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Official Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

MONDAY, 24 MAY 2010

CANBERRA

BY AUTHORITY OF THE SENATE

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SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT

LEGISLATION COMMITTEE

Monday, 24 May 2010

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

Participating members: Senators Abetz, Adams, Back, Barnett, Bernardi, Bilyk, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Farrell, Feeney, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Humphries, Hurley, Johnston, Joyce, Kroger, Ludlam, Lundy, Ian Macdonald, Marshall, Mason, McEwen, McGauran, McLucas, Milne, Minchin, Moore, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Adams, Back, Boswell, Bob Brown, Colbeck, Heffernan, Hutchins, Joyce, Ian Macdonald, Milne, Nash, O'Brien, Parry, Siewert, Sterle, Williams and Xenophon

Committee met at 9.02 am

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO

In Attendance

Senator Nick Sherry, Assistant Treasurer

Department of Agriculture, Fisheries and Forestry

Executive

Dr Conall O'Connell, Secretary

Dr Rhondda Dickson, Deputy Secretary

Ms Rona Mellor, Deputy Secretary, Biosecurity Services Group

Mr Phillip Glyde, Deputy Secretary/Executive Director, Australian Bureau of Agricultural and Resource Economics

Corporate Services/Corporate Finance/Corporate Policy

Ms Anne Hazell, Chief Operating Officer

Mr Steven Foley, Chief Information Officer

Ms Kate McRae, General Manager, Human Resources

Ms Karen Nagle, General Manager, Audit and Evaluation

Ms Alana Foster, General Manager, Levies Revenue Services

Mr Darren Schaeffer, Chief Finance Officer

Ms Vanessa Berry, Deputy Chief Finance Officer

Ms Amy Fox, Deputy Chief Finance Officer

Ms Ann McDonald, Acting Executive Manager, Corporate Policy Division

Ms Elizabeth Bie, General Manager, Ministerial and Parliamentary Branch

Ms Cathrine Stephenson, General Manager, Portfolio Strategy and Coordination Branch

Ms Cindy West, General Manager, Corporate Communications Branch

Climate Change

Mr David Mortimer, Executive Manager, Climate Change Division
Ms Fran Freeman, Executive Manager, Drought Policy Review
Mr John Talbot, General Manager, Forestry Branch
Mr Andrew McDonald, General Manager, Farm Adjustment Branch
Mr Mark Gibbs, General Manager, Climate Change Branch

Australian Bureau of Agricultural and Resource Economics

Mr Paul Morris, Deputy Executive Director
Dr Terry Sheales, Chief Economist
Dr Jammie Penm, Chief Commodity Analyst
Mr Peter Gooday, General Manager, Productivity, Water and Fisheries Branch
Dr Helal Ahammad, General Manager, Climate Change and Environment Branch
Ms Jane Melanie, General Manager, Resources, Energy and Trade Branch
Mr Bruce Bowen, General Manager, Agriculture Branch
Ms Annette Blyton, Acting General Manager, Integrated Research Branch

Bureau of Rural Sciences

Dr Kim Ritman, Acting Executive Director
Dr Gavin Begg, Acting General Manager, Fisheries, Land and Forestry Sciences Branch
Dr John Sims, Acting General Manager, Climate Change, Water and Risk Sciences
Ms Annette Blyton, Acting General Manager, Integrated Research Branch

Sustainable Resource Management

Mr Ian Thompson, Executive Manager, Sustainable Resource Management Division
Mr Roland Pittar, General Manager, Fisheries Branch
Dr Sally Troy, General Manager, Communications and Reporting Branch
Ms Margaret Allan, Acting General Manager, Landcare and Sustainable Agriculture Branch
Ms Bernadette O'Neil, Acting General Manager, Business Systems and Grants Branch

Australian Fisheries Management Authority

Professor Glenn Hurry, Chief Executive Officer
Dr James Findlay, Executive Manager, Fisheries Management
Mr Malcolm Southwell, Acting General Manager, Operations
Mr John Bridge, General Manager, Corporate Governance
Mr Peter Venslovas, Regional Director, Darwin
Mr Mark Farrell, Chief Information Officer
Mr David Perrott, Chief Finance Officer

Australian Pesticides and Veterinary Medicines Authority

Dr Eva Bennet-Jenkins, Chief Executive Officer
Dr Raj Bhula, Program Manager, Pesticides
Mr Dan Webb, Corporate Services

Trade and Market Access

Mr Craig Burns, Executive Manager, Trade and Market Access Division
Ms Victoria Anderson, General Manager, North Asia, Europe, Middle East and Africa,
Trade and Market Access Branch
Mr Paul Ross, General Manager, Americas, South East Asia, Subcontinent, NZ and the Pacific, Trade and Market Access Branch
Ms Sara Cowan, General Manager, Multilateral Trade Branch

Biosecurity Services Group (includes divisions formerly known as Quarantine and Biosecurity Policy Unit, Australian Quarantine and Inspection Service, Biosecurity Australia, and Product Integrity, Animal and Plant Health)

Ms Karen Schneider, Executive Manager, Animal Division
Dr Mike Nunn, Principal Scientist, Animal Division
Ms Jenny Cupit, General Manager, Biological Quarantine Operations and Marine Pests Branch
Mr Rob Williams, Program Manager, Biological Imports Program, Biological Quarantine Operations and Marine Pests Branch
Ms Lee Cale, Acting General Manager, Animal Quarantine and Export Operations Branch
Dr Bob Biddle, General Manager, Animal Health Programs Branch
Dr Colin Grant, Executive Manager, Plant Division
Dr Bill Roberts, Principal Scientist, Plant Biosecurity
Mr Bill Magee, General Manager, Plant Biosecurity (Grains and Forestry) Branch
Dr Vanessa Findlay, General Manager, Plant Biosecurity (Horticulture) Branch
Ms Louise van Meurs, General Manager, Plant Quarantine and Export Operations Branch
Ms Lois Ransom, Chief Plant Protection Officer, Office of the Chief Plant Protection Officer
Mr Greg Read, Executive Manager, Food Division
Dr Narelle Clegg, General Manager, Residues and Food Safety Branch
Mr Mark Schipp, General Manager, Export Standards Branch
Mr Colin Hunter, General Manager, Food Exports Branch
Mr Dean Merrilees, General Manager, Export Reform Branch
Mr Tim Chapman, Executive Manager, Quarantine Operations Division
Mr Jonathan Benyei, General Manager, Cargo Branch
Ms Louise Clarke, General Manager, Co-regulation and Support Branch
Dr Chris Parker, General Manager, Passengers and Mail Branch
Mr Peter Moore, General Manager, Post Entry Quarantine Arrangements
Ms Jenet Connell, Executive Manager, Regional and Business Services Division
Mr Russell Phillips, Acting Executive Manager, Strategic Projects Division
Ms Nicola Hinder, General Manager, Partnerships Branch
Ms Kirsty Faichney, Acting General Manager, Biosecurity Policy Coordination Branch
Ms Debbie Langford, Acting General Manager, Legislation Branch
Mr Walter Spratt, Deputy Director, Australian Plague Locust Commission

Rural Industries Research and Development Corporation

Mr Norman McAllister, Deputy Chairman
Mr Tony Byrne, Acting Chief Executive Officer

Agricultural Productivity

Mr Allen Grant, Executive Manager, Agricultural Productivity Division

Mr Simon Murnane, General Manager, Livestock Industries and Animal Welfare Branch

Mr Peter Ottesen, General Manager, Crops, Horticulture, Irrigation and Wine Branch

Mr Greg Williamson, General Manager, Innovation, Productivity and Food Security Branch

Mr Richard Souness, General Manager, Food Branch

Mr Matthew Worrell, General Manager, Food Security and R&D Review Taskforce

Australia Wool Innovation

Mr Walter Merriman, Chairman

Mr Stuart McCullough, Chief Executive Officer

Mr Roger Fletcher, Deputy Chair

Dr Meredith Shiel, Director

Wheat Exports Australia

Mr Peter Woods, Chief Executive Officer

Mr Ted Woodley, Chairman

CHAIR (Senator Sterle)—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 2010-11 and related documents for the Agriculture, Fisheries and Forestry portfolio. The committee is due to report to the Senate on 22 June 2010 and has fixed Wednesday, 21 July 2010 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business next Friday, 4 June 2010.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has a copy of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised and which I now incorporate in *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
 - (1) If:
 - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

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- (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).

(Extract, Senate Standing Orders, pp 124-125)

As agreed, I propose to call on the estimates in the order shown on the printed program. We will take a break for morning tea at 10.30 am sharp. Other breaks are listed in the program. I now welcome Senator the Hon. Nick Sherry, Assistant Treasurer, representing the Minister for Agriculture, Fisheries and Forestry; Dr Conall O'Connell, Secretary of the Department of Agriculture, Fisheries and Forestry; and officers of the department. Minister, do you or Dr O'Connell wish to make an opening statement?

Senator Sherry—No, thank you.

CHAIR—Thank you. In that case we will go to questions.

Senator COLBECK—Good morning, Senator Sherry and Dr O'Connell. Can you give us the financial impact of the efficiency dividend on the department for 2010-11 please?

Mr Schaeffer—The impact of the efficiency dividend due to the movement in our base is about \$410,000.

Senator COLBECK—What strategies does the department have this year to meet the efficiency dividend?

Mr Schaeffer—This is an ongoing efficiency dividend, so we have solutions in place that include—

Senator COLBECK—Just to clarify, are we talking about the common dividend or the additional dividend, or is that a compilation of both?

Mr Schaeffer—No, that is just the efficiency dividend of 3.25 per cent.

Senator COLBECK—That is the two, though, isn't it, Dr O'Connell? There is the normal efficiency dividend at 1.25 and then the additional that we have had some discussions about over a period of time.

Mr Schaeffer—That is right, there is the two per cent.

Senator COLBECK—But my understanding was that additional two per cent was a one-off, but it is running for a number of years. That is correct?

Mr Schaeffer—It is running up until 2013-14.

Senator COLBECK—What is the department having to do to meet that additional reduction in its allocation this year?

Mr Schaeffer—In the portfolio budget statements for 2009-10 we had a reduction in ASL as well as some efficiencies through the department in our consultancies and in our travel.

Dr O'Connell—That effectively is now just based into our planning process, so it is captured in the way we just distribute the budget across the department and then manage staffing and other issues. There is nothing specific that you could say relates to that; it is more that we manage our budget within that field.

Senator COLBECK—You have an ongoing reduction in your staffing levels as part of that process?

Dr O'Connell—Not necessarily an ongoing reduction in staffing levels, just an ongoing budget that we operate within so we know how to plan within that each year.

Senator COLBECK—What are you going to do to meet the cut of \$410,000?

Dr O'Connell—What we do now is distribute the budget amongst the various areas of the department and we will do that as part of a normal planning process as we come into the financial year. It will be managed as part of that.

Senator COLBECK—And they get to decide how they reduce their costs?

Dr O'Connell—Not directly. We do that collectively through a planning process.

Senator COLBECK—Last year you said, as part of this process, that you were not going to take on any graduates, for example. Your graduate program was going to cease for 12 months so that you could manage the ongoing impact of the efficiency dividend. What is the situation with the graduate program?

Dr O'Connell—The graduate program will be restarted in the coming year, so we plan to just restart it again. That was a one-year pause. As I mentioned in previous estimates, it was clearly planned that it would be restarted after that one-year pause.

Senator COLBECK—What is the cost implication of recommencing the graduate program?

Dr O'Connell—I would have to take that on notice.

Senator COLBECK—To what level is the graduate program going to recommence?

Ms Hazell—It will resume at the levels we had previously, which is approximately 60 graduates, plus our trainees, plus some Indigenous graduates as well.

Senator COLBECK—Is that all inclusive at 60 or are the other categories accumulative?

Ms Hazell—The other categories are in addition to the 60.

Senator COLBECK—So how many are we going to?

Ms Hazell—It will depend on how many trainees we find that are suitable and how many Indigenous graduates actually wish to come to the department, but we are looking at around 70 to 72.

Senator COLBECK—So 72 on top of the 60.

Ms Hazell—No, all up.

Senator COLBECK—So about a dozen trainees.

Ms Hazell—We normally have between 10 and a dozen trainees. It just depends on how many suitable candidates we can attract.

Senator COLBECK—There must be a budget for that. Someone must know what the budget for those programs is.

Ms Hazell—The additional cost of restarting the graduate program, due to the fact it is a half-year impact in the next financial year, is approximately \$1.7 million.

Senator COLBECK—So it effectively does not start until next year.

Ms Hazell—Yes. The graduates do not actually commence until around the end of January 2011. The \$1.7 million is the additional cost, so it is a part-year cost. This financial year we were finishing the graduate program that started in 2009, so we had from July to December. It is not a strict one-year full cost, because it is offset by the fact we had the graduates for part of this year as well.

Dr O'Connell—So it is two half-year costs.

Ms Hazell—But they are different, because one is for six months and one is for five months.

Senator HEFFERNAN—So 50 grand a head.

Mr Schaeffer—Because it is half-year—

Senator HEFFERNAN—No, I am calculating it for a full year. Is that 50 grand a head for a full year?

Mr Schaeffer—No. It is somewhere between 50 and 100 grand.

Senator HEFFERNAN—Could we have the figure?

Dr O'Connell—I will take the costings figure on notice. That should be straightforward.

Senator HEFFERNAN—Didn't you say it is \$1.7 million for six months, which is near enough to \$3½ million for a full year, which is near enough to 50 grand a head?

Ms Hazell—I will get you an exact figure.

Senator HEFFERNAN—Can you then break down the 50 grand into what that represents?

Ms Hazell—Most of it will be salary.

Dr O'Connell—We will take that on notice so we give it to you precisely.

Senator ADAMS—Can you tell me what process you use to attract Indigenous graduates?

Ms Hazell—The Australian Public Service Commission has a program for attracting Indigenous graduates and also Indigenous cadetships and traineeships, and we are participating in that process.

Senator ADAMS—What level of qualification do they need to participate in the program?

Ms Hazell—To be a graduate they need to have a graduate degree, like any other graduate. For cadetships and traineeships, it is much less. It is year 10 for a traineeship. For a cadetship, I understand the program is for the end of year 12, and then we put them through a training program.

Senator ADAMS—And how many have you had in the past?

Ms Hazell—We have had a number in the past. The exact numbers I would need to take on notice.

Senator ADAMS—Thank you.

Senator IAN MACDONALD—You said that you follow the Australian Public Service Commission program for attraction. Unfortunately, they do not appear before this committee, so perhaps you could tell us how you attract these applicants.

Ms Hazell—They run the program for recruiting them, interviewing them and selecting the Indigenous graduates. We would say to them, 'We are interested in three or four,' and they will provide us with a short list of Indigenous graduates who have expressed an interest in our portfolio, and we then talk to them and see if they are interested in coming to us. They run the whole recruitment process.

Senator COLBECK—Is there a specific area of the agency that they are directed to? Which areas of the agency do they usually end up in?

Ms Hazell—Most of our Indigenous graduates and Indigenous trainees end up working in the biosecurity space, because that way they work in the regions and they tend to be closer to home, but we do have ones that come to Canberra as well. It depends on the interests of the person, their background and their degree.

Dr O'Connell—There is no specific area that we direct them to. They have the same opportunities as any other worker.

Senator COLBECK—I have probably come across a couple of them, particularly up in Northern Queensland, Thursday Island and places around that, working in AQIS and agencies such as that, which appeared to me at the time to be quite successful. Roughly, the graduate program works out to about \$3.4 million per year?

Dr O'Connell—Roughly.

Senator COLBECK—So you have to provide some offsetting into the agency to pick up that \$3½ million from somewhere. I would like to get some sense of how you are going to effectively work this efficiency dividend and these additional costs into the agency.

Dr O'Connell—That goes into the planning and internal budgeting process that we have underway now in order to deliver into the financial year.

Senator COLBECK—Do not tell me what you are going to do next year. Aside from the traineeship program that you have cut out for the 2009-10 year, or effectively for the year 2010, there are no graduates in the agency this year. What other measures did you have to cut out of the department to meet the efficiency dividend last year?

Ms Hazell—As the secretary indicated, once budgets were allocated last year it was up to the various areas to decide how they were going to meet those budgets.

Senator COLBECK—The secretary told us that the department did it collectively.

Ms Hazell—Yes, but there are some obvious things that areas would look at. Travel is one; use of additional contractors and consultants is another. Within broad parameters, there is still some flexibility in each area. The natural tendency, obviously, is to try and keep your staff and cut your administrative expenses if you can.

Senator HEFFERNAN—Did the contractors include 54/11-ers?

Ms Hazell—No, they did not.

Senator HEFFERNAN—Do they come back as contractors, I mean?

Ms Hazell—Our contract and non-ongoing employee numbers have been fairly low and stable all year.

Senator HEFFERNAN—We will come to that later.

Dr O'Connell—During that period last year we also restructured much of our corporate activities in terms of areas such as the HR services, finance services, media and others. There was a major element of restructuring to provide centralised services, which also helped us in that process. That was quite a significant decrease in the corporate—

Senator COLBECK—Did that involve consolidating responsibilities and reductions in staff?

Dr O'Connell—Yes. There was a significant consolidation of the corporate and finance HR responsibilities in the department, which provided efficiencies as well.

Senator COLBECK—What sort of staffing reduction in that core area came out?

Ms Hazell—In the HR area, for which I am responsible, there was a reduction of around 12 to 13 staff as a result of being able to consolidate the functions and restructuring.

Dr O'Connell—We can provide you with a breakdown of the changes across all the corporate areas if that would help.

Senator COLBECK—Okay. I was going to come to staffing. If you can give us your staffing numbers and a listing of who and where—

Ms Hazell—I can give you some overall figures now. If you wanted detail of staffing by area, I would need to take that one on notice and try and table it.

Senator COLBECK—I think you have given us a breakdown at the previous couple of estimates.

Ms Hazell—We can organise to table that for you. The current FTE at 30 April was 4,365.

Senator COLBECK—You do not have with you that detail that you provided to us in previous years?

Ms Hazell—I think it is probably easier if we organise to table it during the day, rather than just read out a list of numbers.

Senator COLBECK—You do not have something that you can put in front of us now so that we can have a look at it?

Ms Hazell—We can get it.

Dr O'Connell—We would have to have a look. I do not think we have something directly comparable, but we would have to see what we can provide. I also just want to point out that those numbers are indicative—at this stage, anyway—because we have not gone through the planning process. The way it occurs is that we manage it at the budget stage by an attribution of costs across and then, when we come into the planning process, we get much closer refined numbers.

Senator COLBECK—What I want to do is to analyse what the numbers are now so I can make some comparisons against what they were at the two previous budgets.

Dr O'Connell—Yes. We will be able to provide that.

Senator COLBECK—I have asked some questions about what is going to happen in the future, and I would be interested to know what is going to happen into the future if you can actually give me some sense of that. But what you are telling me effectively is that you have not planned that yet.

Dr O'Connell—No. I think there are two things. One is that we budget in the same way as in previous years. We have the budget provided and we have an estimation there of staffing levels, and of course we refine that when we come into the planning process and into the start of the financial year. We can certainly give you those comparable numbers with previous budget years.

Senator COLBECK—You do not know yet what your planned staffing changes are for the coming year?

Dr O'Connell—No. What I was saying is that we can provide you with numbers which give you the estimates now of the staffing changes, but they will be subject to revision, obviously, as we do the detailed planning.

Senator COLBECK—Are there any specific areas that you are targeting at this stage?

Mr Schaeffer—Broadly, we just use PBS, or portfolio budget statements, where there is an increase of 52 in ASL from our revised actuals from last year.

Senator IAN MACDONALD—Whereabouts would we find that?

Mr Schaeffer—It is in two parts. It is split by outcomes. Just bear with me and I will tell you the exact page.

Senator IAN MACDONALD—Dr O'Connell, you said you were going to provide that for Senator Colbeck. When were you going to do that? Later on today?

Dr O'Connell—We were going to see if we could manage that, because that would just come out of the numbers that went into the budget. We ought to be able to manage that today.

Mr Schaeffer—Outcome 1 is on page 28 of the portfolio budget statements, and outcome 2 is on page 69.

Senator IAN MACDONALD—That shows us what?

Mr Schaeffer—They are the overall ASL numbers for this year and last year.

Dr O'Connell—Some of those increases will be the graduates coming back on, for example.

Senator IAN MACDONALD—Page 28?

Mr Schaeffer—Near the bottom, the last bolded number, is the number 771 for 2010-11 and 737 for 2009-10.

Senator COLBECK—I am just making a comparison back to last year's budget papers. The average staffing level for outcome 1 was estimated to be 697, yet the estimated actual for 2009-10 shown in this statement shows 737. So you are actually looking to increase your staffing, or your staffing is higher than what it was estimated to be last year?

Mr Schaeffer—Yes.

Senator COLBECK—By about 40—and increasing through to 771 by about another 40 during the year; is that correct?

Mr Schaeffer—We would have to get the exact numbers, but there are increases there, yes.

Senator COLBECK—Do the figures that you have just given us include the proposed redundancies that are to come out of AQIS?

Mr Schaeffer—Yes, they do.

Senator COLBECK—What sort of numbers are we talking about there at the moment? There were about 30-odd redundancies through inspectors, as I understand it. Is there anything further out of that? I know that we will come to that later on.

Dr O'Connell—We can answer that generally now, but it may be sensible to just check with the Biosecurity people.

Senator COLBECK—We will do something in much more detail in the morning when we get to AQIS, but I just wanted to get a sense that there was an expectation of some reductions through that process given the reform discussions that are occurring at the moment.

Mr Schaeffer—Yes, there is.

Senator COLBECK—Was it about 30 redundancies for inspectors in the first round?

Ms Hazell—I am not sure about rounds, but the figures do include an estimate of the redundancies we think might occur in that program at this stage. But they are only an estimate and it depends on whether people elect to take up those offers.

Senator COLBECK—Okay, so there are no forced redundancies.

Senator IAN MACDONALD—Dr O’Connell, my impression of the department is that you are getting less and less involved in caring for our country, you are getting less and less involved in bioregional planning, which are things that your department used to do conjointly with Environment, and you seem to be getting less and less involved in fisheries. For example, your international fisheries now do not seem to have a dedicated area. First of all, can you tell me whether I am wrong on either of those. If you cannot tell me I am wrong can you give me, perhaps on notice but perhaps later in the hearing, the reduction of your staff in those areas?

Dr O’Connell—Between this year and next year in terms of budgeted requirements we can certainly look at that.

Senator IAN MACDONALD—I am talking, really, about last year to the year in which we are now. I am interested in—

Dr O’Connell—Not the forward year.

Senator IAN MACDONALD—And the forward year. I am asking for the current year and the forward year, because my impression is that there seem to be cutbacks in certain areas of the department which used to be a significant part of the department’s work. It now seems to have been abandoned to Environment, which is of great concern, of course, to agricultural Australians.

Dr O’Connell—We can provide those numbers on notice. You are looking, really, for three years from last year, this year and the budget year that is ahead.

Senator IAN MACDONALD—Yes. But am I generally correct?

Dr O’Connell—It would be no surprise to suggest that I think we are just as involved in caring for our country as we have been in the past in terms of the work jointly with our colleagues in the environment department. We still run joint process.

Senator IAN MACDONALD—I am pleased to hear that. I do not think that is the case, but I am pleased to hear that you are telling me it is.

Dr O’Connell—We still run the process jointly. We still have the ministerial board jointly making decisions. It is all joint approvals all the way through on that, so I do not see that that has been reduced. When we come to the other areas obviously we can talk through the specifics, but I am happy enough to take those numbers on notice.

Senator IAN MACDONALD—Thank you.

Senator HEFFERNAN—The overheads may well not be reduced, but I can assure you that what is happening in the paddocks is well and truly reduced. You want to take a run out to the bush and see what comes out the other end of the pipe. It is just disgusting.

Senator COLBECK—I would really like to get hold of those divided up numbers so that we can start having a look, because, like Senator Macdonald, I have some concerns about certain areas of the department where it appears quite evident that the capacities are actually reducing. Fisheries is one area that Senator Macdonald has mentioned. My understanding is that it has been significantly reduced.

Senator IAN MACDONALD—And forestry.

Senator COLBECK—And forestry, I think, is the same. I know that there has been a process of blending it all into climate change but, in terms of the actual work that appears to be being done in those two areas, we heard at the last estimates that there is very little input being put into the current MPA process that is going on around the coastline of the country, for instance. That potentially has a huge impact on the fishing industry, yet they are being basically left without representation. It would be very nice to actually have some sense of what the actual numbers in the various divisions are so that we can have a close look at that.

Dr O'Connell—I do not think that we are looking at any changes in the numbers in terms of fisheries and forestry between this year and the budget that is in front of us. I am aware of any at the moment, although I could confirm that for you.

Senator IAN MACDONALD—It would be interesting to have the comparison with last year.

Senator COLBECK—Senator Macdonald is right; you have already done the damage in those particular areas where the cuts have already been made. In fact, the figures probably will not even show us what the employment in forestry is anymore because it has been merged into climate policy, so it is impossible to find out what they are and who they are. In fact, if I go back to some figures that I have from last year, there is nothing listed in respect of fisheries and forestry after 30 June 2008. They have effectively disappeared into other areas of the agency, and my figures do not show me anything for them. Forestry has been merged into climate, so how we are able to identify that is the sort of thing that I would like to have a look at.

Dr O'Connell—Yes. We will give you those numbers.

Senator IAN MACDONALD—Has there been any thought given to changing the title of the department from 'agriculture, fisheries and forestry' to 'agriculture and supporting the environment department'?

Dr O'Connell—That would be a matter for the Prime Minister, as usual, in terms of machinery of government.

Senator Sherry—Totally speculative, but we will take it on notice.

Senator COLBECK—It is probably a good question to take on notice, Senator Sherry, because the department is being diminished day by day. In fact, it only has half a minister these days.

Dr O'Connell—The department is increasing its staff this year. That is the point of the estimates that you have in front of you.

Senator COLBECK—Increasing staff and increasing the effectiveness are not necessarily the same thing. Just because there are more people does not mean it is effective. As I said, we only have a half-time minister now.

Senator Sherry—I do not agree with your comment about a half-time minister and I do not agree with your comment about staff reductions. It is clearly not factual.

Senator COLBECK—I did not say anything about reducing staff. We have acknowledged that the staff numbers are increasing, but the minister is not working on the portfolio full time.

Senator Sherry—I can assure you he is a very hardworking minister. It is not uncommon for ministers to have responsibilities that take them across a multitude of government areas. This is an issue for debate. If you have some questions for the departmental officials, I am very happy for you to put them.

Senator HEFFERNAN—There is not a single solitary soul in the government who lives in the bush, though, is there?

Senator Sherry—I do not agree with that. I live in a regional centre. There are at least some I can think of.

Senator HEFFERNAN—No, I am talking about a rural working environment. We know where you live.

CHAIR—I would not go there, Senator Heffernan, because we can certainly tackle what the Nats do outside of the farm gate. Senator Macdonald, do you have questions?

Senator IAN MACDONALD—On the previous point, Dr O'Connell, clearly the increase in staff is not going into fisheries and forestry. I do not think anyone would argue that. What general area is it going into? Is it biosecurity, administration or, as I suspect, climate change, whatever that means these days?

Dr O'Connell—As I said, we will give you the breakdown. Certainly some of it is the graduates coming back again, as we pointed to before. Some of it is biosecurity as well.

Senator NASH—Is there any supporting work, now that the minister does have this dual role and is now Minister for Population as well? There are some concerns around the question: if agriculture was taking a hundred percent of his time before, how is he managing the extra workload? In terms of the department itself, does any of that support work for population come out of this department at all?

Dr O'Connell—The short answer is no. There is a unit in the Treasury that provides support to the minister. During the initial transition stage we provided some administrative support just to manage that change. But it is fundamentally managed by the Treasury, including with a departmental liaison officer from the Treasury.

Senator NASH—Will there be any call on the resources that you could foresee, though, from your department in terms of the research capacity that you have for things like regional population and those types of areas?

Dr O'Connell—Insofar as we would expect to play our role in whole-of-government work as a department, yes. But beyond that there is no specific tasking. As I say, it is really working through the processes that the Treasury put in place.

Senator BACK—Dr O'Connell, just turning to biosecurity, the biosecurity group was removed from the schedule of prescribed agencies and transferred to the Department of Agriculture, Fisheries and Forestry on 1 July 2009.

Dr O'Connell—Yes. You are referring to Biosecurity Australia.

Senator BACK—The 2008-09 budget papers indicated \$20,843,000 for biosecurity, with \$21,440,000 for 2009-10. Can you tell us what the level of resourcing for biosecurity is in 2010-11?

Mr Schaeffer—That is not an easy question. The resources have been wound into the department, as you have said, and they have been reallocated across a number of other divisions. We can get you the figure. We will just need to take it on notice.

Senator BACK—If you can get us the figure, can you also perhaps assist us a bit further by giving us a breakdown of expenditure revenue and particularly staffing for this coming financial year and beyond?

Dr O'Connell—Yes.

Senator BACK—Could we have that prior to us actually getting to the topic of biosecurity, which is tomorrow.

Dr O'Connell—We will do our best to get it to you.

Senator BACK—Thank you very much.

CHAIR—Are there any further questions of the executive?

Senator HEFFERNAN—Yes. The other day I gave your department officials a pot of meat product from the US and sought a paper trail to it. Could I get the pot of meat back for estimates this week? I asked for it last week. There is a very interesting story behind the pot of meat.

CHAIR—If you cannot find it, Dr O'Connell, I will lend Senator Heffernan \$1.80 and he can go and buy another one. Senator Macdonald, do you have any further questions?

Senator IAN MACDONALD—Dr O'Connell, as of this morning we still have not got answers to questions we asked at last estimates. It makes it very difficult for us to follow things along when three months later we do not have the material. Should I be blaming you or are they stuck on the minister's desk, waiting for a political check?

Dr O'Connell—I will have to have a look and see what the status of those questions is.

Senator IAN MACDONALD—No, you do not need to look. I will give them to you: Biosecurity Services Group, question 17; and Meat and Livestock Australia questions 02, 03 and 08 to 12. The ones I am more interested in are: Sustainable Resource Management

questions 03, 04, 06, 14 and 15; and Agricultural Productivity Division questions 03 and 10. As I say, the ones that I am most interested in are the Sustainable Resource Management questions. Is there some reason why there are no answers to those?

Dr O'Connell—I will have to take that up with the minister's office.

Senator IAN MACDONALD—You are getting to the nub of my question. Have you provided the answers for the minister?

Dr O'Connell—Obviously the minister is responsible for the answers. We do not provide answers to the minister.

Senator IAN MACDONALD—Of course, I know that.

Dr O'Connell—We provide drafts for the minister's consideration and it would be quite wrong of me to presuppose how the minister handles that.

Senator IAN MACDONALD—I appreciate that.

CHAIR—Have you provided the drafts to the minister?

Dr O'Connell—I would have to have a check on timing, but typically—

Senator NASH—You would know, Dr O'Connell, if you have provided the drafts or not.

Dr O'Connell—If I could complete my answer, it might help. Typically these may involve some iterations to ensure that they are accurate, and I would have to just check whether that is the case.

Senator IAN MACDONALD—I would back your accuracy against the minister's any day, I might say, but let me put it another way, then. Have you provided to the minister all advices that he might need to adequately answer questions that this committee put to the minister last time, as you rightly point out?

Dr O'Connell—That would be a question, in a sense, to put to the minister as to what would be necessary for him to be confident about an answer, and that is probably exactly where you get iterations on getting a response. That is very typical, as you would be aware, of questions on that.

Senator IAN MACDONALD—Do you advise the minister of parliament's direction to him, and through him to you, that questions have to be answered by a certain day? It is well before today, but we still do not have those answers.

Dr O'Connell—I think the minister is well aware of the Senate's requirements.

Senator IAN MACDONALD—Would you be able, during the next two days—and perhaps Senator Sherry could help here—to get a message to the minister's office to find out why he has not answered those questions in accordance with the resolution of the Senate?

Senator Sherry—I can indicate I have just posed that question and I hope to be able to provide a response to you in the next two days.

Senator IAN MACDONALD—Excellent. Thank you.

Senator COLBECK—Are there any questions where the department has not provided any information to the minister?

Dr O'Connell—Of the set that are outstanding, you mean?

Senator COLBECK—On these questions.

Dr O'Connell—We have certainly provided information in terms of briefing for responses to questions.

Senator COLBECK—Are there any questions, though, where you have not provided any information?

Dr O'Connell—As I say, these processes normally require iterations to clarify to the minister's satisfaction that the information is sufficient.

Senator COLBECK—Some of us have actually been in the minister's position before and we understand that. What I am trying to find out is: are there any questions from the committee where you have not provided any information to the minister?

Dr O'Connell—No. As I said, there are none. It is a question, I think, of whether or not the minister has found that information sufficient for him to be able to provide an answer, and that is a question for the minister.

Senator Sherry—And, as I have indicated, I have just asked that we establish where any outstanding questions are and when we are likely to get an answer, and hopefully I will be able to provide a response in the next two days.

Senator COLBECK—That is fine. Dr O'Connell, are there any questions for which there is outstanding information for you to provide to the minister where he has questioned some of the information that you have sent to him?

Dr O'Connell—I hate to say it, but I would probably have to take that on notice or try to get back to you on that. I do not have the information in front of me.

Senator IAN MACDONALD—Dr O'Connell, what do you mean by iterations?

Dr O'Connell—Obviously when a question is asked the minister is responsible for providing the answer, as you would be aware. The department provides information to brief the minister on a possible response, and in the normal course of events when a department briefs a minister the minister can ask for clarification, more information or something of that nature. That would be the normal business of briefing a minister and ensuring that the minister is at a stage where he or she is comfortable to sign off on an answer. So it is just the normal business, if you like.

Senator IAN MACDONALD—Bearing in mind that you have a staff of 3,000 looking at these things and the minister has a staff of seven or eight or whatever, and the minister has another portfolio to administer as well, am I to take it from your answers that the minister's small group are alerting themselves to answers that your 3,000 staff have not been able to provide?

Dr O'Connell—No, I would not want that suggestion to be put from what I am saying. I am just explaining the normal process of briefing a minister to provide an answer to a question and that at times there will be the request for clarifications or more information. That is the normal process of briefing a minister on anything.

Senator IAN MACDONALD—Can I suggest—not to you, Dr O’Connell, but to Minister Sherry—that the iteration is the political wisdom of letting the answer out or otherwise.

Senator Sherry—I know you have been a minister and I know Senator Colbeck has been a minister. You are well aware of the iterative process exchange between a minister’s office and the Public Service on a whole range of issues, including to answers to questions on notice. I have already indicated that I have just made inquiries to the minister’s office to see what is outstanding and where it is. I cannot really add anything more.

Senator IAN MACDONALD—No, you cannot. Mind you, when Senator Colbeck and I were around we were never late with answers to questions.

Senator Sherry—You weren’t, were you? We might track back through the record, but whatever your record is in the Treasury area I can recall a lot of outstanding answers.

Senator HEFFERNAN—Can I just ask whether the department has been asked to provide a contingency plan for out-of-estimate spending for the spring in the event—which will come up tomorrow—of a likely locust plague. It is not only a likely locust plague but a bloody huge one. Can I just say to you there has been a complete failure to address the seeding season—that is, out in the pastoral country there are bloody hundreds of thousands of acres of locusts that have laid eggs now and in the spring. So has the government sort of thought, ‘Gee, we might have a problem in the spring—where is the money going to come from?’ because it will have the capacity, if the eggs that are laid hatch and the season is right, to do huge damage to the crop?

Dr O’Connell—And the Plague Locust Commission will be in attendance when the Biosecurity Services Group—

Senator HEFFERNAN—Yes, but my question is: have you been asked to provide a contingency plan?

Dr O’Connell—I think we can cover the issue of management of locusts when we have the relevant people on.

Senator HEFFERNAN—But don’t you know the answer? It is simple: have you been asked to provide anything? You are the boss.

CHAIR—We know it is coming on later. Senator Colbeck has the call, Senator Heffernan. Senator Colbeck, do you want the call or do you want your colleague to take the call?

Senator HEFFERNAN—Do you know the answer or not?

CHAIR—You have just been told, Senator Heffernan, that it is coming up later. We have a timetable here that we agreed that we would follow.

Senator HEFFERNAN—Have you been asked to provide a contingency plan? You are the head of department.

CHAIR—Dr O’Connell, you can answer it later.

Dr O’Connell—It would be best answered when we have the relevant people here.

Senator HEFFERNAN—Take it on notice if you do not know.

Senator Sherry—We do not need to take it on notice.

Senator HEFFERNAN—I want to know. You are the head of the department.

Senator Sherry—Just wait for that area of the department, and we will have the officers here.

CHAIR—That is why, Senator Heffernan, we sit here and we all agree as the Senate committee that we will follow the timetable.

Senator COLBECK—Dealt with in the overall budget context, I suppose the question could be quite—

Senator HEFFERNAN—That is where we are now.

CHAIR—Your colleague has the call, Senator Heffernan.

Senator COLBECK—We could ask you to have prepared for us for when we get to it tomorrow an answer on whether there is a budget allocated to what is going to be a significant issue to deal with, so let us put that part on notice as well. Can I just come back to Senator Macdonald's questions on the questions on notice. Dr O'Connell, you are telling us that you do not know whether all of the information from the department that is required to answer the questions or requests that might have been made from the minister's office has been responded to? There are only 15.

Dr O'Connell—Sorry; I am unclear on that question.

Senator COLBECK—There are 15 questions that are outstanding and Senator Macdonald has indicated those to you.

Dr O'Connell—That they are under consideration is all I can effectively say, obviously.

Senator COLBECK—You do not know whether all the department's responsibilities, at this stage, have been met, as far as those questions are concerned. You do not know that.

Dr O'Connell—Going back to my earlier point—

Senator COLBECK—You have provided information to the minister on every question. He may have asked some questions on some of them, and you do not know whether those questions have been answered?

Dr O'Connell—No, what I am saying is that, until the questions have been signed off, the department's responsibilities are effectively not settled. That is obvious, in the sense that we may always be asked for more information or more clarification, or redrafting. It is not a question of me being able to say the department has finalised its job and it is somebody else's job. This is an exercise.

Senator COLBECK—Unless you have received briefs back requesting further information, you do not know whether there is any more that you have to do. What I want to know is: have you fulfilled all the commitments, notwithstanding the fact that you have not received anything back on those 15 briefs? You know what we are trying to find out—whether you have done all your work or whether the minister still has not signed off on the questions or not? I know you do not want to put your minister into it and you are being a good secretary. I understand that, but we just want to know what is going on with the questions.

Dr O'Connell—I think I will have to leave the question where I have left it. I do not know that I can add anything more to it.

Senator COLBECK—On 'can' and 'wanting to', I suppose we will take a definitional difference, but okay. We will have to be content with the fact that Senator Sherry has asked to find out where they might be and when we might see them. Do we have any impending retirements coming up in the agency during the year? We might spark Senator Heffernan up there. You do not know? Okay.

Ms Hazell—None that we are aware of, but it depends on what staff decide to do during the year.

Senator COLBECK—Okay.

Senator HEFFERNAN—Are there still a few people in the scheme?

Ms Hazell—If you are referring to people still in the CSS superannuation scheme, yes, we do have people who are still in that scheme.

Senator Sherry—That is perhaps a more appropriate question for the public sector superannuation area in finance.

Senator HEFFERNAN—Yes, but do you keep a tab on them for future planning of gross intake and retirements, because, obviously, it is a nice little setup, to go out on 54/11 and come back somewhere as a contractor. How many of those would you have?

Senator Sherry—I think that the personal retirement decisions of individuals in the public sector—and, indeed, us—are personal, and I do not believe that it is appropriate for the department to be going up to people who are 54 years and a couple of months old and say, 'You are a 54/11-er, what is your intention?'

Senator HEFFERNAN—No, but I just wondered how many are in the system, because the system must run out of them in due course.

Senator Sherry—Yes, of course, but that is an issue for the public sector superannuation.

Senator HEFFERNAN—It is not an issue for the department? It is an incentive, I have to say, a tempting incentive.

Senator Sherry—The data you are requesting is an issue for Comsuper, public sector super.

Senator HEFFERNAN—That is fair enough.

Senator Sherry—Whether you are at the finance estimates—I am happy to take a question not on notice from here but to ensure that there is a question to get you some sort of data on this and, if necessary, a breakdown by department.

Senator HEFFERNAN—Thank you very much. I was just curious to know whether the department kept tabs on the number because, obviously, there is a pattern of behaviour.

Ms Hazell—We do not inquire into people's intentions—

Senator HEFFERNAN—You would not know how many 54/11-ers you have got?

Ms Hazell—Not off the top of my head, and I certainly would not be asking—

Senator HEFFERNAN—Not off the top of your head, but would the department know?

Ms Hazell—I can give you a rough age profile, but I cannot break that age profile into who belongs to what super scheme.

Senator HEFFERNAN—No, I do not want that. I would have thought it was prudent planning to know that number. You can take it on notice if you like.

Ms Hazell—We look at our overall numbers of people who separate and plan accordingly. It is my experience, in the last 12 months, that this has not been a factor.

Senator HEFFERNAN—But you do know the number?

Ms Hazell—No, I do not know the number.

Senator HEFFERNAN—Wouldn't it be prudent to know that number?

Ms Hazell—It does not particularly make much difference to our planning. We look at our age profile, generally. We have a fairly stable trend in separations.

Senator HEFFERNAN—Mr Secretary, if you would like to take that on notice and do your best?

Dr O'Connell—What is the question, precisely?

Senator HEFFERNAN—How many 54/11-ers do you have?

Dr O'Connell—And 54/11 means?

Ms Hazell—How many people who are 54 years and 11 months?

Senator HEFFERNAN—They know what it means.

Ms Hazell—How many people have taken it?

Senator HEFFERNAN—How many people in the department, under the old scheme, are 54/11-ers—'Get out before you are 55'?

Dr O'Connell—During this coming year?

Senator HEFFERNAN—How many are on the payroll now? There you go.

Ms Hazell—How many CSS members on the payroll now who are in the age bracket 54 to 55?

Senator HEFFERNAN—Which will be 54/11-ers, yes; how many people left in the system. That is all. It is not very complicated. I still do not know what your PhD means.

Senator COLBECK—Dr O'Connell, you have five of your executive staff at the moment in deputy roles, including a deputy secretary. Can you give us a sense of how you are managing through that process, in acting roles?

Ms Hazell—I assume you are referring to figures in last year's annual report, because we do not have five deputy secretaries in the department.

Senator COLBECK—No, sorry, you have five members of executive staff, including a deputy secretary, in acting roles at the moment. What I am asking Dr O'Connell is: what process is he dealing with to resolve that issue?

Dr O'Connell—We have now got all substantial deputy secretaries—three of them.

Senator COLBECK—There are three of them?

Dr O'Connell—Yes, three deputy secretaries and me.

Senator COLBECK—Your organisational chart is out of date then?

Ms Hazell—It is out of date effective today.

Dr O'Connell—Our organisation chart, I do not think is out date, but it would be as of today because we have had a new deputy secretary start today, Dr Rhondda Dickson.

Senator COLBECK—Which position is that in?

Dr O'Connell—Anne Hazell has been acting in that position over recent times, pending Rhondda Dickson coming on board.

Senator COLBECK—You have four other people across different elements of the agency that are also in acting positions, or has that situation been resolved as well—corporate policy, corporate services, BSG strategic projects and BRS.

Dr O'Connell—That is not at deputy secretary level.

Senator COLBECK—No, SES I am talking about. Sorry, they are SES positions?

Dr O'Connell—SES positions.

Ms Hazell—The quick answer is: the corporate services one is my substantive job. Now that I have finished acting as deputy secretary, I go back to that job.

Senator COLBECK—That is resolved as of today, as well?

Ms Hazell—Yes.

Senator COLBECK—Corporate policy?

Ms Hazell—We have somebody acting in that position.

Senator COLBECK—Which is effectively my question. My question is: what is the time frame and what is the process to actually resolve those acting positions? Is there intention to make the people who are acting in them permanent?

Dr O'Connell—That is an internal staffing decision, and obviously that depends on how we manage our processes.

Senator COLBECK—Are there recruitment processes in place to deal with those?

Dr O'Connell—Not necessarily with all the vacancies that you are looking at. I would have to take on notice the specifics of the different positions that you are looking at, but obviously those go to how we are managing the SES planning overall.

Senator COLBECK—There is one officer who has been in an acting position since that position was created—the BSG projects division. Is there any reason why that continues to be an acting position?

Dr O'Connell—The position there is one where the relevant substantive officer is on leave. It might be most useful if we are able to provide you with an account overall, if that is helpful, if you have an interest in what is happening on the SES acting positions.

Senator COLBECK—As of today, there is one deputy secretary that has been resolved and there is another in corporate services that has been resolved because of the previous decision.

Dr O'Connell—There will be a further one resolved also on that. There would be the HR general manager position as well. Some of these things rattle through, if you like.

Senator COLBECK—They are cascading.

Dr O'Connell—They can cascade, depending on how they work. Yes.

Senator COLBECK—Can we go back to the BSG position, which has been an acting position for almost the entire life of that particular division. Is there a reason why that is in that state?

Dr O'Connell—I am perhaps unclear as to the specifics there, but I think that with the relevant position that you are talking about, the division head, the executive manager is on leave, and before that it was a substantive position, I think. It is strategic projects. No, I think that was substantively occupied before and he is just on leave—on long service leave. As I say, if you are comfortable, I can just provide you with an account of the lengths of actings in these positions and the reasons.

Senator COLBECK—That might help. We can deal with it that way. At previous estimates you gave us some details of your campaigns and advertising. What have you got going at the moment in your advertising space, bearing in mind that I think we had a debate about the difference between campaigns and advertising?

Ms McDonald—We do not have any major campaigns going on as such, but our expenditure on advertising, which is non-campaign advertising, and recruitment in the year to date, as at 30 April, is now \$473,966, so there is activity in that area.

Senator COLBECK—The primary focus for that advertising is what?

Ms McDonald—It goes across a range of programs and, as I said, it includes recruitment as well. The recruitment component of that is around half of it, so \$268,818. Non-campaign advertising is things such as tenders, public announcements of grants rounds, information sessions, operational information and that sort of thing.

Senator COLBECK—And what is the value of that? That is the other 50 per cent?

Ms McDonald—The recruitment advertising is \$268,818, and the non-campaign advertising—so the other part of that—is \$205,148. That is year to date, so July 2009 to 30 April this year. The total figure, as I said, is \$473,966.

Senator COLBECK—What is remaining in your budget and what are you projecting to expend for the rest of the financial year?

Ms McDonald—It is hard to make predictions on non-campaign advertising, because it really depends on what the programs themselves want and what is going to come up in the next couple of months until we finish this financial year, so I cannot really make any predictions.

Senator COLBECK—What has happened to the Quarantine Matters! campaign? What is happening with that, for example?

Ms McDonald—The Quarantine Matters! campaign was a discrete campaign activity which ended in early July last year, as was scheduled with that program.

Senator COLBECK—And so there are no proposals or plans to do anything further in maintaining people's understanding and knowledge of the importance of quarantine? There is no expenditure at all going into that process?

Ms Mellor—We do not have a campaign as such planned at the moment. We have a range of marketing and education activities and are working on trying to find the most optimal ways to bring risk and management of risk to the attention of those who need it most.

Senator COLBECK—What is the funding for the marketing and education campaigns?

Ms Mellor—The funding for the marketing and education is included within the corporate communications budget. Biosecurity Services Group puts forward a range of opportunities and they are funded out of that budget.

Senator COLBECK—How would I identify how much you have spent in this financial year on those programs, your marketing and education programs?

Dr O'Connell—We could provide a breakdown, I think, in terms of what relates to biosecurity services, if that is the area you are asking about.

Senator COLBECK—You do not have those numbers.

Dr O'Connell—We do not have it on us here, I think.

Ms McDonald—Sorry, Secretary. I have the budget for the biosecurity services account team for this financial year. I do not have the actual expenditure out of that figure I have just given you, but the total budget is about \$1.65 million.

Senator HEFFERNAN—Does that include cattle from the US for the BSE import risk analysis process?

Ms Mellor—No.

Senator HEFFERNAN—Why not?

Ms Mellor—That is funded out of other departmental expenditure.

Senator COLBECK—Your overall marketing and education budget for biosecurity for the year is about \$1.65 million.

Ms McDonald—Yes. That includes the whole costs of that biosecurity account team. The figure I gave you earlier was what has been spent on advertising itself. This is the costs of the whole team, so it includes staff as well, and various other costs.

Senator COLBECK—How much of the \$205,000 has been spent on advertising for biosecurity?

Ms McDonald—I will have to take that on notice. I do not have the split.

Senator COLBECK—Can you break down the \$205,000 between tenders and advertising?

Ms McDonald—No. All I have is non-campaign advertising and recruitment advertising and the total for that.

Senator COLBECK—You only have those three figures, the non-campaign being \$205,000, the recruitment being \$268,000 and the total being \$473,000?

Ms McDonald—Yes.

Senator COLBECK—Going back to the marketing and education budget, what is the split in that budget? You have said some of it is staffing. What is the split in staffing and expenditure for marketing and education?

Ms McDonald—I will have to take that one on notice. I have not got that split with me here today.

Senator COLBECK—You are spending \$1.65 million. How much of that is staff?

Ms McDonald—That is in the budget. The team at the moment is 11. There are 11 people. Some of those are in the Canberra office, and there are officers spread around the regions as well.

Senator COLBECK—Is any of that money spent on consultancy?

Ms McDonald—I will have to take that on notice. I am not sure. I do not have that information with me right now.

Senator COLBECK—Would I be able to find in the budget papers the allocation of staff in marketing, education and biosecurity, or is it something that you will have to give me detail on?

Ms Mellor—No. It is in the total staffing numbers.

Senator COLBECK—It is not broken down in staffing.

Ms McDonald—No.

Senator HEFFERNAN—Are we going to get the consultancy figure out of that discussion?

Ms McDonald—If there are consultants. We do use consultants in the corporate communications area.

Senator HEFFERNAN—Can you identify the consultants?

Ms McDonald—I will have a look at the financial information.

Senator HEFFERNAN—I would be interested to see how many 54/11s you have.

Senator Sherry—Definitely.

Senator NASH—Please just clarify for me supplier expenses. I will make it easier and take you to page 83. It says that in 2009-10 the estimated actual was \$232,703,000. Can you give us an idea of what the supplier-related expenses consist of. What are they, actually?

Mr Schaeffer—They comprise lots of different things: consultants, travel, administration, rent and things of that nature.

Senator NASH—Can you give us a more detailed understanding of what that is, rather than just those few categories? Perhaps you could give us the break-up of where the costings are attributed across all of those areas. Just moving onto the total expenses, I think that was \$678 million, which is an increase of nearly \$12 million. It says in the PBS that the change is

primarily due to an increase in supplier expenses. Which of those areas that you were talking about are particularly going to contribute to that \$12 million?

Mr Schaeffer—I will have to take that on notice for you.

Senator NASH—Okay. I am guessing you will have to do that for this one as well, then. It actually shows in the forward estimates that there is going to be a decrease in those supplier expenses, so I am just interested to know where those savings will be made. It is around \$9 million, you say in the PBS.

Mr Schaeffer—Yes, we can take that on notice. It is not necessarily savings. It could be just the fact that our base continues to move, with measures and different programs coming and going.

Senator NASH—All right. That would be good. If we could have that before next estimates too, that would be really useful.

Mr Schaeffer—Sure.

Senator NASH—Even by the due date, perhaps. That might be helpful as well. Thank you. I imagine that would be fairly straightforward and not too hard to find.

Mr Schaeffer—Yes.

Senator HEFFERNAN—Could I ask whether you actually have in your budget a contingency for travel to the United States to have a look at the Mexican and Canadian borders, with regard to the application by the United States, Canada and Japan to import their meat into Australia, which has been now subject to a full import risk analysis? It would be in the biosecurity area.

Dr O'Connell—We will be able to cover that under the Biosecurity Services Group.

Senator HEFFERNAN—You will have the contingency planning for that?

Dr O'Connell—We will be able to let you know what the financial plan is, I think, when we have that group come on.

Senator HEFFERNAN—Have you got someone going to Japan to have a look at the foot and mouth thing?

Dr O'Connell—Again, we can probably we can cover that in the Biosecurity Services area.

Senator HEFFERNAN—It does not come to your attention?

Dr O'Connell—A lot of things about foot and mouth have come to my attention, yes, indeed.

Senator COLBECK—Can you just run through the current discretionary grant programs that you have got running at the moment?

Mr Schaeffer—Do you want a list of them?

Senator COLBECK—Yes, please.

Mr Schaeffer—Sorry, are you after a list of our programs or—

Senator COLBECK—Discretionary grants programs that you currently have running at the moment.

Mr Schaeffer—There is a long list. They are throughout our budget papers, and most of our programs have discretionary grants components to each of them.

Senator COLBECK—Okay. You have got a consolidated list there?

Mr Schaeffer—We do have a consolidated list, yes.

Senator COLBECK—Could you table that.

Senator Sherry—It is a long list. We will make a copy and you can have a look at it during the break.

Senator COLBECK—If you could table it for me that would make life a lot easier. Can you tell me what discussions you had with the department of industry in relation to the reduction in availability of the food industry grants?

Dr O'Connell—If we could deal with that when we get to the relevant area it would probably be most useful. If we are going to go into specific areas it is best to have that discussion when the people who are engaged with that process—

Senator COLBECK—I am more than happy to deal with the impacts of that when we get to that.

Dr O'Connell—I think even the management of the—

Senator COLBECK—But I just want to know whether or not any conversations have been held with—

Dr O'Connell—I would be most comfortable taking that when we have the area that is dealing with the programs.

Senator COLBECK—Okay. All right, we will deal with that then. Chair, I think that nearly covers our corporate services division at the moment.

CHAIR—Are there any other further questions of corporate services? If not, I thank the officers and now call the officers for climate change, which includes forestry, droughts and exceptional circumstances. I welcome officers from climate change. We will break in 10 minutes for morning tea, but I think we will go straight to exceptional circumstances.

Senator IAN MACDONALD—Thank you, Mr Chairman. Can someone just give me a very, very quick update on the exceptional circumstances for north-west Queensland. I do not mean exceptional circumstances relating to drought; I mean exceptional circumstances relating to unusual flood.

Mr Mortimer—That area is one of a group of areas currently in EC which is due to come out in the middle of June. The National Rural Advisory Council—

Senator IAN MACDONALD—Sorry, what is to come out in June?

Mr Mortimer—That area in Queensland that you are referring to, if you are talking about south-west Queensland.

Senator IAN MACDONALD—No, north-west. This was not an EC drought; it was an EC flood.

Mr Mortimer—The gulf region?

Senator IAN MACDONALD—Yes, the gulf region.

Mr Mortimer—The gulf region has been declared to be an EC.

Senator IAN MACDONALD—Yes. I am just saying can you give me a quick update. I am aware of that.

Mr Mortimer—Yes.

Senator IAN MACDONALD—How many have applied? How much money has gone? What is happening?

Mr Mortimer—Mr Macdonald might give some information.

Mr McDonald—I will just check and see if I have got that information with me. I do not believe I do.

Senator IAN MACDONALD—Okay. It is really just an interest in how it is going. It was quite unusual and the first of its kind in exceptional circumstance applications, as I understand it. I was just curious as to how it was being taken up, how many had applied for assistance and what assistance had been made available, so could you get that for me?

Mr McDonald—We will probably have to take that on notice.

Senator IAN MACDONALD—Yes. It was also a lead-in question. The sugar industry in the Proserpine region was affected by Cyclone Ului. Is the government looking at a possible exceptional circumstances program for cyclone assistance, in the same vein as drought, which we are all very familiar with, but acknowledging they have to be exceptional droughts, and flood, which we have just dealt with in the gulf country, which, again, was a quite exceptional flood? Is there any work being done on exceptional circumstances for a cyclone which comes through and, in the manner of droughts and floods, is quite exceptional and certainly beyond the control of any primary producer, or any cane grower, in this instance?

Mr Mortimer—In terms of the cyclone you refer to, there has been no application for exceptional circumstances assistance as a result of that event. Typically, the response measure from government for these cyclones is the Natural Disaster Relief and Recovery Arrangements, which provides a Commonwealth-state framework to get assistance to people affected in a very immediate sense. The money flows straightaway in the different forms and there are a range of measures available there. More broadly and, indeed, if you think about the history of it, that is the way the assistance has been done. For example, Cyclone Larry a year or two ago, which was probably the best known and most destructive one, was dealt with by NDRRA and some extra measures. Conceptually, exceptional circumstances assistance is available to farmers who are affected by cyclones. The key issue is that it would have to be demonstrated to be a one in 20 to 25 year event and to have a sustained, prolonged impact on farm income.

Senator IAN MACDONALD—It requires an application, in this instance, by the Queensland government, for exceptional circumstances?

Mr Mortimer—That is right.

Senator IAN MACDONALD—You said earlier that no application had yet been received?

Mr Mortimer—That is right.

Senator IAN MACDONALD—I understand that freight subsidies have been implemented for primary producers affected by floods in south-west Queensland, and it was a \$5,000 grant across the board. Has there been any thought of doing that for sugarcane farmers, who have perhaps not transport difficulties or freight subsidies but other difficulties, as something different from the NDRRA?

Mr Mortimer—Essentially, as you say, the NDRRA measures provide grants immediately for farmers and other people affected to apply, as they see fit. That money that is provided for NDRRA—and there are tiers of that, depending on what is triggered by the government—can be applied by farmers and others as they see fit. In terms of the transport subsidies that you referred to in the south-west, that is a separate issue because that is a measure that Queensland provides under its state drought policy. The Queensland government has its own separate, independent system of drought assistance which revolves around the state declaring areas to be in drought, and those state declarations and indeed revocations from drought can trigger access to freight subsidies for farmers to take the stock in or out of the area.

Senator IAN MACDONALD—The Commonwealth has no part in that?

Mr Mortimer—No. The Commonwealth's broad-ranging policy is not to support freight subsidies for movement of stock and fodder during drought.

Proceedings suspended from 10.27 am to 10.46 am

CHAIR—Welcome back. We are in continuation with the officials from Climate Change.

Senator WILLIAMS—I have a few questions on EC and rainfall. When an EC application is received, what rainfall figures are researched? Do they have to be from a registered rain gauge? Do they pay any attention to a farmer's record, for example?

Mr Mortimer—That is fine. When the applications come to the department, we get advice from the Bureau of Resource Sciences within the department. They advise on issues that are science based. In terms of rainfall, the data that is used is Bureau of Met data.

Senator WILLIAMS—Only Bureau of Met?

Mr Mortimer—Yes, I think that is right.

Senator WILLIAMS—I refer to the application that went into the Bundarra area south of Inverell, and here is the problem: the Bureau of Meteorology areas are the towns of Barraba, Delungra, Inverell, Bundarra and then right across to Uralla. There are many areas in between that have been severely drought affected not only for this year but for several years compounding. It is some distance—it could even be 100 kilometres—between registered rain gauges and the towns. Does the department pay any attention to the rainfall records kept by the farmers, or is it, as you said, just up to the bureau records?

Mr Mortimer—They are provided to the department and also to NRAC when they do a tour of the region. Often farmers will provide the data from the rain gauges on their farms to

NRAC. That helps paint a picture, in terms of the variability and how the rainfall lands across a region. In terms of the threshold issue about defining a one in 20 to 25 year rainfall event—

Senator WILLIAMS—Are you referring to the nought to five percentile?

Mr Mortimer—Yes, it is just another way of describing the same outcome. The Bureau of Met data is used. Essentially that is used because there is a sound and rigorous methodology around that. We have had discussions with the Bureau of Rural Sciences from time to time about that, because certainly people raise the sort of question that you raised. But the response has been that, if you move away from the Bureau of Met recorded data stations, you get a whole pile of problems, in terms of having a reliable and sound methodology that can give you accurate outcomes. In terms of the process as a whole, having that reliable and sound methodology is important.

Senator WILLIAMS—This is the problem we have in the Bundarra area. The Bureau of Met rain gauge has recorded much more than many of the outlying properties. Perhaps you should look at registering some of these properties with a registered rain gauge for the information of the Bureau of Meteorology so they can have a clearer picture. It is a very patchy situation. Some areas have had some very good rainfall over the last couple of years, but you only have to go 10 kilometres away and it has been very low rainfall. I see that as one of the serious problems with this.

Mr Mortimer—I hear what you say. It is something that the department and NRAC are very much conscious of and have discussed with the Bureau of Resource Sciences. But the important thing is that there is a reliable methodology that gives fair accurate outcomes.

Senator WILLIAMS—Who appoints the inspectors on NRAC?

Mr Mortimer—The minister appoints those people.

Senator WILLIAMS—I had a serious problem when NRAC went to the Bundarra area last January. There had been some rain over Christmas; it is basically summer rainfall country. It does get winter rain, but of course there is very little growth in pasture during winter, with the frosts and cold weather. There was an inspector from Western Australia—I assume from southern Western Australia, where there is probably very little summer rain; I grew up in South Australia—and an inspector from Victoria. One of my concerns is that two out of three inspectors were not familiar with the pastures and the farming country because they came from a southern climate, a winter rainfall climate, and perhaps did not have a lot of knowledge of how summer rainfall country works and what effects there are in wintertime when the frosts hit. I find that concerning. Perhaps NRAC, when they go to a specific area, could use local farmers who have a knowledge of that farming area?

Mr Mortimer—The NRAC has a policy—and it is a policy that the council itself has developed and put in place—that, if an EC application relates to a particular state, the members of NRAC who go to do the regional inspection be from other states. Essentially, that is designed to provide some perspective on the issue. All the members of NRAC, with the exception of the government-appointed member—which I have to declare is me—are farmers, as well as a state-appointed representative. They are farmers from different parts of Australia who bring an understanding of farming; in terms of understanding the issues of a particular

region, that is explained and set out by the farmers in the region that the NRAC members talk to when they do their inspection.

In the case of the Bundarra region there are two NRAC members, who are farmers from other parts of Australia, who broadly understand what farming is about, even though they might have different or more specialised systems in their own state or on their own farms. They went across and I am confident that they were able to discuss and understand the nature of the farming issues in that region.

Furthermore, the two NRAC members who do the inspection and talk to the farmers in the region do a report. They make a recommendation, and that goes to the full NRAC council, which considers it formally, and so the information, advice and expertise of all members of NRAC are brought to bear when the full council considers the issue and makes a decision on it.

Senator WILLIAMS—Okay. I disagree with you. When they got to Bundarra, the application was put in, and I think NRAC agreed in December to go and visit the area. There had been some rain over Christmas. Of course, the grass ran straight to head, and there is grass this high and green, but once it dries off with a frost or just dries off with lack of rain, it is basically useless, no protein, especially if it gets a shower of rain on it after it has dried off. I just think local knowledge is the best knowledge, and so I happen to disagree with you there about farmers from other areas.

There seemed to be some delay by the time NRAC had been directed to visit the Bundarra area before they got there. Do you have enough NRAC inspectors, or do you feel you should have more and be resourced more?

Mr Mortimer—The NRAC council has eight members. They all have other jobs, but they all fulfil their duties and, I would say, do so very willingly. The actual inspections and the timing of those are the result of discussions between the NRAC secretariat and the department, the officials of the relevant state, in terms of lining up meetings and so on, and the availability of the NRAC members. Over the years NRAC members have done a huge number of inspections, 20 or 30, coming up in different times to meet the deadlines for EC expiry, and I would have to say I am pretty confident they get in and do the job as promptly as they can.

Senator WILLIAMS—That may be your confidence, but it does take several weeks. For example, the second application for Bundarra I know had been handed on to NRAC. Do you know where that is up to?

Mr Mortimer—Mr McDonald might do an update on the details of that.

Mr McDonald—The revised application is currently before council. They met on Friday to have further discussions about it and we expect they will be able to settle their advice this week.

Senator WILLIAMS—Are you getting many applications for EC? Is the number of applications growing each week or has it been rather stable?

Mr Mortimer—It has actually fallen away, I think I would say, and that is consistent with the fact that there have been better seasons in many parts of Australia in the last year or two.

The starting point, I guess, is that until about last year there was a very big amount of Australia in EC. In the last year or so considerable areas have come out EC, particularly in Queensland and New South Wales. There have been requests, when I think about it, in the last year in the south of New South Wales, the Bega area. There have also been requests from Bundarra and also Dunedoo-Mudgee.

Senator WILLIAMS—Mudgee areas. It got rejected, didn't it?

Mr Mortimer—And then there was the request in the Gulf. I think that really is it, plus there have been a few new ones that have just come in recently from South Australia.

Senator WILLIAMS—I actually had a meeting last Tuesday evening at Delungra, and that area of Delungra, Bingara, Bowra to Bundarra is in extreme drought and, as I said it is a compounding drought. It is not as though they were only just cut off this summer. It has been going on for several years, and that is why the water is so low—the water storages, the creeks, et cetera—and that is why the pain is so severe financially, because they have lost their cash flow. I can assure you that it probably will not be long before you will have an application from the Delungra area as well.

CHAIR—Thank you, Senator Williams. Before I do go to Senator Colbeck, while we are talking about drought, I believe the minister has announced the drought policy for WA. Mr Mortimer, would you like to just tell us how that will work and how it will compare?

Mr Mortimer—I will pass it to Fran Freeman, who has direct responsibility.

CHAIR—If Senator Adams wants to talk about Western Australia, too, that is fine.

Senator NASH—And me.

CHAIR—And Senator Siewert is in the room. Sorry. I did not realise Senator Siewert is in the room as well. Seeing as there are more West Aussies, you may as well tell us the answer then, Mr Mortimer.

I just want to know how different it differs from the existing EC arrangements?

Senator Sherry—You might be all lined up. The public servants are all lined up, but I am not sure I am lined up to this, but over to you.

CHAIR—I am sorry, Ms Freeman. If you could tell us how it differs from the existing EC arrangements.

Ms Freeman—Certainly. You are quite right that the Australian government, in partnership with the West Australian government, has recently announced its plans to conduct a pilot of drought reform measures in WA. The pilot will run from 1 July 2010 to 30 June 2011, and payments under one component, the Building Farm Businesses, will continue until June 2013.

The pilot will be testing seven measures in response to the national drought policy review, and the measures are designed to move from a crisis management approach to risk management. The total cost of the pilot is \$22.9 million. The Australian government has allocated \$17.9 million and the West Australian government is contributing \$5 million. The pilot will not—and I think is an important point—affect regions in other parts of Australia that are currently exceptional circumstance declared, and the intention is that the pilot will inform ongoing work on drought policy reform. It will be reviewed in 2011 and will provide the basis

for future consideration of a new national drought policy, including measures, implementation and discussion with state and territory governments.

CHAIR—Now that I have poked a stick in a bees' nest, would any other West Australians wish to continue with questions to Ms Freeman on the West Australian drought policy pilot?

Senator COLBECK—Can I just ask one question first?

CHAIR—Yes, Senator Colbeck.

Senator COLBECK—You have got a one-year trial and you have indicated the funding of \$22.9 million, and you said it is a one-year funding. Why is the expenditure running to four?

Ms Freeman—That is because one measure, the Building Farm Businesses, will actually run for four years and the 2009-10 money—there is a small amount allocated for this financial year which is largely related to the start-up costs of the pilot. That includes, for example, Centrelink getting their IT systems in place, for example, for the rollout of some of their measures. So there is a range of costs in 2009-10.

Senator COLBECK—Centrelink and IT systems.

Ms Freeman—Basically, Centrelink will be responsible for a number of measures.

Senator COLBECK—No. I just have some experience with Centrelink and their IT systems, that is all, and that is why I asked the question.

Mr Mortimer—I think in terms of expenditure to four years, that is because the farm business grants will be payable over four years. Once a farmer becomes eligible for them, he is eligible for potentially the full amount, and that is payable over four years.

Senator COLBECK—That is the Building Farm Business element of the program.

Ms Freeman—As I said, yes.

Senator SIEWERT—Sorry. While we are still clarifying this?

CHAIR—Yes, Senator Siewert.

Senator SIEWERT—I am sorry. I missed what you said that the first year was called.

Ms Freeman—Basically, the pilot commences on 1 July 2010.

Senator SIEWERT—This year. Yes.

Ms Freeman—Eligible farmers, from that commencement date—

Senator SIEWERT—Have a year to reply.

Ms Freeman—Yes.

Senator SIEWERT—Okay. The \$22.9 million then goes for the four years.

Ms Freeman—Yes, that is correct. For one measure, the Building Farm Businesses measure, actually you apply, and there is certain eligibility criteria for that, but subject to a successful application in 2010-11, the grants will actually be paid in the subsequent three years as well.

Senator COLBECK—What component of the \$22.9 million is that?

Ms Freeman—\$8.4 million.

Senator SIEWERT—\$8.4 million, that is the business planning?

Ms Freeman—Building Farm Businesses.

Senator SIEWERT—Okay. Can you give us the breakdown of that. Of the \$22.9 million, can you give us a breakdown of what component pays for what?

Ms Freeman—Yes. I will happily take that on notice and give you the outline.

Senator SIEWERT—Okay. People have got basically 12 months to register for the program.

Ms Freeman—The measures will start effective from 1 July. People can start the range of measures that they would care to express their interest in and apply for, and they are eligible to do that from that start date. Depending on what they would like to apply for, they may access them sooner rather than later, yes.

Dr O'Connell—For example, the Farm Family Support component is immediately available from 1 July.

Senator SIEWERT—How much is that?

Ms Freeman—What I will take on notice is to give you an outline for each of the measures.

Senator COLBECK—If you have that with you, you could table it for us so that we can have a look at it now.

Senator NASH—Yes, if we get it now.

Senator COLBECK—It would really help the committee if you could actually table that list with those details in it.

Ms Freeman—We can get that for you. I do not have it with me at the moment, but we can, yes.

Senator COLBECK—Is it possible that we get that info quickly?

Ms Freeman—Yes.

Dr O'Connell—I think the basic budgetary information you are after is in Budget Paper No. 2, page 88.

CHAIR—Senator Siewert, you still have more questions? I know Senator Adams has something while we are on that, but you are still not on the same line of questioning?

Senator SIEWERT—You are on this?

Senator ADAMS—Yes, on this.

Senator SIEWERT—I was waiting for the table, so I will have a look at it.

CHAIR—Okay. We will come back to you. Senator Adams.

Senator ADAMS—On the Western Australian pilot, it is obviously about moving from a system of crisis management to risk management. I cannot find in the program exactly what you are looking at as far as risk management is concerned. Could you tell me what farmers have to actually apply for in that respect?

Ms Freeman—Certainly. One of the measures in the pilot is actually called Farm Planning. This measure will be funded and delivered by the WA government. There will be up to \$7,500 for farmers to undertake training to develop or update a strategic plan for their farm business. The plan is that it will identify priority activities to help improve the management and preparedness of their farm business to respond to future challenges. That is a key component. Included in that is obviously risk management and financial management. All those elements would be included in the development of that strategic plan.

Senator ADAMS—I would like to drill down a little more into the risk management area. What would you expect in the business plan for that?

Senator NASH—How much funding goes to that Farm Planning component?

Ms Freeman—There is \$7,500—

Senator NASH—No, the overall quantum.

Ms Freeman—It is part of the Western Australian input, so it is not actually on page 88 of the Budget Paper No. 2. I will find that number.

Senator NASH—I need that clarified, if that is all right?

Ms Freeman—That is all right.

Dr O'Connell—This is a joint project between WA and us.

Senator NASH—I understand all that, but Senator Adams' question is about the risk management.

Ms Freeman—Yes, I understand.

Senator NASH—You are saying Farm Planning is the main component to address that risk management. There is no federal funding. That is all coming out of the state budget.

Dr O'Connell—The state budget.

Ms Freeman—Once you have completed your strategy plan, eligible farmers who have developed a strategic plan and identified priority areas, subject to certain eligibility criteria, those farm businesses can apply for a Building Farm Businesses grant, which is a joint Commonwealth/WA government funded grant program.

Senator NASH—Senator Adams.

Senator ADAMS—No, that is all right. We are just trying to get the components of what would be expected in their risk management part of the plan.

Ms Freeman—In that grant program, there are grants of up to \$60,000 in two components for eligible activities in the strategic plan. That includes a business adaptation grant of up to \$40,000 that help farm businesses prepare for the impacts of drought, reduced water availability and a changing climate. There is also a landcare adaptation grant of up to \$20,000 with a natural resource management focus and a broader public benefit. Your business undertakes the Farm Planning exercise and eligible businesses coming through that planning process can then apply for the grants of up to \$60,000.

Senator NASH—That is under the Building Farm Businesses?

Ms Freeman—Yes.

Senator ADAMS—All right. Could we get back to my question?

Ms Freeman—On risk management, yes, certainly. Basically, there are three components of the Farm Planning with a view to strengthening your farm business. They are: the business elements of your business, the natural resource management aspects of your business and your personal and business goals—issues like succession planning. Within the business element there are a range of issues to do with risk management that would be included as a core component of Farm Planning.

Senator ADAMS—Do you consider it actually does provide a long-term solution?

Ms Freeman—Yes. The purpose of it is to strengthen the strategic planning capability of farm businesses. The role of the government is to provide some professional assistance to help farmers in the development of their plans.

Senator ADAMS—When that plan is put forward, who makes the decision whether these people are eligible or not?

Ms Freeman—There are a range of eligibility criteria for the Building Farm Businesses grants. Basically, to be eligible for the grants, your business must be obviously located in the pilot region, you must have developed or updated the plan, you have to have an independent assessment that the implementation of that plan will lead to a more viable farm business—

Senator ADAMS—Who would do the independent assessment of it?

Ms Freeman—The details of that are currently being settled with the Western Australian government.

Senator ADAMS—This starts on 1 July. We have got about five weeks to go and we still have not got it settled. When do you expect it will be settled? Is the program going to be able to commence on 1 July?

Ms Freeman—Yes, it will.

Senator ADAMS—In five weeks you have got those negotiations and they will all be finished, sealed and ready to go?

Ms Freeman—Yes. That program will be ready to go on 1 July.

Senator ADAMS—Okay. Could you continue describing the assessment and where we go?

Ms Freeman—Yes. For completeness, I should continue on the remaining eligibility criteria for the Building Farm Businesses grants. The total net value of off-farm assets of all members of the farm business must be less than \$750,000.

Senator ADAMS—Okay. I am just thinking about some of the off-farm assets in Western Australia where the median price of a house is \$500,000 now. If that family owned a house anywhere, \$750,000 would be the limit—is that right? I am getting back to succession planning, really. Say, the parents decide that they are going to go and the son decides he will try and take it on and stick with it, with a total of \$750,000 for off-farm assets, where are the

parents going to live? It will be pretty jolly difficult. As I said, in WA the median house price currently is \$500,000.

Ms Freeman—Yes. It is the combined total net value of off-farm assets. So I think that is another point. Just for completeness on those measures, the other remaining eligibility criteria for that measure is that at least one member of the farm business must be a farmer who, under normal circumstances, contributes at least 75 per cent of his or her labour and derives at least 50 per cent of his or her income from the farm business and has been a farmer for at least two consecutive years.

Senator COLBECK—When you are talking about ‘net’, that takes into account any liabilities on assets as well?

Ms Freeman—Yes.

Senator COLBECK—It might be they might have a \$750,000 house but they could have a \$500,000 mortgage on it.

Ms Freeman—A mortgage, yes.

Senator COLBECK—That nets it back down to \$250,000.

Ms Freeman—Yes, it is a net number.

Senator ADAMS—Very difficult to meet those guidelines, I think.

Senator COLBECK—The stuff on page 88 is handy, but do you have a chart that gives us some detail on this rather than just the different elements? I am just interested in knowing who is going to be administering what elements of the program. You have got a few agencies that are mixed up in there and I understand Centrelink, for example, is a service delivery agency.

Ms Freeman—Yes.

Senator COLBECK—How much of the \$22.9 million that they have got as part of the overall funding for this is to provide benefits and how much is for them to do their IT, for example?

Ms Freeman—We can take that on notice.

Senator COLBECK—Is the cost of their IT included in that \$22.9 million?

Ms Freeman—It includes all the costs, in terms of departmental and administered costs for the pilot are through the papers. We can provide them to you.

Senator COLBECK—How much of the \$22.9 million is actually going onto the ground and how much is being picked up in delivery costs?

Dr O’Connell—We will give you that breakdown on notice. We will have to get that.

Senator COLBECK—Do you have any sense of what that is?

Dr O’Connell—I would have to take that on notice and give you an accurate answer rather than take a stab at it, because it goes across all those agencies.

Senator COLBECK—I understand that it does, but who is the lead agency in all this?

Dr O’Connell—Obviously, we are the lead agency.

Senator COLBECK—Okay. What is the on-the-ground benefit of the program?

Dr O'Connell—In terms of the break up of the total, as I say, I would have to take that on notice to give you an accurate answer. I do not want to not give you an accurate answer.

Senator COLBECK—It would be very nice to get that as quickly as possible. I do not want to regurgitate this morning's discussions, but it is a fairly fundamental question in the overall scheme of things. Are all of the administrative costs for the program incorporated in that \$22.9 million?

Ms Freeman—Yes, that is correct.

Senator COLBECK—What about who is administering each of the different elements of the program? Are each of the agencies going to be looking after pieces themselves or is Centrelink going to be the front-end delivery agency? Where is the point of contact and who is going to be putting all this stuff up?

Ms Freeman—Basically, it varies across the different programs. I am happy to run through them. As I mentioned, the Farm Planning measure is being funded and delivered by the Western Australian government. The Building Farm Businesses program will be jointly funded between the Commonwealth and the Western Australian government and will be administered by the Western Australian government. Strong Rural Communities is funded by the Commonwealth and will be administered by our department, the Department of Agriculture, Fisheries and Forestry. Farm Social Support will be delivered by the Commonwealth and funded by the Commonwealth, and a number of agencies, including Centrelink, FaHCSIA and the Department of Health and Ageing are responsible for that measure. Farm Family Support will be delivered on behalf of DAFF by Centrelink, and the Farm Exit Support measure, similarly. Beyond Farming will be delivered by a service organisation on behalf of the Commonwealth.

Senator COLBECK—That program will go out to tender?

Ms Freeman—I beg your pardon?

Senator COLBECK—You said by a service agency. What do you mean by that?

Ms Freeman—Beyond Farming, that will be delivered by a non-government organisation contracted to the Commonwealth.

Senator COLBECK—Do you have a tender out for that at the moment?

Ms Freeman—Yes, we have a number of proposals we have received.

Senator COLBECK—Okay. You have opened tenders, tenders have closed and you are in a tender assessment process?

Ms Freeman—Correct.

Senator COLBECK—What is your time frame for awarding the tender?

Ms Freeman—We are in discussions with a number of NGOs, so I will take that on notice.

Senator COLBECK—By the time you give me an answer to the question on notice, we could be past 1 July, which is the commencement date of the program.

Ms Freeman—The intention is to have personnel on the ground from 1 July.

Senator COLBECK—You will have to, for an organisation to start up that program, award a contract pretty quickly, given that we are five weeks from 1 July.

Ms Freeman—Yes.

Senator COLBECK—I would have thought perhaps three or four weeks to actually get organised to start program like that would be a reasonable time frame for any organisation to expect to have.

Ms Freeman—Yes.

Senator COLBECK—Potentially within a week, you would be, all things being equal, awarding a contract?

Ms Freeman—Yes, we will be well underway.

Senator COLBECK—What are your measurement programs? What have you got in place and what are you planning to actually measure this program? It is a trial, obviously, although it has a reasonable period of time of four years for some of the elements of it. If it is a trial and it is as precursor to local policy, what measurement processes do you have in place?

Ms Freeman—Basically, the intention of the government is to review the pilot in 2011, as I said, and the scope of the review, including the data requirements, is currently being finalised now within the Commonwealth government and with the Department of Food and Agriculture, Western Australia, with the Western Australian government.

Senator COLBECK—So that is going to be a joint process?

Ms Freeman—Yes.

Senator COLBECK—You are setting the performance criteria for that now?

Ms Freeman—Yes, we are currently discussing the terms of reference for that review and what the associated information requirements will be.

Senator COLBECK—Is the review going to occur after the trial or is it going to be something that you will do progressively? Are there, for example, key points during the start up, mid point or whatever of the trial where you will consider how things are going at different phases, or are we just going to wait till afterwards and have a look to see how it went?

Ms Freeman—No, the government will be monitoring and reviewing the uptake of each of the measures progressively, and then the review will be completed following the completion date of the pilot, with the exception of the Building Farm Businesses grants. The review will be completed in 2011.

Senator COLBECK—How many farmers do you expect would be eligible for the \$60,000 grants?

Ms Freeman—Basically, what we have done is that there have been a number of factors our Western Australian colleagues' and ourselves considered. We expect that there might be some farmers who will be disappointed by the uptake.

Dr O'Connell—I think I would refer you to Minister Burke's recent piece in the *Land*, on 20 May, where he sets out the thinking. What we expect to occur is a process where people go

through the planning. That will be quite an extensive process in terms of getting their strategic plans in place. He has been very concerned to make sure these are not just template plans, that they are plans quite specific to each property and that they are suitably tested. During the year that this is running we will look at those who have got plans in place and those who are eligible for grants under the eligibility criteria, with the expectation that probably during this period only a few hundred of those strategic plans will be completed.

It will depend, obviously, on how people apply themselves to it. That is suggesting that perhaps around 150 of those will get to apply for the business grants in this time. This is obviously a pilot. It is a trial of the processes to see if this will work. We are looking, at this stage, at this being relatively constrained in that part of it, but of course the other aspects of the program—Farm Family Support and the social support areas—will be open to anybody. Any of the roughly 6,000 farmers in that region who qualify for the Farm Family Support can access that directly in the normal, demand-driven way.

Senator NASH—Can I just clarify: the program is capped?

Dr O’Connell—The government, I am sure, will keep this under review, but the intention is that elements will be within those estimates that have been provided. We have an estimate overall of \$22.9 million, which we are expecting to work within. We will certainly be keeping that under review, but that is the estimate that the government is using at the moment.

Senator NASH—I will come back to that. Sorry, Senator Colbeck.

Senator COLBECK—It is actually a very good question, particularly given that we do not know how much is going to be on the ground and how much is going to get swallowed up within various agencies for their own internal costs. With the strategic plans that are being developed, that is the area that has been contracted out to an NGO to do—the strategic planning?

Ms Freeman—No, Beyond Farming.

Senator COLBECK—The strategic plans will be developed by who?

Ms Freeman—They will be developed by the individual farmers with professional assistance. That program will be overseen by the Western Australian government.

Senator COLBECK—Okay. That is being wholly funded by the Western Australian government?

Ms Freeman—Correct.

Senator COLBECK—What role does the Commonwealth play in that process?

Ms Freeman—We are obviously interested in how that measure is rolled out, but that program is fully funded and delivered by the Western Australian government. For us, it is about ensuring that there are strategic plans developed to help farmers prepare for future crisis, which is the overall intent of this pilot program, and also that, with the plans that are developed and the priority actions identified for those farmers applying for the Building Farm Businesses grants, there is a segue in terms of the Building Farm Businesses grants: they will seek to strengthen the activity and the planning in one program, and then the activities undertaken in the farm business grants.

Dr O'Connell—The processes of getting the strategic plans in place will involve the actions of courses and facilitators. There will be some training support which will come through, approved and overseen by the WA government, but this is essentially a partnership between us and the WA government to make this work.

Senator COLBECK—Ms Freeman, you talked about there not being template-type plans. Obviously, that is a specific criterion that we are looking at to make sure that you do not just have a series of these things that come off production style. That is why there is the interest. I agree that that is an important objective. Is there any interaction that will occur, for example, with rural financial counsellors, who probably would have a fairly good idea of a lot of the potential clients in this category given the work that they are already doing and their knowledge of a lot of these businesses, I would have thought? What interaction is going to occur there and how does that fit in with the requirements of this process?

Mr McDonald—The role of the rural financial counsellors will largely remain the same as the role they currently perform. They can certainly assist farming clients with that sort of information you are referring to. In respect of the WA pilot, they will be able to help clients with their applications with respect to the measures and they will be able to work with clients around their financial information.

Senator COLBECK—There is not going to be a capacity for a rural financial counsellor who already has built up a rapport, which is a very important part of this overall process and is something that has been valued for a long time through the rural community in the relationship with rural financial counsellors? There is not going to be a capacity, for example, for rural financial counsellors who have already built these relationships to play a pivotal role in the development of the strategic plans? Are we ruling that out?

Ms Freeman—The Western Australian government are funding and delivering this measure. They will be endorsing appropriately skilled trainers to deliver this measure.

Senator COLBECK—Appropriately skilled trainers?

Ms Freeman—In terms of a range of people to provide the different skill sets to work with farmers in developing their plans across those elements of the economic aspects of their plan, the NRM aspect of their plan, and the personal business elements of their plan. So they will be done.

Senator NASH—Sorry. Just to interrupt and to clarify, do you mean farm consultants or those sorts of people?

Ms Freeman—Really that is a matter for the Western Australian government, but they are currently—

Senator NASH—Wouldn't you have had some discussions about what type of arrangements would be in place?

Ms Freeman—Yes, and they are currently going through a process to recruit appropriately-trained personnel—including some relevant consultants, obviously—who are qualified to deliver these measures.

Senator COLBECK—We are talking about a whole-of-farm management plan, effectively. Are you including NRM and the financial—

Ms Freeman—It is a holistic strategic plan for your business.

Senator COLBECK—So it is a whole-of-farm management plan type of circumstance that you are talking about pulling together?

Ms Freeman—Yes.

Senator COLBECK—In that circumstance, you are going to have to pull in land management, financial management, potentially agronomy and a whole range of things to develop a plan. In that circumstance, what is the proposed life of these plans? Are we talking about a plan that sits there and has an outlook of, say, five years? What are the criteria that sit underneath this? This is pretty fundamental to someone's property and their operations, and it has all sorts of potential—positives and negatives, but largely quite positive.

Dr O'Connell—The plans are to be developed by the farmers themselves, obviously with assistance. It is not that others come in and draw up the plan for them.

Senator COLBECK—That is obviously starting to clarify itself, and the breadth of it is more than what perhaps initially appeared when we were talking about a strategic plan for the farm. I am not criticising that, I have to say, because I am a firm believer in whole-of-farm management planning, including environmental management, NRM and all those sorts of things. I think it is a positive way to go, but I am just trying to get a sense of how it is going to work, what the interactions are and what we are looking to see. It is an important element of the process that is being effectively undertaken by the Western Australian government, and there is no argument with that, but I want to know how the whole thread pulls together, because once you have that initial plan on the table it actually is a direction setter for the farm, potentially for a long period of time. What is the life of the plan, what are the review periods and all that sort of stuff? For certain elements of farming, it could go out a long way. If there is some forestry that is involved, for example, it could have a 10-, 20- or 30-year life cycle on it. I am just interested to know what we are saying that we want out of this, because it is going to drive so many different elements of the direction of the property.

Dr O'Connell—I was just going to say that I think what we are clearly after, if you like, is the level of a strategic plan where a farmer then can have confidence that they understand their direction over future years and are in a position to make assessments about whether or not they want to continue in their current vein or make significant changes to either their investment patterns or their life choices, if you like. By virtue of saying that, it is not a proforma approach. It is also going to be the case that it is not certain—'It is a five-year plan', or, 'It will have these components'. But it clearly is a plan for years in advance and clearly would be something which would require that it is at a level where people can make investment choices, to some degree, based on it. They can then, out of that plan, make an application for these sorts of grants or decide, potentially, to move out of the business. We are talking about that level of planning.

Senator COLBECK—So it is effectively a decision to define the document.

Dr O'Connell—Certainly guiding.

Senator NASH—I want to start at the beginning. We take it that it is capped. I just want to take this of step by step, if we can. I think, Dr O'Connell, you said there would be up to 150

farmers who would be eligible to get the grants of \$60,000, so if we look at what is on offer, \$8.4 million for that—by the way, how are you going with the list of funding you were going to take on notice? You were going to try to get back to us fairly quickly.

Dr O'Connell—We are taking that on notice.

Senator NASH—Okay. Can I, perhaps, suggest that maybe one of the officers in the other room could have a look at Minister Burke's press release of 5 May, which categorises the different areas. If they could apply the funding for that, which I am sure would be a very simple process, that would save us all going backwards and forwards. So we are up to the 150. So there is \$8.4 million available for Building Farm Businesses, so that would be—what?—about 140 farmers who would be able to get the grant of up to \$60,000. Obviously it is up to \$60,000.

Ms Freeman—Yes.

Senator NASH—If we assume they all went for the total amount, the maximum number of farmers would be 140. Can you just, perhaps, explain for us a little further how those 140 will be allocated those grants. I understand they will go through that Farm Planning process, but, if 3,000 applications hit your desk at one time, given that 6,000 farmers are going to be involved in this, I think, by the figures, how are you going to determine which are the most worthy 140? Is it creating a bit of an expectation when you talk about the 6,000 farmers who are going to be involved in this, that they will all be eligible for up to \$60,000? I say that because up until now that has been the understanding; there was not this view that there would be only 140 farmers eligible.

Dr O'Connell—Earlier on I mentioned the minister's piece on the land which explains the background to where we expect the business grants to go to.

Senator NASH—You did. For everybody who is watching right at this moment and who have not read that, Dr O'Connell, would you like to pick out the salient points that would answer my question.

Dr O'Connell—There are roughly 6,000 farmers in the area. There is no expectation that all 6,000 of those will undertake planning processes during this period or that they will get to the stage where they are applying for grants. It is very clear that the minister is concerned to make sure that what we do not do is just have a template approach which stamps out plans in order to hit the time frame of an application for grants. The expectation is that probably there will be a few hundred farmers who will produce strategic plans during this 12-month trial period—and it is a trial, obviously—and then the expectation is that perhaps 150 of those might get to the level of applying for grants. That is the basis, I guess, on which these numbers are in front of us. This is just obviously a trial of a future approach and what we want to make sure of is that this can work through. The minister has been quite clear that he wants to see this happen in a measured way so that we do not inadvertently create new problems having come out of a system which people have agreed is not adequate.

That said, for all the 6,000, roughly, farmers in that region, any of them who are eligible can go to counselling and mental health and then the eligible can deal with the Farm Family Support. Once you hit the eligibility criteria you will be accessing the components directly. There are others which require you to go through the strategic planning process and then

make an application. The current estimate, on what we have got, is that we will have that 140, 150 level. We will obviously monitor this and keep it under review. We will keep the government up to date with what the uptake is and what that means.

Senator NASH—Okay. I will clarify all of that. In the minister's press release where he says 'almost 6,000 farmers in the trial region are expected to be eligible for assistance under the package', whereas some have read that as '6,000 may well be eligible for grants under the Building Farm Businesses', what you are saying is that the majority of those will only access those support type mechanisms and you are expecting only a few hundred to take the option of the Farm Planning leading on to Building Farm Businesses—is that correct?

Dr O'Connell—At this stage, within this one-year period, yes, that is the expectation we have.

Senator NASH—Okay. I want to clarify again, because I do not quite understand what you have based your estimate on for there being only a few hundred farmers to take up the Farm Planning option and move through to the Building Farm Businesses. What has the department estimated that figure on, that couple of hundred farmers, given that there are 6,000 in the region?

Dr O'Connell—I will take on notice the detail of how the estimates are put together, but, as I mentioned, the clear sense that we have here is that we are testing this. We want to make sure that the—

Senator NASH—No, I understand.

Dr O'Connell—That is an important part of the costing.

Senator NASH—I will cut you off there, Dr O'Connell. I understand all that completely and I am not saying it is not worthy. What I am trying to understand is how it is going to work. If I am a farmer and I live in that region and I have heard about this and I think, 'Fantastic; I want to go down this Farm Planning route, and I want to move into this Building Farm Businesses grants area,' what will the department use to determine the most worthy hundred or so of those applicants if, indeed, thousands of the farmers in that region put forward an application to you? I am trying to understand why it is that the department is assuming there will only be a few hundred. Somebody must have some idea of that.

Dr O'Connell—As I say, I can take on notice the breakdown of precisely how we get these costings.

Senator NASH—In all honesty, Dr O'Connell, can I just very gently say that is not at all useful when that is a key component to the backbone of this whole program. The whole issue in addressing the risk management—and I will delve into that a bit further shortly—is this Farm Planning and Building Farm Businesses, and you cannot tell me how the department has arrived at an estimate of a few hundred farmers taking it up.

Dr O'Connell—No, what I said was I explained how the estimate comes about. It comes about from looking at the overall numbers in the area and making an assessment of how many you might expect to be able to get through the strategic planning process in the 12 months, with the WA government—

Senator NASH—That is exactly the point I am trying to clarify.

Dr O'Connell—running a process where, it is quite clear from both governments, both governments want to ensure that those strategic plans are developed to a high quality on purpose-tailored plans—so that they are not template plans; they require that individual attention—and that during this period only a certain number of those are likely to come through to the level of completion and then to the level of application for grants.

Senator NASH—I understand all that, Dr O'Connell. You have said that before—and, when I say I understand what you mean, I do understand what you mean.

Dr O'Connell—And I—

Senator NASH—Just hang on a sec, Dr O'Connell. There may well be somebody in the other room who does have some understanding of how the department has come to the decision that there will only be a few hundred come forward. I am just asking you if you could ask one of the officers, perhaps, to give that some thought over the next couple of hours. Somebody may well know, given that that is the backbone of the risk management approach.

Dr O'Connell—This involves assessing across these portfolios and the WA government, and I would need to confirm the accuracy with those. I would have to take that on notice if what we are looking at is the costings information for breaking this down. We would have to take it on notice.

Senator NASH—Okay. I have got to say this is extraordinary. It is a key component to the program and nobody can tell us how you arrived at that figure, but I will move on, Dr O'Connell, because we are going to go around in circles.

Senator Sherry—Do you want us to take it on notice or not?

Dr O'Connell—I think I have provided it.

Senator NASH—No, we would like an answer. We know what happens with taking it on notice.

Senator Sherry—We are taking it on notice. That is our answer.

Senator NASH—Thank you for that.

Senator Sherry—We are getting into a heavily repetitive three- or four-way question which we are taking on notice.

Senator NASH—We are. It is lucky we have got a lot of time, because we might have to repeat a few of them.

Senator Sherry—You can repeat all you like, but we are taking it on notice.

Senator NASH—I heard you, Minister. Thanks.

Senator Sherry—Good.

Senator NASH—Can I just move to this issue with the plans and those that are going to be working with the farmers. You indicated, I think, Ms Freeman, that those people that will be working on the plans with the farmers are being determined at the moment. How many people are you assuming will be employed in whatever you are going to call that role to assist the farmers?

Ms Freeman—That is a matter for the Western Australian government. I know that they are currently settling all those details now.

Senator COLBECK—Do we know roughly how much it is estimated to cost per plan?

Ms Freeman—Basically, \$7,500 has been allocated for that cost per eligible farm business, and that consists of \$6,500 per farm business to support participation in approved training to develop or update a written strategic plan and for an independent assessment. Another part of that component is up to \$1,000 per farm business, paid by reimbursement, to offset the costs of attendance, such as travel, accommodation and childcare costs.

Senator NASH—Can I just ask again—and I know you are working on this for us—about the quantum of funding. I know it is WA funded—the \$7,500 each. What is the overall total of that bucket?

Ms Freeman—We have taken that one on notice for you previously. It is \$5 million all up from the Western Australian government as their contribution to the pilot.

Senator NASH—Okay. You do not know specifically for that.

Senator COLBECK—Has there been any comparative cost done on how much it actually costs to do one of these things? I do not know whether the \$7,500 was something that the Western Australian government came up with, or whether it is something that has been discussed backwards and forwards between the Commonwealth and the Western Australian state government. Has there been any assessment, based on previous experience, as to what it actually costs to prepare one of these things? We are talking about training and assessment of \$6,500 and there is \$1,000 for other ancillary costs. Have you had any advice as to what it actually costs to do one of these things? What if someone wanted to bring in a consultant that had experience across the broad elements of this to provide that?

Senator NASH—A lot of them do.

Senator COLBECK—A lot of farmers do not actually have the time to do this. They are too busy managing their properties.

Senator NASH—That is right.

Senator COLBECK—What is the basis of this amount of money that has been allocated? Is it based on anything we know about?

Ms Freeman—This is quite a holistic farm plan and the elements to develop this are probably a little bit different from some of your traditional whole-farm plans. They have been really trying to look at the business elements, the economic aspects, the social aspects and the environmental aspects of your plan.

Senator COLBECK—I understand what they are. I know people who have been through the process.

Ms Freeman—I know what you are saying, but the point I am making—

Senator COLBECK—That is why I am asking the question. I know some people who have actually looked at their properties in this, and they have looked at it from a whole range of things. They have looked at it so that it can actually provide almost down to working with local government on planning issues. I am not criticising the concept. I am not saying it is bad

or any of that sort of thing. I have a lot of time for the process, but what I want to know is: how was this amount derived and how adequate is it going to be to assist someone to do it, and how flexible is it to be able to allow someone to apply the costs where they properly lie in developing it? There is no point in having this amount of money if someone sits down and does a calculation and says, 'It is going to cost me \$25,000 to develop my whole-of-farm management plan'—or strategic plan or whatever you want to call it for the purposes of this project—'I'm going to get potentially \$7,500,' and so they cross the box and do not bother. I want to understand what the basis of it is because, as we have discussed, it is a significant document and it is an important document for a decision-making process.

Ms Freeman—The costing for this, the \$7,500, were a matter for the Western Australian government. This matter is being provided for by them. I will just repeat the breakdown of those costings. Of that \$7,500, there is up to \$6,500 of that money per business to develop the plan. That includes up to \$2,500 available to offset the costs of developing the financial components of the strategic plan, and that includes an independent assessment that the implementation of that plan will lead to a more viable farm business. These funds will be paid to the service providers approved by the Department of Agriculture and Food in Western Australia, just to clarify a point.

Dr O'Connell—Some of this information is readily available now on our website. Ms Freeman is just taking that answer from the frequently asked questions. It might be useful if we can provide that to you as well, just so that you have got those questions and answers directly.

Senator NASH—Okay. What we can understand from that then is that the farm planning is the responsibility of the Western Australian government and they are the ones—perhaps through you—who can get the information about how many people you assume will be providing this assistance to this farmers. Just to clarify, you have just said the payment will go directly to those people assisting?

Ms Freeman—To the service providers, yes.

Senator NASH—To the service providers. If we could have some very clear detail around the criteria upon which the service providers are going to be appointed, how the funding—the appropriate figure of \$6,500 to be paid to those providers—was arrived at by the WA government, and how many of those people are assumed will be needed to assist the farmers putting forward their plans? I would say that is very pivotal to how this is all going to work and it is very surprising that you cannot give us that information at this point.

Can I just take you to the Farm Exit support grants, which is the grants of up to \$170,000 to support farmers who make the decision to sell their farm business. I note in the budget papers there is a \$0.3 million component for the Farm Exit Support. That is not even going to give two farmers Farm Exit Support. Can you explain that to me. If we take the \$0.3 million as \$333,000, that is not even enough for two farmers to be able to access Farm Exit Support. Could you explain that to the committee.

Ms Freeman—I should say, this funding can be supplemented. Part of the pilot region has previously been 'exceptional circumstance' declared.

Senator NASH—None of WA is EC declared at the moment, is it?

Ms Freeman—Not at the moment, but it has previously been. Under that, those farms who were EC declared on or after September 2007 may be eligible for EC exist assistance under existing EC arrangements. This funding can actually be supplemented through existing EC exit program funding.

Senator NASH—Okay. I take that point, but this is under what is what titled *The new package of measures to be trialled in Western Australia to address a new way forward for dealing with drought*. A Farm Exit Support under that that is only going to be for one-point-something farmers. What is the point of that? I am not saying that support is wrong and should not be there. Under EC we have had some very, very worthwhile measures that have been extremely useful. But this is under the package that the ministers put forward, saying it was a new package of measures to address a new way forward for drought policy. Can you just explain how that fits in there under that context.

Dr O'Connell—Obviously, as I mentioned before, we will be monitoring and keeping under review for the government the take-up of these. What we have here is a running assumption that the majority of people who come in to reach the end of their strategic planning, within this year, will not have made the sorts of decisions on exit that will be required. This is not something people do lightly. We are talking about funding within the year. Would we expect a large percentage of people to decide to exit farming in this next year? Our basis is that it is unlikely that people will do that. This is something that people take time to do. We have in there an estimate that is available, and we will keep that under review. But the underlying assumption is it takes people some time to reach a level at which they are going to make that decision.

Senator COLBECK—You are effectively banking on people not finalising their strategic farm plan within the 12 months of the trial, which will limit your liability for other elements of the program going out.

Dr O'Connell—I do not think that that would be an accurate way of characterising it. It is quite clear that we want to test a new set of arrangements in a way which is responsible and allows people—

Senator COLBECK—But you are estimating that 100-odd people will get through their farm management plan or strategic plan within the 12 months.

Dr O'Connell—It is several hundred. It is a question of how many then will have reached the stage of having had applications for grants agreed, so we are talking about estimates at that stage. Then, when we come to the exit component, of course you would not expect many people to have gone through a farm-planning process and made an exit call and done that within that year. That is not the normal practice for farmers.

Senator NASH—So why is it even in there? You must admit, it looks quite strange to have a component in there which is going to deliver some funding, if we work on the total amount of figures available, to one farmer out of 6,000 eligible farmers. In the context of this whole pilot, and I am quoting from the Budget Paper No. 2 here:

The measures are designed to encourage farmers and farm families to adopt self-reliant approaches to managing farm risks and adjust to the impacts of climate change and reduced water availability.

How does \$300,000 for farm exit support, which is only going to deliver to one farmer, fit under what you are saying the context of program is?

Dr O'Connell—That is an estimate for the purposes of budgeting. That measure is not capped, so if there is additional we will look at that over time. But I think—

Senator NASH—Hang on just a sec, Dr O'Connell, just so I can get this. So that measure is not capped. When you say that, has there been any discussion or any forethought given to the potential—

Dr O'Connell—Our estimate is still that the—

Senator NASH—Can I finish my question, please?

Senator Sherry—You are not letting him finish the answer.

Senator NASH—He had finished the answer.

Senator Sherry—He had not finished the answer. Will you please let him finish? You are so keen to get your questions out.

Senator NASH—Because we are not getting a lot of direct answers.

Senator Sherry—Let him finish his answer.

CHAIR—Dr O'Connell, would you like to finish your answer to Senator Nash's question, and then she can move on to the next one.

Dr O'Connell—I was saying that measure is not capped. The estimate is an estimate on the take-up. For the reasons I gave, you would not expect significant take-up of an exit grant within a year. Beyond that year, the government will have to make decisions as to where to go with this pilot and how to take it forward afterwards. That is very clear in the 2011 review process. The fact that we have that in there is a clear indication that exit grants are available, and that is one of the purposes of the program. We have a low estimate in there because, simply, it is highly unlikely that significant numbers will be able to go through a full strategic-planning process, plus make the significant decisions that they need to make to exit, and then go through the processes of exiting to the degree that they are able to then get the funding. We have that amount in there really as a place holder; it is not supposed to indicate that we have no more than \$320,000 available, and that is the end of it.

Senator NASH—If, as I was trying to clarify to save you all the bother of that answer, there is further funding required for the farm exit support grants, where will that be coming from?

Dr O'Connell—That will obviously be a matter we would have to take up with the government along the way.

Senator NASH—What process would that take, given the government's very clear indication of adhering to fiscal responsibility?

Dr O'Connell—You would normally expect to go to additional estimates or something along those lines.

Senator NASH—Correct me if I am wrong, because I do not want to take this out of context at all, but in that answer you were talking about the exit grants being part of the target

of the program, so I will just return to what I raised before. This is being described as a program that is designed to encourage farmers and farm families to become more self-reliant, to deal with future drought preparation, which, as a farmer, is an extremely worthy thing to do. I fail to see how providing grants to leave the farm in any way fits with measures that are trying to get farmers to deal better with drought in the future. I am not saying they are not necessary; I find it difficult to see how they sit under the context of this new much-heralded program of new measures.

Dr O'Connell—The intent of the government—and, again, it has been laid out by the minister quite clearly—is to support farmers to develop a strategic business plan and then allow that they have choices that follow from that, including whether to stay on the land and think about investments required to manage their risks or potentially to leave the land with dignity. Either way, the program is designed to support those decisions.

Senator NASH—So issues like the funding for income support, eligibility for healthcare concession cards, youth allowance for children, early release of superannuation and all the social support mechanisms—none of those really fit under this target of getting farm families to adopt self-reliant approaches to managing farm risks. I am not saying they are not useful and appropriate, but they are sitting under a program that is talking about new ways for farmers to deal with the threat of drought in the future. They are really just a repetition of the existing measures. Is that a fair comment?

Ms Freeman—There are a range of measures in this pilot that are aimed along several streams about strengthening farm businesses, and we have discussed that. But it is also about providing services to farms in hardship, which we talked about the Farm Family Support measure. It is about keeping food on the table for those farms that are in hardship. There are also measures about strengthening rural communities and providing, for example, a range of additional mental health services to rural communities. So it is about building the resilience across the several aspects of the business, the household and the community.

Senator NASH—Can we just go to the Building Farm Businesses and the grants of up to \$60,000. I want to get a clearer sense of how that is all going to work. You mentioned, Ms Freeman, there would be the business elements, NRM, succession planning—all those sorts of things.

Ms Freeman—Yes.

Senator NASH—But what sort of practical, on-the-ground things are you expecting from farmers if they come to you and say, 'We'd like to have this grant of \$60,000. We've done our farm plan. These are the practical things we're going to do on the ground with that money'?

Ms Freeman—The list of possible eligible activities has been made public by the government. For the farm business adaptation grants, for example, that includes things like benchmarking, training in management skills, capacity building and—

Senator NASH—What does that mean, though? On the ground, as a farmer, what would I be doing if I was meeting that criteria?

Ms Freeman—Basically, you have gone through your planning process, you have developed your strategic plan and you have identified, with the help of professional advice,

what you think will need to be the priority activities that will make your farm business more viable into the future.

Senator NASH—Yes. And what are you expecting some of those to be? There must have been some discussions with rural people before this program went into place about the types of things they could see—on-farm activity—that the money could be well-utilised for that would help them prepare for future droughts.

Dr O’Connell—Again, we have considerable information on our website in the frequently asked questions. That gives a very significant list of the sorts of things that would quite eligible. To some degree we can easily settle many of your concerns by providing this directly to you.

Senator NASH—If you could table that, that would be great. But what would you say were the two or three key areas in there that you expect to be most utilised?

Ms Freeman—I think it is hard to pre-empt what farmers themselves will identify.

Senator NASH—I understand that, but have you had any discussions with farmers prior to this program taking place that have alerted you to the fact that there might be things that could be done differently in on-farm practices that would lead to better management for drought in the future?

Ms Freeman—Yes.

Senator NASH—This whole program is predicated on that. Somebody surely must have had discussions with the department at some point saying, ‘This is what we can do on a farm.’

Ms Freeman—Yes. I should sort of predicate that all this was done as part of the national review of drought policy, and there was extensive consultation with a four-digit number of parties who have provided input to the different reviews. So, yes, they have been consulted heavily.

Just to give you a few examples on the cropping side, the costs associated with improving soil quality, the adoption of precision farming techniques, auto-steer tramlining, yield mapping and WeedSeeker technology were some of the ones that have been suggested. That involves land monitoring and evaluation using, for example, soil fertility testing. I can go on if you would like, but they are the sorts of ones that are out there and that are publicly available as lists of possible eligible activities.

Senator NASH—You mentioned precision farming. I know you are talking tramlining but, within that, will there be the capacity for farmers to put forward a request for funds for machinery adaptation to move to direct till or no till?

Ms Freeman—Yes, there will be. There is an explicit item in there about equipment purchase or modification to help improved sustainability of production.

Senator NASH—Terrific. Can I just move to—

CHAIR—I am sorry, Senator Nash. Senator Williams does have questions on climate change, and we are going to have to move there soon.

Senator ADAMS—I have a lot on the same subject as Senator Nash.

CHAIR—Okay.

Senator ADAMS—I am just not interrupting.

CHAIR—I beg your pardon?

Senator ADAMS—We have gone through the exit grants. I have a lot of questions on that. I have also got quite a lot on the subject we are talking about now.

Senator NASH—I will not be much longer. I am merely trying to adhere to your authority, Chair. I will just ask another couple of quick ones and then go to Senator Adams, and, if there is time, come back at the end. The minister, after this was all announced, said, ‘The lines on the map are gone. We have one test, a hardship test,’ which you have been referring to. What is the actual definition of the hardship test that the department uses?

Ms Freeman—For the Farm Family Support, the relevant criteria are that your business must be located in the pilot region; you must contribute a significant part of your labour and capital to your farm business; you must derive a significant part of your income from the farm business; and you must satisfy asset and income tests and meet mutual responsibility requirements.

Senator NASH—Sorry, Ms Freeman. Isn’t that the eligibility?

Ms Freeman—I beg your pardon.

Senator NASH—Sorry. No. It was just the definition of the hardship test.

Ms Freeman—I beg your pardon.

Senator NASH—Yes. Just the definition of the hardship test.

Ms Freeman—I beg your pardon. That was my misunderstanding.

Senator NASH—No problem. Basically the minister was saying that if you are in hardship you will qualify; if you are not in hardship you will not. I am just trying to get an understanding for the committee.

Ms Freeman—Yes. The key policy point there is to differentiate it. It is not just about drought. That is the important point when considering it as a cause of hardship.

Senator NASH—Yes. So what is the definition that is used?

Mr Mortimer—Essentially, the hardship that a farmer is suffering is assessed, in the same way as a person in the broader community who does not have adequate means. For example, perhaps their businesses are not travelling well and they do not have employment. If a person is in a difficult financial situation, they can apply for assistance. This would be the specific measure that is available for the farm sector to allow them to be helped when there is hardship, regardless of whether it is cause by weather, prices, outputs or anything like that. It is a broad-ranging measure to put food on the table, to use the colloquial measure, for farmers in difficulty. As you mentioned earlier, it would be available without regard to geography or location. In other words, it is about envisaging how you would assist farmers who are doing it tough in a world where there is no EC policy in place and there is no process for applying for EC. You have to deal with all the consequences of that.

Senator NASH—Okay. I can understand that. So let us assume that, in a hypothetical world, EC does not exist. Did you just say things like prices of outputs would be included in looking at hardship?

Mr Mortimer—Yes, essentially. Those things are looked at. What is looked at is the bottom line, the farmers' financial situation: do they have the money in the bank to be able to look after themselves. There will be a related assets test et cetera, but the fundamental question is: does the farmer have the money to provide for themselves?

Senator ADAMS—Coming back to the exit grants, I am quite surprised about the fact that no survey has been done or anything else. We are looking at 67 shires in WA that are actually eligible for this pilot, and you are saying that, out of this, 140 farmers will be eligible. Dr O'Connell, I am led to understand from what you said that you did not expect a number of these people to have had their business plans up within the year. I can assure you they have crisis meeting after crisis meeting, and this is one of the reasons this plan has been brought forward, with the joint cooperation of the state and of the federal government. These people have got their plans. They are absolutely desperate, and the fact that the scheme does not actually start until July, I can assure you, means there are an awful lot of people out there just desperately hanging on until July to put forward those plans. I think you will be very surprised by how quickly they come in.

As Senator Back has just reminded me, there are 25 percent of farming properties in Western Australia for sale at the moment. Probably there will be a lot more as well, once they have completed their plans, but most of those plans are well and truly done. These farmers have done everything possible to work out where they are going, what they are doing and how they can survive. The first of July is five weeks away, and we have still got tenders out for the agencies that are going to deal with it. The whole thing really does worry me. I do forward planning myself and I just cannot see how the scheme is actually going to be up and running and you will have—

Senator O'BRIEN—Is there a question?

Senator ADAMS—Yes. The question is: just how is it going to work? In 67 shires there are 140 farmers that you are budgeting for to come up with a plan. It does not make sense.

Dr O'Connell—Can I just make a correction. You suggested that I said only 150 would be eligible. It was not eligibility that we were talking about; it was the question of getting through the stages. There may well be considerably more than that who are eligible. It is a question of how many people get through the stage within the year. Obviously, we will keep that under review. This is a trial and we will be monitoring and reviewing it and keep the government well informed as to how this is tracking.

Senator ADAMS—As I said, 67 shires, seems a very, very low figure that you are looking at of people who will come forward in that respect. With regard to the risk management issue, has the federal government looked at the issue of multiperil crop insurance as being a risk management tool?

Mr Mortimer—If you wish, I am happy to take that question. Yes, the question of multiperil crop insurance has been put forward a number of times and I recognise it has frequently been put forward by farmers in Western Australia. The department did a major

study on multiperil crop insurance a few years ago in conjunction with the insurance industry. I cannot remember exactly when, but not that long ago. It was done as a task force between government, the farmer organisations and the insurance industry. In fact, the task force was headed by a senior executive from the insurance industry, which did a very thorough analysis of all the issues around multiperil cropping, starting with the data on production and rainfall outcomes across Australia by region and so on.

The conclusion of that study was that multiperil crop insurance in Australia was not viable; that it would only operate with very considerable government underwriting and that there are particularly difficult issues within it in terms of adverse selection, which, translated, basically means that the farmer has better data on the ground and can pick and choose which part of his farm he insures and also which he does not, such that he could inevitably always come out ahead on the insurance, at the expense of the insurer. There is also the broader moral risk issue in terms of encouraging farmers to do things that, sensibly or practically, they should not do. It was considered by the government and the minister of the day and they decided, at the time, not to pursue it.

Dr O'Connell—Can I just refer also to the Productivity Commission work on the drought review. There were quite a few observations that the Productivity Commission made at the time, particularly that government support intervening in this area could impede the development of a commercial product, but it also raised those well-known issues around the reasons why it is perhaps difficult to get a commercial product going around moral hazard, data availability, operating costs and adverse selection. There was also a report in May 2009 by Minister Terry Redman in Western Australia. That also discussed it and basically held to the same line. Broadly speaking, there are not any commercial products available and there are probably good reasons why they are not available. There is also a broad sense that government intervention in the area would only ensure that there was not and would subsidise the potential failings that are there in commercial multiperil crop insurance.

Senator ADAMS—Mr Mortimer just mentioned drought. Frost in Western Australia is probably one of the key indicators of crop failure. You look at where you are going to grow whatever grain you are going to grow and think, 'If we get a really bad frost,' you are not going to put it into that particular area. I think the comment about farmers being able to actually go and grow a crop in a place that is going to be prone to frost is just ridiculous. You are out there trying to make the most out of what you have put into growing that crop. Gone are the days where you just throw a crop in the ground and shut the gate and say, 'She'll be right.' The cost to actually put in a crop, with fertiliser and chemical, is huge. I just take umbrage to the suggestion that people would be going to grow crops in an area where it would be frosted. The drought is different, but that does not gel.

Mr Mortimer—I am not taking a particular position on that. I am just listing through the findings of the study and I guess the study was looking at all the risks, in another sense, around multiperil crop insurance, in terms of the insurers, the people who would operate it and the potential funders who would fund it. I am sorry. I was not making any criticism or observation about farmers. It is just really the whole-of-industry perspective and what may be the issues and problems.

Dr O'Connell—These are the issues that repeatedly come up in the analysis of multiperil crop insurance. Certainly, from overseas experience, as far as we are aware, there are not any schemes which work without very large government subsidies. Certainly, in the US the US government has had to cover the shortfall of schemes where indemnity payments continually exceed premiums. It is just a generic set of problems. It was not necessarily Mr Mortimer's personal views, as they say.

Mr Mortimer—No.

Senator ADAMS—I was just waiting for the 'frost' word and it did not come. With a farmer looking forward and thinking, 'What can I do as far as the risk management side goes,' this would probably come forward in a number of plans. That was really the reason I was asking. That would be a definite 'no' and crossed out, and would it go against them, because it is looking to the future. How can we deal with what is happening, as far as the sustainability of actually being able to keep your farm going. Anyway, I will leave it to my colleagues.

Senator COLBECK—Senator Adams raises an interesting point about a lot of farmers having already completed a plan for their property. As far as recognition for this process is concerned, what will be the status of those plans?

Ms Freeman—That is a good question, and it is one that WA have been considering in the context of recognition of prior learning, obviously, and similarly, noting that some farms have already undertaken varying degrees of planning. The farm planning course is viewed as actually either developing or updating a farm plan. Obviously, it will depend on a case by case for different individuals, but yes, there is an intent to recognise the fact that some farmers—

Senator COLBECK—If there is a plan in place, there will be a formal recognition process of that?

Ms Freeman—Yes, and I should say, WA government are currently settling the specifics around that, but it is to note the fact that many farmers are at different stages along, if you like, the planning continuum and to take account of the fact that the process needs to recognise that.

Senator COLBECK—The WA government will have a recognition process and an assessment process of those plans before potentially passing a farmer on to the next stage?

Ms Freeman—Yes.

Senator COLBECK—What will be the status of these plans once they are formally recognised by either level of government? Will they be business based or property based?

Ms Freeman—Business based, yes.

Senator COLBECK—Business based?

Ms Freeman—Correct.

Senator COLBECK—If the farm is sold, what is going to be the attitude—there are some things, potentially, that will change with the change of ownership, but a lot of this stuff will be actually property based. Has the status of the plans been looked at with respect to the property that they apply to?

Ms Freeman—The formal details of all the program measures, including the guidelines, which would include elements of that are currently being finalised. They will be available shortly.

Senator COLBECK—So at this point the actual status has not been considered of those plans in relation to the property, given that you are looking at environmental management, NRM issues, all those sorts of things? I just want to know, once they have been given some form of recognition by a level of government, what the consideration of that status may be and what the impacts of that may be. Has that been considered?

Dr O'Connell—I think, in the sense that there is a farm business and the farm business has a strategic plan, if that farm business sells a farm or sells some property to another business then there are components of the first business's plan which will become more or less relevant as a result of that sale and the other business will clearly have to take on board either replanning for what it has acquired or managing to take on that component. But you would expect—

Senator COLBECK—I think you make my point. That is why I am asking the question, because it is a process that has had a form of recognition and—

Dr O'Connell—But there is certainly no sort of requirement. If a business acquires land, there is no requirement on that business to maintain the planned objectives of the previous business. These are different businesses. They all have different business contexts, different strategic objectives and different ways of handling their assets, just as normal.

Senator COLBECK—I just think it is a question that is seriously worth considering, because—whether it has a formal or a legal status—it has had a recognition from a level of government, and there is potential for that to be used in certain forms and circumstances. And I just wondered whether that had been considered as part of this overall process. The implications of that should be considered—I do not know what they are; I have not had time to put my mind to them—but it has certainly cropped up in discussions that I had with some other property owners about the development of their whole-of-farm plans, and in the discussion we had earlier about the potential long-term implications of that depending on what activities are being conducted at what time and where. It even goes to the extent that some people consider it as a potential planning document. So that is why I asked the question. Treasury is listed in there with funding over the four years. What is the role of Treasury in that—effectively the bank?

Ms Freeman—Yes.

Dr O'Connell—Effectively, the bank, yes.

Senator COLBECK—So they are holding funds?

Ms Freeman—Yes, that will be transferred to the WA government.

Senator COLBECK—That will be transferred out to agencies for—

Ms Freeman—Yes, particularly the WA government.

Dr O'Connell—The new financial arrangement between the Commonwealth and the states has most funding from the Commonwealth to the states go through Treasury as part of national partnership agreements.

Senator COLBECK—Via Treasury. Yes, I think we have had that conversation before. The stronger Rural Communities grants, how are they to be distributed? Is it geographically or one per council or are they capped? How do they work?

Ms Freeman—Basically, communities and local government organisations will be applying on the basis that they are undergoing a significant downturn due to an agriculture related hardship, so, if you like, the fundamental nature of their application will need to address that.

Senator COLBECK—What will be the triggers for that?

Ms Freeman—The details and the guidelines of all that are all currently being settled, but I can give you some further details, if you will bear with me. But, again, it is basically helping communities to manage that hardship related to it and to basically build resilience. There are grants up to \$300,000 available per grant, but I should say, though, that the details are currently being settled.

Senator COLBECK—Okay. Application of this program to other primary industries, say, fisheries—is there any consideration of that?

Ms Freeman—For this, basically the rules in terms of eligibility are similar for exceptional circumstances in terms of what industry groups are covered. So, with EC, for example, it would cover aquaculture but not wild catch, and so there is a similar principle being applied in this pilot.

Senator COLBECK—Okay. And while this pilot is going on there is still the capacity for state governments to apply for EC for particular reasons?

Ms Freeman—Yes, with the exception of the pilot region in WA. The WA government has agreed to not apply for EC for any area within the pilot region.

Dr O'Connell—So, for the rest of the country, the EC rules as they stand apply and applications can continue to be made.

Senator BACK—While Senator Colbeck is getting information I might just ask a question. The exit grant program ceased in the recent past and it has now been reintroduced. Is that correct?

Mr Mortimer—Just in terms of history, currently exit grants are available in EC declared areas, and there were also exit grants available under the previous—Agriculture Advancing Australia program—which might be the program you are thinking of in terms of the program that ceased.

Senator BACK—And why did that cease?

Mr Mortimer—I think the program came to an end and the government at the time made the decision not to extend it. I really cannot remember any more details on it. It was taken a few years ago.

Senator BACK—So it is reintroduced, what, this coming year?

Mr Mortimer—No, the exit grants were available under pilot, but at the moment the only—

Senator BACK—No, I am not talking about the pilot.

Mr Mortimer—The only exit grants available at the moment elsewhere are through the EC arrangements.

Senator BACK—And the funding for those in the coming year?

Mr Mortimer—It is in the budget documents, the PBS statements. On page 19 of the PBS in table 1.2 of ‘budget measures’. Halfway down the page, at ‘Drought assistance, re-establishment assistance’, and it has funding provided for the year of \$24 million.

Senator BACK—\$24.4 million.

Mr Mortimer—That is including departmental expenses, which is 0.4, yes.

Dr O’Connell—0.422.

Mr Mortimer—\$24 million exact for administered expenses—in other words, available for farmers.

CHAIR—Senators, we are getting close to 12.30 pm.

Senator COLBECK—My questions were on EC in particular, and we asked some questions last time about who is who in the zoo as far as EC is concerned at the moment and about NRAC’s touring schedule and what their program is. Do we have that information easily available?

Mr Mortimer—Yes, we should be able to give that to you.

Senator COLBECK—If it is in a form that you can just table so that we do not have to take time, that would be good. But I am reluctant to take it on notice.

Mr Mortimer—Yes. I do not have it in a form that can be handed over, but I should be able to take you through it fairly quickly, if you are happy to do that.

CHAIR—I will hold you to that, Mr Mortimer, because we have an agreement for 12.30 pm.

Senator COLBECK—I just want to make sure I get hold of the data. I do not want it to be lost in the questions on notice process. I am happy to come back to it towards the end, if we have time.

CHAIR—Senator Back, did you want to wind up your last question?

Senator BACK—I was just going back to an interview with the minister on the ABC on 21 April, I think, in which he said he would like to extend the one-off exit grants to farmers regardless of whether they are eligible under EC assistance. Are you familiar with that comment he made?

Mr Mortimer—No, I have to say I cannot remember it, I am sorry.

Senator BACK—The details that I would be keen to pursue as a result of that would be: what has been the take-up of exit grants by farmers who are eligible?

Mr Mortimer—We probably can give you that.

Mr McDonald—Sorry, can you repeat that question?

Senator BACK—Yes, certainly. I want to know what the take-up rate has been by eligible farmers of the exit grants?

Mr McDonald—Yes. For this financial year to 31 March there have been 110 EC exit grants paid to recipients.

Senator BACK—Can you tell me, either now or on notice, of those, what was the total number who applied and, obviously, then the deduction would be those who have been ineligible.

Dr O'Connell—We can take that on notice.

Senator BACK—Thank you, if you would. Finally: do you have the information that suggests—or do you have any information other than the pilot area in WA which, I think, Senator Adams and I have a particular concern on—whether there are more farmers wanting to leave the land and avail themselves of these grants?

Mr Mortimer—I think we will take that one on notice. That would be the best idea.

Senator BACK—You do not have that information?

Mr Mortimer—No. It is impossible to say, really. It is a pretty complex issue in terms of our being able to say what drives farmers' decisions on these matters.

Senator BACK—Necessity is becoming one of them. Thank you.

Senator NASH—I just wanted to clarify something. At the beginning, Dr O'Connell, I think you said that obviously you would be trying to work within the budget of the \$22.9 million or whatever it was. But then we ascertained that the Farm Exit Support grants are not capped. Are any of those other components in that same category as the Farm Exit Support in that they are not being capped? Would any of those other areas be treated the same as the Farm Exit Support, which you indicated was not capped?

Dr O'Connell—Certainly Farm Family Support, which is the sort of 'food on the table' money, is not capped.

Senator NASH—The others, we assume, are all capped?

Ms Freeman—We can provide you with a list, if you like?

Dr O'Connell—We can provide you with a list.

Senator NASH—Okay. Thank you.

Senator COLBECK—I was going to make a comment, because there was an article in the *Weekly Times* saying that this was an uncapped program. So some clarification would be—

Dr O'Connell—I will have a look at the *Weekly Times*.

Senator NASH—I just wondered if perhaps, in your taking that on notice—thank you—we could have that back in the next couple of days. That one should not be too hard. Rather than go through the lengthy process, if we could have it in the next couple of days, that would be very useful.

[12.34 pm]

CHAIR—Dr O’Connell, I hope the correct officers are at the table. We are now going to go to climate change.

Senator MILNE—At the global negotiations last year in Copenhagen, the Australian government sought to have some extreme weather events, which are referred to as ‘force majeure’, excluded from Australia’s emissions in terms of the negotiations. In relation to drought, what advice has there been, or what work has the government the Department of Agriculture, Fisheries and Forestry done, in determining whether the climate emissions from drought can be factored out or at what level a drought changes from being a drought to a force majeure, for the purposes of calculating Australia’s emissions?

Mr Gibbs—The level of detail in the data has been worked through by the Department of Climate Change and Energy Efficiency. There are two separate issues here. There are large, major natural disturbances which are a preliminary result of major bushfires, which were part of the negotiations to try and exclude those events. The second part is what is termed interannual variability, and Australia’s position on that was to try and smooth out those interannual variabilities, of which drought would form part. But those negotiations and the figures that you may be looking for are really a question that should be put to the Department of Climate Change and Energy Efficiency. Within this department, we do not have figures and have not done an assessment on the impact of drought on emissions.

Senator MILNE—Going back to this issue, I am well aware of the bushfires one, but when it comes to drought are you arguing that the impact of the emissions on drought should be averaged over a period of time?

Mr Gibbs—Essentially, yes. There are a number of different ways that you can smooth out interannual variability. The principal reason why Australia took that position was that we felt that those events are due to natural occurrences, so it was very difficult for a farmer to manage for those emissions if it is a consequence of a natural occurrence.

Senator MILNE—The point I am making is: in a world with a changing climate, how are you going to differentiate between interannual variability and the impacts of climate change? When is a drought more than a drought? When is it a climate-related event?

Mr Gibbs—I think that is a very good question. That is part of the analysis the DCCEE undertake and part of the discussions which are wrapped up into the international negotiations which they lead.

Senator MILNE—That might be fine for the department of climate change, but you are the department of agriculture. Surely agriculture should have a big say in what constitutes drought in the context of these negotiations. It is going to have a big impact on what farmers have to account for.

Mr Gibbs—We obviously have definitions of ‘drought’, but these are international negotiations. We are talking about large changes in emissions. Obviously, one definition of a drought in Australia may not be a natural occurrence in another country, and so it is wrapped up in international negotiations at the moment.

Senator MILNE—I am fully aware it is wrapped up in international negotiations. The point I am making is that, out there in rural Australia, people have to be given a sense of

whether they are going to be accounting in the future for emissions as a result of drought, because I find it very hard to see how you are ever going to prove that a drought is not climate related. It should be the department of agriculture in there up to their necks, with the department of climate change, trying to clarify this very fast, I would have thought.

Mr Gibbs—I think the roles and responsibilities of the respective departments are that the department of climate change do measure emissions from the land-based sector at a national level and, over time, can show you spikes in the data, which may or may not be the result of the drought. That is why I am asking you to refer that question to the department of climate change. I do not have that data in front of me and the department has not collected that data in the past, to my knowledge.

Senator MILNE—Okay. I will move on in relation to these issues, then. Last year, in an agreement with the coalition, the government agreed to set up an expert committee that would meet to determine and develop the methodologies for accounting for carbon that is sequestered in the soil and a range of other issues. So the committee was to look at the methodologies for Kyoto-compliant variables and non-Kyoto-compliant variables like soil carbon. Shortly afterwards, the government declared, even though that legislation was defeated, that this was now government policy. Can you tell me when that expert committee was set up and who from the Department of Agriculture, Fisheries and Forestry is on it.

Mr Gibbs—I assume that you are referring to the Domestic Offsets Integrity Committee.

Senator MILNE—There were two committees.

Mr Gibbs—I am only aware of one at this stage: the Domestic Offsets Integrity Committee. It was announced that that would be established to look at the methodologies for those emissions that you are referring to.

Senator MILNE—That is right.

Mr Gibbs—That committee has not been established yet. The process is underway to select members of that committee, which is being run by the Department of Climate Change and Energy Efficiency, and this department is assisting in that.

Senator MILNE—Six months later, we have no committee set up to even look at determining what the methodologies might be. Has there been an interim committee working on this, and who from the Department of Agriculture, Fisheries and Forestry is on the interim committee?

Mr Gibbs—There has been no interim committee in the meantime. The voluntary market and the national carbon offset standard commence on 1 July 2010.

Senator MILNE—Okay. When do we expect this expert committee to be set up, and do we expect the Department of Agriculture, Fisheries and Forestry to be represented on it?

Mr Gibbs—My understanding is that the applications for that committee have now closed and they are now being assessed by members from the department of climate change and the Department of Agriculture, Fisheries and Forestry. My understanding is that there will not be an official from the department of agriculture on that committee. There will be experts in the sense of research, and they may include a representative from CSIRO, but the actual make-up of that committee is determined by the Department of Climate Change and Energy Efficiency.

Senator MILNE—Okay. In the budget papers under ‘Climate Change Research Program’, there is a statement:

The Climate Change Research Program is helping primary producers adapt to climate change, particularly in the areas of soil carbon, biochar, nitrous oxide and livestock emissions; and on-farm demonstrations to the farming community of research outputs.

Could you describe to me what you have already done on soil carbon and where it is being implemented.

Mr Gibbs—On soil carbon, that falls under the Climate Change Research Program. That has been underway for a couple of years now. We have undertaken just under 900 sites of sampling across Australia, and that is being analysed at present and we expect about 20 per cent of those samples to be analysed by the third quarter of this year.

The information from the soil carbon program—and this is important—goes to a tool which DCC are currently preparing which will allow farmers to assess whether soil carbon is increasing on their farm as a matter of a change in management practice. That tool takes into consideration weather events, the soil quality, the fractions of carbon within the soil. In short, the information that comes from our research goes to the Department of Climate Change to a tool which involves a lot of complex statistical analysis and modelling which is then presented to farmers.

Senator MILNE—At the moment we are in the data collection phase and there has been not really anything happening on the ground. Obviously, the research stage, sorry, has been happening on the ground.

Mr Gibbs—Correct.

Senator MILNE—But in terms of outputs, we are still into the data collection phase.

Mr Gibbs—There is work going on in DCC in terms of preparing a model to take on the data. It is the same model which has been used in the past for forestry. It is now about building that model to include soil carbon in it, but the research program which DAFF is responsible for is doing on the ground work and collecting data at present.

Senator MILNE—Okay. We are collecting data in soil carbon. What about biochar?

Mr Gibbs—Biochar, we have a program which started towards the end of last year. It is about \$1.4 million. We have analysed 70 different types of biochar at the moment. That is a reflection that not all biochars are the same. It actually matters where you get it from. In some of those trials we have actually found that there are issues about toxicity of biochar, depending on where you get it from, so you have got to be careful about where you put it in a farming system.

We have also found that some of the waste streams actually generate better productivity benefits, such as manure compared to more woody waste streams. That is where we are up to with that part of the program at the moment. That program also will do a lifecycle analysis to look at the whole process of generating biochar and the emissions that come from that.

Senator MILNE—And what about nitrous oxide?

Mr Gibbs—At the moment we have a program which is going on around Australia led by GRDC. That has been doing sampling of nitrous oxide in different cropping systems. The sampling from that and the data collected from those trials for the first year have been completed, and now they are analysing the data from that as well.

Senator MILNE—What do we know as a result of that?

Mr Gibbs—We know a number of different things about crops and the rate of nitrous oxide coming from them in terms of applying fertiliser. We have had some early findings about inhibitors, the benefit that inhibitors may have for reducing nitrous oxide which would be useful in terms in forming methodologies in the future.

Senator MILNE—What about the livestock emissions?

Mr Gibbs—We have an \$11 million program on livestock emissions with about 18 projects across Australia. That is predominantly looking at methane emissions. We have sampled a number of herds in New South Wales and we have also, with CSIRO, developed a better way of measuring emissions coming from cattle. There is also nitrous oxide emissions testing coming out of the waste streams as well.

Senator MILNE—How much of this research is actually getting out to the rural community? What program have you got to talk to people about what you are actually doing?

Mr Gibbs—We have a couple of ways of distributing the results, and we have to be careful; we do not want to get too far ahead of what the science is telling us in terms of getting those meaningful results out. The MLA are the coordinator of that project. They do a number of workshops talking to parts of the industry. We put out information through publications under Australian's Farming Future and attend conferences, et cetera.

Senator MILNE—Finally just in regard to the relationship between adaptation, mitigation and food security, I note that you have a food security program, but to what extent is there an interface in the department between the work on climate change and the work on food security?

Mr Gibbs—There is a strong interface. We work regularly with the relevant area in the Agricultural Productivity Division. A part of the Climate Change Research Program also deals with adaptation as well. Again, that is a program where we look at what can we expect to happen to the climate over a long term using climate scenarios. We have workshops with farmers which talk about techniques that they are currently using to manage for climate and for productivity, and we also start to assess how well those practices are going to perform into the future.

Some of those projects are also dealing with the interplay between adapting to climate change itself and also the risks that that may pose to emissions. The whole program effectively targets the productivity angle; for example, reducing waste emissions to convert it to energy, looking at reducing fertiliser to reduce nitrous oxide emissions. It is about productivity and assists in improving or helping address the food security challenge.

Senator MILNE—How are you going to prove that changes to your production system were additional in terms of climate accounting if it can be demonstrated that they were also appropriate strategies for improving productivity or reducing soil erosion, for example? This

was a point that came up last week at the Farm Institute, where the Americans have changed their farm practices in order to stop soil erosion. Having done that, they can hardly claim additionality by asking for a climate benefit, because they were already doing it for another purpose. How are you sorting this out in thinking about where it might go in terms of climate accounting?

Mr Gibbs—The point you raise is a good one. It is one of the issues raised under the National Carbon Offset Standard. In the past, Australia has looked at additionality from the point of view of the financial perspective. If there was a task or a practice change which had a cost where you needed an additional, say, price mechanism, or a subsidy or a grant program to operate, then that would classify as additional. But the implementation of the National Carbon Offset Standard and, indeed, the issues of additionality or permanence coming through the Agricultural Research Program is something that will need to be assessed by the Domestic Offsets Integrity Committee as we go.

Senator MILNE—When do you expect the Domestic Offsets Integrity Committee will have anything to say on these issues?

Mr Gibbs—I think it will take some time for agriculture methodologies to be sorted through. It is probably one of the hardest sectors to look at emissions and quantify them. My understanding is that the Domestic Offsets Integrity Committee will be looking at not just agriculture emissions but a couple of other sources which they may have earlier findings on. There is also potentially an opportunity to look at methane reductions from projects which reduce waste and capture the methane gas and burn that, which could be an early win, if you like, or an early methodology. That is something which has been used through CDM projects across the world today.

Senator MILNE—Given that the National Offsets Integrity Commission has not met, has not started doing anything yet, a claim that you could get an emission reduction in the next short while by reducing agricultural emissions through biochar, et cetera, is wildly optimistic, wouldn't you agree, if you have not even met, let alone have the methodology?

Mr Gibbs—It would certainly be the case for biochar, because it is difficult to see how biochar comes into our national accounts at present.

Senator MILNE—It does not.

Mr Gibbs—Exactly.

Senator MILNE—Neither does soil carbon. That is why I am asking the question. Soil carbon is not there either under Kyoto. There is no guarantee it is going to be there at all. So we have no methodology for reducing our emissions by achieving 60 per cent of the five per cent through soil carbon at this point?

Mr Gibbs—I would say that soil carbon poses a number of difficulties. It is not a golden solution. Science has to actually inform us about the extent to which we can capture carbon and keep it there as well. I do not think it is a silver bullet, but it is probably one important part of the agriculture contribution to this debate.

Senator MILNE—I agree that it is not a silver bullet and it is a contribution. What I am trying to establish is whether, at this stage, in the absence of a methodology, you can actually claim a massive reduction in emissions, or any reduction in emissions?

Mr Gibbs—No, not from soil carbon, you could not.

Senator MILNE—Thank you.

Senator HEFFERNAN—You do not really think that farmers are going to cop that, do you?

Mr Gibbs—I am not quite sure if I understand your question, sorry.

Senator HEFFERNAN—If we are going to go into a carbon-trading operation where we are in on the debit side—and the government said we are going to be out on the debit side, excluded—and you are out the back of Booligal and you have got lignum and you are in drought, if a storm goes across my place but not across yours and lights up the lignum and the annual saltbush and not the perennial saltbush because it is creeping saltbush or something, you do not really think you are going to have a system where you can calculate that I get a credit and you get a bill?

Dr O’Connell—Mr Gibbs was pointing to the Domestic Offsets Integrity Committee as being where that will be decided or not.

Senator HEFFERNAN—We might as well get it on the record here now. This is proposing that agriculture is going to be in on both sides of the equation—if you want farmers continue to farm, that is. You may not. You may decide you can eat the bloody leaves off the trees or something.

Dr O’Connell—Can I clarify a point? I think the Domestic Offsets Integrity Committee is dealing with voluntary offsets. Mr Gibbs could confirm that.

Mr Gibbs—I think that is the point: it is voluntary action. So if farmers do not want to participate then they will not.

Senator HEFFERNAN—I am aware of the voluntary action. But my point is: you cannot calculate it. Come for a drive with me and I will tell you what I am talking about. You might have all sorts of bushes struck up in a storm in a drought, and your proposition is that, in a drought, the farmer gets a bill. If you are in the scheme and you denude your property and it is not, as Senator Milne says, some sort of natural catastrophe but a calculable denuding, then in theory, if you are in on the debit side, you would get a bill. Could we have the details of the animal emission sites that you say the MLA are supervising?

Mr Gibbs—Yes, I can organise that for you.

Senator HEFFERNAN—Do you actually know what they are doing? Are they going out and saying, ‘That cow is eating loose and that one is eating straw,’ or, ‘That one is eating some sort of woody wheat out the back of Bourke.’ Do they do that sort of detail?

Mr Gibbs—I think it is worthwhile to point out that there is a mixture of on-farm and off-farm testing that is going on under the livestock program. Off-farming laboratories is where I would say a lot of the work is actually going on. That is where we test different food types.

Senator HEFFERNAN—What they eat, yes, but if I have got Bullo Bullo Station out the back of bloody Yuendumu and it is 2½ million acres and a storm goes across—Senator Back will know all about this—and it misses a bit, you do not really think that you can accurately work out what the cow is eating, do you?

Mr Gibbs—I think it goes back to a point that I was making before.

Senator HEFFERNAN—Are you going to walk around and try and tell the farmer that, ‘Your cows on your farm through this period made these emissions,’ when there are 50 different versions of what they could eat?

Mr Gibbs—It is difficult. I made that point to Senator Milne. It is particularly difficult in extensive farming systems. It is easier down south that to control or measure emissions than it is up north, where you have less contact with the animals.

Senator HEFFERNAN—Let us go with down south now. I accept that, if it was a feed lot, you could manage it. I agree to that. You could do it in a feed lot. But if you are down south and you have a lucerne paddock that has not flowered, it is going to be a completely different emission to the one that has flowered, and that happens all over a period of six weeks. How do you work that out?

Dr O’Connell—Just to bring us back to the Domestic Offsets Integrity Committee—

Senator HEFFERNAN—Yes, but this is going to be fed into this so-called voluntary system.

CHAIR—Senator Heffernan, I remind you just to allow the officer to answer your question.

Senator HEFFERNAN—Yes. All right.

Dr O’Connell—Mr Gibbs was pointing to the committee as being the forum where these issues will be dealt with.

Senator HEFFERNAN—Can we be part of the forum?

Dr O’Connell—That was an open question, I think.

Senator HEFFERNAN—It is great to come up with theories. There are plenty of great theories that failed in practice. You can calculate what is happening at the Rockdale feedlot, especially if JBS Swift gets a hold of it. They will have 350,000 cattle on feed—

CHAIR—Senator, I would urge you to ask a question. You did cut in on Senator Milne and she has one more question.

Senator HEFFERNAN—Can we part of that?

CHAIR—The only answers are ‘yes’, ‘no’ or that you will come back to him, because Senator Milne is waiting.

Senator HEFFERNAN—Can you provide—

Senator Sherry—I think we should let Senator Milne finish her questions. You will be here this afternoon.

CHAIR—That is exactly right. Thank you, Minister. I appreciate that. Senator Milne, you have two minutes left. Senator Heffernan, you are finished.

Senator MILNE—I understand that, in the negotiations with the coalition, \$20 million was to be set aside for this Domestic Offsets Integrity Commission and its work. It is now six months and it has not been set up, so I presume none of that money has been spent.

Dr O’Connell—That is under the Department of Climate Change and Energy Efficiency.

Senator MILNE—None of that money is in your budget?

Dr O’Connell—I do not think that was in our budget. That will be the Department of Climate Change of Energy Efficiency.

Senator MILNE—I will be very interested to know what they are going to spend that \$20 million on in the next six months. I will ask them. Thank you.

Proceedings suspended from 12.59 pm to 2.00 pm

CHAIR—Welcome back. There is a question from Senator Heffernan in continuation.

Senator HEFFERNAN—Is the animal emissions study being conducted by the MLA or are they funding it? Where does the MLA fit in?

Mr Gibbs—The MLA have funding in the program but they are essentially the coordinator of a number of projects under that program.

Senator HEFFERNAN—Who decides the actual site for the program?

Mr Gibbs—There was a process for going through the research program and analysing bids. Through that process, for example, the CSIRO put up a bid to conduct analysis of methane emissions at a site. That was judged by an expert panel and that is how the site was selected.

Senator HEFFERNAN—Can we have those details?

Mr Gibbs—The details of the sites you have asked for have been taken on notice.

Senator HEFFERNAN—And how the sites were decided.

Mr Gibbs—The sites were as a process—

Senator HEFFERNAN—But can we have the details involved including the process? I would like to see how they decided that that was a good site and perhaps that one was not.

Mr Gibbs—We can take that on notice, Senator.

Senator HEFFERNAN—And so you will let us know the current sites and the extent of what they are looking at—whether they are looking at goats or cows or whatever? Is there a management panel—who controls the game, the MLA or you fellows?

Mr Gibbs—There is a steering group which is led by MLA and which basically makes sure that the projects are meeting their milestones in a timely way consistent with the contracts. We sit on that steering group with the MLA, and other proponents of the projects sit on that steering group as well.

Senator HEFFERNAN—So could we have the details of the people who sit on that panel—their names and who they represent?

Mr Gibbs—Okay.

Senator HEFFERNAN—Is it the policy of the department—DAFF—to be doing research which has as part of its logic that agriculture will be included on the debit side of any future carbon plan or whatever? Does the logic behind all of what you are doing include agriculture? Is that why you are doing it?

Mr Gibbs—The logic of the program is that in order to analyse the contribution that agriculture could make to reducing emissions we need to do research on methane emissions in livestock and nitrous oxide in fertiliser and investigate the carbon sequestration in soils.

Senator HEFFERNAN—But as a separate proposition to any trading scheme?

Mr Gibbs—You need to understand how much of the methane emissions and the nitrous oxide emissions that soil carbon can contribute to the issue of reducing emissions. The contribution that that may or may not make to a trading scheme is something that we work with in a whole-of-government process with DCC.

Dr O'Connell—Just to clarify, Senator, the government's position has not changed on agriculture being—

Senator HEFFERNAN—Which excludes agriculture—

Dr O'Connell—That is right.

Senator HEFFERNAN—on the debit side.

Dr O'Connell—It excludes agriculture from the CPRS.

Mr Gibbs—I think it would be worth while clarifying what you mean by the debit side, Senator.

Senator HEFFERNAN—In the United States they are out on debit and in on credit and, as you know, I presume that signing up to the Kyoto Protocol created some technical problems on the credit side—you can only include the trees; you cannot include the other things that we talked about this morning. But your position for DAFF is that you are assuming that the present government policy excludes agriculture from any trading scheme?

Mr Gibbs—Correct.

CHAIR—We will now go to forestry.

Senator MILNE—I would like to start by drawing your attention to the grants that were made under the Tasmanian Community Forest Agreement Industry Development Program. There was some \$42 million, and the aim of that from 2006 onwards was to transition to plantations. I want to ask a generic question and then a specific one. Was there any requirement with that grant funding that the company to which the grant was made actually keep that equipment for any length of time or, if they sold the business within a relatively short time of having got the grant, did that just mean a capital gain for that particular company? What were the provisions in relation to that?

Mr Talbot—Off the top of my head on that question—I will take it on notice—I think that for all the Tasmanian Community Forest Agreement grants there was a three-year asset retention period, which meant that basically, if people tried to sell the equipment within that

period of time, the Commonwealth had an interest in it and therefore the Commonwealth possibly could look at a refund of part of the money or something like that. But I would like to take that on notice, because I do not have a copy of the contract here.

Senator MILNE—Okay. Please also take on notice how many of the recipients of the grants have changed hands since they got the grants within the period—if it is a three-year period, as you recall, or whatever the period is—and how many of those, and which ones, the Commonwealth has actually exercised its responsibility with.

Mr Talbot—Yes.

Senator Sherry—Sorry, Senator Milne. Is that just for Tasmania or is it Australia-wide?

Senator MILNE—No, I am speaking specifically about the \$42 million that went to Tasmania under these three grants programs under the Tasmanian Community Forest Agreement Industry Development Plan. I now want to go to Forest Enterprises Australia, which got a grant of \$7,067,125 for the purchase of plant and equipment, mobile equipment and a range of supporting civil building and electrical work upgrades to upgrade sawmill and kiln-drying plant. Forest Enterprises Australia is now in administration, I understand. Has the Commonwealth now moved to recover its \$7 million in the course of that liquidation or administration?

Mr Talbot—If this is one of the Tasmanian Community Forest Agreement grants—and I do not have information here—

Senator MILNE—Yes, it is.

Mr Talbot—We are reviewing a number of those at the moment.

Senator MILNE—You are reviewing a number of those? What does that mean?

Mr Talbot—We are getting legal advice on what our responsibilities are in terms of these companies who have received significant grants from us.

Senator MILNE—What due diligence was exercised in relation to the disbursement of these grants by the Commonwealth, and who was responsible for that due diligence?

Mr Talbot—I guess that, in terms of grants, there are various corporate governance frameworks. With all these contracts that we give, they generally go through our legal area. We ensure—usually both with field visits and with keeping up with the milestones—when claims are put in that milestones have actually been delivered on. So there are a range of things that we do, and that is another one. To fill you in fully, I would have to take it on notice.

Senator MILNE—There are a number of issues in relation to these Community Forest Agreement grants, because as you would be aware the industry is in dire straits in Tasmania at the moment and a number of contractors are allegedly—they are saying so—in dire financial circumstances. A number of those were recipients of these Commonwealth grants. What field visits or ground truthing has the Commonwealth done in relation to any of these grants? How many actual visits has the Commonwealth made to any recipients in the Tasmanian Community Forest Agreement list?

Mr Talbot—I know there were a range of visits made in relation to these grants. I would have to take that on notice. These visits happened a while ago now, and I just do not have any details here with me.

Senator MILNE—Perhaps you can tell me if there was a \$10 million grant to Ta Ann Tasmania, based at Smithton? Can you tell me whether there has been any follow-up or due diligence in relation to that particular grant and, indeed, the performance?

Mr Talbot—I am sorry, Senator; I will have to take that notice.

Senator COLBECK—Can I just raise a point of order, Chair, please?

CHAIR—Yes, of course.

Senator COLBECK—Just on Senator Milne's comment with respect to the purpose for the grant, when she said that it was to assist the industry transition from native forest plantation, that is not my recollection of the rationale for the grant programs. My understanding of it is that it might have included some assistance to transition to plantation but it was to adjust to changes in the forest resource, not just to transition to plantation. I just want to put that on the record because it does have a context in the overall scheme of things, particularly when you are talking about Ta Ann, for example, who I think did get a grant—

Senator MILNE—They got \$10 million.

Senator COLBECK—but they are utilising lower grade native resource that used to go to chip products or low-value products and making them into a higher value veneer product. I think it is an important clarification that it was not to transition out of native forest into plantation but it was to assist with transition to a changing resource, which we all accept is occurring in the state.

CHAIR—Thank you, Senator Colbeck.

Senator MILNE—I did ask who in the Commonwealth was responsible for due diligence, and you said that it went to your legal teams. A legal contract is a separate thing from someone actually assessing whether these companies are economically viable and whether there is any likelihood of them going broke et cetera—what their probabilities are. Who does that for you?

Mr Talbot—Within the branch, normally the managers and the general managers would do the due diligence. I am afraid I was not around when these grants were being done, but normal practice is that if they are over a certain amount we do get advice for a financial assessment, we do get legal advice, and—depending on the particular circumstances and what questions are raised in terms of the paperwork that is put forward—we do clarifications. I am quite happy to take it on notice. Unfortunately these grants were done a while ago, so I would have to take it on notice.

Mr Mortimer—Could I just make an observation that, as Mr Talbot says, the grants were made some years ago—I am not sure how many. The point is that at that stage, even with due diligence, it is impossible for the Commonwealth to know whether a few years down the track the company will or will not fail. I will just make that observation about our processes, which do at the time seek assurances about the company viability and capability. We spend the

money and all that is done, but from our point of view it is impossible to know what might come some years down the track.

Senator MILNE—Yes, I appreciate that, Mr Mortimer, but you will also remember that the Auditor-General audited the oversight of this program in the first couple of years and found the oversight to be incredibly wanting. They indicated that there was no ground-truthing, that in some cases there was no due diligence exercised by the Commonwealth and that the state of Tasmania was allowed to make these recommendations without the Commonwealth checking up. The reason it becomes critical now, apart from verifying how Commonwealth money was spent, is that we have a situation where there is a discussion about another round of compensation in the Tasmanian forest industry. I think it is important that we find out that the money was spent as it was supposed to have been spent and, if companies have been onsold, that the asset value is returned to the Commonwealth before we go into another round. That is why it is critically important here, and I would ask you to take it on notice.

I would like you to also take a question on notice in relation to the Wesley Vale pulp mill, which you would be well aware has now closed. It got \$1.267 million for the purchase and installation of three natural gas boilers to replace the oil and LP gas at Wesley Vale. Can you also establish whether there was any commitment of ongoing operation of that company at the time that that grant was made and what we are doing to get back some of that value now that that mill has closed?

Mr Mortimer—I understand the question and, as Mr Talbot said, we will certainly get the details of that. He indicated we were getting advice on what legal mechanisms are available to the Commonwealth, and we will report on that.

Senator MILNE—What process will you use to establish whether all of these contractors, who got substantial grants through this period, actually spent the money on what the grants were allocated for? Can you take that on notice?

Mr Mortimer—Yes. I certainly understand that.

Senator MILNE—Thank you.

Senator BOB BROWN—Mr Mortimer, why was legal advice not gotten at the outset when these grants were made?

Mr Mortimer—The question is somewhat different at the end as opposed to at the beginning. The question at the end is not just the exposure but what mechanisms are available to the Commonwealth. It is a bit more complex at that point.

Dr O'Connell—Senator, the Tasmanian Community Forest Agreement Programs go back to 2005 and they go across both the current government and the previous government. Given that, my preference will be to go on notice in terms of assessing exactly what advice occurred in the early part of the program, because it is quite a long time ago and your question presupposes that there was no legal advice taken on the structure of the grants or the contracts. I just want to be sure about that.

Senator BOB BROWN—If you take it on notice, would you give the committee all legal advice—indications of when it was sought, what question was asked, by whom, within the department, relating to grants in Tasmania and elsewhere in Australia since 2005?

Dr O'Connell—We certainly could look at the timings. The content of the advice may be a question of legal privilege, potentially.

Senator BOB BROWN—Not just the content, but who asked the question and what it was—that is not a matter of legal advice. I will leave you to determine whether the legal advice is available to the committee. I recommend it should be. What is the legal advice being sought now? When was it sought and who sought it? The question that follows on from that is—perhaps you Dr O'Connell—could you give the committee an assessment of the current economic and industry problem besetting the industry in Tasmania.

Dr O'Connell—That is probably a question that is better handled by those who are specialists in the area and may include some assessment from our colleagues in ABARE and others—noting that that is a very complex question.

Mr Talbot—I can give some insights. I would probably also have to rely on ABARE. I guess some insights are—basically from meetings with industry—the challenges of maintaining the Japanese woodchip market. One of the comments to me from industry was that one effect has been the requirement for Forest Stewardship Council certification. Another thing has been, after the global financial crisis—

Senator BOB BROWN—If I may interrupt—on the FCS requirement: requirement by whom?

Mr Talbot—The requirement of the companies in Japan who are purchasing the product.

Senator BOB BROWN—The companies are requiring FCS certification for woodchips before they will purchase them?

Mr Talbot—Yes.

Senator BOB BROWN—When did that start?

Mr Talbot—I am not sure when it started, because I actually think it was a gradual process with some companies adopting it early and some a bit later. But I should put a caveat on that. It is not all the companies; there are still companies that do not require FCS certification in Japan.

Senator BOB BROWN—Can you tell the committee which companies they are?

Mr Talbot—I would not know off the top of my head. They were all—

Senator BOB BROWN—Could you take that on notice for us, please?

Mr Talbot—Yes. I would add the caveat that it was a general discussion and in most cases no companies were mentioned, but I will do my best for you.

Senator BOB BROWN—Thank you.

Mr Talbot—In terms of the Japanese market, one of the other things is that the Japanese economy went through the global financial crisis. Some industry people have told me that some of the companies have restructured and are now closed in Japan and operate out of

China. In terms of the way the markets operate differently in Japan and China—and I will have to leave this to my ABARE colleagues—my understanding is that the Japanese market is far more protected and therefore you can get higher prices there than you can in China. But I am sure there are other economic factors there as well.

Senator BOB BROWN—Is the current problem in Tasmania due to the global economic downturn?

Mr Talbot—I would be speculating there. I would say that it would have been at least some of the effect. I do not know the extent. It would really require some detailed analysis by somebody to come to a landing on that.

Dr O'Connell—I would be uncomfortable in asking Mr Talbot to go beyond his direct skill set and knowledge there without going to some of our other analysts—perhaps ABARE or others—on the market issues.

Senator BOB BROWN—You do not think the forestry branch of the Commonwealth would have an understanding of what the current problems besetting the industry in Tasmania are?

Dr O'Connell—The point I was making before is that the problems are very complex when you ask a question such as ‘Is it the global financial crisis?’ It is a complex set of issues around the global financial crisis, clearly the price of woodchips and other issues relating to the structure of the industry. There is a whole suite of issues and I think probably asking for a quick analysis of what the problems are is not something that—

Senator BOB BROWN—But I did not ask for a quick analysis; I asked for any analysis that you might have.

Dr O'Connell—To the degree that we have work that ABARE has undertaken in the area, I can certainly provide that to you on the record.

Senator BOB BROWN—To what degree, in your knowledge if you have any, is the supply of eucalypt wood to the world market from outside Australia bearing in on the ability of Australia to sell eucalypt products outside the country?

Mr Talbot—I would have to take that on notice.

Senator BOB BROWN—Would you, please?

Mr Talbot—Yes. I was reflecting then because I know, for example, that countries like Chile have just recently had earthquakes. I know their port is still operating but I do not know the effect that it has had on their plantations. But there has been speculation in the paper about how much they will be able to supply in the near future.

Senator BOB BROWN—Do you what the area of eucalypt plantations in Australia is?

Mr Talbot—Not off the top of my head.

Mr Mortimer—We can provide that to you. It is done in the *State of the forests* reports, I think, on a regular basis.

Senator BOB BROWN—Could you also provide the area of eucalypt plantations elsewhere in the world?

Mr Mortimer—That might be a bit harder but we will see what international statistics are available through international organisations.

Senator BOB BROWN—Do you know if it is true that there is a bigger area of eucalypt plantations in China than there is in Australia?

Mr Talbot—I would have to take that on notice.

Senator BOB BROWN—Thank you.

Mr Talbot—I believe that the main countries we would be looking at are South Africa, China, parts of South America and ourselves. There might be another country. We will have a look at that for you.

Senator BOB BROWN—That is Vietnam.

Mr Talbot—Yes, Vietnam.

Senator BOB BROWN—And Spain and Portugal.

Mr Talbot—Yes, you are right.

Senator BOB BROWN—And a few others as well. Can you tell me if Gunns Limited wishes to cease the export of woodchips out of Tasmania?

Mr Talbot—I do not know the answer to that.

Mr Mortimer—I think that is a question you would need to ask Gunns. It is not something for us to say.

Senator BOB BROWN—Really?

Mr Mortimer—We do not run Gunns.

Senator BOB BROWN—No, you do not.

Senator COLBECK—I will get their number for you!

Senator BOB BROWN—But you are not aware of what is going on within the industry? Senator Milne is asking questions about more than \$40 million of taxpayers' money going into the industry in recent years. That industry, instead of being buoyed by that, according to newspaper reports in recent weeks—please countermand me if you disagree—is in great trouble indeed, to the point where it has called on environmentalists to help it get out of that trouble. I am sure this would be of interest to the forestry branch, which has been involved in many millions of dollars going into this industry. Can you tell the committee what has caused this situation? With all those contracts and all that Commonwealth taxpayers' money given to the industry in recent years, we would have expected it to be retooled and rejigged for the future.

Dr O'Connell—Senator, the question you asked was whether Gunns was seeking to stop exporting woodchips.

Senator BOB BROWN—I asked that previously and you said you could not answer that.

Dr O'Connell—I think we said that would be one for—

Senator BOB BROWN—I am now asking you a question which I would like you to answer if you can.

Dr O'Connell—I am not sure what the question is now because that was a follow-on from the previous one.

Senator BOB BROWN—Okay, I will put it to you again: can you tell the committee why the forest industry in Tasmania is in trouble at the moment?

Dr O'Connell—I think we have just explained to you that there is a whole suite of economic issues and structural issues. It is not a simple answer.

Senator BOB BROWN—Yes, and you said it complex and you did not have time—

Dr O'Connell—I said I would provide to you on notice information we had which would help, and I am more than happy to do that.

Senator BOB BROWN—But you cannot tell the committee without notice why the Tasmanian industry is in trouble.

Senator Sherry—Senator Brown, I think Dr O'Connell also indicated that there are experts who will be available from ABARE. He did not say he would take everything on notice. There will be people here from ABARE, which is a specialist research organisation, who we are sure can give you some additional information.

Senator BOB BROWN—Minister, I am speaking to the forestry branch of your department.

Senator Sherry—No, it is not my department.

Senator BOB BROWN—It is; you are the minister representing the minister. If you want to—

Senator Sherry—I am representing Minister Burke, but it is not me who is not me who is the minister responsible for this department or indeed the forestry section.

Senator BOB BROWN—disentangle yourself from the department, I am happy.

Dr O'Connell—Senator, we mentioned quite clearly there is a downturn in the woodchip price, which is clearly a significant element. You are talking also about demand issues. There is the current structure of the industry down there. But what I am saying is: if you want a reasonably comprehensive answer, I would need to take that one on notice.

Senator BOB BROWN—Thank you; I will look forward to that. Have there been any approaches, either to you or, so far as you know, to the minister or any other arm of government, this year about the situation in Tasmania with a view to getting assistance or in any other way being informed about what is happening in Tasmania?

Dr O'Connell—You would need to direct your question about whether the minister has been approached to the minister, obviously, but certainly there has been—

Senator BOB BROWN—Could you take that question on notice for the minister, please?

Senator Sherry—I will take it on notice for the minister.

Senator BOB BROWN—Thank you.

Dr O'Connell—There certainly have been briefings and there has been engagement by the minister with the Tasmanian forest industry interests. Mr Talbot can give you some background to that.

Mr Talbot—Last week there was a meeting between Minister Burke, Minister Green and some members of the Tasmanian forest industry.

Senator BOB BROWN—Can you tell the committee who those members were?

Mr Talbot—Of the industry? Yes, I can. Dr Julian Amos, Mr Rob Woolley, Mr Ed Vincent, Mr Barry Chipman, Mr Ross Britton, Mr Peter Volker, Mr Greg L'Estrange, Mr Bernard McKay, Mr Arnold Willems, Mr David Leigh, Mr Vince Erasmus, Mr Bob Gordon and Mr Ian Dickenson.

Senator BOB BROWN—Where was that meeting held?

Mr Talbot—It was held at one of the function rooms at the pier in Hobart, but I am not sure of the name of the venue. I do not have it in my notes, but it was held in Hobart. The main things that were discussed were, as you have already said, the state of the industry, including the concerns about the Japanese woodchip market; concerns about managed investment schemes; the Gunns pulp mill was also raised; forest certification schemes were also raised; the issue of forest contractors was raised; there were also issues around sawmills; and there were also issues of when plantations would be able to produce high-quality soil lots, for example, which they feel is many years away yet.

Senator BOB BROWN—What requests were made of the federal government with respect to issues relating to contractors?

Mr Talbot—At the meeting, it was primarily a discussion of the issues facing the industry at the current time. At the moment the idea is that people work through this roundtable, which I think is to be chaired by Rob Woolley, and then to advise government of what they may need. There was no commitment.

Dr O'Connell—My understanding—and Mr Talbot can correct me if I am wrong—is that there were no specific requests made. It was an exchange of information. It was not a case that this was a meeting at which there was, if you like, a log of claims or a set of requests. Rather, this was an information exchange to get a common base of knowledge.

Senator BOB BROWN—Were you there, Mr Talbot?

Mr Talbot—I was there, and what our secretary said is correct.

Dr O'Connell—Again, I think any issues around what requests may have been put to the minister or the government more generally would need to be put to the minister or other ministers.

Senator BOB BROWN—But no general request was made?

Mr Talbot—No requests were made.

Senator BOB BROWN—There was no general request that Commonwealth assistance might be sought?

Mr Talbot—Not to my knowledge.

Senator BOB BROWN—Was some solution to the issue of the woodchip exports put forward by the participants at the meeting—or to any of the matters that you raised?

Mr Talbot—The meeting lasted only an hour, due to the minister's schedule, so there was enough time for people to explain what their issues were. But there was nothing further than that.

Senator BOB BROWN—Is there to be a further meeting?

Mr Talbot—I do not know, Senator.

Senator BOB BROWN—Was there was a request for one?

Mr Talbot—Not to my knowledge.

Dr O'Connell—Again, I think these questions need to be put to the minister, given that the minister would have been the person this was requested from. Otherwise it is going to put Mr Talbot in a position where he is trying to answer for things that he cannot sensibly—

Senator BOB BROWN—I am quite happy for that. Would you put those questions on notice please? Would you also put the question on notice as to whether the minister held any other meetings with industry representatives or people interested or associated while he was in Tasmania; and, if so, who they were.

Senator Sherry—We will take it on notice.

Senator BOB BROWN—Yes, that is what I am asking. Thank you, Minister. The other question I would like to follow through with is: in your information has the Prime Minister been alerted to the fact that there is a problem with the industry in Tasmania?

Dr O'Connell—That question would need to be put to the Prime Minister's portfolio or the Prime Minister's office directly.

Senator BOB BROWN—Can I put that to the minister's office through you?

Senator Sherry—We will take it on notice.

Senator BOB BROWN—Thank you. In the assessment of the Forestry Branch, is there an opportunity for a change in direction of the industry out of native forests into a plantation based industry?

Mr Mortimer—That is an open ended question which it is really not appropriate for us to go into. It is something that may or may not be taken up by industry or government.

Senator BOB BROWN—Can there be anything more appropriate for me as a senator to ask the Forestry Branch, which has the experts in the Commonwealth about this particular industry, about than the potential restructuring of an industry of that order?

Dr O'Connell—At present, as you know, the industry can access timber from RFA forests and can set their direction on that and plantation, if they wish. Unless that changes for some reason, it can continue on. Whether or not the industry players themselves want to change their structure is a question to put to them. From the perspective of the government at the moment, obviously the RFA forests remain accessible to industry under the conditions that have stood for some time.

Senator BOB BROWN—So you do not think that looking at the current troubles of the industry in Tasmania brings up the relevance of whether the Commonwealth should reassess the industry's options for the future?

Dr O'Connell—If you are talking about what might be the economic drivers of change in industry direction, of course the industry players may want to change the resource that they access and the conditions of that. But that would be a separate issue from the issue of whether or not the resource itself is available in terms of meeting RFA requirements. At present, of course, it is available.

Senator BOB BROWN—Do you know of any time in the last 30 years when the industry has changed direction in Tasmania without Commonwealth money being injected into the industry at that point of change?

Dr O'Connell—I would have to check the record.

Senator BOB BROWN—Take that as a question as notice.

Dr O'Connell—Will do.

Senator BOB BROWN—Can you or Mr Talbot tell the committee how much Commonwealth moneys have gone to the Tasmanian industry since 1988, or would you take that on notice?

Mr Talbot—I would have to take that on notice.

Mr Mortimer—There is quite a bit of time there.

Senator BOB BROWN—At the 2004 election, famously, Prime Minister Howard committed \$50 million to go into the industry and into support for the pulp mill as well. Can you account for that \$50 million, and is that covered by the amounts that Senator Milne was asking about?

Mr Mortimer—We will have to check on that and come back to you.

Dr O'Connell—By recollection, I think quite a large amount of that money was to be appropriated to the industry department, so we will have to check. I do not think it is through this department.

Senator BOB BROWN—In 2004, again famously, Prime Minister Howard, with the support of the CFMEU and with the industry buoyant at the time, put a proposal which had the enormous support of the industry. Can you tell me how many jobs have been lost out of the industry since October 2004?

Mr Mortimer—We will have to come back to you. We do not have those statistics with us.

Senator BOB BROWN—Do you know how many jobs there are in the wood related industry in Tasmania at the moment and what the breakdown for that job component is?

Dr O'Connell—We certainly can access that and have it. I do not know whether we have it with us at the moment, but we can certainly take it on notice.

Senator BOB BROWN—Would you do that? Can you, for each year since 2004, give a total and a breakdown for the job make-up of the Tasmanian industry, including the number of jobs in the woodchip component?

Mr Talbot—Okay, we will take that on notice.

Senator BOB BROWN—Finally, have you received from the minister's office a copy of a proposal for World Heritage nomination of forests including the Upper Florentine, the Weld, parts of the Western Tiers and the Tarkine and, if so, have you done an assessment of what the economic and environmental benefits of that proposal would be?

Mr Mortimer—I gather it is an issue for the environment department, Senator.

Senator BOB BROWN—No, this is for your department because it involves forests directly.

Dr O'Connell—What time frame are we talking about? Are you talking about now?

Senator BOB BROWN—I am talking about this particular proposal which came from my office and that was—

Dr O'Connell—To my knowledge we have not received anything but we could check our records and just see if—

Senator BOB BROWN—I will give you a copy of it just to make sure.

Mr Talbot—We will check our records as well.

Senator BOB BROWN—Thank you.

Senator MILNE—Just to finish this issue of the whole community forest agreement industry development program, when the Auditor-General reported previously he said that DAFF had not reported against all outcome indicators for the programs in the 2006-07 annual report and as a result parliament had not been informed of the achievements or otherwise of the programs in meeting their objectives. He said that consideration needed to be given to the performance data being collected for these indicators and the level of department verification required. This is particularly important as DAFF has indicated that it intends evaluating the programs when completed in June 2009. Has DAFF evaluated the programs and has it reported yet on the performance data it uses and the verification et cetera? If it has, where can I go to find this report on the outcomes of the program?

Mr Talbot—In terms of an evaluation of the program, we have finalised an agreement with the Tasmanian officials and we are about to go out to tender for people to do an evaluation of various programs under this agreement. In terms of your second question, I would have to take it on notice, have a look at the documents myself and come back to you.

Senator MILNE—So the program finished in June 2009 and you are only now about to release an expression of interest or whatever for an evaluation of the program. Is that correct?

Mr Talbot—We are now but I think there are a couple of issues there. Yes, the Commonwealth component finished around June/July last year but I think parts of the Tasmanian components went on until—will be completed shortly. So there are still elements within the Tasmanian phase that are just about to be completed. So, yes, we are and we are looking at the major programs that the Commonwealth worked on.

Dr O'Connell—I think it is also relevant that the time frame for investment takes you beyond the June 2009 period and some of this work was reimbursement work on the basis of

when the investment had been made, so we would not have all of the information just on June 2009; it comes in as the investments are made.

Senator MILNE—What I am asking is that you provide on notice any evaluation that has been done of this program. In particular, what are the categories of performance data you were collecting against which you intend to evaluate, and what is the time frame in which we can expect evaluation of these programs.

Mr Talbot—Yes.

Senator MILNE—Thank you.

Senator COLBECK—Firstly, can I go to the forest industry database. Last estimates we talked about a draft being completed by March/April with a final version in July. Can you give us the status on that?

Mr Talbot—The database is still due to be completed in July. We intend having meetings with the industry in Melbourne and Canberra—I think the one in Canberra is this week and the one in Melbourne is next week but I am not sure of the dates—where the industry will be able to see an operational version of the database to see if it meets their needs or if any tweaking needs to be done.

Senator COLBECK—So it is still due for completion?

Mr Talbot—It is still due for completion in July.

Senator COLBECK—Do we have the draft yet?

Mr Talbot—I have seen an early version of the database that shows how it works. The idea is to show a live version of the database to industry late this month or early next month to see if it meets their standards and if there is any tweaking that needs to be done.

Senator COLBECK—So we await an announcement of its availability in July. I move on to the Forest Industries Climate Change Research Fund. You told us in estimates that applications for this fund had been provided to the assessment panel in early February. When did the assessment panel finalise its assessments of the applications?

Mr Talbot—Those projects have been announced. There were 20 projects for \$4.7 million.

Senator COLBECK—Yes. So those were announced on 29 April and 3 May?

Mr Talbot—I think that is right. It was around those dates that they were announced.

Senator COLBECK—Do those projects that have been announced add up to \$4.7 million?

Mr Talbot—No, I think there are some that have been announced and some that are about to be announced.

Senator COLBECK—My understanding is that there are 10 projects that have been announced for just under \$3 million.

Mr Talbot—That would probably be correct. I do not have those press releases with me.

Senator COLBECK—I do but I have not compiled what is on each one. When will the final \$1.77 million be announced?

Mr Talbot—I would have to take that on notice.

Senator COLBECK—Can you tell me what is holding it up? I think that all the submissions went for assessment at one time, didn't they? That is my recollection.

Mr Talbot—I would have to take that on notice.

Senator COLBECK—But I thought we talked at the last estimates about all of the projects being assessed at once. That is my recollection. So you do not know when the final \$1.77 million is going to be announced?

Mr Talbot—No, I do not.

Senator COLBECK—Do you know if the assessment on that amount of money has been finalised?

Mr Talbot—The assessment has been done.

Senator COLBECK—So it is effectively a matter with the minister at this stage?

Mr Talbot—Effectively, yes.

Senator COLBECK—Okay. That is fine; a simple, easy answer. What is happening with the balance of the fund of about \$232,000?

Mr Talbot—No decisions on that yet.

Senator COLBECK—It has not been spent on administration.

Mr Talbot—No.

Mr Mortimer—This is administered funding. Departmental funding is not part of this.

Senator COLBECK—Departmental funding is not part of this?

Mr Mortimer—No.

Senator COLBECK—I asked the question because I have seen, for example, a \$17 million grants program recently announced in Tasmania where \$900-odd thousand was taken out for administration. That is why I am asking the question. It was a bit of a surprise to everybody.

Mr Mortimer—I understand. In this case, the numbers in front of you—the \$8 million—is all administered funds to be spent on stakeholder issues.

Senator COLBECK—Do we have completion dates on the respective projects?

Mr Talbot—We would have completion dates for—

Senator COLBECK—The 10 that are announced, I suppose. It is a bit hard to have a completion date on something that has not been announced. Can you give us what those completion dates are?

Mr Talbot—I do not have that information with me. I will have to take it on notice.

Senator COLBECK—So you do not know, for example, whether the A3P Council that got \$65,000 to look at carbon accounting methods for wood products processes to help determine the best approach for businesses to thrive in an emissions trading scheme is going to be finalised before the potential for an emissions trading scheme?

Mr Talbot—I do not have the details of any of the funding deeds with me here. A number of them are being worked through at the moment which will have milestones and completion dates. I just do not have that information here.

Senator COLBECK—Did the government's decision to put off the ETS have an impact on the allocation of funding under the program?

Mr Talbot—No.

Senator COLBECK—So it has not had any impact on that last \$1.77 million yet to be announced?

Mr Talbot—No.

Senator COLBECK—Moving to illegal logging: can you give us an update of where we are up to with respect to illegal timber?

Mr Talbot—We are still completing the final regulatory impact statement on that.

Senator SIEWERT—When will that be finished?

Mr Talbot—We expect to complete it shortly.

Senator COLBECK—The commitment at the election was effectively to ban illegal logging. It is highly unlikely that there is going to be that sort of process in place prior to the election as things stand at this stage. How far away is the regulatory impact statement from being finalised?

Mr Talbot—All I can say is that I believe that we will have things completed shortly. I would not like to be any more definite.

Senator COLBECK—So has the department completed its work on the regulatory impact statement?

Dr O'Connell—I think there is a whole-of-government process which we need to go through. Typically, with a significant piece of regulation, we are going through that. We are very close to the end of it, we believe.

Senator COLBECK—I am asking questions about the regulatory impact statement which Mr Talbot has just referred to. I want to know whether the department has completed its work on the regulatory impact statement.

Dr O'Connell—The regulatory impact statement is really part of the whole process which we are getting cleared through whole of government.

Senator SIEWERT—Getting through—did you say whole of government?

Dr O'Connell—For example, there is the Office of Best Practice Regulation or whatever it is called which we need to liaise with to ensure that the regulatory impact statement passes the criteria required of it. As Mr Talbot said, we are confident that we are in the final stages of this process.

Senator COLBECK—When is the regulatory impact statement going to be available for industry and public scrutiny?

Mr Mortimer—The government makes a decision about the release of the regulatory impact statement. It is an issue at the discretion of the government. Sometimes they can release it before the decision; sometimes afterwards but it is essentially the government's call.

Dr O'Connell—I think we need to just not second guess what the government is going to do and the time of announcement and others here.

Senator COLBECK—There is a deal of interest in this issue as I think Senator Siewert will demonstrate shortly when she asks some question, and feel free to deal with it. One of the real issues that the minister has expressed as a concern in dealing with illegally imported timber is identification of that timber. Where are at; and what strategies are we looking at to actually manage that process?

Dr O'Connell—Again, we are, as I just mentioned, within the process of government to decide matters here and I do not think we can second guess decisions of ministers at this stage.

Senator COLBECK—It is a good way to shut down any questions just to be in limbo between the minister and the department.

Dr O'Connell—I am not trying to shut down questions, Senator. What I am saying is that there was the commitment made and we are giving effect to the commitment. There has been a public process under the regulation impact statement which took into account a range of submissions and we are now going into the process of the government giving consideration to all that and so there has been—

Senator Colbeck—So there has been a process of consultation?

Dr O'Connell—Yes, there has been an extensive consultation process.

Senator COLBECK—How many submissions were made?

Mr Talbot—During the draft regulatory impact stage, I think—just off the top of my head—we interviewed about 69 companies through the CIE process. Then a report was put out and then again submissions were taken and there was a final report put out by CIE. So there was substantial consultation with industry, NGOs and church groups leading up to this. I remember even at the beginning of the process the department running a seminar and having these groups in the room.

Mr Mortimer—What happened is that the CIE did the draft regulatory impact statement and consulted widely on that. It put out documents for public consultation and its document is now in the public domain. What happens then is that the work comes in to government and the government then finalises that work in-house, so to speak—getting advice on issues as it sees fit—and that leads through to government taking a decision on it, which is essentially normal practice.

Senator Colbeck—Can you provide us with a list of those that were consulted through that process on the RIS?

Mr Talbot—Yes. I was just going to say that they are actually in the back of the CIE report.

Mr Mortimer—So it is already public.

Senator COLBECK—So they are listed in the CIE report?

Mr Talbot—I am pretty sure they are listed in that report, but I will provide the list anyway.

Senator COLBECK—I can check that out; that is fine.

Senator SIEWERT—I want to follow up on the RIS. I gather from what you are just saying that you are not clear on the process yet as to whether that will be released publicly before the government makes a decision on where it is going on this issue. Is that correct?

Mr Talbot—It is a matter for the minister.

Senator SIEWERT—Is the report going to be publicly released?

Mr Talbot—It is the same again, Senator. It is a matter for the minister.

Senator SIEWERT—I will try again on time lines. What are the time lines? Is it likely we are going to see it before the election?

Senator Sherry—I am sorry, we really cannot say.

CHAIR—Do you know when the election is? Will you let me know?

Senator SIEWERT—We know it is going to be some time in the second half of this year. This is an election promise and we are still waiting for the report implementing the election promise.

Senator Sherry—I guess we will know by the time the election is called whether it has been publicly released or not. I will pass the request on to the minister's office—

Senator SIEWERT—And the community will know whether you kept your promise or not.

Senator Sherry—If we have met the commitment by the time the election is called everyone will know it has either been released or it has not been released.

Senator SIEWERT—Right, that is a promise not kept.

Senator MILNE—The ever growing list.

CHAIR—Now settle down and just ask your questions. They have taken their cranky pills.

Senator COLBECK—We have taken it and that is why we are cranky.

Senator SIEWERT—Exactly. We have been following this only for the last 2 ½ years so it should not be that hard. We are finding it hard to get this information out of you at the moment about what is happening with the government proposal. But in the recent copy of forestryanddevelopment.com/newsletter of 2 March Alan Oxley talks about the URS report which I will go to in a minute, but also he talks about commitments by the government releasing a proposal, or says that a proposal on illegal timber has already been submitted to cabinet. Is this correct?

Dr O'Connell—I cannot comment on what has or has not been released to cabinet, and I think the question of where he got that information would be a better put to Mr Oxley. It was certainly not from us. As I said at the start of this discussion, we do believe that we are in the final stages of dealing with this issue.

Senator SIEWERT—Have you had any meetings? Has either the minister or the staff of DAFF had any meetings with Mr Oxley regarding either the URS report or a cabinet submission?

Mr Mortimer—The department has certainly had no discussions with Mr Oxley about a cabinet submission. That would be entirely inappropriate.

Dr O’Connell—You would need to ask the minister—

Senator Sherry—I will take on notice the question to the minister.

Senator SIEWERT—Okay. Has the department had any discussions around this issue with Mr Oxley?

Mr Mortimer—I am not aware of any. I do not think the department would be doing that. Essentially, Mr Oxley has speculated in a journal about the views on a matter. That is as much as we can say.

Senator SIEWERT—Minister Sherry, please take on notice the question about the whether the minister has had any meetings with Mr Oxley regarding the URS report or the government’s proposal. The government has commissioned several other reports on the industry-wide code of conduct. There was a report led by the Timber Development Association on illegal timber imports. Has that project been completed?

Mr Talbot—The report has been completed; it has not then released as yet.

Senator SIEWERT—When is it likely to be released?

Mr Talbot—That would be a decision for the minister.

Senator SIEWERT—How much did it cost to produce the report?

Mr Talbot—I do not have that information on me, but I will get it for you.

Senator SIEWERT—Please also tell us who was consulted as part of that project.

Mr Talbot—I would have to take that on notice. It would have been a range of timber importers and other industry associations, but I cannot remember the extent of the consultations. They were done quite a while ago.

Senator SIEWERT—Could you take that on notice, please?

Mr Talbot—Yes, certainly.

Senator SIEWERT—Is it likely that that report will be released when the risk report is released?

Mr Talbot—I could not say. These are decisions for the minister.

Senator SIEWERT—When was that report completed?

Mr Talbot—It was quite a while ago now. I would have to take that on notice, but we did a range of reports to help us get our thinking together to start developing frameworks.

Senator SIEWERT—Are we talking a couple of years?

Mr Talbot—No, it would not have been that long ago. I think it was completed six or seven months ago.

Senator SIEWERT—Okay. I had no idea what you meant when you talked about ‘some time ago’. I understand that there was another report: the priority forest industries report. Private industry was commissioned to develop a report on the methodology of assessing the risks of importing illegally-sourced timber. Is that right? I may have got the company that did it wrong, but have you done a report on the methodology of assessing risk?

Mr Talbot—I am not sure on that one. I may know it under a different name. I will take that one on notice.

Senator SIEWERT—If there was a report, I would like to know the answers to the same questions I asked about the previous report: when was it finalised, what was the cost and when is it going to be released? Then there is the URS report that was, I understand, looking at the comparison between various verification schemes. Is that correct?

Mr Talbot—Yes. That has not been released. It will be subject to the minister as well.

Senator SIEWERT—Do you have terms of reference for that report?

Mr Talbot—Not on me here.

Senator SIEWERT—Could you please table those?

Mr Talbot—Certainly.

Senator SIEWERT—Again, what was the cost of that report, when will it be released and is the idea of that report—and I realise I may be getting into policy issues—was that looking at voluntary codes versus any mandatory scheme?

Mr Talbot—The report was basically looking at a range of schemes that operate throughout the world and how robust they are.

Senator SIEWERT—That has been finalised?

Mr Talbot—All the reports that we have done have all been finalised.

Senator COLBECK—What interaction have you had with the department of environment over the review of the EPBC Act?

Mr Talbot—Certainly we have had discussions with the department of environment in relation to RFAs, as they were part of the review of the EPBC Act. Obviously, the EPBC Act mentions looking at improving some elements of the RFAs, so I can say we have had discussions.

Senator COLBECK—The government said that it is not going to review section 38 as it currently applies to the RFAs, and I accept there is that specific reference to the agency, but what about in a broader sense, Dr O’Connell? It potentially has pretty broad implications for the agency as a whole, the specifics on forestry and RFAs, and that is accepted.

Mr Mortimer—There have been preliminary discussions with the environment department on how to go forward on this. A whole-of-government response will be developed to the so-called Hawke review developed. The environment department is leading on that and we will contribute in terms of the RFA issues.

Dr O'Connell—Certainly, there have been preliminary discussions, yes, but definite discussions, if you like. So if your issue is: have we had engagement with the management of the review findings? Yes, we have, and we will continue to do so.

Senator COLBECK—Dr O'Connell, what about fisheries, I know we are not in that area and we will come to that later, but there is an engagement at that level as well?

Dr O'Connell—Yes, and certainly again with the fisheries issues—

Senator COLBECK—We will come back to that later on, but that is an acknowledgment. In November, the Primary Industries Ministerial Council agreed for the need for government cooperation on forestry certification and called on the Green Building Council to include accreditation of AFS for certification. Can you give us an update on where that is at and what other work is going on with various agencies around that matter?

Mr Talbot—Certainly, as you have said, there was that announcement out of the Primary Industries Ministerial Council and certainly after that the Green Building Council recognised the AFS just like the FSC for one point. Agencies were asked to go away and look at this issue. The one that is most public at the moment is the Victoria timber policy, where it recognises both schemes. Queensland has put out more statements and a bit of a draft at the moment talking about the direction they are going in in terms of recognising these schemes. I think that in the other jurisdictions it is probably more in the development stage or still under consideration.

Senator COLBECK—What about within your conversations across government generally within general government procurement policy? I acknowledge the work that has been done through PIMC and it is positive but what about through other government agencies generally with respect to their overall procurement policies? Is there something that is being managed by this agency in relation to that?

Mr Talbot—In terms of Commonwealth procurement we have encouraged and reminded other agencies about treating the certification schemes equally. I will have to take this on notice because I am sure I am going to get some of the words wrong but one of the environmental guides—I am not sure whether it is to the Commonwealth procurement scheme—mentions certification schemes. I will give you details on that, Senator.

Senator COLBECK—You will give us the name of that particular guide that provides that information. You do not know for certain whether or not that is happening across all agencies. Who would monitor that?

Mr Talbot—I would have to take that on notice. When I said we went out to other agencies we did get fairly positive responses from most agencies to this. It shows that it is on a number of agencies' radars.

Senator COLBECK—Are you aware of any particular barriers to obtaining the two major accreditations?

Mr Talbot—I am not aware of any barriers. I think the two issues are probably time and money. If you want to gain accreditation, you have to go through a series of procedures to gain accreditation. When most companies talk to me about gaining accreditation the two things they talk about is the time it takes and sometimes the cost as well.

Senator COLBECK—Have you had any conversations with someone like Andre de Freitas from the Forest Stewardship Council International, who was out here last year talking about this, or people from AFS? I have to say I am quite surprised that you would have no idea of potential barriers to obtaining relative accreditations given what I know some of the industry players have been through. You have not had any conversations with VicForests about what they have been through with respect to their certification attempts through FSC for example?

Mr Talbot—To my knowledge I cannot remember it being raised with me. I am sorry.

Senator COLBECK—And in your conversations with contractors when you were in Hobart last week—and Senator Brown quite rightly raised it as an issue because it is—you were not aware of any barriers to certification of forest products out of Tasmania, for example to FSC, including a specific note not to accept timber out of Tasmania from FSC Australia?

Mr Talbot—What I am aware of is the issue in relation to FSC and the Japanese market. What I am also aware of now that I think about it is the difficulties players have had, particularly if they harvest native forests, of getting FSC certification.

Senator COLBECK—There is effectively no FSC accredited native forest in the country, is there?

Mr Talbot—I actually think there are small areas of native forest that are FSC certified.

Senator COLBECK—If you have advice as to that, I would appreciate receiving it—on notice, of course.

Mr Talbot—On notice, yes.

Senator COLBECK—Do you have a general sense of where they are?

Mr Talbot—Not off the top of my head. For some reason northern New South Wales comes to mind, but I will take it on notice.

Senator COLBECK—Okay—I would appreciate hearing that. Did you have any consultation with either the department of environment or the New South Wales government over the red gums in the forests that have just had their status changed?

Mr Talbot—We have had some discussions, but they were mainly in terms of the NRC notifying us of what they were doing and their processes.

Senator COLBECK—NRC being?

Mr Talbot—The New South Wales Natural Resources Commission.

Senator COLBECK—You would not have been asked for any advice on those, or had any discussions about those particular forests?

Mr Talbot—I would have to take that on notice. The reason is that I do not think I have been involved in any discussions, but I think that one of my staff may have been recently. The river red gums are a New South Wales issue.

Mr Mortimer—I am inclined to think it probably means that there may have been discussions between offices on information, but the Commonwealth is not engaged in the issue.

Senator COLBECK—Sorry?

Mr Mortimer—This department is not engaged in the issue.

Senator COLBECK—Not engaged in the issue?

Mr Mortimer—No.

Dr O'Connell—I think you are talking about the recent change in the New South Wales' government stance, rather than the long-run discussions? Over the long run this has been an issue for quite a while, but I think—

Senator COLBECK—I know that there has been some Commonwealth input, because we have discussed it previously.

Mr Mortimer—With the environment department.

Senator COLBECK—I know that the department of environment has been doing some assessments based on logging methods within those forests.

Mr Mortimer—Yes.

Senator COLBECK—Did you give any advice to the department of environment with regard to that sort of work—the logging methods? Although it is a bit redundant now, of course.

Mr Talbot—I do not think we gave any information at all on logging methods. But I will take it on notice, simply because I was not involved in the logging discussions—but I do not think so.

Senator COLBECK—It does go back a little while now, I know. I have got some questions on international timber market analysis, but I might just hold those until we move into ABARE, because I think that crosses over a bit. Senator Brown had a crack at that earlier.

CHAIR—That is good, because it is 3.15 pm.

Senator COLBECK—I was watching the clock.

CHAIR—Yes, and I was letting you go—I knew you would run for the line, as you always do.

[3.19 pm]

Australian Bureau of Agricultural and Resource Economics

CHAIR—I welcome officers from ABARE. Senator Joyce?

Senator JOYCE—Gentlemen—there are no ladies there—I want to go to this report on the Murray-Darling Basin in which you assess the future impact of the Australian government's environmental water purchase program. Can you please describe who commissioned this work, who you consulted with during the study, how many visits you made to the basin itself and where these visits were.

Mr Glyde—Could I hand over to my colleague Peter Gooday, who is the principal author of that project, to answer those questions.

Mr Gooday—The report was commissioned by the Department of the Environment, Water, Heritage and the Arts. We travelled to the basin. I cannot recall exactly how many trips we made to the basin, but we made a number.

Senator JOYCE—Was it roughly five, 10 or 20?

Mr Gooday—Three, probably—principally to talk to stakeholders about the flow-on impacts of some of the results we were getting. We wanted to talk to, in particular, the rice industry and the cotton industry.

Senator JOYCE—Can you remember where you went?

Mr Gooday—If you have a copy of the report, there is a list at the back in the appendices—I will just find the right spot for it; I am having trouble myself finding the right page but there is a list. I think it is pages 77 and 78. There is table 21.

Senator JOYCE—Bear with me and I will find it. It refers to Moree and Narrabri. It looks like community group consultation and industry group consultation. Is it No. 22, 'community group consultation'? Is that the one?

Mr Gooday—Tables 21 and 22. There are industry groups—table 21—that we spoke to, and in table 22 are some of the community groups that we spoke to.

Senator JOYCE—It looks like Goondiwindi, Moree, Wee Waa, Myall Vale—I imagine that is near Narrabri—Narrabri, Sydney and Melbourne. There is not a lot of irrigation in Sydney and Melbourne. Rice—is that a place called Rice? Where is that?

Mr Gooday—No, that is the industry.

Senator JOYCE—Where have you gone for rice? Where did you go to look at the rice industry?

Mr Gooday—We spoke to SunRice. That may have been over the phone.

Senator JOYCE—You spoke to them over the phone?

Mr Gooday—Yes, we spoke to them over the phone and exchanged correspondence.

Senator JOYCE—And sent them emails and stuff?

Mr Gooday—I cannot recall whether we exchanged emails or not, but we definitely spoke to them over the phone.

Senator JOYCE—Don't you think, with the effect that it is going to have on the rice industry, that it might have helped if you had actually gone to a rice-growing area?

Mr Gooday—The purpose of speaking to the processors was to find out what sorts of decisions might need to be made about processing capacity—in the case of the rice industry, whether the reductions that we were talking about were likely to lead to decisions to close down, for example, a rice mill. That is the sort of information we were after, and we were able to get that reasonably easily over the phone.

Senator JOYCE—A rice mill in a town such as where?

Mr Gooday—There are only three of them, I think. Leeton is an example. But we were not looking in this report at trying to identify which particular mills would close down.

Senator JOYCE—It would have been helpful if you had.

Mr Gooday—We are fairly careful in the report to point out that the analysis is at a particular level—a fairly broad level—

Senator JOYCE—Very.

Mr Gooday—and that it is difficult—

Senator JOYCE—Especially over the phone.

Mr Gooday—to be able to specify below that.

Senator JOYCE—It would have helped if you had actually gone there, though, to find out more about the industry.

Mr Gooday—We have a good picture of the industry.

Senator JOYCE—What? Over the television?

Mr Gooday—We have done detailed surveys throughout the Murray-Darling Basin over the last three years, surveying irrigators. We have built up a good picture of what is going on.

Senator JOYCE—Anyway, you didn't go there. That is all I need to know. My understanding is that the economic impacts of this study were modelled by dividing the basin into seven regions. Is that correct?

Mr Gooday—The modelling was done in two stages. The first stage of the modelling looks at the irrigated agriculture sector. That sector is split up into 22 regions, and there are around 14 commodities considered in that analysis. Those regions are based on the CSIRO sustainable yield regions.

Senator JOYCE—So you are saying it was based on 22 regions, not seven regions.

Mr Gooday—That is right, for the first stage of the modelling, the irrigated agriculture sector. Then we take the outputs of that modelling, which tells us what will happen in the rice industry in a particular region versus the horticulture industry versus some other industry, by region. And we feed that into a general equilibrium model, which, as you say, is split up into seven regions for the basin.

Senator JOYCE—A general equilibrium model is what you were using, was it?

Mr Gooday—That was the second stage of the modelling, designed to look at the flow-on impacts of the reduction in water availability on the irrigation sector.

Senator JOYCE—If it is a general equilibrium model, my understanding would be, for example: say I buy a place in Leeton—a town that you did not visit—and the money just goes to everybody in the town, not to the person you actually bought the licence from.

Mr Gooday—You are getting at the way in which we distributed the proceeds of the sale of the licences back into the regional economies. The way we modelled it is what you described. For a region that sold, say, \$10 million worth of water entitlements, the modelling was done by putting \$10 million back into the region by spreading it across each industry. We recognise in the report that that is probably not the ideal way to do it, but the general equilibrium model does not distinguish between farm households and irrigation households. So we were not able to do it the other way.

Senator JOYCE—It is not even vaguely close to what happens. What happens with the general equilibrium model is: Bilbo Baggins gets \$5 million for his water licence and he goes and retires on the coast. He does not go back into town and buy battered sags off the local servo.

Mr Gooday—Yes. And we understand that. I think the real point here is the level at which the general equilibrium model is constructed. It really does not matter how we give the money back. It does not make any great difference to the results, because the regions are rather large, and each of these seven regions contains—

Senator JOYCE—It is seven regions now. It was 22 and we are back to seven again.

Mr Gooday—No, the general equilibrium model contains seven regions.

Senator JOYCE—Okay. Can you disaggregate that database down to smaller regions?

Mr Gooday—It is possible to aggregate the database down to smaller regions, but you have to make a number of rather restrictive assumptions, so we are not comfortable in doing it.

Senator JOYCE—So you cannot disaggregate the model.

Mr Gooday—The Centre of Policy Studies at Monash University has a general equilibrium model of the Murray-Darling Basin at the 20-region level.

Senator JOYCE—I have got some real problems with the model now. You have got a general equilibrium model which basically assumes that the money goes and, like confetti, falls on everybody. Benevolence from God falls on everybody in the community. It does not. It just disappears over the coast or back to the bank. Secondly, you have got seven regions—which does not talk about the peculiarities within a certain region. If, for instance, the government were to do something crazy and buy all the water around a town—say, Collarenebri—it starts to mean that the functionality of model is for the wondrous corner of department but has no real effect on the ground, no real reflection of what is actually happening.

Mr Gooday—The modelling was not designed to look at the impacts on particular towns. That was not the job we were asked to do. We were asked to look at what the basin level and catchment level impacts would be—and when I say ‘catchment’ I am talking about the CSIRO sustainable yield region impacts—of the first part of the water buyback program. Looking at what the impacts are on a particular town is a separate exercise and I would suggest that we would not have approached it using a general equilibrium model.

Senator JOYCE—I think we have punted general equilibrium as a relevant model out the door for this one, so let’s go to some other areas. You talk about—what was it?—627 gegalitres or 2.4 per cent. You said that agricultural production will reduce by 2.4 per cent with the 627 gegalitre purchase of entitlements. We know that there is a range that people wish to purchase between 1,500 and 4,500 gegalitres and the Productivity Commission estimates that it is going to be around about 2,540 gegalitres.

So is your model competent enough to say that if I get my 2.4 per cent and extrapolate it out—multiply it roughly by four—and if I buy 2,540 gicalitres I would therefore be reducing agricultural production? It is a 9.6 per cent fall in gross value or more particularly, and this is where it becomes really important because it did not actually go to Leeton or Deniliquin or any of the rice growing areas, a 32 per cent fall for the rice growing areas, which would be disastrous.

Mr Gooday—First of all, the cost of removing water will increase slightly as more water is taken out of the system because of the way we model it, which is that—

Senator JOYCE—It could be worse.

Mr Gooday—It comes from the lower valued activities first. I have not run the particular scenario you are looking at but given the pattern of water use in the basin, I would not expect the cost to be much different than the sort of thing you are outlining—which is a reasonably linear relationship between the two.

Senator JOYCE—That is very important. So it has a lineal relationship—

Mr Gooday—Not exactly. As I said, the cost will increase slightly.

Senator JOYCE—So it is slightly exponential?

Mr Gooday—Well, as you start taking more water out some of the more highly valued activities become more affected.

Senator JOYCE—If the model is slightly exponential then we will not be heading towards a 32 per cent reduction in the rice area, we could be heading to more than that—which would be just economic disaster. That would turn these towns into—

Mr Glyde—It might be handy if Mr Gooday was to outline what the actual impacts were by sector, just so we are clear that the impact on the rice industry and the other industries are as you say they are.

Dr O'Connell—Just before we get there I would also be keen not to speculate about what model runs might do with different parameter settings, which I think we are in danger of getting into here.

Senator JOYCE—So what is the answer there? Is that a statement or is that an answer?

Mr Glyde—I think the nature of the discussion we have been having is that you have been putting forward alternative hypotheses to the one that had been modelled. I think what we are saying is that we talked to you about what we have done. We explained the limitations of the model and you have pointed out some of them. They are also pointed out within the paper as well—that we are modelling for a particular purpose using the best level of disaggregation we can come up with that will give meaningful results.

We are not saying that we can go down to that very fine level. That is another modelling exercise we would have to do. We are giving you what we know with the intention of trying to do it at a basin-wide level and then at a catchment level within those basins. As the report points out, there is a possibility of quite a wide range of impacts between high and low depending on where in the basin you are, how things actually transpire in the future and what might be some of the limits that are set by the Murray-Darling Basin plan.

Senator JOYCE—The key issue is that it is lineal and slightly exponential in its effect. We have now identified sectors that have not been properly ascertained and because it is a premise of deciding especially what the effect of the SDLs—the sustainable diversion limits—will be, there could be massive disruptions in certain areas within the basin because of this. It has not disaggregated it down to certain areas—for instance, Dirranbandi, Leeton, Deniliquin or Berri—and what exactly could happen in these areas, because we could have a—

Dr O’Connell—That is because that was not the task that was set in this case.

Senator JOYCE—Why do we do it?

Mr Glyde—It has not been done as yet to get to a basin wide impact of what might happen with the water buyback program, and we are working our way through that. I think it makes sense to start out large and work through within the limitations, model and the data that we have.

Senator JOYCE—How much did it cost to do this study?

Mr Gooday—We might take that on notice. Neither of us have got it in our heads.

Senator JOYCE—What—\$10 million?

Mr Gooday—No, it would be in the order of \$300,000.

Senator JOYCE—I note that in your study you say:

A brief review of other research indicates that the elasticity implied by the Water Trade model is at the low end of the range of elasticity estimates.

What implications does the low estimate have for your estimation of agricultural output changes as a result of the buyback and ultimately the effect on regional output? Would agricultural output be higher or lower with a higher estimate of the elasticity of the demand for water?

Mr Gooday—The discussion there was about our estimates of what would happen to the price of water, so we were estimating that removing six per cent of the entitlements would lead to, I think it was, a 13 per cent increase in the price of water in the northern basin and a 17 per cent increase in the price of water in the southern basin. The most sensitive part of the whole exercise is around the price elasticity of water. The assumptions around that do not affect the results as far as gross value of irrigated agricultural production, land use change or water use, but obviously there is this issue around the estimates of the price changes that we came up with.

Senator JOYCE—Ultimately, it is almost going to be a static event: if you put up the price of water, the product becomes unaffordable. They cannot grow it, therefore they stop growing it and go broke, therefore the Australian consumer purchases an import form overseas in which we do not have any control over the water whatsoever. We are just sort of slowly putting ourselves out of a job quickly.

Mr Gooday—There are plenty of choices. There are lots of different products produced in the basin, and they will all be competing for water. The changes in the price of water, yes, will determine what gets produced and what stops getting produced.

Senator JOYCE—I know it does not but purpose your model does not talk to the issue that farmers have bank managers and the bank managers could not give a flying toss about the elasticity; what they want is their money paid back. If you do not grow the crop that pays the money because you can only grow that with the water, you go broke and therefore the whole thing just flips on its head.

Mr Gooday—You are right: the model does not include an assessment of the individual sort of debt characteristics of different irrigators.

Senator JOYCE—So in certain areas there is not going to be the capacity to change because you might talk about it as a functional aspect of the person's capacity to go from crop 1 to crop 2 but crop 2, if it does not pay the bills, is just devoid of being a choice. If you do not produce what pays the bills, you go broke. That brings about in its own way a complete sort of dissembling of the irrigation area.

Mr Gooday—I suppose this is why we are comfortable in talking at a sustainable yield region level because these things tend to average themselves out over lots of different people making lots of different decisions. But it is very difficult to try and predict what might happen around a particular town which has a small group of irrigators around it. We are not saying we can predict what each irrigator can do.

Senator JOYCE—What assumptions have you made in the modelling with respect to the capacity of irrigators to substitute towards other inputs as water becomes more expensive or less available? How do your assumptions compare with other assumptions made in similar modelling, such as Dixon et al 2009 or Peterson et al 2004?

Mr Gooday—The Dixon model is a general equilibrium model, so it is a different type of model from the model we are using to look at the impacts on irrigated agriculture, which is pretty much what we have been talking about here, so they are quite different approaches, but the results tend to be quite similar. I cannot recall exactly what was in the Peterson model, but we have reviewed that in here. Sorry, what was the first part of your question?

Senator JOYCE—What assumptions have you made in the modelling with respect to the capacity of irrigators as a substitute towards other inputs as water becomes more expensive? I have to be honest, I do not know what you substitute water for. Prayers I suppose.

Mr Gooday—There is some capacity in the model for irrigators to use less water and more land as water becomes more expensive. The model does not have alternative technologies. It is not a future-looking thing where we are expecting them to switch into some new technology that we do not know about, so it is limited to that switch between water and land use.

Senator JOYCE—This really brings us to the issue. Given the limitations of this study which we have just spelt out—and that has been in 10 or 15 minutes—in your view, does the study's conclusion support the minister's view that the report, and I quote:

... confirms that the Rudd Government's long-term *Water for the Future* plan is supporting the future viability of our Basin communities and returning the rivers to health ...

Senator NASH—That is hilarious.

Mr Gooday—The report says what the report says.

Senator JOYCE—That is not an answer; that is a statement.

Dr O'Connell—I think you are asking Mr Gooday to get into an area which is not reasonable.

Senator JOYCE—It appears to me it is not so much about returning it to health; it has completely sandpapered over—it has not gone into the detail to deal with the effects. The report, if the government are relying on it, is lacking—and it is not your fault, if they have not given you the resources to do it. It just lacks any effect to be given any acumen as to deliver any indication of where the basin will actually end up.

Dr O'Connell—The report followed the terms of reference that were asked and gives effect to those fairly precisely. The constraints around that are all quite clear in the report, and I think, as Mr Gooday says, it stands on its own.

Senator JOYCE—I am really interested—are we going to find any other work? This is terribly important. The SDLs are coming out, people are absolutely freaking out about what is going to happen to their lives and we in this place have an obligation to give them some indication about what is going to happen to them. Are you performing any other works for the Department of the Environment, Water, Heritage and the Arts? Are there any plans for you to perform work with regard to water issues in the future?

Mr Gooday—We are doing some work for the Murray-Darling Basin Authority. It is one part of the work they are using to look at what the economic impact of proposed SDLs may be. It forms part of a program of work they have.

Senator JOYCE—I can help you out on that. In some areas the SDLs will just be disastrous; you will shut down the communities. They are at the edge at the moment. Are you currently providing any advice? You are providing advice and doing work for the Murray-Darling Basin Authority?

Mr Gooday—Yes, that is what I just said.

Senator JOYCE—Does ABARE have the capacity to evaluate the economic and social impacts of the basin plan, a draft of which is to be released mid this year?

Dr O'Connell—I think you are there looking for the full effects of the plan in terms of the social and economic effects. ABARE is probably not the place to come to solely for that. ABARE can assist in terms of provision of some modelling advice to help, but that is a much broader task you are looking at including site-specific, town-specific sets of issues which Mr Gooday has just said is not what this current modelling capacity is either aimed at doing or capable of doing.

Senator JOYCE—So how would you go about assessing the economic and social impacts of the plans, or are you—

Dr O'Connell—Underneath that I am suggesting, I guess, that there are other parts of government who are responsible for developing this which you may want to go to in terms of the—

Senator JOYCE—What part of government?

Dr O'Connell—The environment portfolio is managing this water buyback—

Senator JOYCE—Who would do the assessment—

Dr O'Connell—I am just suggesting that you may wish to ask there as to what assessment process they are undertaking.

Senator NASH—Can I just ask on that, though, given that ABARE has been tasked with this particular job, why would they not then be tasked with a more detailed job? If it has come to ABARE now to try and determine the socio-economic impacts, why would it not come to ABARE to have a more detailed report be done on request? Why would you send us to somewhere else?

Dr O'Connell—I think what we are talking about here is what is the capability of doing things like town-specific and site-specific work. This is not the ABARE skill set.

Senator NASH—So ABARE does not have that capability?

Mr Glyde—There is capability that we have got where we can go a little bit further but I think where Senator Joyce was coming from is wanting to get down to a really quite precise, almost if you like farm type, level assessment, and I think we would not want to hold out any prospect that modelling, using the sorts of tools that ABARE has, is going to be able to give you the real precise farm-by-farm type assessment of the analysis. We would not want to hold out the prospect that the modelling will actually replicate the real world.

The benefit of the modelling is that it gives you some ideas about broad trends and broad directions that help inform policy. For example, the sort of conclusion that I read into the report we have done is that at a basin-wide level the buyback is a relatively small impact. The devil, though, is in the detail. Even when you begin to look at seven regions you can see that there are really quite strong variations between the regions. When you look at the impact on gross value of irrigated agricultural production across the 20-something regions, it is quite detailed and the impacts are quite large in some areas and quite small in others. It gives you ideas about the direction of change, and that helps inform policy. I would not want you to think that we will be in a position where we could actually model at the farm level.

Senator JOYCE—Don't you think that people living in the Lower Balonne-Condamine are going to pick up the report and look under 'L' for Lower Balonne-Condamine to see if they have a community in the future? And I imagine that people in Senator Nash's area are going to look up 'Y' for Young to see if they have a future. To talk about a basin-wide outcome—it's a big, old, dry carpet. They are going to say: 'Do I have a job in this town? Should I buy that service station in that town? Should I open up a chemist's shop in that town?'

Dr O'Connell—That is clearly closely the interests of a range of people, but the report that ABARE has done was not aimed at that. They were not asked to do that level of analysis nor do they have the capacity to do that level of analysis.

Senator JOYCE—Could anybody anywhere in the Commonwealth public service do that? Where could we go to try to get that sort of information?

Dr O'Connell—I would suggest that those questions should be put more to the water area of the environment portfolio that is managing this overall process.

Senator JOYCE—So no-one has any possible suggestions that I might be able to suggest to them to suggest back to me?

Dr O'Connell—I would leave that to them to respond.

Senator JOYCE—What happens if they suggest to you?

Senator Sherry—They will not.

Senator JOYCE—That is interesting because you are the ones who did the report.

Senator Sherry—Because Mr—

Senator JOYCE—Minister, they are the ones who were suggested to do this initial report which is here on my desk.

Dr O'Connell—We stand by the report. The report had a certain purpose and was within certain limitations. We have provided that report and we stand by that report. The report did not pretend to be a report that would give you highly localised impact assessment of buybacks at the level that you have been talking about.

Senator JOYCE—Thank you very much.

Senator MILNE—The International Energy Agency in recent weeks upgraded its forecast for the take-up of solar energy, predicting a quarter of the world's energy could be sourced from solar PV or solar thermal by 2050 and also predicting that both technologies would achieve grid parity by 2020 in the sunniest regions. I want to know what ABARE's analysis or prediction is about the potential for solar energy in Australia in terms of 2050 and 2020.

Mr Glyde—I might ask my colleague Jane Melanie to take us through that. We released in March of this year our long-term energy projections, which goes to the question of the relative shares of various technologies and sources of energy with an outlook horizon to 2029-30.

Ms Melanie—As my colleague just stated, ABARE undertook a comprehensive energy resource assessment with Geoscience Australia that was released in March of this year. The assessment looked at both renewable energy and non-renewable energy. There were two components to the assessment. The first part was a scientific assessment that was contributed by GA that looked at the energy resources that Australia has. The second part was related to the economic perspective, looking at what market developments are likely to be and what the policy settings are. On the basis of the modelling done by ABARE, we provided an outlook for the energy sector in Australia that covered both renewable and non-renewable energy.

In terms of solar in particular, what the assessment found was that Australia had vast and largely untapped solar resources. We have some of the best solar resources in the world; however, at the moment solar accounts for a very small share of total electricity consumption. The main barrier to the growth of solar is its cost relative to other technologies. If you look at the spectrum of costs, solar is certainly at one end of the spectrum. For this reason, we do not see a lot of solar currently in Australia. However, under the RET, the renewable energy target, which requires that 20 per cent of electricity be sourced from renewable technology by 2020, we see a significant growth in renewable energy, including in solar. So what we are seeing for solar is that there is potential growth of about 17 per cent a year between now and 2030.

Senator MILNE—That is very conservative compared with what the IEA is now saying its revised forecasts are in relation to solar. What were the assumptions in that model about a carbon price in terms of coal and oil?

Ms Melanie—In doing the projections, ABARE basically considered policies that have already been implemented and those that can reasonably be expected to be adopted over the outlook time frame. So we took into account the renewable energy target, which is the main driver of what happens to renewable technology over that period, but we also had a five per cent carbon emissions reduction target below 2000 levels by 2020.

Senator MILNE—So you did not model anything greater than a five per cent reduction.

Ms Melanie—No.

Senator MILNE—To come to oil for a moment, what is ABARE's analysis of the impact of the oil spill off Western Australia and the oil spill now in the Gulf of Mexico in terms of the cost-benefit of offshore exploration and drilling into deeper and more dangerous waters, compared with demand reduction and efficiency?

Ms Melanie—We have not looked at the issue.

Senator MILNE—So ABARE did not anticipate that by having to go into deeper water and more dangerous terrain there was a higher probability of accident?

Ms Melanie—No, we have not looked at that aspect of oil markets. Essentially, we look at market factors; what demand is doing and what supply is likely to do.

Senator MILNE—All right. So given that we currently have a European crisis with Greece and so on, and that has dampened demand, what analysis are you planning in response to the environmental crisis in the Gulf of Mexico, given that it is unlikely that the US drilling program that has previously been announced is likely to proceed?

Ms Melanie—As you are probably aware, ABARE puts together a set of forecasts every quarter. We are now in the process of revising our forecasts, which we publish in June. That will only cover the short term, so a year or a year and a half in advance. The impact of what is happening in the Gulf of Mexico is probably more of a long-term issue. At this point in time it is not something that we have looked at.

Senator MILNE—Can you tell me whether ABARE believes that oil has peaked or whether we are still anticipating peak oil from ABARE's point of view? Just keeping a monitoring eye on ABARE and oil—

Ms Melanie—We are certainly—

Senator MILNE—Perhaps, Mr Glyde, you would be able to tell me that?

Mr Glyde—I am very happy for Ms Melanie to continue. I would be very interested in the answer.

Senator MILNE—Wouldn't we all?

Ms Melanie—ABARE is certainly constantly doing the same—keeping an eye on what is happening in oil markets. On the basis of that we are constantly reviewing our long-term assumptions. But we are still of the view that in the longer term oil prices will be determined

by the cost of alternative fuels. That is certainly where we see the ceiling, I suppose, in the longer term.

Senator MILNE—Yes, but you must be making some judgment about peak oil. In ABARE's view have we reached peak oil or not?

Ms Melanie—We do not tend to look at the issue from that perspective. Basically, underlying our forecast is the notion that markets—demand and supply—will determine the price of oil and will determine when alternatives come in. The point is not so much whether we will be running out of oil; it is more when and whether the alternatives will become economically viable.

Senator MILNE—I have only got three minutes, so I will not pursue that right now. I wanted to move on to forestry projections. Can ABARE just indicate to me the point at which plantation sawn timber production in Australia displaced native forest sawn timber production? When did that occur? Do you recall?

Mr Morris—We would probably have to have a close look at the data to make sure we answered that accurately because we are not quite sure on that off the tops of our heads.

Senator MILNE—According to Dr Judith Ajani, who has done a lot of work on this, it was 1993 when the plantation sawn timber overtook and displaced native forests. I wonder what your outlook for the native forest hardwood industry in Australia is? At the moment, what do you say in explanation for the crisis in Tasmania, for example—for native forest hardwoods?

Mr Morris—If we go specifically to the Tasmanian forest industry situation, I will just reiterate a couple of points that were made earlier. The Tasmanian native forest industry, in particular, is very heavily dependent on the export woodchip trade. About 71 per cent of logs harvested in Tasmania actually go to the export woodchip trade. If you look at native forest harvest, about 80 per cent of the native forest timber goes to the woodchip trade, and about 93 per cent of the plantation hardwoods are going to the woodchip trade. That just highlights the extreme importance of that market for the Tasmanian industry compared to other states.

As you know, of the markets Japan is the number 1 market for Tasmania for those woodchips. About 67 per cent of the woodchip exports are going to Japan, and we have seen some decline in demand coming out of that market due to a few things. One is that the global financial crisis obviously had a big impact on demand out of Japan. To some extent, we have also heard about increasing environmental demands having some impact as well. So those two factors have probably been the most important ones in terms of affecting demand.

On the more positive front, Tasmania does have an increasing share of its woodchips going to China. About 19 per cent of the woodchips coming out of Tasmania at the moment are going to the Chinese market. And that is quite high relative to some of the other big woodchip exporting Australian states where 90-plus per cent of woodchips from those states are actually going to Japan. So I guess that is one positive in terms of prospects for Tasmania.

Proceedings suspended from 4.00 pm to 4.15 pm

CHAIR—Welcome back.

Mr Glyde—I have been able to get a couple of answers to questions that were posed that we took on notice earlier on. Senator Joyce asked how much we receive from the Department of the Environment, Water, Heritage and the Arts for the modelling work, and Mr Gooday said \$300,000 was his recollection. He was quite right: we received \$300,000 from DEWHA for that work. Senator Milne asked us a question about when plantation and non-plantation production swapped over. It was certainly in the mid-nineties when that happened. By our calculation it looks like it was around 1994-95. We could be more precise than that, but the general thrust is right—it is early nineties to mid-nineties.

Senator HEFFERNAN—How much an hour was that 300 grand worth of consultant work charged at?

Mr Glyde—I do not know. They have certainly put a lot of work into it.

Senator HEFFERNAN—Can you give us the details of the work?

Mr Glyde—We can take on notice how much effort went into that.

Senator HEFFERNAN—Not how much effort. I want to know how you invoiced it and how you came to a figure of 300 grand.

Mr Glyde—That is our estimate of the people time, the computing time, any data that we require and the trips that we have to undertake.

Senator HEFFERNAN—But you took the consultancy and were paid 300 grand, right?

Mr Glyde—We were paid \$300,000.

Senator HEFFERNAN—Can you give us the details of who decided it was 300 grand and on what basis you came to 300 grand?

Mr Glyde—I will have to take on notice how that happened.

Senator HEFFERNAN—I think it will be a hazardous guess.

Mr Glyde—No, we operate in a competitive environment.

Senator HEFFERNAN—How much an hour do you charge your time at?

Mr Glyde—I do not really know.

Senator HEFFERNAN—You have the full department there with you. If you do not know, who does?

Mr Glyde—I just do not know off the top of my head. We have charge-out rates depending on the level of expertise and the—

Dr O'Connell—We were trying to be helpful answering a question on notice early!

Senator HEFFERNAN—I know, but I am just interested in what the charge-out rate is.

Mr Morris—We have a costing model, which is salaries for each different level within the agency. We then allocate how much time for each person is going to be spent on a project, and then there are allowances made for other things.

Senator HEFFERNAN—Table the documents on how you arrived at the 300 grand.

Senator MILNE—Before the break, we were discussing the state of the Tasmanian timber industry. I appreciate the clarification that it was some time in the mid-nineties or earlier when plantation sawn timber production took over from native forest sawn timber production in terms of the growth area. I also heard you say that 80 per cent of the forests logged in Tasmania end up as woodchips into the export market. You said that China is becoming an important market for Tasmanian native forest woodchips. Can you indicate at what price they go into China? What is your economic analysis of the price that we get for those native forest woodchips into China?

Mr Morris—To clarify, the numbers that Mr Glyde gave were for roundwood removals, so not just sawnwood, which is only one part of what the logs are used for. In terms of the question you just asked, I have some numbers on prices into Japan from various suppliers, but we do not have the equivalent numbers on hand for China. We have the price that various countries receive on exporting to Japan—and Australia gets a higher price than most other countries, probably because of the quality of the woodchips we provide—but I am afraid I do not have the equivalent for China.

Senator MILNE—Can you take it on notice? I would like to know what price we get for native forest woodchips into China. You also mentioned the global financial crisis and changed attitudes towards certification and environmental issues as being reasons why the Japanese woodchip market has declined. Would you care to comment on the competition also from the plantations coming on stream from around the rest of the world? What is the trend? The information we have been given is essentially there is a wall of wood on stream from plantation hardwoods around the world.

Mr Morris—That is right. Our main competitors into the market in Japan are Chile, South Africa in particular—and both of those countries do have plantations—Vietnam and Thailand. I would think that those would be native sources of hardwood, at a guess, but certainly Chile and South Africa do have plantation timber and that would be competing directly with our woodchips. In addition, for Tasmania it is facing competition from production from other states in Australia as well. A number of those states are producing hardwood woodchips from plantation timber.

Senator MILNE—What is ABARE's outlook forecast for Tasmanian native forest generated woodchips?

Mr Morris—We do not have a very specific forecast for Tasmania. I think the trend in demand in the future is pretty likely to follow closely on what happens with economic growth. The future, I think, will be very dependent on what happens particularly in the Japanese market in terms of economic growth and demand for woodchips and also more globally, of course, because of the flow-through effects to Japan.

Senator MILNE—Regardless of the pick-up in demand, the question was in relation to hardwood native forest woodchips as opposed to hardwood plantation woodchips and the competition into those markets from South Africa, Chile and other states.

Mr Morris—It is going to be very much dependent on whether we can meet the price points that the Japanese buyers are paying for the various sources of woodchips. In the case of Chile there has been a short-run disruption due to problems in that market—disruption to

transport links and so forth, due to the earthquake, which is going to have a short-term effect in that market. So for Tasmanian exports that is a potential positive, but that is probably only a short-term effect, and over the longer term it is going to be very much dependent on whether the timber coming out of the native forests in Tasmania is able to be produced at a cost which is competitive with Chile, South Africa and plantations in Australia as well. But we have not done that level of analysis to determine what the relative costs of production of the various sources of timber are at this stage.

Senator MILNE—Do you intend to do that? We have been spending a good deal of taxpayers' money rescuing the Tasmanian forest industry for a number of years. Isn't it time we had some significant trend forecast analysis on what the reality is for a native forest woodchip market?

Mr Morris—At this stage it is not on our program for next year. But as you know we are 50 per cent externally funded, and if somebody was interested in funding us for that work we would be more than happy to undertake a survey and analysis of that work.

Senator HEFFERNAN—In other words, ABARE does not know the cost of production of woodchips out of a native forest in Tassie.

Mr Morris—We do not have those numbers, Senator.

Senator HEFFERNAN—So when the government subsidises the industry, you could well be subsidising an operation that is running at a loss.

Mr Morris—We would have to do a survey—

Senator HEFFERNAN—But isn't that stupid? Wouldn't you want to know whether you were peeing money up against the wall?

Dr O'Connell—The issue you are raising there really is not an issue for ABARE. It is a broader issue. ABARE does the work—

Senator HEFFERNAN—If I worked for ABARE, given the modelling you do, I would think one of the things you would want to model against is the cost of production.

Mr Glyde—There are lots of things that ABARE can collect data on and lots of lots of things that ABARE can model but there is a limited budget that we have despite, as Mr Morris has pointed out, the fact that we do receive funds from other Commonwealth agencies. We have not done this work

Senator HEFFERNAN—But to follow up on Senator Milne's point there is a huge subsidy program, what would you call it—industry assistance—

Senator MILNE—Corporate welfare.

Senator HEFFERNAN—going on. Surely the government would have consulted people like yourselves to find out at which point this work is a proposition.

Senator MILNE—Exactly.

Mr Glyde—I do not think that ABARE is in a position to make any judgments along the lines that Senator Milne has outlined.

Senator HEFFERNAN—Who is? If you are ABARE, who can actually tell us what is the cost of production of a native forest in Tassie?

Mr Glyde—I think the starting point might be the Tasmanian government, the organisation that is responsible for the production of timber.

Senator MILNE—That is Forestry Tasmania and they would not have a clue.

Senator HEFFERNAN—So you do not care?

Mr Glyde—It does not matter whether I care or not, Senator.

Senator Sherry—They are not before estimates. The fact is, whether you agree or disagree, ABARE are not in a position to provide those figures.

Mr Glyde—We do not have them.

Senator HEFFERNAN—Do you know where to get them?

Mr Glyde—As I said a starting point would be there but the other way to do it—

Senator HEFFERNAN—Can you get them and provide them to this committee?

Mr Glyde—I might have take that on notice because I imagine there would be a cost in that. The other way to get that is to survey the industry and, again, we do not have the funding for that.

Senator HEFFERNAN—So the subsidy or the government assistance program that has been put in place is against the background of no knowledge on the job?

Mr Glyde—I would not say that. I am telling you what it is that ABARE has and publishes and what it does not have and does not publish.

Senator HEFFERNAN—Forget it. Bloody hopeless.

Senator COLBECK—We have had some focus on woodchips I would like to broaden that out to get a wider sense of future demand for timber products generally. Do you have any more current or recent work on recent trends in global demand for timber and timber products? I am not talking specifically about woodchips which go to paper but more about timber products and where the general demand is there. I have seen some recent pieces of work which talk about growth in demand globally for timber and timber products. Do we have something relatively current on that?

Mr Morris—We do not do long-term forecasts for forest products in the same way we do for agricultural products unfortunately, so we cannot directly answer that. There are a few points that we could make though that might be a little bit helpful. One is that tomorrow we have the next edition of *Australian forest and wood product statistics* that will be issued and that contains a lot of—

Senator COLBECK—We might have to reschedule you to come back tomorrow.

Mr Glyde—It will not answer your question.

Senator COLBECK—You guys are absolutely brilliant at providing documentation in the week after a week of estimates. I do not know how you do it.

Mr Glyde—When we plan our publications schedule and work we do not really know when the Senate is going to be sitting. It is one of those concepts. We say we are going to put a document out on a certain day—

Senator COLBECK—One of those glorious coincidences, I know. That is all right. I say it with a smile on my face, Senator Sherry.

Senator Sherry—There have been lots of reports issued about a whole range of issues you go to at estimates since the last estimates.

Senator COLBECK—We do not need to have an argument because I think Mr Morris is going to give me some inside information.

Mr Morris—I think in future I will not try to be so helpful, it just gets me into trouble! This is coming out tomorrow but it is a historical document. Why that is useful is that it can actually give you a better idea of trends and it is an update of the data we provided last year, so that might be helpful to some degree. In terms of the forest demand more generally essentially, if you are looking globally, the demand for forest products is very much linked to what is happening with economic growth. In the past when we did do more forestry related forecasts on things like pulp and paper consumption and on timber consumption globally it was very much related to what was happening with economic growth. We can assume that if we get a strong recovery in economic growth that would be positive in terms of demand for forest products, in particular for our exports of woodchips.

Domestically, what tends to drive timber demand are new dwelling commencements and construction. Again, a strong Australian economy and strong growth in new dwelling commencements is a key factor in driving demand for forest products. So with a relatively strong Australian economy we can expect that that will have a positive effect on timber consumption in Australia in the future. For what it is worth, they are a couple of thoughts about what might be driving the market in the future.

Senator COLBECK—I am heading for your website first thing in the morning. When did you stop doing the forward projections on forestry?

Mr Glyde—We might have to take that one on notice. It would be at least five years ago. It was quite some time ago.

Senator MILNE—In response to a question Senator Colbeck just asked, my understanding is that global wood production has only increased by about 0.4 per cent over the last three decades. That is not consistent with what you have just said about economic growth suddenly driving an increase in wood production.

Mr Glyde—I was talking about demand.

Mr Morris—I think it was about what drives demand. With any demand and consumption of product you do not get a one-to-one relationship with income and with growth. So it is more the variation in economic growth that affects the variation in consumption and growth of timber products. An example of that is what has happened with woodchips to Japan where we have seen a reduction in demand partly driven by economic growth factors. It does not mean there is a one-to-one relationship.

Senator MILNE—Notwithstanding what you have said, you talk about construction timbers leading to an increase in demand for wood products but that is largely plantation for those timber products these days, isn't it?

Mr Morris—I was talking about wood products generally, not differentiating between native and plantation. I am sorry if you asked about native, I thought it was—

Senator COLBECK—It was a pretty general question. Senator Milne and I can debate or disagree on different products. Senator Milne makes the comments about the take up of plantation based timbers in construction and that is true to a certain point. I accept that that occurs but there are still some products that are not possible to get from plantation forests as we know them and are best grown in a native forest-type setting—for example, face grade products, flooring veneers and things of that nature. Plantations have not been managed to an extent that can provide those products yet.

The plantation based products have very different properties to a native forest-grown product basically because of growth rates and a whole series of properties that go into that. There are some intricacies in it and that is why I did not try to get into that. It was more about general demand for timber and timber products on a global level and where that was actually going. There is a report that was done by the Forests and Forest Industry Council in Tasmania that talked about future demand and I was interested to know whether you had any data on that because I was interested in where their assumptions may have come from.

Dr O'Connell—The markets are obviously quite significantly segmented and the house frames are overwhelmingly plantation softwood. You are talking about other furniture and veneer-type facing—

Senator COLBECK—Even flooring, for example, skirting architraves, finishing timbers and some specialty timbers that go into residential and commercial construction—those sorts of things still require a timber that is not yet available through plantation. A lot of them are interconnected. While they are siloed, there are connections in them because of some of the secondary products that you will get out of a sawlog. You are not going to get 100 per cent recovery of a first grade product out of a sawlog. There are going to be other products that come out of it, which is where the connections into woodchips, veneer and all those other things come into it. I just want to go onto some quick questions about projections and perhaps a bit of history on oil and gas production.

Senator MILNE—Before we go off timber, can I ask a final question on that. I want to finish on forestry. Who is doing the work on the economic cost-benefit of what price you would have to get for these specialty timbers in order to continue logging native forests to get them, if you have no market for woodchips?

Mr Glyde—The short answer is that I do not know. Certainly ABARE is not doing that work.

Senator COLBECK—This goes to someone research of yours that has been quoted in the media, Mr Glyde. There are claims that the Petroleum Resource Rent Tax Scheme in 1987 did not stymie growth and in fact produced growth. I have a report here which says:

But industry and ABARE data shows that just about every tonne of extra gas production has been generated by the North West Shelf gas project and it is not covered by the PRRT regime.

Further, the data shows that oil production in Australia has declined pretty consistently since 1987, while production from fields not covered by the regime (Bass Strait and Timor Sea) consistently rose to a peak at the turn of the century, although they now appear to be in natural decline.

Do we have any data that can provide trends in oil and gas production in Australia since the introduction of the petroleum resource rent tax in 1987, and is it possible to break the data down into production regions, and is it possible to further break the data down to show projects subject to the rent tax and those that are not?

Mr Glyde—I think it is possible; whether ABARE has all of that data and can generate that itself I am not sure. I will have to take that on notice. You have asked across a wide range of different categories. We tend to focus on the economic aspects of the minerals and energy sector and our colleagues in the Department of Resources, Energy and Tourism and Geoscience Australia do some of the other physical elements. I will ask Ms Melanie whether she can be a little more specific than that. But I think it is a question we will have to take on notice.

Ms Melanie—The Australian petroleum statistics database is the database which holds data about oil and gas production in Australia, and currently this database is maintained by the Department of Resources, Energy and Tourism.

Mr Glyde—So that is a question probably best asked of the Department of Resources, Energy and Tourism.

Senator COLBECK—All that data should be held in that database?

Ms Melanie—Yes.

Senator HEFFERNAN—All I want to know is whether ABARE has done work on the consolidation of the cattle market and the herd size.

Dr Sheales—The quick answer to that is no.

Senator HEFFERNAN—Are you interested in the consolidation of the beef market—the future economic well-being of the cattle industry?

Dr Sheales—We certainly do our farm surveys and our commodity forecasts, so in that sense, yes, we take an interest in what is happening in the beef market.

Senator HEFFERNAN—Given the fluctuation and the currency going back the other way, are you interested in the JBS Swift consolidation of the Australian cattle market?

Dr Sheales—We keep track of those things. In a research sense we—

Senator HEFFERNAN—This is serious.

CHAIR—It might be serious but it was not your call. Your colleague had the call, Senator Heffernan.

Senator HEFFERNAN—Too bad; I am taking the question.

CHAIR—That is too bad. I am sorry, Senator Nash, you have just lost your time to your colleague.

Senator NASH—I did just want to put it on notice that, in 2007, BRS did a study, an overview of tools for assessing groundwater, surface water connectivity, so I am just

interested to know what input you have been asked to give or what role BRS is going to play in terms of the draft basin plan coming out in the middle of the year. I am happy for you to take that on notice, but if could you come back with the detailed input—if there is any—that BRS will have to drafting the plan.

Senator HEFFERNAN—I will get back to this cattle job—JBS Swift have just taken over Australian Meat Holdings. You guys are allegedly interested in the economic profile of an industry and I am talking about the beef industry. Have you looked at the effect of that merger on the economic profile of the beef industry?

Dr Sheales—No we have not.

Senator HEFFERNAN—Do you think you should?

Dr Sheales—Along with a lot of other issues affecting the industry, we keep track of it, but we do not have any specific research topics in mind.

Senator HEFFERNAN—It is not hard to keep track of it, why doesn't someone do some work? Can I just briefly give you a snapshot of southern New South Wales—and you may be interested in this. JBS Swift, if they succeed in the takeover of Rockdale feedlot, are going to have 100,000 cattle in 400 kilometres of catchment on feed, which is 350,000 cattle a year. What I would like you fellows to tell me is what impact that is going to have on the market and the vulnerability of the farm gate price against the consolidation of the market.

Dr Sheales—As with any market such as the cattle market, there are always options to move cattle around, and no doubt the transport costs will be factored into that. If all these things happen, while they might be the major buyer in the area, it does not mean to say they have got any sort of monopoly or buying power.

Senator HEFFERNAN—At the present time they are trying to consolidate Woollies and Coles into the operation. As I say, there are 350,000 cattle and no-one seems to give a rats. I am bloody concerned about it, and I think you blokes ought to be to. I think someone ought to have a serious look at it, because these guys, JBS Swift, are now sending some of the AMH employees to the United States to a school over there to learn to consolidate a market. Their ambition, let me tell you, is to control the price of beef in Australia.

Senator Sherry—Senator, that is a competition point that you are raising.

Senator HEFFERNAN—Yes, I know it is, but it is also the economic wellbeing of the industry, which is you guys.

Mr Glyde—Our role is to try to understand the industry and where it is heading so we can do commodity forecasts. We are interested from that perspective, but we have no skills or expertise in relation to understanding competition policy issues and, as the minister has pointed out, that is a matter for the ACCC.

Senator HEFFERNAN—You cannot silo the information. Surely, you need to put it on to one data base, the impact of all this, and surely you are the master of the course then to give guidance to the government on the impact. At the moment you are saying, 'We have not had a look; it is siloed in a different area.' I am saying unsilo it; could you report back to this committee on the impact of the JBS Swift consolidation of the cattle market in Australia?

Mr Glyde—No, the point I am trying to make is that we are interested in what is happening in the industry, to monitor what is happening in the industry so we can try to make accurate commodity forecasts. To that extent we work with the industry and with the ACCC to understand that, but making a commentary on the impact that that is going to have and making an assessment of how that is going to go—

Senator HEFFERNAN—I am not asking for—

CHAIR—Senator Heffernan, it is a half hour, I understand your passion for this and it is shared by the rest by the committee.

Senator HEFFERNAN—It is not shared, did you say?

CHAIR—It is shared by the rest of the committee. On that, we thank officers from ABARE.

[4.46 pm]

CHAIR—I welcome officers from Sustainable Resource Management and we will go to questions.

Senator SIEWERT—To begin I want to go to the budget cuts in Caring for our Country and for reducing duplication. As I understand it, there is \$70.4 million being cut from the Natural Heritage Trust and \$10.9 million from Landcare. Could you outline where those cuts are coming from and in particular how they are ending duplication?

Mr Thompson—In terms of the duplication, that is a reference to the grants for similar purposes going to similar groups, but it also referred to opportunities to save money in administration of the program. The cuts over four years in the Landcare area are, as you said, \$10.9 million. They come half off administration and half off the future forward estimates for the program. It is probably worth noting that there is still an increase in funds available for Landcare groups over those four years. Landcare actually increases from \$35 million to \$36 million next financial year.

Senator SIEWERT—Can we go to your comment about cuts. First let us do the grants for similar program purposes. Can you explain what you mean there?

Mr Thompson—The grants are available under Caring for our Country and for Landcare for things like the community action grants and the competitive grants and there is also funding available through regional bodies. So there was a large amount of money for similar activities and the government, in terms of achieving its budget outcome, made some reductions across the whole range of programs and so some reductions were made in this area.

Senator SIEWERT—The last comment is the one that seems to me to go to the heart of the matter—that the government wanted to make cuts and that is where they made cuts. Even if they are similar sorts of programs they are still Landcare programs, they are still on-the-ground programs. Whether the money is delivered from the regional grants program or from another program it is still money hitting the ground for Landcare.

Mr Thompson—Yes, and there still will be money hitting the ground from Landcare. As I have said, in the case of Landcare the money that was removed from the grants component

was an indexation amount for Landcare that the Landcare appropriation had retained for many years, and which other programs did not have.

Senator SIEWERT—Can you tell me how much of the \$10.9 million is actually money that came out of the grant program?

Mr Thompson—Yes—out of the \$10.9 million it is \$6.4 million over four years.

Senator SIEWERT—So \$6.4 million you say was indexation.

Mr Thompson—Largely indexation, yes.

Senator SIEWERT—How much is largely and how much is real cuts? I still call not giving indexation real cuts, so how much is indexation and how much is not indexation?

Mr Thompson—It is virtually all indexation. There was a bit of a complication in that there was actually some slight supplementation of the last set of indexation for the Landcare appropriation that took place, and then the indexation applied.

Senator SIEWERT—Sorry—could you explain that in English that I can understand!

Mr Thompson—The amount of money for Landcare was indexed for the last time effectively at the end of the last indexation period for 2009-10, and then the indexation was removed into the future.

Senator SIEWERT—Okay, thank you.

CHAIR—This is Landcare, so there is an increase?

Mr Thompson—There is still an increase in Landcare from this year to next. Landcare had an increase in profile—

Senator SIEWERT—Of a million bucks.

Mr Thompson—and it increases this year and stays pretty much the same for the next three years.

Senator IAN MACDONALD—Funding for Landcare was reduced by \$10.9 million—is that right?

Mr Thompson—That is right.

Senator IAN MACDONALD—And yet you are saying that Landcare funding was increased by a million?

Mr Thompson—Landcare funding was increased over the current appropriation. There was an increase in profile for Landcare. The reduction actually meant a slightly—

Dr O'Connell—The rate of increase is not tapering off.

Senator IAN MACDONALD—You are saying that last year there was a certain expectation for this year, but the expectation for this year is \$10.9 million less than what you forecast it would be last year?

Dr O'Connell—Over the forward estimates.

Mr Thompson—Over the forward estimate period.

Senator IAN MACDONALD—Over four years?

Dr O'Connell—Yes.

Senator IAN MACDONALD—You are saying that the money that will be spent on Landcare in this year to do things is a million dollars more than it was last year, but \$10.9 million less than you expected—

Mr Thompson—It is a million more than this year, but at last year's estimates it would have been—

Senator IAN MACDONALD—A quarter of \$10.9 million—

Mr Thompson—\$1.5 million more. So the reduction over the growth is of half a million dollars. It grows by \$1 million, and it was to have grown by \$1½ million.

Senator IAN MACDONALD—You answered Senator Siewert that the \$1½ million was simply indexation on last year's figures, so effectively there is, in real terms, less money for Landcare.

Mr Thompson—I would not have thought so. I have not calculated that, but going from \$32 million to \$34 million in terms of money on the ground is probably more than indexation.

Senator IAN MACDONALD—But by indexation do you not mean retaining the value of money?

Mr Thompson—Yes it does, but the forward estimates of the program are not just purely indexed. They contain various ups and downs, depending on estimated cash flows for projects.

Senator IAN MACDONALD—You told Senator Siewert that most of the \$10.9 million was removal of the indexation that was planned—

Mr Thompson—No, the \$6.4 million was mainly the indexation. That was the administered money for money on the ground. The duplication largely related to the component of the program that goes for implementation of the program, which is \$4.4 million. That was not indexed; that meant we have got less staff to administer the program.

Senator IAN MACDONALD—You are saying that \$4.4 million, which your department used to spend in administering this program, you are not going to spend any more.

Mr Thompson—No.

Senator IAN MACDONALD—Which means you have been wasting it in the last four or five years, obviously, if you can now do it this year without that money.

Senator SIEWERT—I want to hear what the duplication is.

Senator IAN MACDONALD—Sorry—I am—

Senator SIEWERT—Because duplication depends on what the duplication is—it depends whether it has been wasted.

Senator IAN MACDONALD—Yes, that is right.

Senator SIEWERT—When you say 'duplication' can you tell us what the duplication actually is?

Mr Thompson—In terms of implementation of the program, I would not say we have wasted money over the years. But in the early years of any program it takes more resources to set a program up, put in place assessment processes, establish communications with and get information from people about what sorts of projects should be funded and those sorts of things. Landcare projects and Caring for our Country projects are being rolled out together. What we are planning to do is make more effective use of our staff in terms of things like monitoring projects, visiting projects, undertaking audits of compliance, making better use of automated contracting systems and automated acquittal systems and those sorts of things to reduce the administrative overhead on the program.

Senator SIEWERT—So when you say you are going to reduce duplication in monitoring et cetera, do you mean that departmental staff were going out to look at Landcare projects separately from the other components of Caring for our Country?

Mr Thompson—Not always, but there is always scope for targeting which projects are visited, what things are looked at, when visits take place and whether we use people based in the regions or not, to do it in a more cost-effective way.

Senator SIEWERT—How many staff are being taken off this program?

Mr Thompson—The number of resources for staff that will be reduced from the program will be around seven into next financial year.

Senator SIEWERT—FTEs?

Mr Thompson—Yes.

Senator SIEWERT—They are based in Canberra, the regions or both?

Mr Thompson—They are largely based in Canberra. There will be no redundancies involved. We are carrying some vacancies, as is always the case, and it will be a matter of redesigning some workloads. Some people will do some different things and we will do some things in different ways, but no existing staff will lose their jobs.

Senator SIEWERT—What is the forecast in terms of the amount of money that will be available for Landcare on the ground? You said that it is going up from \$35 million to \$36 million.

Mr Thompson—That \$35 million to \$36 million is the total amount for Landcare. For projects it is \$34 million this year and then \$37 million in the three forward years.

Senator SIEWERT—For the out years it is the same, so in reality that is a cost cut, because it is not getting indexed. That is correct, isn't it?

Mr Thompson—This year we expect to spend \$32 million; next year, \$34 million; and in the year after, \$37 million. It is a decrease on what might have been expected to have been spent if one looked at last year's forward estimates. But, as the numbers show, there is still that increasing profile and then a plateau.

Senator IAN MACDONALD—But the value of money is going down, so you are going to get less value out of those increased amounts.

Mr Thompson—The government took a decision some years ago to not index quite a number of programs, because programs go on roughly a three-year review cycle. The amount

of money available for programs for that forward estimates period is considered at that point in time, rather than it automatically indexing.

Senator IAN MACDONALD—It does not matter who decided. If the indexation is no longer there, you can do fewer things for the same amount of money each year. I am not blaming you.

Mr Thompson—If the money is the same, yes.

Senator IAN MACDONALD—The money has gone up but, from what we understand from what you said previously, not by the amount you expected the indexation would need to be last year. So you were either wrong last year or—I do not know what else.

Dr O'Connell—The amount administered this year is \$32 million. It is going up in the out years to \$37 million. That is certainly well above the indexed component of that.

Senator IAN MACDONALD—So where does the \$10.9 million come from?

Dr O'Connell—Take the indexation off and you still have a very significant increase for people on the ground between this year, which is \$32 million, and those out years, which is \$37 million.

Senator IAN MACDONALD—Assuming the value of money stays the same.

Dr O'Connell—No, even with the indexation. That is with the indexation taken out, so what I am saying is that it is \$37 million in each of those out years. This current year was \$32 million, so they are going to see a rise now to the level we had before.

Senator IAN MACDONALD—What did you have last year for the out years?

Dr O'Connell—Over those out years, an extra \$6 million—\$6.4 million.

Mr Thompson—Without the savings, 2010-11 would have been \$34.6 million on administrative projects and 2011-12 would have been \$38.3 million.

Senator IAN MACDONALD—If you were right last year in your indexation calculations, there is less real-value money available from now through to the out years—either that or you were wrong last year, and I am sure you were not.

Dr O'Connell—But not less than this year, which is the point I think we were making, which is that the—

Senator SIEWERT—It is just semantics, Senator Macdonald.

Senator IAN MACDONALD—It is; that is right.

Senator SIEWERT—There is \$10.9 million in the bank.

Dr O'Connell—It is a real cut in terms of the indexation, there is no question about that. I am not trying to suggest that; I am just trying to suggest the effect on those people who are receiving that administered fund. It needs to be taken in the context of it being \$32 million this year, \$34 million next year and \$37 million beyond that. Even with that indexation removed, that is still \$37 million in dollar terms for that year, so you will still be considerably above the \$32 million in real terms now.

Senator SIEWERT—You said there was duplication and you were getting rid of duplication between projects that were going through the Competitive Grants Program and the regional groups. The implication from that is that you are changing the way those funds will be delivered.

Mr Thompson—No, the reduction was described as duplication. We have not yet made a decision—or ministers have not made a decision yet—about how the program will be delivered beyond this financial year. This year we have a business plan that has projects in now that are still being looked at. A commitment has been made to regional money, and that will not be reduced. We have committed to retain funding for facilitators and that will not be reduced.

Senator SIEWERT—For this financial year or permanently?

Mr Thompson—For regions, I think the commitment by ministers was that we would stay with the commitment they made to the end of Caring for our Country, and I think for all facilitators the same commitment was made, so we are talking to the end of the current Caring for our Country period, which is 2012-13.

Senator SIEWERT—Can we be clear about when you are talking about facilitators. Are you talking about the regional facilitators?

Mr Thompson—We are talking about the 56 Landcare regional facilitators.

Senator SIEWERT—They are still remaining with the regional organisations?

Mr Thompson—There is a process currently being finalised for the appointment of the 56 Landcare facilitators at a regional level at the present time. It was an open call. They do not necessarily have to be in regional bodies, but they will be located in regions.

Senator SIEWERT—Can you remind me how much that is out of the Landcare budget? I presume that comes out of that Landcare budget we have just been talking about.

Mr Thompson—It does. It is \$8.4 million.

Ms Allan—It is \$8.4 million a year over the four-year period, so a total of \$33.6 million.

Senator SIEWERT—So those people do not get a pay rise for the next three years?

Mr Thompson—It is an aggregate figure. Some of the pay arrangements in that period do vary a little bit from individual to individual and depending on their job, so I could not say whether they receive or do not receive a pay rise, but the amount of money is the same.

Senator SIEWERT—The money remains the same, though.

CHAIR—They will not lose their jobs.

Mr Thompson—They will not lose their jobs; that is the point.

Senator SIEWERT—No, but they will not get a pay rise. Those facilitators will continue for the next period for the life of Caring for our Country.

Mr Thompson—Yes.

Senator SIEWERT—I am trying to get back to that point about how the grants will be delivered. Is it intended that there will still then be a process to the regional bodies? That is what I understand you have been saying—it remains a competitive process.

Mr Thompson—In the overall Caring for our Country budget, the commitment of \$138 million a year to the regional bodies is separately appropriated at the moment via Treasury. That sits there.

Senator SIEWERT—That is that minimum amount that they get?

Mr Thompson—That is that minimum amount they get. The competitive arrangements vary a little bit. Some were EOIs this year; some were a bit more direct tender; some were open expressions. Virtually all of Landcare projects are funded that way. That may vary a little bit next year when we again look at comments on this year's experience with the business plan, or it may not, but essentially the bulk of the money will still go out through a process which will enable a range of people to apply.

Senator SIEWERT—The bulk of the money will go through the competitive process—the Landcare competitive process.

Mr Thompson—The bulk of the Landcare money. The Landcare money also pays for commitments to some other projects, like Landcare Australia Limited and SeaNet.

Senator SIEWERT—How much is available for grants—or how much is it anticipated under the new arrangements will be available for grants? Is SeaNet funded under Landcare?

Mr Thompson—Caring for our Country receives funds for a number of different appropriations. For the purposes of calling for projects we pool the money, but then we have to track it back to the different appropriations.

Senator SIEWERT—Where does SeaNet come in under Landcare?

Mr Thompson—SeaNet is funded as part of Landcare. The minister agreed to fund SeaNet for three years out of the call for projects late last year.

Senator SIEWERT—That is one I missed.

Senator IAN MACDONALD—That is good for SeaNet; I am delighted to see it there, but it does mean that there is less for Landcare. Is that right?

Senator SIEWERT—And how does SeaNet get funded under Landcare?

Mr Thompson—It is part of the community based measure to improve sustainable resource management and working with industry.

Senator SIEWERT—How much was for SeaNet?

Mr Thompson—SeaNet is \$2.6 million over the next three years.

Senator SIEWERT—When was that funded?

Mr Thompson—The first year of funding under this process was 2009-10.

Senator SIEWERT—When was the announcement made?

Mr Thompson—I would have to take that on notice. It was September-October last year.

Senator SIEWERT—Was it part of the announcement under Caring for our Country when those projects were announced?

Mr Thompson—There were a range of announcements for Caring for our Country at different times for different groups of projects. It was made in the same group—

Senator SIEWERT—When was the competitive grants process announced?

Mr Thompson—It was announced as part of the process of announcements for competitive grants. It was not part of the initial announcement but it was part of one of the subsequent ones. There were two or three announcements that followed in sequence.

Senator SIEWERT—Can we go through what Landcare is funding?

Mr Thompson—Landcare is still funding a number of sustainable practices grants that started in 2008-09. There are estimates for that continuing. There were a range of open grants towards the end of 2008-09 that had Landcare projects in them, including SeaNet.

Senator SIEWERT—What I am trying to get to is: you fund particular grants and that then necessitates forward estimating for those grants. What I want to get to is: how much money is now available out of the \$32 million, \$34 million and \$37 million in the forward estimates? How much is available for open grants and what has been committed to existing programs like SeaNet, like the facilitators, et cetera, all of which come out of that money?

Mr Thompson—In terms of the amount of money from Landcare that is available, aside from commitments, in 2009-10 we estimate—and these numbers do change a little bit as some projects advance and some slow down—on top of what we have estimated would be spent out of the current business plan, there is \$1.3 million. In 2010-11 there is \$8.6 million, and in 2011-12 there is \$20.4 million. Sorry, it is \$8.6 million, \$19.2 million and \$20.8 million. That is available for projects on top of the ones that will be considered in this year's business plan. We have estimated what the call in this year's business plan might consume, and I think we announced in the business plan that it was around \$15 million, and that is spread over those three years.

Senator SIEWERT—That comes out of the business plans for 2010-11. What is being applied for now—

Mr Thompson—In the current business plan for 2010-11, we estimated we would spend, I think, about \$15 million on sustainable agriculture-type projects, and the majority of those are Landcare projects.

Senator SIEWERT—That is the forward planning, which includes the facilitators, SeaNet, and forward commitments on existing projects.

Mr Thompson—The numbers I advised were: 1.2, 8.6, 19.2 and 20.8. They are on top of any existing commitments that we have.

Senator SIEWERT—Thank you.

Senator IAN MACDONALD—And what are the existing commitments that you have for those four years?

Mr Thompson—The existing commitments for those four years are: 2010-11, \$25 million; 2011-12, \$17.8 million; 2012-13, \$16.2 million.

Senator SIEWERT—What I am still trying to get to is what are the ongoing projects that come out of that funding?

Mr Thompson—The ongoing projects that come out of those figures that I quoted and the \$29 million that we will spend this year include the various rounds of grants that have been made its 2008-09—business plan open grants; sustainable practices; community action grants, which were announced earlier this year; the national network of Landcare coordinators; the national Landcare facilitator; funding for the Australian Landcare Council; some sustainable farm practices facilitators that operate at the state level—

Senator SIEWERT—How many of those are there?

Mr Thompson—There are seven of those. Each state has one—

Senator SIEWERT—There are the 26, and then you have your state ones as well.

Mr Thompson—Yes. And then there is some funding that is committed to supporting the Australian Landcare Council and innovative farming systems projects, which are expected to be part of this year's business plan.

Senator SIEWERT—Applications have closed for 2010-11. What they are going for is \$8.6 million. How many applications did you get, and for what value?

Ms Allan—Overall, in Caring for our Country, there were 614 applications. For the sustainable agriculture expressions of interest, there were 52 sustainable farm practices expressions of interest.

Mr Thompson—There were 300 projects that expressed sustainable farm practices as one of their targets but people were able to target more than one priority area. There were quite a number of sustainable practices ones that targeted both that and community skills, knowledge and engagement, biodiversity, farm practices or improving coastal water quality.

Senator SIEWERT—So 52 have specifically been channelled into sustainable land practices?

Mr Thompson—There have been 52 in the expression of interest process. We ask that people who are applying for larger projects put in an EOI, rather than a detailed application.

Senator SIEWERT—Going back to the 614, how much was that worth?

Ms Allan—They were worth just under \$277 million.

Senator SIEWERT—I will come back to how much is available under Caring for our Country in a minute. Of the 52 for the sustainable land practices under the EOIs, how much do they add up to?

Mr Thompson—I think the total amount of money is \$50 million.

Senator SIEWERT—So we had \$50 million worth of applications for \$8.6 million worth of grants?

Mr Thompson—The \$50 million is for the total funding over the three-year period. The \$8.6 million is what we have available next year. The total amount of money for sustainable practices that we estimated at the time of the business plan was around \$15 million over three years. The business plan advertised, as a target, that there was around \$15 million for

sustainable practices over three years. As I said, these numbers can vary a little bit because projects can come in under budget or can be delayed, and budgets do shift.

Senator IAN MACDONALD—The \$50 million over the next four years means about \$14 million a year, for which this year there was \$8.6 million available.

Senator SIEWERT—That is if all the projects were for four years; sometimes they are not. Sometimes they are only for a year or two.

Senator IAN MACDONALD—I am only averaging because—

Mr Thompson—Most of the projects have a variable profile but the uncommitted money in the next financial year is \$8.6 million.

Dr O'Connell—I think we are starting to stretch the ability to flip the paper backwards and forwards accurately. Would it be useful if we took this on notice and got clarity for you? From what I understand, you are trying to see how the expressions of interest cast over the forward estimates of their expressions of interest match the available funding. Is that right?

Senator SIEWERT—Yes.

Dr O'Connell—I think it is probably easiest if we take that on notice and come back to you.

Senator IAN MACDONALD—That would be useful provided we get the answers before the next estimates meetings, which will be well after the next election.

Mr Thompson—We can do those numbers fairly quickly, Senator. We have all the information; it is just a bit scattered.

Senator SIEWERT—If you could do that, it would be appreciated.

Senator IAN MACDONALD—Even if we could get them before this committee finishes tomorrow.

Dr O'Connell—I think we can do that.

Senator SIEWERT—Is the assessment process going to remain the same, in that case, for Landcare projects so that they are dealt with separately from other Caring for our Country programs?

Mr Thompson—The current assessment process involves one common application form and in a sense one broad assessment process following similar principles of preliminary assessment panels, then national moderating panels, then an executive panel finalising the advice. That is the same for all projects. The Landcare projects go through a stream whereby it is ensured that people with Landcare experience and sustainable practices knowledge participate in that assessment and, because the funding comes from a different appropriation for Landcare, that is made separately by the minister. But, by and large, the processes are the same. For the expressions of interest, it is a very similar process except that after they have gone to a national moderating panel to identify which are the ones that should be developed further, the minister then would take a decision about which ones should be developed further. Then they will go through that iteration process of identifying negotiating points or discussing new partners or whatever might happen. Then they will come back for consideration as part of the overall funding for Caring for our Country for next year. That is the process for this year.

As happened last year, we will go out and do a consultation process on this year's business plan and listen to people's comments. There might be some changes next year with a view to improving things where necessary.

Senator SIEWERT—Where are you up to in terms of the assessment process?

Mr Thompson—The assessment process is right in midstream at the moment. In terms of assessing broad open call projects, they are currently going through a preliminary assessment by staff from the department, staff from the community and experts at a state level doing the initial assessment and scoring. The expressions of interest have been through initial assessment to a national moderating panel and advice is currently being finalised on which ones should be recommended for further development.

Senator SIEWERT—And national moderating panel is deciding that?

Mr Thompson—A national moderating panel for the expression of interest is deciding that, yes.

Senator SIEWERT—Who is on the national moderating panel?

Ms Allan—We have three panels: a panel that looked after soil condition, one for aquaculture and commercial fisheries, and one for landscape scale conservation. The national moderating panel had the chairs of those three panels and a departmental officer and an independent chair on them. The moderating panel consisted of Mike Logan, who was the independent chair; the general manager from Landcare and Sustainable Agriculture Branch, which was me; the EOI assessment panel chairs, which were Mr Alex McNee, who looked after fisheries, Mr Col Creighton, who looked after the soil panel, and Mr Andrew Lang from the landscape scale conservation panel.

Senator SIEWERT—I am sorry to labour the point: we had an independent chair, chairs from the three panels and two departmental staff—seven. Is that correct?

Ms Allan—Yes.

Senator SIEWERT—So there was one overall national moderating panel for all the expressions of interest.

Mr Thompson—There was one done on each of those areas: soils, landscape scale conservation, and fisheries and aquatics. They looked at the ones within that theme area, then they can together into a national moderating panel to look at recommending a number from those areas.

Senator SIEWERT—And each of those panels were all at a national level, but you had already gone through a process at a state level.

Mr Thompson—For the EOIs, there are only 56 and when you break them into the theme areas each area ends up with 15 to 20 per or even fewer. So we did them all at the national level in terms of themes and then the national moderating panel looked across the themes to ensure there was a balance and reasonable equality between the three areas. For the open call, there was a far greater number of projects so the initial screening was done at the state level across all the themes of Caring for our Country. Then they came into a national panel to look across the themes and state distribution.

Senator SIEWERT—So you have the two separate processes.

Mr Thompson—Yes.

CHAIR—With the variance in the funding for next year, we know there will still be the same number of facilitators—56, 57—next year?

Mr Thompson—Yes.

CHAIR—What about the community action grants?

Mr Thompson—Final decisions have not been made on those, but they have been well supported and ministers have announced their commitment to funding in this area. So it is not something that we are looking to target for many reductions.

CHAIR—Are there any other areas that the government has said would not be affected by the reduction in funding?

Ms Allan—Within the greater Caring for our Country, we would not be targeting the election commitments for funding cuts.

CHAIR—Good.

Mr Thompson—Things like Reef Rescue. Reef Rescue, in particular, is not going to be targeted.

CHAIR—The government sponsored the National Landcare Forum. Can you tell the committee how that went?

Mr Thompson—The National Landcare Forum was held in Adelaide in March this year. It was very successful, with about 600 to 650 people attending—all of whom expressed enthusiasm and a positive attitude about it. One of the recommendations from it was calling upon the Commonwealth and the states to support similar forums on perhaps a biannual basis.

CHAIR—Where to from here, apart from suggesting that it carry on every two years? Anything else?

Mr Thompson—The other thing that came out of it, which is really just my comment, was that there was a tremendous amount of enthusiasm by community and regional groups for getting on with the job. There was also quite a degree of formal discussion at the forum about a framework for Landcare in the future and how it could contribute. The whole group listened to presentations from a whole range of people, including the minister, and they are currently working on a framework to look at how Landcare could work and contribute in the future to things like addressing climate change, food security, working with volunteers and improving the environment.

CHAIR—It is a very positive initiative. To get 600 or 650 people in the room in all green was worthwhile. That is great.

Senator SIEWERT—I am still trying to tease out the amount of money that is available for the different programs. Of the \$8.6 million, how much is then available for the community action grants, the open grant process and the EOI process? Do you allocate amounts against each of those programs?

Mr Thompson—The amount allocated for community action grants this year—and they are a one-year program—was \$5 million.

Senator SIEWERT—When you say ‘this year’ is that—

Mr Thompson—That is for the financial year 2009-10. Ministers have not taken a final decision on the amount of money for community action grants next financial year, although they have indicated that a call for grants will be made shortly. But no final decision has been made on that one yet.

Senator SIEWERT—So how much of the \$8.6 million for next year is likely to be available for the community grants program, which are only one-year funding programs?

Mr Thompson—When we talk about the \$8.6 million being available we just make an assumption that community action grants would continue at the current level of funding at least.

Senator SIEWERT—Okay, that takes it down to \$3.6 million that is available for the open grant process.

Mr Thompson—No, the \$8.6 million takes account of there being at least the same amount of money available for community action grants. If community action grants run at \$5 million next year, and some consideration is being given to increasing them, there would still be \$8.6 million available because we took into account that they would at least go at that level. Community action grants were equally funded by Landcare and the broader Caring for our Country.

Senator SIEWERT—It is like trying to grab hold of jelly. How much is available for each of the granting programs, which is what I asked a while ago? You did not mention—I apologise if you did; I did not catch it—that the \$5 million was likely to come prior to the \$8.6 million. So you have budgeted at least \$5 million in each of the out years—we will forget 2009-10—2010-11, 2011-12 and 2012-13 for the community grants program? Is that right?

Mr Thompson—Yes. As I said, some of these numbers change because of changes in demand from the community. But the amount of money that is broadly available for the sort of thing that we would call the business plan are the \$8.6 million, the \$19.2 million and the \$20.8 million. That also allows that, in addition to that, there would be at least \$2.5 million available from Landcare plus an additional \$2.5 million from elsewhere in Caring for our Country for community action grants.

Senator SIEWERT—So the \$8.6 million that is available in the next financial year is solely for the open process and the EOI process.

Mr Thompson—Yes.

Senator SIEWERT—How much are you allocating the EOI process and the open process each?

Mr Thompson—We have not made a split in that regard. We have not actually done it this year either, other than notionally. That is because we would actually like to look at the relative quality of projects that come in under the EOI versus the quality that come in under the open

call. But there would be a notional amount. I think we said we would fund up to five EOIs for up to \$1.5 million. So there is a notional amount over three years for them, but we are not locked into that.

Senator SIEWERT—As I understand what you just said, under the EOI process there were 52 projects for \$50 million.

Mr Thompson—Yes.

Senator SIEWERT—Under the open call process, how many projects were there that would be potentially funded under Landcare, and for how much?

Mr Thompson—There are about 173 projects that might be called Landcare.

Senator SIEWERT—So there are 173 projects.

Mr Thompson—There are 173 applications in improving management practices, which is the on-farm type stuff, and another 127 for landscape scale conservation, which is more or less on-farm and off-farm environmental management. For improving farm practices, the funding sought was \$32 million. For the landscape scale consideration, it was \$18.4 million.

Senator SIEWERT—So, overall, going for the \$8.6 million, we have \$50 million plus \$32 million plus \$18.4 million.

Mr Thompson—Not quite. That \$8.6 million is for one financial year. The funding that I was quoting was over a three-year period. So if it is compared with anything it should be compared with—

Senator IAN MACDONALD—So, on average, it is \$33 million, a third of \$100 million, for which you have \$8.6 million.

Mr Thompson—Roughly you are right. If we just looked at the crude budgets put in by applicants without any adjustments or examination, roughly a third of them would be able to be funded.

Senator SIEWERT—Of the \$19.2 million for 2011-12, how much of that would you allocate these projects, for example?

Mr Thompson—Probably the majority of that would be available for innovative farm practices, improving farm practices, landscape scale conservation and some weed and pest management.

Senator SIEWERT—Sorry, I misphrased the question. How much would you forward-allocate of the 2011-12 budget for existing programs? So when you are approving projects this year, knowing that you are committing for the next year at least, probably the next two—

Mr Thompson—The rule of thumb we will use is that in the first year—so for 2010-11—we try at the beginning of the year to commit 100 per cent of our budget, so we would spend the full budget in that year. In the second year, which would be 2011-12, we would aim to spend 40 per cent of the budget, and in the third year we would spend 30 per cent of the budget, and that would enable funding to be available.

Senator SIEWERT—That is what I was looking for. Of the projects that you had under both the EOI process and the open call process, how many were one-, two- or three-year projects?

Mr Thompson—I do not have the detail of those applications or analyses in front of me. All we have is the total amounts. But, for the EOIs, I would be surprised if they were not all three-year projects, given that they could get up to \$1.5 million over three years and a project of that size would probably take two or 2½ years to do. Many of the other projects are probably two to three years. There will be very few projects that are only one year. Most of the community action grants are one year, but everything else will be two to three years.

Senator SIEWERT—Most of the projects that were community based projects last year were funded for just two years, weren't they?

Mr Thompson—They varied. Some were two and some were three. But certainly the expenditure in the last year of three-year projects was usually a lot smaller than in the earlier years.

Senator SIEWERT—Thank you. Those are my Landcare questions.

Senator IAN MACDONALD—You are dealing only with Landcare now?

Senator SIEWERT—We have done only Landcare. Then we will move on to Caring for our Country if that is okay.

Senator IAN MACDONALD—Yes, I do not have any other separate Landcare ones.

CHAIR—Senator Colbeck and Senator Back, do you have any Landcare questions? If not, shall we move to Caring for our Country?

Senator SIEWERT—Yes.

Senator IAN MACDONALD—I do not mind if other senators interpose while we are on this. The funding for the Natural Heritage Trust has been reduced by what in this budget?

Mr Thompson—The NHT has been reduced by \$70 million.

Senator IAN MACDONALD—Again following Senator Siewert's questions in relation to Landcare, where are those savings coming from?

Mr Thompson—Again, the NHT-funded component of Caring for our Country was on a rising profile again, so the actual numbers continue to go up. The savings were also phased in so that they were smallest in the first year of the program and larger in the latter years, when there was more uncommitted money. In the first year of the program, they were obtained largely by efficiencies in implementation costs, costs associated with monitoring and evaluation, project management and communications. In the latter years, they will have some effects on programs. The areas where it is currently estimated that there will be some reduction are areas like national reserves, World Heritage, Coastcare—excluding the Barrier Reef, as I mentioned—and some of the implementation costs associated with facilitators, largely looking at savings in travel and overhead costs.

Senator IAN MACDONALD—Can you tell how the \$70 million is going to be allocated over the three out years—or is it four? As I understand it, the \$70 million is over this year and three out years.

Mr Thompson—It is over this year and the three out years.

Senator IAN MACDONALD—How has that been allocated to each year?

Mr Thompson—It has been allocated at minus \$8.8 million in 2010-11, minus \$12.8 million in 2011-12 and minus \$17 million in 2012-13.

Senator SIEWERT—What about 2013-14?

Mr Thompson—That is beyond the life of Caring for our Country, but the amount in the forward estimates has been reduced by \$31.5 million.

Senator IAN MACDONALD—While you are on that page, what is available in those same four years following the reduction?

Mr Thompson—The total budget?

Senator IAN MACDONALD—Well, for the part of Caring for our Country that the \$70 million worth of savings are coming from.

Mr Thompson—The number I have actually includes the Landcare amount. So I can give you the total amount and give you the Landcare amount for that period because I don't have a calculator with me. In 2010-11 the total amount is \$423 million minus \$36 million of Landcare; in 2011-12, the total is \$411 million minus \$39 million for Landcare; in 2012-13 it is \$407 million minus \$39 million for Landcare; and in 2013-14 it is \$387 million minus \$39 million for Landcare. One thing I should say is that the number reduces beyond 2011-12 because at the current time there is no forward estimate for Environmental Stewardship beyond 2010-11. Future funding will be considered in next year's budget but it runs at—in 2010-11 there is \$17 million in the budget for it.

Senator SIEWERT—Where does that money come from?

Mr Thompson—Environmental Stewardship is the appropriation for Caring for our Country. Like Landcare, it is part of a package of funds that makes up Caring for our Country.

Senator SIEWERT—Yes, that is what I thought. The money that has been allocated outside the stewardship program, where is that likely to come from then?

Mr Thompson—That comes from the Natural Heritage Trust special account.

Senator SIEWERT—Okay.

Senator IAN MACDONALD—So the figures are going \$423 million, \$411 million, \$407 million and \$387 million.

Mr Thompson—Yes, and the big decline is due to Environmental Stewardship not being in the forward estimates at present beyond next year. That is a matter for next year's budget.

Senator IAN MACDONALD—What is Environmental Stewardship in 2010-11?

Mr Thompson—In 2010-11 we expect to spend \$17 million on past commitments under the program and new ones entered into.

Senator IAN MACDONALD—What you are saying is for the 2011-12, 2012-13 and 2013-14 years you would add \$17 million onto those figures?

Mr Thompson—One could, but I cannot because at the present time I have nothing in the budget to sustain that. That is a matter that will be considered for next year's budget so at the moment we do not have a number there.

Senator IAN MACDONALD—What comes under the Environmental Stewardship Program?

Mr Thompson—Environmental Stewardship is a program of essentially paying landholders for managing rare or endangered biodiversity on their properties. At the present time we have had some market-based tenders for farmers to submit tenders for payment to manage particularly box gum grassy woodlands in New South Wales through into Queensland. We have contributed to a volcanic grasslands project in Victoria and we are looking at extending the program into parts of South Australia for woodland protection. So if a farmer has 20, 30, 40 or 100 hectares of an endangered Environment Protection and Biodiversity Conservation Act woodland of the targeted sort, a tender process is undertaken so that they can put a patch of land up and offer it to the government for receiving stewardship payment for 15 years to maintain and improve that woodland on their property. So the government is paying them to maintain, weed, fence out, and graze appropriately if it is allowed or improve the status of that piece of woodland.

Senator IAN MACDONALD—And the \$17 million that is included for that this year could well go for 15 years, I think you said—

Mr Thompson—No, the \$17 million for this year—

Senator IAN MACDONALD—Not a new \$17 million but out of this year's \$17 million you could be paying for the next 15 years.

Mr Thompson—No, it is a little bit confusing because the \$17 million is the money which is in the budget which will be paid in 2010-11 for payments for contracts that have payments falling due in 2010-11 and for the first year of contracts that have payments falling in 2010-11. The forward years of the program are appropriated in the contingency reserve of the budget and then brought into appropriation as the year falls due. So there is a long tail.

Senator IAN MACDONALD—So the \$17 million for this year really is paying this year's payment for grants that have been made in many years past?

Mr Thompson—Some in the past but also it is around—

Senator IAN MACDONALD—Some new ones.

Mr Thompson—There would be some new ones, about \$6 million or \$7 million worth of new ones next year, but only the first year of the payment.

Senator IAN MACDONALD—You are saying to us that for the out years, how were you going to?

Mr Thompson—Say someone has a contract to preserve some grassland or woodland, they enter into a contract which may be a \$50,000 a year payment for 15 years. In the first year you will see that \$50,000 appear in 2010-11 but the other 14 years worth of \$50,000 payments do not directly appear in the Caring for our Country line; they sit in a Treasury

appropriation which is moved across to Caring for our Country each year they fall due. It is a budgetary mechanism.

Senator IAN MACDONALD—I am sure it is a budgetary mechanism but is it budgeted for in the out years in this budget?

Mr Thompson—Yes.

Senator IAN MACDONALD—But not in this department, in the Treasury department.

Mr Thompson—Not in this department, in Treasury.

Senator COLBECK—Do we have a sense of what the liability is in the out years?

Mr Thompson—In the two calls we have made to date, the liability for stewardship is about \$38 million and \$30 million, and we have also paid some \$3 million into Victoria. Next year we would enter into some more, and I think the total cost could be something of the order of \$140 million.

Senator COLBECK—Do you have a sense of what the annual liabilities are for the forward estimates?

Senator IAN MACDONALD—What would they be in the Treasury estimates?

Mr Thompson—I do not have the details of what those annual liabilities would be. We know the ones that have come to date because I have the funding for them, but the future ones may depend a bit on the program. I would have to take that detail on notice.

Senator COLBECK—But you must know what the contracts say, if we are the ones managing the contracts for the stewardship program. So you would know what the annual liabilities for the stuff that is already signed would be?

Mr Thompson—We do, but the only numbers I have with me are for the total value of the contracts and not the annual value of the contract.

Senator COLBECK—So that total value could extend for 15 years?

Mr Thompson—It could extend for 15 years.

Senator COLBECK—And it is in the order of about \$100 million?

Mr Thompson—After another year of stewardship the total value could be of the order of about \$140 million.

Senator COLBECK—What do you mean by ‘after another year of stewardship’?

Mr Thompson—Over the next 12 months we would expect to enter into another tranche of contracts.

Senator COLBECK—What is your budget for entering into new contracts over the next 12 months? You would have a number of contracts that would be signed now which would have a liability attached over the life of the contracts—we would like to know what that is. Then there would be a budget that you will have up to which you could obviously enter into contracts.

Mr Thompson—I do not have the numbers of the detail of the potentially contracted amounts of the stewardship. As our discussions have identified, it gets a bit complicated because of those forward year figures. I would have to take that on notice and get back to you.

Senator COLBECK—What are the criteria for actually getting into the Stewardship Program?

Mr Thompson—The essential design around the program is that it is about a community that is vulnerable, endangered or declared rare under the Environment Protection and Biodiversity Conservation Act. That is so that the Commonwealth can actually secure management of any investment it might make in that. There also has to be, for a market to operate, a reasonable amount of private land involved. That then has to be capable of being measured and assessed as to its value—so a metric needs to be determined to distinguish between one area and another—and there needs to be sufficient knowledge of where it occurs so that it can be targeted. Then there is a metric that has been developed that takes into account an environmental score that is given to the land in terms of its environmental value, its condition and the management measures that the landholder might be taking. Then that takes into account the price that someone is offering to protect that parcel of land for 15 years. Then it is picked off accordingly. So the price can vary a little bit from year to year.

Senator COLBECK—How does one apply?

Mr Thompson—We tender out the administration of this. To date the detail has been administered by a consortium of regional bodies.

Senator COLBECK—What coverage do the regional bodies have?

Mr Thompson—There has been one run by the Lachlan and Murrumbidgee NRMs in southern New South Wales. In northern New South Wales one has been run by the Central West, Namoi and Border Rivers-Gwydir CMAs. Moving into Queensland, the Border Rivers Maranoa-Balonne, Condamine and South East Queensland NRMs were administering—

Senator COLBECK—So if the government offer a tender process—

Senator IAN MACDONALD—Did you finish?

Mr Thompson—I finished on who is involved in the detailed on-ground administration.

Senator IAN MACDONALD—So there is only the one in Queensland: the border rivers NRM group.

Mr Thompson—There are the Border Rivers Maranoa-Balonne, Condamine and South East Queensland NRM regions, and they are targeting box gum grassy woodlands. Those woodlands do not go all that far north into Queensland. The NRMs run a communications program with local landholders to explain how the system works. They have people that go out and talk to farmers about how they might make an application. Then applications are called for. They get assessed centrally and contracts are assessed centrally. Essentially, the regional bodies do the on-ground management of the calls for projects and the assessment of them is done centrally.

Senator COLBECK—So is becoming a management body to deal with that a process that is tendered through the annual NRM process or through the Caring for our Country process? How does an organisation engage?

Mr Thompson—There are two steps. The first step is assessment and determination by ministers of which areas meet those criteria for applying environmental stewardship.

Senator COLBECK—How do you get the minister to do that?

Mr Thompson—As I said, we go through a process of looking at which areas meet the criterion of ‘endangered’ under the EPBC Act. It has to be capable of being operated through a stewardship type approach, as opposed to grants or some other form of approach. Then a tender process to obtain groups that are able to deliver the program in these areas is called for. It has tended to run in parallel with the business plan process, but the first one started before the business plan and the second one started in parallel with the business plan and runs on a slightly different track. Essentially, any regional body could apply, but the regional bodies that exist in the area where the woodlands, the grasslands or whatever exist are probably better placed to manage it. There is one in South Australia that is going to be delivered shortly involving a range of South Australian regions.

Senator COLBECK—I am not clear and I want to be clear on how you arrange the start of the assessment process, which appears to be the trigger for this trickle-down process. The reason I am asking is that there are a number of grassland communities that were listed by Minister Garrett last year in northern Tasmania. They asked for some assistance to manage it. Mr Garrett said, ‘Apply to Caring for our Country.’ They said, ‘That’s great. We’ve done that, so we’re fine,’ and a week later they were told that their application had been refused. If we are looking at this particular program, it appears to me that it meets those criteria. It is listed as endangered, and there is a whole heap of other stuff listed with it. If it needs the minister—I am not really fussed about which particular minister—to do an assessment, I want to know how we make that happen.

Mr Thompson—I think you are talking about the grasslands in Tasmania. I am not sure whether they would actually suit this project or not, but the process I have described is that they have to be listed, which they are.

Senator COLBECK—They are listed.

Mr Thompson—They also have to be assessed as to whether there is a suitable market for a tender round to be delivered.

Senator COLBECK—What does that mean?

Mr Thompson—That means that there have to be a sufficient number of properties with a sufficient amount of grassland on those properties to have a market. If it were all on, say, one or two properties, an alternative approach might be more efficient. I do not know the case in Tasmania. The other complication is that environmental stewardship was instituted only 18 months ago. While the first area picked was the area that was listed at that time, the box gum and related grassy woodlands in New South Wales extending into Queensland, and subsequently the continuation of those woodlands into South Australia, I am not sure—until we know what the forward estimates for the program are—whether, aside from those, there

would be sufficient money to open up another one in Tasmania in this area. But that would not mean that something similar could not be considered for funding from other parts of Caring for our Country more broadly.

Senator COLBECK—We have already been down that road, but it just piqued my attention, as I have had some intimate involvement with it and have heard that a lot of boxes cropped up that I knew that it ticked. Perhaps it comes down to appetite, to a certain extent. I can have another look at the transcripts and consider what the options are. Sorry to jump on you, Senator Macdonald.

Senator IAN MACDONALD—That is okay. I want to get back to the \$70 million savings in the NHT with Caring for our Country. The PBS states that a significant proportion of the saving comes from departmental expenses. Again, I think you may have done this, but can you tell us what savings you are talking about, bearing in mind that the impression out there is that already the departmental resources for this general program have contracted so substantially that there is now little corporate knowledge, there are an increasing number of mistakes and there are difficulties in administering the program as it is. I am not going to argue with that; I am just saying that is the impression out there with your clients, as you might call them. Where are these additional savings going to come from?

Mr Thompson—As I said, the savings are to come both from implementation or administrative costs and from delivery projects on the ground. In the first year, when the savings amount is smallest, we think we can take a fair proportion of it from delivery costs. Some of the areas are greater efficiencies in travel. We will use teleconferencing and, as we were talking about, with Landcare we will be more strategic about who travels where and to what and how that is done. There has also been some significant money set aside to do monitoring, evaluation and reporting. We believe we can do that in some slightly different ways and perhaps reduce some costs there. We may be able to reduce some of our costs in communicating some of the arrangements for the program. In terms of administration, what we would be looking to do, now that the program has started to settle down, is to make greater use of more systematic or automated processes for contract management, milestone tracking, reporting arrangements and acquitting of projects and those sorts of things, which should enable our resources to be freed up to still maintain the essential services, but with some reductions in areas sufficient to meet the budget target.

Senator IAN MACDONALD—Mr Thompson, has anyone complained to you or your officers following last year's reductions that there is a serious loss of interest by volunteers who have offered their time, expertise and money because they felt they were contributing to the bigger picture; that is, to the protection of Australia's heritage. A lot of good will has been generated and by applying a multiplier effect funding grants were stretched much further and other people were contributing money as well as time, but it is now becoming harder and more costly for NRM groups and community groups to access what is seen by them to be an increasingly limited funding. First of all, has that complaint been made to the department in the last 12 months? If so, are these further reductions going to exacerbate that general feeling of hopelessness that is growing up amongst all these volunteers who were making the government dollar stretch five or six times by their own input? Have you heard that?

Mr Thompson—We have received a number of comments from the community, some negative and some positive. We received quite a number of negative comments last year about the shape of Caring for our Country and we addressed that through measures such as introducing community action grants, the 56 Landcare facilitators, working with the Landcare community through the community forum, and we have simplified the application process this year considerably on last year. My sense is there has been a significant reduction in the number of complaints and concerns about funding levels. As I said earlier, a lot of enthusiasm came out of the Landcare forum by volunteers.

Dr O'Connell—It is also true that the business plan has been very well accepted in terms of the way that has gone down with the community. In terms of overall feedback, it seems to be more positive this year than last year rather than the reverse.

Senator IAN MACDONALD—Repeating comments that have been made sotto voce from two of my colleagues, one is that people have just given up complaining in hopelessness and, two, what you are saying is quite different from what we are hearing on the ground. You would appreciate that none of these things are political; these are genuine people giving up their time to do something they actually believe in. But we are really losing it as a Commonwealth institution, I have to tell you. Is there an expectation that there will be further cuts into the future?

Mr Thompson—The budget process is something for the government to consider. This budget has been set for the forward years, so I have no indication whether there are any changes likely.

Senator IAN MACDONALD—I might leave it there for questions from other senators.

Senator SIEWERT—I want to go back to where you are cutting the duplication and get a bit more detail please. When you talk about \$70.4 million out of the NRM side of things, can you tell us how much you plan to save on each of those areas you were talking about—the administration, communications and monitoring—and whether it is just the department that faces those costs or whether it is the community as well? I am particularly interested in the monitoring side of things.

Mr Thompson—I can only give indicative figures at the moment because the final detail is still being sorted through. Perhaps it would be easiest to do it on the basis of the comparison between what we had notionally allocated for some of these areas over the four-year period and what we are now allocating. Before the reductions over the four-year period, for example in 2010-11 we had \$14 million for monitoring and evaluation and we are now looking at somewhere around \$9 million.

Senator SIEWERT—What was encompassed in that \$14 million cost for monitoring and evaluation?

Mr Thompson—The sorts of things that were encompassed in that cost were some of the costs of producing reports on Caring for our Country, undertaking surveys or studies of the impact of our projects, and work on the impact those projects were having in their local context. So we will be reducing some of those areas and looking for more efficient ways of doing that.

Senator SIEWERT—One of the great criticisms, as I understood it, of the Auditor-General's reports over the years of NHT was the fact that you could not prove outcomes and a constant criticism was lack of monitoring and evaluation. Now we are cutting the money that is going to monitoring and evaluation.

Mr Thompson—We will be spending \$8 million a year on monitoring and evaluation, which is still a significant amount of money. We have also built in monitoring and evaluation of around 10 per cent into each project as it is delivered, which will also contribute to that picture.

Dr Troy—To deal with monitoring and evaluation and respond to the Auditor-General's comments, we have a MERI strategy for Caring for our Country. So under that projects that are over \$80,000 are required to have a MERI plan—MERI meaning monitoring, evaluation, reporting and improvement. Those plans outline how they are measuring the achievement of their targets for the project and also the effectiveness and impact of the on-ground works of the project. That is all projects over \$80,000 and the regional base level funding will come under that requirement as well.

Senator SIEWERT—Where are the \$5 million worth of cuts this financial year in monitoring and evaluation coming from?

Mr Thompson—We haven't finalised that budget yet.

Senator SIEWERT—So you do not know?

Mr Thompson—We do not know yet.

Senator SIEWERT—So people may be reporting under the MERI approach on their projects and that needs to be assessed—

Dr Troy—Just to clarify the way that the strategy works and the individual project reporting, those individual projects are looking at their effectiveness but the sorts of money being held for monitoring and evaluation by the department is looking at a national level achievement of outcomes, which includes things like commissioning the Bureau of Statistics to do land manager surveys to look at practice change, looking at wind erosion and consequent dust problems in the atmosphere, monitoring the condition of the box gum grassy woodland. They are looking at a holistic level at a particular outcome, whereas the projects are measuring their contribution to the targets that contribute to that outcome and measuring the effectiveness of achieving those targets on the ground.

Senator SIEWERT—I still would like to know where the \$5 million cuts are coming in monitoring and evaluation.

Mr Thompson—Monitoring and evaluation is a little bit like the rest of the program. There are activities that we commenced last year and which continue into the future. Then there are things that we were going to commence at the beginning of next financial year. The details of those still haven't been finalised. There is sufficient there to know where the MERI plan is going and that sort of thing. But we have not yet finalised which and what surveys might be necessary for the forthcoming financial year yet, so I could not say whether activity A or activity Y will be reduced or not.

Senator SIEWERT—How did you make the decision on what to cut? If you have not cut specific activities, how did you know what to cut?

Mr Thompson—When budgets are reduced, clearly we avoid cutting areas where we have contracted commitments. We avoid cutting areas where there is a high priority or expectation of people to receive money because a particular announcement has been made or the like but the contract has not been finalised, so they are set aside. Then we look at areas where there is a reasonable degree of discretion, there might be alternative ways of doing things or there might be ways of finding partners who might be able to do something similar and we might each change our approach a little bit but be able to pool our money to achieve some sort of outcome. The monitoring and evaluation area was an area that had a reasonable level of flexibility because it was not fully committed and there are opportunities there for working with other parties—it might be regions, it might be the CSIRO or it might be state governments where we can pool our resources and achieve some of the outcome but without having to spend all the money. That is the process we will be going through over the next few months.

Senator SIEWERT—I look forward to next estimates, whenever it is. I interrupted you, I apologise. How much has been cut overall for monitoring and evaluation? Five million dollars has been cut this year. What about the out years?

Mr Thompson—Again, they are somewhat notional amounts of money because if we got really good projects on the ground we might actually move more money into projects on the ground versus monitoring and evaluation, or monitoring and evaluation might come through the projects. On the broad amount of money, the saving that we take off that would be about \$5 million each year. These are somewhat notional estimates; they are not locked solid because each year we have to look at what we have been achieving through various elements of our program and ministers then look at the balance for the forthcoming year.

Senator SIEWERT—That was monitoring and evaluation. What about communication?

Mr Thompson—I do not have a separate itemised budget for communication because we are not running a communications campaign or program under Caring for our Country. The main forms of communications activity have really been about information provision, which is the holding of workshops; forums and seminars; the travel of some facilitators and other staff; the preparation of summary material and the maintenance of a website. Sally can give you some more information.

Senator SIEWERT—When you said that was the area that could be potentially cut, are those the sorts of things that you are talking about?

Mr Thompson—One of the areas that we would reduce would be the straight implementation of Caring for our Country where we have both staff and activities supporting the program, so some of that is the travel, communication, material on websites, workshops and forums.

Dr Troy—Some of the savings on communications can come from more efficient ways of communicating. For example, in the first year of the program we had to spend \$453,000 on a community information unit because we did not yet have sophisticated online forms whereas in this current year we have brought that down to \$107,000. There are some savings to be

made where we have invested more in putting together better information on the web, providing online forms and giving good guidelines so that the phone lines are not running so hot with people getting advice on how to use the application forms.

Senator SIEWERT—That is a relatively small amount of money in that barrel.

Dr Troy—It is relatively small in terms of the total Caring for our Country spend on communications.

Senator SIEWERT—What are the savings?

Dr Troy—The savings are in the order of hundreds of thousands rather than millions of dollars.

Senator SIEWERT—Mr Thompson, you mentioned money coming out of national reserves, World Heritage and facilitators. What is coming out of national reserves?

Mr Thompson—They are estimated amounts of money and they may move a little bit from year to year. That one is run by the environment department. I think we have advised previously that the reserve in 2010-11 was to be \$36.6 million. It was \$37.7 million and it could well be \$36.6 million.

Senator SIEWERT—So we have lost a million out of that for next year?

Mr Thompson—These numbers are quite indicative at this stage. Ministers still have to go through and look at the overall budget and review their priorities between now and the commencement of the next financial year. I do not think any of them could be treated as solid. The ones that probably are reasonably solid are that we are going to take some money out of travel costs and some of the administration costs and try and reduce the costs of some of our facilitators because that is within the department. These ones about areas of programs are matters the ministers will be discussing over the coming weeks.

Senator SIEWERT—And they are the most sensitive?

Mr Thompson—Of course, so ministers would try and maximise the amount of money that is available for a delivery of projects on the ground that is why I am uncomfortable actually giving those numbers when ministers have not agreed on them.

Senator SIEWERT—How much is coming out of facilitator work?

Mr Thompson—We think we can reduce facilitator support costs.

Senator SIEWERT—Which reduces their work effectiveness.

Mr Thompson—We think we can reduce them by about \$1 million from \$9 million back to \$8 million. There are quite a lot of travel and support costs involved in hosting events. We think, given that there are about 30-odd of the state level facilitators across the country, some of those support costs will be able to be reduced.

Senator SIEWERT—They will sit in the office and not get out. We are talking about a country the size of Australia.

Mr Thompson—No, I do not think they will be sitting in the office. One of the things we are looking is that they will bring them to Canberra less or travelling out to the regions. We

will communicate with them via teleconference or videoconference. We will try and reduce the costs to bring the ones in from the Northern Territory down to Canberra.

Senator SIEWERT—So \$9 million to \$8 million in each of the out years.

Mr Thompson—Yes, that is about the amount.

Senator SIEWERT—I have \$4 million. So far I have got if we are taking \$5 million out of monitoring for three years that is \$15 million, plus \$1 million per year out of facilitators for three years that is \$8 million. Of the \$7.4 million I have \$8 million so far.

Mr Thompson—Those sorts of numbers are sufficient to virtually cover the reduction in 2010-11. As I said ministers have not looked yet at the allocation of funds between theme areas into the out years and how that might be done. That is where the larger amount of money has to be reduced.

Senator SIEWERT—Are you telling me there is no money coming out of the open grant process for Caring for our Country or any of those granting processes?

Mr Thompson—There may have to be. In the NHT special account there is an \$8.8 million reduction in 2010-11 and then going up to \$17 million in 2012-13. By the time we get out to 2012-13 there will have to be some reductions to some of the granting programs and ministers have not taken the decision on which granting programs the reductions may come from.

Senator SIEWERT—You have already flagged national reserves and World Heritage, so those two are on the table, but you are also saying money could come out of the actual open granting process.

Mr Thompson—I flagged a couple of areas. Coastcare was one that we mentioned. We have already mentioned that Landcare has had funding reduced.

Senator SIEWERT—We are talking about the \$17 million. I am dealing with that separately. Landcare has lost \$10.9 million. I am talking about the \$17 million.

Mr Thompson—The areas that have been flagged that we may have to look at would include reserves, World Heritage, Coastcare and then wherever else across the program we can make the money and ministers have to take a decision on where that would come from.

Senator SIEWERT—So that is outside of admin. For the duplication—and I must say I do not agree that cutting \$5 million out of monitoring is duplication—so far you flagged about \$3 million duplication money.

Mr Thompson—Regarding the duplication that could be said to be in the program, some of it is in the monitoring area where we may have two people monitoring the same thing. Data collection is expensive. The administration of the program is largely where that is. Of course we will have to look at how well any of the granting programs are achieving their outcomes. Action for money on the ground is one of the last areas that one would go to in reducing funding.

Senator SIEWERT—What is counted as ‘action on the ground’? Are national reserves counted as ‘action on the ground’? Is World Heritage?

Mr Thompson—World Heritage and natural reserves are ones that Minister Garrett ran. I am sure he counts those as ‘action on the ground’.

Senator SIEWERT—When do you make the decisions on which of these areas will be cut?

Dr O’Connell—Ministers will make the decisions. Mr Thompson is trying to be helpful by illustrating the areas which are likely to come up. He has been very clear that ministers will need to assess these and go through the processes.

Senator SIEWERT—So the process has not been that you have gone through and looked at these programs to see where duplication is. In fact, you are still making the decisions on the cuts. You have not identified savings in these areas; you have just said that the \$70.4 million needs to come out of this program.

Dr O’Connell—What Mr Thompson has been pointing to is that the final decisions on these have to be made by ministers and the distribution of the overall Caring for our Country money is settled by the minister. I think that is important, otherwise you will get the impression that we are just making these decisions, but clearly the ministers need to settle on these decisions in due course.

Senator SIEWERT—The government has decided they want to take \$70.4 million out of this program. This is coming out of the NHT special account, isn’t it?

Mr Thompson—Yes, it is. It is a less than five per cent cut out of the forward estimates for the NHT special account.

Senator SIEWERT—Try telling the people on the ground who have already received cuts for their granting program that there is another five per cent cut. What is the normal process for expenditure of the money from the NHT special account? If that money is not being spent, where does it get spent? This is money directly out of the NHT special account, isn’t it?

Mr Thompson—You would have to ask those detailed questions about the operation of the special account in the DEWHA estimates because they actually administer that appropriation.

Senator SIEWERT—Funnily enough, I will be there on Wednesday.

Senator IAN MACDONALD—You did tell me earlier, when we were talking about staffing numbers in the general area, that there was no diminution of your involvement in those jointly administered programs. Do you recall that being said this morning?

Mr Thompson—I do recall that being said this morning.

Senator IAN MACDONALD—So wouldn’t you have some say regarding the question Senator Siewert has been perceptively asking you?

Mr Thompson—Certainly the decisions to spend money out of the NHT special account, aside from some areas where ministers have agreed between themselves that they will have sole responsibility, are joint decisions by ministers and there is joint advice by the department. What I meant in response to Senator Siewert was that, if there are questions about the operation of the NHT special account and what happens to money that is unspent, or whatever, in that account, I think they would be better directed to towards DEWHA because

they actually administer and are accountable for the appropriation in that overall budgetary sense.

Senator IAN MACDONALD—If I suggested to you that they be transferred to consolidated revenue, is that possible?

Mr Thompson—My understanding is they stay in the special account, but the special account is now operated in such a way that they do not become available to us in future years. It is that sort of detail of how the special account now operates that I think would be best to ask of the people who are accountable for the special account. There are some quite technical rules about how it operates.

Dr O'Connell—The decisions on the expenditure coming out of that special account are made under the National Heritage Board—in other words, the two ministers, in the same way that it used to be.

Senator IAN MACDONALD—Do not get us wrong—we are not blaming you, Mr Thompson, or you, Dr O'Connell, for the decisions made by your political masters, but unfortunately you are the ones to whom we express, on behalf of our constituents, our very great disappointment about the whole process in this area.

Senator SIEWERT—Okay. I will follow up that special account issue on Wednesday with DEWHA. I want to clarify how many applications you have had for the open call process. You have had 614 applications overall. Is that correct?

Mr Thompson—That is overall and that includes expressions of interest. It is 614 for \$277 million.

Senator SIEWERT—Does that include the Landcare projects that we have already been through?

Mr Thompson—Yes.

Senator SIEWERT—The assessment process that we outlined before covers the assessment process for the broader Caring for our Country process.

Mr Thompson—Yes, it does.

Senator SIEWERT—When do you expect to be making announcements? What is the time frame?

Mr Thompson—The time frame is for announcements in July.

Senator SIEWERT—We have already been through how much is available for Landcare. How much is available for the rest of the program—so do not include the Landcare money. Is that possible?

Mr Thompson—It is possible with a bit of subtraction. Would it be easier for us to take this on notice and provide you with a simple table?

Senator SIEWERT—Can you do it tomorrow? Quite frankly, I do not want to wait until just before next estimates, whenever that is, to get this information.

Mr Thompson—We should be able to do a simple table of the amount of money—

Dr O'Connell—We can run through it now.

Senator SIEWERT—Have you got a simple table you can table?

Dr O'Connell—We do not have a simple table. We can either give it to you now verbally or we will take it on notice, one or the other.

Senator SIEWERT—I do not want to take it on notice, because I want it in the near future, not four months down the track.

Mr Thompson—I can give you the uncommitted amount that would be available through the open call by the broad thematic areas. Do you want it by year, or just the total?

Senator SIEWERT—Basically, last year \$56 million went to competitive grants. I want to know how much this year is going to competitive grants.

Mr Thompson—I could not say how much will go to competitive grants this year. What I can say is how much money is uncommitted.

Senator SIEWERT—Okay.

Mr Thompson—In 2011-12 in total there is—

Dr O'Connell—Could I just clarify, Senator, whether we are talking about what is coming through the business plan? I think there is a relatively straightforward table.

Dr Troy—There is a table in the business plan which outlines that \$171 million is available through the business plan. Of that, \$15 million was the \$15 million that we were discussing earlier which was available for sustainable practices projects. I can give you my copy of the business plan if you want to table that, or I can read it out verbally. This is the multiyear budget that is available through the 2010-11 business plan: \$38 million is available for the National Reserve System expansion; \$10 million is available for expanding Indigenous Protected Areas; \$10 million is for the Environmental Stewardship Program; \$6 million is for the protection of environmental values in and around World Heritage areas; \$6 million is for increasing native habitat and reducing the impact of invasive species; \$49 million is for protecting the Great Barrier Reef, including \$9 million for research and development—that is part of Reef Rescue; \$29 million is for community Coastcare to improve water quality and coastal hotspots and to protect and rehabilitate coastal environments; there is \$7 million for sustaining the environmental values of Ramsar wetlands and high conservation value aquatic ecosystems. Then there is the \$15 million that is available for sustainable farm practices projects.

Dr O'Connell—That is all on table 1 in the business plan.

Senator IAN MACDONALD—How many years was that?

Ms Allan—That is available over the next three years.

Senator IAN MACDONALD—Over the next three years?

Senator SIEWERT—But we do not know how much of that is available. We will have this discussion when we come back after dinner.

Proceedings suspended from 6.30 pm to 7.31 pm

CHAIR—I welcome back officers from the Sustainable Resource Management Division. Senator Siewert will continue.

Senator SIEWERT—You were telling me what was being funded from which area. What I want to know is how much of those indicative amounts are affected by the cuts, but you cannot tell me that yet, I think, can you?

Mr Thompson—We can tell you something that perhaps goes close to that. If you need more detail, we will have to take that on notice. This gives you a summation of the overall level. In the budget as it currently stands, we can give you the totals of uncommitted funds per year, so in 2010-11 we have \$109.8 million uncommitted; in 2011-12, \$13.2 million; and, in 2012-13, \$150.4 million. That is a total of \$392.4 million. Out of that the broad estimate of what we will spend on this year's business plan is \$171 million over those three years, which means there are two hundred and—

Senator SIEWERT—Sorry. That is already allocated under the business plan.

Mr Thompson—It is allocated but not committed. So that would leave \$221.4 million for future business plans or that type of project—for competitive projects or new projects. Before the budget, the total estimates were \$114.4 million in 2010-11, \$137.8 million in 2011-12 and \$159.5 million in 2012-13, which totals \$411.7 million. Taking off the \$171 million that was to be provided for this year's business plan, that leaves approximately \$240.7 million for calls to projects in 2011-12 and 2012-13.

Senator SIEWERT—Or ongoing funding from the projects that are approved this year.

Mr Thompson—No. The \$171 million that is approved this year is for the three years.

Senator SIEWERT—I beg your pardon.

Mr Thompson—And previous commitments are already taken into account.

Senator SIEWERT—So, with the projects that you will approve this year, you will approve up to \$171 million for the forward years.

Mr Thompson—Yes, through the forward years.

Senator SIEWERT—Thank you.

Mr Thompson—In relation to that, I may have inadvertently given you a wrong number when I said how much money the current budget has in it for each year of the program. The current budget for Caring for our Country in 2010-11 is \$423 million.

Senator SIEWERT—Sorry. Can I just go back to my other page. I will correct that. It is easier.

Mr Thompson—It is \$423 million.

Senator SIEWERT—Yes.

Mr Thompson—And then \$406 million in 2011-12 and \$407 million in 2012-13.

Senator SIEWERT—And \$387 million for the following year that is not—

Mr Thompson—It is \$382 million for the following year.

Senator SIEWERT—Okay.

Mr Thompson—While I am doing a few corrections, someone asked when SeaNet was announced. It was announced on 24 November 2009.

Senator SIEWERT—Was that by Minister Burke?

Mr Thompson—It was by Minister Burke, yes.

Senator SIEWERT—That did not use to be funded under that portfolio, did it?

Mr Thompson—SeaNet was previously funded under various programs. I think Landcare contributed to it and I think the NHT had contributed to it in past years. I think every year for quite a few years SeaNet has received money to reduce bycatch and improve fisheries' practices by working with the fishing industry.

Someone wanted the stewardship forward contracts broken down by year. We cannot break them down by year at the moment. What I can say is that at the present time there are \$71 million worth of approved contracts over the next 15 years.

Senator COLBECK—That is without any potential new—

Mr Thompson—That is without potential new ones that might be entered into over the next 12 months.

Senator COLBECK—What is your budget for this one?

Mr Thompson—The budget for new projects this year is, I think, \$6.5 million.

Senator COLBECK—Is that for this year?

Mr Thompson—That is for 2010-11 only. I could not say what they will be over the 15 years because—

Senator COLBECK—You do not know what the potential total is because you do not know what people are going to ask for.

Mr Thompson—we do not know what people will ask for.

Senator COLBECK—And for how long.

Mr Thompson—Or for how long. Most of them ask for the full 15 years, but the amount does vary. The other statement that I think would be useful to clarify while we are talking about this is that you were asking where the budget reductions might come from and we referred to facilitators. Under Caring for our Country we have two groups of facilitators. We have 56 Landcare facilitators, of whom there are some in each region—they are the ones that cost \$8.4 million a year. They are not being cut. There is no change to their business.

Senator SIEWERT—Their travel or anything?

Mr Thompson—To travel, nothing. Their budget remains unchanged. There are four Commonwealth government employees in each state who are also referred to as 'state-level facilitators'. We are going to make savings in some of their travel by the greater use of teleconferencing and the like, in terms of briefing them and advising them of what is going on in Canberra. Because they are in every state in Australia, it is quite expensive to bring them to Canberra and there are considerable savings to be made by briefing them better by teleconferencing and the like while we are here. But they are Commonwealth employees: they

are not the ones in the regions who actually work with regions to do projects. They communicate more with the regional bodies and help with water projects on the ground.

Senator SIEWERT—They can be based in the regions, though, can't they—or are they all based in the capitals?

Mr Thompson—Some of the Indigenous ones are based in the regions. Most of the others are in capital cities, but I think there is one in Toowoomba for Brisbane for sustainable agriculture. That makes sense. Essentially, they are city based.

Senator SIEWERT—They are doing essentially the same roles previously under NHT that those facilitators were doing?

Mr Thompson—They are doing a similar role to the ones that operated before at the state level.

Senator SIEWERT—Yes.

Mr Thompson—They are not community based ones.

Senator SIEWERT—No. Thank you.

Ms Allan—Can I also clarify: there was a question asked about the sustainable practices EOIs and the amount of funding sought by each year for the total of the \$51 million. In 2010-11 it is \$18.6 million; in 2011-12, \$18.4 million; and, in 2012-13, \$14.5 million.

CHAIR—Do you have any more questions, Senator Siewert?

Senator SIEWERT—I am double-checking to see if I have covered all mine. I have for the time being.

CHAIR—Okay. Senator Colbeck, do you have any more questions of SRM?

Senator COLBECK—I do, but I am on to fishing.

CHAIR—We have until quarter past eight, so I suppose we should go to fishing straightaway.

Senator SIEWERT—I do not know about Senator Macdonald, though.

CHAIR—Let's go into fishing, because we are running out of time and, if Senator Macdonald comes back and does have some burning questions, I am sure he can liaise with his colleagues. I am keen to stick to the timetable, unless other senators want to talk about it. We are still in SRM but we are doing domestic and international fisheries.

Senator COLBECK—Can we have the current staff numbers in the fisheries unit, please.

Mr Thompson—The number is 37 FTE. There could be vacancies from time to time.

Senator COLBECK—How has this changed since 2007?

Mr Thompson—We do not have the 2007 figures. I have the 2008-09 figures.

Senator COLBECK—That is a start.

Mr Thompson—It was 51 FTE in 2008-09, so the current number is effectively for 2009-10.

Senator COLBECK—Is there any reason for the reduction?

Mr Thompson—When the budgets were cut across the department a decision was taken to look for more efficient ways of doing fisheries work and to focus on priority areas as they were.

Senator COLBECK—What is the actual budget for the unit for this year and how has that changed in the last two years?

Mr Pittar—The budget for the branch going into the next financial year is still being worked out. We have the overall envelope of funding in the PBS, but the detailed project planning and budgeting will happen between now and the end of the financial year. The amount of funding that the branch had in 2009-10 was in the order of \$4.3 million.

Senator COLBECK—Can you give me the 2008-09 figure?

Mr Pittar—I do not have the 2008-09 figure with me for the branch.

Mr Thompson—The 2008-09 figure would have been somewhat larger, reflecting the number of staff.

Senator COLBECK—I am just trying to get a sense of what it was. Obviously, 14 full-time equivalents have come out of it.

Mr Thompson—They were full-time equivalents. The actual number of staff at the time was only 43½, so the actual expenditure in 2008-09 would have been less than that amount. There was a reduction of only 5½ staff between the head counts at the end of 2008-09 and the beginning of this year. The budget in Fisheries largely reflects that, and travel.

Senator COLBECK—Was there a reduction during the year? How do you get from 51 FTEs for the year to a 5.5 reduction in full-time equivalents when you have gone from 51 full-time equivalents to 37?

Mr Thompson—There were eight vacant positions and then five staff left.

Senator COLBECK—Were they brought about by a staff freeze or something of that nature?

Mr Thompson—That was brought about by the budget reduction last financial year.

Senator COLBECK—Why were there eight positions that had not been filled?

Mr Thompson—Because it takes time to fill positions and they were vacant at the time.

Senator COLBECK—And they were caught up by the reduction in staffing?

Mr Thompson—They were just caught. Positions take time to fill, about 40 days, and if a number of people leave at once you can get caught with vacancies.

Senator COLBECK—So was it as a result of staff leaving or transfers?

Mr Thompson—Some were promotions, some were transfers and some people left to do other things. There were a range of reasons why they left.

Senator COLBECK—They could have seen the writing on the wall too.

CHAIR—Wait till Mr Abbott gets hold of the Public Service!

Senator COLBECK—Sorry, I was thinking aloud.

Senator IAN MACDONALD—He is going to do what they were talking about before. There were going to be people leaving this department and not being replaced.

Senator COLBECK—I was thinking aloud. I apologise for that.

Senator IAN MACDONALD—No, you are quite right. That is what this department is already doing. They have anticipated Mr Abbott's announcements.

Senator COLBECK—I would not be surprised if professionals are shaking their head in disbelief.

Senator IAN MACDONALD—Who is?

Senator Sherry—Isn't that still maintaining the efficiency dividend, Senator Macdonald? It will be on top of cuts that you are claiming.

Senator IAN MACDONALD—No, but some of your officials sitting next to you mentioned that when they were explaining how they were going to implement those cost cuts that have been announced in your budget. I do not know why you are criticising Mr Abbott. You are already doing it yourselves.

Senator Sherry—You are proposing to make an additional cut, to the best of my recollection.

Senator IAN MACDONALD—No, we would not replace retiring public servants.

Senator Sherry—That would save you \$4 billion, you claim, over the forward estimates.

Senator IAN MACDONALD—It is across the entire budget.

CHAIR—It is good of you to at last acknowledge it, Senator Sherry.

Senator Sherry—I do acknowledge it.

Senator COLBECK—Good, pleased to hear it. We have had a couple of conversations about the marine bioregion planning process before. Can you give me a run-down of any involvement with DEWHA in the process since estimates in February?

Mr Pittar—Certainly. The key thing to cover there, recognising that the process is ongoing, and perhaps to cover a bit of background first, is that draft plans for the south-west, north-west and north marine regions are estimated to be released in the second half of 2010. Areas for further assessment have been put out for public consultation. The south-west plan will be the first draft plan to be released and the East Marine Region is likely to be released in early 2011.

The key involvement from this portfolio falls into a number of areas. Firstly, the Bureau of Rural Sciences is undertaking analysis of fisheries data for each bioregion. BRS has an MOU with DEWHA to undertake this work. The main focus of that BRS work is to provide an estimate of the GVP of commercial fishing displaced by proposed reserve networks. This includes the Commonwealth, state and territory fisheries. BRS will also undertake a limited qualitative assessment of the impacts on recreational, Indigenous and charter fishers and fishing communities.

As part of the process, DEWHA will be providing opportunities to engage with the commercial, recreational and Indigenous fishers in each bioregion. There will be consultation

periods available for the public, and that includes a 90-day consultation period after the release of draft plans. We understand too that BRS's interim impact assessment reports will be released at that time. They will be providing information to the public on assessments of the GVP of commercial fishing activities and estimates of what the level of displacement might be for commercial fishing under different scenarios.

The second element that we are involved with is being part of a displaced activities working group at the Commonwealth level. That is looking at developing a policy for government consideration on what approach government might take in relation to the displacement of activities as a consequence of bioregional marine planning, and that includes the fishing industry. There is a stakeholder reference group that is associated with that as well, which involves industry itself. A key thing in that is that DEWHA has advised that the displaced fishing policy will be released, before the draft bioregional plans are put out, so that industry has the opportunity to look at that policy and have input. One of the things that we have been very keen to stress in this is that sufficient time is given to industry to consider the plans and information, such as with the GVP type assessment work that BRS is undertaking, and ensure effective consultation and engagement with the sector.

To help with that assessment and the consultation around the various draft assessments, AFMA plays a role in attending the stakeholder consultation workshops that DEWHA holds. AFMA also discusses marine bioregional planning at its management advisory committees and at the various fisheries levels and also provides regular information, as I understand it, via its circulars to industry on the state of play with marine bioregional planning. They are the main elements in how this portfolio is involved.

Senator COLBECK—What data, if any, are you providing to the process, or is that being done through agencies like BRS?

Mr Pittar—AFMA is the holder of the data. AFMA provides information to BRS for BRS to assess some of that GVP information and some of the other socioeconomic aspects, so it is ultimately data that AFMA collects based on logbook data from AFMA. BRS also collects fisheries data from state and territory jurisdictions, but I understand that the information is at a coarser resolution than the information that comes from AFMA.

Senator COLBECK—You mentioned there were three things. You have told me about BRS and their analysis of fisheries data for each region. You have talked about the displaced activities stakeholders group. What is the third one?

Mr Pittar—The third was the mechanism to assist with consultation—so AFMA's involvement in that consultation and communication with stakeholders.

Senator COLBECK—That is being conducted through AFMA, not necessarily through the department?

Mr Pittar—That is being dealt with through AFMA, but DEWHA also has processes where it is going out and consulting directly with stakeholders, given that it is a process that DEWHA is running.

Mr Thompson—In that space, we do liaise directly with DEWHA to provide advice on who some of the key stakeholders might be and why they might need to be consulted and

what might be some of the best regions to consult with them. We spend a bit of time trying to make sure that the consultative process is adequate, and the industry had every opportunity to represent themselves in this process.

Senator COLBECK—You have mentioned the social and economic analysis of each bioregion from a commercial fishing perspective. What about recreational?

Mr Pittar—I mentioned that BRS is also undertaking more qualitative assessments around the recreational, the charter and the Indigenous sector. Given that there is not a lot of current data available on recreational fishing levels—I think the last survey was conducted in 2001—BRS is having to draw from that to the extent that it can but also undertake some qualitative assessment.

Senator COLBECK—If this data is to be available, you said prior to the release of the plans, how far away are we from that? The south-west one must be awfully close. That is the first one to come out, as I understand it, so how far off are we with the information from BRS? When was that initially commissioned?

Mr Pittar—I do not have the answer to when it was originally commissioned.

Senator COLBECK—How would I find out when it was commissioned?

Mr Pittar—We will have to take that on notice. I do not have that information.

Dr O'Connell—I am not sure if our BRS people are still here. I do not think they are, but we could get that information from them. Yes, they are.

Senator COLBECK—They are here?

Dr O'Connell—Yes.

Senator COLBECK—How fortuitous. We had to get to ask them something! Thank you for waiting around.

Dr Begg—The contract that we started with DEWHA kicked off last financial year. We are currently in the process of negotiating into the second year. The first year will be over on 30 June.

Senator COLBECK—Do you have a terms of reference? Can you give a sense of the terms of reference of that initial contract?

Dr Begg—Certainly. The terms of reference, as mentioned by Roland Pittar, were basically to look at displaced GVP, particularly for the commercial fisheries, focusing largely on the Commonwealth fisheries but also state and territory fisheries and, as was also mentioned before, a qualitative assessment of the impacts that could be displaced with respect to recreational and Indigenous fishing. That contract was basically to look at all of the four regions. There is a preliminary analysis to give a first overview, then that feeds into an interim report which will go out with the draft plans at the same time—that process is being run by DEWHA—and then, following the consultation phase which BRS will be involved in, to gain greater information and finer resolution of displaced fishing activities that will then go into a final report, which will provide the analysis of displaced fishing activities.

Senator COLBECK—You mentioned a qualitative report in respect of recreational fishing. Where are you drawing your data from and what is your basis for preparing that?

Dr Begg—There are a variety of sources. There is not a lot of information, depending on what region you are working in. There is a national recreational fishing survey that was taken back in the early 2000s, as was mentioned before, but some of the other states and territories have had much more recent data collection for the recreational sector. So we will be looking at whatever available data sources there are, to give us an indication of the magnitude of potential recreational or Indigenous fishing activities in each of the particular regions.

Senator COLBECK—Do you have any sense of what level of activity there is in various regions?

Dr Begg—It varies. Basically we are talking about Commonwealth waters.

Senator COLBECK—I understand that.

Dr Begg—So, in terms of the level of activity, it is obviously going to be less than what would be occurring within state waters, but we would expect—

Senator COLBECK—I would be cautious about making that assumption, I would have to say.

Dr Begg—Fair enough. That is one of the activities, to look at what level of activity is occurring in those Commonwealth waters. Some of those activities, for example, would be charter fishing out in those zones, and we would certainly look at that information. So it will be a synthesis of whatever information we can find. The consultation period is going to be particularly important because if there are information sources that have been lacking then refinement of data will occur during that period.

Senator COLBECK—So you are effectively going to state government bodies to gather your information at the moment, or is it broader than that?

Dr Begg—No. At the moment we are getting the commercial data directly from each of the jurisdictions. In terms of the recreational data or Indigenous data, we will be looking at what datasets or information are available.

Senator COLBECK—So what is your process for determining what those available datasets are, particularly for the recreational guys, because it is a bit disparate.

Dr Begg—It certainly is. We have a very good network, though, and a level of understanding of what those information sources are with respect to the various sectors. We have compiled a number of those datasets already and we have a good idea of where those datasets exist and what information is currently available.

Senator COLBECK—Can I just ask—and you might have to decide amongst yourselves who takes this one, from Mr Pittar through to Professor Hurry—what feedback you are getting back through the process at the moment, particularly through the displaced activities stakeholders group? What sort of feedback are we getting at the moment about level of consultation issues surrounding particularly displaced effort?

Mr Pittar—I might go first, if that is okay with Professor Hurry. From where we are sitting, the key thing that we are getting back from industry is a desire to see the displaced activities policy prior to further decisions about declaration of marine protected areas, so that industry understands what the procedures will be for displaced activities.

Senator COLBECK—It is a fair precursor.

Mr Pittar—Yes.

Senator COLBECK—Do you know where that policy currently sits in its preparation?

Mr Pittar—DEWHA is still preparing that draft policy and consulting internally with a number of agencies over that policy. I know DEWHA is very keen and we are also keen to finalise that, so that industry does have the opportunity to consider that policy prior to the next steps. To go back to your original question about the other things that industry raises, I think the other key thing that industry has an interest in is to ensure that it has time to consider the draft management plans and the draft boundaries for marine protected areas. The provision of sufficient time for industry to be consulted with and consider the matters themselves is also probably a key element that industry puts forward to us at this stage of the game.

Senator COLBECK—Is there a perception that they have sufficient time?

Mr Pittar—The process has been extended a number of times in order to provide for additional consultation with industry and to allow industry time to consider and develop its advice back to government. It would probably be fair to say that the process, from an industry perspective, was too tight earlier in the process, but additional time has been granted in response to those concerns that industry has raised and the consultation periods that have been talked about have been extended beyond the statutory period, as provided under the environmental legislation.

Senator COLBECK—In respect of these displaced activities, where does the definition of a statutory fishing right fit within that process?

Mr Pittar—That is one of the issues which was being considered by some consultants who were looking at issues in relation to statutory fishing rights and what that might mean in this context. The message that is coming out of that is that, whilst there is perhaps a black letter definition of statutory fishing rights, there are issues where government is keen to look at that and provide a broader interpretation of that, recognising that, if activities are displaced, issues around potential assistance, adjustment assistance—whatever you might want to call it—are principles which need to be thought about pretty carefully. But that is still working through.

Senator COLBECK—I have asked questions before—in fact, I have sought briefings before—about the definition of ‘statutory fishing right’, and it is an important element in this overall process.

Dr O’Connell—It is.

Senator COLBECK—And it is one that I would like to get nailed down at some point in time, if I possibly can. Perhaps the ministers are in the same boat and would like to get it nailed down, too, but it is absolutely pivotal to the potential outcomes of this MPA process.

Dr O’Connell—There is clearly a range of legal interpretation issues around that that need to be provided to ministers, for ministers to collectively decide on the policy approach to the displaced effort and the statutory fishing rights.

Senator COLBECK—I understand that, and I have asked questions here and in other places before. That is why I ask it again now. But we are starting to bump up against some other pressures, and Mr Pittar's response indicates that there are a range of considerations to be made as part of this process. I would hate the Commonwealth's desire not to have to pay significant compensation for lost statutory fishing rights to be a determinant of the policy. The policy should be dealt with in clearer air than going down that road; therefore, quite clearly, it should be dealt with away from the glare of this process. As I understand it, we have signed up to an international obligation to finalise the MPAs by 2012. Is that correct?

Dr O'Connell—It is a government policy.

Mr Pittar—It is a government policy that they will have things settled by, I think, the end of 2012.

Dr O'Connell—But I think the issues you are looking at are ones which quite clearly will come under the displaced effort policy framework, which is to be decided by the whole of government.

Senator COLBECK—But shouldn't the definition of a statutory fishing right be decided away from that process? It is a totally and utterly different thing and it is a fundamental question of where they are. I have been through the process before. You start getting into a trading situation—

Dr O'Connell—I think the point I was making, and the point that Mr Pittar was making, was that there is the potential to interpret statutory fishing rights in terms of the legal requirements, and then there is placing that set of issues in the broader context of how the government wishes to deal with displaced effort, and that will be managed on a whole-of-government basis. What he was suggesting was that that will be settled before we end up getting into the final stages of this process, so that the relevant people affected by it understand the displaced effort policy that the government will bring to bear. But all these things need to be considered by the ministers before this will be finalised.

Senator COLBECK—That is all very well, but if you talk about someone, for example, who might have some licences in the Coral Sea, who believes that they have something that has a value—and say it cost \$300,000 for them to purchase that fishing right—the question is, 'How is that value maintained?' If the government decides to make a decision that what they think it is isn't, and then declares that region an MPA, and they lose access and their investment, where does it leave them?

Dr O'Connell—That was exactly what I was pointing to—that, in terms of any effort that is displaced by a decision of that nature, it is important that there is a clear policy position from the government that can be communicated, and that is the clear intention here.

Senator COLBECK—So do we have a time frame on that process?

Dr O'Connell—That is with government obviously.

Senator COLBECK—I understand that, but Mr Pittar has clearly said that that displaced policy will be released prior to the south-west regional plan. What is the current time frame for the south-west regional plan to be released?

Mr Pittar—My understanding is that that will be in the second half of 2010. So the expectation or the understanding that we have is that the displaced activities policy would be released prior to then. I cannot be more specific than that.

Senator COLBECK—No, I understand.

Senator IAN MACDONALD—Bearing in mind that you are part of the Department of Agriculture, Fisheries and Forestry, and accepting what I think is incontestable—that if the department of environment had its way it would shut down fishing right around Australia at this very moment—what form of advocacy role is either the department or the minister taking on to make sure that the marine protected areas are a balanced outcome, as I suggest they were in the south-east marine protected area? Is there some advocacy role the department is taking in defence and promotion of Australia's fisheries so that we do not end up buying all of our fish from fish ponds in Vietnam?

Mr Pittar—I think that there are a number of elements to the answer to that question.

Dr O'Connell—Just in advance of answering in those terms, probably we should not just accept the premise of your question that the environment department would shut down fisheries.

Senator IAN MACDONALD—Dr O'Connell, you cannot in your position.

Dr O'Connell—No, and I would just—

Senator IAN MACDONALD—But I think everybody else in the room accepts that what I say is correct.

Senator Sherry—No, we do not.

Dr O'Connell—I would just like to put that clearly on record.

Senator IAN MACDONALD—You and Senator Sherry, I should have—

Senator Sherry—We do not accept the editorialising.

Dr O'Connell—I am looking at my comrades. I am sure they do not either.

Senator IAN MACDONALD—I would not ask Senator Sterle publicly, Senator Sherry.

CHAIR—I was actually talking to Senator O'Brien. I missed that. What was that?

Senator IAN MACDONALD—I protected you, Senator Sterle, so be thankful!

Mr Pittar—Dr O'Connell has made a point I was going to make. I was also going to add, again going back to the work that BRS is undertaking, looking at that—

Senator IAN MACDONALD—There is a difference in providing data in a balanced and fair way. What I am asking is: what advocacy role is either the department or the minister taking to make sure that fisheries are not decimated around Australia by the Marine Protected Areas Program?

Senator COLBECK—Bear in mind that MPAs are not necessarily about protecting fish stocks. That is a fundamental. There are some species that they will provide protection for that live in that particular zone but, if you are talking about pelagics, they do not necessarily have an impact.

Mr Pittar—In terms of the advocacy, I think the points that flow out of that BRS work are for government to understand what the impacts of particular boundaries would be on particular fisheries. Ultimately, the drawing of those boundaries needs to take into account a number of factors. One, of course, is the biophysical environment that the marine protected areas are designed to protect. The other is what the cost might be in declaring or drawing particular boundaries on a map, taking into account the nature of economic activities, including fisheries, in those particular areas. There will be a whole-of-government process in relation to that, which we will see later in the year.

More immediately, our minister has been very strong in advocating the sorts of things which ensure effective consultation with stakeholders and a good opportunity for industry to consider the information that flows from the displaced activities policy that we have talked about earlier—and also, ultimately, the decisions, or the draft bioregional marine plans—and to provide that information back to government.

Senator IAN MACDONALD—I want to come back to that. Mr Pittar, compared to a couple of years ago, what are the numbers in your branch of the department?

Dr O’Connell—We have just responded to that.

Senator IAN MACDONALD—Can you do it again, please? It should be easy to do again. I am making the point—perhaps I should hear the answer before I make the point.

Mr Thompson—I think we said that the number of people working in the fisheries branch—potential FTE—has reduced by about 14 from the number that there were in past years. They were people doing a range of things, including program management, which has changed needs over time. There are somewhat fewer resources, but we are still doing the job of ensuring that policies about marine protected areas and bioregional planning are based on good science. It is challenging to ensure that that is correct.

Senator IAN MACDONALD—Mr Thompson, I understand all that, and I know you can lose us in science. The mere fact of the matter, though, is that the fisheries branch is an advocacy area against the department of the environment, which has literally hundreds of people working on shutting the place down. I only ask the position regarding the numbers in your branch to perhaps emphasise the point that it is extremely difficult for you to carry on the advocacy role against the might and influence of the department of the environment. You do not agree?

Dr O’Connell—I think you are putting it in a way which makes it very difficult for us to comment. You are suggesting there are hundreds of people in the environment department working on this issue. I am not sure that is the case. I think that would have to be put to the environment department. That is not my understanding—nothing close to it, in fact. I could take it on notice, if it is useful to you, to find out how many resources are being managed in the environment department on fisheries related issues.

Senator IAN MACDONALD—We will do that in a couple of days time to save you the trouble.

Dr O’Connell—Okay.

Senator IAN MACDONALD—I think the question I asked and the answer I got are almost self-explanatory.

Mr Pittar—I would go back to the fact that the Bureau of Rural Sciences is providing information as part of the process. It is all about trying to understand and get a better handle on the economic impact of where boundaries might go. That information will be provided publicly.

Senator IAN MACDONALD—That presupposes that the department of the environment is being balanced and fair in its dealing with this marine planning. I am suggesting to you that that is not the case, and I will suggest this to Environment when we get there.

Dr O'Connell—Can I just draw your attention to the decision-making arrangements that come into play here. These are decisions of ministers, in the end. They are not decisions of departments. We work with other departments right across the board to try to assist ministers in coming to decision-making points but, in the end, the decisions that will be made here are ministerial decisions.

Senator IAN MACDONALD—Thank you, Dr O'Connell. You have made my point exactly. We have been told that there has been consultation in the Gulf of Carpentaria. I attended a forum in Normanton just two weeks ago, where fishermen got up and told me—they are state fishermen; they are barra fishermen, I accept—that they knew nothing of it. Then others said that they got a phone call from whoever was running it, to one or two government agencies there, saying 'We're coming through, consulting,' and they came and spent a short period of time, left, and the state fishermen were not even consulted. The Gulf of Carpentaria and that northern marine bioregional area encompass the Commonwealth prawn fishery, and I assume they were consulted, but they do also contain a number of other Commonwealth-state fisheries and some state fisheries where the fishermen only found out after the event. Since then there has been pressure put on them to go back and reconsult.

This is why I question you again on your comments regarding the consultation. There is consultation taken, it seems. What I am asking is: how can we be assured that the fishing industry, for which your department has an advocacy role on Australia's behalf, is being consulted and that you are not just believing that those who are doing the consultation—appointed by the Department of the Environment, Water, Heritage and the Arts—have actually consulted the industry in all of its forms?

Mr Pittar—I would make two points in response to that question. Firstly, as you have described the situation in Normanton, if stakeholders considered that they were not being adequately consulted and have raised that—

Senator IAN MACDONALD—They did not even know about it.

Mr Pittar—as a concern and DEWHA is considering going back and talking further with stakeholders, that is responding to some concerns that there is—

Senator IAN MACDONALD—But DEWHA would have told you that they had been consulted.

Mr Pittar—Secondly, I would be very happy to raise that particular point with DEWHA and explain that the feedback we got at this hearing was that there was an issue around

consultation in the gulf. So I would suggest that DEWHA would be responsive to feedback from industry and stakeholders, narrowly and broadly, that their consultation mechanism at times maybe was not ideal and some further consultation is necessary.

Senator IAN MACDONALD—Thanks for that, Mr Pittar. I am aware of it happening in the gulf. I am also aware of it happening in the Coral Sea Conservation Zone. Sure, they had consultation, but it was after the decision was made—and we have been through that in previous estimates. There are two that I know about. It makes me suspect that everywhere else in Australia the same sort of thing is happening, hence my assertion earlier on that, as far as Environment is concerned, they will do the minimum requirement for consultation. They will not tell the fishermen they are coming; they will slip in, see a couple of greenies, move out and the consultation is done, with respect. Thank you for the offer to make sure that happened but, with respect, I would have hoped that you would have been doing that prior to having been alerted to these things—and that is my concern. With 14 fewer staff, how can I expect you to do that?

Mr Pittar—If I could perhaps just build on something I mentioned early in the questioning. There are other mechanisms whereby stakeholders are consulted and those management advisory committees, under AFMA's jurisdiction, provide opportunities for government to liaise with stakeholders. AFMA also attends stakeholder meetings, from what I am told, and provides information to stakeholders via its circulars with industry on what is going on. The point you raised was in relation to state fisheries and where that is occurring, or where there might be some concerns with the efficacy of it. That is important feedback for DEWHA to get and take into account.

Senator COLBECK—I want to make one final point on this MPA process and I want to take up Senator Macdonald's point about the perception that there should be somebody from within government that is advocating on behalf of the fishing sector—recreational and commercial—and they see that as the minister's role in this position. The feedback that I get, as the minister's shadow and getting around a bit and talking at some of these meetings that Senator Macdonald has talked about and the feedback from my colleagues, is that the industry believes that they have no advocacy in government in this process.

I recognise that consultation work is going on, I recognise that you have just acknowledged a preparedness to take some feedback, but the industry across the board do not believe that they have any advocacy at all from within government. There is nobody in government on their side in this. That is their view, and we have had interactions about this matter at previous estimates. I have to say that I appreciate the amount of information that you have been able to provide tonight in comparison to what you have had in the past, because it is a significant improvement. But that is a clear message that comes back and, recalling the south-east process that occurred in 2005, it was very much that political advocacy that occurred from within the government at the time that made all the difference in the outcome at the end of the day.

My final questions are on this SRM stuff and Caring for our Country. Do you want to finish those quick questions on that so that those people can leave if they want to?

Senator IAN MACDONALD—Yes, thank you. I do want to ask Mr Pittar about international fisheries later, if we could.

CHAIR—We are not letting him go.

Senator IAN MACDONALD—We are not letting him go, okay. Perhaps Professor Hurry might be able to help in that, too. Getting back to Caring for our Country, one of the concerns that the various resource management groups tell me about is that, under the new arrangements, they are now competing with each other in various applications for grants. So, whereas in the past there would be combined approaches for funding, now they are being required to put in individual applications. Therefore, rather than working together, I am told that we are finding various resource groups are secretively bidding against each other because it is the only way they can get funds. Has that matter come to your attention or perhaps has Senator Siewert raised that issue?

Mr Thompson—That issue has been flagged to us, particularly on last year's business plan, which was the first time that there was such a competitive process whereby all sorts of people were competing in the same pool. A couple of comments are probably worth making. The regions do have a guaranteed amount of money and their projects are negotiated projects as opposed to purely competitive. That \$138 million is discussed with them and worked through with them and that therefore takes out that element of competition.

The regions are also encouraged to use their institution in the region to work with other groups to encourage collaborative type projects. We made a few changes in this year's business plan which we believe will help that apparent competition that troubled our groups last year and the first is the separation out of community action grants. So the very small groups that want very small amounts of money can do that, and do that knowing they are not competing with bigger groups.

We have also been a lot clearer in the business plan about the amount of money available for the size of the project that we were expecting and the nature of the applicant means that there is a fair indication of which ones a collaboration would be most effective for. In the case of sustainable agriculture, the expression of interest for the on-farm better resource management and the landscape scale conservation, for example, encouraged people to put in collaborative projects and, because of the expression-of-interest step, when we can actually look at the project they have got and say, 'We would like a bit more collaboration around it,' or 'We are aware of another project that you could perhaps work with or bring in another partner,' there is an opportunity for people to build up more collaborative arrangements. So I think we did hear that noise last year and we have tried to respond to it this year in the range of methodologies I just outlined.

Senator IAN MACDONALD—I am pleased to hear you are aware of it and are trying to address it. I suspect that people, when they read this *Hansard*, as they do quite religiously, will more than chuckle at the responses. That is not meant as a comment on the respondee but simply on the system that the respondee is required to administer. Thanks for that.

The government in one of its better decisions eventually decided to grant exceptional circumstances funding to the gulf country of north-west Queensland for unusual floods that had covered the ground up there for up to eight weeks. That exceptional circumstances

funding goes to landowners to try to help them meet their financial commitments and to try to see them through a difficult time, but the EC does nothing for the landscape, the environment or the ecology of the area.

If you imagine land being under water for eight weeks, every living thing that once used to be in that land is dead: seeds, animals, all the biodiversity—all gone. Is there a way that this very substantial part of what was quite a unique natural environment can be assisted to try and bring back to normality, if one could call it that, the ecology, the whole landscape of those hundreds of square kilometres, I think it would have been, that were under water for a long period of time?

Mr Thompson—I am familiar with the problem as you describe it. In terms of solutions to the physical problem of the lack of plant growth, and perhaps loss of the seedbed in some places, we would have to take advice from scientists on that and we would also be talking to the regional body about what could be done. What we have offered to the regional body is that we would look at changing their project base, if they felt that was one of the priorities they wanted to address now, so that they could change from some of the things that were previously approved to address the current problem, and also allow them to extend milestone payments and things that are affected.

One of the things that was put to us at the time was that being able to rest the country from grazing would be particularly important to allow more extended recovery and that, particularly, some of the smaller graziers in the area found that financially difficult. My understanding is that the availability of exceptional circumstances assistance would help the finances of those graziers and enable them to better manage their country because they would not be quite as immediately in need of income.

Senator IAN MACDONALD—This is not landowners' concerns but the actual landscape concern: I am told it may require a long-term project costing in the vicinity of \$1½ million to do it. Is there any way that the people involved up there could apply for that sort of money? Would that come within the Caring for our Country investment proposals?

Mr Thompson—Caring for our Country, while it is a targeted program, does allow a degree of flexibility around things. I mentioned that we looked at variations and extensions and there were some \$2 million worth of variations to existing projects, plus we have also got \$10 million into the area for flood affected areas. I do not know whether they have put in an application for improved management of the area that is directly affected at the present time as part of the current round. I do not think there was one in the expression of interest round, which was up to \$1.5 million, but within the open call they may have put some projects in the biodiversity space, which also had \$1 million projects over three years as possible, with some combination, with perhaps a sustainable agriculture project. Something could be in there, but if a project was targeting restoration of the environment affected by floods and the improvement of ground cover across that region, that is something that certainly could be considered eligible for funding.

Senator IAN MACDONALD—I am told that, as you mentioned, spelling from grazing, reseedling, pest species management—particularly weeds of national significance—and feral pigs, all need attention. Bearing in mind this is country which is said to be unique, quite

pristine, part of our natural heritage, would it be sympathetically considered by the government if there were applications for that sort of help?

Mr Thompson—Within the guidelines for the program and the funding, yes, they could be considered. I should add that there are some projects we are already undertaking that fall into that area. Control of weeds and WONS is something that can be funded. There is a prickly acacia project going at the moment. Control of feral animals, particularly pigs, is something that is funded. We are funding a project to develop best management practices and codes of practice for the northern gulf area. Applying those practices is something that can be funded.

Senator IAN MACDONALD—They were projects in place well before the floods, as I understand it. I am told that this sort of funding is needed to particularly address those issues which have arisen since this unique natural occurrence.

Mr Thompson—All I am suggesting is that the sorts of activities that you are talking about—reseeding, feral animal control, weed control and grazing practices—are really expansions or extensions of some of the things that are already funded. I could not see a problem in them being considered for funding but whether they can be funded depends on their assessment against other projects across the program. They certainly can be considered, yes.

Senator IAN MACDONALD—It depends on what is the priority across Australia. Thanks for that. I appreciate that. Thank you, Mr Chairman, for allowing me that indulgence.

CHAIR—Senator Colbeck, have you finished now with SRM and we can go to AFMA?

Senator COLBECK—No. There are a few things here that blend across the two agencies.

CHAIR—So I cannot say to Mr Thompson, ‘Unfortunately, all good things come to an end’?

Senator COLBECK—No.

CHAIR—Sorry, Mr Thompson.

Dr O’Connell—Can I just check whether the people who have been handling the Caring for our Country and Landcare are finished?

CHAIR—Yes. Thanks very much.

Senator COLBECK—But anyone who has anything to do with fisheries needs to hang about. You are still on the hook! That is corny, I know.

Senator SIEWERT—Can we make this a pun-free zone, please?

CHAIR—Give us a break—we have to have some fun.

Senator SIEWERT—It is half past eight.

Senator COLBECK—That is when it starts getting worse.

Senator SIEWERT—Yes, I know. That is why I am saying can we agree to put a cork in it now.

Senator COLBECK—I have a couple of quick questions on recreational fishing. Does DAFF believe there is any value in a peak body for recreational fishers?

Mr Thompson—A peak body for all organisations would be one of the useful mechanisms for engaging with state bodies; so, yes, there is value in a peak body.

Senator COLBECK—Is the department still in discussions with Recfish with respect to their potential future?

Mr Thompson—We have discussions from time to time with Recfish about what their future might be or what the representation of the rec fishing sector might be, yes.

Senator COLBECK—Can you tell me whether the minister has responded to their letter of 22 February seeking some assistance with support for Recfish as an organisation?

Mr Pittar—I do not know the answer to that directly. I need to take that on notice. If I can take that on notice, that would be helpful.

Senator COLBECK—Is the department aware of the minister saying to the industry that the government is not interested in funding somebody that might lobby against them?

Mr Thompson—Yes, Senator.

Senator COLBECK—Is the department in any discussions with any other organisations regarding the funding of the peak body?

Mr Thompson—Not that I am aware of.

Senator COLBECK—Can you give me some advice as to the reason for the chair of the Recreational Fishing Advisory Committee resigning from that position?

Mr Pittar—My understanding was that he had competing work pressures.

Senator COLBECK—What is the replacement process, if at all?

Mr Pittar—The government is currently considering its approach to replacing that position.

Senator COLBECK—That means, what, that the government will replace the position, the government might replace that position, or the government is going to replace that position?

Mr Pittar—I expect that the government will replace it and that it is currently considering who that person might be.

Senator COLBECK—That is a clearer response. The issue is with the minister?

Mr Pittar—It is for government's consideration.

Senator COLBECK—You cannot say when government will make the decision, yes. Can you tell me the status of the \$500,000 initiative announced by the minister when he released the draft discussion paper of the group relating to collection of recreational fishing data?

Mr Pittar—We are liaising with the Fisheries Research and Development Corporation and putting together a project proposal that will include a range of stakeholders to contribute to that collection of information and data.

Senator COLBECK—Are you going to contract the FRDC to do that work?

Mr Pittar—The FRDC will have a key coordinating role and they will have primary carriage for running that project, liaising with stakeholders in the industry, liaising also with

state and territory fisheries agencies which have responsibility for recreational fishing and which, in some cases, are collecting information and data at a state level.

Senator COLBECK—You provide a beautiful segue. Has the minister mentioned a request to the state and territories for co-investment in the project? What has the response been to date?

Mr Pittar—As you say, the minister has written asking for that information from the states and territories. I would have to check on the status of how complete the response is from the states and territories.

Senator COLBECK—Do you have terms of reference for the project yet?

Mr Pittar—They are currently being finalised with the FRDC.

Senator COLBECK—So that is being negotiated. You do not know who will be consulted or who will be surveyed at this stage?

Mr Pittar—The intention is to have it as broad as possible. The intention is to have states and territories able to feed into that process so that we can capture and use information and data that already exists. The intention is also to look for ways where individual recreational fishers themselves can potentially feed in information in relation to recreational fishing activity.

Senator COLBECK—Is there a target completion date for this process?

Mr Pittar—I do not have that information in front of me. The key thing was to ensure that the project was as comprehensive as it could be within the funding envelope. I do not think it was seeking to have it done by a date in the next few months. The main thing is to actually design something which is going to be as inclusive as possible.

Senator COLBECK—Can you also advise on the remaining funds from the recreational fishing allocation that was made in the budget?

Mr Pittar—We are also liaising with the FRDC on the use of those funds because part of the exercise that we were referring to, as far as the information and data collection is concerned, would also have the FRDC assisting with management of other projects that have come forward via the consultation that the Recreational Fishing Advisory Committee has undertaken and, where that committee has identified priorities arising from that consultation, the FRDC will essentially seek projects to address those priorities. So we are working with the FRDC on that as well.

Senator COLBECK—At the last estimates we talked about \$200,000 to \$250,000 being expended on the preparation of the base report that looked at the recreational sector, which left \$1.8 million, \$500,000 of which is being allocated. That \$500,000 comes out of that money?

Mr Pittar—It does.

Senator COLBECK—So there is still \$1.3 million left there to expend?

Mr Pittar—We are looking at providing funding to the FRDC in order to try and develop co-funding arrangements with the FRDC, develop co-funding arrangements with other bodies

such as state and territory governments to try to get maximum bang for the buck in relation to those dollars.

Senator COLBECK—So, effectively, all that funding is going to be put into research?

Mr Pittar—Not into research. We will have FRDC assisting with managing the projects so that they could then fund outwards to other bodies that would assist in the implementation of the Recreational Fishing Industry Development Strategy.

Senator COLBECK—Can you tell me what role DAFF has played or what advice it has given to the NHMRC in their new document *A Food Guidance System for Australia, Foundation and Total Diets*?

Mr Pittar—I am not able to advise on that from a Fisheries perspective.

Senator COLBECK—So when they say that we should aim at one fish serve a week, which is down from two fish serves a week in their previous report, based on some varieties being more environmentally sustainable than others, this department or anyone at the table—I will open it up to all comers—has had no input into that process?

Senator Sherry—I just had my one-fish minimum.

Senator COLBECK—According to the previous advice, you are down on quota, Senator Sherry. The fishing industry would love to know where the NHMRC, which, last time I looked, had expertise in human health and diet, are getting advice on fishery sustainability.

Mr Thompson—I am not aware of anyone in the department providing advice—

Senator COLBECK—I hope the minister is on notice that I am booked in to see him next week.

Mr Thompson—to the NHMRC on that question.

Senator IAN MACDONALD—So ‘From no-one in the department’ was the answer?

Senator COLBECK—Professor Hurry, they have not spoken to AFMA?

Prof. Hurry—I have no recollection of any discussion with them at all but I will check for you. It is not the sort of advice that we would be providing.

Senator IAN MACDONALD—Can I suggest WWF?

Senator COLBECK—Perhaps that is where it is. My next question is when—and I know the BRS people are still here and I think ABARE are still lurking at the back of the room, too—is the sustainability report due? Do you know when that is due? I note that you are working together now on the fishery status report?

Dr Begg—We are looking at September this year for the release of that report.

Senator COLBECK—So the core preparation work is done but you are still a couple of months off finalising where it is all at.

Dr Begg—That is right.

Senator COLBECK—Any particular direction that things are moving in, given the positives out of last year’s report?

Dr Begg—Yes. We are still working through those results.

Senator COLBECK—While I have got you at the table, in April the committee received a copy of the 2009 aerial survey results for southern bluefin tuna and at the time it was suggested to us that the 2010 survey may be completed and the results available by about now. A very interesting read for someone who is interested in looking at that sort of thing, I suppose, but it was a worthwhile read from my perspective. How are we going with the results from this year's survey?

Dr Begg—The results are still being worked through. There is a presentation that CSIRO is giving down at Port Lincoln on Thursday and Friday, which I will be attending as well. They are preliminary results and the results are positive again for this year. The final analyses, though, will not be completed until later in the year.

Senator COLBECK—I know you probably do not want to give a heap of stuff away but the industry told us during the season—and I think we discussed this in February—that they had seen a lot more fish about this year. Does the aerial survey reflect what the industry were telling us?

Dr Begg—Yes, it does.

Senator COLBECK—Can you give us a factor?

Dr Begg—Not at this stage.

Senator COLBECK—One of the other things that came up in the report was the proposal to change the number of observers as part of the process. Has any final decision been made on that?

Dr Begg—No. That was a calibration exercise that was ongoing. That is yet to be finalised in terms of moving forward.

Senator COLBECK—What are the pressures that are pushing that? Is it effectively finance that is available to undertake the survey? What are the drivers for changing from two observers down to one?

Dr Begg—I think that would be part of it, but it is also looking at efficiencies into the future so you are not relying on those two spotters every time. It is an efficiency gain as well.

Senator COLBECK—I was interested in reading through the elements of that report. Is there any thought to any further technologies? For example, is there a possibility of using thermal imaging as part of that process with a large mass of fish close to the surface? I do not know whether they are in range of those sorts of facilities. One question I wrote down when going through the report was: 'At what height are the flights flown and at what spacing?'

Dr Begg—Not at this stage. Part of the analysis, as you would have seen in the report, incorporates a range of environmental variables, but looking at some of those further technologies. There are no plans at this stage to incorporate anything along those lines. The aerial survey itself is just starting to get embedded in terms of its process.

Senator COLBECK—It was suspended for a period of time. What is the certainty of a future? It appears to be a relatively valuable management tool.

Dr Begg—It is certainly input into the assessment, and we are looking at it in terms of an input and in terms of the future management procedure. In relation to ongoing funding, obviously that is a discussion that we will encounter in the future.

Senator IAN MACDONALD—I know we have spoken about basa at previous estimates committees. I will table this email, which I and every other senator received, from a Mr Glen Santacaterina. Forget the political comments in it, but it talks about ‘brought up with high levels of poisons and bacteria’, ‘raised in Vietnam with the food that comes from Peru’, ‘their hormones, which are injected into the female fish, come from China’ et cetera. There is a bit of material there. Could I ask either AFMA or the department—do not spend a lot of time on it—to do a short critique on what is said in the email. Do we know if the comment about the injection of hormones is correct? Could you do that on notice.

Secondly, as Mr Pittar may know—and Professor Hurry may have a little bit of knowledge in this—has there been any meeting of the Indian Ocean Tuna Commission since we discussed this commission at the last estimates meeting, or any progress on what is happening with the management and operations of the Indian Ocean Tuna Commission, which looks after one of the last great tuna fisheries in the world—but not very well, I am led to believe.

Mr Pittar—The Indian Ocean Tuna Commission met in early March of this year. It considered a range of fisheries and other conservation and management measures and adopted a number of them. So it has met since the last estimates hearing.

Senator IAN MACDONALD—Who represented Australia at the meeting?

Mr Pittar—I led the Australian delegation and had one of my staff accompany me.

Senator IAN MACDONALD—Are the minutes of that meeting available? Rather than wasting the time of the committee, could the committee be provided with a copy of the minutes of that meeting?

Mr Pittar—I believe the report from that meeting is now up on the IOTC website.

Senator IAN MACDONALD—All right. I will have a look. Before I read that, there was no progress made on getting the IOTC out from the FAO’s influence and out as an RFMO instead of an FAO subsidiary?

Mr Pittar—The governance of the IOTC and where it fits—whether, as it does now, in the FAO or alternative models—was not something that was considered in detail at the last meeting. The focus was very much on a range of fisheries management issues.

Senator IAN MACDONALD—Is the IOTC involving the Taiwanese, who I understand are one of the biggest takers of tuna in the Indian Ocean but who are excluded from the organisation formally because of the FAO and the UN?

Mr Pittar—We covered that, I think, at the last hearing.

Senator IAN MACDONALD—Yes, we did.

Mr Pittar—The fishing entity of Taiwan is not part of the IOTC, given its status.

Senator IAN MACDONALD—Does that concern anyone at the IOTC meetings?

Mr Pittar—I think it is an ongoing concern, but the IOTC basically would want to cover all entities that go fishing in the region, so that those entities contribute to decisions, are bound by decisions and have the same sorts of obligations on them as other members.

Senator IAN MACDONALD—Yes, but it is not happening, Mr Pittar. Is there anyone—I would hope it would have been Australia, but clearly not—moving the sentiment to get it out of the FAO so that it can be an RFMO which can involve Taiwan and which can then more effectively try and manage the tuna stocks in the Indian Ocean? Is anyone leading the charge, so to speak? If not—and I think the answer would be ‘no’—is there any reason why Australia should not be leading that charge and doing something absolutely positive for international fisheries? Whilst they are not terribly important to Australia, they are on our doorstep, and one day in the future it may be an important fishing area for Australia.

Mr Pittar—Going back to 2007, Australia did join a consensus on drafting amendments to the IOTC agreement to remove it from the FAO framework, but those amendments were ultimately rejected.

Senator IAN MACDONALD—We would argue: rejected by who? By the FAO, who clearly have a financial interest in keeping them involved.

Mr Pittar—What I was trying to outline is that there has been activity in recent times to try and draw them in. Ultimately, the decision of how they would be covered is a decision of members, a decision of the FAO. Given that there was that recent rejection, we need to think about alternative ways of trying to cover the involvement of the fishing entity of Taiwan in that ocean so that it is subject to the obligations on it that other fishing entities, other fishing countries, have in regard to tuna in the Indian Ocean.

Senator IAN MACDONALD—Mr Pittar, who knows where we will be the next time we have estimates committee! But I will forewarn you that I will ask you again, and could I urge you in the meantime to take the knight’s lance and lead the charge. Dr Kalish was doing that very well in the time he was in the role that you are now playing, and I will look towards asking you at a future estimates how far your charging steed has got in this, because it really is important to what I say is the last great tuna fishery in the world.

Mr Pittar—We understand the importance of Taiwan, so I take your point.

CHAIR—Senator Macdonald, do you have any further questions of SRM? If not, we will go straight to Senator Boswell.

Senator BOSWELL—I refer to the advice of consultants MAXimusSolutions to provide limited compensation on structural adjustment to fishers whose efforts will be displaced in the development of marine protected areas under the marine planning process now under way right around the coast and out to the 200-nautical-mile limit of the Exclusive Economic Zone. Has the department been asked to contribute to the development of a displaced effort policy in relation to the marine planning process?

Dr O’Connell—I think we have covered this issue beforehand.

Senator BOSWELL—Would you mind covering it—

Dr O’Connell—But we can give a quick snapshot of the processes again, if that is helpful.

Senator BOSWELL—It would assist me greatly. I have only a couple of questions, so I will not keep you long.

Mr Pittar—The department has been asked by DEWHA, as have a number of other departments, to provide input to the development of that displaced activities policy that you referred to.

Senator BOSWELL—When were you asked to do that? Has that work been completed?

Mr Pittar—The work has not been completed. DEWHA is still developing that policy and still liaising within government on that. A key element in all of that is that DEWHA intends to release that draft displaced activities policy prior to putting out draft marine bioregional plans and marine protected areas.

Senator BOSWELL—The only category of fishers for whom some structural adjustment has been recommended is holders of Commonwealth statutory fishing rights or equivalent state or territory rights. What is a statutory fishing right? Is it a licence?

Mr Pittar—We covered some of this a little earlier. The issue that we discussed was that the government will need to consider that policy and its coverage of not just statutory fishing rights but also fishing permits and fishing licences, so that government can take all of that into account in determining the coverage of the displaced activities policy.

Senator BOSWELL—What I am trying to understand is, what is a statutory fishing right and what is a licence? Is a licence a statutory fishing right or is it a quota?

Dr O'Connell—AFMA might be able to help you with this.

Dr Findlay—Yes. A statutory fishing right is issued under a statutory plan of management, which forms a stronger right, in the minds of many, than a permit. We do not actually issue licences. We issue permits under the Fisheries Management Act. There was a differentiation in the MAXimus report to say that one had a stronger legal right and was eligible for compensation, whereas the other one was not. That report is now being considered in the development of the displaced activities policy and the government will make a statement on that before moving in with—

Senator BOSWELL—Yes, but can you tell me what is a fishing right?

Dr Findlay—Fishing rights take a number of forms, either in the form of a statutory fishing right—so it could be a right to use a boat in the fishery or to catch a certain amount of fish—

Senator BOSWELL—It is a quota, in other words.

Dr Findlay—It can be quota, that is right. That is one of the main forms.

Senator BOSWELL—I want to know, if you could tell me, the difference between a fishing licence and a quota. A quota is a statutory fishing right, where a licence is not?

Dr Findlay—Quotas generally take the form of statutory fishing rights issued under plans of management. They do not have to. They are separate tools. But the actual permits can say that you can go and catch a certain amount of fish or that you can use a certain amount of fishing gear in a certain place and time to catch certain things. So it is actually the instrument under which they are issued. One is done under a statutory plan of management—for

example, the Southern Bluefin Tuna Management Plan or the east coast tuna management plan—whereas others are managed under statements of policy under the Fisheries Management Act, which is a form of permit.

Senator BOSWELL—In other words, if you have a quota that you can catch so many fish, then you have a better prospect of getting some compensation if you were displaced?

Dr Findlay—In the minds of the consultants, they saw rights issued under statutory management plans—whether they be quotas or a right to use a certain amount of gear in the fishery—as a stronger right than those issued under a permit which is issued each year.

Senator BOSWELL—How many statutory rights, in your interpretation, which are quotas, would be in those areas that will have some closures in them?

Dr Findlay—Most large Commonwealth fisheries now have statutory fishing rights in place under formal statutory management plans. Those fisheries occur right around the coastline and there will be fisheries affected by the marine planning process, both under permits and under statutory fishing rights. The actual number of rights I could check for you, but it is in the millions. We issue many rights. To give you the number of operators, there are 370-odd boats operating under permits or statutory fishing rights.

Senator BOSWELL—Three hundred and seventy boats?

Dr Findlay—Yes, 370-odd boats.

Senator BOSWELL—Do you know when the department will put this displaced effort policy out to the public?

Dr Findlay—I am not sure on the details of that. They have committed to releasing that policy prior to the draft bioregional plans being issued.

Senator BOSWELL—Do you know when they intend to release the plans?

Dr Findlay—The first one of those plans is the south-west plan and they are indicating that is likely to be the second half of 2010, with the displaced activities policy coming out before that plan is released.

Senator BOSWELL—South-west. Where is south-west? That is in Western Australia?

Dr Findlay—Yes.

Senator BOSWELL—Thank you, Mr Chair.

Proceedings suspended from 9.05 pm to 9.21 pm

Australian Fisheries Management Authority

CHAIR—I welcome everyone back. Questioning, Senator Siewert?

Senator SIEWERT—I have got AFMA questions. I want to ask about Australian sea lions first. They get caught up in fishing apparatus. Obviously I am following up the Goldsworthy report and I understand that AFMA has just released its strategy. Is it a draft or is it a finalised strategy?

Dr Findlay—It is a draft.

Senator SIEWERT—That is what I thought. What happens to that strategy from here? It was released last week, wasn't it?

Dr Findlay—Yes, it was released on 17 May for a couple of weeks for stakeholder comments. Once we get all our stakeholder comments in, we will be revising the strategy and seeking its final approval through the AFMA commission to meet the wildlife trade operation requirements by 30 June.

Senator SIEWERT—Instead of avoiding bycatch, is the strategy going to actually reduce the amount of bycatch, particularly of female sea lions?

Dr Findlay—Yes, the goal is to bring about a significant reduction in the mortality of, especially, female sea lions and also to enhance the likelihood of recovery of all subpopulations, all 48 colonies in South Australia, for Australian sea lions.

Senator SIEWERT—Is it addressing the recommendations in the Goldsworthy report?

Dr Findlay—The Goldsworthy report highlights significant mortalities involved with the entanglement in gill nets. In response to that, back in December AFMA and industry introduced a series of interim measures, putting closures around all 48 colonies out to seven kilometres in a radius around those closures, more than doubling the observer coverage, and also putting on board cameras to look at rollouts out of nets. One of the great uncertainties out of the Goldsworthy report was the sea lions actually rolling out of the net before they come on board the boat and there was concern that that might be resulting in significant underestimation of the actual numbers.

Senator SIEWERT—The mortality, yes.

Dr Findlay—That work was put in place on 8 December. We received the full Goldsworthy report about six weeks ago. We have now had a series of stakeholder meetings to develop the draft that you have seen and we are trying to get that in place to get the mortalities way down.

Senator SIEWERT—What is your estimate of the reduction in bycatch, in particular for the female sea lions? Are you reducing it to zero? What is the estimate that you are working on in terms of reducing the number of mortalities for the females?

Dr Findlay—I should make a point here. The Goldsworthy report is based on an extrapolation of data from only 12 mortalities; therefore, the likelihood of any particular management action delivering a certain outcome is reasonably uncertain. We are obviously looking through the results of the Goldsworthy report and assessing the management actions that we are proposing against that. Those management actions include significantly larger fixed closures around the 48 colonies, in particular those at highest risk. We are looking at gear modifications to try to reduce the likelihood of interaction in the first place and to allow sea lions a greater likelihood of escape if they do interact, and, as the report suggests, using the observer coverage and, if we do continue to see mortality of sea lions, enclose further and further areas away from the colonies as time goes on.

Senator SIEWERT—There are a couple of issues there in terms of the measures that are being proposed. As I understand, at the moment those are largely untested measures and you do not basically know what impact they are going to have yet. This is, 'Let's see how it goes.'

Dr Findlay—There is very much an adaptive management component to it, using that observer coverage to say if we are going to put in larger closures to protect those colonies, if we see more mortality.

Senator SIEWERT—What is the time frame for testing the measures and making a decision about whether they are successful or not?

Dr Findlay—Once we have finalised the plan by 30 June, we then enter a cycle of normal review. We have invited stakeholders into that process. We have not actually fixed dates around that yet. It would depend a little bit on how the industry responds to the management actions and what triggers are being closed. Obviously, if the triggers are hit very quickly, we want to be reviewing those actions quite quickly. If they seem to be working, then we would not want to be meeting for the sake of it.

Senator SIEWERT—Have you done any modelling of the measures that you are proposing?

Dr Findlay—We have used a full set of observer data. In addition to the Goldsworthy report, we obviously have AFMA data collected over quite a number of years, which has independent observer data from those boats. The measures we have put in place: the fixed closures would cover more than 50 per cent of those observed mortalities. We are expecting a significant reduction by setting effort out of those areas. As I said, the modelling is quite difficult and it is based on quite a complex behavioural and habitat model that we do not actually have access to. Simon Goldsworthy is involved. The actual details of the model we do not have. Simon Goldsworthy has been asked to provide his comments.

Senator SIEWERT—Because it is his model?

Dr Findlay—It is his model. But he has been asked to provide input throughout the process.

Senator SIEWERT—When you say he has been asked to provide input, have you asked him to put the measures that you are proposing into his model?

Dr Findlay—We have not asked him to, but we understand he is doing that as part of the advice back to us.

Senator SIEWERT—You have not had that feedback yet? That is part of the consultation process?

Dr Findlay—I think we got a draft of it today, but I have not had a chance to read through that. We expect quite a number of comments coming through from researchers and stakeholders, both industry and conservation groups, and we will consider all those at the same time.

Senator SIEWERT—You said a couple of weeks for the consultation process.

Dr Findlay—We are expecting comments, by the end of this week. We do not have very much time, obviously, to get this thing turned around.

Senator SIEWERT—Because you want to get it turned around by 30 June?

Dr Findlay—Yes.

Senator SIEWERT—It is a relatively short space of time, but I presume you know the stakeholders who are involved in that.

Dr Findlay—That is right.

Senator SIEWERT—The fishery and the various scientists et cetera?

Dr Findlay—That is right.

Senator SIEWERT—You said you have doubled the observers. What is the number now?

Dr Findlay—The observer program covers the entire South East Fishery, not just off South Australia. The original budget was for 50 days on those boats. We have more than doubled that, to 120 days, and we are seeking advice at the moment about the likely confidence we can have in observer data these interactions are quite a rare event and reviewing the observer coverage will be part of the plan.

Senator SIEWERT—Thank you. That is all I have on sea lions.

Senator COLBECK—Can you give us your personnel numbers, Professor Hurry, please.

Prof. Hurry—We can.

Mr Perrott—Our current average staffing level at the end of April is 212 full-time equivalent staff.

Senator COLBECK—How does that compare to previous years?

Mr Perrott—At the end of the 2008-09 financial year it was 215 and the year before that it was 211.

Senator COLBECK—So relatively stable?

Mr Perrott—Yes.

Senator COLBECK—What percentage of those staff are based in corporate or administrative roles? The next question is: what are inspection duties? So just do a comparison of whether there has been a fluctuation in those numbers or whether they have stayed relatively—

Mr Perrott—We do not have that data with us, but we can take it on notice.

Senator COLBECK—Okay. Professor Hurry, have you had a look at the documentary that has been released recently, *The End of the Line*?

Prof. Hurry—Yes, we have.

Senator COLBECK—What would your assessment be of how well or otherwise that reflects on us in respect of the Australian fishing management process? I have a view, obviously.

Prof. Hurry—I will get Dr Findlay to comment on this as well, but I do not think it reflects on our management of our fisheries, which I think are significantly better than what is portrayed in the movie. I think some of the tools that we have in place in Australian fisheries begin to set us apart from others. I am not for one minute saying that we are perfect, but we have done some reasonably hard yards in the last five or six years, which has set us up reasonably well to sustainably manage our fisheries as we move forward into the future.

Senator COLBECK—Which is reflected in things like the last iteration of the fishery status report.

Prof. Hurry—Yes.

Senator COLBECK—Dr Findlay, do you have any further comment to add to that?

Dr Findlay—I think some of the doomsday scenarios portrayed in the film just are not right; even the authors of that work have pulled away from some of that. But it is fairly clear that a lot of the world's fisheries are facing some pretty major challenges. In Australia, we are a lot better off than some of those places, but we did take a little while getting to this point and we have had to put in some significant management action, as Glenn said, over the last five or six years to get to this point.

Senator COLBECK—Are you aware of some work that is being done by Messrs Worm and Hilborn in relation to global fish stocks and resources?

Prof. Hurry—There have been a number of reports out by those two in recent times. There was one by Boris Worm and somebody else about large predators in the marine ecosystem and the belief that they were disappearing. It was then countered by a report by Hilborn and several other Australians, who said that that was not the case. There has been some recent work by Hilborn on how you assess fisheries and other things as well. I am not quite sure which one you are talking about.

Senator COLBECK—One was a July 2009 report by Dr Worm and Professor Hilborn, along with 19 other marine and ecosystem scientists. It was reflecting on some previous work, I think by Dr Worm, that talked about sea stocks being exhausted within 40 years. Effectively, the subsequent work had a better look at that and was contradicting that earlier work.

Dr Findlay—Yes, that is right.

Senator COLBECK—The reason I ask is that I have heard some recent reports in the media of the early work and, unfortunately, the latter work is not getting reported.

Prof. Hurry—I think there is a tendency to do that with fisheries: you report the bad stuff and the reports that are perhaps not accurate but give you good headlines, whereas the good news ones you tend not to report as often. I think the second report by Hilborn and Worm was more balanced, but I would have to go back and have a look at it.

Senator COLBECK—It was something that was raised with me particularly in the context of the NHMRC work that I spoke about earlier. As you said, there has been a whole heap of very positive things that have occurred in the industry over the last five or 10 years. The work that Senator Macdonald did with the structural adjustment package made a huge leap in sustainability of stocks and was actually recognised in the status reports as having had a major impact on the overall fisheries. I just wanted to get something on the record in the context of some of the reporting that is going on. *The End of the Line* is designed along the lines of *An Inconvenient Truth*, to try and whip up emotion within the community, but the facts of the matter are, in an Australian context at least, somewhat different to what has been reported in a film such as that, which is much more based on Northern Hemisphere fisheries.

Prof. Hurry—Yes. I think we are far better placed than a lot of the other fisheries that are commented on in *The End of the Line*, but there is a message in *The End of the Line* that you

do need to manage fisheries properly. I suppose we have the luxury here of being able to afford to manage our fisheries properly. Other developing countries do not have the manpower and the resources that we have and they tend to be overfished. Those people then find difficulty in having them recovered. I think there is a message in *The End of the Line* that should not be lost on us and the message very much is, 'We don't want to be in that space', and we are out of it. But there is a message for world fisheries more broadly—that we need to be careful how we manage them.

Senator COLBECK—I would have to agree with some of the subthemes that run through it about that. That caution is certainly an issue. There are, particularly, some issues around some of the developing countries that have on sold the capacity for some of the bigger operations to operate in their grounds and the impact that that is having back at a local level. I think they bear some attention.

Can you give us some idea of the status of the CCSBT quotas that were agreed to in South Korea last year and whether there has been an agreement process through the quota holders for reductions yet?

Prof. Hurry—We have fished half of our quota. We set a two-year quota of 4,015 tonnes for this year and for next year, and industry fished pretty much to the 4,015 tonnes and will do the same in the coming year.

Senator COLBECK—What was that in respect of what our previous quota was?

Prof. Hurry—It was 5,265.

Senator COLBECK—So a 23.7 per cent reduction—so they are consistent over the two years—is the final decision.

Prof. Hurry—Yes.

Senator COLBECK—Has AFMA conducted any analysis on the impact of the cuts in the community, or has that been done by agencies such as BRS or ABARE?

Prof. Hurry—No, we have not, but we are in regular contact with the Port Lincoln industry through their management group. There was initially some reduction in staffing numbers that were needed, but how that has transpired through the season, I am unsure. The message we are getting from them is that the fish are good, they have caught them quite quickly out in the light and there is some potential for the price to be up a bit. So the market might move reasonably well, but they are still doing it reasonably tough.

Senator COLBECK—What about other signatories to the agreement for quotas? Obviously there has been the much-publicised overfishing by certain states that have been involved. Is there an ongoing monitoring process in place between the member countries to keep an eye on that? Are we confident that that process is occurring?

Prof. Hurry—I think it is a lot better than it was in the early 2000s. Before we uncovered the Japanese overcatch, we had little idea of what the actual level of catch was. Industry, through Food Adelaide, continues to do a fair bit of market monitoring of the key tuna markets in Japan. The Japanese government has put in place some processes now. They land tuna only through certain ports, they monitor the tuna that comes in and there is a catch documentation scheme in place.

I think it is better than it was. I got a call from one of the Port Lincoln tuna farmers today, to say that he was in Japan last week talking with one of the industry people that they talk to quite regularly. His comment was that the Japanese had tightened up a lot on their system of management, and that was coming back from their industry.

So I think there would be some cause for hope that it has actually improved above what it is. There is a reduction in the actual frozen holdings of high-grade tuna in Japan, and I am reasonably hopeful it is getting better, but it is one thing that we do need to continue to monitor as we go forward. It is difficult to manage a fishery when you cannot watch the landings by the other countries and there has to be a certain amount of good faith involved.

Senator COLBECK—Yes, I understand that. We expect it from them and they expect it from us.

Prof. Hurry—Yes.

Senator COLBECK—You mentioned the frozen holding. What sort of stockpile do they have? That was one of the issues that was raised in the film actually. How significant is that stockpile?

Prof. Hurry—There is a publication that comes out monthly—*Seafood International*, I think it is—that reports the frozen tuna holdings in Japan and it reports frozen squid and mightfish holdings. It normally sits around 100,000 tonnes as the frozen inventory, and there has always been a question as to whether that frozen inventory was the total amount of frozen fish in Japan or whether the fish that is held in bond is a separate block of frozen fish—because it has not actually entered into Japan as an imported product; it is held in bond stores waiting to come in—and we will never be quite sure just what the total is, but the published total is always around 100,000 tonnes.

Senator COLBECK—How much has that reduced?

Prof. Hurry—Last time I looked I think it was down to around 90,000 tonnes, and I have not had a look at it for the last couple of—

Senator COLBECK—About 10 per cent.

Prof. Hurry—Yes. But let me check that and I will come back to you. The word from industry is that the frozen holdings are down.

Senator COLBECK—It will be interesting to see what the impact of that is. You opened nominations for the Southern Bluefin Tuna MAC in February and closed it in March. Has the new committee been appointed?

Prof. Hurry—Yes, it has.

Senator COLBECK—And announced?

Prof. Hurry—Yes, at the last board we approved it.

Senator COLBECK—So they are approved by AFMA, not the minister?

Prof. Hurry—No, we nominate them, and they go to the AFMA commission and the commission approves them.

Senator COLBECK—That was done at the last board meeting?

Prof. Hurry—Yes.

Senator COLBECK—Would they be on your website?

Prof. Hurry—Yes, they should be, I think.

Dr Findlay—I could not be sure, but they should be, yes.

Senator COLBECK—We will check it that way. Is there much turnover?

Prof. Hurry—No, very little. The chair, Peter Neville, stayed in place—

Senator COLBECK—There was no change at all?

Prof. Hurry—Yes.

Senator COLBECK—Okay. That is all right. Do you have a schedule of patrols by the *Oceanic Viking* in the Southern Ocean this financial year?

Prof. Hurry—Schedule of patrols for this financial year now or the coming financial year?

Senator COLBECK—This financial year.

Prof. Hurry—Yes. I will get Peter Venslovas to go through the *Oceanic Viking* figures.

Mr Venslovas—We do not have the schedule for the remainder of the calendar year.

Senator COLBECK—What about those that have gone?

Mr Venslovas—We certainly have the details on the patrols that have been conducted in the last financial—

Senator COLBECK—Are there any scheduled remaining?

Mr Venslovas—To the Southern Ocean?

Senator COLBECK—Yes.

Mr Venslovas—No.

Senator COLBECK—Or are we getting too close to the end of the financial year to be able to safely say that?

Mr Venslovas—There are no further patrols scheduled for the Southern Ocean this financial year.

Senator COLBECK—Can you give me the patrols conducted this financial year?

Mr Venslovas—By the *Oceanic Viking*: there was a patrol that was conducted from 15 June 2009 to 30 July 2009; there was a second patrol conducted from 8 June 2010 to 16 February 2010; and a third patrol conducted from 8 March 2010 to 17 April 2010. Intermingled with those were patrols by the French authorities.

Senator COLBECK—I was going to come to those. How many staff were aboard each of these patrols at the start?

Mr Venslovas—We try and deploy three officers on each patrol, but out of the three patrols there were three officers on two patrols and two officers on one patrol.

Senator COLBECK—What would your normal schedule of patrols have been?

Mr Venslovas—Four patrols per year.

Senator COLBECK—And you were down one because of circumstances prior to Christmas off Indonesia.

Mr Venslovas—The last remaining patrol that was scheduled for this financial year was rescheduled to be conducted in northern waters.

Senator COLBECK—I am not sure what that actually means. Perhaps it is a very good answer, I do not know, but I am not sure exactly what that means.

Prof. Hurry—I probably should leave it there, but the reality is that we conducted three patrols in the Southern Ocean this year and not the four that we—

Senator COLBECK—You had budgeted for four?

Prof. Hurry—had scheduled and we budgeted for four, and the other time was used on northern patrol work as a matter of priority.

Senator COLBECK—We did have some discussions about that other patrol at last estimates.

Prof. Hurry—At last estimates, we did. Yes, that is right.

Senator COLBECK—I can refer back to that conversation.

Prof. Hurry—Yes. But the other important thing is that we continue to work with the French patrols, and there were three of those down there this year as well. Normally the French schedule four. They lost a patrol because they had their boat working on piracy in the Indian Ocean. So we have covered six patrols in that broader Kerguelen and Heard and McDonald area and we have been able to patrol more broadly out in the CCAMLR area as well, so we have not just limited it to our own zone.

Senator COLBECK—Do we normally have observers on French ships when they are patrolling down there, or does that only occur on—

Prof. Hurry—We have Fisheries officers on the French vessels and we can give you the numbers of the staff we had on those.

Mr Venslovas—We have deployed two officers on each of the French patrols, and that is our normal process.

Senator COLBECK—Can you give me the dates of the three French patrols?

Mr Venslovas—Yes. The first French patrol for the financial year 2009-10 was 19 October 2009 to 23 December 2009, the second patrol was 1 February to 12 March 2010, and the third patrol was 5 April to 24 May 2010, which is today.

Senator COLBECK—Is there any reason for the overlaps?

Mr Venslovas—It is a coordination issue. With Border Protection Command, they liaise with the French authorities. Even though we coordinate with them—or Border Protection Command does, because of logistical issues and availability of vessels and so forth—there are small overlaps in time, but those overlaps do not really mean a great deal because it takes time to get down to the Southern Ocean anyway. It takes about 10 days to get there and 10 days to get back. So in terms of overlap which appears on paper, in terms of presence in the Southern Ocean, it is not such an issue.

Senator COLBECK—What is your view on the impact of the lost trips by us and the French?

Mr Venslovas—I would say there has been little impact on the deterrent effect. We have not had a vessel sighted in Australian jurisdiction since June 2005 and that was around Macquarie Island. As far as Heard and McDonald Islands go, the last interception was in January 2004, which involved the vessel *Maya 5*. From that point, we have not had any sightings whatsoever of vessels inside the Australian jurisdictional area around Heard and McDonald Islands. But there are vessels that do, from time to time, operate outside Australian waters in CCAMLR waters, that are running flags of convenience, that are not party to the CCAMLR convention that are of concern to us.

Senator COLBECK—That was my question. What, effectively, is the status of those vessels? Where are they more likely to come from?

Prof. Hurry—Normally registered in places like Togo or Equatorial Guinea or the Netherlands Antilles. So they use flags of convenience and they operate in CCAMLR waters as unregulated vessels. They are not illegal in the sense that, unless your flag country is a member of a regional fisheries organisation, you do not fish illegally. It is one of the problems with international law dealing with regional organisations. You can flag in a non-member country and fish in contravention of the—

Senator COLBECK—Outside the treaty.

Prof. Hurry—Yes, outside the treaty, which is what happens down there. There is a group of vessels down there that we have worked on with other countries for a number of years and will continue to do so.

Senator COLBECK—Roughly how many vessels are we talking about?

Prof. Hurry—Probably five or six, I would imagine, that have been regular over time. They have changed their names and probably have different owners, but they are the same set of vessels.

Senator COLBECK—We know their silhouettes.

Prof. Hurry—They are well known. They are publicised on a number of the NGO lists around the world as vessels of interest that operate in Southern Ocean waters. They are well known to CCAMLR member countries.

Senator COLBECK—What is the impact that they are having on the fishery? Do we have any sense of what they are taking out?

Prof. Hurry—I do not know whether James would have a comment on this. We estimate the catch and we factor that into the stock assessment that we do for the toothfish stocks in the Southern Ocean, but I do not know how much we actually factor in. We could probably take that on notice and come back to you. Over the last probably 10 years we have had a significant impact on the number of vessels that are operating illegally down there. Both we and the French have arrested a number and we have both destroyed quite a number of vessels. Us patrolling down there on a fairly regular basis I think keeps the process reasonably honest.

I agree with Mr Venslovas about the impact of the lesser patrols. It is low risk. We have industry down there operating pretty much year round now and they are not seeing vessels in our zone either, so we are reasonably comfortable that we are on top of it as an issue, but if CCAMLR more broadly, and we as part of that, can deal with these other unregulated vessels in the longer term, that would be a bonus.

Senator COLBECK—What is the changeover process for the new vessel which Minister O'Connor announced in April? When does the *Oceanic Viking* go offline and the new one come online, and what is the process for the changeover?

Prof. Hurry—It is probably a question better given to Customs tomorrow, but our understanding of it is that the *Oceanic Viking* goes offline from the end of June and in June the new vessel goes into the shipyards in Newcastle to be refitted and it is operational then at the end of the year, so there is a gap as we understand it at the moment.

Senator COLBECK—For six months.

Prof. Hurry—Yes, from when one goes offline till the other one comes online.

Senator COLBECK—So in respect of continued monitoring of the Southern Ocean, what are we doing to fill the gap? For example, under normal circumstances you would have expected two patrols in that time frame.

Prof. Hurry—Our understanding is that the French have provided Customs with their patrol schedule. I am not sure what it is and if I were aware of it—

Senator COLBECK—You would not give it to me anyway.

Prof. Hurry—I probably would be reluctant to discuss it. There are other things. There is commercial satellite coverage that we can use and, as I said, we have observers on the commercial industry boats that operate down there as well so, pending knowing what the details of the French patrols are, we think we can probably cover this period reasonably well.

Senator COLBECK—Not just concentrating on the southern waters and acknowledging that the *Oceanic Viking* obviously patrols in other waters as well, what is the process with dealing with those other waters? How is the slack being taken up for that six months?

Prof. Hurry—Sorry, Senator?

Senator COLBECK—The *Oceanic Viking* would not have been in southern waters for all of that period of time.

Prof. Hurry—That is right.

Senator COLBECK—It would have had possibly two patrols in southern waters over six months. I am assuming that you had budgeted for four patrols in the following financial year, as a general continuation of process?

Prof. Hurry—We did. We budgeted for four.

Senator COLBECK—So it would have spent time in other waters as well?

Prof. Hurry—Yes.

Senator COLBECK—What is the impact and how are we managing those other waters that would have been patrolled?

Prof. Hurry—I am unsure what its other commitments are for that six months. It really is a question for Customs because when it is patrolling in other waters, it is not normally doing Fisheries patrol work.

Senator COLBECK—Okay, so it is not looking at fisheries when it is in northern waters, although there was a Fisheries officer on it—

Prof. Hurry—We put Fisheries officers on it in case we come across fishing activities.

Senator COLBECK—So there would have been some observation while it was working on other duties in other waters?

Prof. Hurry—It is similar to all the patrol boats in north Australia. They have a mix of functions that they carry out as part of the broader patrol program.

Senator COLBECK—How are Fisheries responsibilities managed in those areas?

Mr Venslovas—I would just add to that, in relation to the patrols that have been covered in northern waters by the *Oceanic Viking*. We have had officers on board part of the time and not on all patrols. The reason that we deploy them on some of the patrols is that the vessel is out there responding to the seven maritime threats. At the same time, obviously illegal people smuggling is the big issue. Fishing is also an issue and that is why we deploy these people on board, but we do not deploy them on every northern patrol undertaken by the *Oceanic Viking*. We try to deploy our officers on other patrol vessels that are more likely to respond to the illegal fishing threat—that is, small vessels, wooden-hulled vessels and so forth—so mainly on the Navy patrol vessels and the Customs patrol vessels. We try to cover as many patrols as we can.

Senator COLBECK—In relation to the prosecution of illegal fishermen, I am aware of a case of some fishermen off the north-west. The defence was led by the presiding judge or magistrate in the case as to the defence that should have been taken for the fishermen on the particular vessel, effectively saying that if they were not caught fishing they could not be charged with fishing. Does that raise any concerns for us in actually protecting our waters that we have? Based on the outcome of that particular case, we effectively have to catch somebody in the act to provide a level of protection?

Mr Venslovas—I think the case you are referring to involves a fisherman called Muslimin. It was a matter that went to the High Court and it relates to apprehensions that are conducted in waters north of the Australian fishing zone but in an area where Australia exercises joint jurisdiction with Indonesia: Australia exercises jurisdiction over sedentary species and Indonesia exercises jurisdiction over species which occur in the water column.

In the Muslimin case, what occurred there was that he was apprehended in that particular area and he was charged under a section of the act which relates to the carriage of gear, as we did not have enough evidence in that particular instance to pursue the actual fishing charge. The final wash-up of the High Court decision was that they found that the possession charge—that is, carriage of fishing equipment—could not apply in that particular area. As a result of that, the fishing charge still applies, so in that particular area we need evidence to support a charge of fishing as opposed to just carriage of fishing equipment.

Senator COLBECK—Is that a problem with our law or is it a problem of that particular zone?

Mr Venslovas—It is tied up with the complexity with the arrangements in that particular zone. Certainly the provisions of the act which apply to fishing apply, but it is just a technical issue with regard to a particular charge under the act that cannot be applied in that particular area but can be applied in waters south of the AFZ boundary.

Senator COLBECK—Yet a fisherman in the GBRMPA region off Queensland who is found travelling through a non-fishing zone with gear in his boat can end up with an on-the-spot fine and a conviction recorded against his name just for being there.

Mr Venslovas—The issue or the difference there is that the area that applies in the Muslimin case is an area of shared jurisdiction. It is in fact an Indonesian exclusive economic zone, as far as swimming species go, so it is overlaying or overlapping areas of jurisdiction as opposed to total no-go areas.

Senator IAN MACDONALD—I have a couple of questions about the Eastern Tuna and Billfish Fishery. How many boats are operating in the ETBF at the moment?

Prof. Hurry—I will get Dr Findlay to talk you through these ETBF issues.

Dr Findlay—The ETBF boats are down. I can check the exact number for you, but it is down to about 79 boats, from memory. The operational number of boats varies according to market conditions—price, weather and things like that.

Senator IAN MACDONALD—Can you tell me what the management costs for the ETBF are?

Dr Findlay—The management levy for 2009-10 is \$1.9 million.

Senator IAN MACDONALD—How much per boat does that work out to?

Dr Findlay—The management levy this year is not calculated per boat. It is calculated based on the proportion of holdings of statutory fishing rights allocated under the eastern tuna management plan. So those with large percentage holdings with large catch histories who did well out of the allocation pay a greater percentage than those who did not do as well out of the allocation. So it is not based on a per boat calculation.

Senator IAN MACDONALD—I have been told that there are now only 35 boats in the fishery and that the average cost is \$50,000 per annum for each operating boat. In view of what you have said about it not being calculated per boat, perhaps that is not correct, but does the figure of approximately \$50,000, on average, per boat sound right to you? I am trying to do the arithmetic myself.

Dr Findlay—Based on those numbers, that is about right, but that is not how it is calculated. That is certainly not the billing process.

Senator IAN MACDONALD—Is the fishery large enough for you to tell me on notice, unless you have it there, what every owner of any statutory fishing right pays up there? Can you give me the details of all of those, without their names of course?

Dr Findlay—We could probably tell you the range of levy fees by company or something like that.

Senator IAN MACDONALD—Yes. Notwithstanding the answer you will give me on notice, it does seem, if it is about \$50,000, to be an enormously high figure for management of an area with so few boats in it. The question is: what makes up the \$1.9 million?

Dr Findlay—Those are the recovered costs for management of the fishery. It includes the costs of observers in the fishery and the industry contribution to the management. There also is a contribution by government to management action undertaken in the fishery—things like development of management plans, running the fishery on a day-to-day basis, issuing rights, collection of data, processing data, undertaking stock assessments, issuing statutory fishing rights, maintaining our systems for the trading of those rights and enforcing them with either the input or the output control arrangements that have been placed with the fishery.

Senator IAN MACDONALD—Would I find how the \$1.9 million is made up somewhere else or, if not, can you give it to me on notice?

Dr Findlay—The costs that are calculated are part of a management advisory committee discussion, so those calculations are provided through the management advisory committees to the industry and other stakeholders. I do not see that there is any reason why we could not provide you with that breakdown.

Prof. Hurry—Our budgets go to industry before we finalise them and they discuss them, but James can probably run you through this. About three things came together in that fishery this year that made it look as though the fees had gone up quite a bit, but the overall fee for managing the fishery came down from the previous year by about \$200,000.

Dr Findlay—Slightly, yes, less than that.

Prof. Hurry—Yes, so it actually came down. We are trying to pull the cost down, but the fishery went to quota instead of being on a permit basis. The east coast tuna fishery was one of the big beneficiaries of levy relief as part of that process and that passed in the time before this budget. The third one was the—

Dr Findlay—There was a carryover amount.

Prof. Hurry—Yes.

Dr Findlay—There was a levy subsidy component in 2008-09 which was the ETBF share of the \$3 million levy subsidy under the Securing our Fishing Future package. That reduced the levies in 2008-09 by \$610,000. There was a carryover from 2007-08 of unspent levies that had been collected for that period into the 2008-09 year of several hundred thousand dollars, which brought the actual collected levy amount down to just over \$1 million. So the levy collection this year of \$1.9 million saw about a 90-odd per cent increase in that levy collection. Some holders, because of this new calculation were paying for their access to the fishery and not just a pro rata share based on the number of permits. As a result of both that 93 per cent increase in the total collection and their proportional share going up, there was quite a large increase for some holders. Some holders saw a reduction in that—

Senator IAN MACDONALD—Would you have any idea of the profitability of the fishery?

Dr Findlay—The profitability of the fishery is assessed through the ABARE statistics. I am not sure how recent their data would be, but we can certainly give you on notice the current information on the profitability of the fishery.

Senator IAN MACDONALD—At the time of the Coral Sea Conservation Zone fiasco, if I could call it that—I do not want you to comment on my terminology there—there was a suggestion that that may be the straw that breaks the camel’s back in relation to the fishery. Do you have any view on that? Will the Coral Sea zone have any impact on the broader profitability of the fishery?

Prof. Hurry—There is a move in that fishery for the targeting of albacore and deep-set lines and quite a bit of that is taken further up the coast off the Barrier Reef. It would depend what actually happened with the Coral Sea fishery. The fishery’s profitability depends on operating costs and the strength of the Australian dollar and whether they are exporting and trading overseas.

Senator IAN MACDONALD—Of course.

Prof. Hurry—But there is a portion of that fishery now higher up off the Queensland coast and then there is the more traditional yellowfin and big eye fishery, and the swordfish fishery off Queensland, so it is a hard question. I do not know.

Senator IAN MACDONALD—Have you received any approaches from fishermen to actually shut the fishery down and pay them out?

Prof. Hurry—No, not at all. We would not be doing that.

Senator IAN MACDONALD—The Coral Sea Conservation Zone: you are conscious of that from previous estimates, I know. Has that impacted as yet upon the fishing effort in the Coral Sea area?

Prof. Hurry—Not that I am aware of. I have not heard any rumblings, even that people are ceasing to fish up there because of the—

Senator IAN MACDONALD—There is a moratorium on the issue of any new fishing rights in that area, isn’t there?

Prof. Hurry—We would not have issued any more anyway. We had a set of permits that were available there that were yearly access permits, and that just continues. We have not done anything one way or the other on that.

Senator IAN MACDONALD—As I recall, not much comes out of the Coral Sea, though.

Prof. Hurry—It is not a big fishery and it never has been, which was one of our beliefs: that it was reasonably sustainable as it was. We had a limited number of boats in there that were fairly targeted. Plus there are a couple of large enterprises on the Queensland coast that deal in aquarium animals as well, that you are aware of.

Senator IAN MACDONALD—I think you said they now fish for albacore and something else in that area. Is that a new species from that fishery?

Prof. Hurry—No, they have fished albacore for quite a long time in that fishery but they have moved into deeper sets and bigger albacore, and they are targeting it higher up on the

Queensland coast than where they traditionally did. It is more an extension of the range of where they are fishing for albacore than a new species in the fishery.

Senator IAN MACDONALD—You mentioned another species, too.

Prof. Hurry—Swordfish they have always fished. They have fished it off the Brisbane mounds and further out wide.

Senator IAN MACDONALD—All right. Thanks for that.

Prof. Hurry—Just on costs, the other thing we are doing in that fishery involves one of the big costs in that budget, and that is observer costs. We are running some trials with industry, using cameras in that fishery to try and gather our observer data. If we can get this to work at a reasonable cost, we think that it has the potential to reduce the cost of observers in the fishery. We are probably a bit over halfway through that trial, and the footage that is coming out of it is looking pretty positive.

Senator IAN MACDONALD—You will have CCTVs on every boat?

Prof. Hurry—Pretty much so. The interest is both from the owners of the permits, who are looking to know what their crews are doing out on the water, and from us because it gives us a better picture of whether there is any interaction with seabirds, whether people are using tori lines and just what they are catching.

Senator IAN MACDONALD—So you would have a camera that goes by satellite back to AFMA headquarters?

Prof. Hurry—No. We have four cameras mounted at different stations on the vessel and a hard drive on there that collects the data. When it comes into port, we just unload the cassette, and then we go through and monitor the catch—what is recorded in the logbook—against the tape.

Senator IAN MACDONALD—And they are untamperable?

Prof. Hurry—They are not bad. You can cut the lines to them if you want to, but there is an interest from both the owners and us in this. It would be different if we were saying to industry, ‘You must have these things. They are good for you,’ but it was a conscious decision by both us and industry to go into a trial and see whether we could get them to work, and it is looking pretty positive.

Senator IAN MACDONALD—As an alternative to observers?

Prof. Hurry—Yes, and it also helps us with compliance. We have got a compliance budget for the fishery as well. We think it also helps industry further down the track, in marketing, because they can basically say, ‘We’ve got 100 per cent observer coverage on this fishery because we’ve got cameras on all our vessels.’ If it works there, we may well extend it into some of our other fisheries as a way of continuing to try to reduce our costs.

Senator IAN MACDONALD—That is interesting. Thank you.

CHAIR—Senator Siewert, do you have any more?

Senator SIEWERT—Yes, I do. Can I please ask about albatross? I am going to anyway!

CHAIR—Is there an animal we have missed in your questions, Senator Siewert? Sorry.

Senator SIEWERT—I refrained from doing SBT, because Senator Colbeck covered that. We have talked in the past about longlines, and I am just following up on the trawl issues. With the BRS report talking about the cumulative impact and now looking at issues around trawl, I am wondering what you are doing about updating plans to deal with the issues that have now been raised about the impact that trawl fishing may be having on albatross.

Dr Findlay—We have had our bycatch and discards group down on the boats boats developing vessel operational plans to deal with issues, in particular, in relation to warp strikes from seabirds. Learning from some of the experiences in New Zealand, we think there are some fairly practical measures we can put in place on those boats, although it is important to actually go and talk to each of the operators about how they run their boat, to understand what those operational plans might mean for them. Essentially, it comes down to keeping birds away from trawl lines, and that looks mostly at how you discharge offal or other discards from the boat. The response from skippers has been pretty positive and they are quite keen to get these vessel operational plans rolled out right throughout our trawl fleet.

Senator SIEWERT—What is the timetable for rolling the measures out?

Dr Findlay—I will have to come back to you on the exact time frames for that program. The industry is very keen to get on with that themselves. It is not something they see that AFMA needs to hold their hand to do. They are very keen now that we have got, I think, 10 or 12 operational plans in place, and they are moving quite quickly to get the rest in place on the boats.

Prof. Hurry—Individual vessels are using some of this gear or better fishing practices to avoid warp strikes from birds.

Senator SIEWERT—They are doing it already?

Prof. Hurry—Yes. We have a little bycatch group that actually works out on the boats with the fishing industry and it has been a pretty productive relationship.

Senator COLBECK—There are some organisations that have pretty impressive records, from my understanding. I was talking to one of the operators. They have not caught any for five or six years now, working the Southern Ocean.

Senator SIEWERT—That is on longline.

Senator COLBECK—On longlines, yes.

Prof. Hurry—Yes. The longliners in the Southern Ocean have been very good on that. There is no argument.

Senator SIEWERT—There has been good progress there, but the latest report is showing the trawls having an impact. I am specifically now asking about the trawl.

Prof. Hurry—Yes, and that is what we are answering.

Senator SIEWERT—You are not waiting for further work to implement mitigation measures now. You are starting to roll them out now; sooner rather than later. Is that the point?

Dr Findlay—That is right.

Senator SIEWERT—We have already talked about observer coverage and that has increased to 120 days, hasn't it? So you are already working on observer coverage in general.

Dr Findlay—That is 120 days in relation to sea lions. We have a broader observer program for the entire South East Fishery, which has a larger amount of coverage; obviously it involves more effort. I can get you the exact numbers on that.

Senator SIEWERT—If you could, that would be appreciated. They are the main questions I had there. The other questions I have are actually for environment. Thanks.

Senator COLBECK—Can I just go back to a couple of things in the budget. The transfer of the liaison officer in Jakarta across to the AFP: what is your view on the impact of that and how do you intend to maintain a connection, given that occurrence?

Prof. Hurry—When we got the first lot of money on northern illegal fishing—it might have been the second lot of money—we put three officers in the Indonesian embassy. One was a DAFF official, John Ackerman, who is still there. A Customs officer and an AFP officer went in as part of the broader package. As part of the DAFF portfolio budget, the DAFF officer is still there as a fisheries and ag counsellor. I am not sure how they fund the Customs and AFP ones, but our understanding is that they are still in place in the embassy in Jakarta, and we have regular liaison with them. I think it is more of an accounting issue. It is probably better taken up with the Federal Police. The DAFF officer is definitely still in place, and our understanding is that the others are still in place and they are still liaising.

Senator COLBECK—So it may just be a pure transfer?

Prof. Hurry—Yes.

Senator COLBECK—I was not aware of the other details of the program. That covers that off. This comes out of the Customs and Border Protection Service, but it talks about a saving of \$18.182 million as a result of the decline in illegal fishing, which has in turn resulted in reduced activity relating to apprehensions, detention of illegal foreign fishers, as well as a reduction in costs associated with towing and destruction of their vessels. Have you got any further detail on that as far as you are concerned? Does that line up with the experience that AFMA is seeing in that region?

Prof. Hurry—I think there is a block of discretionary money that, if we do not use it, we actually give back, and that is about the handling of illegal vessels, the amount we destroy and the number of people we actually handle in the process.

Senator COLBECK—I am not sure that it is out of your budget specifically.

Prof. Hurry—No, that would be the Customs one.

Senator COLBECK—I think it is out of the Customs budget, but I just wondered how it interacted with what AFMA was doing—

Prof. Hurry—I am not sure what the background of it is.

Senator COLBECK—given it is talking about the things that we are worried about.

Prof. Hurry—Yes. Our budget has stayed pretty much where it is. It is probably a question for Customs. I would be talking through my hat.

Mr Venslovas—I was just going to add that it probably is a question better directed towards Customs and Border Protection Service and just reiterate that our budget has remained the same on illegal foreign fishing issues.

Prof. Hurry—I think, as at today, we have got 21 arrests.

Mr Venslovas—Twenty-one for this financial year.

Prof. Hurry—Yes, 21 apprehensions. So our numbers are down significantly from where they peaked in 2005-06, when I think we registered 367 vessels. We have got a significantly lower level of handling than we had in the past.

Mr Venslovas—If I could add to that: we are undertaking, as a result of our position in terms of reduced levels of interceptions, a lot of in-country work to try and tackle the problem at its source by visiting key Indonesian ports to talk to the fishermen there and to explain to them what the implications are if they are caught in Australian waters. We are also working on a regional basis with South-East Asian nations to combat IUU fishing in the region collectively, and there are some good initiatives underway in a bilateral context with the Indonesian government in terms of capacity building and also joint patrolling along the line that adjoins both of our EEZs. There is a lot of effort being put into areas other than just the apprehension and prosecution side of things.

Senator COLBECK—So continuing to work along the coastlines and in the communities?

Mr Venslovas—Yes.

Senator COLBECK—In fact, the senator sitting next to me started some of that work by following on from my Tasmanian colleague, so another pat on the back tonight for Senator Macdonald and his work.

CHAIR—I am not going to bite, Senator Colbeck.

Senator COLBECK—I did not want you to bite. I thought you might have joined in actually and acknowledged that someone has done some good work and it is paying off: purely and simply credit where credit is due. It does not hurt every now and then.

Senator IAN MACDONALD—Gee, I was just about to leave, too. Lucky I didn't go!

Senator COLBECK—Going to the southern ocean vessel surveillance days, you mentioned that you would have had four patrols in this year. You obviously have issues with that, given the timing of the ship coming on. Funding has been reduced from \$280 million in 2009-10 to \$200 million in 2010-11 and then down to \$120 million in the forward years. How does that fit in with what you would see as the patrol program? Obviously you are not going to do four patrols when you are cutting the budget from \$280 million to \$120 million.

Prof. Hurry—Are they the Customs figures?

Senator COLBECK—Yes, they are.

Prof. Hurry—I am sure we budgeted on four, didn't we?

Senator COLBECK—So someone is not telling you what is going on?

Prof. Hurry—No, hang on.

Senator COLBECK—I am sorry to break it to you that way.

Prof. Hurry—No, that is okay. Peter might have some better information than I have on it anyway.

Mr Venslovas—The resources that we would normally have sent on that fourth patrol would be redirected towards the capacity-building initiatives that I was referring to earlier. It relates to what is happening not only in northern waters but also in southern waters in terms of providing assistance for countries like Malaysia in training on catch documentation schemes, how to identify toothfish to enhance their port state control measures. That will provide us with resources to focus a greater effort in that area in the forthcoming years.

Senator COLBECK—It is a significant reduction in presence. I am wondering how that matched up with—

Prof. Hurry—I have not seen those figures, and we were just assuming that we had a rolling program of four patrols a year down there. I would need to take that on notice and see what I can do with it.

Senator COLBECK—We will visit your friends in Customs and see what we can garner from them, obviously. I am sorry to surprise you with that.

Prof. Hurry—No, that is okay.

Senator COLBECK—Thanks.

CHAIR—Thank you, Senator Colbeck. Senator Siewert, have we exhausted your marine menagerie?

Senator SIEWERT—Yes. I did have one other question, going back to the albatross, if that is okay, before you go.

CHAIR—Wandering or—

Senator SIEWERT—No. I am now talking about the shy albatross. You talked about the measures that fishers are taking to deal with the warp cables et cetera. Are you doing any further investigation on that or are you satisfied that you have the measures—it is just about implementing the measures that need to be taken to address the issues around trawling and albatross?

Dr Findlay—There are two issues. The first issue is getting those measures in place and the second is monitoring that over time to make sure it is effective.

Senator SIEWERT—So you are at the point now where you feel you have the control mechanisms fairly well understood. It is purely an implementation process.

Dr Findlay—Learning from experiences here and elsewhere, we know what causes birds to come near warps. Addressing those measures on board the boats and working with the fishers to make sure that is practical should yield pretty good results, as it has in New Zealand. The ongoing observer program will be part of that in making sure that those measures are effective.

Senator SIEWERT—If those measures do not, through monitoring, obtain the outcomes necessary, is it possible that closures will be considered down the track? I am thinking specifically of the shy albatross, which is endemic and, I understand, may be particularly affected by trawling.

Dr Findlay—We would always seek to try and find measures to reduce the mortalities rather than use area closures. Time-area closures are a blunt tool, especially for birds. They have a habit of moving around and they are quite difficult to follow, so we would always try and seek to do those sorts of measures. Ultimately, if you could not come up with some solution, then time-area closures might be an option, as they are used in the longline fishery now, for example. At the moment, if we trip over too many birds—and those thresholds are set very low—we put in a time-area closure to get boats out of that area while the birds are doing their thing. But we try and do everything else but.

Senator SIEWERT—So that is a possibility down the track, the time-area closure?

Prof. Hurry—I know it is an issue for seabirds broadly, which is why we have accepted it as a problem and started to try and find ways to mitigate it. But, as to whether it is a specific issue for shy albatross, unless James has some other information, I am not sure whether we have specifically what the incidence is for different species, and we would probably need to have a look at that.

Dr Findlay—Data on warp strikes by species is very hard to collect. The time between a bird being there and being gone is very short, so the data is not always that great. We often know it is a bird; we are not often sure of the species. But albatross are always one species that you want to keep a pretty close eye on, given some of the issues with those species.

Senator SIEWERT—Thank you.

CHAIR—Thank you, Senator Siewert. On that note, I thank AFMA and the officers of AFMA.

[10.28 pm]

Australian Pesticides and Veterinary Medicines Authority

CHAIR—I welcome officers that are pests and vets! I know I have got senators that are pests and a vet. I welcome the Australian Pesticides and Veterinary Medicines Authority. It is always my will that full members of the committee will lead the questioning, unless it is the will of a senator to pass on to another senator. Senator Back.

Senator BACK—Could I start with a couple of points from the budget papers. In previous estimates we understand APVMA is almost fully cost recovered, with a small appropriation from government, I think, of \$300,000 in 2008-09. In 2009-10, can you confirm that the total was \$646,000 and estimated to be \$650,000 in the 2010-11 financial year?

Dr Bennet-Jenkins—Yes, I can confirm that the appropriation is \$650,000, as indicated in the PBS statements.

Senator BACK—Can I then ask why it has doubled over the last two years, when I understood that you were actually looking at staff reductions in the agency?

Dr Bennet-Jenkins—The appropriations have been constant through the years. There is an addition of appropriation that we get from the department for minor use, which is around \$130,000, and the \$650,000 is in relation to the arrangements whereby, with respect to the money that is collected on our behalf that goes to the Department of Finance and Deregulation, it is the interest earned on that money, and that money is appropriated back to

the agency, which was an agreement when the agency moved from being a CAC Act agency to an FMA agency. That has not changed over the years.

Senator BACK—And your revenue is projected overall to increase by \$1.2 million up to \$25.4 million for the year out?

Dr Bennet-Jenkins—Yes, that is correct.

Senator BACK—You have had an approval of increase of fees as well, I understand.

Dr Bennet-Jenkins—Yes, there has been an approval of the increase in our application and registration fees.

Senator BACK—Staff numbers have reduced from, I think, 157, 160 down to 152. Could you tell us what you have done in terms of management of the agency to achieve that reduction, given, as I recall, that you had a backlog that needed to be cleared last financial year. Could you just explain that situation?

Dr Bennet-Jenkins—The staff reductions have been largely in discontinuing and non-going staff. The core staff that are involved in our core activities have remained the same.

Senator BACK—And has the backlog been cleared?

Dr Bennet-Jenkins—We are continuing to work on the backlog area.

Senator BACK—Where are you with it? Are you in a better position than last year?

Dr Bennet-Jenkins—We are in the same position in terms of the time frames in which we finish applications, but we have certainly finalised in excess of 300 more applications this year—it probably will be larger by the end of June—than we did last year, so there has been a much increased output from the agency in the last year.

Senator BACK—Excellent. Has there been a reduction in FOIs in the agency in the financial year which is coming to a close?

Dr Bennet-Jenkins—I would have to take that on notice. I do not have the FOI numbers. Just from memory, FOI requests are pretty steady; there is no increase or decrease. But I could get the exact number for you.

Senator BACK—Thanks. If you would take that on notice, I would be appreciative. I want to now move, if I may, to the national regulatory framework. I understand that you have got approval for that. When will that go to COAG?

Dr Bennet-Jenkins—I might pass to my colleagues in DAFF on that question.

Mr Grant—The new national regulatory framework, as you say, is a COAG initiative. A framework document has been produced. It was considered by the Primary Industries Ministerial Council at its meeting on 25 April.

Senator BACK—In Darwin, yes.

Mr Grant—They agreed that they would forward it to COAG at its next meeting, which is scheduled to be around June. I do not think the date has yet been finalised.

Senator BACK—Will that result in closure of state offices and what will be the impact staffing wise?

Mr Grant—No. What is being produced is a framework document. It is a set of guidelines and principles. What has to be developed then is a development and implementation plan. That will look at a series of options about how the single national framework can be implemented. We are due to go back to COAG by about the middle of June 2011 for COAG's acceptance or otherwise of that implementation plan and it will not be until that plan is implemented, sometime in 2012-13, depending upon the legislative requirements, that you will see any changes on the ground.

Senator BACK—Is it going to be cost neutral, is it going to save you money, or is it going to cost you more and, if it will cost you more, how will you recover those costs?

Mr Grant—That is not clear until the implementation plans are developed and designed, but I note that the Productivity Commission, when they proposed this development in their assessment a couple of years ago, did indicate that consideration of costs would be a very important part of the implementation plan. That will be something that COAG will have to have a bit of a think about this time next year.

Senator BACK—Legal costs are issues that we have discussed with you in the past—\$1.0 million, \$1.4 million. Can you tell us what legal costs you anticipate in the coming financial year? Are you aware of any impending challenges that are going to have an impact on your budget from a legal cost point of view?

Dr Bennet-Jenkins—We are not aware of any impending legal challenges. I do not have the exact amount that we have set aside for next year's budget for legal costs. Again, we could provide that on notice.

Senator BACK—Thank you. The last question, I hasten to advise, does not relate to Tasmania, but it is an issue that has been raised before, and that is the one of the two-headed fish at a hatchery in Queensland, which I know my colleague Senator Colbeck has asked about before. My recollection at that time was that there was an allegation of a chemical drift from agri chemicals. Could you give us an update. Did you ever come to a determination as to the possible cause of the anomaly in that hatchery?

Dr Bennet-Jenkins—Certainly I can give you an update of what has been happening in that case. The Queensland government established a Noosa Fish Health Investigation Taskforce that has been investigating this series of effects in fish. It related to fish, fingerling and larval deaths and larval deformities. All those events have been reported only at that single hatchery. That task force is about to publish its final report in which it will make its findings in terms of what may have been involved in causing these deformities in the fish. They are looking at it in terms of fish health, where pesticide drift could be one cause. To date, the interim reports have indicated that, while it is plausible that chemicals could have been a cause, they have certainly not been able to establish a direct link. We are awaiting the finalisation of that report and its recommendations to see what, if any, regulatory action is needed in terms of the chemicals.

Senator BACK—I have one very quick final question. It may or may not relate to your agency; it possibly does not. The possible feeding of meat meal to fish in a hatchery or in a fish farm would not be something that would come under the oversight of your agency, would it?

Dr Bennet-Jenkins—No, it would not.

CHAIR—I did say, Senator Back, we do have pests and vets. You are the vet. Any other questions? Oh, Senator Xenophon, sorry! I say that tongue in cheek, Senator Xenophon. But I was looking at you. If you wondered what I was thinking, now you know. I do say that tongue in cheek. Senator Xenophon, it does give me great pleasure to give you the call as the last senator for the evening, and please feel free to take your time.

Senator XENOPHON—Since I have been insulted, I might take my cue and ask a few questions! Can I just follow on from what Senator Back asked in relation to the Noosa fish farm contamination. You have said that a Queensland task force has been looking at it, saying that, whilst chemicals could have caused it, it was not definitely the cause in terms of the interim reports. What else could it be, given some of the literature that has talked about the potential impact of endosulfan and carbendazim contamination?

Dr Bennet-Jenkins—There are a number of causes. It can be fish diseases. It can also be the conditions: there is certainly literature to show that varying temperatures and oxygenation of the water can cause deformities in fish. It is not unusual to have fish deformities occur in a fish hatchery. There were a number of issues that needed to be investigated before one could directly say there was definitely a link with chemicals.

Senator XENOPHON—Was your authority previously aware of residents' concerns relating to contamination in this area and, if so, what action did your authority take?

Dr Bennet-Jenkins—We have an Adverse Experience Reporting Program whereby members of the public or our colleagues in the state departments can give us adverse experience reports. We received some adverse experience reports in terms of these deformities, which we began investigating, and this was followed on. What we do is refer the reports to the Department of Environment, Water, Heritage and the Arts and the Department of Health, if necessary, for expert advice. In this case, this task force was formed whose whole terms of reference were to investigate that, so we have been working with the task force to give them information so that they can investigate it.

Senator XENOPHON—Given that there are allegations or concerns that endosulfan and carbendazim were involved in the contamination, is your role with this task force to provide advice or do you have a role in the gathering of the evidence as well?

Dr Bennet-Jenkins—There are probably two things. Firstly, we were requested by the task force to provide the information that we would either have on file or have the expertise to feed into its investigations. Secondly, our role is to look at the adverse experiences in terms of the responsibility we have in the use of the products.

One of the things that was established quite early was that the chemical endosulfan was unlikely to be involved in the incidences because the farmers concerned had not been using that chemical for at least the last five years. The farmer had been using carbendazim. According to the state authority; he had been properly using it in accordance with label directions. In those particular incidences, there was no direct evidence of cause and effect from the chemical that was detected. So we are in a difficult situation to take regulatory action unless there is a proven link. It was just a hypothesis which has not yet been fully proven to enable us to take regulatory action.

Senator XENOPHON—I know there are other senators who wish to ask questions, so I want to keep moving on. Does the authority have an investigative role, in terms of seeking answers to questions, calling in evidence? Do you see that as your role?

Dr Bennet-Jenkins—We look at all the literature. One of the things that we did immediately was to do a wide literature search to find what we call the toxicological end points for fish, to find out which was the most sensitive fish species, and we also did some modelling for spray drift to see whether the spray could have travelled as far as those ponds.

Senator XENOPHON—But in addition to literature searches and modelling, does the authority have the power to call people in to ask questions, to conduct a fairly thorough investigation?

Dr Bennet-Jenkins—We have the authority to do a full re-evaluation of the chemical, but that only relates to the registrant, so we can require the registrants to provide us information that we then look at.

Senator XENOPHON—But you do not have the authority to actually call people in to see whether they are using the chemicals in accordance with—

Dr Bennet-Jenkins—No.

Senator XENOPHON—You do not?

Dr Bennet-Jenkins—No. That is a state and territory responsibility, the control of the use.

Senator XENOPHON—I think on 26 March you issued a statement about these two chemicals and you stated that:

There is no evidence that either chemical is presenting any human health or environmental problem in Australia when used according to these strict conditions.

But whether the chemicals are being used in accordance with strict conditions is really a matter for state authorities to monitor?

Dr Bennet-Jenkins—That is right.

Senator XENOPHON—Are you satisfied that state authorities are monitoring the use of these chemicals, for instance, in accordance with the strict conditions that you have set out?

Dr Bennet-Jenkins—That is a role of the states and territories and, when we have adverse experience reports, that is the first point that we go to. We ask them, ‘What information and investigations have you done?’

Senator XENOPHON—Yes, but in respect of whether the conditions are being strictly adhered to, does your authority have an auditing role or does it have the authority to determine whether there is an auditing role as to whether state authorities are carrying out their responsibilities appropriately?

Dr Bennet-Jenkins—No, we do not have a role in that at all.

Senator XENOPHON—Do you think it would be desirable that you would, or should there be some auditing role of state authorities?

Mr Grant—Perhaps I can answer that. In a sense it goes back to the questions that Senator Back asked about the COAG initiative to look at whether there should be a single national

regulatory framework. That will be one of the issues that will be addressed under that study and it will go back to COAG in the middle of next year or so.

Senator XENOPHON—Thank you. Given that carbendazim is a potential human carcinogen and can cause birth defects and only accounts for about one per cent of fungicides sold in Australia in 2008-09, has the authority considered banning it completely, given its fairly limited use?

Dr Bennet-Jenkins—The only reason that we can cancel a registration or discontinue use is if we actually have evidence that it cannot be used safely. In terms of the warning and the suspension action on the chemical and the warnings in relation to birth defects, they relate to laboratory animals only, and the assessment has been very extensive on this chemical to show that the situations where it caused the birth defects in laboratory animals—which was giving direct large doses in a big bolus to laboratory animals—were not realistic to exposure in real life. Similar experiments done in laboratory animals, where they were exposed in their diet over a lifetime, did not show any of those effects. So the effect is not considered relevant to use. Those label statements are just a general hazard warning, but they are not the risk that the chemical presents in proper use.

Senator XENOPHON—Has the authority made a submission to the persistent organic pollutants committee review of carbendazim?

Dr Bennet-Jenkins—The Stockholm convention relating to persistent organic pollutants is something that the department actually participates in. It is not something the authority does. We are obliged to give submissions if we have information about chemicals that meet the criteria for persistent organic pollution that are under the Stockholm convention. Carbendazim, as far as I am aware, has so far not been identified as meeting those criteria.

Senator XENOPHON—Finally, the final report into the review of the management of carbendazim, when is that likely to come out?

Dr Bennet-Jenkins—The draft report—what we put out is a draft report—on the human health, the public health and occupational health side of things is likely to come out sometime this year. We are awaiting the draft report from the Department of Health and Ageing, who are writing this report for us. It will then go out for a period of public comment before we make the final decision. But because we had feedback of some certain concerns about the exposure assessments, in terms of residues as well as public health worker exposure, we took some suspension action quickly to remove those uses while we went through the public comment period and finalised the report.

Senator XENOPHON—So by September, do you think? Is that a reasonable time line?

Dr Bennet-Jenkins—I would really have to take that on notice. I am not quite sure how far along it is in the work order that we have in the department, but I believe it is very close to finalisation.

Senator XENOPHON—Thank you. Thank you, Chair.

Senator COLBECK—Minister Burke, at the ABARE Outlook conference, talked about a review of the APVMA. Can you tell us where that process is at?

Mr Grant—Perhaps I can help. Minister Burke foreshadowed a better regulation ministerial partnership in his Outlook speech. That review has progressed significantly. There was an external consultant that was sent in to work through the APVMA's operations, provide some advice about their administration and look at the legislative constraints and strengths and weaknesses. A report has been provided back to Ministers Tanner and Burke with a series of recommendations about improvements that could be made to the APVMA's operations. The ministers are considering the contents of that report at the moment.

Senator COLBECK—Did the consultant just go and have a look at the APVMA, or did the consultant go and talk to the constituency of the APVMA?

Mr Grant—The consultant went outside the APVMA and talked to the constituents as well.

Senator COLBECK—How broadly was that?

Mr Williamson—From memory, the consultant looked at about six organisations, the main ones being CropLife, ACCORD, PACIA. They invited also Choice and the Veterinary Manufacturers and Distributors Association. The consultant also invited comment from the relevant state jurisdictions and that was provided. It was a relatively broad consultation, given the time allowed for the consultancy to be undertaken, which was about four weeks.

Senator COLBECK—Four weeks?

Mr Williamson—Yes.

Senator COLBECK—So the APVMA and six industry players and the states and territories, effectively, was the—

Mr Williamson—That is correct, yes.

Senator COLBECK—What about some of the smaller end users of product that might have issues with, say, minor use, registration, things of that nature? You have talked to the major players in a manufacturing sense, but what about people at the other end of the chain?

Mr Grant—A lot of those consultations and users will be picked up as part of a significant consultation that is going to happen around the COAG single national framework process. So there has already been one process of consultation in the development of the framework paper and, as we go forward over the next 12 months to develop an implementation plan, there are two significant consultations with users, and all of those control of use and smaller organisations will certainly be picked up in that process. What we were looking at in the Better Regulation Partnership were issues that were complementary to the single national framework developments and were associated with either legislative reform or administrative reform—so quite direct—and changes that could be implemented quite quickly and which would have some impacts in the near future.

Senator COLBECK—Where does that sit in respect of the current process on cost recovery that is going on?

Mr Grant—As was indicated to Senator Back, Minister Burke made a decision to increase cost recovery fees by 10 per cent. That is an interim decision pending the significant reform processes that are happening—we have mentioned two of them here—with a view that there

will be another review of costs once the functions, format and structure of the APVMA are better clarified, around this time next year.

Senator COLBECK—What was the process by which it was increased? Was it increased by regulation?

Mr Grant—Yes, but it has not been increased yet. We are moving to finalise the regulations at the moment.

Senator COLBECK—Something for us to keep an eye on. So effectively what the minister did was put a blanket 10 per cent increase on fees and charges?

Mr Grant—On fees and charges, yes.

Senator COLBECK—And that is an interim measure. What is the additional revenue from that 10 per cent?

Dr Bennet-Jenkins—That additional revenue is about \$600,000 a year. Most of our revenue comes from levies. About 70 per cent of our income comes from levies and only about 28 per cent of our revenue comes from application fees.

Senator COLBECK—So it is not a review of fees and charges across the board?

Dr Bennet-Jenkins—All our fees rather than the levy system.

Senator COLBECK—Yes, and the levies are paid on what basis?

Dr Bennet-Jenkins—They are paid on the basis of sales of product.

Senator COLBECK—Okay. That is an agreed process, so what is the process to modify the levy rates? A regulatory process by government again—regulation?

Dr Bennet-Jenkins—Again, yes, it would be through a cost recovery process and changes in regulation.

Senator COLBECK—Okay. I will have to go back and have a look at that. I am just reading to make sure that the answers correspond to my question, because they have been pretty good.

Senator NASH—What—the answers or the questions?

Senator Sherry—Can you table them?

Senator COLBECK—It is a great change from early in the day, I can tell you.

Senator Sherry—Let's quit while we're ahead!

Senator COLBECK—Yes. Perhaps we are just wearing them down. I do not know, Senator Sherry. But let's take it when we can get it.

Senator Sherry—Let's keep going, then, until two or three in the morning!

Senator COLBECK—What has industry feedback been from the 10 per cent increase? They do not know yet?

Dr Bennet-Jenkins—Yes, we made an immediate announcement and we have written to them all. I think we have had one inquiry.

Senator COLBECK—I think Senator Back has done some stuff on time for registration. I suppose the purpose of the review of process is in the context of red tape as much as it is anything else, so time taken for registration is something that would be borne out in that overall process. Is there a time frame that has been placed on this overall process? Obviously the initial consultation was only four weeks, so that was pretty sharp. Is there a projected time frame that you have for the next stages of this process?

Mr Grant—The intent of the veterinary regulation partnership was, as I said before, to identify some changes that could be implemented quite quickly, notwithstanding the complex nature of the national system about agricultural and veterinary chemicals. As I said, ministers are considering it at the moment and I would expect there to be some responses quite soon. Legislative changes will take time to go through the system, so, if there is a significant amount of legislative change that may not filter through the parliament until later this year.

Senator COLBECK—Going back to the minister's statement, there is discussion about capacity to access and it even reflects a bit on Senator Xenophon's questions about what the APVMA's capacity is to act on certain things. Are there conversations with the states about the overall management of ag and vet chemicals and the current separation of powers? Recognising that the APVMA itself was created in the late nineties by a drawing together of state entities in the registration and labelling of chemicals, is there discussion about going a step further with respect to the management of use at a state level and picking up some of the things Senator Xenophon talked about?

Mr Grant—That will be a focus for the consultations and the development of that implementation plan around the single national framework. So in relation to what role there should be for a single national regulator—whether it is the APVMA or a complementary body that might sit alongside the APVMA—and whether you should vest the responsibility still with the states and have consistent national legislation, there are a range of options that you could look at.

Senator COLBECK—That process has been dealt with through the Primary Industries Ministerial Council?

Mr Grant—That is correct.

Senator COLBECK—That itself can entail some time.

CHAIR—Thank you, Senator Colbeck, and I thank the officers from APVM and you, Dr O'Connell and all your crew. We will see you again tomorrow. To my fellow committee members, thank you. Cheerio to the secretariat, Hansard and Broadcasting. Minister, thank you very much.

Senator Sherry—Thank you all.

CHAIR—That concludes today's hearing and the committee now stands adjourned.

Committee adjourned at 10.56 pm