other ministers?

Senator STERLE: Other ministers now.

Mr Metcalfe: Not to my recollection but we can check on that.

Senator STERLE: I'd like to go to biosecurity detector dogs, if I could, please. Can the department provide a list of where all the biosecurity dogs are currently located?

Mr Tongue: I'll defer to my colleague, Mr Hunter, First Assistant Secretary.

Mr Hunter: Thanks for your question. We've got 42 operational dogs at the moment and they're based in most capital cities around Australia, although we have moved some due to the COVID situation in some of the smaller ports. Four dogs in Perth, 12 in Melbourne, 19 in Sydney and seven in Brisbane is what I have in front of me at the present point.

Senator STERLE: None in Adelaide, none in Darwin and none in Hobart?

Mr Hunter: No. In Darwin and Adelaide dogs have been moved but I suspect that we will move them back as we begin to open the borders for aviation shortly.

CHAIR: And the same with Cairns?

Mr Hunter: And the same with Cairns, absolutely.

CHAIR: Minister McKenzie announced a dog in Cairns. It was terrifically exciting.

Mr Hunter: So I do apologise there for being a bit ambiguous. But we do have dogs normally based in those locations but we've moved them due to operational reasons. We like to keep them busy. So we've moved them to mail centres at the moment in the bigger states to keep them busy.

Senator STERLE: That's my next question, Mr Hunter; thanks for that. Which mail centres and where?

Mr Hunter: So there are only four mail centres around Australia. There's one in Brisbane, which is a very small part of the operation, one in Perth as well which is a small part of Australia Post's operation, the two largest ones by far in Sydney and the second in Melbourne.

Senator STERLE: Can the department confirm how many biosecurity staff are working in the mail centre locations as well, please, by location and state?

Mr Hunter: Yes, I can. If you just give a moment I'll get that information to hand. So in Perth we have seven biosecurity officers at the mail centre; in Melbourne we have approximately 20 biosecurity officers at the mail centre; in Sydney we have 63 biosecurity officers at the mail centre; and in Brisbane we have five. I have to say that those numbers wax and wane depending on the arrival of mail into Australia. So other officers may be moved from other parts of our organisation from other areas of the operations into mail centres as we meet scale.

Senator STERLE: And what about when our borders open up? You said the dogs are going back to the airports. So how will you manage the staff? Will they come from external other areas or will they be coming out of the mail centres to go into the airports?

Mr Hunter: So at the moment—and I think we've given evidence to this effect previously—due to COVID we've redeployed in excess of 300 officers away from our aviation or what we call our travellers program. And those officers are currently deployed into mail centres and cargo areas as biosecurity inspectors in cargo or as assessment officers in cargo, wherever we effectively need them, and we will begin to move those officers back as the borders open up.

Senator STERLE: Mr Hunter, thanks for that but are they actively engaged in the mail centres and the cargo centres?

Mr Hunter: Absolutely. And we've increased our screening capability in the mail centres as a consequence of that. And what we've been doing with the officers that have been redeployed from airports into cargo is effectively keeping up with a very, very busy increase in commercialised cargo as it arrived into Australia.

Senator STERLE: And that's what I was thinking, because this is not strange to this committee on our aviation and maritime security inquiries that we've done. But if they're kept busy now and when your international travel starts up, if we start shifting them around back to the airport, wouldn't that leave holes in the cargo centres and the mail centres? Or is there a plan to recruit and increase the numbers of the inspectors?

Mr Tongue: I think at a very high level it's fair to say Australians haven't been able to travel; so they've been spending their money on consumer goods. As the country opens up we anticipate—and I think it's fair to say you read this in the financial pages—Australians are more likely to spend their discretionary money on travel rather than goods. And so we're going to move through a quite disrupted period where we've got both things going on and then hopefully—and we anticipate this—it will even out, that we'll see some of the cargo demand dampen as people are switching out of online shopping into travel. And as airports open we're not deploying the full 300 or so more staff that we've redeployed at the start of COVID. We'll do it in tune with demand and working with our border colleagues and our federal health department colleagues to tune the right number of staff. So it's a quite complex sort of staffing picture at the moment.

Mr Metcalfe: Yes, it's a very good question to ask and it's something that we're working on right now. We are in the position to recruit some additional staff, and that's a process that's underway. And I mentioned right at the start this morning, I think, the fact that our people are critical, but we are increasingly investing in technology 3D x-rays et cetera. And that's consistent with the Commonwealth biosecurity strategy that we released earlier in the year. But you're right: for us getting the resourcing right around airports, ports, mail centres is a subject of a lot of detailed work at the moment. Just while I'm talking, I just want to take this opportunity to pay particular tribute to our staff who have been working in this area through the pandemic. They've been right at the frontline. They've been a critical part of supply chains, of clearing food, goods, other imports to Australia. They've often been in places where COVID has been present. We've had staff who've had to isolate because of an issue at the Sydney Mail Centre. And I just want to put on the record before the committee our deep appreciation for the commitment and the resilience and the hard work of our staff and our leadership team who've been working through this quite extraordinary period.

Senator STERLE: Chair, I haven't cut out yet but is Senator Keneally in the room with you?

CHAIR: No, she's just disappeared. But Senator McMahon has questions. Would you like to—

Senator STERLE: No, I'm still going to keep going. I was just going to say I would give up some of my time to Senator Keneally, but if she's not there I'll keep using my time.

CHAIR: All right. Fire away.

Senator STERLE: Mr Metcalfe, thanks for that. Is it possible for you or the department to confirm how many additional dogs and staff were working on mail over the past few years?

Mr Hunter: I'll have to take that on notice.

Senator STERLE: Now I've got a couple of questions around the Inspector-General of Biosecurity and the Auditor-General review. Whom do I put that to?

Mr Tongue: The Inspector-General is on this afternoon.

Senator STERLE: That's all right. I'll leave that. What about biosecurity funding, Mr Tongue? Can I talk to you?

Mr Tongue: Yes, you certainly can.

Senator STERLE: Let me just make a note here. Mr Tongue, does the department believe that enough funding and resourcing has been allocated to undertake necessary work relating to biosecurity matters and risk management?

Mr Tongue: At the October budget last year the government injected an additional \$400 million into biosecurity. That's significantly lifted the department's budget. So this year we have a revenue stream from cost-recovered work, which has a number of elements to it, of about \$200 million flowing into the group. My budget this year overall is about \$435 million; so appropriation funding is about \$235 million. But that's just in the money that Mr Metcalfe gives me to run the function. Then there's money that supports laboratories and offices and a range of things. So all up this financial year the total amount being spent across outcome 4 is a shade over a billion dollars.

Senator STERLE: And you said cost-recovered work, was it?

Mr Tongue: Yes, that's right. So a lot of our work is paid for by the people that we service. So we charge out staff who undertake a variety of inspection services, and there's a schedule of fees that goes with that. We recover some money from levies, for example, on self-assessed cargo, and all that flows into how we run and staff biosecurity.

Senator STERLE: You said it comes from service or whatever. Are you considering user-pay service?

Mr Tongue: Yes, essentially. In what we called out in the document Biosecurity 2030, which was released with the October budget last year, we're continuing to work on those questions of cost recovery. The reason for that is our costs of delivery change. But as we've just talked about, we've also seen quite a deal of change in, say, demand on cargo operations. As the Australian economy shifts and changes, that shifts and changes how we have to respond to it. And so we continue to work on questions of funding long term, noting that the function provides both a private benefit and a public benefit. So that's that basis for that mixed funding model.

Senator STERLE: I understand that. So when do you think that work will be completed, Mr Tongue?

Mr Tongue: I think it's ongoing work. I think we'll continue to chip away at this as we play what's in front of us.

Senator STERLE: Can you explain to us how a biosecurity levy is different from other government services?

Mr Tongue: We do have a levy already in connection with self-assessed cargo; I want to say that it collects around \$80 million a year, but somebody behind me might correct me on that. I think you're referring to the notion of a general levy. The idea of a general levy flowed from the notion that the mere import of anything creates risk to Australia's biosecurity. As a response to COVID, the government ruled out imposing a general levy. As I said we continue to work away, as we play what's in front of us. Looking at the balance of risks, looking at the balance of our work and continuing to respond to changes, we continue to look at funding issues.

Senator KENEALLY: Thanks very much to the department for being here today. I have some questions regarding the report that was released by the Inspector-General of Biosecurity into the *Ruby Princess* earlier this year.

CHAIR: Are these questions for the—

Senator KENEALLY: No; I have separate questions for the inspector-general. They are about his report, though. The inspector-general stated:

Frankly, if the department had done what it agreed to do, then the chances of a Ruby Princess incident happening were significantly reduced ...

Does the department accept that statement from the inspector-general?

Mr Tongue: We accepted most of the inspector-general's recommendations. I will defer to Mr Hunter.

Mr Hunter: We did; we accepted all of the recommendations.

Senator KENEALLY: I am asking specifically whether you accepted that finding or that conclusion by the inspector-general, who said:

... if the department had done what it agreed to do then the chances of a Ruby Princess incident happening were significantly reduced ...

Mr Tongue: As I said the inspector-general came to a number of conclusions, and we've accepted all of those; we haven't argued with his report in any way.

Senator KENEALLY: I note from the inspector-general's report that the Agriculture-Australian Border Force MOU has not been updated since 2017. When was that supposed to have been updated?

Mr Tongue: Actually, we've had a body of work underway. We have multiple MOUs with Australian Border Force, covering a whole range of things. My senior colleagues and I have been working with Border Force to try to get that written up in a more effective way. So work is ongoing.

Senator KENEALLY: On page 51 of the report, it says:

The Agriculture-Australian Border Force MoU was last updated in March 2017. It has several annexures covering roles and responsibilities of each agency, reciprocal training arrangements, communication and information-sharing mechanisms, and targeted operations.

He refers to a specific MOU; are you saying that there is not a specific MOU?

Mr Tongue: There's that MOU, but there's a range of others that are to do with enforcement and compliance operations. I'm happy to take that on notice and give you a bit more detail.

Senator KENEALLY: He says, at the bottom of page 51:

The MoU between Agriculture and Australian Border Force is supposed to be updated every 2 years or whenever required; however, an update has been pending since March 2019.

Is that correct?

Mr Tongue: I believe that it would be, based on the work that we've currently got underway.

Senator KENEALLY: Why hasn't that work been done? Why wasn't that work done in 2019, and why hasn't it been done yet?

Mr Tongue: As I say, we have already had a number of conversations with senior Border Force colleagues about updating a number of the arrangements between us. I can't speak about the time before Mr Hunter and I arrived, but I'm happy to take that on notice.

Senator KENEALLY: Do we know when the update will be done? It's now four years overdue.

Mr Tongue: I'm hopeful—

Mr Metcalfe: It's not four years overdue; it's four years old.

Senator KENEALLY: You are correct. It's four years old; it's two years overdue.

Mr Metcalfe: It's overdue; the inspector-general has pointed that out. We're saying that we are working with Border Force to update it; and particularly to update it, bearing in mind the post-reopening of COVID arrangements. To be honest, everyone has learned a great deal in recent times, and we want to make sure that's all brought to bear in the relationship.

Senator KENEALLY: Mr Metcalfe, why wasn't it done in March 2019?

Mr Metcalfe: I don't know. I can check. As you know, I wasn't here at the time, so I'd have to go back and find out what was done prior to my arrival.

Senator KENEALLY: Can you take that on notice, please?

Mr Metcalfe: I will.

Senator KENEALLY: Thank you. Do you have a date for when this finalisation will be done?

Mr Metcalfe: I don't have any more information than Mr Tongue; but we can certainly let you know, on notice, what more information we can provide.

Senator KENEALLY: It seems to me that this MOU would have been well out of date when the *Ruby Princess* arrived in Sydney Harbour that day; it was at least a year out of date.

Mr Metcalfe: It sounds like it was about a year after the due date for renewal.

Senator KENEALLY: Yes, it does sound like that; indeed. The inspector-general's report addresses a number of issues regarding the granting of pratique, with human health assessments and human health controls. I want to clarify some conduct that emerged from the report that relates to things that agriculture officers did or did not do that morning. We already know that passengers were allowed to disembark the vessel before pratique was formally granted by agriculture officers in attendance; that was detailed in the Commonwealth's submission to the Bret Walker inquiry, at pages 37 to 39. Unless you need me to, I don't want to read all of that out. It does make clear that, at some time between 6.30 am and 7 am, passengers commenced disembarking from the *Ruby Princess*. Someone from the *Ruby Princess* crew asked whether the vessel had clearance to disembark, and an ABF officer responded, 'Yes.' It also appears, as the Commonwealth said, that pratique does not appear to have been granted orally by a biosecurity officer prior to this time and that pratique was first communicated to the vessel operator at 7.39 am by an ABF officer. Do you now accept that passengers were allowed to disembark before agriculture officers formally communicated pratique to the vessel?

Mr Metcalfe: I don't think we have anything to add to what was said extensively last year before the COVID committee. You and I had several discussions about this; and I provided a number of letters to the committee, seeking to be quite clear and to accept responsibility. Of course, there's the material that is in Mr Walker's report; and the minister initiated, and we extensively cooperated with, the inspector-general's report. I'd regard the inspector-general's report as the latest best advice. What I also think is important about the inspector-general's report is the fact that the department has been able to accept his recommendations and that the report contains information about the very significant program of activity that we've had in place since that time to ensure that we can do the best job we can, and I'm very committed to that.

Senator KENEALLY: I thank you for pointing out the previous evidence that you've provided. This is the first chance that we've had to speak since the Inspector-General's report has come out.

Mr Metcalfe: No, it came out in April, and we were here in May.

Senator KENEALLY: I wasn't. I mean that you and I have had a chance to speak, Mr Metcalfe.

Mr Metcalfe: Yes.

Senator KENEALLY: You've referred to the evidence that you provided to me in the COVID committee; I'm just reflecting that you and I have not been in a committee together since the inspector-general's report came out.

Mr Metcalfe: Yes, I understand that, Senator.

Senator KENEALLY: You have previously acknowledged, I think—I don't want to paraphrase you—the things that were done and the things that were not done by agriculture officers on that morning. The inspector-general did say that the agriculture officers failed to understand their respective functions. Is *pratique* one of those areas now, in your judgement, where agriculture officers failed to understand their respective functions?

Mr Metcalfe: I accept what the inspector-general says, and I can only point to the fact that we are undertaking a very substantial improvement and reform program. Part of that includes extensive training for officers across the department in relation to their legal responsibilities, and the issue about powers around *pratique* are part of that area. I don't want to go over what we discussed at length last time, but we are very committed, as a department, to having learnt from what happened and having learnt from the inquiries that have occurred, and ensuring that, in the future, we work as well as we possibly can.

Senator KENEALLY: You and I have previously had some lengthy discussions about the responsibility to administer traveller with illness checklists. It does appear now, from the inspector-general's report, that there was a failure by agriculture officers to administer the traveller with illness checklists in the way intended. If they had done that, it would have 'appropriately managed to minimise the human health risk, and this was a crucial error'. How did it come to be that agriculture officers on the morning did not understand that it was their responsibility to administer traveller with illness checklists?

Mr Metcalfe: I can't provide you with any more advice on that than has already been provided to the inspector-general, Mr Walker and the other committee. We have given you everything that we possibly can in relation to it. Hindsight means that you look at things differently. I'm very committed to ensuring that we work as well as we can in the future.

Senator KENEALLY: Was it a failure of training?

CHAIR: Senator Keneally, the secretary has just pointed out that he has been quite open on this. It's been the subject of an inquiry and we've had quite a lot of information. I don't believe that you're going to get any more information on this at this time. You do have questions for the Inspector-General of Biosecurity. We are well over time. Do you have many more questions that you want to put on this? Are they new; are they going to get the secretary to say something different? If not, I would ask you to reconsider where your questions are asked.

Senator KENEALLY: Thank you, Chair; I appreciate your intervention. I would acknowledge that I have advice from the Clerk that I'm able to ask questions, and it's up to the witness to decide whether or not to answer them.

CHAIR: No. The guidance would probably not have included asking the same question in various formats to get the same answer. It just becomes repetitive, and we all have other places we want to get to; no doubt you have other committees that you want to get to. I'm just suggesting that you take on board the secretary's response.

Senator KENEALLY: Thank you. I am seeking to understand: have you changed the training regime? Let me ask it this way then: have you changed the training regime for agriculture officers, in relation to traveller with illness checklists, since the *Ruby Princess* incident?

Mr Metcalfe: I'll ask my colleagues to assist you.

Mr Tongue: We've had a very significant body of work underway. That includes changing and rewriting our instructional material; training staff, both in legal decision-making and in maritime matters; standing up a maritime operations centre; and reinvesting in our capacity to support our officers in real time. The government has given us \$11½million to upgrade the Maritime Arrivals Reporting System. There's legislation in front of the parliament to tighten penalties around cruising and cruise ships, and to enable us to give what we call 'group directions'. I'll defer to Mr Hunter on the rest.

Mr Hunter: We've already undertaken training for 400 of our staff at present on their legal obligations, and we expect to get through 700 staff by January.

Senator KENEALLY: How many staff do you have that need to be trained; is 700 the full number?

Mr Hunter: I'm not in any way making any judgements about who needs to be trained. The whole of the biosecurity operations staff are being retrained in biosecurity—

Senator KENEALLY: What is the totality of that number?

Mr Hunter: It's around 1,400 or 1,500 staff. We're now 400 into that, and I expect to be 700 into that by January. The only reason we're not at a higher level is because of the COVID disruptions in Sydney and Melbourne, where we've got large numbers as well.

Senator KENEALLY: Those are very helpful answers, but I don't think they actually answer my question.

Mr Metcalfe: I think the answer is yes, Senator Keneally.

Senator KENEALLY: Thank you, Mr Metcalfe. Similarly, the inspector-general found that the acute respiratory diseases log had not been viewed on the morning of 19 March but, if it had, it would have been noted that the log had not been updated since 17 March, and that would have prompted contact with New South Wales Health. Does that training also include the responsibility to review the acute respiratory diseases log?

Mr Hunter: The whole process around our instructional material, as Deputy Secretary Tongue has indicated, or our decision support material, has been revamped as it relates to human health, and that has begun to be rolled out. I would need to take on notice the specificity of your question there. But I'm almost certain that, in everything that we've done, we haven't left anything to chance, including rolling out new apps to assist people when they are boarding in these sorts of scenarios. There are just a couple of things I can say, if I could, Senator.

Senator KENEALLY: Yes.

Mr Hunter: When Deputy Secretary Tongue threw to me to answer whether or not we accepted all of the inspector-general's recommendations, I said that we'd accepted them all; we noted four and accepted 38—so I just wanted to put that back on the record—and the investment in MARS is at \$27 million.

Senator KENEALLY: Thank you. I also want to ask about an issue that arose where ABF officers seemed to have received medical results and not Agriculture. Again, is that part of the changes that you have made and the training that you have made, and will that be part of your MOU with the ABF?

Mr Hunter: I would anticipate that it will be part of our MOU with the ABF. But what I would say is that the legislative package that we now have before the parliament intensifies the whole pre-arrival reporting requirements. So, as a benefit, if you like, or as a learning from this, as you'd be aware, when a ship sails into the waters of Australia, it is required to report the human health status on the vessel as part of pratique; and the new legislation requires them to report as and when a change occurs on the vessel.

Senator KENEALLY: And report to?

Mr Hunter: It reports to us through MARS, and then we disseminate that information. In some cases, we've made that available to state and territory jurisdictions and then we can disseminate that as well to ABF, as necessary.

Senator KENEALLY: I really want to go to this issue about the MOU. The MOU included an annexure entitled 'Sea traveller processing at cruise terminals and wharf side'. The document outlines each agency's responsibilities for processing sea travellers. It says: 'It stipulates that each agency is to train each other's agency's relevant staff to understand their respective functions and the controls used to manage risk and facilitate the referral of travellers to the other party'. There's a prima facie case that that did not occur with the *Ruby Princess* because we had a circumstance where ABF was getting medical reports and then later on telling Agriculture, and ABF was granting pratique and later on telling Agriculture. I'm just trying to understand, and I'm a little concerned that we don't have any clarity about when this MOU is going to be finalised. Mr Metcalfe, or perhaps your deputies, what work is happening to ensure that you are training ABF's relevant staff as well as your own?

Mr Tongue: As we've been going on this journey, we've been working closely with ABF. Before cruising resumes, because each port is different, we will conduct exercises with the whole port community, including ABF, because the state government provides the human biosecurity officer, the state government runs the port and has powers in the port. There's us and there's ABF and, periodically, a whole range of other players.

Senator KENEALLY: But surely we're not going back to blaming just the state government.

Mr Tongue: No, I'm not doing that. What I'm saying is that we will be doing exercises at every port, as cruising resumes—and we don't know when that will be—to ensure that all the roles and responsibilities are clear. The port community now has access to the Maritime Arrivals Reporting System that it didn't have when the incident occurred.

Senator KENEALLY: Who does? The port authorities?

Mr Tongue: The port community.

Senator KENEALLY: The port community; what does that mean?

Mr Tongue: That means—

Mr Metcalfe: The relevant state's agencies, all of whom are working at the port—

Senator KENEALLY: So they can all look at MARS?

Mr Tongue: They can get aspects of it relevant to their responsibilities.

Senator KENEALLY: Who is going to be responsible for detecting human health problems on board ships then? If everybody's responsible, nobody's responsible.

Mr Tongue: As its core, we're an agent of the federal health department, and the state government is an agent of the federal health department. The state government provides the human biosecurity officer, and they're the authority that finally decides if there's a problem on the vessel or what-have-you.

Senator KENEALLY: But don't they have to be told first?

Mr Tongue: That's why we've changed the Maritime Arrivals Reporting System; and I note here that the vessel also has obligations, and we have an investigation underway on that issue too.

Senator KENEALLY: You have an investigation into what?

Mr Tongue: We have a compliance and enforcement function—

Senator KENEALLY: Into the *Ruby Princess*?

Mr Tongue: Yes.

Senator KENEALLY: When will that be concluded?

Mr Tongue: It's an investigation that's underway, and I can't go into detail.

Senator KENEALLY: When did that commence?

Mr Metcalfe: I think we gave evidence to the other committee. It has been underway for some time, but it's obviously in relation to the ship operator, I think.

Senator KENEALLY: If you look back at the *Ruby Princess* and look at the inspector-general's report, it seems to me that, in some circumstance, ABF, perhaps thinking they were doing the right thing, overstepped their responsibilities, and Agriculture underperformed in some of their responsibilities, and we have an MOU that was at least a year old at that time. We have training currently underway. Are we going to have an MOU finalised and are we going to have sufficient staff trained—can you guarantee that?—before cruise ships start arriving in port again?

Mr Hunter: The answer is that yes, we will have sufficient staff trained before cruising starts again. I'm reasonably confident in that because we've already done it on commercial vessels. We've taken the learnings from all of this and have applied it to every single commercial vessel that has arrived in the country; so these are cargo vessels that have arrived in the country.

Senator KENEALLY: But how many people are on a cargo vessel?

Mr Hunter: There have been many COVID cases on board those vessels, where we've practised and used the states and territories and the local jurisdictions to work on pre-arrival information that we're receiving into MARS; to disseminate the information that we get in MARS to the states and territories who want it; and to disseminate the information in MARS to the local port authorities who want it. We've stress-tested that system commercially, and now we're about to stress-test that system for the onset of the cruise vessels.

Senator KENEALLY: In a future hearing perhaps—I know that the chair is very keen to move on—I do want to come back and test this notion of having multiple people being able to access different aspects of MARS, because I'm a little confused about just who will have the authority or the responsibility to step in and say, 'There's a problem here with this ship.' It's still not clear to me who is going to have that authority.

Mr Metcalfe: I think Mr Tongue has made it clear that human health is ultimately the responsibility of the local health authorities, who are acting as delegates or authorised officers of the federal health department in relation to the health aspects of the Biosecurity Act—the department or the agency where we have people on the ground.

Senator KENEALLY: You're supposed to check the Traveller with Illness Checklist and you're supposed to check the acute respiratory diseases log.

Mr Metcalfe: There's really nothing that I can add to what's happened in the past, but I am committed to things working well in the future.

Senator KENEALLY: Will you still have those responsibilities, or are you going to buck-pass them to New South Wales or the state health authorities?

Mr Metcalfe: No, it's not buck-passing; it is about ensuring, as Mr Tongue has explained, that everyone is clear as to their responsibilities, including their legislative responsibilities, and that there are good strong, productive working relationships that not only work when things are working normally but also are able to deal with the unusual, such as we saw in this particular case.

Senator KENEALLY: I'm still not entirely clear. Who is going to have the primary responsibility for detecting a human health problem on a ship; will it be you?

Mr Metcalfe: The ship's doctor or the ship's captain is the initiator.

Senator KENEALLY: They're the initiator; they fill out their logs. Who's going to inspect those logs?

Mr Metcalfe: They are responsible, under the Australian law, for reporting that through the maritime reporting system.

Senator KENEALLY: Yes; and who is going to be responsible then for receiving that and making determinations?

Mr Tongue: We maintain the Maritime Arrivals Reporting System; but, with the changes that we've made, we've given ourselves the capacity to take out any friction in the system so that the human biosecurity officer, who is the state government medical official, who is the agent of the federal health department, is able to see essentially what we see and give us advice. So this goes to the question of: what risk does the vessel pose?

Senator KENEALLY: So why do you need to be involved at all then, if the state health departments can do it?

Mr Tongue: Because we are the agents of the federal health department to get on the vessel.

Senator KENEALLY: So are they.

Mr Tongue: Yes; it's a complicated system.

Senator KENEALLY: That's what I'm trying to work out. It was a complicated system that led to a cluster of problems, and I'm trying to work out how it's been fixed.

Mr Metcalfe: It's us because we're there already. We are biosecurity officers. I've spent a long time talking with you about the fact that our responsibilities are primarily in relation to animal and plant biosecurity.

Senator KENEALLY: Yes, I'm across that.

Mr Metcalfe: However, under longstanding arrangements, because we have staff physically present, we also take on, as agents of the federal Department of Health, the operational on-the-ground responsibility. As I've said also before the other committee, our staff aren't medically trained and they're not doctors; they need to rely upon medical advice. We are able to, on behalf of others, pass information to the health authorities—

Senator KENEALLY: Yes, I remember that we had—

Mr Metcalfe: and we are, on behalf of others, able to ask questions or try to—

Senator KENEALLY: So you will still have that responsibility.

Mr Metcalfe: Nothing is changing from that perspective. But, as Mr Tongue has said, we're trying to ensure that the system works as it is purely intended to do and that we don't see a situation as we saw with the *Ruby Princess*.

Senator KENEALLY: Will ABF have access to MARS in that respect as well?

Mr Hunter: I can't be certain about ABF having access to MARS and whether or not they've accepted access to MARS; I'll need to take that on notice. With everyone else that we're trying to get access to it, my focus has been on the states and territories and on the port authorities. I think one of the points there is—sorry, Chair, for labouring the situation here—that, if there's a notifiable disease on the vessel, the captain or the doctor needs to notify that in the pre-arrival reporting situation. The pre-arrival reporting situation now is such that that can be shared automatically with the state jurisdiction, so they automatically get it. That is the requirement. If the HBO—the human biosecurity officer—determines that there's no risk from a human health perspective, they don't board the vessel and they don't come anywhere near the vessel, and we then do our normal job as animal and plant biosecurity officers.

Senator KENEALLY: But, again, that was what happened with the *Ruby Princess*. They boarded the vessel but then didn't do the things that they were there to do.

Mr Hunter: The HBOs never boarded the vessel.

Senator KENEALLY: The HBOs never even boarded the vessel?

Mr Metcalfe: Not the *Ruby Princess*, no. That was the key issue, if you recall, Senator; they assessed the threat as low.

Senator KENEALLY: That's correct; they assessed the threat as low, and they didn't inspect the checklists.

Mr Metcalfe: In hindsight, whether they would have had a different conclusion: that's what all these reports have gone to.

Senator KENEALLY: That's correct.

Mr Metcalfe: We want to make sure that they've got the best information they can possibly get, so they'll have direct access to MARS.

Senator KENEALLY: Okay. It has been said by members of the government that, in essence, the *Ruby Princess* was a failing of NSW Health. Now, with the inspector-general's report, that statement is no longer completely accurate, is it?

Mr Metcalfe: I think the minister made some comments at the time of the inspector-general's report being released; and, from the department's perspective, we have agreed with all of the recommendations. Something that hasn't been reported a great deal in the media, but which is very important, is that part of the inspector-general's report flags all of the work that is underway, and I think he does make a comment—and he'll be with us shortly—that, had that ship arrived today, there may well have been a different outcome—

Senator KENEALLY: Yes, he did.

Mr Metcalfe: because of all the things that we've done, and that's what I can change. I can change the future; I can't change the past.

Senator KENEALLY: I understand that.

CHAIR: That's an excellent point. Is that a good point on which to break your questions, Senator Keneally?

Senator KENEALLY: I did have one more question. You say that the minister made observations about the report and that you can't change the past. But, looking back to the past, you now acknowledge that it was not totally a failing of NSW Health.

Mr Metcalfe: I've got nothing further to say than I've said before, and I am being careful there. But looking back on the past, a lot of things would be different. As you know, we had staff there on the day. I am sure they were working diligently and I am sure they were doing the best they could. We were dealing with an extraordinary, unprecedented pandemic.

Senator KENEALLY: Our system didn't work as it was meant to.

Mr Metcalfe: It has been carefully, forensically examined by one of Australia's leading barristers in Mr Walker, and by the Inspector-General, who is deeply experienced; he is a former head of biosecurity himself. We are focused on the future and what we can possibly do to ensure that our ports and our travellers are safe and that we are able to get people and goods moving across borders in a safe and regular way. I think we have been demonstrating that, including through the fact that thousands of ships have arrived since the *Ruby Princess*; commercial ships and others. While we have only been dealing with crew and not passengers, there have been quite a few cases where COVID has been on board.

Senator KENEALLY: I may put some questions on notice, but my last question is this: in relation to the investigation you are conducting into the *Ruby Princess*, what will happen to your findings? Where will they go?

Mr Tongue: That depends a bit on the findings. It is handled by our compliance and enforcement area.

Senator KENEALLY: Give me the range of options available to you.

Mr Tongue: There is a range of options.

Senator KENEALLY: Can you forward things to the DPP?

Mr Tongue: Yes, fines and a whole range of things.

Senator KENEALLY: Will you make that report public?

Mr Tongue: That would be subject to the nature of the report and whether it was forwarded to the DPP and the outcome of the investigation.

Senator KENEALLY: Do you have an indicative time frame of when this will be concluded?

Mr Timson: Not at this stage.

Senator KENEALLY: How long has it been going on?

Mr Timson: Since 16 April last year.

Senator KENEALLY: That is a substantial amount of time.

Senator McKenzie: Senator, thinking about the future, is this going to be your last estimates with us?

Senator KENEALLY: I don't know, Senator McKenzie. We could have a spill-over day. Would you like that?

Senator McKenzie: You could tell us how pre-selection is going.

Senator KENEALLY: It's done. Thank you for asking, though.

Senator McKenzie: So you are on the way to the other place?

Senator KENEALLY: That will be up to the electors, Senator McKenzie. Would you like to try your hand at a lower house seat?

Senator McKenzie: No. Could you please table the document you were raising earlier?

Senator KENEALLY: Would you like to see it?

Senator McKenzie: I would like you to table it. To Senator Sterle's questions earlier this morning, the committee now has a representation of the government's plan—

Senator KENEALLY: It is on the web, Senator McKenzie.

Senator McKenzie: for net emissions by 2050. He promised me that, when we delivered ours, he would get back to us on the Labor Party's plan for net zero.

Senator KENEALLY: You haven't even seen the government's plan. You can read it now.

Senator STERLE: Just to sabotage: it was a piece of blue paper with things that were done before he even met on Sunday. That's not a plan.

Senator McKenzie: What is your plan?

CHAIR: Neither of you are on topic now. Everybody has to stop so that we can keep moving. We're supposed to be going for a break now. Why don't we go for a break and be back in 10 minutes, at 4.30?

Mr Tongue: Chair, Senator Sterle was asking about the minister and mice. Could I just put on the record that Minister Littleproud wrote to his state and territory colleagues on 6 September; I am happy to provide a copy of the letter to the committee.

CHAIR: Thank you. We will break and come back at 4.30.

Proceedings suspended from 16:20 to 16:32

CHAIR: Welcome back, everybody, after the afternoon break. We're going to Senator Sam McMahon.

Senator McMAHON: My questions involve live animal export and are principally to Mr Metcalfe and his team. First I'd like to know if we can have a brief outline of where live animal export reform is up to, specifically with cost recovery.

Mr Hazlehurst: I might kick off and then defer to my colleague, Ms Hutchinson. In relation to the reform process, we continue with a pretty full program of reform, which Tina can outline in more detail, working with the working group that we have with ALEC representatives and the representatives of LiveCorp. That's a program that goes to a mix of the reform of approved arrangements to digital and IT improvements. You've referred explicitly to cost recovery. You would know, of course, that we put out a cost recovery implementation statement, which had effect from 1 July, and we are continuing to engage with industry in the live exports sector but also across our other commodities to take feedback on the way in which that cost recovery implementation statement

is working. There'll be a further update of cost recovery arrangements for the next financial year and each financial year after that. Is there a specific area that you'd like to get into? I can ask Ms Hutchison to lay out some of the projects of reform that are underway within the working group.

Senator McMAHON: Yes. You've just said that there will be an update. When will that occur?

Mr Hazlehurst: Each year. We're now going to be moving to updates of those statements each year for the next financial year. So I'd expect that we would be working on that through March and April and I'd expect that we would put it out in mid-May to early June, with a view to it having effect from 1 July. But those would be indicative dates.

Senator McMAHON: Have there been any issues or any problems reported from industry to date with the process?

Mr Hazlehurst: I might invite Ms Hutchison to comment on that.

Ms Hutchison: To my knowledge, no, there haven't been. So, if you're talking about the reform process, we're very closely engaged with the industry both through the representative bodies that Mr Hazlehurst outlined but also directly with exporters themselves. For example, over the course of some of the reform work that we've done we've undertaken more than 30 hours of individual interviews with licensed exporters; so the exporters themselves are well engaged in the reform process. In terms of the cost recovery implementation statement, we are working through that internally and, as Mr Hazlehurst has pointed out, there will be points of external consultation on that—public consultation—as well as with the particular finance subcommittee that the live animal exporters are engaged on. So there are two processes: one for the financial process, one for the reform process. The feedback that we have from the industry body collectively on the reform process is that the industry feels well engaged in that process, and we're very focused on ensuring that we're understanding the issues and problems from their perspective and taking them into account as we're implementing reform activity.

Senator McMAHON: Can you give me an update? Currently what is your proposed maximum dollar per head for cost recovery for cattle out of northern Australia to Indonesia?

Ms Hutchison: That's not a measure that we aim to achieve. So if I understand the question correctly, you're asking: do we have a figure in mind above which we will not go? That's not a parameter that we look at in terms of how we build or set up the cost recovery. What we have done is run scenarios to describe the impact in those terms in order to indicate what the implication might be.

Mr Hazlehurst: I can give you an example. For example, in the modelling that we've done for an exporter of cattle to Indonesia, I see a 3,500-head consignment. Assuming that the exporter has 45 consignments per year—that would be one of the more high-volume exporters—at this stage we anticipate that the cost recovery per head would be around, the estimate is, \$7.04 in 2024-25. That would be, for the consignment, around \$24,600, which would be about 0.61 per cent of the value of that consignment. That's based on the material that we've also previously released through questions on notice but updated on the basis that, through the finalisation of the cost recovery implementation statement, we took a decision, based on feedback from industry, to reduce the proportion of the animal welfare branch functions, which was attributed or applied to cost recovery, by \$1.5 million, and that has a flow-on effect then through to the cost base.

Senator McMAHON: So that's \$1.5 million that you've taken off the cost of the animal welfare branch; is that correct?

Mr Hazlehurst: It's the share of the cost of the animal welfare branch that is cost recovered. So the government took a decision to 'appropriation fund' a greater proportion of the costs of the branch; that's correct. The costs themselves haven't gone down but the amount that's cost recovered has gone down.

Mr Metcalfe: I think we discussed this issue at the May estimates in some detail. I think you were expressing concerns—and I think possibly other senators were expressing concerns—as to whether it was appropriate for the cost of us providing our animal welfare policy responsibilities should be cost recovered or added to the cost recovery of our regulatory function. Subsequent to that, the decision was taken by the government to effectively pay for that function through appropriations—through taxpayer funding—and that it should not be a cost borne by the actual exporters.

Senator McMAHON: Correct; thank you. So that has been put into effect now?

Mr Hazlehurst: Yes. It's only a modest proportion now of those functions which are cost recovered, and they're tightly related to the regulatory activities.

Senator McKenzie: Well done, Senator McMahon.

Senator McMAHON: Thank you. So just looking at the cost recovery models, you've said '45 consignments a year'. How many exporters do we have that would do 45 or more consignments per year?

Ms Hutchison: There's only a small number. The modelling was done on the larger exporters.

Senator McMAHON: Sorry, how many?

Ms Hutchison: I don't have that number right in front of me but it would be a small proportion.

Senator McMAHON: Can you take on notice to report back to us actually how many exporters there are that would be sending 45 consignments or more out of northern Australia per year?

Ms Hutchison: Yes, we can; we can take that on notice.

Senator McMAHON: Then, if I'm a much smaller exporter—say I'm sending 10 consignments per year of maybe 1,000 head each—that will affect the modelling for the cost recovery. What would be the cost per head under that situation?

Ms Hutchison: I don't have that information in front of me. What we did do and what we did provide—and I understand that we have provided that to you as well—is a table essentially that exporters could use to put in their various variables so that they could work out what those implications could be. For example, it will depend. Some exporters may solely export to particular markets or they may export some to South East Asia and some further afield, and there's a combination of fixed and variable fees. So to know exactly what the implications will be for exactly every exporter under every circumstance—and the export market, as you're aware, is very segmented. There are only a small number of exporters, for example, who ship to the Middle East. There's only a certain number of exporters who ship out of northern Australia to South East Asia, for example. So with the whole industry, we're not talking big numbers and, within each of those, there's high variability. So what we did was provide a spreadsheet with values in it to enable people to run the scenarios themselves. The formalised scenarios that we ran, which Mr Hazlehurst referred to, were based on a high-volume exporter. But I'm happy to take those questions on notice and we can look at any specific parameters that you would like us to look at.

Senator McMAHON: Would you be able to provide that spreadsheet to this committee?

Ms Hutchison: Yes; and we have provided that in response to part of a question on notice to the last committee, but we can do that again.

Senator McMAHON: Sorry, I must have missed that coming through. But, yes, if you wouldn't mind providing that again, that would be appreciated.

Ms Hutchison: Yes.

Senator McMAHON: Do you have figures on the live export numbers of cattle that have been exported this year and how those numbers compare to those of previous years?

Ms Hutchison: Yes, I have some of those numbers. I have the figures for the 2020-21 financial year and the cattle exported figure was 893,148. I will check whether I have a comparison for previous years; if not, I can take that on notice. I have them by sea and air. For cattle exports in 2020-21, it is 887,964 head by sea compared to 1,291,193 head in 2019-20. I'm not sure whether you're interested in cattle consignments by air.

Senator McMAHON: Not really. They would be quite small, overall.

Ms Hutchison: Yes, they're quite small numbers. In 2018-19 there were 1,228,447 head by sea.

Senator McMAHON: So they were significantly down on previous years in numbers?

Ms Hutchison: Correct.

Senator McMAHON: For this past 12 months or the past financial year, whatever is easier to look back on, how many notifiable mortality-level incidents were there out of north Australia in cattle and buffalo?

Ms Hutchison: For buffalo; did you ask for cattle and buffalo? I don't have the numbers split up by northern Australia. I have overall numbers but not split up. Would you like me to take that on notice and come back to you?

Senator McMAHON: Yes, I would, because I am specifically looking into northern Australia. If you could, please find out the notable mortality-level incidents out of northern Australia.

Ms Hutchison: Yes, I can do that.

Senator McMAHON: You'll come back to us with that on notice?

Ms Hutchison: Yes.

Senator McMAHON: Thank you very much, Chair. That was all I had.

CHAIR: Can I ask: with those numbers that you've provided, the figure was 887,000 for the 2020-21 year?

Ms Hutchison: Yes.

CHAIR: This year, I understand that live cattle exports have collapsed in the wake of higher prices and competition from other countries, which—just to flag—won't have as high live-animal export standards as we do; leaving that aside, do you have any projections on where we might land for this year, or do you know where we're up to for this year in export numbers?

Ms Hutchison: I don't have them to hand, but we can find out for you.

CHAIR: What happens on cost recovery; if cattle numbers go from 1.2 million to 887,000 to 400,000, is that going to double the cost?

Ms Hutchison: Part of the cost recovery structure is set fees and part is variable. Something like issuing a licence is a set fee because whether you export once using that licence or 50 times, the cost is the same. There's a range of variable costs that are driven by volume. Arguably, if cattle prices go down and there are smaller or fewer consignments, there are fewer inspections. If the department doesn't give you a service, such as inspecting a consignment, your costs will go down. There are fixed and variable aspects of the cost recovery.

CHAIR: Given that there hasn't been a shipment out of Townsville for at least three months, the staff who would have been previously doing those roles have either been assigned to other places in the department or they were contracted to do the job as required.

Ms Hutchison: Yes.

CHAIR: Which one would it be?

Ms Hutchison: Correct. The actual on-the-ground services are run by my colleague. Across Australia, we've got live animal export services that are generally placed where the most demand is, and they're supplemented by contractor or other work. The live animal vets are able to do a range of jobs, whether they're import-export or on-plant. The resources are used flexibly to manage a range of demands in various places.

CHAIR: Terrific; thank you. Senator Ciccone, do you have some questions?

Senator CICCONE: Thanks very much, Chair. My questions relate to the pet food standards and stockfeed regulations, which obviously have generated some interest of late with some really sad stories of some dogs, unfortunately, dying after eating some bad pet food.

Mr Metcalfe: There have been some very sad stories.

Senator CICCONE: Very sad.

Senator STERLE: There was a Senate inquiry on this, Senator Ciccone, and it was well chaired, if I may say so myself.

Senator CICCONE: That was one of my lines of questioning. My questions relate to the safety standards of pet food and livestock feed. It's my understanding that the pet food industry in Australia is largely self-regulated; is that correct, Deputy Secretary?

Mr Tongue: Yes, that's correct.

Senator CICCONE: It's regulated or self-regulated by the Pet Food Industry Association of Australia; is that correct?

Dr Martin: Yes, the Pet Food Industry Association of Australia. The members of that association follow the Australian standard.

Senator CICCONE: Who are the members of that association?

Dr Martin: I don't have a list—there's probably a list on their website—but it's some of the major pet food producing companies.

Senator CICCONE: The standards that they set for their members only apply to their members, obviously, and not to others in the industry.

Dr Martin: It's an Australian standard, so it's actually a Standards Australia standard for the manufacturing of pet food. If you're a member of the Pet Food Industry Association of Australia, you follow that standard.

Senator CICCONE: If you're not, you don't have to follow the standard.

Dr Martin: You may or you may not.

Senator CICCONE: Do we know how many organisations that produce pet food or livestock feed are not members of this association and, therefore, don't have to adhere to the standard set by the industry?

Dr Martin: This is just for pet food; it's not for livestock feed?

Senator CICCONE: Sorry; yes, pet food.

Dr Martin: No, I don't know the number. I understand that, for the vast majority of pet food that is produced in Australia, they are members of the Pet Food Industry Association. Not everyone is, so there could be smaller manufacturers; not everyone is a member of that.

Senator CICCONE: The association relies on the Australian standard for the manufacturing and marketing of pet foods; is that the main code that they rely on?

Dr Martin: Yes, the Australian standard. I think it's 5812.

Senator CICCONE: Are you able to confirm that number? You said you 'think'.

Dr Martin: I'll have to check.

Senator CICCONE: I need a more definitive answer, if possible, not to put you on the spot.

Dr Martin: Yes, AS5812.

Senator CICCONE: Thank you. I note, as Senator Sterle has already indicated, that there was an inquiry into pet-food regulation in Australia in late 2018. Many submissions stated that they were not aware—or the submitters were not aware—of the existence of such standards in the industry. Was that a bit of a surprise to the department?

Dr Martin: I know that the industry has done some work to publicise the standard.

Senator CICCONE: As a result of one of the committee's recommendations, that the document be made publicly available, has this occurred? There were some issues around whether it was publicly available or not.

Dr Martin: With Standards Australia, you have to purchase it or have a licence. The department is in the process of securing some licences so that it can be made available for a certain number of downloads. We'll do that for two years to see how many people access the standard.

Senator CICCONE: When do you think that process will start? When do you think people can start to download that?

Dr Martin: We have to sort out a few requirements to actually make that available, including one which may require legislative amendment, just going to the financial ability for the department to get that.

Senator CICCONE: So it's more of a budgetary issue; do you need funding?

Dr Martin: No, we have the funding. It's about having the legislative authority to actually—

Senator CICCONE: Purchase?

Dr Martin: Yes.

Senator CICCONE: As part of that inquiry, the committee recommended legislative changes and the creation of a new body to make the current Australian standard mandatory. Obviously, the government provided a response to that. My understanding is that this was due to happen in September 2021. Have options for a policy framework been presented to senior officials?

Dr Martin: Yes. There was a pet food working group, which has looked at options, both regulatory and non-regulatory, to improve pet food safety. That report and a report that's been done by ABARES on economic feasibility of those options were presented to agriculture senior officials on 16 September; they reconsidered it again on 30 September.

Senator CICCONE: Have the options also been presented to the ag ministers' forum?

Dr Martin: Not yet, but that's the next stage.

Senator CICCONE: Is there currently a mandatory recall system for when food safety concerns arise regarding pet food?

Dr Martin: No, there's not.

Senator CICCONE: Is that something that's being considered?

Dr Martin: Certainly, the regulatory options would include various things which could include recall. Certainly, the working group recognised that that was a gap within the pet-food system.

Senator CICCONE: Are there any plans to look into the stockfeed manufacturing industry?

Dr Martin: I don't think I'm the right person to ask.

Senator CICCONE: Is there someone here at the table who is the right person?

Mr Tongue: Stockfeed for export or for domestic use?

Senator CICCONE: Domestic.

Dr Martin: I think it's actually being considered by SAFEMEAT.

Mr Tongue: Could we take that one on notice?

Senator CICCONE: Yes.

Dr Martin: I think it's being considered through that, but we'll take that on notice.

Senator CICCONE: Does SAFEMEAT fall under ag?

Mr Metcalfe: It's broadly in our area.

Senator CICCONE: It's in your remit?

Mr Metcalfe: Yes.

Senator McKenzie: It's been raised in the Senate.

Mr Metcalfe: We'll give our best endeavours to provide some advice on that, Senator.

Senator CICCONE: I only ask because I understand that, last year, a number of dairy farmers had lost cattle. I think down in Gippsland, actually, quite a large number of cows had pellets, and it turned out there was an oversupply of some ingredient. My next line of questioning is: has the government also turned its mind to looking at having an inquiry or into whether we need to have either a standard or some form of regulation around livestock feed?

Dr Martin: I'm pretty sure that SAFEMEAT is looking at a standard for livestock feed, but we'll confirm that.

Senator CICCONE: As I recall, there was a very high level of zinc in what the cows had consumed. If you could, that would be great. Have any of these issues been raised with your state counterparts?

Dr Martin: Through AGSOC, which is the Agriculture Senior Officials Committee: that's where the pet food working group paper went. All states and territories are represented on that group.

Senator CICCONE: Is it the case that the states are the ones that deal with these issues as they come up, or is it one of those Commonwealth-state joint initiatives? Who has the ultimate responsibility?

Mr Metcalfe: I think I'd say—Dr Martin is probably better qualified—that, effectively, we are talking about areas of state jurisdiction and law. The Commonwealth's role is national leadership, and then it's a matter for government and, ultimately, the parliament as to whether there should be a sort of national legislated scheme or not. Ordinarily, we would expect that it would be something that was regulated by the states and territories. Those are the sorts of issues, I think, that would ultimately go to ministers, if we're talking about pet food, but more broadly issues relating to animal nutrition.

Senator CICCONE: I don't know whether the department has a comparison of what the different states do and what the Commonwealth does in terms of legislative regulation and other forms. Perhaps you can take that on notice, just for the committee's benefit.

Dr Martin: The working group report did look at that. The Commonwealth: we only regulate for export of pet food, and that's to meet importing countries' requirements, and then under the Biosecurity Act for imported pet food; that's looking at diseases to make sure that we don't bring any diseases in through pet food. So it's not looking at—

Senator CICCONE: It would be dry pet food, wouldn't it?

Dr Martin: Yes, it's processed pet food.

Senator CICCONE: I'd appreciate whatever information you can provide to the committee. Thank you very much. Thank you, Chair.

CHAIR: There is one final question from Senator McMahon.

Senator McMAHON: This is a question to Mr Metcalfe. Given that live exports are very much a regionally based industry, could you tell me whether any of your live animal exports regulatory teams are based regionally?

Mr Metcalfe: I'll just get the relevant official back here, but I'm certainly well aware that the industry is based across large parts of largely northern and western Australia in regional and rural areas.

Ms Hutchison: The question was: are any of the staff who work on live animal export regulatory issues based regionally? Was that the question?

Senator McMAHON: Yes.

Ms Hutchison: From a national program perspective, we do have several staff who are located regionally. We have a staff member in Darwin; we have some staff in Brisbane and a couple of other regional places. But the majority of the policy and program staff are in Canberra and, obviously, all the regional vets, the live animal export inspectors, are located all around the country.

Senator McMAHON: I'm aware that the vets and the exporters are based where the exports are going out of. But, specifically with the regulatory team, did you say that you have someone based in Darwin and Brisbane?

Ms Hutchison: Yes. We have a staff member in Darwin and we have some staff located in Brisbane, and there are a couple of other places where people are located.

Senator McMAHON: How many staff are in that section altogether?

Ms Hutchison: In the national policy and program area?

Senator McMAHON: People who make the regulations.

Ms Hutchison: Located anywhere or specifically located in regional areas?

Senator McMAHON: No. How many are in that area altogether?

Ms Hutchison: In the national program here in Canberra, we have around 60 staff; and, in the regional area, I understand there's around 25. No; it's 42.

Mr Metcalfe: Senator, one of the, I suppose, silver linings of the pandemic has been to demonstrate how we can work virtually and how we just don't need people all in the same place. As a department, we have a very large number of staff based outside of Canberra and a large number of staff based in Canberra. In the years ahead, we will probably be far more flexible about where we place staff and where we recruit staff. That doesn't just apply to the live animal exports function but more broadly in relation to our work. Something that I am looking at ensuring is that, as a large department of state, where our work is primarily focused on regional and rural Australia, we have more staff located outside of Canberra.

Senator McMAHON: That's good to hear, Mr Metcalfe. Just to clarify, you've currently got 42 staff in the regulatory team who are based regionally; is that what was said?

Ms Hutchison: They are staff who are located around Australia; but they do a range of export services, so they're inspectors in a range of export services. Then, for the policy and program, if you like to distinguish it that way, there are around 60 to 65 staff, some of whom are located in regional areas, but the vast majority are located in Canberra.

Senator McMAHON: Right.

Mr Hazlehurst: One of the things that Ms Hutchison referred to earlier, which has been really important in how we've gone about our reform work not only in relation to live exports but right across the board, is that we've been really emphasising that reform should be done both with the front end of our business—those who are actually on the ground and engaged directly with industry; the teams that are working on reform work and are drawing in people from our staff who are working directly on the ground with industry—and directly with industry itself. So it is not just through asking people for written submissions and not just working through the industry bodies but also, as Ms Hutchison referred to previously, actually getting out and engaging directly with exporting businesses on the ground. It's been really important to us not to just have reform or policy work dreamt up in Canberra without the engagement directly with those on the ground but to do it the other way around. It's been really important for us to approach it that way.

Senator McMAHON: Thank you, Mr Hazlehurst. That is my concern. I note that there's a staff there of 60 who are forming policy, and it sounds like pretty much all of the people who are performing the policy are actually based in Canberra, and there's probably not too many boats are going out of Canberra. My concern is that we get more people out into the regions. If, as Mr Metcalfe said, that is the intention of where we're moving, that's something that I would strongly encourage.

Mr Metcalfe: Thank you, Senator.

Ms Hutchison: Senator, if I may, you asked me a question earlier and I think I misunderstood. I was thinking of all cattle mortalities, but I think you were asking specifically about reportable mortalities. I can advise that, in the 2020-21 financial year, there were two reportable mortalities, one from Darwin and one from Townsville. So far, in the 2021-22 financial year, there has been one reportable mortality from Darwin.

Senator McMAHON: That's quite encouraging; thank you for that.

CHAIR: That brings us to the end of outcome 4. Thank you very much to all of those departmental officials who have prepared for today; please go with our thanks.

Inspector-General of Biosecurity

[17:10]

CHAIR: The Inspector-General of Biosecurity has been waiting online so patiently; thank you very much. I don't think you've been playing computer games or anything like that; you've been listening intently. I now call, by videoconference, the Inspector-General of Biosecurity. Do you wish to make an opening statement?

Mr Delane: Very briefly, Chair, just to update senators. Thanks for the opportunity. The Inspector-General of Biosecurity was established under the Biosecurity Act. I'm a bit over two-thirds of the way through a three-year term. All of my reports are published on the IGB website and are routinely provided to this committee and to some other areas. Just quickly, as to status, I think there were questions around the competence testing report around *Ruby Princess* et cetera. We are also in the process of working on a number of other reports. Currently, I have a report on accountable implementation of recommendations in the fact checking and finalisation stage; we have a report on khapra beetle with the department for fact checking; and we're also working on a review for Australia's No. 1 plant pest disease caused by a bacteria known as *Xylella*. With that, I'll go to questions, Chair; thank you.

CHAIR: Thank you very much, Mr Delane. We have questions for you from Senator Keneally. Senator Keneally, I would just ask that you ask questions for 10 minutes. I'll just check in and see if there's anybody else and then keep you going, if there's no-one else; thank you.

Senator KENEALLY: Thank you, Chair, and thank you, Inspector-General, for being here today. I want to ask you some questions in relation to your report and thank you for the work that you did with the report. In your report, I think on page 51, you reference an MOU between Agriculture and Australian Border Force that was last updated in March 2017 and you note that it's meant to be updated every two years. Were you able to determine why that MOU was not updated in 2019?

Mr Delane: A lot of fine detail was really beyond or exhausted my team. It's a report of 198 pages, with 42 recommendations already. This review was initiated after a request from Minister Littleproud, and I agreed to do this review. That was back in August 2020. The primary focus of the review was to start with the *Ruby Princess* and go, from the department's point of view, beyond where the outstanding report of Bret Walker went. There is a lot of documentation on what happened, who was involved and when it happened. Mine was really to look at our having confidence in the system more broadly, so it went to why did things happen. I took a root cause approach. I guess, as a more general start to answer your question, I stated in the report, basically, that goodwill is not good governance. I made some significant comments about the relationship between the department of agriculture, to use that short term, and the health department. There seems to be good evidence that the two departments work very well together but, in fact, a lot of that cooperation was outside an MOU signed by two secretaries of major departments.

Senator KENEALLY: I'm sorry, Inspector-General; you're breaking up a bit and there are a few conversations in the room. I don't mean that disrespectfully; it's just hard to hear you. You said that the two departments worked well together, but it was unclear to me which departments you were referring to: Agriculture and who?

Mr Delane: Agriculture and Health. The same probably applies more broadly where there is a lot of cooperation, but effectively it is outside of the MOU. So I took the view that, if two secretaries were signing an MOU as to how their departments were going to cooperate, then that was a step down from legislation and regulation. It was something that should happen, and generally it wasn't. I expect the same thing is happening with the other departments. They are both very busy, and they forget about the governance. So I am long and strong that, with the outstanding efforts of many staff and managers in the department, there is a lot of goodwill, a lot of energy and a lot of work. But a lot of it happens in the absence of what would be regarded as good governance.

Senator KENEALLY: Sure. I am not doubting that staff were working hard. You are right to say that goodwill is not good governance. When the *Ruby Princess* arrived we had an MOU that was a year old. It still doesn't seem to have been finalised. Your report also says that, in relation to the Health-Agriculture-Australian Border Force MOU, each agency has responsibilities for processing sea travellers and streamlining border operations, policies and procedures and that each agency is to train the other agency's relevant staff to understand their respective functions and controls used to manage risk and facilitate the referral of travellers to the other party. I wanted to ask about this because we know that on the *Ruby Princess* we had a circumstance where the ABF officer, according to the Commonwealth submission to the Walker inquiry, was receiving medical reports. It appears that the ABF officer gave pratique, although that still hasn't been clearly determined, as far as I can tell,

and that the ABF officer, somewhat unfortunately, misread those health reports initially. All of this resulted in some miscommunication to the Department of Agriculture. I am trying to understand. Would it be fair to say that it seems that ABF didn't properly understand its role and neither did Agriculture in relation to the arrival, the health checks and the granting of pratique for the *Ruby Princess*?

Mr Delane: Yes; I would probably use slightly different words, but I think that is generally fair. The fact that there is a lack of clarity and, if you look at other parts of the report, a lack of clarity in numerous other situations, even after the *Ruby Princess*, is an issue in itself. The Border Force officer, of course, couldn't issue pratique but inferred, I think, that pratique had been issued. But it had not been issued. There were other inconsistencies around the nation at that time; the report spends a lot of time on cargo ships. There have been lots of issues in dealing with pratique there. The legislative changes that have been proposed will help clarify that and put the department in a much clearer position as to what its role is.

Right through the report are comments which go to this catchcry of 'goodwill is not governance'. I have made the comment that intra- and inter- jurisdictional goodwill and hard work, not good governance, have minimised the number of major *Ruby Princess*-scale incidents that have happened—and all credit to the many people that work very hard on that. But fundamentally there will need to be a lot of improvement.

This is a continuation of a theme that came from my previous report. I summarised the operational model report, where I was very candid about the lack of regulatory maturity and inadequate frontline focus, inadequate co-regulation and an inadequately sustainable funding model. There was a lot of—I chose to use the old term—'root cause': so what's going on here? Fundamentally you can read in my report that I was looking to why the situation happened in Sydney. Was it a matter for Sydney, was it a matter for cruise ships, was it even a matter for shipping? At the end of the day, my answer to all of those questions is largely no; there were a whole lot of fundamentals about the way the department had been working which led to a high probability of those sorts of circumstances happening.

Just so I get it on the record, the most enormous amount of work was done by the department in 2020, starting from a very low base in many areas—which my reports have been candid about. But there has been a lot of work. There have been some important appointments at senior levels. The major new budget initiative has been talked about. A lot of work is underway to address issues which have been highlighted in my reports and elsewhere. This is not a problem that was created overnight, and it won't be solved overnight; it is going to require some concerted effort.

Senator KENEALLY: Thank you. That is a helpful answer and provides important context. What is your involvement now either on a statutory basis, or if you have been invited in by the department, in the implementation of the recommendations in your report? Do you have a role?

Mr Delane: No, I don't. I play both sides of the fence in that sense. I stick very tightly to my statutory role, which is to review. Because of the nature of the issues I have dealt with, you see some management guidance in them, but ultimately it is for the Director of Biosecurity and the Secretary and his team to respond. The Secretary talked about their responses. He has given a positive and comprehensive response to all of my reports so far. The department has so and project management approach. If anything makes me nervous at the moment it is that the department has a large amount on its plate when there is certainly no shortage of biosecurity risks to our nation.

Senator KENEALLY: Thank you; that is an interesting observation. Forgive me, but I can't recall if your report went to the question of whether the department should continue to have a role in human biosecurity, given that it has significant responsibility in terms of animals and other forms of biosecurity. As we have heard from the department today, they are changing the way that MARS operates and who has access to it, taking a view that state health authorities should play a larger role in managing human biosecurity and human health issues, in particular. It still seems to me that it is not clear where the responsibility will ultimately lie for human health and biosecurity.

Mr Delane: I would say, in perhaps a similar way to the way Mr Hunter referred in his response, that there is a lot of work to be done here. I am not clear where it should lie, given the development of that new technology and the accessibility of state health officers. But someone still has to play the front role. The department is the owner/holder for the nation of MARS and those responsibilities. It has the officers who go onto vessels for a range of reasons, including human health. But having said that, right at the moment the dominant legislation controlling human health in Australia's ports is state emergency management legislation, I think in all jurisdictions. That has its own variability, and the way the human health function is organised in different jurisdictions is also variable. So we are a very long way from a nationally consistent approach through state delivery. There is no doubt some significant improvements can be made, but so far I haven't seen any

documentation of a schematic about how it actually functions particularly well today and, therefore, how it might function in the future. I hope the relevant ministers and the Secretary counsels would be dealing with that.

Senator KENEALLY: One more question. It does seem to me, in reading your report and listening to your comments today, and also from evidence I've heard in other committees from the head of Australian Border Force, that Australian Border Force does not have a role under relevant legislation when it comes to human health or biosecurity. They certainly don't seem to believe that they have a responsibility in this regard. They seem to see it as a responsibility of human health officers in the Department of Agriculture or in state and territory health jurisdictions. Is that a fair understanding of how in this schema the Australian Border Force should operate?

Mr Delane: That is fair and accurate. But you need people at the frontline. Someone has to go on these vessels; someone has to see the log, those sorts of things. We have all learned during COVID—the technology has been available for a while, but it has been clearly demonstrated—that you can do virtual tours of these ships. A person can do remote checking through phones or video glasses—a whole range of things. So it would be possible for a human health officer anywhere in Australia to be able to provide expert advice. Because of the way jurisdictions and legislation are organised it is always going to be on a jurisdictional basis. But there will be a biosecurity officer in the main, or a contractor in perhaps some remote places, who can carry out that remote function, with expert input.

Senator KENEALLY: I thank the Inspector-General for his answers.

CHAIR: Senator McCarthy.

Senator McCARTHY: I think Senator Keneally has got most of it; I would like to ask a couple of extra questions. Sorry, Mr Delane, but I did have trouble hearing you, so it is possible you may have answered this. Are you confident that the new biosecurity bill before the parliament will address some of the key concerns you have raised in the report?

Mr Delane: Yes, I am. I was invited by the committee to provide a submission. I wrote a relatively straightforward letter that advised that I was pleased that the reforms were being progressed and they did go to address the recommendations that I had made in my report. The reforms also go to a range of other matters, but that is outside my focus. I made no comment on those.

Senator McCARTHY: In your view, does the department have the resources necessary to do its job to ensure that Australia has a strong biosecurity system?

Mr Delane: It is not my job to comment on budget, but the department has a substantial quantity of resources, a lot of people. My report in summary says there are some foundation issues which are major determinants of the efficiency and effectiveness of the department. The team is addressing a lot of the major things in great detail and with great effort. But to turn an organisation around to address the sorts of issues I have raised consistently in all of my reports is not an overnight fix. So it has the resources, but they have a lot of work to do before it gets a lot better.

Senator McCARTHY: Thank you, Mr Delane.

CHAIR: Thank you, Mr Delane. Please go with the committee's thanks. Sorry you had to wait so long. We will look forward to seeing you at Senate estimates next year.

Mr Delane: Thank you.

Dairy Australia

[17:30]

CHAIR: I now call via videoconference representatives of Dairy Australia. It is absolutely terrific to see you. I am just checking who had questions for you first. Do you wish to make an opening statement?

Mr Mann: Thank you, committee members, for the opportunity to update you today. When we presented in May, Victoria was about to enter its fourth lockdown. This time my colleagues in Melbourne are coming out of lockdown number six. However, they will both be at home; so they can speak to you today without the mask job. I'm chairman of Dairy Australia and a dairy farmer, owner and operator of Donovan's Dairy in the far south-east of SA. In Melbourne we have David Nation, who is our managing director, and Charles Glenn, who is general manager of trade and strategy. We look forward to discussing today the performance of Dairy Australia with you. Over to you.

CHAIR: Thank you very much, Mr Mann. I am going to go to Senator Ciccone.

Senator CICCONE: Mr Mann, good to see you again. I've got some questions with respect to the Dairy Australia levy increases, in particular the Levy Poll Advisory Committee which I understand is established under Dairy Australia; is that correct?

Mr Mann: It's established under legislation, not under us. No, that's not correct.

Senator CICCONE: Was it established back in March 2021; is that correct?

Mr Mann: Yes, it is correct. The chair was selected then but not by us.

Senator CICCONE: That's right. So the committee was established then or did you just have the chair?

Mr Mann: David, do you have the exact numbers for it, please?

Dr Nation: The Levy Poll Advisory Committee is an independent committee under the dairy legislative instrument. The committee was put together over three stages, starting with the chair in March.

Senator CICCONE: So the chair was appointed or elected in March?

Dr Nation: Appointed.

Senator CICCONE: When was the committee established?

Dr Nation: I have to go back in time just to reiterate the point made by James. It's not a Dairy Australia committee.

Senator CICCONE: I understand that. If you are able to provide that information on notice that would be much appreciated. Can you explain for the committee's benefit what the process is for appointing the independent chair of that committee?

Dr Nation: I am going to start answering that question, if you like. The independent chair is appointed by the chair of Dairy Australia and the chair of Australian Dairy Farmers as per the legislation that describes the formation of the committee.

Senator CICCONE: It's a joint decision between the chair of Dairy Australia and the chair of Australian Dairy Farmers?

Dr Nation: That's correct.

Senator CICCONE: Sorry; the connection seemed to come in and out; so I just wanted to clarify that for the Hansard. How many individuals were considered for the role of independent chair of the committee?

Mr Mann: At least three. After that I would have to go back and have a look at exactly how many applied.

Senator CICCONE: If you could, that would be great.

Mr Mann: Happy to do that.

Senator CICCONE: With regard to the appointed chair of the committee, Mr Ron Storey, he had previously been engaged, am I not correct, as an employee or a consultant for another research and development corporation? Are you aware of that, Mr Mann?

Mr Mann: I'm just reading here. He was chairman of Australian Export Grains Innovation Centre. I don't know if that's an RDC or not, I'm sorry. I don't think it is but I couldn't categorically say that. David or Charlie might be able to help me.

Dr Nation: As I say, I'm not aware of the back story of the chairman other than that he fully met the criteria for the role of Levy Poll Advisory Committee because he had no connection to the Australian dairy district.

Senator CICCONE: So what are the criteria, then? Do you not look at someone's CV? I'm assuming you interview them.

Dr Nation: The criteria, as I understand it, is that—sorry, I'll get the right page—the chair must not be an employee, member, member of the board or other body under the management of Australian Dairy Farmers, Australian Dairy Products Federation or Dairy Australia.

Senator CICCONE: Is it not the case—

Dr Nation: They're the relevant organisations that the chair must be independent of.

Senator CICCONE: I think it was either you or Mr Mann earlier possibly said that Mr Storey was also the chair or currently the chair of the Australian Export Grains Innovation Centre. Is that your understanding?

Mr Mann: He is or was. I'm not certain which one.

Senator CICCONE: Which obviously is a joint collaboration between the Western Australian government and the grains industry RDC. Does it not concern you that maybe there could be some perception out there in the industry that the role of the chair being partially funded by an RDC might raise a conflict of interest?

Mr Mann: No. I don't see that with Dairy Australia, no. That doesn't concern me.

Senator CICCONE: Levy payees were eligible to nominate to be members of the committee. I think, from what I understand, applications are assessed by an independent selection panel, as we know, who ensured an appropriate representation of dairy levy payers. Who was on the selection panel?

Mr Mann: The panel consisted of Ron Storey, Simone Joliffe and Nigel Crawley.

Senator CICCONE: Again, what criteria did the panel apply to determine who could be a member of the committee?

Mr Mann: David, you'll have to help with that one.

Dr Nation: I think it's really important to repeat that this committee and its process was at arm's-length to Dairy Australia. We can give you our understanding of the process but again this is not providing a record of a process that Dairy Australia undertook.

Senator CICCONE: Are you aware how many individuals applied to be members of that committee?

Dr Nation: My understanding is that there were 28 nominations for that committee.

Senator CICCONE: Is it not also the case that whilst the committee is meant to be independent it still includes two Dairy Australia directors and three farmer directors of Dairy Australia's regional dairy program boards?

Dr Nation: Again, in the legislative instrument, the quals for the creation of a levy poll advisory committee call for Dairy Australia to provide two representatives for that committee. Dairy Australia undertook its obligations under that legislative instrument.

Senator CICCONE: I understand on 13 September this year Dairy Australia was formally notified by the Levy Poll Advisory Committee of the outcome of its deliberations regarding the options to be put to levy payers in next year's poll. As a result of the process the committee resolved to present four options to levy payers: retention of the status quo, an increase of 15 per cent, an increase of 20 per cent and an increase of 25 per cent. Why was the option of a reduced levy not included in the options put to levy payers?

Dr Nation: That communication to Dairy Australia is a communication from the Levy Poll Advisory Committee to Dairy Australia. The question you ask is a question of the Levy Poll Advisory Committee that sent that notice to Dairy Australia.

Senator CICCONE: I understand on 28 September this year the *Weekly Times* also ran an article: 'The dairy farmers call levy poll choice but Littleproud says his hands are tied.' It was reported in that article that the vast majority of the 40 submissions lodged with the committee expressed dissatisfaction with Dairy Australia and the levy rates, either calling for reduction or no levy at all. Has Dairy Australia responded to that feedback or made any public comments?

Dr Nation: Again, that is feedback about the role and function of the Levy Poll Advisory Committee. That would be a most appropriate question to ask of the Levy Poll Advisory Committee. My understanding is that the chair of that committee has directly answered those questions on radio, in media and has presented himself to journalists, as sought, both before and after that article.

Senator CICCONE: Dairy Australia has made no public comments with respect to the levy increase?

Dr Nation: We've made comments recognising the work of the Levy Poll Advisory Committee, recognising the options that will now form the levy poll in March 2022 and commenced an information campaign on what these options would mean for the future of the levy and the future of Dairy Australia and our capacity to invest for the future of the dairy industry.

Senator CICCONE: Have you got any updates on the future of the dairy industry? Are there any recent publications that you've put together, any research of late that you want to share with the committee today?

Dr Nation: Yes. Last week we published our annual report and our performance report. We would be very happy to table it with this committee. We will shortly formally table it, as is our duty, for wider dissemination to the parliament. It's been another successful year of investment, innovation in marketing and in trade, in further development of our sustainability program and also a successful year in terms of on-farm extension and practice change and ongoing learning and development activities to advance the dairy industry.

Senator CICCONE: Like we all want to. I guess the main thing here really is: does it not concern you, as a large group of farmers who are clearly dissatisfied with the performance or the increase of levy? What are you doing to try and work with them to ensure that the industry can be strong going to the future for many generations for many generational farmers?

Mr Mann: We'll work with everybody across the industry; we always do. We do lots of work. It's relevant to various people at various times at various stages in their business career. So there's no way that all our work is going to be attractive to everybody every day. It's just not going to work like that. So some people will be unhappy with what we do in some stages, unaware of what we do sometimes, but fundamentally we work in the best interest always of levy payers.

Senator CICCONE: I guess my last real question here before I hand back to the Chair is: for any farmers who might be watching the proceedings today, what's the key message from Dairy Australia? What do you say to those who feel: 'Why am I paying these increasing levies and not really seeing value?' What do you have to say to those farmers?

Mr Mann: We are always happy to have the conversation about what we do with whomever wishes to engage with us at any time.

Dr Nation: Our message would be to all those farmers watching that the levy poll is a really important choice for them from all the levy options presented to them. So we will fully inform them about what the difference between those options means for them and their individual business, for the greater good of the industry and the difference that a collective levy can make to advance the industry. We also have a comprehensive program of continuing to communicate who we are, what we could do and what value we create for individual businesses. That is ongoing and is obviously especially important at this time as farmers have to make the decision about the vote for the levy.

Senator CICCONE: I have one final question. I know ABARES data shows that our great dairy industry total factor productivity index has fallen from 163 in 2012 to 146 in 2020. Does it concern you that ABARES reports that the dairy industry is less productive than it was back in 2012?

Dr Nation: Yes, clearly, it does concern us. That statistic or a similar statistic was first reported as part of our preparation for the Australian Dairy Plan. It's become a very big topic of conversation when we think about the whole of the industry and what all relevant organisations need to do to drive productivity, including Dairy Australia. One of our responses, and a shared response of Australian Dairy Farmers, was to commission a branch of analysis of productivity. We published a draft report midyear. We involved nearly 300 people in deliberations with our draft report. This is the first time, rather than just looking at a bottom-line productivity number, we have really tried to dissect what is driving lack of productivity in the industry. In a very short space of time we will publish the final report. That will give much deeper insight as to where the industry is not achieving productivity growth and will need to achieve productivity growth going forward. We're very much committed to tackling head-on that statistic you cited today.

Senator CICCONE: Thanks very much, David and James, for your time today. I have no further questions, Chair.

CHAIR: Thank you very much, Senator Ciccone. The secretary has a comment to make.

Mr Metcalfe: Senator Ciccone, you were asking what AEGIC is. It's certainly not a research and development corporation; it's a joint venture. It's a company, a not-for-profit company, established about 10 years ago by the Grains Research and Development Corporation, which is an RDC, and the Western Australian department of primary industries. It's a company that is about helping the Australian grains industry to gather, analyse and share market intelligence that the industry needs to develop. So it is not an RDC; it is a company that is part-owned by an RDC.

Senator CICCONE: This is the Australian Export Grains Innovation Centre?

Mr Metcalfe: Yes.

CHAIR: Thanks very much, Mr Metcalfe. Thank you, again; please go with the committee's thanks, and we look forward to seeing you at a future estimates.

Australian Wool Innovation Limited

[17:48]

CHAIR: I now call, via videoconference, representatives of Australian Wool Innovation. Welcome. Do you wish to make an opening statement?

Mr Laurie: There are a couple of things I'd like to cover quickly. First of all, since the last Senate estimates, there have been a couple of changes made in the company. Obviously, one is that I've taken over the chair's role from Colette Garnsey, who resigned four or five months ago. That is one significant change. The second change is around the CEO's role. We have asked Stuart McCullough to separate the role of the CEO to a certain extent and to focus very much on the management of our overseas network. That overseas network, coming out of

COVID, will be absolutely critical. About 99 per cent of our wool goes into the Northern Hemisphere and about 75 per cent of our spin goes into that area. It's not clear where we're going, coming out of COVID, as far as demand goes, and as far as marketing opportunity goes. There is the price and the environmental footprint, and opportunities to develop further markets there and get some more diversity into the marketplace.

We've asked Stuart to go over there and spend 100 per cent of his time dealing with that, and get as much pull-through on wool as he possibly can. First of all, it is about being able to identify real opportunities, identify product development that has to be done, and making sure that we're managing the pest stuff and the opportunities across the developing markets.

That has allowed us to bring in John Roberts, who's online. John was working with Stuart, and he can come in and very much focus on domestic issues; that is, in regard to strengthening our relationships, industry relationships, with the government, right through to all of the stakeholders within the wool industry. I've asked John to focus very much on that and drive that very hard.

With the 2018 review, I hear a bit about the fact that it hasn't been finished. The constitutional issues go to the AGM this year, and whatever levy payers, shareholders, decide on that, that will be the outcome, and that will be finalised.

The 2021 review is well in progress. We've already made some reasonable changes and reasonable progress in the 2021 review, and continue to do that. There have been some pretty substantial changes made in the way we are operating with our stakeholders. There have been two webinars in the last month which have been very much focused on allowing all wool growers the opportunity to ask questions, and pressing everybody to ask questions of me and the board.

With the second one, we put our auditors and our review of performance up on our webinar to allow wool growers to engage with them directly and not have to come through AWI. There were certainly questions asked of those fellows about what they saw of the company. It was great to have that engagement. It was great to hear the auditors speak well of the process they went through with AWI and have a review of performance. We were able to sit down and talk about some of the stuff and review our performance. All of that is good.

The serious issues probably haven't changed too much from last time. Obviously, the shearing issue regarding COVID is still a real thing. I know that borders are starting to open up, and that's going to be crucial to getting people across national borders as well as state borders. We've got some real problems coming out of Western Australia at the moment, and certainly in other sectors of the industry. That's a real problem for us.

We're continuing to invest in anything we can when it comes to the management of flies. Certainly, the latest investment is looking possibly at genomic, and starting to identify some of the gene markers, or whatever the correct terminology is there. Helping to identify susceptible sheep is a big investment and hopefully a big step forward, along with our fly vaccine. We are also developing a lot of educational programs to help people when it comes to selecting and dealing with some of those things.

All of those things are important. Obviously, the market has been fairly strong at this stage, albeit the Chinese are very dominant in the market, which is a very good thing, of course. The market is strong. It's had a few bounces around, but it's performing fairly well at the moment. I might leave it at that. I'm happy to answer questions.

CHAIR: Thanks very much, Mr Laurie. I will hand over to Senator Sterle.

Senator STERLE: Mr Laurie, it's good to see you online. It's a shame that your predecessor could never find the time to come to Senate estimates, but I note that you have. That's a plus.

CHAIR: Hear, hear.

Senator STERLE: Mr Laurie, you touched on a few things. You talked about both reviews and you talked about Mr McCullough's move. I want to bring to your attention an article from *Sheep Central* on 15 October, written by Terry Sim. Are you aware of that article? It's entitled 'Former AWI CEO McCullough gets new overseas job'.

Mr Laurie: I haven't got it in front of me, but I dare say I read it at the time.

Senator STERLE: My questions are about that article. In the opening line of the article, Mr Sims says: Australian Wool Innovation chief executive officer Stuart McCullough has been moved sideways to an international marketing role, without a proper executive search and interview process for the position. Is that statement correct?

Mr Laurie: No, not at all. As part of his CEO role, he has had oversight of and been managing that area for a period of time. Through COVID we have downsized and removed a lot of the management capacity. John

Roberts can certainly give us a clearer idea of the number of people that have gone. What we needed to do, clearly—and it became very obvious and has been very obvious for a while—was to up the ante as we were coming out of COVID, as I say. We want the intellectual property that Stuart has, his contacts, his ability and his understanding of the issue, to be focused 100 per cent of the time on that, not necessarily about 20 per cent of the time, which was what he was focusing on at that stage.

I asked him whether he would be interested in focusing on that for 100 per cent of the time, with the sole purpose of pulling wool through the system, identifying any issues and problems, identifying product development, which he's already been working on, and getting far more cohesion and clarity around marketing opportunities, as well as looking, obviously, at the legislative risk around the PES. It is a job that he's been doing for a considerable period of time, but I've asked him to focus 100 per cent of his time on it rather than the 20 per cent of his time that he was allocating to it before.

Senator STERLE: Was that a promotion, was it a step sideways or was it a demotion, in terms of remuneration, for Mr McCullough?

Mr Laurie: I think it's a very important role. The separation of the two roles provides opportunities for us to focus on the things that are really important. There's no doubt about that. We've got to strengthen our stakeholder stuff. That allows that to happen. We've got to be in a position where we're driving the market. He doesn't have the title of CEO anymore. He's got the title of marketing and product development manager. He doesn't have the same package that he had before. He has a reduced package. That would be as you would expect, when he's going into that role.

Senator STERLE: I'm just writing that down: marketing and development manager. Is it common practice to employ people within the organisation, and move them sideways or around, without conducting an executive search and interview process, Mr Laurie?

Mr Laurie: Yes, it is. We have moved quite a few people around into different roles. We have moved them into their skill area and in different roles. That's been done by the CEO on a regular basis. We can identify people with talent that fit into a specific area. We can get them in there and then be able to utilise their skills. This is not unusual.

Senator STERLE: I think you said this in your opening statement, and we know he's gone overseas, but does he have a location base yet?

Mr Laurie: We are thinking of London, because that will allow him to get into the markets that we need. Obviously, with our officers overseas, and depending on how we go with getting in and out of China, we've got the American market and the European market. All of those will be absolutely critical. It's difficult for us as a company; we want to target the areas in which we can invest, from a marketing point of view, very clearly. All of the officers will have ideas about how they want to do marketing programs, but we want really clear advice to the board as to where the opportunities are, as we're coming out of COVID. We want people with a great understanding of the wool industry to be able to sit down and identify product development opportunities. We're not sure how we're going to come out of the market. We don't know whether formal wear will take a massive hit or whether we need to develop new products to go into that area. That's where the expertise is crucial, as far as we're concerned.

Senator STERLE: Mr Laurie, when do you think the board or the organisation will land on a set time for Mr McCullough to take up his new role, wherever that may be based?

Mr Laurie: He's already started in the role, but he'll be relocating. Obviously, he's got some things to tidy up in Australia. He'll be relocating early next year.

Senator STERLE: Early next year?

Mr Laurie: Yes.

Senator STERLE: Have any costings been prepared for the relocation?

Mr Laurie: The board was prepared to give him the equivalent of his net pay. We've had a look at some of the implications of moving over there. There's some costings around tax implications and a bit of cost-of-living stuff and that's about it. As is the normal process when we're relocating staff, we give them some assistance in doing it. The detail of that will be worked out as we go. Obviously, there's got to be a good understanding of exactly what those costs are going to be from quotes and different things at this stage.

Senator STERLE: For the levy payers, your members of AWI, there's not a set costing prepared that could be put to the greater membership to say, 'This is what we've allocated and this is what it will cost out of the levy funds that are paid by members'?

Mr Laurie: We know the tax implication is about 25k and the cost-of-living difference is about 40k. We understand those two figures, clearly. At this stage we haven't got a quote on the shipping of any household goods, if they go. There's a normal company practice, they tell me, in how they calculate that.

Senator STERLE: Sorry, Mr Laurie, you just dropped out for the last 10 seconds. There are costings on wages there too. What I'm trying to say is: when will you have prepared for the membership to quite rightly be able to say to AWI, 'What is this costing us as a package'? All up there's got to be, I suppose, the usual cost-of-living changes, rentals and whatever, and travel. When do you think that information will be available to the membership?

Mr Laurie: The costing for his wages is the same. The two figures that I've just quoted you are the tax implications and the cost-of-living changes. Those will be part of it. Basically, he's getting his normal wage. That's already in the budget.

Senator STERLE: I thought it was a demotion or a reduction or something. I misunderstood that early in the piece.

Mr Laurie: His wage?

Senator STERLE: Yes.

Mr Laurie: Yes. He's not getting the same package because he doesn't get the short-term incentive that the CEO would get. He is getting his wage. There's the wage that he gets paid and then he gets paid an STI. He doesn't get the STI, which is a reduction of about 10 to 15 per cent.

Senator STERLE: When did you say you'll have all that info available for all to see?

Mr Laurie: I think the info on Stuart's wages would probably be available now. I'm not sure what the normal process is. I don't know whether there is anything—

Senator STERLE: Sorry; not just the wages but all-up costs of—

Mr Laurie: We know the costs. I don't think we have any issues. I am not sure what the normal process is yet.

Senator STERLE: When would that be ready, Mr Story?

Mr Story: It wouldn't necessarily be a disclosure item in its own right normally. It would appear in annual accounts.

Senator STERLE: Okay.

Mr Story: If there is a particular reason why such a figure should be disclosed, I suppose we could look at it. The ordinary course is that it would just be a normal accounting matter, I would have thought.

Senator STERLE: That is fine. I did not know how it worked. I didn't know whether you reported every three months to the membership: 'These are the costs. This is the income and this is what is going out', and all that sort of stuff. That's why I asked that question.

Mr Laurie: No, that's fine. If it is reported through the audited things then that's what we'll do.

Senator STERLE: Mr Laurie, couldn't this role be performed from Australia? I know you touched on the reasons why he might go to London.

Mr Laurie: Could this role be performed in Australia?

Senator STERLE: Yes.

Mr Laurie: When I first got involved in AWI pre-COVID, the CEO did a lot of travel at that stage going into those markets and operating in those markets. As I view it, he needs to actually be embedded in the markets to get a gut feeling about what's happening in those markets. I know from his experience of the wool industry that he can then provide that information back to us. My view is that it is an opportunity for him to really sharpen the focus of our international offices and he can do that operating locally. I don't think that we can be complacent at all in this very competitive market. We need to drive this very, very hard. Therefore, having him embedded in that market and operating and managing that very clearly firsthand, in my view, is an important part of progressing this.

Senator STERLE: Thanks, Mr Laurie. The article states, and I know you did touch on this in your opening statement:

The current chief operating officer John Roberts has been named acting CEO ahead of a search process to be conducted by the board to identify a permanent CEO.

Is that still correct?

Mr Laurie: There will be a board voted in at the AGM in three weeks time. That board will obviously then put in place a very clear process about how to deal with that. My presumption is that that will happen, but I can't speak for the board at that time.

Senator STERLE: That's about three weeks away; correct?

Mr Laurie: Yes, it is.

Senator STERLE: Thank you. Is it normal practice for a board to appoint a CEO and for the CEO to make subsequent senior staffing appointments, subject to board approval?

Mr Laurie: Is it normal practice for a board to appoint a CEO?

Senator STERLE: Yes, and then for the CEO to make subsequent senior staffing appointments, subject to the board's approval?

Mr Laurie: That will be the CEO's role. In this position that Stuart McCullough has, we wanted to shift somebody into that market role. He's gone over there on a contract. That obviously will then allow the new CEO to come into the company to assess what needs to be done and then to set a very clear direction about where the new CEO wants to go. I think the view of the board was that we couldn't be losing any time with economies opening up around the world. We needed to really get somebody in there operating now, which is what we're doing. This will provide the new CEO with an opportunity to clearly come in and put his stamp on the company as he moves forward.

Senator STERLE: Have you got a new chief marketing and innovation officer role?

Mr Laurie: We have not at this stage. It may not be John in his time in the interim, but if he ended up the CEO then he would obviously have a look at what he would require underneath that. The understanding is that they're talking three to six months before you can get a CEO into the role on a permanent basis. Our worry is that we don't want to be sitting there for a while and not having things moving. That's why Stuart's moved. John is there. John will have a look at what's happening there and obviously the new CEO will then, over that period of time—just say he doesn't come in for six months; it might take him six months to get his head around the business—make a decision about what structure he wants underneath him, I presume.

Senator STERLE: Is it the case that the AWI board did not conduct an executive search advertisement process for the chief marketing and innovation officer role?

Mr Laurie: No, they did not. What we did was to move a person that we thought had all of the skills that we wanted over there. Obviously, as there's a new CEO in the role, they will determine what structure they want and they'll be talking to the board about that.

Senator STERLE: This is my last question on the article from *Sheep Central*. You said that Mr McCullough did have some short-term incentives. Can you tell us what those short-term incentives are and what they're worth?

Mr Laurie: Basically, a short-term incentive is a performance-based assessment of his work in the previous 12 months. That assessment is done by the board on how he's performed his job. The short-term assessment was worth anywhere up to—I think it was 15 per cent—20 per cent of his package.

Senator STERLE: You did say 15 per cent. I am sorry; I should be more specific. I don't know what Mr McCullough's package was. What does 15 per cent represent? How much does it represent?

Mr Laurie: In dollars, it's 15 per cent. It could be worth approximately, say, \$50,000 to \$60,000.

Senator STERLE: That's each year? That wasn't me that whistled. I heard it anyway. So it is \$50,000 to \$60,000, and it was possible for that to be achieved year-in year-out if he met the performance based incentives, the KPIs?

Mr Laurie: I think it was possible year-in and year-out. It was an assessment that was done on an annual basis.

Senator STERLE: An annual basis—thanks for that. I want to go to general questions, Mr Laurie. Has the AWI board stuck to the 60 per cent marketing, 40 per cent R&D split?

Mr Laurie: In this COVID era we've tried as hard as we can. I think there's a bit of a buffer there either way for plus or minus four or five per cent which they try to stick to. I must admit, it's becoming increasingly difficult at a time when our marketing has been a bit of an issue, yet we still have got a lot of our R&B projects running. We're trying to manage that and keep within that. It's a very good guide. It has been a very good guide and we'll try to stick as close to that as we possibly can. I don't think there's been a lot of variation, to tell you the truth. I think the company's worked very hard to try and stick as close to that margin as it possibly can.

Senator STERLE: Does the AWI audit this?

Mr Laurie: The AWI monitor it on a regular basis as to where the spend goes. The 60, 25, 15 split—15 being off-farm and 25 being on-farm research—they monitor very closely because that's their guiding principle.

Senator STERLE: Where is this audited in AWI's accounts?

Mr Laurie: Exactly where it sits in the AWI accounts I don't know. Our financial team monitor this on a regular basis. I don't know whether John wants to cut in there. They monitor that on a regular basis. Where it's actually reported I just can't tell you.

Senator STERLE: That's all right, Mr Laurie, I'll flick to the other gentlemen. Mr Story or Mr Roberts, can you tell us? Do you have an answer for me?

Mr Story: Right now, while you ask, Senator, no. But other staff are listening to this and might send me a text with that information. Sorry, I'm not an accountant. If we could take it on notice, just for a little while?

Senator STERLE: Just for a little while, yes. If you can come back to us, that would be good. Thanks very much. Can you tell me how much AWI has outlaid to grower groups, which could be in contravention of the statutory funding agreement of 2016-20?

Mr Laurie: I can't tell you that. I think you'd appreciate the fact that you've got a couple of new jackaroos on the block, Senator. We will get the information back to you. I don't want to mislead you. It's very hard for me to answer that question without getting the detail. We will get that detail. I'm sure it's there. John or Jim, neither of you would be privy to that at this stage, I wouldn't think.

Senator STERLE: You don't know, Mr Story?

Mr Story: No. Senator, you mentioned us being in breach of our funding agreement from time to time. We're not aware of any such instances.

Mr Laurie: No.

Senator STERLE: You can take that on notice. I don't like to do things on notice, but I understand there's been a shift around. Chair, when did we set the date to answers coming back to questions taken on notice?

CHAIR: 10 December.

Senator STERLE: Thank you. Mr Story, as the secretary, you've got until 10 December to get answers to those questions that you take on notice back to us.

Mr Story: We'll get those back to you, Senator.

Senator STERLE: Thank you. While I'm at it, how much do you continue to pay to breeder groups?

Mr Laurie: I'm honestly not aware of any. We'll find out for sure and get back to you.

Senator STERLE: If you could do that for us, that would be good. Why was a crucial paragraph prohibiting payments to grower representative bodies removed from the SFA when it was renegotiated? That would be the Statutory Funding Agreement, I assume. Does anyone know?

Mr Story: When the SFA was renegotiated on the last occasion, it was the department that put that forward. It was a different type of funding agreement on this occasion compared to previous; it was far less prescriptive and more related to particular principles outlined in the funding agreement. It is intended to be a homogenous agreement amongst the various RDCs going forward. So it is a bit different. I would like to confirm to you again that we are not aware of any breaches of it. The funding ratios were a guideline, not a requirement. As to payments to breeding bodies, there are no such payments. I have a hard and fast knowledge about this. It had come up as a question in the peak body, the Woolgrower Industry Consultation Panel, at one point a couple of years ago. What it was is that AWI will attend industry events sometimes and sometimes has to pay to attend such things in its own right, to have its own stand or something like that. But so far as payments to industry bodies go, we simply do not do that. That doesn't happen.

Senator STERLE: I couldn't hear Mr Story too well. I was asking why the crucial paragraph prohibiting payments to grower representative bodies was removed from the SFA. Mr Story, you said the department moved it; is that what you said?

Mr Story: Yes, that's correct. The nature of the funding agreement is different now. The department had looked to introduce a different form of agreement which is less prescriptive and more relating back to a principles-based approach. That is an initiative of theirs which they've been wanting to have with all RDCs, not just us. I think we were one of the first with the new type of agreement.

Senator STERLE: I want to finally clarify this. While Mr Metcalfe is listening, on that evidence, the paragraph removed from the SFA stated that 'AWI must not spend the funds on making payments to woolgrower

industry representative bodies'. Mr Metcalfe, can you tell me why the department would have removed that crucial paragraph from the SFA?

Ms Deininger: As AWI has indicated, there was a change to the format of the funding agreements for all RDCs. I am happy to look into that paragraph. I don't have a copy with me of all the previous statutory funding agreements and the latest ones, but I am happy to take on notice your question around that paragraph and the implications of that. It might, for example, be picked up elsewhere in the new format. I am just not in a position to comment on that level of detail at the moment.

Senator STERLE: That is fine; you can come back to that. What is the relationship between AWI's levy expenditure on marketing and R&D and wool prices, grower profitability and overall industry wool production and demand in recent years?

Mr Laurie: The 60-40 split is basically managed on the moneys that are available, which is the levy. The levy is based on price. Obviously, as that comes into the company, it sends clear messages as to the amount of money that will be available to allocate to any of those areas. If you had wool production at 350 million kilos at \$20, your levy income would be completely different. It would allow you to spend more money compared to the 310 million kilos we are at now, with an EMI of about 1350, 1360 or whatever it is. So it very much determines your income. We operate basically on that. Certainly EMI being higher is a far greater thing for profitability in the wool industry. The significant strength in the meat market at the moment has added a level of profitability right across the industry. It has been very good for the sheep industry, coming out of the drought, that they have real value in their livestock. That has been a great thing.

CHAIR: We'll go to dinner and come back in an hour. Thank you for your patience.

Proceedings suspended from 18:23 to 19:15

CHAIR: Welcome back. I'm going to hand back to Senator Sterle to continue his questions.

Senator STERLE: Mr Laurie, can I go to the AWI Board Nomination Committee. What is the Board Nomination Committee?

Mr Laurie: What is it?

Senator STERLE: Yes.

Mr Laurie: Mr Story—whether you should be answering this one?

Mr Story: Yes, I will try and assist, if I may. AWI's Board Nomination Committee has existed since, I think, 2010, when it was set up with agreement between ourselves and the department at the time. That was a bit before my time. It is literally a committee of five persons. The composition has been the same the whole way through, comprising three people external to AWI and AWI directors. Its function is to give a recommendation to shareholders, which is not binding, of persons that it considers the best persons to be elected in the then current election of directors. In making that determination, they have regard to the considerations that are in the charter for that committee, and, again, they have not changed that much over the years. They have regard to the current composition of the board—that is, the persons that are not up for election—they consider the persons that are the candidates, they consider succession issues and then they come up with persons that, in their opinion, are the best persons to be elected on that occasion.

Now, in doing it that way, it is a different prescription to what some other RDCs in particular would have, whereby persons that might have come forward for election are actually dictated by some external body. With AWI, it's a very open election process, as you might be aware, and doing it this way retains that democratic bar such that the power of election really remains with the shareholders at all times. The arrangements for it have been tweaked a little bit over the years, and I think it was the 2017 election and subsequently—

Senator STERLE: Mr Story, I'm sorry, I'm really struggling. There is so much background interference. Please turn your camera off.

Mr Story: I do apologise. I'm not sure what you heard from what I said. I was trying to give a background to the set-up that we have for—

Senator STERLE: Thanks, Mr Story. What I did pick up is that it was established in 2010. There are three external people, and I think you said four directors. Is that right?

Mr Laurie: No, it's two.

Mr Story: It's always a majority. If you're electing a majority, you have persons external to AWI.

Senator STERLE: Who are the three external people?

Mr Story: I'll cover that briefly. It has always been three persons separate to AWI. There was some discussion at industry level that the then AWI chair had too much influence over this committee because previously—

Mr Laurie: You're too noisy, Jim, crack it off. Can you hear me, Senator?

Senator STERLE: Mr Laurie, I can hear you perfectly.

Mr Laurie: Let me explain what it is. This year there were three externals, two board directors. The three externals included an independent chair. My understanding is a search company, Heindrick and Struggles, found the independent chair. They also sat on the review. The third independent person was elected by the WICP to stand as the third independent person on the BNC.

Senator STERLE: Mr Laurie, who are they?

Mr Laurie: Samantha Hogg was the chair. Jim will give you the name of the person found by the search company. Simon Cameron was the WICP member and then there are two directors, being James Morgan and Noel Henderson.

Senator STERLE: I can hear Mr Story trying to tell us who the other person was.

Mr Story: His name is Michael Thomas. He's a partner in Heindrick and Struggles Australia, a major international search firm.

Senator STERLE: How do members of the board nomination committee choose who becomes a director of AWI?

Mr Story: AWI it is entitled to put forward two persons to sit on that committee. They cannot, obviously, be persons who are up for election in that year, and the board simply decides on those persons during the year.

Senator STERLE: I understand that, Mr Story. But how do they do that? How does the committee choose? They cannot choose directors who are up for election, so how do they do it?

Mr Story: The committee has regard to the criteria that are in the board charter. That's a public document. The criteria in the board charter are largely around the best fit that they see of the candidates who have come forward relative to the skills that are on the board anyway. They also have regard to succession matters.

Senator STERLE: Right. Do AWI and the Board Nomination Committee work with each other?

Mr Story: The AWI board in itself has no interaction with it at all. The AWI board puts forward two persons to sit on the BNC, which, as we said, is a minority position. During the year and leading up to the BNC delivering its process there is no discussion at board level about the BNC's work.

Senator STERLE: Sorry, Mr Story. Chair, I can part-hear your conversation with I think Senator Davey next to you.

CHAIR: I do apologise, Senator Sterle. We will stop speaking immediately.

Senator STERLE: Either that or speak up so that I can hear what you are talking about please. Sorry, Mr Story. I only picked up a bit of that. Would you say that the Board Nomination Committee is independent from AWI?

Mr Story: Categorically.

Senator STERLE: For my benefit, does that mean definitely, sort of or maybe?

Mr Story: It means definitely. We take deliberate steps for that to be the case.

Senator STERLE: Thank you kindly. Once again, how is that the case if two AWI board directors are on the BNC?

Mr Story: Because they are a minority membership on that committee and the three persons who are external persons are deliberately selected, as we've outlined, are quite separate and have a majority position on that committee. Furthermore, during an election year there is no discussion of BNC matters at AWI board level.

Senator STERLE: But it's [inaudible] that determines who's going to be on the board. I'm happy for Mr Laurie or anyone else to jump in. They are independent. You said that they are categorically independent. But how could it be that the three independent people would have no idea who's who in the zoo? Is this correct: they just look at the ticks in the boxes, the KPIs or whatever it may be? It would be the case that the board directors of AWI who are on that committee would know the other people are who are running, wouldn't they?

Mr Story: A little bit. One of the independents is an industry nominated person, so that person has in-depth knowledge of the industry for starters. Apart from that, the specification is for one of the independent members to be an international search firm member. In this case that's Heindrick and Struggles, who are a major international search firm. Their partner brings specific skills to the deliberations of that committee. It is very important that the

independent chair have no connection with the industry at all. As part of the qualifications for selecting them through an executive search process one of the criteria for them is to have some experience with proceedings of this type—selection committee style matters I suppose.

Senator STERLE: Mr Story, does AWI fund the BNC?

Mr Story: Yes, it does.

Senator STERLE: Can you tell us what that amount is?

Mr Story: It differs. The chairman has a contract with AWI.

Senator STERLE: All right, so how much is the chairman on?

Mr Story: Are these not commercial-in-confidence matters?

Senator STERLE: Hang on. It's levy payers' money, and there's government money in there as well, so taxpayer money as well. This is a Senate committee; this is not private enterprise. Sorry, Mr Story, unless the Chair overrides me with a ruling from the clerk, how is that in confidence when there are taxpayers' and levy payers' dollars in there?

Mr Story: I'll stand corrected. I said what I said: it seems odd. But I appreciate—

Senator STERLE: Mr Story, that's not good enough. Unless I'm overwritten by the clerk and the Senate processes, you cannot hide behind confidentiality. There are taxpayer dollars in there. There are also levy payer dollars. So can levy payers come to you and find out how much the chairman is paid out of AWI funds?

Mr Story: There are accounting rules, one supposes.

Senator STERLE: Okay.

Mr Story: I'm not deliberately trying to obstruct you, Senator. Far from it. It seems odd to me, that's all. However, in answer to your question, the chairman had a contract to the value of \$20,000 for the work.

Senator STERLE: Thank you. What other funding goes to BNC costs from AWI?

Mr Story: The costs of the search firm, which agreed as a total, because they did various jobs in this—they also did the search for the chair and also their work on the BNC itself. In broad total, it was approximately \$60,000.

Senator STERLE: \$60,000—

Mr Story: That's not quite it. The independent member of the BNC, the person put forward by industry, is also entitled to receive fees for their time. I anticipate that would be in the region of \$10,000 in his case.

Senator STERLE: Is that for last financial year?

Mr Story: No, that will be for these BNC proceedings. It's only every second year that the BMC meets.

Senator STERLE: Is that a fixed cost, or does that get adjusted each time?

Mr Story: That would be by negotiation on each occasion.

Senator STERLE: Alright. When was the last election? The year before last?

Mr Story: 2019.

Senator STERLE: So those are the figures for 2019. Sorry, were those the figures for this year?

Mr Laurie: For 2021.

Senator STERLE: Mr Story, if you could provide us with the figures for 2019 too, just to see what the variance may possibly be, that would be appreciated. Do you have that close at hand?

Mr Story: Not close at hand, but if I may report on that briefly because it's different then compared to now. At that time, the chair of the committee was a department nominated person, and so there were no fees paid to the department for that. But the department's intention, which they'd always flagged, was to move on and have someone else come into that role. So it was agreed that we'd do that and that I'd find someone by executive search, which is what occurred. The fees in 2019 for Heidrick and Struggles, I'll find those, but they'll be broadly similar to this time. The fees payable to the independent member put forward by industry will be broadly similar as well. But we'll take it under notice what the totals are, if I may.

Senator STERLE: Thank you, Mr Story. Are people who aren't successful in being chosen as directors by the Board Nomination Committee able to seek information as to why they weren't chosen?

Mr Story: Not necessarily. If I might just comment on this for a minute, in a normal employment scenario, if I can put it that way, it would be typical for a search company usually to give feedback to persons about why they weren't successful. But the BNC is a different beast. They're not applying for an employment job per se. What the

BNC is doing is not appointing them for any such thing. The BNC's job is simply to give a non-binding recommendation to shareholders on persons that they think would be the best ones in all the circumstances—having regard to the matters in the charter—to be elected on that occasion. That's all. If a person is to go behind that, it is a quite different animal to an employment situation. The BNC's job is concluded once they deliver their report.

Senator STERLE: Mr Story, can a levy payer run for a position as a director without being nominated by the Board Nomination Committee?

Mr Story: Yes.

Senator STERLE: They can?

Mr Story: Yes, certainly. There are a number of avenues for persons to get to the starting line to be elected. It is a very open process.

Senator STERLE: You've answered that. You've said that if they're not successful they don't get a reason why.

Mr Story: The BNC consider that their duties are finished once they have given their report.

Senator STERLE: I hear what you are saying, thank you. Are details of the membership of the Board Nomination Committee publicly available? They are now; you've just said it.

Mr Story: Yes, it's all in their report, which is a public document.

Senator STERLE: Great. Can AWI understand how the BNC might look like a virtual political arm of their current board by ensuring that the status quo is re-elected? Can you understand how this may look to many? I'll put that to everyone.

Mr Story: I would argue more, Senator, partly for the reasons that I've outlined, that there's a philosophical effort here to have an open election system and not have some external body, who have no fiduciary duties to act in best interests, imposing candidates for shareholders to vote on. If you've got an open and democratic system, then having a BNC or some other body that restricts that is not a good system. But, as far as the BNC itself being somehow beholden to AWI, without lying to you, there is a majority of independent members on it. It really is quite in order for AWI to have representation on it. AWI directors have a lot of knowledge—

Mr Laurie: That's right, Jim.

Mr Story: This becomes a bit of a philosophical argument for people. One thing AWI will do after this election cycle, is have another look at the BNC and the way it works. If people have feedback that it could be improved again, then no doubt the board will look at it. If anyone were to suggest to you that the work of this committee has been anything other than diligent and independent, then we would bridle at that, to be frank.

Senator STERLE: Mr Story, I understand that the BNC have selected two existing directors and a new person Ms Hack, as their preferred candidates, is that correct?

Mr Story: They actually put four forward.

Senator STERLE: Okay. I missed one, sorry.

Mr Story: It creates an issue in itself, because—near certainly—there are only going to be three positions available. But that's what they decided; that's their call. They did not rate the candidates. They just said, 'These four.' It's a matter for shareholders if they want to take note of the committee's recommendations and where to go from there [inaudible] four—

Senator STERLE: They're running for three positions, is that correct?

Mr Story: Correct. That's almost certainly going to be the case.

Senator STERLE: Are you able to tell us how they were selected? Did they both—I shouldn't single out Ms Hack, I didn't know there was another one. Let's just say, apart from the two existing ones, there are two other ones; how did they get in front of the board? Did they put in nominations or something?

Mr Story: They submitted CVs. They undertook probity checks. Then they were each interviewed by the BNC, and then the BNC just made their call.

Senator STERLE: Were there any other candidates who nominated as well and didn't make the cut?

Mr Story: None made it to the start line apart from the seven.

Senator STERLE: Seven?

Mr Story: There were seven there that they were dealing with about that.

Senator STERLE: There were seven who didn't make it past the start line?

Mr Story: There were seven who did!

Mr Laurie: Seven got interviews.

Senator STERLE: Sorry. Seven got interviews. Thank you for that. Does the BNC ensure that all the chair proxies are given to the three BNC recommended directors?

Mr Story: That's a different issue.

Mr Laurie: No. I'll go there, Jim. I'll go there. Senator, in order to give clarity to where any proxies going to the chairman were to go, it was clearly stated by the previous chairman that the proxies at the AGM would be going to the BNC recommendations so that there could be no ambiguity there at all. Everybody knew exactly where those proxies were going.

Senator STERLE: And they can't leak out? That's where they go—the chairman himself doesn't hold it like previously?

Mr Laurie: No, they were going to the three that the board nominated they were going to. They've been completely open about that.

Senator STERLE: Right. That's good. On the processes, too, is it true that Minister Littleproud has put AWI on notice to—I'll use this wording, and don't take offence; you can give me the correct wording if I've got it wrong—clean up the act before Christmas? Is that true?

Mr Laurie: No. To clean up the act about what—AWI?

Senator STERLE: Yes.

Mr Laurie: Yes—no; I think the minister's expectation, as he said at a round table long ago, is that he expects AWI and other RDCs to get very focused on what they're doing, to make sure they're getting the state government engagement right. AWI, I think, in his terms, has been a polarising organisation and he expects it to change. That's exactly right, and that's exactly what we intend on doing.

Senator STERLE: Can I ask, then, why didn't AWI ask the executive search company on the BNC for advice on how to get the best person for the chief marketing and innovation officer role and give transparency to shareholders that it wasn't a job for the boys—in other words, it wasn't one rule for the BNC and another for the board?

Mr Laurie: For the chief marketing officer, we had a bloke already doing the job as part of his CEO's role. All we've done is move him into that role 100 per cent of the time, because he has knowledge of the industry from top to bottom.

Senator STERLE: Are the costs that AWI provided to BNC listed in the annual report?

Mr Laurie: The cost of the BNC in the annual report?

Senator STERLE: The cost that AWI incur, or provide, to the BNC, I should say—what Mr Story provided that info—

Mr Laurie: The BNC, yes.

Senator STERLE: Yes. Is that listed in the annual report?

Mr Laurie: I cannot tell you that. Jim or John, do you know the answer to that?

Mr Story: Sort of. The current annual report is for the year ended 30 June so it'd have limited costs of the BNC after that point. Previous to that, as I've mentioned, the BNC meets only in a director election year, which is only every second year. So prior to this it would've been in 2019.

Mr Laurie: I'm not sure, Senator, whether it is included in that financial report of that second year or not, but we'll find out for you.

Senator STERLE: Yes. That's what I need to know. I understand, Mr Story, what you're saying, but it's still a cost.

Mr Laurie: Yes.

Senator STERLE: Mr Laurie, you've taken hold of that. I think we said 8 November for answers to questions on notice.

Mr Laurie: Yes. We will get all that back to you.

Senator STERLE: Good. Thank you very much. I want to turn my questioning to WoolQ. I don't know, Mr Laurie, whether this should be to you or to Mr Story. What is the taxpayer contribution to the \$6.4 million WoolQ expenditure?

Mr Laurie: I think in some of the documents there's a breakdown as to where some of the government was involved in co-funding, and there are other areas there that it was just itself. John, you have probably got that detail there, have you?

Mr Roberts: Yes, I'm just having a look. Matching funds were requested, were applied for. I think we did provide this once earlier, post the last session.

Senator STERLE: I apologise if you did, but I don't recall asking it.

Mr Roberts: I can see here the WoolQ platform building costs of \$2.24 million. There were no funds claimed. There were funds claimed on the Wool Selling Systems Review, which was the research and development class. That was a value of \$890,000. With project costs in the development, there was a portion claimed there. That was a total \$3 million in development. A portion of that was claimed, but that only went for a certain period until after the initial implementation. So there are two segments there. There is the Wool Selling Systems Review of \$890,000, where the matching funds were claimed, and, on the WoolQ project costs, there's a portion of that \$3 million, but I don't have the answer. I think in the vicinity of \$1 million to \$1.2 million was claimed for the development costs.

Senator STERLE: Not the \$6.4 million expenditure?

Mr Roberts: No.

Senator STERLE: So, of the \$6.4 million WoolQ expenditure, the taxpayer contribution was how much? You've given me three figures there.

Mr Roberts: It would be \$890,000, plus the contribution was \$1.2 million from the government, from the taxpayer.

Senator STERLE: Alright, so \$2 million of the \$6.4 million, roughly?

Mr Roberts: \$1.2 million.

Senator STERLE: I'm sorry, I thought it was \$890,000 plus \$1.2 million.

Mr Roberts: No, sorry—I got mixed up there too. My apologies.

Senator STERLE: You are breaking up a bit too. We'll get there. I want to go to recommendation 1.14.2 of the 2018 ROP, on page 102. Gentlemen, do you have that handy?

Mr Laurie: No, sorry, I don't have it in front of me.

Senator STERLE: I will read it, and please jump in at the end and tell me how we are going. I'm going to quote it. It says:

There have been stakeholder concerns relating to investments being made in areas where there is no market failure (e.g. WoolQ). Clause 26.2 from the SFA refers to AWI being able to apply levy funds to 'Other Activities' related to the industry. This is defined as 'activities of AWI (other than Marketing Activities and Research and Development Activities) that are supported by levy payers and shareholders that relate to a function for which there is market failure'.

Recommendation 1.14.2 recommended that AWI:

Provide greater levels of evidence and transparency that investments are being pursued in precompetitive areas (e.g. where investment would not have occurred by manufacturers). This should be included in both Annual Reports and relevant communication to industry stakeholders, such as through the renewed ICC. This should be implemented by 31st January 2019.

This recommendation that I just mentioned is listed on the AWI ROP portal as implemented, yet AWI has persisted with WoolQ despite the lack of market failure in electronic selling, eSpeci and market reporting, which are all supplied by local companies or service providers. I'm sorry about the long preamble, but my question to you, Mr Laurie, is: how can AWI say they have implemented this recommendation yet not be prepared to provide greater levels of evidence and transparency by releasing the Port Jackson Partners report into WoolQ?

Mr Laurie: The Port Jackson Partners report is there for a private briefing to be had. We're certainly happy at this stage. We've spoken to Port Jackson Partners again today about releasing it, and they're still saying they don't want to release it. So I'm not sure where we're up to. I think we should just have that briefing and get it over and done with. We are happy to go down that path.

CHAIR: Can we just confirm that is the case, Mr Laurie, because the committee has been waiting on agreement to finalise that briefing after the aborted one that we had a little while ago.

Mr Laurie: It's definitely the case. My understanding was that the secretariat was going to get back and work out a time, so we are waiting to do that.

CHAIR: We will prioritise finding a date then.

Mr Laurie: Happy to do that. To the evidence of market failure, I think John can talk to the Wool Selling Systems Review. There's also a major component of WoolQ that people don't want to talk about. It's the traceability component that's being very much developed at the moment. In a market where everybody wants traceability and to understand the provenance of their product, WoolQ's also developed a significant arm there. Now there's quite a bit of work going on around traceability in the industry. John can explain the discussions he's had with people in regard to that part of it. We are happy to cover off on all of those things you've spoken about, but John has been dealing with this, and I think it would be better for him to answer that question for you.

Senator STERLE: We will go across to Mr Roberts. I'm sorry about the muck-up where we haven't got back together—

Mr Laurie: That's alright.

Senator STERLE: We were quite taken aback with the thought that maybe the money could be used by an external enterprise and then they just say: 'You can all go to heck. We're not going to tell you what was in it.' But, anyway, we will get to that later. I'm very keen to hear Mr Roberts, but I mustn't forget, Mr Laurie, that the basis of the question was that AWI had said that recommendation 1.14.2 was implemented, when clearly—and we can blame Port Jackson Partners or whatever; I don't know how you want to do this—there isn't transparency.

Mr Laurie: I'm happy to be as transparent as we possibly can be. I don't have an issue. Let's get the review done on Port Jackson papers; that will tick off on that one. John can go through the systems review stuff. Obviously I would need to go through and have a look. I would have to go back through and have a look at the process as to why that was ticked off. It's a bit hard for me to answer that without understanding exactly why that was ticked off. I will find that out for you and get back to you, Senator.

Senator STERLE: Okay, Mr Laurie, there is no more to be said on that. I've made my point clear, and I appreciate you will come back to us. I'm not being challenged on the point that it's not complete transparency and, as I said, blame Port Jackson Partners or whatever, but we will get back to the bottom of it. Mr Roberts, do you wish to help me out with my lengthy preamble that went to the question?

Ms Virtue: I'll certainly try. In terms of not addressing market failure, when the Wool Selling Systems Review was commissioned in 2014, the panel that was in place never actually referred to market failure. It referred to creating greater transparency, greater efficiencies and greater competitive tension. They looked at a number of matters there. They never specifically mentioned market failure, but they did acknowledge that there were a number of commercial opportunities that could be leveraged by the eventual finding of developing a wool exchange portal, which is now WoolQ. My understanding is that, when we developed the platform, it was well within section 2 of the objects of our constitution. I'd have to go back to the constitution to provide you with that, but we were certainly well within our constitution to develop this platform and leverage opportunities for woolgrowers.

Senator STERLE: I want to just move on to director independence reports. I'll put my questions to you, Mr Laurie, and you can tell me where they need to go. I believe that in 2018 ROP requested AWI to be more transparent with publishing or making available reports on direct independence. Is that correct?

Mr Laurie: Yes.

Senator STERLE: Is someone able to tell me: why did AWI not release the formal report into direct independence when the 2018 ROP had found that two directors—one being Mr Wal Merriman, who is no stranger to this committee, and one being Mr David Webster—had:

... questionable independence based on number and materiality of registered interests and length of tenure.

Despite this ROP assessment, Mr Merriman was allowed to re-stand for election in 2019, and Mr Webster, who was elected in November 2008, has been allowed to stay on the board and now will be allowed to exceed the ROP's recommendations for 10-year terms despite the resolution being put to shareholders at the 2021 AGM.

Mr Laurie: The assessment of independence of directors is a process that is gone through. We get an independent person coming to the board and then they go through and work with the board. One of the questions that they ask each individual board member is whether they still believe all the directors are independent after a time frame. They ask a lot of questions, they interview us all in regard to that and then they collate that information and make a judgement based on that information. On where that is published, I was of the presumption that that was published in the financial report. Is that right or not, Jim?

Mr Story: We state in our annual report our view of the independence of directors. In assessing the independence of directors, AWI goes to the ASX corporate governance principles. They are the gold standard for corporate governance requirements, really. We apply the test in the ASX corporate government principles to determine independence or not. Our determination has been that all directors meet the test of independence that are outlaid there. The ASX principles have some guidance in relation to directors who may have had more than 10 years of service. Specifically in that situation, the guidance in the ASX corporate governance principles is that each such director must be tested annually for whether or not they may have become, for example, too close to management. That testing is part of what is done in the annual board review. The annual board reviews are always conducted with the assistance of an external governance party.

Senator STERLE: Alright. Mr Story, that's the first half of the question. Can I go to the second half. I'm led to believe that the resolution was put at the shareholders 2021 AGM that no-one could exceed 10-year terms. If I'm wrong, please correct me.

Mr Laurie: It's going this year.

Senator STERLE: If it's going this year, Mr Laurie, does that mean that Mr Webster can still nominate and run, even though he's exceeded 10 years?

Mr Laurie: No. If the shareholders support that 10-year resolution it will come into play at the next election and he won't be able to stand. If it isn't supported and the status quo remains, potentially there's nothing stopping him in the constitution from standing.

Senator STERLE: So it hasn't gone to the AGM yet?

Mr Laurie: This year. In three weeks time.

Senator STERLE: My apologies. I thought it had already come and gone.

Mr Laurie: It's in three weeks.

Senator STERLE: Thank you very much for your help. Chair, is Senator Ciccone near you?

CHAIR: He is near me. Would you like me to throw something at him?

Senator STERLE: Throw a kiss at him! It's just lovely to be in the room together and there's no COVID! Can I pass on to my friend and colleague Senator Ciccone. I thank Mr Laurie, Mr Story and Mr Roberts. I look forward to answers coming back to questions taken on notice. I will give Senator Ciccone a go.

CHAIR: Thank you, Senator Sterle. Senator Davey has some questions on the same matter. Are you happy that she continues and then, if Senator Ciccone still has anything left, he can mop up?

Senator STERLE: I'll leave it to the leaders in the room. Thank you.

CHAIR: Thanks very much, Senator Sterle.

Senator DAVEY: Some of these are the same topics covered by Senator Sterle, but I need some clarification or a little bit more understanding. First of all, I want to go back to Mr McCullough's new international role. That is a completely new role? He's not replacing a former staffer? So we've now got Mr McCullough being marketing and product development, which will be based overseas. We've got the CFO. We've also currently got a vacancy for chief marketing and innovation officer—is that correct?

Mr Laurie: He will fill the role of chief marketing innovation officer. I think John can answer the numbers better, but we depowered our offices and the management of our offices overseas through COVID. This role is basically sitting in there and covering off all of those roles. It's about repowering where we depowered over the COVID period.

Senator DAVEY: My understanding is previously there have been longstanding consultants based in the UK and the EU. Would I be correct in interpreting what you've just said as 'those consultants may no longer be engaged and Mr McCullough will be a full-time representative of AWI based internationally'?

Mr Laurie: He will be over there. The consultants have been there [inaudible] When a new CEO comes into the role they'll obviously put their stamp on what structure they want. But at the moment it's critical that we have somebody in there who can drive this. We didn't have the managers in the offices that we had before. We certainly have some [inaudible] we needed to do that. They'll obviously have a look at all of the roles that are being performed by AWI in those overseas markets.

Senator DAVEY: I guess what I'm just trying to understand, because you covered off that, while, yes, Mr McCullough will not have the same package as he's got as a CEO—the components that you ascribe to tax and cost-of-living are fairly significant. If you've still got the consultants internationally, you might have restructured.

I'm trying to establish whether your salary budget across the executive is going to go up, go down or remain the same.

Mr Laurie: It's certainly not going up at this stage. There have been no new people put into any role. We've shifted people around into roles that focus more on the issues that are there. It won't be going up at this stage. The role of the new CEO will obviously put a structure in place if they want to. They will have a look at, I would presume, all of the roles across the senior executive to see whether they fit into where they want to go.

Senator DAVEY: With Mr McCullough being internationally based, we know and we've heard a lot, particularly in the last couple of weeks, about the way the EU is moving in the new net zero marketing paradigm. We know that there has been talk about Europe putting on carbon tariffs. Europe are also looking at product environmental footprint labels. My understanding is the current algorithms being proposed could be detrimental to wool. Will Mr McCullough's job be trying to advocate for changes to those European market initiatives that may actually harm Australia's wool trade?

Mr Laurie: Yes, there's no doubt part of his role, as I said to begin with, is dealing with the threats to the industry. The PEF, product environmental footprint, labelling in European parliament is most definitely one of those. The concern is whether there will be a flow-on effect through other parliaments. Part of his role is to make sure that we have a very good strategy to try and nip it in the bud in the European parliament and make sure that we can identify any potential risk of legislation in any other parliaments that is going to create a problem for a natural fibre, especially in this very space. Part of his role is very much to do that.

Senator DAVEY: How much support has AWI had particularly on these market impediments and the PEF labels, which I understand could be devastating, from the department? I probably should have asked the department earlier, but Mr Metcalfe is still at the table. From both of you: whether you're working together to address these concerns.

Mr Metcalfe: I'll let you go first.

Mr Laurie: This issue has been raised with the department on a regular basis. I think they're very mindful of what's going on over there. Obviously any avenue that they have we've been able to tap in through the normal things. The minister is aware. We've raised the issue with the minister. As you know, Senator, I think we've raised the issue with you, too. We've been highlighting it everywhere we can in the political environment and certainly through the department. I think you'll find that everybody understands the risk clearly and everybody's playing their part. Mr Metcalfe might be able to add some more to that.

Mr Metcalfe: Really nothing more. It's certainly an issue that we're aware of. We receive regular reporting from our colleagues in key posts overseas. Ensuring that ultimately there is fair treatment and a proper understanding of the extraordinary attributes of Australian products and the very strong commitment that our farmers have to sustainable farming practices is something we promote whenever we can, including through international forums.

Senator DAVEY: How long has the PEF concept been discussed? When were we first made aware that this is actually a risk to our sustainable, renewable, biodegradable wool products compared to how the PEF will be applied to synthetic materials, for example?

Mr Metcalfe: I'll have to take that on notice as to when the department became aware of it. Mr Laurie might be aware more specifically around the wool industry.

Mr Laurie: The PEF goes not just to the fibre industry, of course; it goes across a lot of products. At AWI—I'd only be guessing here—I'd say it's been 12 to 18 months since the issue originally came to our attention. It was also a bit odd. One of the reasons it was a bit odd was that we're talking about a circular economy, which wool fits into absolutely brilliantly with biodegradability and sustainability, just going around and around. I don't think anybody saw a risk with that. That's one piece of legislation that I think was going through, and then, all of a sudden, the PEF came out, and its determination of environmental footprint—all depending on when the assessment was done and what was included—didn't actually match up with the circular economy. So that's where it became a real issue for us, quite clearly—the determination of that was the problem. In the circular economy, it appeared to fit in there beautifully, which meant that we weren't having to use it in landfill and we had the microplastics and all of that wasn't a problem. It absolutely fitted in there beautifully, but then we turned around and saw the timing of the assessment and what actually had been assessed didn't match. That's when we realised that it was an issue. Somewhere around then, 12 to 18 months ago, it became obvious that there was a major problem.

Senator DAVEY: Thank you. It has been put to me that people were trying to raise red flags a lot earlier than that, but I'll take your word for it, Mr Laurie. I also want to ask about WoolQ. I hear you and I've read some of

your briefing papers saying that there is more to WoolQ than just the marketing platform. I'm looking at some of the figures, where I've seen that 2,677 bales have been listed for sale across 10 sales outside the open cry system. That's a very small percentage of all bales sold in Australia last year, and it's incredibly short of your target, which was two per cent of sales. On the market side of WoolQ, would you accept that it's not really being taken up to the extent that you had originally imagined?

Mr Roberts: I'm happy to answer that one, if you like. Yes, it's disappointing—particularly as, when we did the first development process and we had the Wool Exchange Portal working group, there seemed to be very enthusiastic support for the platform more broadly, particularly in the area of traceability but also in selling. We set those targets based on some of the support we were seeing, so it has been a disappointment, certainly.

Senator DAVEY: Notwithstanding that there's still going to be a private briefing on the Port Jackson report—we hope—my understanding is that that was looking into commercialising WoolQ. When we're talking of commercialising, are we talking about commercialising just the market aspects of it or the entire WoolQ product, which includes eSpeci, Ready Reckoner and MyWoolQ?

Mr Roberts: The commercialisation discussions that we're having at the moment with various parties revolve around the WoolQ market, which is the selling component. For the remaining component, which is the various grower tools, the eSpeci and the traceability capabilities that we're looking to develop, we would like to work with industry to make that technology available. We've been working on a traceability forum that has been organised by Wool Producers Australia, which has been a very good format, and we've been able to work with the entire industry on the need for traceability to do two things: (1) to address exotic animal disease outbreak and (2) to leverage the commercial opportunities that exist for woolgrowers in terms of traceability. It's become very clear that we want a national traceability scheme, and we think that WoolQ can play a key role in that. We would look to make that traceability component available to the broader industry; that's a tool that's been built for woolgrowers. We would look to commercialise the selling component, if that answers your question.

Senator DAVEY: When we talk about the investment of \$6.4 million, if you commercialise, because you'll only be commercialising one segment of it, what sort of return on investment are you looking at? Will there be a return on investment? Will it recover costs?

Mr Roberts: Longer term we believe it will recover costs. To draw a direct line between cost recovery with the traceability element—we would not be able to do that. I think this is the trap we've fallen into: we allowed the success of WoolQ to be measured by sales volumes, whereas, as you are well aware, that's a small part of it. This till was built to futureproof the industry and take head-on this big opportunity that now exists in terms of traceability.

Senator DAVEY: It's been put to me by stakeholders that the market side of the WoolQ was unnecessary because there were already products existing that were covering that aspect, so potentially it would have been a better investment to just focus on the traceability side, working with other industry players such as Cotton Australia, which already has a fibre traceability product, and getting that right rather than trying to establish something that was competing with existing commercial products.

Mr Roberts: You're possibly right. When the Wool Exchange Portal working group, which was an arms-length working group, built the concept, there was debate about whether it would have the selling capabilities. Initially the thought was that we would actually engage with existing market players in the online wool-selling arena. They were approached, but there wasn't an appetite to work with WoolQ, and the Wool Exchange Portal working group decided that they did need the capability to sell. That, again, wasn't a major part. Pre COVID, we realised that we weren't getting a great deal of traction. We had a very strong wool market. Wool was being sold efficiently by the British auction system, so it was agreed that we would focus more on the traceability components and working with industry. When COVID struck, the minister encouraged all agricultural commodities to embrace online selling platforms wherever they possibly could, to defend ourselves against the possibility of not being able to hold open-cry auctions. We did take WoolQ market off the shelf. We made it available to industry at no cost, and we did hold a number of auctions. But it's clear—I think you make a good point, Senator—that the focus really needs to be on the traceability component and working with the broader industry, which we are looking to do with AIA, with AgriFutures and, of course, with other RDCs.

Senator DAVEY: You've got the WoolQ eSpeci sign, which allows you to identify the specifications of the fleece. You've been working with Everledger on a fibre-identification-and-tracing program. Do those products interlink or are they separate? Is this two investments in separate issues? I'm struggling to understand. I would think that looking at the specifications is the beginning of the fibre-identification-and-tracing program.

Mr Roberts: The eSpeci is all about getting the raw data off the farm. You've got to capture that raw data—micron, VM, length, strength, staple strength, the whole lot—in the shearing shed, and that's the start of the data journey. What our overseas customers want is to trace the wool beyond the ship's rail. At the moment, we have a very good system in Australia with the Australian Wool Testing Authority, who do an excellent job in testing the wool, and we can trace wool reasonably effectively to the ship's rail. Where it gets harder, of course, is when it gets overseas, and you have to then trace the wool up the supply chain to the finished garment. The piece with Everledger is more about placating the downstream consumer, who now wants to know not only the origin of their wool and where it's from but also the journey it travelled on. That's no longer a 'nice to have'; it's a minimum expectation. They are separate pieces, but they ultimately will interlink.

Senator DAVEY: Okay, thank you. I will hand over to Senator Ciccone

Senator CICCONE: I will follow on from Senator Sterle's earlier comments. Just bear with me and help me out here. There are a few things here. The senator obviously couldn't be here for the remainder of the evening. The first question goes to page 48 of a recent performance report by, I think, Accenture, where it talks about the culture of AWI:

- While a majority of staff reported positive sentiment, small groups of staff report outcomes that need to be addressed
- ...

I know there might be some sensitive issues here, but it is really about the issue of bullying or alleged bullying at the organisation. What has AWI done about what seem to amount to instances of bullying at the organisation?

Mr Laurie: I will start off on that, but I think that Jim as the company secretary might be better able to deal with this. What we want to do is make sure that all staff members feel comfortable, if there is bullying, that they can report that. That is No. 1. So we need to have a proper process in place to be able to deal with that. We do believe that we have that, but obviously we want to make sure that that's as strong and rigorous as it possibly can be. From a board point of view, we just don't want to accept any sort of behaviour that's outside the ordinary, so we make sure we deal with those issues. Jim or John, I'm not sure exactly what the process is.

Mr Roberts: Well, there should be zero tolerance for bullying. I've only been in this role a week, and I'm not sure what measures are normally taken to address this, but there is certainly zero tolerance within the company for bullying, I can assure you.

Senator CICCONE: Yes, and that's something I would expect. I will just give a bit more context for those who are listening. That report says:

- 14% don't feel comfortable that reporting bullying or harassment would not have any impact on the reporter.
- Just over 19% say diverse perspectives are not valued or encouraged.
- Just over 12% feel they can't voice opinions freely including to management.

Does it concern you to receive that type of negative feedback?

Mr Laurie: Any of those issues do; there's no doubt about that. The company's got to be better. As John said, it is not acceptable anywhere.

Senator CICCONE: Did any of the alleged cases of bullying involve senior staff members?

Mr Laurie: I haven't had any complaints. To be honest, I haven't had one complaint, so I can't—

Senator CICCONE: Alright. So you're not aware of any cases?

Mr Laurie: No, I'm not aware of any cases.

Mr Roberts: What I can say there is that I know every month the senior executive have to fill out a questionnaire from the company notifying if there have been any incidents of bullying or harassment or anything untoward, and that is reported every month through to the company secretary.

Senator CICCONE: Okay. So is the company secretary aware of any cases?

Mr Roberts: Jim?

Mr Laurie: I don't know where Jim has gone. But we would have to go back through all of the board papers to see if there have been any declarations in the board papers. I don't recall anything coming to mind on that.

Senator CICCONE: Can you take that on notice? Can you also take notice whether, if there were any, there had been any support provided to staff or whether staff members from the Sydney office had been removed as a result of any alleged bullying?

Mr Laurie: Yes, we'll find out.

Senator CICCONE: Thank you.

Mr Story: I would like to offer you some comfort on all that. For example, the company has a whistleblower policy, which would be a typical governance measure for listed companies. We do pride ourselves on the openness of those procedures. All we can say is that there have been no matters of the type that you're referring to that have come to our attention. There is that monthly reporting procedure for managers to report through any such matters, as Jock referred to. Again, no such matters have come forward in recent times. There was one matter that came up a few years ago about a relatively senior person who then left the company. We have a zero-tolerance view of all that, is all I can say, and staff are encouraged to bring forward any matters, should they exist. To our knowledge there are none.

Mr Laurie: I've just got a text from one of our staffers. There've been no issues reported; none that we're aware of.

Senator CICCONE: I have one last area to cover, and it's to do with late WoolPoll papers. It's been put to me that there have been complaints about WoolPoll papers not reaching shareholders with voting opening on 13 September and closing on 5 November. Apparently, a similar thing happened back in 2019 and 2017. Is that your understanding?

Mr Laurie: We've looked into this very issue. One of the things that the company has done this year is it sent out the WoolPoll papers and, I understand, the papers for the AGM two weeks earlier than required to try to make sure that we can deal with some of the issues. The other thing that we have done is, certainly with WoolPoll, make sure that on a daily basis, I think, there's information going out to encourage people to vote on WoolPoll and to be quite clear that there are about four avenues to do it. The first is through your voting papers, the second is online and the third is Link Market Services, I think, have got a helpline to help you go through the online process, so even if you haven't got your papers there are other avenues to go through. We're regularly putting that out in the media so that people understand that. Last week we were asked this question, and I don't think there were any complaints about papers not turning up. But we've heard a bit of talk about it, so it is very important. To go back to your point about 2017 and 2019, yes, there were issues, and that's one of the reasons that we made a decision to send everything out two weeks earlier.

Senator CICCONE: It's good to hear that you seem to have had much more positive feedback. Apparently, in either 2019 or 2017 there was meant to be an inquiry to look into why the papers hadn't been received. I think it included one of the directors, James Morgan, who hadn't received their papers. Was a report produced as a result of that inquiry?

Mr Laurie: I'll have to leave that one up to Jim; he deals with the company, Link Market Services.

Mr Story: We'd have to go back and look at records from that time. Certainly, the board was interested at that time about—

Senator CICCONE: Could you take that on notice?

Mr Story: Yes, we can only take it on notice.

Mr Laurie: Yes, we'll have a look at it.

Senator CICCONE: Lastly, what have you done to inform growers about how to vote in the event of delays in receiving papers?

Mr Laurie: At the moment, I think every day we're sending stuff out. From memory we've got state campaigns and we've got campaigns going across Australia. We've got woolgrowers turning up to events and talking about it. As I said, we've provided a hotline for people to ring and we've got an online service if they want to use that because they can't get their papers, so whatever we can do to help, we're trying it. If you've got any good ideas on top of what we've done, I'd be happy to work with you.

Senator CICCONE: Good on you, mate. Thank you very much for your time tonight. One of the masks I brought in tonight has sheep on it.

Mr Laurie: Good on you.

Senator CICCONE: Hopefully, you can see that. Keep up the good work.

Mr Metcalf: Chair, I have said this before, before the committee, but I wanted to again put on the record that, as you are aware, in my previous role I undertook the 2018 review of performance of AWI. Several of the recommendations of that review were discussed here tonight, but I obviously haven't contributed to that discussion.

CHAIR: It's always terrific that you make those disclosures in advance of any question coming up. Thank you, Mr Metcalf. AWI, Mr Laurie and all of your team, thank you very much for your patience. You go with the committee's thanks. We will see you at a future briefing.

Mr Laurie: Thank you, senators. Thanks for your time.

Meat & Livestock Australia

[20:30]

CHAIR: I now call representatives from Meat and Livestock Australia. Mr Strong, do you wish to make a brief opening statement?

Mr Strong: Yes, please. Thank you for inviting MLA to present to the senators this evening. I'll take the opportunity to highlight the success we've seen across the red meat and livestock industry and how there's plenty to feel incredibly positive about. There are of course plenty of challenges as well, and there always will be, but it's really important for us to quickly reflect on some of the industry achievements and consider the facts that are contributing to the success. Years of determination, innovation and hard work from producers has once again enabled our industry to navigate challenges, including the pandemic, with relatively minimal disruptions. Heard and flock rebuilding, globally strong demand and a shortage of protein due to African swine fever are all contributing to record prices. We're now in some of the most prosperous times that we've ever seen. Underpinning this success is a strong foundation built on what's important to consumers across the globe, which is provenance and traceability, food safety, biosecurity and nutrition, backed by consistently great eating quality.

The industry collectively is invested in many programs and solutions to make us so much better, and we're seeing the benefits of those efforts in current demands and prices. We need to stop being surprised by our success. We're very focused on supporting and working with the industry to continue to lift on-farm performance and display unwavering resilience. MLA is planning for the next five years and beyond and how we can contribute for a much longer period of sustained success. There's been a lot of progress in the last couple of decades around free trade agreements, which have gone from one to now 16 traceability systems, meat grading systems, support systems, allowing us to provide high-quality, high-value product into high-value markets around the world. We're very focused on connecting consumers, both here and around the world, to make sure that they continue to be excited to eat our product. As an industry, we're very proud of the position we're in today, and so we look forward to talking about it to senators today.

CHAIR: Thank you, Mr Strong. Senator McCarthy.

Senator McCARTHY: Thank you, Mr Strong, for your opening statement. I have a few questions for Meat and Livestock Australia, beginning with the topic of the day and of the week. Can Meat and Livestock Australia provide an update on the work it's undertaking in relation to its target of net zero emissions by 2030.

Mr Strong: Certainly, we can. This is a program that Meat and Livestock Australia has had underway for four years now. The industry took an overambitious approach to setting the CN30 goal in 2017 and, since then, has been working really hard towards that. On a broader—

Senator McCARTHY: How's it going, Mr Strong?

Mr Strong: It's going very well. Since 2005 the industry has more than halved its greenhouse gas emissions; it's now about 12 per cent of emissions, down from more than 20 per cent. Most importantly, the drivers behind that are productivity driven. We shouldn't and don't need to have this progressed at the cost of livestock numbers, more productivity. We are very much focused on reducing emissions while still being profitable and productive and having intergenerational sustainability of our industry.

There are a number of key things that are probably worth highlighting. The progress to date is underpinned by increased productivity. We already have evidence of the opportunity and benefit from investments in technology—feed supplements but also increased performance with improved kinetics, where we're seeing high-quality cattle producing more kilos at a younger age, which reduces the carbon footprint of those livestock. One of the biggest footprints of the red meat production sector is the cow herd—so increasing the productivity of the cow herd, getting more value out of the cows that historically might have been drier in the herd or unproductive, identifying those and having them perform better or removing them from the herd; that has a big impact as well. There are a number of pieces of evidence already—and we've still got nine years to go—that give us a lot of confidence about our ability to get to this net zero position.

Co-funding by government in research in our sector has been crucial to pushing this issue forward. We have the Carbon Neutral by 2030 Roadmap, which lays out what's required going forward. We've got about \$95 million worth of investment lined up that's already been spent and also lined up over the next five years; I think there is another \$150 million between now and 2030, to that end. We have already seen other sectors working with us as well. A really exciting press release went out today from the Young Henry's Brewing Company, which is looking at how it can be carbon neutral as a beer producer; it is really keen to have the 'drink beer, save the world' slogan! Being able to use brewer's grain as a livestock feed, for ruminants—80 per cent of the feed livestock eat is

actually not consumable by humans; it's by-products, rather. If we can use that by-product grain for feeding livestock as well, it might be 'eat beef and drink beer to save the world!' It's great to see that collaboration and joint investment to solve the problem.

Senator McCARTHY: I think that's very interesting, especially around the brewery. Can I go to your focus on the cow herds. Where in particular in Australia is the focus, or is it right across the country? We are very strong in the Northern Territory in terms of our cattle industry, so I'm just curious to know if there are any particular points in the [inaudible] results much sooner.

Mr Strong: Largely, we think about the cattle investments as north, south and west. From a consultation point of view, the way we engage with the broader stakeholder base, we have a northern research council, a southern research council and a western research council. One of our key strategic partnerships we're investing in at the moment—we're making more of a focus on these strategic partnerships, rather than individual programs or projects, aligning things to a common goal and a bit more ambitious output. One of the key areas we're focusing on is in the northern cattle industry. We have a thing called NB2, which is Northern Breeding Business 2, the second phase of that program. It is focused on productivity and performance but it also dovetails in with the sorts of things that will contribute to CN30 as well. It is very focused on what may sound like simple things but they are hugely beneficial, so getting a smaller percentage increase in cows and calves, a small percentage increase on live calves on the ground, a small percentage increase in keeping those alive so single digits—three, four, five per cent—and get an extra 10 kilos per calf out of the weaners. If we can make incremental gains like that, it creates \$20 million a year in value for the northern industry for 250 producers just as a target group. That also lines up with the things that we know will drive us towards carbon neutrality, getting more productivity out of the herd we have, getting more kilos out of the animals that we are trying to turn off at a younger age.

Senator McCARTHY: I will go to a couple of other areas. By all means, if you need to, take his questions on notice. Can you provide the committee with a list of people who are eligible to vote at the AGM for Meat and Livestock Australia?

Mr Strong: To be eligible to vote at the AGM you need to be a member. We have about 49,300 or 49,400 members at the moment and all of those are eligible to vote at the AGM. MLA is an industry company, a publicly unlisted company. All you have to do is register as a member, which is free. Those 49,200 or 49,300 producers are all eligible to vote at the AGM. At the moment they get one vote as a registered member. They can then fill in a levy return, which we send to them, anytime prior to the AGM, where they just have to verify the number of levies they have paid and are allocated additional votes on the basis on the number of levies they paid.

Senator McCARTHY: I lost a little bit of you there. I think there was a bit of noise on the committee floor. How are the votes weighted?

Mr Strong: All of the votes have a value. Some have only one vote from being a registered member but, as they put in their levy returns, the number of votes they have will be increased and they will get a notification of their votes for the AGM and all of those votes will carry the same value. So we don't have any difference or structure as far as different values of votes. Each vote has the same value.

Senator McCARTHY: Has it been practised in the past to provide associations with copies of the share register which expresses voting entitlements for ATMs?

Mr Strong: It has. There has been consistently a few questions from a small number of interested parties about the detail behind it. From a privacy point of view, we are very conscious that that information is provided to us for the express purpose of those members being able to vote at the AGM, so we don't feel like we are in a position to provide that to anybody else. But what we have done is respond to some of those inquiries to do the best we possibly can to provide information that puts at ease anybody's concerns. There had been concerns about the types of members that may have been voting, for example. Does one portion of the industry have a greater weighting than others? We have gone to great lengths to provide quite a detailed analysis, a breakdown, of the types of members to very specifically answering those sorts of questions, to try to give members who have had those inquiries some comfort.

Senator McCARTHY: Can the committee have a copy of that register?

Mr Strong: No, we would prefer not to provide it, just because it is provided to us for that explicit purpose. But if the committee has any specific question about the proportion or types of groups of votes then we would be more than happy to take that on notice and I will get the information to you that you need.

Senator McCARTHY: I may have further questions on notice for you.

Senator WHISH-WILSON: Good evening, gentlemen. My first question relates to food safety. You mentioned in your opening statement and on your website you talk about enhancing product integrity and

delivering product assurance, et cetera. Are you familiar with the chemical substance PFAS—per- and poly-fluoroalkyl substances?

Mr Strong: Yes, we are.

Senator WHISH-WILSON: Has MLA looked at potential PFAS contamination in Australia in light of the increasing evidence and concern in the US and European markets around food and water contamination?

Mr Strong: We are very aware of the issue, the challenge and how geographically dispersed that challenge is. It doesn't fall within our remit to be doing any analysis or assessment of the affected property, soils, plants, livestock or other. What we have been involved in a number of times is, where there have been some inquiries in this space, our team has worked with other groups that are responsible for the tracking and management of contamination or potential contamination. Certainly through the traceability system and with the team on the clearing systems company, we have absolutely worked with those groups that are responsible for it to help them in any way we can to trace that product or trace the livestock they have identified.

Senator WHISH-WILSON: I know you focus on farm activities primarily but would that include specific contamination sites around Defence establishments and airports, for example?

Mr Strong: No, that is outside of our remit, anything that is not captured within a property identification code. The identification of a property or its livestock absolutely falls outside our remit. But within the LPA program, the Livestock Production Assurance program, there is actually a requirement around biosecurity. There is also a requirement around chemical contamination if anybody is aware of a potentially contaminated site or soil that is potentially contaminated that might provide a risk to the livestock for any reason. But the most common one, for example, is they have a requirement under that system to identify and secure those areas and make sure that if any animals are potentially exposed to that that they declare that on their national [inaudible].

Senator WHISH-WILSON: Would you do any work with any other government departments if you felt it was an increasing issue—a consumer issue, for example?

Mr Strong: It is pretty challenging, particularly when these things are covered by policies in other departments and they fall under other department's jurisdiction. What we can do is work with whichever of those departments or even interested producers around the tracking and tracing of those livestock or how they might be captured within the QA system. The other option is if there are potential solutions or interventions that aren't yet quantified or qualified that might qualify for R&D or some further investigation then that is potentially something we can look at as well. But we have to be very careful about crossing over into other areas which aren't our responsibility and blurring the lines.

Senator WHISH-WILSON: But there wouldn't be any voluntary monitoring amongst members, would there, unless somebody brought that to their attention?

Mr Strong: It depends. In the areas where it is a known issue, there is a very high level of awareness, so there would be a lot of producers who are in those specific spots who would be doing monitoring of their own accord. But I also think that the other authorities in those areas would be aware of it as well and they would be engaging with the producers on how to best manage that.

Senator WHISH-WILSON: Another source of potential PFAS contamination for products such as meat is cryovaccing. I know that one of your remits is developing technologies to help develop product shelf life. Have you monitored sources of contamination in packaging? Has MLA talked to any packaging companies about the use of PFAS in the packaging of your products?

Mr Strong: Not that I'm aware specifically. It's certainly not a product that I've come across in any of our packaging discussions. There are a number of things that are being looked at as far as packaging mediums, particularly as associated to being used in retail packaging to extend the shelf life and maintain the colour of meat for a longer period of time, which ultimately we then found out had a negative impact on tenderness which wasn't particularly helpful, so it looks better but it just doesn't taste as good. We know that there are quite detailed processes in monitoring those things, but I'm certainly not aware of PFAS being considered as a product in that sort of R&D.

Senator WHISH-WILSON: I think you've probably answered my next question on whether you've liaised with the packaging industry about the safety of packaging. You could perhaps take on notice if there's been any discussion. I've spent the last 10 years working on packaging in general in this country, and I'm interested in whether MLA has promoted any PFAS-free compostable packaging in meat products, or is that the kind of thing you'd leave the retailers to do who are selling the meat?

Mr Strong: The retailers or the packaging companies. But we do quite a lot of work in different types of packaging and packaging that provides extended shelf life. But also we talk about compostable or readily recyclable packaging. We certainly look at that. There's one project we did recently looking at food waste as packaging, and if that comes off that's going to be a fantastic opportunity for somebody. But you've very specifically asked a question about if PFAS is being used or potentially used in product packaging. We can answer that definitively and get back to you.

Senator WHISH-WILSON: I do have here a very large chart that talks about PFAS-free paper food packaging alternatives. There are a lot of alternatives on the market, and obviously, putting PFAS aside, compostable packaging is something that customers are getting more interested in anyway. Obviously a lot of meat is sold in non-compostable packaging, so, if you want to sell more meat, it's perhaps something you should consider.

Mr Strong: Specifically, I'm not aware of anything at the moment, but we'll answer that for you definitively about PFAS in packaging.

Senator WHISH-WILSON: Thank you. On your website where you're talking about environmental sustainability, one of your many remits is to develop novel feeds and supplements that can reduce enteric methane emissions. I'm particularly interested in seaweed, being Tasmanian, and growing seaweed. Are you familiar with Asparagopsis seaweed that's being developed in Tasmania?

Mr Strong: Yes. I'm not sure about being developed in Tasmania—but, yes.

Senator WHISH-WILSON: Grown in Tasmania—I think it's endemic to Tasmania

Mr Strong: The work that Sea Forest is doing down there I think is fantastic. This is part of what I was alluding to before about the opportunity that we're seeing with multiple industries coming together, the Asparagopsis—sorry, you should ask the rest of your question first, before I get too excited.

Senator WHISH-WILSON: Don't be too hard on CSIRO and other areas of their research because obviously they've helped get us to this point where we know that a strange seaweed has remarkable qualities if it's eaten by cows, and they seem to like it. Having met with sea foresters, as I'm sure you have, and being familiar with the work they are doing, obviously one of the bottlenecks is how farmers can apply that seaweed product to feed. Is there any research and development work that MLA are involved in helping farmers apply that product? That seems to be where the research and focus is needed at the moment.

Mr Strong: Absolutely, there is—this is where I was heading before. This is a great example of multiple industries working together. What you would have seen at Sea Forest is fantastic and an opportunity for a business that size, that's effectively new, making use of resources and facilities that were being unused from a previous business, and then the expansion of that, to start with off the back of research that MLA and James Cook University did to identify Asparagopsis as a valuable supplement to reduce more than 90 per cent of enteric methanes, methane production from livestock. That initial work was done with freeze-dried product, which works fantastically, and that's absolutely something which can be used. But it's got a reasonably high cost of delivery, so while that will absolutely get underway, that will be used and that will be commercialised, the next round of work is looking at how can we find a better delivery mechanism that fits in with the feeding programs which is actually more economically, and which might also provide a by-product that we can use other things.

Senator WHISH-WILSON: Are you aware of any work that's going on in that regard, Mr Strong? That's what I'm primarily interested in.

Mr Strong: That's one of our areas. Certainly there is. To be very specific, there is another method about delivering Asparagopsis. You suspend it in oil, for example.

Senator WHISH-WILSON: Yes, in canola oil.

Mr Strong: Yes, in different types of oil. Oil is a product which is used routinely as part of a feedlot ration, so that would make it an easy delivery mechanism for that type of supplement. That wasn't captured under the initial patent, so there's been a bit of scrabbling to get that now aligned with the commercialising with the [inaudible], licensed CSIRO and JCU. I understand that largely being sorted. One of the good things CSIRO were doing as part of our partnership was helping work through that with FutureFeed, who's the commercialising organisation. We absolutely see this as a potential way forward, but—

Senator WHISH-WILSON: On that point, Mr Strong, just before you go on, have you done any kind of work or—perhaps not modelling at this stage—do you have any expectation that this could be broadacre and larger scale, considering your ambitious climate goals with reducing emissions. Consumers are increasingly

looking for this when they buy beef products; they're wanting to see that they're supporting climate action. Is this something you think will potentially have a big future?

Mr Strong: Absolutely. There are a couple of parts to the answer. The progression of this is fantastic, but it's been a bit of a challenge. The freeze dried is awesome but a bit expensive. If we can deliver it in oil, which is a routine part of the feedlot ration, that would be fantastic. We're then going to do that it broadscale, but oil as a supplement on a broadacre base reduces the ruminant's ability digest cellulose. It's like 'Ah, bugger', because that's the big thing they do out in the graze land. But that's part of the next step, so delivering in things like supplement block, for example. With the next phases of this we've got some research in the very early stages looking at how we might deliver something like a red Asparagopsis supplement on a broad-scale basis. They'll be in the space of R&D, which the team certainly want to—

Senator WHISH-WILSON: I have two last questions on that. Can you tell me how much money is being spent on that kind of research, and who's doing that? It is still CSIRO, or is the individual farmers or is it the seaweed companies themselves, like Sea Forest?

Mr Strong: I don't have the exact number on the investments so far. We'll try and find that before we finish. As far as the research investments, it's a combination of all of those things. Yes, some of the work is still being done with CSIRO. Absolutely some is being done as co-funded projects with commercial producers. FutureFeed, the commercialising organisation, is doing some of it, and the seaweed companies, like Sea Forest and others, are involved as well. Our involvement in R&D in this space going forward will largely be limited to co-funded development commercialisation R&D with companies that wanting to push it forward, because the discoveries are largely done.

Senator WHISH-WILSON: In terms of getting your members interested in Asparagopsis feed and trialling it on any kind of application, how important is it that they're acknowledging the need, whether it's to sell more beef or whether it's because they care about the environment and climate or both? How important is it that they're driven by climate action? Is it something they are recognising? How much more education and awareness do you think there needs to be across industry for the uptake of these kinds of products?

Mr Strong: Not much. The industry has been at this for years. I think the red meat sector has demonstrated what you can do when you focus on this area and invest in R&D, including [inaudible] like ours and [inaudible] also partner with commercial operators. At Beef Australia in May up in Rockhampton the opportunity from supplements like Asparagopsis—apart from cattle prices and how exciting that was—was probably the most talked about new invention or opportunity. I think there's great groundswell, particularly because we're really focused in these areas on productivity, profitability, long-term sustainability and looking after the environment. None of these things are new to the red meat sector, so it's not a hard sell.

Senator WHISH-WILSON: It's really good to hear that farmers out there support climate action. Thank you, Mr Strong, I appreciate it. I know that they do in my home state of Tasmania. Just in one small area of Canberra, the national capital of our country, they don't seem to support it, but there you go. Thank you very much.

CHAIR: Senator Whish-Wilson, you accused me of a particular sort of behaviour when I was asking questions the other day. I'd hate to return the serve.

Senator WHISH-WILSON: I'd be disappointed if you didn't, Chair.

CHAIR: Fair enough. Senator Roberts, over to you.

Senator ROBERTS: Thank you all for attending. I make it clear that I don't support climate action.

Senator WHISH-WILSON: Thank you, Malcolm. I appreciate that.

Senator ROBERTS: I refer to your CN30 document calling for the red meat industry to be carbon neutral by 2030. First of all, I take it that you mean carbon dioxide neutral, because carbon is an element in every cell of every living organism. This plan includes a statement that carbon neutrality does not need to come at the expense of herd numbers which 'can be retained at the 10-year rolling average of 25 million cattle and 70 million sheep'. Is this quote correct from your CN30 webpage?

Mr Strong: It sounds like it, yes.

Senator ROBERTS: Thank you. Mr Strong, what is your starting herd size? What are your latest numbers for herd and flock sizes please?

Mr Strong: I think the current herd is about 26 million.

Senator ROBERTS: I have a CSIRO figure for the long-term average herd size to the year 2000 of 35 million.

CHAIR: I think that's a very optimistic number.

Senator ROBERTS: Then the drought hit and the herd last Christmas was down to 27 million, so you're proposing a substantial reduction in current and potential herd size, are you not, from 35 million down to 25 million?

CHAIR: Could we check where you got the 35 million?

Senator ROBERTS: CSIRO.

CHAIR: Have you got a report date or anything we could check?

Senator ROBERTS: No, I don't think so. We got it from CSIRO.

Mr Strong: There are two things, Senator. The first one is that the 35 million isn't right. The second one, which is more important, is that since we wrote the roadmap, which has been updated progressively, we have been clearer and clearer if that's possible in the [inaudible] we're making and the goals that we have for CN30 are not reliant on or driven by a reduction in land. They're absolutely driven by things that align with productivity and profitability for the sector.

Senator ROBERTS: I'm having difficulty hearing you, but let's continue. So you're allowing the rural sector to keep 70 million sheep, which is pretty generous of the MLA. Can you tell me the number for the Australian sheep flock in the very worst year of the drought when graziers were shooting starving animals?

Mr Strong: The premise of your question is not right either, Senator. We're not allowing anybody to do anything with flock sizes, for starters.

CHAIR: Mr Strong, you might have to lean towards your microphone. You're cutting in and out a bit there.

Mr Strong: I'll try to stay still if that might help as well.

CHAIR: It does.

Mr Strong: Senator, I have to reject the premise of your question. We're not allowing anybody to either increase or decrease the flock. That's nothing to do with our role. What we're identifying is that the investments that we are making with and on behalf of the industry on the path to becoming carbon neutral are not going to be reliant on a reduction in the herd or the flock because they're going to be tied to productivity and profitability measures. We are very aware that there have been discussions that things like the carbon neutral goal are reliant on limiting livestock numbers or reducing production or profitability, and we completely reject those.

Senator ROBERTS: You didn't answer my question. The size of the national sheep flock in the very worst year of the drought was 64½ million. That was a 100-year low, wasn't it?

Mr Strong: I don't think those numbers are right, Senator. Are you talking about most recently? Are you talking about the most recent numbers—in the last couple of years?

Senator ROBERTS: What I'm talking about is that during the latest drought when the numbers were lowest there were 64½ million sheep and that that was a 100-year low.

Mr Strong: Okay.

CHAIR: Is this a CSIRO number as well?

Senator ROBERTS: Yes.

CHAIR: It would be good to go back and find where those numbers came from.

Mr Strong: Say that is the case, Senator, what was the point?

Senator ROBERTS: That was a 100-year low, wasn't it?

Mr Strong: The most recent low was, I think, the lowest for 100 years, yes. The flock size was the lowest level we have known for some time.

Senator ROBERTS: What was the size of the flock at the start of the drought in 2000?

Mr Strong: The drought in 2018 and 2019? They're completely separate droughts.

Senator ROBERTS: Well, in some areas they were and in some areas they weren't. What was the size of the flock in 2000?

Mr Strong: Sorry, Senator; the size of the flock in 2019 has absolutely no relevance whatsoever to the size of the flock in 2000.

Senator ROBERTS: As I see it, it does. But what was the size of the flock in 2000?

Mr Strong: You've had three full generations of sheep go through the system and three significant droughts. It has no relevance whatsoever.

Senator ROBERTS: Let's go to another question then: how many times in the last 30 years has the number of sheep dropped below 70 million?

Mr Strong: I'm not sure, Senator.

Senator ROBERTS: The answer is twice. The lowest flock size was 64.5 million and the highest was 160 million.

CHAIR: I think you're probably referring to the days when there were—we've had big impacts of wild dogs; people went out of sheep in western Queensland. There were a huge number of influences on those numbers. Do you have a question, Senator Roberts?

Senator ROBERTS: I'm trying to—

CHAIR: paint a picture?

Senator ROBERTS: find out what the basis of their calculations is. On my calculations, the average Australian sheep flock over the last 30 years was not 70 million as you propose but 92 million. Are you using an average that is based on the herd and flock numbers during the worst drought in 100 years as your base point for your zero-carbon calculation?

Mr Strong: No, we're not, Senator.

Senator ROBERTS: Thank you.

Mr Strong: Your numbers aren't right, though, Senator, and I think it's important—

Senator ROBERTS: Perhaps you could give us the numbers.

Senator McKenzie: Could I make suggestion. Rather than debate the veracity of each other's figures, it might be useful, Mr Strong, if you could give the senator some comfort by taking these questions on notice. Then, once you've had a chance to look at the detail, you could answer his questions about flock numbers and herd sizes over the period of time he's asking for, rather than trying to scramble for them now.

Senator ROBERTS: Thank you, Senator. Are you comfortable with that, Mr Strong?

Mr Strong: Yes, certainly, Senator. We'll provide you with the beef and the sheep projections, which are public documents we produce each year.

Senator ROBERTS: Sorry?

CHAIR: They'll provide you with the projections—the numbers.

Senator ROBERTS: And what about the actual and the past?

Mr Strong: We'll provide you with the beef and sheep projections, which are public documents we produce each year and—

Senator ROBERTS: What about the beef and sheep numbers for the past?

Mr Strong: And both those documents include 20 years of flock and herd numbers.

Senator ROBERTS: Great. This Meat and Livestock Australian *Red Meat 2030* vision document that I have here promises that you will double the value of sales of Australian red meat whilst, as we have just seen, freezing herd and flock numbers to what I say are, at the moment, drought levels. To achieve double the sales, Mr Strong, you will need to double the retail price and hold the sales volume, won't you?

Mr Strong: No.

Senator ROBERTS: And how is that possible?

Mr Strong: Because what you said is not right. *Red Meat 2030* is the industry-led strategic plan. It's a 10-year plan for the red meat sector. Our five-year plan is built off the back of that, and there are two key components of it. One is to double the value of red meat sales. We're obviously driven by volume and price, and the connection to the CN30 document is one of the reasons for being clear in all of our CN30 communications that all of our investments in this space and this goal are not reliant on reducing the herd or the flock.

Senator ROBERTS: If it were, it would mean a doubling. I'm pleased to hear you say that. A local IGA here in Canberra had T-bones last weekend at \$44 a kilo.

Senator McKenzie: That says more about their wages, I think, than—

Senator ROBERTS: What do you think about everyday Australians buying T-bones at \$88 a kilo if what I'm saying is correct?

CHAIR: Having been a meat retailer, Senator Roberts, let me tell you about the varied pricing structures of meat retailers in this land. I, too, could go out and find an extraordinary price of meat. I could also find other meat sold at very affordable family prices. Do you have a point that you'd like to make and get Mr Strong to answer?

Senator ROBERTS: Let's move on. I'm not making points; I'm just asking questions.

CHAIR: Fair enough. We're going to run out of time for our other witnesses.

Senator ROBERTS: I have only two short questions left. Mr Strong, did the MLA put in a submission to the RRAT inquiry into the definition of meat and other animal products, the inquiry into the labelling of fake meat?

Mr Strong: No, we did not.

Senator ROBERTS: It would seem central to your mission to defend and grow red meat consumption. So your strategy, as head of Meat and Livestock Australia, appears to be to hold herd numbers and to double the price of meat and to not defend against competition from fake meat. Why aren't you competing against competition from fake meat?

Mr Strong: The three things you said are all completely incorrect. What we did as part of the inquiry into meat labelling was provide support to our representative organisations and the broader industry representative bodies, including commissioning the piece of research which was the first objective piece of research around the actual challenge of how products are labelled and which featured quite significantly in a range of the submissions. Our role is very clearly to support the industry in the best possible way we can. Organisations like RMAC and the other representative bodies were much better equipped than us to engage in the discussion around the specific Senate inquiry process, and it was much better, more effective and more useful to the industry for us to play the support role for those organisations, which we very happily did.

Senator ROBERTS: Thank you, Mr Strong.

Senator DAVEY: I just have a request for an update, really, regarding ISC and your electronic vendor declarations. How is that going, what version are we up to and how are the licensing arrangements going?

Mr Strong: It's going pretty well. More importantly, it's going better. I'm not sure what version we're up to, but we've had a real focus in this area, as you know well, and we've been making great progress. The team actually just reported back to the broader organisation yesterday about the progress of the eNVD use and application and, certainly, of the off-line function of the base level of support. So it's coming along very well, and that will be delivered December-January—end of this year. The licensing arrangements are also going better. They've still got some challenges because there's some work in progress; the eNVD is still progressing.

What we've tried to be very clear about is that we realise there are a number of organisations who quite rightly and fantastically for the industry see this as a great opportunity for them, and we want to do everything we can to support them. And I think what we will see settle out over the next little while is this line where we both very happily meet where we can raise the tide to a point that there's a base level of service available to everybody to be able to participate in a digital mechanism for managing information through the supply chain that the commercial companies can then readily attach to and exploit from there, going forward. We're working very hard on that. So we appreciate that there are a few teething challenges every now and then, but I think we're getting better at responding to those as well.

Senator DAVEY: We had issues last year where a lot of commercial companies felt that they already had a product that was suitable, and it wasn't talking to the ISC product. Are we getting past that so that it is more commercially interchangeable and so that the competition that's in the marketplace is complemented by ISC rather than ISC just being another competitor?

Mr Strong: Yes, we absolutely are. There have been a couple of big watershed moments for that. One is just the progression of the technology. We had a product, in the eNVD, which floundered for quite a while because we had a plan that it would be picked up and operated by commercial organisations in the first instance, but that didn't work as far as the individual development investment was concerned, and quite rightly. So we've now, on behalf of the industry, made the investment to get it to that base level. But, as we were going through that path, we were trying to work out how to structure and build the thing, and these guys needed robust APIs. So there was a technological and ask challenge. I think we're past that now, I think we're past that point, and there's going to be a bit of levelling about where we exactly land. But we can give you an ironclad commitment. Our responsibility is ensuring that every producer can participate in an electronic vendor declaration process—but that's it. And then, for the commercial organisations who then see the opportunity for a value-add and a build and decision-making tools and other products over and above that, we'll absolutely make sure that we facilitate their access to what we have. We absolutely support those innovators and we work very hard to make sure we're not competing with them. They will cross over, but we're not going to be competing with them.

Senator DAVEY: How is it going with cost recovery nowadays—because it was a significant investment that MLA made. ISC is a wholly owned subsidiary. Are we starting to see a return on the investment or at least cost recovery, or is it still costing levy payers and government upfront?

Mr Strong: It's still costing. We're still investing in quite a bit of development—technical development, but also development and support of the adoption and uptake of the system. We are still investing in that. But we have reinstated and actually reviewed and adjusted all of the charging lines that we had to put on hold off the back of the horrendous drought; we made a decision to waive all of those fees and charges for 18 months. But that's all been reinstated, and we used that as an opportunity to assess what some of those charges were and we've adjusted them to better reflect cost recovery on things like eNVD books but also to encourage the uptake of the eNVDs, and that seems to be working well.

Senator DAVEY: Great. Can you just take on notice what version you're up to and how many licences you've actually issued? I'm happy for you to take that on notice.

Mr Strong: We can do that.

Senator DAVEY: That's all from me, thanks, Chair.

CHAIR: Thank you very much, Senator Davey. Thank you very much, Mr Strong. Mr Beckett, we didn't hear from you at all, but we look forward to it in the future. Thank you for coming. It was a request of this committee that more of the chairs of the boards come, and we're very grateful, even though we haven't asked you a question. Thank you.

Mr Beckett: Thank you, Chair. I am here. I hope to see you in person next time.

CHAIR: We hope so too. Please go with the committee's thanks.

Wine Australia

[21:20]

CHAIR: Welcome, Dr Allan and Mr Weinert. Do you wish to make an opening statement?

Dr Allan: No, but I have one offering. First of all, I'd like to introduce Mr Weinert, who is our interim CEO. This is his first Senate estimates. He holds the position of chief operating officer at Wine Australia. Secondly, we were listening to Senator McCarthy's questions earlier today. We have prepared answers to those. So, if you wish to make up time, we can table those or we're happy to answer those questions.

CHAIR: Thank you very much, Dr Allan. How very practical and useful of you. Welcome, Mr Weinert. We'll be gentle. Thank you. Over to you, Senator McCarthy.

Senator McCARTHY: Welcome, Mr Weinert. Thank you, Dr Allan. I will go through the questions because we've still got quite a few to get through in terms of Wine Australia. It will assist me, obviously, if you've got the answers; it will be much quicker. Let's start. Can Wine Australia confirm how many grant applications were received for round 1 and round 2 of the Wine Tourism and Cellar Door Grant?

Mr Weinert: We had 180 for round 1, 176 for round 2 and 191 for round 3.

Senator McCARTHY: Could you provide details around how many grant applications were deemed eligible—

Mr Weinert: They were the eligible ones. I'd have to take on notice ones that weren't eligible.

Senator McCARTHY: Can Wine Australia provide details around how many grant applications were deemed ineligible for round 1 and round 2—that's what you're going to take on notice—

Mr Weinert: Yes.

Senator McCARTHY: and why they were deemed ineligible and what were the main reasons? Thanks, Mr Weinert. Under grant guidelines, Wine Australia does not have an appeal mechanism for unsuccessful applicants. However it appears that dissatisfied applicants can lodge a written complaint for review directly with Wine Australia. Can you confirm if any complaints were received? If yes, please provide details.

Mr Weinert: As far as I can recall, no, but I will take that on notice. I'll check with our grants team, but I can't recall any, no. If we did have any, we'll table that.

Senator McCARTHY: The grant guidelines outline that applicants had the opportunity to progress their case with the Commonwealth Ombudsman if dissatisfied with the Wine Australia review. Is Wine Australia aware of any cases? If so, please provide details.

Mr Weinert: I'm not aware. Once again, I'll do a formal check, but I'm not aware of any, no.

Senator McCARTHY: How much oversight does Wine Australia have over this grants program?

Mr Weinert: We administer the program on behalf of the department. We've set up the system, and we review all the applications against the confirmed guidelines. So we run it from start to finish, in effect. We have a contract with the department for the delivery, so we have control in that respect.

Senator McCARTHY: So would you say Wine Australia is the decision-maker—not the department?

Mr Weinert: Yes. We have a formal process to go through, and that's included in the guidelines and on our website, in terms of the process. The grants team review each application against the confirmed guidelines in terms of whether they are valid or not, and then the decision on the final awarding of the grants is via the delegate, which is the CEO of Wine Australia.

Senator McCARTHY: The program allows for funding of \$30 million over three years or \$10 million per year, as I was told earlier today, for grants of up to \$100,000 maximum, unless oversubscribed, at which point the grants would be adjusted down based on the demand. Given the maximum allocated was \$64,835 per applicant, why does it appear that only \$8.3 million was allocated to grant recipients?

Mr Weinert: No, I can confirm that the full \$10 million has been allocated for round 1 and round 2. In round 2, there was actually more than \$10 million because we earned some interest on the money from the department which we gave out in the grants. And we will allocate the full \$10 million in round 3—that's oversubscribed as well. All of that has been published on GrantConnect.

Senator McCARTHY: So that's for rounds 1, 2 and 3 now?

Mr Weinert: Yes. In terms of round 3, we've done the review process. We haven't done the payments yet. We're partway through that process, but I can confirm that it's once again quite oversubscribed, and we will allocate the full \$10 million.

Senator McCARTHY: Is Wine Australia aware of—or did it have any involvement in—how the minimum threshold of \$1.2 million in sales of rebatable wine was arrived at in order to be eligible to access these grants?

Mr Weinert: In our document, we'll explain that, but it's basically the amount of the rebatable wine sales that gives you the maximum wine equalisation tax, which is \$350,000. The 1,206 times 29 per cent gives you 350, so that's how that was worked out in terms of the threshold. Because above that, when the wine equalisation tax was reduced from half a million to \$350,000, there were a number of people affected. It wasn't a threshold that we chose; it was done because of the change to the wine equalisation tax.

Senator McCARTHY: Thanks, Mr Weinert. I missed a little bit of what you said due to some other comments, but I got the general gist of your response. Does Wine Australia believe it's appropriate that two of the recipients are ASX-listed entities?

Mr Weinert: It's an interesting question. Given the entities involved, and how much they invest in the wine sector, which is predominantly regional as we know, I think it's reasonable. With 180 to 190 applicants, it covers quite a broad range of the sector. We think there are roughly 1,600 cellar doors, so it's about 12 per cent of cellar doors were eligible in any one round. Some of them are very large, and some of them are small to medium, so I don't think it's unreasonable.

Senator McCARTHY: If one has in excess of \$8 billion?

Mr Weinert: They still invest. They buy the most grapes and they employ a lot of people. The guidelines were set up to support people who are investing in the regions in terms of tourism and cellar doors to encourage people into the region, which is partly why there's a criterion in there about cellar door sales rather than online sales or electronic sales. So, for anyone who meets the guidelines, I think it's appropriate that they receive the grant.

Senator McCARTHY: According to figures published on the Wine Australia website, Australian wineries total approximately 2,500 in number. Can Wine Australia explain why, of the 179 wineries that received support via the cellar door grants in 2019-20, approximately 163 of these wineries also received funding in the 2020-21 financial year?

Mr Weinert: Yes. There are a fair number that have received grants across all three of the periods. If you look at the eligibility criteria, then each grant stands alone. It starts and finishes, because it's based on sales in that respective financial year. Some cellar doors haven't met the criteria from one year to the next, so they may have dropped off, but we have seen a high number that have met the grant guidelines each year of the grant. As I said, it relates to an individual financial year, so the grant rounds are not mutually exclusive.

Senator McCARTHY: So are you satisfied that the approximately 2,300 plus wineries across Australia that did not receive funding via this program were not eligible to access such funding?

Mr Weinert: Yes, and that may be for whatever reason. We did a very strong promotion campaign from when the grant was set up and all the way through, as well as through our peak industry body and the state and regional associations. It has been widely publicised. We made sure that, if anyone who applied in one round hadn't applied for another round, we contacted them while the round was still open to understand why. We think there are roughly 1,600 cellar doors—that's about 12 per cent—which got the grant, and the ones who didn't wouldn't have met the guidelines in the criteria.

Senator McCARTHY: Is Wine Australia comfortable with this grants program, which appears to have benefited only seven per cent, approximately, of the wineries in Australia? Is it appropriate that it's approximately the same seven per cent of wineries which benefit year after year?

Mr Weinert: Like I said, we administer the grant based on the guidelines, and the guidelines were set up in response to the reduction in the wine equalisation tax—that's [inaudible] holdings cited by the relevant people. It's based on the threshold in terms of the reduction of the wine equalisation tax.

Tax is not something that we get involved in, obviously—that's for other people. We have administered this based on the guidelines, and the process has been quite successful. We've received a lot of good feedback from people in terms of reinvesting into their business in the regions. I think it has been a successful program.

Senator McCARTHY: Thanks. If there are any parts of my question that you feel you need to provide further information on, please do so. I'm just going to tap into another section here, on the topic of the day—and the week, the month and the year!—net zero emissions. What research or support for industry is Wine Australia undertaking to meet zero net emissions by 2050?

Mr Weinert: That's one of the key pillars of our strategic plan, as you would imagine. It's definitely a target for the sector. The development of the 2050 plan was led by Australian Grape & Wine, our peak sector body. We have a whole raft of research about climate adaptation and dealing with climate change, whether it be mulching, irrigation or new rootstocks that deal better with increased temperatures. There's also sunscreen for grapes. We're doing a whole heap of work about carbon sequestration at vineyards; we're trying to measure that to see what sorts of opportunities there are. And we're also working on a road map to get to that zero point in 2050 with the sector and our major research partners. So it's a significant strategic objective of ours. Our researchers are working on experiments led by our peak body and the whole sector.

There's a lot of activity happening. We did a climate atlas with the University of Tasmania and a couple of other researchers for each of the regions in Australia which grow grapes—some climate modelling. That's now going to be expanded to all of agriculture, so that's a good piece of work which we led. It's a significant priority and it's something that will only increase in importance, obviously, over the next period. I can supply more detail, if you'd like that?

Senator McCARTHY: Thank you, we'll certainly follow that up with you at future estimates. Thank you for your strong evidence here this evening. I'll just put this last question to the minister—I'm sure you thought I had forgotten about you! But now that you've heard the evidence from Wine Australia are you comfortable with the government's grant programs, which seem to have only benefited seven per cent of the wineries in Australia?

Senator McKenzie: I'm well aware of how grant programs can be completely oversubscribed, particularly due to limited funding. I've heard the process outlined by Wine Australia and the officials earlier today and I'm comfortable with that process.

Senator McCARTHY: So it's appropriate then that it's possibly the same seven per cent of wineries who have benefited year-on-year, Minister?

Senator McKenzie: Well, Senator, as you well know I'm representing the agriculture minister in this portfolio area. This isn't my area of expertise, given that it's not my portfolio. But from the evidence I've heard today it sounds like there are a lot of eligible wineries and that Wine Australia has made some decisions around those. That's a matter for them.

Senator McCARTHY: Thank you, Minister. Thank you, Chair.

CHAIR: Thank you to Wine Australia. That brings us to the end of our questions for you this evening. Thank you for your patience in coming on so late in the day and please go with our thanks. We look forward to seeing you at the next estimates.

Dr Allan: Thank you.

Mr Weinert: Thank you.

Australian Pesticides and Veterinary Medicines Authority

[21:35]

CHAIR: I now welcome witnesses from the Australian Pesticides and Veterinary Medicines Authority. Ms Croft, I'm wondering if you have an opening statement.

Ms Croft: No, Senator, I do not.

CHAIR: Thank you. I'm going to pass you directly to Senator McMahon for questions.

Senator McMAHON: Thank you to our witnesses for appearing. I'd first like to ask you regarding minor use permits for autogenous vaccinations. I know at last estimates you were asked some questions regarding this. Basically, as I'm sure you're aware, there's some concern about the time taken to approve minor use permits. Is it the case that you have five months in which to either approve or to go back to the applicant with questions?

Ms Croft: Yes. In fact, the statutory time frames for permits are eight months for new and three months for renewals. But, specifically in relation to the autogenous vaccines, yes, we have been approving them in approximately five months, which is a couple of months ahead of the statutory time frame.

Senator McMAHON: So the statutory time frame is eight months; is that correct?

Ms Croft: Yes, for a new application, or three months for a renewal.

Senator McMAHON: Is it the case that if you have questions of the applicant the time frame is reset?

Ms Croft: It doesn't necessarily reset, but we can issue what's called a section 159, which is a request for additional information. As part of that, that then provides extra time for the applicant to provide that information and, obviously, for us to assess the information once it's received.

Senator McMAHON: How much extra time does that provide?

Ms Croft: I think it depends on the application, but I can provide that to you on notice.

Senator McMAHON: Just to be clear, we're talking specifically about minor use permits for autogenous vaccines.

Ms Croft: Yes.

Senator McMAHON: Could you confine your answers specifically to that scenario. How many times can you have one of these section 159s, where you go back to the applicant for more information?

Ms Croft: I might refer you to Dr Logan, who might be able to answer that question for you.

Dr Logan: We're allowed one extension of the time frame with a request, and we do our very best to make sure that we approach each applicant only once for additional information by coordinating our assessment. We also undertake to both receive that information and assess it as rapidly as we are able within that scope.

Senator McMAHON: So, effectively, that could mean an application takes 16 months to go through?

Ms Croft: I think it would depend. We have had applications where people can sometimes take six to 12 months to come back to us with the information that we've sought. So the time frame is dependent, to a certain extent, on how long it takes people to respond to our section 159 requests. If, for example, we're requesting additional data and the company doesn't have that data and perhaps has to go and do further trials to produce that data, then it is possible that application time frames can extend by some margin.

Senator McMAHON: Yes, sure, I understand that. If we assume that the applicant gets straight back to you, it could still take up to 16 months for that application to be finally processed. Is that correct?

Ms Croft: Dr Logan, would you like to answer that question?

Dr Logan: Certainly. The extension we're allowed to add is an extension period of six months. If we're adding that to the statutory time frame of eight months, that would be 14. And we are only allowed, legislatively, to add one extension to the time frame.

Senator McMAHON: Thank you. I'm told that, in most overseas jurisdictions, these minor use permits, if they are by the same company using the same techniques, the same adjuvants—everything is exactly the same except for the infective bacterium—it is basically a formality and it is passed in a number of weeks. However, that is not the case in Australia. I'm told that, even if everything is exactly the same, you assess each application as though it's a brand-new application and that it's certainly quite a long process, much longer than a few weeks. Would you like to comment on why that is the case?

Ms Croft: I think it is right to say we do assess each application on its individual merits and that it must satisfy the statutory criteria. I'm not in a position to talk about the arrangements of other jurisdictions, but, if Dr Logan wants to add anything else, I'd welcome it.

Dr Logan: I would simply add that, for all applications, we need to be satisfied that the statutory criteria, particularly for safety and efficacy, are met, and that's the basis on which our applications are assessed. We will

take into consideration existing knowledge on the composition of a vaccine and other relevant information we will have to hand, as part of our assessment of each application—if it relevant to that.

Senator McMAHON: I understand meeting all the requirements for safety et cetera. But we are talking here about autogenous vaccines that are used on individual farms on individual herds or flocks, usually in situations where there is some urgency—where that herd or flock has been exposed to a new pathogen that there is currently no registered vaccine for, and, therefore, in terms of animal welfare, health and production, every day counts. That's the situation I'm talking about. Is it not possible for you to adopt a system similar to what's used in the UK? There, if, as I said, everything is the same about the application except for the causative organism, there is a way to assess it against previous applications for the same composition of the vaccine and just say, yes, everything is the same, except the individual organism that was isolated, and therefore, for these particular types of applications, we have, I would say, a six-week period of assessment.

Ms Croft: I think it's important to note that we have to follow the legislation that the parliament has given us, and that means that, on each occasion, we must be satisfied of the statutory criteria. We understand the timing period, and, while we have eight months, we are working already to do it more quickly than that—at the 5.8 month mark. We have issued some guidelines to industry, making it clear what we require as part of our assessment, again to assist with speeding up the time frame. We are also looking at our modular schedule, which is essentially what sets our time frames within the agency, to see whether or not we can further reduce those to something closer to what it is currently for renewals, which is that three-month mark. I understand what you're saying in terms of the timing period, and we're looking at all of the options available to us within the agency to do that while still meeting our legislative obligations.

Senator McMAHON: Thank you, Ms Croft. I understand you needing to meet the legislative requirements. I would, with respect, say that it appears to me to be your interpretation and application of the legislation which was in considerable delay. I would certainly ask you as an organisation to do a review of the interpretation and application of the legislation with respect to these very specific minor use permits for autogenous vaccination. That is something I put to you, as an organisation, as something I would like to see. You obviously do understand the urgency in these cases and the fact that the use of autogenous vaccines has a significant impact on the decrease in the use of antimicrobials. With the current awareness of antimicrobial resistance and ways that we can decrease it, expedited permits for these autogenous vaccines are one way that we can immediately decrease our use of antimicrobials. Sorry—there wasn't a question in that; there was a request.

Are any of you aware of the recent TGA rescheduling of lignocaine from an S4 to an S5?

Dr Logan: Yes, we are aware of that rescheduling.

Senator McMAHON: Did you have any input into, provide advice or have anything to do with that?

Dr Logan: The APVMA works as a mechanism, for applicants who are interested in considering rescheduling, to have applications forwarded to the TGA. On this occasion we received an application and prepared the submission to the TGA for a very specific and limited change in the scheduling of lidocaine.

Senator McMAHON: So you're saying you actually prepared and submitted the application, on behalf of the applicant, to the TGA?

Dr Logan: The process we have is that the APVMA serves as the applicant to the TGA—that's correct.

Senator McMAHON: That is a normal process, is it—that a commercial entity will come to you and say, 'We want this drug rescheduled,' and you will then go and submit that application for them? Is that how it normally works?

Dr Logan: The process is that the APVMA undertakes the health assessment associated with that application. We do an assessment of the toxicity of the compound and consider that against the scheduling factors developed by the TGA, and then we present an application setting out how those scheduling factors have been addressed. On occasions when we do not feel that a scheduling factor is appropriate, we will liaise with the applicant, and we will not submit an application where we consider that the scheduling factors have not been met.

Senator McMAHON: You said 'submit an application'. Did you in fact, as an organisation, recommend, support or put views in favour of this rescheduling?

Dr Logan: We put forward a proposal for scheduling for consideration by the scheduling delegate of the Therapeutic Goods Administration, who has the responsibility to take a decision.

Senator McMAHON: So, sorry, when you say you put it forward, does that mean you supported or recommended it?

Dr Logan: We put forward a number of words for a proposed entry for the scheduling, yes.

Senator McMAHON: Okay, and can you tell me what those words were?

Dr Logan: I would have to take that on notice. I'm afraid I don't have the exact wording in front of me at the moment.

Senator McMAHON: I understand. I'm happy for you to take that on notice, but, yes, I would like you to provide those exact words. You said you consider the health assessment when putting forward this application. Is that animal health? Is that what you take into consideration?

Dr Logan: The main assessment, in terms of a submission to the scheduling, is considering the potential effects on human health as well as the other factors which are put forward in the structure for the scheduling factors, for consideration by the scheduling committees and the scheduling delegate. So it's a human health assessment.

Senator McMAHON: That's quite amusing. The V in your organisation's name stands for veterinary, so I'm pretty bemused that you are putting forward assessments of human health but not animal health.

Dr Logan: There is definitely a very detailed assessment of potential effect on animal health prior to the registration of the product. I was referring specifically here to what has to come forward to the Therapeutic Goods Administration for consideration of scheduling.

Senator McMAHON: With regards to animal health, does that include animal welfare?

Dr Logan: We do not have a specific criterion within our statutory criteria in relation to animal welfare. However, on this particular occasion the rescheduling of lignocaine had as a specific driver a key animal welfare component to it.

Senator McMAHON: Do you have staff or access to anyone who is an animal welfare specialist, and were they consulted on this recommendation?

Dr Logan: We have as staff in the APVMA a very experienced and highly competent veterinary medicines team who assess all aspects of the registration of a veterinary medicine.

Senator McMAHON: Are any of them specialists in animal welfare?

Dr Logan: I would need to take that one on notice.

Senator McMAHON: Thank you. Did you take into consideration the significant negative animal health and welfare aspect of rescheduling this drug?

Dr Logan: I think we would have to take that on notice and consult with our veterinary medicines team.

Senator McMAHON: Okay, you can do that. Are any of you actual veterinarians?

Ms Croft: None before the committee here this evening. Of the three of us, no, we're not. Unless Dr Logan—

Dr Logan: Apologies. I will confess to a long history. Yes, I am actually a veterinarian by training, prior to being a toxicologist. It was in the distant past.

Senator McMAHON: Thank you for that confession, Dr Logan. If you're a toxicologist, that's even better. Can you tell me how much of this drug it takes to kill a cat, a small dog or other small animals?

Dr Logan: I would like to take that question on notice to ensure I am providing you with absolutely accurate figures.

Senator McMAHON: Yes, you can do that. This is something that every veterinarian knows—or almost every veterinarian, obviously. I would certainly hope that it's something that the veterinary team with APVMA is well aware of. And I would hope that consideration of the welfare implications of people now being able to do do-it-yourself home surgeries were taken into account and were reported to the TGA, because it doesn't sound to me like that's the case. Am I correct?

Dr Logan: I indicated previously I'd like to get the exact wordings. However, I would like to clarify that, in general, this entry to reschedule lidocaine is tied to some specific animal husbandry uses. The farmers are already using this for animal welfare grounds in routine husbandry procedures, and this rescheduling of the product was to ensure they have additional access to this medication. A number of states have put in place legislation to mandate the use of local anaesthetics during routine husbandry processes.

Senator McMAHON: I understand that. I would just like to point out for the committee's benefit that the drug lignocaine is an injectable local anaesthetic. It is extremely toxic, or it certainly can be. Depending on the way it's used, it can be extremely toxic, and it also can have massive implications for human health and welfare, as well as animal health and welfare, and it is now going to be available on the shelves of Coles and Woolies. I'm sorry; I

know you obviously haven't seen this as an issue, but I see it as a massive human and animal health and welfare issue. That is the end of my questions. Thank you.

CHAIR: Thank you, Senator McMahon. It sounds like you've raised a significant issue, and I have no doubt that Ms Croft will be coming back to you with a very good answer. I'm not sure which bit I'm more surprised about—that it could end up on the shelves on Coles or Woolworths or that people are doing at-home surgeries on their animals. Both don't sound like ideal outcomes. Senator Ciccone.

Senator CICCONE: I don't know that I can top Senator McMahon's line of questioning. That was really interesting. It was like listening to a lecturer. I look forward to the response we get. I'll be very brief, and I'll put some questions on notice, in light of time. I just wanted to ask some questions with respect to reported performance metrics, particularly regarding the on-time completion of permit applications. What was the percentage of permit applications assessed on time in the fourth quarter of 2018? Can you confirm that it was 87 per cent?

Ms Croft: I don't have the historical data. I have last financial year and the first quarter of this year.

Senator CICCONE: Okay, take it on notice. Looking at your current annual report, it shows that, by the June quarter of 2021, completion of permit applications on time had fallen to 70 per cent or thereabouts.

Ms Croft: It was 74 per cent on time.

Senator CICCONE: Are you able to explain the reduction?

Ms Croft: We do see some volatility in our numbers, in the same way that application numbers a couple of years ago were in the 50s and are now at 99 per cent. We do see changes. However, what I would say is those numbers have improved, even in the first quarter of this year, and are back above 80 per cent, and we expect that trajectory to continue. There were a number of overdue applications that the team has worked through, so we would expect that, between here and certainly the remainder of this financial year, the numbers for permits would be similar to those in the pesticide and veterinary medicine space.

Senator CICCONE: Also on page 32 of the current annual report, 60 per cent of emergency permits were finalised within 14 days and 95 per cent were finalised within 28, which were not met. I'm led to believe that these sorts of permits are quite vital for farmers, especially when they're facing new pests and don't yet have registered products to use. Does the decline concern you as well?

Ms Croft: I think it's important to note that those time frames were things we set internally but they were not statutory time frames. There are not statutory time frames for emergency payments, but they were certainly the goal we were working to. Again, we were at 95 per cent within 28 days, and that is a trend we would like to see continue. I certainly know for the three most prevalent types of permit applications—for the mouse plague, fall armyworm and khapra beetle—we were doing those within an average of 22 days. I understand that's still a bit more than 14 days, but we are certainly seeing improvements in our permit time frame performance.

Senator CICCONE: Is it the backlog of applications to do with staffing or are there other reasons as to why?

Ms Croft: It can sometimes depend on the volume. In years where we have a lot of pest incursions in one single year, it is sometimes difficult to ramp up very quickly, but we do try and move the resources around the agency as best we can. In the last year we have had a number—the mice plague, the khapra beetle and the fall armyworm—and there certainly was a significant volume of permit applications. We do understand the importance of these particular types of applications to farmers and we do prioritise them in the queue when they come in. We are aiming, as was in the report, to do more within that 14-day period, but we are still at 95 per cent for the 28-day period.

Senator CICCONE: I'll quickly turn to the financial statements in your latest report, if I may. On the current estimates, how much are you expecting through fees and levies are you expecting to take this financial year?

Ms Croft: Let me just check. It would be in the order of about \$39 million.

Senator CICCONE: Is that an increase on the previous year?

Ms Croft: The actual result for 2021 was \$38.8 million, so it's similar.

Senator CICCONE: Looking at the cash reserves and revenues on page 67, it's sitting at around \$7.5 million in excess of the budget. Can you confirm that the excess is collected from levies and fees?

Ms Croft: I think the \$7 million you're referring to is the overall surplus for the financial year. I guess that's drawn from two things: the revenue was higher than we had projected—more than \$4 million more than we expected—and also we had \$2½ million lower expenses in the financial year. So that draws you to the \$7 million

surplus. I understand the industry income, including levies, was around \$3 million higher than we had projected in our cost recovery statement.

Senator CICCONE: Your current levy restructure was introduced back in 2020 or 2019?

Ms Croft: No, I think the levy structure has been in place—I am happy for someone to correct me—since at least 2014 and going back further than then. But the current levy structure has been in place since then.

Senator CICCONE: Since when?

Ms Croft: Since 2014.

Senator CICCONE: There was a first draft of the levy structure which wasn't accepted. Have there been any reviews into your levy structure?

Ms Croft: There was a cost recovery statement put in place after the 2014 legislative reforms, and that remained in place until last year, when it was revised, and a new fee structure came in place on 1 July last financial year.

Senator CICCONE: I don't know; considering the extra funding you've got, do you think you might look at reviewing or reducing whatever fees and levies you might charge?

Ms Croft: The current cost recovery arrangements are in place for a two-year period, expiring 30 June next year, although if no new agreement is reached, they will remain in place. We are currently working, through our cost recovery working group, with the sector to look at what future cost recovery arrangements might be in place. The short answer to your question is, yes, Senator, we are looking at that.

Senator CICCONE: Thank you for that. I might leave my questions there.

CHAIR: Thank you very much, APVMA for preparing and coming to estimates this evening. We look forward to seeing you on a future occasion. Please go with the committee's thanks. Good night.

AgriFutures Australia

[22:05]

CHAIR: Welcome. Do you wish to make a brief opening statement?

Mr Harvey: No, not today, thank you.

Senator WHISH-WILSON: I am here late in the evening asking questions about industrial hemp because it's something I'm very interested in and my party is very supportive of. What is the current AgriFutures budget allocation for research and development in the industrial hemp industry?

Mr Harvey: I will need to take that on notice to give you an exact number. It is around \$200,000 per annum at the moment. It's around that, but I would like to check and verify that.

Senator WHISH-WILSON: Alright. Was it in approximately 2017 that AgriFutures identified industrial hemp as being an emerging industry? Is that correct?

Mr Harvey: In 2017 we did quite a lot of work looking at potential industries that could grow to the size of about \$10 million within five years. Industrial hemp was one of the products that we identified as having at least that potential. But I wouldn't want to give the impression that there was nothing that happened before that. There has been work done on industrial hemp over many, many years by other organisations, as you probably know.

Senator WHISH-WILSON: Indeed. There were very restrictive regulations around it which inhibited its growth that I am very aware of. In fact, I asked questions on that back in 2012. In 2020 you employed an industrial hemp project development consultant and put together a number of specific targets on areas you wanted to see more research and development done in—variety and performance testing, seed funding, a national hemp cultivar trial and a cultivar trial system—and outlined areas for financial support and cash in-kind contribution. I think the finish date for that was supposed to be 2020. Could you give us an update on what happened to that particular program.

Mr Harvey: As a consequence of some of that work that you referred to, we now have an industrial hemp variety trial system running across Australia. The trials are designed largely to test different cultivars to see what cultivars perform the best and give the best economic return. That is now playing out. This is the first season that's in the ground. We have literally planted in Victoria and I believe we are well on the way in planting in Tasmania, Western Australia and South Australia. To fill that out a little bit, the trials are organised and coordinated to make sure that they are operating as best practice. We also have an agronomist involved in those trials to make sure they are properly managed.

Senator WHISH-WILSON: Who is that agronomist, as a matter of interest?

Mr Harvey: I would need to take that on notice.

Senator WHISH-WILSON: No problems. Would that be where the \$200,000 per annum you mentioned earlier is being allocated? Or is it more broadly allocated than that?

Mr Harvey: I will need to check that. My understanding is that the variety trial is actually in addition to that \$200,000, but I will need to check that.

Senator WHISH-WILSON: It did say on your website that the completion date for this project was 14 August 2020. I am presuming that is still continuing.

Mr Harvey: The project that I just referred to is one that is really in its first year of trials this year. I'd need to go back and see what the project is that you're referring to that finished in 2014—

Senator WHISH-WILSON: 2020.

Mr Harvey: Yes. The project that finished in 2020—sorry, Senator, I misheard you—was the precursor to the investment we've now currently [inaudible].

Senator WHISH-WILSON: Thank you for clarifying that. Is there an opportunity for increased funding across all facets of industrial hemp production, including food, fibre, fodder, extracts plus funding to expand the national trials in Queensland and New South Wales?

Mr Harvey: We are currently talking to the industry bodies—there are two particular ones we are talking to about their priorities—and we are looking at running a workshop in the next month to six weeks to gradually go through and see what the next layer of priorities are from an industry perspective.

Senator WHISH-WILSON: Do you mean the industry's priorities?

Mr Harvey: Correct, yes.

Senator WHISH-WILSON: What correspondence have you had with those organisations, such as the Tasmanian Hemp Association, in the last 12 to 18 months?

Mr Harvey: I'd need to go back and check our files to see exactly what correspondence we have, but we do have regular correspondence with the Australian Hemp Council and with the Australian hemp alliance.

Senator WHISH-WILSON: Have they been pleased with the amount of attention and focus that AgriFutures has put into the Australian hemp industry? Or has there been some frustrations?

Mr Harvey: The Australian Hemp Council has raised some frustrations, which we have addressed. In fact, the workshop that we have coming up in about four weeks time is a consequence of the interactions that we've had with both the Australian Hemp Council and the Australian hemp alliance.

Senator WHISH-WILSON: Okay. Will there be an industry report showing the updated outcomes from the funds invested in the RD&E strategic plan project, and when will you be releasing that?

Mr Harvey: We have recently reached agreement with the Australian hemp alliance. Mutually, we've agreed to discontinue that project. There were some issues around changes in staff, and we came to a mutual agreement that we would be better off not continuing with that investment, instead putting those funds into running this workshop and getting all of the players around the table to decide on the priorities.

Senator WHISH-WILSON: With AgriFutures, what kind of upside have you determined this industry could have in terms of—we could pick some benchmarks here—exports, the domestic market or value-adding? what kind of estimates have you made about the potential of the industry?

Mr Harvey: It would probably again be best to take that on notice or refer you to one of our reports—the Coriolis report, which we did a couple of years ago and which goes in and gives the estimates. I don't have those at my fingertips at the moment. I think it's fair to say that it does have a degree of potential. It's a very fast-growing, high-biomass crop, and there are lots of different uses for different parts of that crop, which make it potentially quite attractive and quite a good rotation crop.

Senator WHISH-WILSON: Could you just explain to me how the process would work from here, if you held this workshop and you determined the priorities of the stakeholders? Obviously it's a fledgling industry with a lot of potential. How does the funding flow? Do you recommend that other government agencies fund the industry, or is AgriFutures able to allocate those funds itself?

Mr Harvey: Within AgriFutures, we have appropriation. We have appropriation from the federal government to invest in new and emerging industries. We make a judgement around which have the greatest potential, and we go through a process of allocating our resources accordingly.

Senator WHISH-WILSON: How much, for example, would AgriFutures have allocated in the last decade to the cotton industry, as a comparison?

Mr Harvey: AgriFutures does not invest in any cotton research. That is undertaken by the Cotton Research and Development Corporation.

Senator WHISH-WILSON: Can you give me some other examples of industries that you've made significant investments in?

Mr Harvey: In our emerging industries we have a budget of about \$4 million. That has increased from \$2 million three years ago. At the moment we are investing in, I think, 40 different industries.

Senator WHISH-WILSON: How much have you invested to date in hemp? You are taking it on notice, but you thought you're putting about \$200,000 per annum in at the moment. How much have you invested in hemp since, let's say, 2017?

Mr Harvey: I will need to take that one on notice.

Senator WHISH-WILSON: Could you give me even a ballpark figure?

Mr Harvey: I don't have those numbers in front of me.

Senator WHISH-WILSON: Would it even be a million dollars?

Mr Harvey: I need to take that on notice.

Senator WHISH-WILSON: Alright, you can take that on notice. What would be required to get your investment up to the full \$4 million, if that's the ballpark figure, or an amount you could invest in an exciting, emerging industry?

Mr Harvey: Just to be really clear, the \$4 million we're currently investing is across 40—four zero—different—

Senator WHISH-WILSON: Forty, roger. What would be the most that you've invested in any of those 40 industries? Do you allocate it evenly or do you prioritise by making some kind of scientific, economic or subjective decision on how you allocate that?

Mr Harvey: The process we run is best described as a life cycle. We'll start with a very small investment, where we'll do some feasibility studies to get a sense of the potential. Then we'll go into some very early feasibility trials, potentially. If they look good, then we'll ramp-up to some larger trials, and we'll normally look for co-investment from the industry itself: a voluntary contribution. If there is that commitment from the industry or interest in raising a voluntary contribution, that does give us some confidence to invest more and ultimately get the industry to a point where it goes and applies for a statutory levy. We've done that with a number of industries now. So we really run through a life-cycle approach: from a very small investment, and as it grows in potential we increase our investment and look for co-investment from the industry itself.

Senator WHISH-WILSON: Excellent. Where would you say the hemp industry is on that life cycle at this point in time?

Mr Harvey: Hemp is definitely one of the crops that we've identified as having the potential to get to \$10 million within four years. But it's not at the stage yet where we have a co-investment or a voluntary contribution coming in from the industry itself.

Senator WHISH-WILSON: But you've been through those trials. That's what we discussed earlier: that 2019 was the initial trial and that's now progressed.

Mr Harvey: We've now got some really significant trials on the ground looking at variety. One of the big issues with hemp is that you have a very large biomass, so if you're growing it for seed, what do you do with the actual plant? We've also done some work in terms of if it's capable of being grazed. We've got some grazing trials with sheep looking at how it affects meat quality, whether there's THC in it still and those sorts of important issues. You need to be able to get rid of the biomass. We're also [inaudible] in some manufacturing projects to see whether or not you can utilise the biomass once you've harvested the seed for other purposes.

Senator WHISH-WILSON: Like hempcrete for example?

Mr Harvey: Correct.

Senator WHISH-WILSON: I think they're doing that down in Tassie. Some private investors have bought a machine that can actually break up the stalk. It sounds like that's underway.

My last question is, in terms of potential future co-investment—What was the final stage? You had co-investment—

Mr Harvey: After we've raised a voluntary levy and the industry continues to grow, we get to a stage where the industry itself may well go to the minister and apply for a statutory levy. Then it would move into being a levied industry like the other industries under the Industry Research and Development Act.

Senator WHISH-WILSON: Are you happy that the industry is coherent or homogenous enough, in your view, to do that?

Mr Harvey: There are clearly different views in the industry around a whole range of issues, which is not unusual in a new emerging industry. You often do get very strong personalities and approaches. I don't think they are at the point yet of being ready to go for a statutory levy. Normally, we would be going for a process where they would establish the industry to a point where they are interested in a voluntary levy, and we're not at that point yet.

Senator WHISH-WILSON: So that hasn't been discussed in any workshops or in any communications at this point.

Mr Harvey: Not with me.

Senator WHISH-WILSON: Will it be something to be raised at the workshop, or is the industry aware of this life-cycle approach and that that's where they need to get to in terms of their representation?

Mr Harvey: It may well be raised at the workshop. That's a possibility, but to be realistic and to make sure that I'm giving you the right expectation, I think it is still a little way off.

Senator WHISH-WILSON: I can recommend a fantastic fellow in Tasmania called Tim Schmidt. He's been a great leader down here at the Tasmanian Hemp Association and he's very involved in the national body now, too. He's dead keen to see this industry get up and running.

Mr Harvey: Yes, I do know Tim and I have spoken to him.

Senator WHISH-WILSON: Excellent. Thank you for your time.

CHAIR: Ms Hull, can I congratulate you on another terrific rural women of the year process and announcement last week. I was obviously disappointed that the Queensland person didn't get up, but they were all outstanding; it must have been a very difficult decision. Congratulations on running that program. I think it's extraordinary.

Ms Hull: Thank you, Chair. They were all outstanding women, every single one of them, and each one of them could equally have carried the title. We're very excited about the winner and we're very excited that the AgriFutures team were able to pull off such an amazing process on the day. We had five different time zones, seven states and territory, and it all worked like clockwork. That comes down to a great team in AgriFutures, so we're pretty proud of them.

CHAIR: That is terrific. Yes, I thought about having different people in different rooms, but wasn't it lovely that they were all able to bring their support crew—family, mentors and everyone else—to support them. It was great to see Jo Palmer doing the presenting.

Ms Hull: Thank you.

CHAIR: That concludes the questions that we have for you this evening. I'm sorry it's so late, but we really appreciate seeing you at estimates. We promise that we will schedule you earlier in the evening because this is not the first time this has happened.

Ms Hull: This is fine. We're happy to participate at any time, Chair.

CHAIR: You're wonderful. Please go with the committee's thanks.

Hort Innovation

[22:23]

CHAIR: We now call representatives from Horticulture Innovation Australia. Do you wish to make an opening statement?

Ms Bird: No, I believe we just wanted to say thank you for the opportunity to present this evening. Our CEO, Matt Brand, will be joining us soon.

Senator CICCONE: I might wait for the CEO to join us for some questions, but I'll jump to some governance matters first. I'm conscious that we did discuss some matters at length last time. Are you able to provide an update on your staff turnover rates? Have there been any updates since the last round of estimates?

Ms Bird: I believe the last annual report, the annual report [inaudible], has an annual staff turnover rate of 25 per cent. That's in line [inaudible] industry [inaudible]. We did speak about this at last estimates, too, I believe. My apologies if there's feedback noise.

Senator CICCONE: That's alright, but we're struggling to hear you. Could you just provide that figure again? I didn't quite catch that.

Ms Bird: I believe the last annual report had a figure of 25 per cent turnover, but I will need to get that confirmed when our CEO joins the link-up. I think that's again consistent in this current annual report.

Senator CICCONE: I think some feedback has been received from some industry bodies that their relevant contract managers for export projects are turning over multiple times in a year and there are quite talented individuals who are moving on, which is obviously frustrating a number of these industry bodies. Have you heard of that type of feedback?

Ms Bird: We're certainly aware that turnover is an area that we're keeping an eye on. I think there's a range of reasons for staff turnover, and COVID has also created a difficult work environment for our team.

Senator CICCONE: Is there anything in particular you're doing to try to retain them?

Ms Bird: We're certainly looking at a range of different areas, including looking at morale and career progression. We're doing some training initiatives. So our team and our HR specialists are looking at a range of things in terms of supporting our staff, with a particular view to retaining key staff.

Senator CICCONE: I can't remember if I asked last time, but do you carry out staff feedback or surveys?

Ms Bird: Yes, we do. We do a range of culture surveys as well as general staff surveys and exit interviews. So there's a range of ways that we can get information [inaudible] to learn ways that we can improve in that area.

Senator CICCONE: How have the data that you've received changed in recent years?

Ms Bird: In terms of feedback from those surveys?

Senator CICCONE: Yes.

Ms Bird: The latest culture survey that we conducted showed key improvements in some areas in which we previously had concern, so I guess we were pleased to see some of those areas of improvement.

Senator CICCONE: Twenty-five per cent is a fairly high turnover rate by any standard in any organisation, I would have thought. Is there anything specific that your organisation is doing to try to change that?

Ms Bird: Definitely, as I said, we're looking at career progression and other ways of providing incentives to staff. We're also looking at some of the mechanisms in terms of how we're working with stakeholders to try and ensure we have a positive work environment that keeps staff positive and engaged and feeling rewarded in the work that they're undertaking.

Senator CICCONE: When is your AGM coming up?

Ms Bird: It's in November, I believe. I'd say the 26th, but I would need to check my diary to give you the exact date. It's in about four weeks time.

Senator CICCONE: Are your AGMs usually held around the same time?

Ms Bird: Yes—generally in late November, I believe. Almost every year it has been similar timing.

Senator CICCONE: Are you able to detail who the candidates will be for the Hort Innovation board?

Ms Bird: Certainly. We have three positions that will be declared vacant, this upcoming AGM. I think last time I failed to recollect promptly whose positions were being declared vacant, but one of those positions is mine, as well as Stephen Lynch's and Susan Finger's. So, yes, there will be three vacant positions on the board. Through a director nomination process, we have new candidates who would be going up for election at the AGM.

Senator CICCONE: Okay. Who comprises the selection panel that considers the candidates?

Ms Bird: This year we had four; the committee always has four members. The secretary of the department or his nominee is a member. This year, Christine Mulhearn was the representative of the department. We had Stephen Spear, who represented levy payers and was also nominated by the secretary of the department. Generally, the chair would chair the director nomination committee, but, given that my position is up for re-election, it was inappropriate, obviously, for me to sit on that committee. So the board nominated Paul Harker, who is our deputy chair. That was the third member of the committee. The final member is an appointee nominated by the board, and this year that was Dr Tony Gregson. So that group of four oversees the entire director nomination process.

Senator CICCONE: Have you had any concerns from growers about having one of their main customers on that panel selecting a candidate for the board?

Ms Bird: No, I have not.

Senator CICCONE: Without trying to single out the individual, I note that there's someone who works for one of the two large supermarket groups, so I think a lot of farmers might feel a bit intimidated or feel it might be inappropriate, one might say.

Ms Bird: No, I certainly have not had any direct feedback or heard any feedback. That's the first reference I've heard to that, to be honest.

The other aspect of our board is that all of the directors are elected by the members themselves, who are the levy payers, essentially. So our director composition going forward comes from the recent constitutional changes, which mean that all directors will be elected by members.

Senator CICCONE: Okay. I don't know we have the CEO or not. I want to say thank you for providing a copy of the phase 2 hort labour force report by EY. Have there been any changes since that report? I think they predicted around 11,000 to 24,000 for labour force shortage. Is that still current, or do we have any updated figures or updated reports? Is there a phase 3 of that EY report?

Ms Bird: I personally am not aware of any changes to that report, but we will need to take that question on notice to get you a firm answer, given that our CEO is not present today.

Senator CICCONE: But he was meant to be present—was that not the case?

Ms Bird: Yes, he was. I believe there must be some technical issues. He is meant to be here. I wasn't meant to be presenting on my own.

Senator CICCONE: That's alright. I'm not going to put you under—

Ms Bird: I will do my best to answer your questions, but clearly I'm not as close to the content.

Senator CICCONE: That's understood. That's alright. I might put some of these on notice. I was also curious about whether the organisation has been consulted about the establishment of the government's newly established agriculture visa.

Ms Bird: I'm not aware that we have been consulted, and I would question whether it is our role to be consulted. We don't have a role in representing industry. We're not overly political. From the perspective that we can do research and development and provide information to industry to assist them in representing their interests and acting in the political space, that certainly is our role. But we would not be directly involved in that sort of consultation, I would have thought, other than by providing research such as the EY report that you referred to. That would be the extent of our role.

Senator CICCONE: That's alright. So what work have you been doing on an ongoing basis to assess the labour force shortage and the skills that primary producers require? Has there been any other work apart from the EY report?

Ms Bird: I know there was a follow-up report to the EY report, and I will welcome Matt Brand and Anthony Kachenko, who may have some sound issues.

Mr Brand: Can you hear us?

Senator CICCONE: We can, yes. Hello.

Mr Brand: I'm very sorry. We had some technical difficulties. We're now on. To answer that question, we are obviously working with industry through the peak industry bodies. The second wave of that EY report, which we've talked about before, essentially identified that there was a gap, but obviously now, with borders opening up and a number of the visa programs, the expectation is that the issue won't be as significant as was first predicted.

Senator CICCONE: Okay. So, is there a phase 3 report? What makes you say it won't be as significant?

Mr Kachenko: At this point in time industry haven't advised us that they would require a follow-up, in terms of the phase 3. So, we're happy with the work that's been done to date to inform industry at this point in time.

Senator CICCONE: Going back to what you just told the committee as evidence: what is it that makes you say the problem isn't as big?

Mr Kachenko: It's a dynamic environment, as we know. Each week and each month the conditions are changing in terms of orders, whether interstate or export, and overlaying that with the COVID vaccine rollout. At this point in time the signals are looking positive for industry. However, it's a watching brief for us. If we get a

request from industry to seek some further data to inform the current market environment we will certainly act accordingly.

Senator CICCONE: You may not have heard it earlier when I asked the chair, but in that second phase, as you know, the report suggests that there is a possible workforce gap of between 11,000 and 24,000. Is that still the case? Or are you saying that the gap is actually smaller than what had been forecast by EY?

Mr Kachenko: That gap was at that point in time, when the report was provided. Obviously it took onboard modelling, and there were four scenarios that were articulated in the report. I don't have any data to suggest that the numbers are high or low or different at this point in time.

Senator CICCONE: So, how do you back up what you just told me—that the problem isn't as big as it is? Is it the fact that there are fewer producers now? Are we producing less, so we don't require as many workers?

Mr Brand: We've seen that some growers are making decisions about production on farm but with the borders opening up—we heard earlier today about the Pacific workers coming in—the view is that there will be some sort of narrowing. But, as we said, that was an estimate that we did through modelling at a point in time.

Senator CICCONE: I guess you're not answering my question, which is: how do you justify what you just told me earlier, that the problem isn't as big as it was? So, what is the problem? Can you identify—quantify—what the problem is?

Mr Brand: As we said in the report, it's somewhere between 11,000 and 24,000, but at that point in time—what we're seeing right now is that the borders are opening up and there are initiatives that the government is putting in place through Pacific Islanders et cetera that we believe will help reduce that number. But we don't have the actual data.

Senator CICCONE: Alright. And I'm assuming things like the agriculture visa as well—would that be factored into your research?

Mr Brand: I think it's an indicator that work is being done in that space to look at filling those gaps.

Senator CICCONE: So, the department didn't speak to you about the ag visa before it was announced?

Mr Brand: Well, we heard on the grapevine that the ag visa was coming, and then obviously there have been media reports and information since then.

Senator CICCONE: But you weren't asked to provide any information?

Ms Bird: Senator, as I was saying just as Matt was coming in, in our role we're not here to represent industry as such; we're here to support industry with research, but then they can represent themselves in a political space. So, in that respect we wouldn't expect to be consulted in terms of the visa being introduced. That really is a space for our industry bodies to be negotiating with government.

Senator CICCONE: I guess expectation is one thing, but my question is: were you?

Mr Brand: Sorry, what's the question?

Mr Metcalfe: Chair, I might be able to assist. The chair of Horticulture Innovation Australia is absolutely correct. They are precluded from engaging in agripolitical activities; they're a research and development body. The department did consult with Berries Australia and the National Farmers Federation Horticulture Council workforce working group, amongst many others, in the design of the agriculture visa.

Senator CICCONE: Thank you, Secretary. I'll just quickly turn to the grower sentiment report, after the last round. I think we touched on that last time around as well. I know you provided a five-page summary to the committee. On page 12 of the report, I see that, between 2017 and 2021, grower satisfaction with hort innovation has gone down quite significantly. What are you doing to address that?

Mr Brand: There are a number of things that we're doing. We've initiated a project, and we're basically looking at how to reset and reframe our working relationship with the 37 peak industry bodies that we have, knowing that they form a role as peak industry bodies and are often service providers as well. We've initiated a project: We've just done 50 one-on-one interviews. We were looking at doing a workshop, which, owing to COVID, will now be in the new year, and we're looking at setting up a working group with some of the interviewees, which are all the PIBs and some of the other industry representative organisations.

We're really wanting to work on a couple of key areas. One is to get absolute clarity on roles and responsibilities. There's still a lot of work to be done around that, and there are still legacy issues from when Hort Innovation was created, versus the old HAL model. But there's also, importantly, the advice mechanism—how we work with the PIBs as a critical mass, but also with the wider levy payers, to ensure that we get the advice mechanism right. We're going to look at trialling a number of different ways of getting advice; it's clear that it's

not one size fits all, because of the differences across the 37 industries. So, as part of that work, we believe that will really help to address some of the concerns or issues that get raised around the advice mechanism in particular, but importantly, too, around that way of working, which is important to ensure that we are investing in the highest-value investments for levy payers.

Senator CICCONE: On page 14, the respondents list a lack of interaction as the main reason for the decline, and this sentiment is strong amongst large and extra-large growers. How do you explain the lack of interaction that growers report?

Mr Brand: I guess there are a couple of things. One of the things we've started to do more of is to have more interactions with the larger growers, because those larger growers have other growers that grow for them. We are looking at ways of trying to engage with their grower groups. We've got our regional extension managers, who are based in regions across Australia, and that's really about helping to light up those grower networks. Obviously, coming out of COVID, it's been very difficult to get out and about over the last 18 to 20 months, but we want to do that in the new year.

Senator CICCONE: This is my last question—

Senator McKenzie: Really? No false promises.

Senator CICCONE: No. I'm a man of my word, Minister. On the same page, extra-large growers also indicated that they felt your organisation was not actioning their feedback. Why might extra-large growers have this view?

Mr Brand: I think it goes to some of the challenges we have in our industry, with the number of growers we've got and the number of industries. It is a very dynamic environment. That's why we're doing this work, at the moment, around the advice mechanism, to really look at how we get a situation where the levy payers are feeling that we are investing behind the activities they believe are critical to their business.

We can't keep everybody happy, but it is going to be more and more important that we are seen, and working hard to work with growers, particularly with the rationalisation that's happening in the industry. The larger growers often have a number of other growers that grow for them, so it's really important that we work with their networks to get that work done.

Senator CICCONE: I'm not going to say anything. Thank you very much. It's to see you, Ms Bird, and the team as well. Over to you, Chair.

CHAIR: Thank you so much for your time preparing for this evening. That is all the questions we have for you. So thank you for your preparations, and I'm pleased that you were able to get on and the technology sorted itself out. This is a great way, that you don't have to now be driving and flying to get back home. Thank you, again, and please go with the committee's thanks.

That concludes today's proceedings. The committee is due to commence its examination of the budget estimates on—I'm so sorry. Just before we complete, Grains Research and Development Corporation: I'm most sincerely sorry to be telling you this by videoconference, but we had tried to contact you earlier to let you know that the senators who'd asked you to attend this evening with questions no longer require you. Whilst you do terrific work, we're very sorry not to hear from you.

Mr Woods: Thank you very much, Chair, and Senator. We greatly respect the hours you are doing. Our grain growers are out on headers right now, as we speak, and I will be taking the tight coat off and going and doing exactly that: get back on the header!

Senator CICCONE: If we've got a couple more minutes, I can ask some questions—if you really want!

CHAIR: No, we salute you and I do apologise for not giving you more advanced notice. You do look terrific, so your time wasn't wasted!

Mr Woods: Thanks, Chair. Have a good week.

CHAIR: Thank you, good night. We are due to recommence this examination of the budget estimates on Friday 29 October. I thank Ministers McKenzie 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, to broadcasting and to the secretariat.

Senator CICCONE: Hear, hear!

Committee adjourned 22:47