



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
LEGISLATION COMMITTEE

ESTIMATES

**(Supplementary Budget Estimates)**

MONDAY, 19 OCTOBER 2009

CANBERRA

BY AUTHORITY OF THE SENATE



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**SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT**

**LEGISLATION COMMITTEE**

**Monday, 19 October 2009**

**Members:** Senator Sterle (*Chair*), Senator Nash (*Deputy Chair*), 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, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Moore, Nash, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Troeth, Trood, Williams, Wortley and Xenophon

**Senators in attendance:** Senators Abetz, Adams, Back, Boswell, Colbeck, Heffernan, Hutchins, Joyce, Macdonald, Milne, Nash, O'Brien, Sterle, Siewert and Williams

**Committee met at 9.01 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

Mr Daryl Quinlivan, Deputy Secretary

Mr Rob Delane, Deputy Secretary, Biosecurity Services Group

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

**Corporate Services/Corporate Finance/Corporate Policy**

Ms Anne Hazell, Chief Operating Officer, Corporate Services Division

Ms Karen Nagle, General Manager, Audit and Evaluation Branch

Ms Kate McRae, General Manager, Human Resources Branch

Mr Steven Foley, General Manager, Information Services Branch

Ms Leanne Herrick, Acting General Manager, Governance Levies and Services Branch

Mr Darren Schaeffer, Chief Finance Officer, Corporate Finance Division

Ms Vanessa Berry, Deputy Chief Finance Officer, Corporate Finance Division

Mr Peter Moore, Acting Deputy Chief Finance Officer, Corporate Finance Division

Mr David Williamson, Executive Manager, Corporate Policy Division

Ms Elizabeth Bie, General Manager, Ministerial and Parliamentary Branch

Ms Cathrine Stephenson, General Manager, Policy Development, Economic and Cross-portfolio Branch

Mr Matthew Worrell, Acting General Manager, Policy Development, Strategy and Support Branch

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Mr Dale Starr, Acting General Manager, Corporate Communications Branch

**Sustainable Resource Management**

Mr Ian Thompson, Executive Manager, Sustainable Resource Management Division

Ms Margaret Allan, General Manager, Landcare and Sustainable Agriculture

Mr Tony Bartlett, General Manager, Finance and Community Grants

Dr Sally Troy, General Manager, Community Partnerships and Communication

Mr Roland Pittar, General Manager, Fisheries and Aquaculture

**Land and Water Australia**

Dr Michael Robinson, Executive Director, Land and Water Australia

**Climate Change**

Mr David Mortimer, Executive Manager, Climate Change Division

Mr John Talbot, General Manager, Forestry Branch

Mr Matthew Dadswell, General Manager, Drought Policy Review Branch

Mr Andrew McDonald, Acting General Manager, Farm Adjustment Branch

Mr Mark Gibbs, General Manager, Climate Change Policy Branch

**Australian Bureau of Agricultural and Resource Economics (ABARE)**

Dr Terry Sheales, Deputy Executive Director, ABARE

Dr Jammie Penm, Chief Economist/Chief Commodity Analyst, ABARE

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

Ms Edwina Heyhoe, Forest and Land Use, Climate Change and Environment Branch

**Australian Fisheries Management Authority (AFMA)**

Professor Glenn Hurry, Chief Executive Officer, AFMA

Dr James Findlay, Executive Manager, Fisheries Management, AFMA

Mr Rohan Wilson, Acting General Manager, Fisheries Operations, AFMA

Mr John Bridge, General Manager, Corporate Governance, AFMA

Mr Mark Farrell, Chief Information Officer, AFMA

Mr David Perrott, Chief Finance Officer, AFMA

**Bureau of Rural Sciences (BRS)**

Dr Kim Ritman, Acting Executive Director, BRS

Dr John Sims, Acting General Manager, Climate Change, Water and Risk Sciences

Dr David Wilson, Acting General Manager, Fisheries, Land and Forestry Sciences Branch

Ms Annette Blyton, Acting General Manager, Integrated Research Branch

Mr Quentin Hart, Program Leader, Risk Sciences Program

**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

**Rural Industries Research and Development Corporation**

Dr Peter O'Brien, Managing Director, RIRDC

Mr John Lawrenson, Director, RIRDC

**Grains Research and Development Corporation**

Mr Keith Perrett, Chairman, GRDC

Mr Peter Reading, Managing Director, GRDC

**Wheat Exports Australia**

Mr Peter Woods, Chief Executive Officer, WEA

Mr Ted Woodley, Chairman, WEA

**Australian Wool Innovation**

Mr Walter Merriman, Chairman, AWI

Ms Brenda McGahan, Chief Executive Officer, AWI

**Meat and Livestock Australia**

Mr David Thomason, General Manager, Marketing, MLA

Mr David Pietsch, General Manager, Corporate Communications, MLA

Dr Ian Johnsson, General Manager, Livestock Production Innovation, MLA

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

Ms Karen Schneider, Executive Manager, BSG Animal Division

Dr Mike Nunn, Principal Scientist, BSG Animal Division

Dr Robyn Martin, General Manager, Animal Biosecurity Branch

Dr Andy Carroll, Chief Veterinary Officer, BSG

Dr Bob Biddle, General Manager, Animal Health Programs Branch

Dr Ann McDonald, General Manager, Animal Quarantine and Export Operations Branch

Ms Jenny Cupit, General Manager, Biological Quarantine Operations and Marine Pests Branch

Dr Colin Grant, Executive Manager, BSG Plant Division

Dr Bill Roberts, Principal Scientist, BSG Plant Division

Mr Bill Magee, General Manager, Plant Biosecurity (Grains and Forestry) Branch

Ms Lois Ransom, Chief Plant Protection Officer, BSG

Mr Chris Adriaansen, Director, Australian Plague Locust Commission

Ms Louise Van Meurs, General Manager, Plant Quarantine and Export Operations Branch

Mr Greg Read, Executive Manager, BSG Food Division

Dr Narelle Clegg, General Manager, Residues and Food Safety

Dr Mark Schipp, General Manager, Export Standards Branch

Mr Colin Hunter, General Manager, Food Exports Branch

Dr Chris Parker, Acting Executive Manager, BSG Quarantine Operations Division, General Manager, Passengers and Mail Branch

Ms Julie Hicks, General Manager, Co-regulation and Support Branch

Mr Jonathan Benyei, General Manager, Cargo Branch

Ms Jenet Connell, Executive Manager, BSG Regional and Business Services Division

Mr Tom Aldred, Executive Manager, BSG Strategic Projects Division, Partnerships

Mr Russell Phillips, Acting Executive Manager, BSG Strategic Projects Division, Biosecurity Policy Unit

Ms Kirsty Faichney, Acting General Manager, BSG Strategic Projects Division, Biosecurity Policy Unit

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

Dr Eva Bennet-Jenkins, Chief Executive Officer, APVMA

Dr Raj Bhula, Program Manager, Pesticides, APVMA

Ms Joanne Mitchell, Program Manager, Corporate Services, APVMA

**Trade and Market Access**

Mr Craig Burns, Executive Manager, Trade and Market Access

Mr Paul Morris, Executive Manager, Technical Market Access

Mr Paul Ross, General Manager, Bilateral Trade (Americas, South East Asia, Subcontinent, NZ and the Pacific)

Ms Victoria Anderson, General Manager, Bilateral Trade (North Asia, Europe, Middle East and Africa)

Ms Sara Cowan, General Manager, Multilateral Trade

**CHAIR (Senator Sterle)**—I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. Today the committee will commence its examination of supplementary budget estimates with the Department of Agriculture, Fisheries and Forestry. The committee has fixed Friday, 11 December 2009 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 this Friday, 23 October 2009.

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

- (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)

[9.03 am]

### **Department of Agriculture, Fisheries and Forestry**

**CHAIR**—I now welcome Senator the Hon. Nick Sherry, Assistant Treasurer, representing the Minister for Agriculture, Fisheries and Forestry; Dr Conall O'Connell, Secretary to 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**—I do not; thank you, Chair.

**Dr O'Connell**—No, thank you, Chair.

**CHAIR**—Thank you, Minister. Thank you, Dr O'Connell. We will go straight to questions.

**Senator IAN MACDONALD**—To all the department: Merry Christmas. It is getting up close to Christmas time. We are all looking forward to the end of the year. Tell me, Dr O’Connell, will the minister be sending out a Christmas card this year?

**Dr O’Connell**—I do not like to take the first question on notice, Senator, but I suspect I will have to do that and ask the minister. As a rule he does, but I do not—

**Senator IAN MACDONALD**—Senator Sherry, will you be sending out a Christmas card this year?

**Senator Sherry**—Yes, I will.

**Senator IAN MACDONALD**—Would your Christmas card have on it: ‘This card is paid for by taxpayer expense’?

**Senator Sherry**—I would have to take some advice on that. I have not yet got around to Christmas cards, I have to say.

**Senator IAN MACDONALD**—You are getting very late, Minister; you will never get them done.

**Senator Sherry**—Gosh, it is October—although I did notice when I went into Coles-Kmart on the weekend that the Christmas decorations were out, which did remind me, although I must confess I was a little surprised to see them out in mid-October. I am not aware of any details in terms of my own Christmas cards, personal or ministerial, as yet.

**Senator IAN MACDONALD**—Dr O’Connell is going to take that on notice, and perhaps Senator Sherry could in his own area because there is a ruling out from the government that all Christmas cards or anything printed with taxpayer funds must have it on each page, so that would be four times on the Christmas card I would think: front page, middle page, third page and fourth page. They must have a statement that these cards are printed by taxpayer funds—unless, of course, the minister is actually paying for them out of his own pocket, in which case, of course, that will not be required.

**Senator Sherry**—I have not taken any advice or received any on the implications of that. I suspect it may affect us all, given that there are Senate Christmas cards issued, but I am not aware of any detail yet.

**Senator IAN MACDONALD**—It is quite ridiculous—with respect, Minister—but that is the rule for senators and members, so I am assuming it applies to ministers as well. I just seek your confirmation of that. Perhaps, as a hint, Senator Sherry and Mr Burke might want to send me a Christmas card so I can just check it myself.

**Senator Sherry**—Well, as I say—

**Senator IAN MACDONALD**—I know you would do that in any case, Senator Sherry!

**Senator Sherry**—When I get around to my Christmas cards, which I suspect will be the week before Christmas—

**Senator IAN MACDONALD**—Okay.

**Senator Sherry**—But I will certainly get some advice on that issue, Senator Macdonald; thank you.

**Senator IAN MACDONALD**—Thank you, Minister.

**Senator COLBECK**—We talked at budget estimates about the efficiency dividends and the reductions in funding to the department. At that stage, Dr O’Connell, you were not certain where you were going to have to make cuts to the department to accommodate the efficiency dividends. Can you please run us through what you have done and where and what changes have had to be made.

**Dr O’Connell**—Yes, though I might pass that to the chief finance officer, Darren Schaeffer.

**Mr Schaeffer**—The measures are listed on page 20 of the 2009-10 portfolio budget statements. I just remind the committee that for 2009-10 the savings measure was \$3.4 million; for 2010-11, \$3.2 million; for 2011-12, \$2.9 million; and, for 2012-13, \$2.5 million. In the context of the department they are able to be managed. The department has reduced its appropriation and has done some restructuring. That includes some food regulatory policy and programs combined in a food branch in the Agricultural Productivity Division. It is working closely with the food security unit in the innovation, productivity and food security branch. There are also productivity related issues such as labour, skills and education moved from the Corporate Policy Division, CPD, to APD. Domestic and international fisheries—

**Senator COLBECK**—Can you not use acronyms, please?

**Mr Schaeffer**—Sorry, Senator. APD is the Agricultural Productivity Division. They will be appearing later and they can take the detail for those questions.

**Senator COLBECK**—I would particularly like to go through the staffing changes now in each of the divisions so that I can deal with that now and deal with it in one hit, if I can, please.

**Mr Schaeffer**—That is a question for our chief operating officer, Anne Hazell.

**Dr O’Connell**—Just to explain more broadly, Senator: that savings measure was a component of the changes that were made, but we made broader sets of changes to manage the normal shifts in funds that have occurred.

**Senator COLBECK**—But you also had an extra \$12 million?

**Dr O’Connell**—That is what I am saying. There is not a particular set of actions which you could attribute directly to that \$3.5 million; it is rather part of the package of changes we have made. I could perhaps ask Ms Hazell just to go through the way we have managed the staffing issues.

**Senator COLBECK**—Okay.

**Ms Hazell**—The way we managed the staffing issues around the restructuring was through a process where we declared staff potentially excess either where their jobs were ceasing as a result of the changes or where less people would be required to do that job. All in all, in mid-June, 269 staff were declared potentially excess. In July we ran what we called merit assessment processes where staff who wanted to compete, whose jobs were reducing in size, could compete. As a result, 97 staff kept their positions. A further 78 staff did not participate because either their colleagues left the department so there was no need for a merit

assessment process or they opted to participate in the next step, which was a redeployment process. We then did some redeployment processes where we filled 37 vacant positions in different parts of the department. All in all, 178 staff, I think, found jobs somewhere else in the department.

**Senator COLBECK**—What was that number again, sorry?

**Ms Hazell**—I think it is 178—I just have to add those up, but I think it is 178—that found jobs elsewhere in a department. We have six staff on temporary assignment in other departments with a view to moving there permanently. At the end of all those redeployment and placement processes, we offered 51 voluntary retrenchments.

**Senator COLBECK**—Have you reduced your complement by 269, which was the figure that you found was potentially in excess?

**Ms Hazell**—The change in FTEs from the end of April to the end of September is 251.

**Senator COLBECK**—So you are down 251 full-time equivalents?

**Ms Hazell**—Full-time equivalents, since the end of April this year.

**Senator COLBECK**—Can you run through for me, please, where those staff have come from, where those savings have been achieved?

**Ms Hazell**—I do not have them division by division, Senator; I would need to take that on notice. They have been achieved in the areas that Mr Schaeffer was mentioning in food policy and programs, consolidation of corporate services staff back into the centre, and in the domestic and international fisheries areas. It is those areas in the main that the staff numbers have been reduced.

**Dr O'Connell**—I should just clarify one point. The number of people who were given notice that they may be potentially excess is not a savings number—that was just the number of people that were caught up, if you like, in the areas that were being changed. That was not the target number that we were looking for in terms of reductions of the average staffing level, ASL. That 269 is simply the number of people who happened to be in the areas that were being changed and therefore got caught up in a process of redistributing those positions.

**Senator COLBECK**—You did not miss out by much though. You have had 269 potentially excess and you have reduced by 251 FTEs?

**Dr O'Connell**—Our notional target, if you like, was that we were estimating 250 ASL for the year so we were close to that.

**Senator COLBECK**—How long would it take to get the information? I would like to be able to work through the particular areas. My advice is that fisheries, for example, has been reduced from 53 to 35 or something of that nature, so that is a fairly significant cut out of that area. I know that we have had reductions in our attaches in embassies, for example. I would just like to be able to get a sense of where they have gone. For example, I was in Brussels and in Paris earlier in the year and both of those have lost agricultural attaches or agricultural advisors out of the embassies. I would like to get a sense of where they are rather than having to wait on questions on notice.

**Dr O'Connell**—I think we can handle those certainly as we go, division by division. As they turn up they will be able to explain that.

**Senator COLBECK**—Is it possible for you to gather that information while we are going through some of the other areas?

**Dr O'Connell**—If we can, we will.

**Senator COLBECK**—One of the things I would like to be able to do is get a sense of the impact on the portfolio, on the department, as part of this assessment of the corporate area in one hit rather than trying to disburse it over time. I think it is reasonable that we can actually have a good look at it. It was something we spent a fair bit of time talking about at budget estimates because we were concerned about the impact on the department by the reductions in funding, the efficiency dividend and the additional \$12 million. I think it is reasonable that we can get some consolidated sense of where the people are coming from rather than having to drip it out over the day.

**Dr O'Connell**—To be helpful, we can probably try and do both. As the relevant areas come up they can explain where they are and at the same time we can try and pull together the overall numbers.

**Senator COLBECK**—For example, can you confirm the reductions in the fisheries area?

**Dr O'Connell**—I would have to have the fisheries people here to just to confirm the exact numbers.

**Senator COLBECK**—So you do not know how many attaches have come out of our embassies internationally?

**Dr O'Connell**—Yes we do, but I think we would need to get some relevant people up to the table.

**Mr Glyde**—In relation to the question about the reduction in people posted overseas, we have withdrawn three Australian based positions from our total complement. We have kept the same geographical spread so we have still got officers located in all of our positions around the world. What we have done is really reduced the numbers; in three particular places we have gone from two officers to one or we have engaged a locally engaged person to represent our interests in that area. We have withdrawn the counsellor agriculture technical position in Brussels and in Washington and the minister counsellor position in Paris.

**Dr O'Connell**—The changes in the European posts also reflect I think that we were making modifications to the Rome post. We were upgrading that one. So we were also changing our representation at the FAO and there have been some changes there.

**Mr Glyde**—We have upgraded the representation in Rome and maintained a position in Paris to service the OECD.

**Senator COLBECK**—So you have one position left in Paris?

**Mr Glyde**—That is correct. There is a locally engaged staff member.

**Senator COLBECK**—Where there were previously two.

**Dr O'Connell**—That was reflecting not just savings issues but also our assessment of the priority between the Paris and the Rome posts.

**Senator COLBECK**—So there is an additional one in Rome. Did you mention anywhere else?

**Mr Glyde**—As I said, there was one position in Brussels, one position in Washington and one position in Paris.

**Senator COLBECK**—The Brussels position was the only person posted on site there, wasn't it?

**Mr Glyde**—No, there were two people posted in Brussels. One is, if you like, a policy person and the other is a technical person. It is the technical person that we have withdrawn from the Brussels post.

**Senator COLBECK**—How many were there, sorry?

**Mr Glyde**—Two in Brussels.

**Senator COLBECK**—There were two in Brussels?

**Mr Glyde**—Yes. We have tried to maintain our geographic coverage. We have not, if you like, withdrawn from any of the areas where we previously had posts, but we have reduced the number of people serving in those posts.

**Senator COLBECK**—What is the expected impact of the change in the roles that they were taking and who is undertaking the roles that they were doing?

**Mr Glyde**—In the case of Paris, instead of having a counsellor there we have a locally engaged person there who is undertaking that role and representing it. We have upgraded the position in Rome. Part of the duties of the person who is placed in Rome is to attend the relevant OECD meetings and to be there on a regular basis. We are planning to cover, if you like, both the policy and technical aspects of that post through a combination of a locally engaged person who is there 24/7 and the person who comes in from Rome.

**Dr O'Connell**—One of the things we are trying to do is, instead of treating it as three separate posts, look at it as Europe and service the European context with the three. Communications obviously are very straightforward in Europe in terms of moving around. The Rome post is expected to play a significant role in the Paris issues as well, as Mr Glyde said. We would be looking at having those, instead of three discrete posts, working together as a European team. We expect to see better performance.

**Mr Glyde**—Yes. I think the real consequence is that if we get into some really technical issues in those posts then it will probably mean slightly increased travel from Canberra based people to those posts for those particular issues rather than having someone there full time.

**Senator COLBECK**—What are the projected savings out of those?

**Mr Glyde**—I will confirm this later but it is in the order of \$2.8 million—the difference between the budget for 2008-09 and the budget for 2009-10.

**Senator COLBECK**—Is that projected savings?

**Mr Glyde**—That is correct.

**Senator COLBECK**—Have you incurred any additional costs over and above what you had anticipated to date as a result of not having those officers in place?

**Dr O'Connell**—In terms of additional travel costs?

**Senator COLBECK**—Yes.

**Mr Glyde**—Not as yet. The arrangements, as you would appreciate, have only really just been put in place. It takes some time to take people out and to change the arrangements, so they have only really just started in the last month or so. At this stage we have not incurred any additional costs in terms of travel to those other locations from where we have withdrawn staff.

**Senator COLBECK**—What about the current negotiations that are going on in respect of carbon accounting and things of that nature that are happening in and around Europe on climate change. Would those officers necessarily have been involved in that process or are we sending people there from Australia?

**Mr Quinlivan**—We have sent specialists on the Australian delegations to each of those meetings so that we have got people who are well acquainted with the subject matter to participate in the delegations.

**Senator COLBECK**—That has been dealt with as a specialist issue?

**Mr Quinlivan**—That is right.

**Senator COLBECK**—And day to day work is effectively being managed within the confines of the revised staffing on day-to-day stuff in Europe?

**Mr Quinlivan**—Judgements are made on a case-by-case basis about how best to represent our interests, whether it is done by our posts or in some cases Department of Foreign Affairs and Trade staff or Canberra based staff.

**Senator COLBECK**—What is the remaining complement in Washington?

**Mr Glyde**—We have one senior position in Washington.

**Senator COLBECK**—We have gone from two to one?

**Mr Glyde**—Yes.

**Senator COLBECK**—Paris is two down to one, so in all of them, effectively, we have halved our representation?

**Mr Glyde**—In those three posts, yes.

**Senator COLBECK**—All right.

**Mr Quinlivan**—Senator, while we are on savings, it might be helpful to explain the process we went through. We had the savings numbers which were discussed last time; we also had some internal priorities, the need to rebuild a reserve; and we also wanted to match the resources in the department more closely with the government's priorities. We went through a process which examined all of our expenditures within the department and then made budget decisions. As a result of that I think it would be true to say that there were virtually no budgets within the department which were unaffected, because we took travel savings and consultancy savings from almost all areas in the department. It would be very

difficult for us to match individual staff movements with savings decisions along the lines your questions are pursuing because it was a large consolidated exercise in which almost all areas of the department were affected, other than front-line biosecurity staff, of course.

**Senator COLBECK**—Can I just go to the reserve? What is your meaning when you refer to the need to rebuild a reserve?

**Mr Quinlivan**—The chief finance officer should take that question.

**Mr Schaeffer**—The reserve basically is an allocation within our total expense budget to allow for one-off things that happen throughout the year.

**Senator COLBECK**—Would that be the amount that is referred to in the portfolio statements as a cash reserve at the end of each financial year?

**Mr Schaeffer**—No, it is a different concept.

**Senator COLBECK**—It is a different amount again? What function does the cash reserve serve then? I notice that if you go back over previous estimates, going back to, say, 2005, the cash reserve at the end of the financial year would average \$2.5 million to \$3 million, roughly. It is now down to about a \$15,000 budget at the end of the financial year. Has stripping that out been part of the process as well?

**Mr Schaeffer**—I am not sure of those figures, but we refer to the cash reserves as basically our money available in the bank or available through undrawn appropriation, and that is at about \$90 million or so. That is to cover things like future employee entitlements or capital replacements.

**Senator COLBECK**—I am pretty sure the figure that is in the portfolio budget statements is about \$15,000.

**Mr Schaeffer**—If you could point me to the page, Senator? You might be referring to the figure that is the actual representation of our cash; the other figure that I referred to before is an appropriation receivable. In my mind they go together but in the books, cash is what is available in our bank account.

**Senator COLBECK**—Yes, it is a while since I have had a look at it and it was just something that was raised in my mind by Mr Quinlivan's comments about rebuilding a reserve.

**Dr O'Connell**—Senator, I do not think there is any relevance though to the issue that you are looking at here. If what you are suggesting is that that is drawn down, I do not think there is any particular issue there.

**Senator COLBECK**—If I was looking to restructure the department to find what was in hollow logs and cut things down as lean as possible, I would be looking at everything. I understand that the government is trying to maximise the efficiency of the departments and that is a decision for government; that is not an issue. I am just trying to get a sense of the impact on the department of all of those decisions. It was just something that I came across when I was looking through some historical figures over the last four or five years. It was quite noticeable that that number had gone from about \$3 million in the statements, and it is budgeted to be at about \$15,000 in the out years. I cannot find it quickly off hand. Obviously

things have been trimmed as much as they possibly can throughout the agencies; I suppose that is the bottom line.

**Dr O'Connell**—That certainly is true.

**Mr Schaeffer**—Certainly our budgeted departmental balance sheet on page 84 of the 2009-10 PBS suggests that our cash and equivalent holdings for 2009-10 will be \$10.393 million, and that remains fairly static over the forward estimates.

**Senator COLBECK**—I might have a look for that number and come back and have a chat to you later. Looking at broad numbers like that, when you find major differences that stand out like that, they do prick your attention. What level of investment needs to go into the rebuilding the reserve, and over what period are you projecting to do that?

**Mr Schaeffer**—The reserve Mr Quinlivan is talking about is basically an allocation within our allocation, if you like, our total expense budget. What we have had to do is find reduced activity in other areas, which we have already outlined, to build up this reserve.

**Dr O'Connell**—The function is really just to act as a contingency reserve during the year. Things change during a year and you need to have a certain amount of flexibility, so you would expect to be able to have a certain amount of available funds to be able to manage contingencies during the year in your budget which you then can use as demands arise.

**Senator COLBECK**—What are the occurrences that have drawn down the reserve to the extent where you need to rebuild it?

**Mr Schaeffer**—We have discussed this many times. It is the efficiency dividend; it is savings measures, things like that. We have had to rely on our reserve, and there have been one-off things, which we would have to get a list of, but there are always things that happen—throughout last year. Those reserves have been allocated fully. We have had to build that up, particularly in light of the government's hard line, really, on departments not basically going over their budget allocations.

**Dr O'Connell**—Building it up just means budgeting for it in the year, allowing that amount to be available as, if you like, free board that you can then use for contingencies during the year. Then as the year goes through that will be used in general.

**Senator COLBECK**—What is your general allocation for the reserve?

**Dr O'Connell**—At the moment it is I think \$6.9 million that we have, if you like, in that reserve area. That will be probably used through the year for contingencies or drawn on, if you like, for contingencies.

**Senator COLBECK**—So it is a contingency—

**Dr O'Connell**—It is essentially a contingency.

**Senator COLBECK**—that you allow within your budget that you would expect to expend during the year?

**Dr O'Connell**—Yes.

**Senator COLBECK**—Would it cover things like redundancies and costs of that nature?

**Mr Schaeffer**—Potentially, it could do, yes.

**Senator COLBECK**—If possible, could you give us on notice what your allocations within that are? You mentioned that you do have a rough idea of what you are going to do, so I am happy to take on notice what your allocations might be. Senator Nash, do you want to have a quick go?

**Senator NASH**—Thank you, Senator Colbeck, I will. Good morning, all. Can I ask about key government objectives. I think they are referred to under the strategic direction. I am particularly interested in the point about ‘ensuring Australia plays a strong role in efforts to tackle global food security’. Could you expand that for me and tell me exactly what the department is doing to ensure that Australia does play a strong role in efforts to tackle global food security? Define exactly what you mean and how we are going about it.

**Mr Glyde**—I guess the government’s primary response to the challenge of long-run agricultural sustainability and food security, as I think it is being more commonly called these days, is really to continue to invest in rural research and development, to try and encourage adoption of better practices on farm and to improve productivity in the face of all the different changes and constraints that are occurring.

**Senator NASH**—Excuse me, what was that last one, Mr Glyde?

**Mr Glyde**—Trying to improve the growth in productivity. They are the sorts of things the government has always done—R&D and focusing on trying to improve our productivity growth. In addition to that, there is also the role that Australia plays internationally to try and promote food security. For example, even though it is not in our portfolio, AusAID has a budget of around \$464 million for a program called Food Security through Rural Development, which is aimed at technology transfer and developing the capacity of countries in Asia, the Pacific and Africa to improve their own primary production as well. We are also continuing to make efforts in relation to the Doha Round, obviously having a good outcome in terms of agricultural trade reform—

**Senator NASH**—It is kind of round and round and round, isn’t it, really?

**Mr Glyde**—It is a very long round—

**Senator NASH**—It is a very long round.

**Mr Glyde**—but I think everyone remains hopeful. In addition to that, there is the short-term provision of food aid as well. I would say all of those elements in the broad scheme are contributing to the challenge of maintaining global food security.

**Dr O’Connell**—I was just going to add to that in the context of the set of high-level meetings that have been occurring over the last year. Minister Burke has attended two of those, one in Italy and one in Madrid, and the Prime Minister then attended the food security session in July as part of the G8 Summit. So that is all part of getting the momentum for the food security debate to be driven by the key multilateral movement.

**Senator NASH**—It is obviously going to be one of the most important issues for the nation over the coming decade. How does cutting funding and staff affect the ability to adequately pursue those food security goals?

**Mr Glyde**—When we are talking about cuts to budgets, we are talking about taking a small amount off the top; we are not actually talking about ceasing those particular activities. In

terms of the range of things we have run through, what we have tried to do, and what we have done more broadly right through dealing with the overall budget challenges the department faces, is to make sure we keep the efforts going in those areas of importance in the long run. Indeed, the creation of a food security group within one of the divisions of DAFF is an example of that. We try to make sure that we use our resources as efficiently and effectively as we can. At the end of the day, as Mr Quinlivan has said, most of the areas across the department have had a small change. To that extent, there will be a slight reduction in those efforts.

**Senator NASH**—Is there anything that you see that you cannot do as effectively as you would like to within the food security area because of funding constraints?

**Mr Glyde**—There are always lots of things you would like to be able to do. Within the food security area, we think that we have got the balance about right. We are maintaining the efforts in relation to R&D, we are maintaining programs such as Australia's Farming Future, which helps farmers adapt to climate change and the like, and we are maintaining our involvement in the international debate, as Dr O'Connell has said. You can always do more with more, but we are trying to do the best we can.

**Senator NASH**—As part of this food security goal and what the department is doing there, does it concern the department that some areas within the agricultural sector—dairy, for example—actually have to operate below the cost of production? How do you see that feeding into our ability to be productive and sustainable domestically and to achieve the goals you are looking for in food security?

**Mr Glyde**—I think you have to try and distinguish between the long run and the short run. The whole advent of the global financial crisis has made it very hard for a lot of sectors—not just the agricultural sector but also sectors within the agricultural industry. In the longer run scheme of things and in terms of providing solutions to problems of food security, they are things that will be worked on over generations, over decades. We need to make sure that the resources that we are applying go to the most productive parts of the economy. Whilst the dairy sector is struggling at the moment with low world dairy prices, it is just part and parcel of the day-to-day agricultural economy. Not so long ago they were enjoying very good prices.

**Senator NASH**—But it is not really acceptable, is it, to say that it is part and parcel to operate below the cost of production? Actually, we might pursue this at a later time, I think.

**Dr O'Connell**—I do not think Mr Glyde was suggesting it was acceptable or normal.

**Senator NASH**—Sorry, it seemed like he was. When he said it was part and parcel of how it works, I was just a bit concerned.

**Dr O'Connell**—Rather, I think what he really meant was it is more cyclical in nature; it is part and parcel of the kinds of cycles you will get in commodity economies. You would not expect to see that go on indefinitely, quite clearly, because you would then have to have a wash-out.

**Senator NASH**—You have good news for dairy farmers—the price is going up?

**Dr O'Connell**—I think in the medium term, in fact, there are projections of price movements upwards. That is my understanding.

**Mr Glyde**—That is right, in the next five years.

**Senator NASH**—I am happy to discuss that later in the day, because it probably fits better somewhere else. On this issue of food security, you raised R&D, Mr Glyde. Actually, I do not know if this goes to you or not, but a national strategic rural R&D investment plan is obviously a key priority for the department?

**Mr Glyde**—That is correct.

**Senator NASH**—I understand that there is a Rural R&D Council—is that correct?

**Dr O’Connell**—Yes.

**Senator NASH**—That has been in place for how long?

**Dr O’Connell**—This year. It is chaired by Dr Kate Grenot. We could probably provide you with more details when the Agricultural Productivity Division is here. It is charged with providing advice to the minister on strategic directions.

**Senator NASH**—I do apologise—I just found the answer to the question on notice I was looking for, in which you say it has been established for a period of three years. So is it three years or one year?

**Dr O’Connell**—Sorry, you mean forward looking or when was it established?

**Senator NASH**—When was it established? According to this it has been established for three years.

**Dr O’Connell**—No, this year.

**Senator NASH**—So the answer to the question on notice is incorrect?

**Dr O’Connell**—No, I think that probably that may be looking to three years forward—to be established for three years.

**Senator NASH**—It says, ‘The council has been established for a period of three years’.

**Mr Glyde**—Yes, I think it was established in January for three years.

**Senator NASH**—For a period of three years.

**Mr Glyde**—From 4 January 2009.

**Senator NASH**—So it was established this January?

**Mr Glyde**—With a three-year time horizon.

**Senator NASH**—Time frame.

**Mr Glyde**—Yes.

**Senator NASH**—In that time or year, there have only been two meetings. Given the importance of the R&D investment plan, is that usual?

**Mr Glyde**—I will have to take that on notice. As Dr O’Connell said, the people who actually administer that program are not here with us at the moment. They are in the Agricultural Productivity Division, which is a little bit further down the batting order.

**Dr O’Connell**—We have Mr Grant here. He can provide the answer, if that is helpful.

**Mr Grant**—I think you are asking about the number of meetings the council has had?

**Senator NASH**—I certainly am.

**Mr Grant**—The council have had a couple of formal meetings. They have also had two out-of-session meetings. They have also hired a facilitator to take them through a process by which they are trying to develop that rural R&D investment plan that you are talking about. They have had a number of occasions where they have got together and tried to work through this, including through the use of that facilitator, with that analytical process. They have also have had consultancy work undertaken to try and build a better understanding of the history of R&D investment, to try to lead them to some considerations about the benefits of public and private investment in R&D and where you get the better returns. They have done a series of analytical work, both outside their meeting timetable and within their meeting timetable, to try and start this development of the rural investment plan.

**Senator NASH**—When is that due to report?

**Mr Grant**—I think they are hoping to put something to the minister by May next year.

**Senator NASH**—Is there a reason that it is going to take so long?

**Mr Grant**—It is not an easy task. It is a big ask. It is quite a complex method and quite a complex task. They need to consider the history of investment and try to make some judgment about where investment is best placed and the needs of the rural R&D sector looking into the future. So it is not an easy task.

**Senator NASH**—I appreciate that.

**Dr O'Connell**—I think there is an expectation in the process they are undertaking that there will be a public consultation component as well in that timeframe, with a discussion paper. Certainly the chair, Dr Grenot, has been very energetic in linking with the range of other bodies that are around in this area to make sure that this pulls together.

**Senator NASH**—What is envisaged for the council to do after it reports, as we have ascertained it is for the three-year period from January this year? After it reports in the middle of next year, what is next on the agenda, if you like, for the council?

**Mr Grant**—The other things that are in its terms of reference are to look at performance measurement and reporting framework—

**Senator NASH**—Performance and reporting of what?

**Mr Grant**—against the agreed national priorities and key performance indicators—so trying to look at how you can better measure outcomes and evaluation of R&D investments. Also in their terms of reference they are to provide advice on enhancing cross-sectoral, cross-disciplinary, cross-jurisdictional and international cooperation and collaboration. They have got a very broad oversight on trying to provide advice on the directions of R&D policy in Australia. The investment plan will be a substantive piece of work, but then they have got this ongoing role in overseeing rural R&D and providing advice to the minister.

**Senator NASH**—I have one last question, on a different issue. We had some discussion at the last estimates in corporate policy around youth allowance and the potential impact on regional areas. You very kindly took a question on notice for me, Dr O'Connell, to see if there

had been any consultation with the department on this. You were actually consulted on the response to the Bradley review as part of the budget deliberations in terms of youth allowance. Could you outline to the committee what that consultation was and what your advice was, in terms of the regional impact.

**Dr O'Connell**—Mr Grant might be able to help you. If he cannot—

**Senator NASH**—I am happy to go to Senator Colbeck and come back if you would like some time to find someone.

**Dr O'Connell**—It may be that we have to wait until we get the other officers from a productivity just to help you on that.

**Senator NASH**—I only asked it here because that is where we discussed it last time. That is all.

**Mr Grant**—Let me have a look at some notes. Maybe Senator Colbeck could continue.

**Senator NASH**—Absolutely. I am happy to discuss it later in the day if it is more appropriate.

**Senator COLBECK**—Dr O'Connell, just coming back to the overall finances of the department, what is the projected end outcome? Is that still as it was in the portfolio budget statements? Are we still projecting the same financial result at the end of the year?

**Mr Schaeffer**—Broadly, yes.

**Senator COLBECK**—So effectively no change?

**Mr Schaeffer**—Broadly speaking.

**Senator COLBECK**—To bring in there the recent process whereby the AQIS additional fees and charges were disallowed. We were told during hearings on that particular process that that would blow a \$100 million hole in the budget for the department over two years. Where does that sit?

**Mr Schaeffer**—There is an issue with the export fees disallowance. However, we are investigating that into the future. At the moment, there will be a cash impact. For this year, it is estimated to be about \$47 million and the balance for next year.

**Dr O'Connell**—At the moment, if there is no other change, we are looking at that cash problem for us in the year, and then of course that will accrue to the industry accounts. There will be the expectation that it would be recovered in due course.

**Senator COLBECK**—Which comes back to the argument that we were having all through this process, that effectively industry are being made to pay for the reforms that are being undertaken.

**Dr O'Connell**—This is, in a sense, separate from a reform issue; this goes to the issue of the costs that are incurred in providing the service—the export certification service—which are now not going to be fully funded by the fees. We will have a cash shortfall over this year which we are going to have to manage once this plays through, but any shortfall eventually accrues to the industry liability accounts and will then—

**Senator COLBECK**—So the reason that your bottom line does not change is that you will effectively get the money out of industry in the long run because you will accrue it to their industry accounts and it will be made up over time through the fees and charges that you strike?

**Dr O'Connell**—I certainly do not want to pre-empt where the parliament is going to go on agreeing fees and charges in due course. The expectation would be—

**Senator COLBECK**—No, and I am not asking you to, Dr O'Connell. I am just trying to clarify what you are saying. It is consistent with what has been said all through the process anyway. The government and the opposition will have their disagreements over process of funding and allocation of funding and all that sort of stuff. That is not what I am trying to get at. I am just trying to get to understand what the actual process will be, because there is some confusion within industry at the moment. Obviously we have had some communication and received copies of some of the advice that has been sent to industry. I am just trying to clarify that process as much as anything, rather than any of the political stuff that will or will not go on between the government and the opposition. That, I understand, is separate.

**Dr O'Connell**—The upshot of the whole thing is, yes, those industry liability accounts will grow out to the degree that we have this shortfall.

**Senator COLBECK**—The government has to go through a process to reset fees and charges. We understand that and are engaged in that with the government. That is separate. The government will then set fees and charges and over time the shortfalls in those industry accounts will be recovered effectively through the fee and structure process—

**Dr O'Connell**—That would be the normal practice.

**Senator COLBECK**—unless of course the government makes a decision, through whatever process, with respect to the funding of the overall structural reform of AQIS fees and charges?

**Dr O'Connell**—It would be the normal practice to recover the outstanding, yes.

**Senator COLBECK**—Do you have any estimates of what the shortfalls that will accrue in the first year in those industry accounts will be?

**Mr Schaeffer**—For this particular issue, \$47 million. Mr Read can confirm that later in the day.

**Dr O'Connell**—We have got the biosecurity people coming along later in the day and they will be able to go through the—

**Senator COLBECK**—So they would be able to give us an individual—

**Dr O'Connell**—They should be able to give you a reasonable breakdown.

**Senator COLBECK**—Let us put them on notice that we would like them to bring that information with them so that we can actually discuss that during that process. Can you give me a sense of how many ministerials have been sent to the minister's office from 1 July to now?

**Dr O'Connell**—We should be able to do that I think.

**Ms Bie**—From 1 July to date, we have sent 1,672 ministerials up to the minister's office.

**Senator COLBECK**—What was the total for 2008-09?

**Ms Bie**—Thirteen thousand three hundred and four. They were ministerials received, not ministerials sent to the minister's office. Ministerials signed by the minister in 2008-2009 were 1,749.

**Senator COLBECK**—Seventeen hundred and forty-nine were signed by the minister?

**Ms Bie**—Yes, and 3,824 of those were signed by the department on his behalf, at his request.

**Senator COLBECK**—Thirty eight hundred and twenty four?

**Ms Bie**—That was 2008-09.

**Senator COLBECK**—So how does that align with 13,304?

**Ms Bie**—We receive a great deal of campaign mail. Each letter that comes in is considered on a case-by-case basis as to the kind of reply that it requires and the signatory.

**Senator COLBECK**—So you received 13,304. Seventeen hundred and forty-nine were signed by the minister and 3,824 were signed by the department. What happened to the other 8,000?

**Ms Bie**—It depends on the nature of the item. We retain all of the incoming correspondence on our records in an electronic workflow system. Some of the mail that we receive is just standard correspondence that does not require a response; some can be annual reports, standard publications.

**Senator COLBECK**—We are coming down to classifications of different forms of communication. Can you give me a breakdown of the 1,672 for this year?

**Ms Bie**—A breakdown?

**Senator COLBECK**—Do they fall within similar categories? How many of the 1,672 are signed by the department, how many are signed by the minister and how many are just non-reply type correspondence?

**Ms Bie**—We had 437 signed by the minister and 814 have been signed by departmental officers.

**Senator COLBECK**—So 300- or 400-odd have not required responses?

**Ms Bie**—That is to date. Some may still be within our systems being drafted.

**Senator COLBECK**—Do you have any statistics on the breakdown of those by government members and senators, coalition or opposition members and senators or individuals and organisations?

**Ms Bie**—Not on me. I will have to take that on notice.

**Senator COLBECK**—If you could, that would be fine. What was the average processing time for a ministerial?

**Ms Bie**—We have standard turnaround times of 10 days and five days. The time it takes to process the response will depend on the particular issue and the amount of consultation

required to prepare the response. Sometimes we have to speak to other portfolios about the content of the response. Ten days turnaround is our standard response time.

**Senator COLBECK**—I sent a letter to the Prime Minister three weeks ago in relation to some storms in Tasmania that had a significant impact on dairy farmers. Has the department been consulted on that?

**Ms Bie**—I could not tell you. I would have to take that on notice, I am afraid.

**Senator COLBECK**—Senator Sherry, you are not aware of anything there?

**Senator Sherry**—Not through my office—local representation. I would have to check. I will take it on notice.

**Senator COLBECK**—I appreciate that. It is outside the parameters that have been issued by the department. I am interested to know whether the department has been consulted. I know the department had some officials in that neck of the woods last week, which is appreciated, but I would be interested to know what is coming from that. I have some other questions on that which I will put on notice. Can you give the committee a sense of the spend on consultancies so far this financial year and an update of the total at the end of 2008-09.

**Ms Hazell**—For 2008-09, the total expenditure was \$16,537,050. And you were after the spend for the year to date?

**Senator COLBECK**—Yes.

**Ms Hazell**—For 2009-10, from 1 July to 30 September, the department has entered into 28 consultancies, with a total expected cost of \$1,312,719.

**Senator COLBECK**—That is to date?

**Ms Hazell**—Yes. I say ‘total expected costs’ because, naturally, some of them are still—

**Senator COLBECK**—No, I understand that. What is the projected reduction in expenditure on consultancies, given it was mentioned earlier that that was one of the areas you were looking to cut?

**Ms Hazell**—Once each area of the department has been allocated its budget for the year, as the chief finance officer was saying, it deals with how it is going to spend that budget according to the division’s priorities. I do not have an overall projected reduction other than that, based on those figures, there will be quite a reduction. It will depend on how many consultancies are let as part of our administered program.

**Dr O’Connell**—A rough call would probably say it is at least \$5 million less than the previous year, I would think.

**Ms Hazell**—Yes, based on that.

**Senator COLBECK**—Can you please run through the cost of the advertising and marketing for 2008-09.

**Mr Starr**—If you are talking about advertising budgets, in the last financial year we had only one advertising campaign, which was Quarantine Matters! I can give you the figures on that. The total spend for the past financial year was \$4.3 million, of which \$2.1 million was spent on television.

**Senator COLBECK**—Quarantine Matters! is a fairly long-running campaign, isn't it?

**Mr Starr**—Yes, it is. It has been running for quite some period of time.

**Senator COLBECK**—Do you have figures on expenditure going back, say, four or five years—I think it has been going that long—and can you give us a sense of projection?

**Mr Starr**—I could go back to the previous year. For 2007-08 it was \$5.3 million—\$2.7 of which was spent on television and cinema advertising. I do not think I have the figures for previous years. I will have to take that on notice.

**Senator COLBECK**—What is your projection for next year?

**Mr Starr**—We are currently reviewing Quarantine Matters! With the formation of the new Biosecurity Services Group we are looking at the tracking research from the last campaign, which is filling in some of the gaps for us. We are looking at what will happen in the future, but at this point we have made no final decision on whether there will or will not be a campaign.

**Senator COLBECK**—What interactions has the department had with the *Border Security* program and, if there has been interaction, what have been the costs involved?

**Mr Starr**—There is no financial involvement from our side. We participate actively with the producers. Our staff at the airports, as you will see from the TV show, are very supportive. We think it is a great concept and are happy to take part, along with other government agencies such as Immigration and Customs.

**Senator COLBECK**—Has the department made any assessment of the awareness it creates of issues that the department needs to deal with that might come up in the Quarantine Matters! type scenario?

**Mr Starr**—No formal research, but certainly it adds to the whole picture for us. It is a very successful program that has a very high audience reach and very high ratings. From our point of view, any message to the community that demonstrates good behaviours and not-so-good behaviours is a good thing. To answer your question specifically: no, we have not made an assessment of the effectiveness of that campaign.

**Senator COLBECK**—You say that there is no financial contribution. Does the program have any impact on the operations at the border?

**Mr Starr**—I am not an expert on the operations, but really the show follows people doing their work, so the impact is minimal. The benefits would far outweigh the cost of staff time.

**Dr O'Connell**—When the Biosecurity people come on later, they could let you know if there is any difference. I have seen the filming happening at the airport and it is pretty straightforward. As Mr Starr says, it follows a standard pattern of work and does not appear to distract or interfere as far as I could see.

**Mr Starr**—No.

**Dr O'Connell**—Certainly our import people could give you any other information later today.

**Mr Starr**—The other important factor is that our staff are very happy to participate in that because it demonstrates the important work they do.

**Senator COLBECK**—Do you have a process of staff signing off to agree to involvement?

**Mr Starr**—I will have to check on that. I do not think we have a formal process, but certainly we ask staff if they are prepared to participate. For most of the communication things we do we have a talent release form. I suspect that we do not have it in this case, but we do ask staff if they are happy to participate.

**Senator BACK**—Returning to the comments earlier in the day regarding local staffing et cetera in offices overseas, I read recently that we have engaged with the Russians on access for our meat into their markets and that we have sent some officers across to Russia. Could I pursue that for a couple of moments?

**Dr O'Connell**—It might be best to wait for the Trade and Market Access Division. Mr Glyde's intimate knowledge might well fail us, whereas the people who will come shortly will be able to give you the box and dice. But, yes, there have been efforts to engage local staff as well as to send people from Australia to engage in discussions.

**Senator BACK**—Perhaps we can start the questions. I am sure Mr Glyde's capacity will see the day through. How many officers have gone across to engage in that particular activity?

**Mr Glyde**—I will have to take that question on notice. I am aware that we had an Australian based officer placed there temporarily for a period. Also there have been visits; in fact, there was a visit last week. To be precise, I would have to take that question on notice. We have engaged someone locally to represent our interests as well. I do not have details at my fingertips of when that started and how it has changed over the past, say, 12 months.

**Dr O'Connell**—I think recently three or four senior level staff went to Russia as well. To be accurate, we will have to wait until the people from the Trade and Market Access Division and Biosecurity arrive, who were the ones that went across.

**Senator BACK**—Certainly. I will save it for them. I am interested in knowing the financial constraints and in pursuing the costs that would be incurred in that sort of exercise, how many people would need to attend, what they would be doing and, obviously, how we can do it differently. So perhaps we will wait for the Trade and Market Access Division.

**CHAIR**—Thank you, Senator Back. Are there further questions of the executives?

**Senator COLBECK**—I just want to go back to the ministerial responses and response times. I received a communication from Nola Marino from Western Australia, who has written on a number of occasions to Minister Burke in relation to support for log truck drivers in Western Australia and is waiting for a response. I just want to get a sense of when a response might come from the minister on that.

**Senator Sherry**—I will have to take it on notice. I will endeavour to get a response by lunchtime.

**Senator COLBECK**—If you could do that, I would be grateful. Thanks, Senator Sherry. My advice is that there have been a number of letters from Nola Marino, the member for Forrest, which have not been responded to. Given the 10-day turnaround we have talked about

for ministerials and the very difficult situation for the log truck drivers in Western Australia, I am certain it would be appreciated if we could get some advice on that. That might do us for this moment. Dr O'Connell, you have not had any luck with getting any information on the employment impacts in each of the agency areas?

**Dr O'Connell**—I have just been told it is coming, Senator.

**Senator COLBECK**—We might come back to that after morning tea.

**Dr O'Connell**—What I can maybe help you with—or maybe not—is that, based on the records, there is no record of anything received by Minister Burke from you directly.

**Senator COLBECK**—From myself?

**Dr O'Connell**—Yes.

**Senator COLBECK**—No; I wrote to the Prime Minister.

**Dr O'Connell**—I misunderstood.

**Senator COLBECK**—I just wanted to know whether the department has been consulted on that particular issue.

**Dr O'Connell**—I think probably we were looking to see whether or not this had been sent to our minister.

**Senator COLBECK**—No. I am sorry I was not clear with my question. I wrote to the Prime Minister and wondered whether he had consulted the department on an issue which obviously relates to your portfolio.

**Senator NASH**—Dr O'Connell, when would it be most appropriate for me to deal with the Youth Allowance issue today?

**Dr O'Connell**—I think we might be able to help you now, Senator.

**Mr Grant**—We talked to the secretariat who are looking at the running of the Bradley review during the consultations when that review was ongoing. We talked about the Youth Allowance issues but, in the end, the Bradley review did not necessarily pick up all the issues that we discussed with them.

**Senator NASH**—What types of issues did you see as relevant or that could potentially have an impact on regional Australia?

**Mr Grant**—I will have to take that on notice. We could probably come back and address the broad range of issues that youth suffer. These are now also picked up in the Community Networks and Capacity Building program. That has four elements; one of which is youth. A series of grants have been provided under the project called Next Gen Farmers. The youth elements of that project are picked up in that grants program as well.

**Senator NASH**—That would be quite useful to give the committee an understanding of the department's view of where the priorities lie in that particular area.

**Mr Grant**—Sure. I am happy to do that.

**Dr O'Connell**—Chair, I have some information on the member for Forrest's letter, if that is helpful. I am told that the response has been slightly delayed as the issues are also subject to a parliamentary inquiry. But we expect that the response will be sent very soon.

**CHAIR**—Would that be a federal parliamentary inquiry?

**Dr O'Connell**—That is my sense of it.

**Senator COLBECK**—You do not know which parliamentary inquiry we are talking about?

**Dr O'Connell**—We will have to get that as further information to you, if we could. That is the limit of my knowledge at the moment.

**CHAIR**—That is fine, Dr O'Connell, but it might be helpful if you can find out which government it is.

**Dr O'Connell**—Yes.

[10.10 am]

**CHAIR**—Thanks, Dr O'Connell. If there are no further questions of Corporate Services, Corporate Finance and Corporate Policy, we will now go to Sustainable resource management, including Caring for our Country, Landcare, domestic and international fisheries.

**Senator SIEWERT**—I would like to go into some of the details of the latest allocation of funding for projects and then go into the forecast allocations for next year.

**Dr O'Connell**—This is Caring for our Country?

**Senator SIEWERT**—Caring for our Country, yes. Could you confirm or tell me, please, what the overall allocation of funding for Caring for our Country was this year, how much was allocated to regional groups overall, to the Great Barrier Reef, for the assessment of the project round that was released in early July and how many projects that funded?

**CHAIR**—There are a number of questions there, Senator, so you might have to—

**Senator SIEWERT**—Yes. I am trying to get once and for all an overall picture of what was funded.

**CHAIR**—I understand that, Senator Siewert. There is no need to get all narky. I am saying there are a number there.

**Senator SIEWERT**—I am not narky. I am just saying—

**CHAIR**—It might be easier if you just broke it up, because there was a flurry of paperwork taking place there.

**Senator SIEWERT**—Overall expenditure for the 2009-10 round.

**Mr Thompson**—The total Caring for our Country budget for 2009-10 is \$407,927,000.

**Senator SIEWERT**—The regional allocation?

**Mr Thompson**—The regional baseline allocation—

**Senator SIEWERT**—Yes, please.

**Mr Thompson**—was \$130,004,000.

**Senator SIEWERT**—Reef Rescue?

**Mr Thompson**—Reef Rescue was \$24,642,000.

**Senator SIEWERT**—And then the project allocation?

**Mr Thompson**—The project allocation was \$60,995,000.

**Senator SIEWERT**—And how much of that was the Feral Camels Project?

**Mr Thompson**—Camels is a \$19 million project in total, but it would not be expected that all of that would be in the 2009-10 financial year.

**Senator SIEWERT**—How much is in the 2009-10 financial year?

**Mr Thompson**—The camels project was approved as an expression of interest. The final details of that project and its rollout are still being developed with the range of proponents. We do not have that detail as yet.

**Senator SIEWERT**—Does the \$60 million—and I am rounding it off—allocated to projects for this financial year include all of the \$19 million?

**Mr Thompson**—No, it does not.

**Senator SIEWERT**—What percentage of that is included? Do you see where I am having trouble coming to terms with the figures?

**Mr Thompson**—Tony Bartlett or someone may have the number for how the \$19 million has been attributed. I do not have that in front of me at the moment, Senator.

**Dr O'Connell**—Mr Bartlett might be able to help.

**Mr Bartlett**—Part of the problem, Senator, is that the figures that the ministers have approved are for projects that run over multiple years. If you want to split it into what will be spent this year, the figures can often be quite different from those announced publicly. Perhaps if you repeat exactly what you are after I will see if I can answer.

**Senator SIEWERT**—I am trying to work how much was allocated to the 1,300 projects that you told me last time had been applied for.

**Mr Thompson**—Remember we talked about the \$60 million, rounded, for 2009-10 from that competitive group of projects. The equivalent number across the life of Caring for Our Country last year—that is, projects approved for multiyear funding—in that announcement were that ministers approved \$152 million worth of projects, but the expenditure is over 2009-10 through to 2012-13. In that context the \$19 million for camels is a component of the \$152 million, because that is four-year funding as well.

**Senator SIEWERT**—You have allocated forward about \$90 million?

**Mr Thompson**—The projects that were approved and announced in July this year by ministers have a forward commitment including the \$60 million for 2009-10 that totals \$152 million.

**Senator SIEWERT**—How many projects is that overall?

**Mr Thompson**—The order of magnitude of the projects is a little over 112 projects, Senator. The reason I am a little unclear is that we have announced 56 Landcare projects and the number of competitive projects was 56, which I think you are aware of. I am not familiar with the number of projects in the National Reserve System or the World Heritage area. There are some projects there as well.

**Senator SIEWERT**—Which all come out of that money?

**Mr Thompson**—They all come out of that money.

**Senator SIEWERT**—Out of the \$152 million?

**Mr Thompson**—The \$152 million over four years, yes.

**Senator SIEWERT**—Does anyone have the breakdown of the National Reserve System funding—how many were Landcare and how many were NRM projects?

**Mr Thompson**—We do have that breakdown. I do not have it broken down in front of me, but it is not a very hard number to pull together. We could do that.

**Senator SIEWERT**—If you could provide that, that would be useful, thank you. The 56 projects are only some of the projects that will come out of the \$152 million?

**Mr Thompson**—Yes. The \$152 million also includes the Landcare projects that were announced as well, for example.

**Senator SIEWERT**—That all comes out of the \$407 million for this financial year?

**Mr Thompson**—No, the \$60 million for this year comes out of the \$407 million. The \$152 million should be compared with the \$1.69 billion, which is the total Caring for Our Country amount over those four years.

**Senator SIEWERT**—How many of the projects that were funded were one-, two-, three- or four-year projects?

**Mr Thompson**—Again, that is not a number I have. The majority of projects were for two or three years.

**Senator SIEWERT**—You said the camel project was done as an expression of interest. Could you inform the committee why a decision was made to spend \$19 million on a project that was simply an expression of interest?

**Mr Thompson**—In the business plan a call was made for some large projects in a number of areas. Because they were very large projects that had a degree of complexity potentially involving a large number of partners, we told people to put in an application. Essentially the same application was required from everybody else but, because of the amount of money involved, we said we would approve it in principle and then allow further work to be undertaken with the proponent to develop the project further or hold discussions about the nature of the project or whether all partners were there or whether the research results were being taken into account in the proper manner. Since the announcement of the project in July, we have been working with the project proponents to develop that project. It was, in a sense, a risk management measure around a very large project to ensure that both we and the proponents were happy with the final project. The competitive component did not require

them to spend an inordinate amount of time developing final details when we may have been able to come to an arrangement doing it slightly differently.

**Senator SIEWERT**—Of the \$60 million that was spent this year on projects, how many of them were approved as an expression of interest?

**Mr Thompson**—My recollection is that we called for expressions of interest only for the large projects, and the camels one was the only one.

**Senator SIEWERT**—It was the only large project?

**Mr Thompson**—It was the only large project funded and the only one that was to be progressed through the expression of interest process.

**Senator SIEWERT**—How many expressions of interest did you receive?

**Mr Thompson**—I cannot recall the exact number of expressions of interest we received for large projects, but there were a number of them. There certainly were not hundreds. It was around the order of nine or 10, to my recollection, but we can give you that answer on notice, Senator.

**Senator SIEWERT**—That would be appreciated. We went through the assessment process last time, as I recall, and the establishment of expertise based panels. Was all the advice provided by the assessment panels taken on board?

**Mr Thompson**—All the advice from the assessment panels was taken into account in assessing the projects. Where the assessment panels had a strong view one way or the other, that was a fairly important piece of information that went into the process.

**Senator SIEWERT**—Were all their recommendations accepted?

**Mr Thompson**—I am not aware of any cases where their recommendations were rejected. The panels' views also had to be aligned with the scores the project received through a scoring process. In some cases the panels may have had a view about a project, but it did not change whether the project got above the line or below the line. In that sense the assessment panels' recommendations were not fundamental. By and large, my view is that we took into account the views of the panels in all the cases I am aware of, Senator.

**Senator SIEWERT**—I am trying to work out how the assessment process has been more transparent and accountable following this process when none of the community assessment panels were involved in previous NRM programs; how the community finds out what the experts thought about particular projects; and why this expression of interest for the camels project, for which I understand a number of applications were received, was the most successful.

**Mr Thompson**—Any project of the order of magnitude of the camels project that was funded was also considered on the basis of an expression of interest. As I said, large projects were called for as an expression of interest for which detail would be developed later, and the applicants completed essentially the same application form with all its detail and the project was called in pretty much the same way as other projects. The right to develop some of the detail around the project was reserved. Membership of the assessment panels was similar to that of panels that had been used in previous cases, and all unsuccessful proponents have had

the opportunity to receive advice on their projects. Because it was 1,300, the initial advice was quite brief, but if they wish to follow it up they can for general or more specific advice from relevant people in the department.

**Senator SIEWERT**—Have you now done an overall assessment of how many staff have been lost from regional organisations?

**Mr Thompson**—We have not done a new assessment of how many staff are employed or have been lost, as you say, from regional organisations. As we have said before, we are not the only people who fund regional bodies. Staff numbers fluctuate for a range of reasons, including whether they are successful or not successful with Caring for our Country grants. We do not keep track of their employment.

**Senator SIEWERT**—Have you had any notifications from any organisations about the number of staff that have been lost?

**Mr Thompson**—We have not had any formal notification. We have seen press reports of various organisations saying how their numbers have changed, but we have not had a formal notification. As I said, we do not track them and they do not provide us with formal advice as to their staffing numbers.

**Senator SIEWERT**—Did you receive a project concerning the possible causes of the decline in the number of fauna in Northern Australia?

**Mr Thompson**—We may have. I do not recall that project. There were a lot of projects, quite a number for Northern Australia and quite a number relating to biodiversity, land management, fire management and invasive animals in Northern Australia. Unless we had more details, I could not comment on that one in particular.

**Senator SIEWERT**—Do you have a breakdown of the expenditure in Northern Australia?

**Mr Thompson**—I do not have a breakdown of the expenditure in Northern Australia that I can lay my hands on right now, but we can do that analysis. I do not recall us doing a specific one for Northern Australia, but it is one of the records we track for reporting purposes and we are in the process of doing that now for our annual report card.

**Senator SIEWERT**—Northern Australia is one of the six priorities. Could you do a breakdown against all six?

**Mr Thompson**—When we report against expenditure for Northern Australia we report X number of projects in sustainable agriculture for Northern Australia, X indigenous, X biodiversity reserves, invasives or whatever. They would track Northern Australia plus the other target they were addressing. My appreciation, having looked across the projects we have funded, is that quite a number of projects in Northern Australia have been funded.

**CHAIR**—For those who were not here earlier, 10.30 is the break. There are a couple of minutes to go. At 10.30 we will stop and then come straight back to you, Senator Siewert.

**Senator SIEWERT**—I just wanted to follow up on that last point. Will you report against the six nominated priorities under Caring for our Country in your annual report?

**Mr Thompson**—Yes.

**Senator SIEWERT**—When is your annual report due?

**Mr Thompson**—We are expecting that to come out quite shortly.

**Senator SIEWERT**—So I am better off waiting for that than putting a question on notice. Were you taking it on notice?

**Mr Thompson**—Whether or not you wish to put it on notice, that information will be made available to you.

**Senator SIEWERT**—Thank you. Have you done a review of the assessment process that you have carried out this time?

**Mr Thompson**—Yes, we have reviewed the assessment process. Part of the consultation we undertook on the last business plan with stakeholders a few months back took into account comments raised by a whole range of people about both the application and the assessment process.

**Senator SIEWERT**—Will you be changing it for next year?

**Mr Thompson**—Yes, there will be some changes.

**Senator SIEWERT**—In what manner will you be changing it?

**Mr Thompson**—The final details of that are still being considered, so I cannot give you a definitive answer as yet. Some of the changes, which are not quite finalised, will be to the assessment tool itself. There will naturally be changes to memberships of assessment panels with the lapse the time, and the application process has been and will be streamlined a little more so that people understand more clearly the area they are applying for and those sorts of things.

#### **Proceedings suspended from 10.29 am to 10.44 am**

**CHAIR**—I might ask a question while we are waiting for Senator Siewert, who has some IT issues at the moment. We were talking about the regional bodies receiving more certainty of funding. Would you like to elaborate on that and tell us why there is certainty?

**Mr Thompson**—Under Caring for our Country, the regional bodies have been provided with four years worth of funding certainty. That funding certainty enables them to plan longer term projects and provide continuity of employment. In many regions, many of the resource management environmental protection problems are regional and of a scale. To have a body there with some continuity that is able to coordinate the volunteer community and other groups to implement large projects is seen as desirable.

**CHAIR**—I would assume that the support from the bodies has been exceptional. Would that be fair enough?

**Mr Thompson**—We are pleased with the performance of the regional bodies, yes.

**CHAIR**—How many bodies are we talking about?

**Mr Thompson**—There are 56 regional bodies at the moment.

**CHAIR**—Do you have a break-up of those bodies by state? You can take the question on notice.

**Mr Thompson**—We can take that one on notice. I do not have it off the top of my head.

**CHAIR**—Thanks, Mr Thompson.

**Senator SIEWERT**—Thank you. Could you tell us how much funding has been allocated for the next round, 2010-11?

**Mr Thompson**—Senator, I cannot give you that answer at the moment. The reason for that is that the business plan for the 2010-11 year has not yet been finalised. Throughout this financial year we will be looking at how projects are proceeding, so there can be variations in the amount of money that will be available under the business plan. What I can say is that the total Caring for our Country budget for 2010-11 is \$433,441,000.

**Senator SIEWERT**—Of the \$152 million that has been allocated for the projects that were approved this year, you are not sure yet how much is logged against expenditure for next year?

**Mr Thompson**—Out of the range of projects that have been approved to date—in total we know the number at the moment for 2010-11—there is \$154.3 million out of the business plan that is expected to be spent in 2010-11, but it is still less than halfway through the year. Projects can be accelerated and delayed, so that number could change over the year.

**Senator SIEWERT**—Is the \$154.3 million that is allocated for next year across the reserve system?

**Mr Thompson**—That is across the reserve system. It also includes the regional baseline funding. Regional bodies also have projects that are committed into next year as well.

**Senator SIEWERT**—That is against their funding base, though, isn't it?

**Mr Thompson**—Yes, it is.

**Senator SIEWERT**—How much is that for next year?

**Mr Thompson**—For the regions?

**Senator SIEWERT**—Yes.

**Mr Thompson**—Out of their regional baseline funding, we are expecting them to spend \$106.8 million.

**Senator SIEWERT**—So in other words there is about \$48 million allocated against existing projects?

**Mr Thompson**—In that sort of category where we are talking about the \$60 million and the \$152 million, the 2010-11 equivalent of that is \$47.4 million.

**Senator SIEWERT**—That is allocated against the \$152 million?

**Mr Thompson**—Yes.

**Senator SIEWERT**—Thank you. I will go back to the assessment panel. You were saying that you are reviewing the process. So that I do not have to wait until the next estimates to find out what the process will be, I ask you on notice to supply an explanation of what the new process will be once you have finalised a review of the current assessment process?

**Mr Thompson**—Yes.

**Senator SIEWERT**—How many of the 1,300 projects that were allocated and applied for through the last competitive round were funded out of the \$152 million?

**Mr Thompson**—As I said, we would have to take on notice the breakdown of the projects against those amounts, because I think I would possibly confuse you by trying to do it here. I do not have the number. In the open competitive component 56 projects and 56 Landcare projects were funded and there were—

**Senator SIEWERT**—Fifty-six Landcare projects separate to the 56 other projects?

**Mr Thompson**—Yes, in addition. Landcare is included within Caring for our Country. There were 56 projects that covered a range of activities such as sustainable agriculture and biodiversity, but there were also 56 Landcare projects.

**Senator SIEWERT**—That was under a separate process?

**Mr Thompson**—It is a similar process in terms of assessment, but they came through the same application process. The 1,300 applications included Landcare applications as well as broader Caring for our Country and Reef Rescue applications.

**Senator SIEWERT**—So the 112 projects comprised 56 projects that come under Caring for our Country, the more general bracket, and 56 Landcare projects?

**Mr Thompson**—Yes.

**Senator SIEWERT**—And that makes up the \$60 million?

**Mr Thompson**—That does not make up the whole \$60 million. In addition—and this is the bit that I wanted to take on notice—there are the World Heritage area and National Reserve projects. I do not have that breakdown with me. These numbers get a little confusing, so I think it would be easier to set them out for you in a table.

**Senator SIEWERT**—That would be appreciated. It may reduce the confusion.

**Mr Thompson**—I should add that not all of the decisions on some areas, such as national reserves, have been made.

**Senator SIEWERT**—National reserves are separate from the \$60 million, though, aren't they?

**Mr Thompson**—When I was talking about the \$60 million, national reserves were included. They are decisions that Minister Garrett makes, so it would probably be easiest to address questions about those to another department.

**Senator SIEWERT**—Next door tomorrow.

**Mr Thompson**—Yes.

**Senator SIEWERT**—Did the 1,300 projects that were applied for include the Landcare projects as well?

**Mr Thompson**—Yes, they did.

**Senator SIEWERT**—The 1,300 does not include the National Reserve System projects or anything like that, though, does it? The 1,300 are the ones the community applied for?

**Mr Thompson**—The 1,300 include national reserve projects. In the business plan last year, applications for Landcare, national reserves and the broader Caring for our Country activities all came in through that same process. When we talk about the 1,300 applications, that includes all of those.

**Senator SIEWERT**—They have been dealt with through a separate process, though?

**Mr Thompson**—They went through the same assessment process, but the final decision-making process by ministers for national reserves—

**Senator SIEWERT**—Has not been made?

**Mr Thompson**—has not been finalised.

**Senator SIEWERT**—But the \$60 million will not be increased. That includes the National Reserve System applications. So an indicative allocation has been made against those projects?

**Mr Thompson**—I think it would be fair enough to say yes. There is an indicative allocation against them, yes.

**Senator SIEWERT**—That is what you are going to provide on notice?

**Mr Thompson**—That is what we would provide on notice, yes.

**Senator SIEWERT**—So out of the 1,300, which includes all national reserve projects et cetera, 112 have been funded?

**Mr Thompson**—One hundred and twelve, plus a few more that were going to be included in that notice where they include national reserves, because there are all the Indigenous protected areas. The Reef Rescue ones would be included in that number as well. It is a number that is a little larger than 112 but it is probably smaller than 200.

**Senator SIEWERT**—Is it possible to provide a table setting out from the total of \$407,920,000 how many projects were funded, how many you think will be funded and the proportions for Reef Rescue, the National Reserve System and the 56 Landcare projects?

**Mr Thompson**—It is possible to do that, Senator.

**Senator SIEWERT**—Then we will have an ultimate understanding of how many of the 1,300 projects were actually funded.

**Mr Thompson**—Yes, Senator.

**Senator SIEWERT**—Thank you. In terms of the money that is being funded for regional groups into the future, is the \$106.8 million for next financial the 60 per cent guaranteed baseline funding?

**Mr Thompson**—The \$106 million is the baseline funding, yes. Most regions sought at least two years funding for their regional baseline.

**Senator SIEWERT**—Have all regions been given two years or some only one?

**Mr Thompson**—Regions had programs approved, depending on what their applications were. Some regions sought 12 months funding, most sought two or three years funding, some sought four. Some like to keep a little bit of flexibility for future years, so it varies.

**Senator SIEWERT**—Is it possible to give us a breakdown of the projects that regional groups sought from the competitive bid process? Fifty-six seems to be a figure that pops up all over the place. Is it possible to tell me how many of the 56 regions also received competitive projects approvals?

**Mr Thompson**—Yes, Senator, that is possible.

**Senator SIEWERT**—If you could take that on notice, that would be appreciated, and the value of each project would be appreciated as well.

**Mr Thompson**—Yes, we can do that.

**Senator SIEWERT**—Thank you. I have got some fisheries questions for later.

**CHAIR**—Thank you, Senator Siewert. I am keen to stay on Caring for our Country so we can get that out of the way, if that suits.

**Senator NASH**—I just have a couple of questions. I want to talk about camels and Caring for our Country. Am I in the right place? There is \$19 million allocated for eradicating camels. How many camels are there?

**Mr Thompson**—It is not \$19 million to eradicate camels, Senator; it is \$19 million to reduce camels to manageable numbers in those parts of Australia where camels are having a significant detrimental impact on biodiversity in the rangelands.

**Senator NASH**—How many camels are there and by what level do you want to reduce the number? How many of the million do you want to get rid of?

**Mr Thompson**—Someone else may have that number, Senator. We have an estimate of the number of camels in that part of Australia. The project is aimed at reducing the number of camels to a level—

**Senator NASH**—Obviously if you are going to kill them, you are going to reduce them.

**Mr Thompson**—No, it is to reduce them to a level where their natural increase is such that they can be controlled. We would have to take the detail of that on notice. It is not to eradicate them; it is to get them down to a level where their impact is manageable.

**Senator NASH**—I can follow that absolutely. Am I right that it is around a million camels?

**Mr Thompson**—It is more than that, I think.

**Senator NASH**—So we have \$19 million but you do not know how many there are and how many you want to eradicate?

**Mr Thompson**—We do know how many. I just do not have that number with me today.

**Senator NASH**—Why would you not have that with you today? It seems like a pretty simple part of the program.

**Mr Thompson**—What we do know is we are aiming to get camel numbers down to the level at which scientists say they are manageable. The target is 0.1 camels per square kilometre.

**Senator Sherry**—Is that in Tasmania?

**Mr Thompson**—In the area where camels are a problem.

**Senator NASH**—Where the camels actually are. How did it arise that \$19 million was thought to be the appropriate figure to reduce the number of camels?

**Mr Thompson**—The submission that was provided by the proponents, which was by people acting on behalf of Desert Knowledge CRC in conjunction with other partners, had done an analysis of the sort of budget that would be required and what could be done. The figure of \$19 million may not achieve the outcome we want. Discussions are underway with the states as part of a developing camel control strategy to seek contributions from the most affected states to boost that amount of money to increase the likelihood of the success of the program.

**Senator NASH**—How will the camels be eradicated?

**Mr Thompson**—I believe the camels will be culled by shooting, Senator.

**Senator NASH**—It seems an awful lot of money to reduce an unknown number of camels. It is a lot of bullets.

**Senator Sherry**—It is pretty hard terrain where some of those camels are.

**Senator NASH**—I am fairly sure they would probably use a helicopter, Minister.

**Senator Sherry**—The first Senate committee of which I was a member 20 years ago was animal welfare. We spent months looking at how to cull introduced camels, horses, goats and pigs. The transcript is well worth reading, because the terrain is extremely difficult.

**Senator NASH**—You obviously did not do a good enough job at the time given the problem we now have.

**Senator Sherry**—It is really an extraordinarily difficult job in the Australian terrain.

**Senator NASH**—Mr Thompson, seriously, could you supply the committee on notice with the existing numbers, the target to reduce the number to a manageable level, what the funding will go to and the breakdown, as you were just referring to, of how it was assessed that \$19 million was an appropriate figure?

**Mr Thompson**—We can do that, yes, Senator.

**Senator NASH**—Thank you. I want to talk about toads. Do I have got the right person for toads?

**Mr Thompson**—We can provide some answers on toads.

**Senator NASH**—How much of the funding for cane toad control went to the more than 600 community volunteer days?

**Mr Thompson**—The money for current and future cane toad control goes towards a range of projects, including research and on-ground cane toad community days. As you would be aware, the number of cane toad community days would be an estimate. We cannot guarantee how many people are going to turn up each day.

**Senator NASH**—No, I understand that. I am just asking how much money has been allocated to those community volunteer days of cane toad control.

**Mr Thompson**—I do not have the breakdown of the ones that are linked to the actual days of cane toad control.

**Senator NASH**—We are not very good with camels and toads today, are we.

**Mr Thompson**—But what I can tell you is the range of projects that we have, some of which clearly involve community days. For example, managing the cane toad menace is \$23,000. I have the projects but I do not get them reconciled against which ones have got the days.

**Senator NASH**—Would you take on notice for the committee what funding goes to the volunteer days? That would be very useful. What is actually done? Is it some kind of whacking day festival or something where everybody whacks a cane toad on the head with a big stick? How does it actually work? I am fascinated by the thought of 600 people in the community with a big stick whacking cane toads—

**CHAIR**—No, they just pick them up.

**Senator NASH**—or does it happen in some form other than that? Am I completely off the track?

**Mr Thompson**—I think some of them do involve people going out there. I do not think they whack cane toads. I think they collect them and humanely kill them, often by freezing.

**Senator Sherry**—I recall a senator using a golf club.

**Senator NASH**—What do they actually do, Mr Thompson, to eradicate the cane toads on these days on an individual basis?

**Mr Thompson**—I think on some of the days they collect cane toads and kill them by freezing and on others they help researchers with cane toad activity and work on projects to protect biodiversity from the impact of cane toads or to protect particular endangered species which might be affected by cane toads.

**Dr O'Connell**—Dr Troy can help you with a couple of the numbers.

**Senator NASH**—Oh, super!

**Dr Troy**—We have two community control projects approved for this year. One is the Stop the Toad Foundation for \$204,000. The second is for the Kimberley Toad Busters, \$200,000.

**Senator NASH**—And how much was that for the Kimberley Toad Busters?

**Dr Troy**—Two hundred thousand dollars. There will also have been some funding in some of the regional baseline, the money to regional bodies, that would have gone to cane toad control with community volunteer days, but I do not have those figures.

**Senator NASH**—Are those projects ongoing or are these individual community days? How do they actually work?

**Dr Troy**—My understanding is that that funding is just for this year. They are not necessarily funded into the out years.

**Senator NASH**—If we just briefly take the Kimberley—sorry, what were they?

**Dr Troy**—The Kimberley Toad Busters and the Stop the Toad Foundation.

**Senator NASH**—Specifically what is that \$200,000 going towards?

**Dr Troy**—For the Kimberley Toad Busters, it is going for community control activities, community research and a cane toad forum in 2010.

**Senator NASH**—So how many people is that funding to go and whack a toad?

**Dr Troy**—I do not have those figures to hand.

**Senator NASH**—Sorry, I should not say ‘whack’ a toad; I mean to eliminate the toad. Could you provide for the committee, for both of those projects, exactly the breakdown of that funding and where that is going in terms of the cane toad elimination? That would be extremely useful. Could you also tell us how much per day each volunteer gets paid and how this money actually get utilised out in the community for those projects for the eradication of the cane toads? Finally, are the community volunteer days reducing cane toad numbers?

**Mr Thompson**—I think they will reduce cane toads on the days that they eliminate those cane toads, but it is largely about managing the impact. I think the jury is certainly well and truly out as to whether killing cane toads will be the end of the story in terms of cane toads. That is why organisations like the Kimberley Toad Busters are doing research as well as community control activities so that they have a balanced agenda.

**Senator NASH**—So far we are spending \$400,000 on projects that may or may not reduce the cane toad levels. That is a lot of money.

**Mr Thompson**—They will reduce cane toad levels in that area. It is whether they have an impact in the long term that we cannot give a definitive answer on as yet, but research is ongoing on other ways of controlling cane toads.

**Senator NASH**—Dr Troy, if you could come back with information on notice as well about the numbers by which those two projects expect to reduce the cane toad population, that would be extremely useful. Thank you.

**CHAIR**—I want to come back to camels. One very quick question: what extensive damage do camels do?

**Mr Thompson**—In an agricultural sense, because they are big animals they smash fences, they smash fixed watering points. When they want water and the water is not available in a trough, they have the capacity to break off taps, seals and whatever, so water ends up flowing freely. In the biodiversity sense, they do quite a bit of damage particularly around waterholes, both to the vegetation and to the watering point itself in terms of fouling it, using the water and trampling damage.

**CHAIR**—You may want to take it on notice, but it would be helpful to the committee if there were any figures around the damage that they do and around projected damage.

**Mr Thompson**—We do have that information. I can take that on notice.

**Mr Quinlivan**—I can confirm a few elements of the camel story that Senator Nash was asking about previously, if you would like.

**CHAIR**—We may as well have our camel fix and keep going then.

**Mr Quinlivan**—The current population estimate is in the vicinity of one million, so that number is broadly right. There are four management zones of priority in the Northern

Territory, Western Australia and South Australia. The target for the eradication program is to reduce them to 0.1 per square kilometre in those target areas.

**Senator NASH**—Do we know how much we have reduced them by since the program started?

**Mr Thompson**—The program has not commenced yet. We are still in the negotiation phase.

**Senator NASH**—Okay. Thank you.

**Mr Thompson**—Just while we are correcting things, there are a couple of other things which we can provide you information on. One was the question about where the regional bodies are located in Australia. The numbers are: New South Wales, 13; Queensland, 14; South Australia, eight; Tasmania, three; Victoria, 10; Western Australia, six; Northern Territory, one; and the ACT, one.

**CHAIR**—Thank you, Mr Thompson; that is very helpful. While we are still on Caring for our Country, we will go to Senator Colbeck.

**Senator COLBECK**—With regard to the application for NRM North in Tasmania for management of native grasslands, particularly the area that was recently listed by Minister Garrett as critically endangered, what interaction did the department have with respect to that application, which was rejected?

**Mr Thompson**—I would have to take that on notice. As has been pointed out, there were quite a large number of applications, and I do not have the detail of every application with us. The general process was that every application was considered on its merits, in terms of both the quality of the project and the magnitude of the problem that was being addressed.

Quite a number of the projects were not rejected; they were assessed as quite okay projects but unable to be funded because of limitations on money. Some were placed on reserve lists; some just scored too low to be funded. The major reason for projects not being funded was budgetary, not necessarily the quality of the project. If you want more information on that particular project, I would have to take it on notice.

**Senator COLBECK**—I do. I am specifically interested given that, when the listing was made, Minister Garrett recommended that the farmers apply under Caring for our Country to assist them with management of those areas and then a week later the application that they had in to do just that was rejected. As you might imagine, that left them somewhat nonplussed as part of that process. There is \$11 million for camels, but farmers who have had their land effectively restricted in its use cannot get assistance to manage it when the recommendation from the minister associated with that says, 'Apply to this program.' I would appreciate that information if you could provide it. Mr Thompson, would it be possible to get hold of the reserve list that you referred to, on notice?

**Mr Thompson**—I would have to take that on notice. I think it is possible.

**Senator COLBECK**—Thank you.

**Senator IAN MACDONALD**—There is \$19 million for camels. How much is there for tilapia out of the national projects for Caring for our Country? Tilapia is the fish that is destroying most of the rivers in Queensland and Western Australia.

**Mr Thompson**—I do not recall the tilapia project, so I would have to take it on notice to check.

**Senator IAN MACDONALD**—I can help you: there is nil; nothing for tilapia. Caring for our Country funds only high-value RAMSAR listed wetlands; is that correct?

**Mr Thompson**—There was a target in Caring for our Country for RAMSAR listed wetlands and high-value aquatic ecosystems.

**Senator IAN MACDONALD**—None of the Barrier Reef wetlands received any funding at all. Are they not considered high value?

**Mr Thompson**—As to the Barrier Reef, I would have to check. I thought there was one wetlands project that was funded in the Barrier Reef, or one project that has benefits for Barrier Reef wetlands. The Barrier Reef wetlands are considered high value. While the wetlands themselves may not have received many projects, there is the \$200 million Reef Rescue program, which is targeted at improving the water quality of the reef over all.

**Senator IAN MACDONALD**—It does not help the wetlands, unfortunately. I know that there have been so many complaints by organisations about the complexity of the Caring for our Country application form. WetlandCare Australia, I understand, were encouraged by the department to put in three bids, which they spent \$80,000 on doing professionally for wetland care. They received not a cent. Is the program heading in the right direction with that sort of result?

**Mr Thompson**—As we said, the program was, in a sense, massively oversubscribed, and on that basis a lot of people's projects were unsuccessful. A comment that has been received right across the consultations we have undertaken on the Caring for our Country process was about the high transaction costs for applicants and the complexity of the form. As I said, one of the things we are looking at—and the process is not finalised yet—is simplifying the application form and trying to be a lot clearer about where the priorities lie, what sorts of projects might meet those priorities and about the criteria to be used for assessment so that applicants are in a better position to spend their time on applications that are likely to be successful.

**Senator IAN MACDONALD**—Mr Thompson, this is reinventing the wheel. You have been designing applications for, what, 15 years? You had them in the right way under the old NHT, and you know that. Now we have this complex form that means that a group that can ill afford \$80,000 is spending \$80,000, with the encouragement of the department. I do not criticise the department for encouragement, but that group would have been far better off if someone had said to them, 'Look, you haven't got a chance in the world with this; you're not even going to get to first base. Save your \$80,000 and put that into wetlands rather than spending that money trying to get one of three bids for \$2.8, \$5.4 or \$250,000.'

**Mr Thompson**—As I said, we have been made aware of the high transaction cost and we do appreciate it. Before the process is completed, we are not in a position to actually say whether projects will be or will not be successful.

**Senator IAN MACDONALD**—No, of course not.

**Mr Thompson**—That would be prejudging. But we can say what would be ineligible. We are trying to better describe where the priorities lie. Ministers have said as well that we may use more expression of interest type projects in some areas where the cost of preparing an application could be particularly high if people have to go to some level of detail.

**Senator IAN MACDONALD**—The process is very, very complex and complicated. The review process is very complex and difficult. Are the recommendations made to the minister always accepted by the minister, or can he then put his own spin on them, once you have gone through this enormously complex and difficult assessment process of the applications?

**Mr Thompson**—The grants process that exists under the current government is that, where they are discretionary grants, ministers may exercise their discretion, but the process does require them now, where a minister departs from departmental advice, to record the reason for that advice and that advice needs to be provided to the Minister for Finance and Deregulation.

**Senator IAN MACDONALD**—Can you provide that to us as well? In every case where the minister has not followed the advice, the advice that has gone to the Department of Finance and Deregulation, can you give that to the committee, please?

**Mr Thompson**—In the latest rounds to date, the minister has accepted the advice from the department in the assessment process. We have not provided any advice to the minister for finance.

**Senator IAN MACDONALD**—Okay. Have you provided any advice at all?

**Mr Thompson**—In the broad we have provided advice, but we have not—

**Senator IAN MACDONALD**—No, I mean in this instance, in this area?

**Mr Thompson**—In this instance, ministers have accepted recommendations from the department in all cases.

**Senator IAN MACDONALD**—In every case for Caring for our Country?

**Mr Thompson**—Yes.

**Senator IAN MACDONALD**—That is fine. Can you tell me on notice how many staff are required to undertake the assessments for Caring for our Country and the amount of time taken in the assessment process? Then you can tell me that all the recommendations have been accepted, as I understand it. Can you do that?

**Mr Thompson**—We can provide the number of staff that were involved, and an estimate of the amount of time involved.

**Senator IAN MACDONALD**—Okay. Can you also tell me how important wetlands are to the goals of Caring for our Country, how many applications were received for funding for wetlands, and how many actually received funding, including both RAMSAR and non-RAMSAR listed wetlands?

**Mr Thompson**—We could take that on notice.

**Senator IAN MACDONALD**—WetlandCare Australia have been singularly unsuccessful in getting any assistance to support their very good work, although they spent \$80,000 on an application. On notice, could you suggest to me where else they might apply for funds to deal with work that desperately needs doing along the Barrier Reef wetlands to help save the Barrier Reef?

**Mr Thompson**—We could give that on notice, but as for other funding programs, the only programs in this portfolio that are relevant are Caring for our Country programs. It might be a question better asked of the environment department.

**Senator IAN MACDONALD**—Okay. Do you have details of the typical costs of proponents developing Caring for our Country applications?

**Mr Thompson**—We have not done a comprehensive survey in any form; we have just had anecdotal advice of some average costs by some organisations that have chosen to advise us of that during our consultation process.

**Senator IAN MACDONALD**—Okay. I have five minutes left, so I want to very briefly refer to the floods in north-west Queensland this year. Is the department aware of the extent of environmental damage that occurred? Have the priorities of the Caring for our Country program changed to reflect the need for protection of natural assets important to the Australian and international community? Will anything be done differently with the business plan to reflect the changing environmental priorities in that area? How will other natural disasters be dealt with? They are a group of questions but all relating to the very severe flooding in north-west Queensland that had perhaps a greater impact on the ecology than it did on the economy in that area.

**Mr Thompson**—Senator, we are aware of the impact of the floods and we have received some advice as to the nature of those floods both from the regional body, from the Queensland government and from BRS. So we are aware of the issue. In consultation with the regional body, we have looked at them modifying some of their projects to take into account what is practical now and what are some of the particular issues in that area, such as project extensions. We will continue to look at variations within projects. It is not a question for SRN, but I understand that the Queensland government has sought exceptional circumstance assistance as well which could provide both economic and environmental benefits. That is being considered.

**Senator IAN MACDONALD**—We will deal with that later, hopefully.

**Mr Thompson**—In terms of how Caring for our Country would deal with natural disasters, as I said, in the case of the flooding in Queensland, we have looked at varying some of the projects. Some funds were made available for the Moreton Bay oil spill, and considerable funds—some \$10.8 million—were made available for Victoria for the severe damage to the alpine and grazing environments as a result of the fires down there earlier this year. It is probably fair to say that Caring for our Country is not a natural disaster program. There is a separate program administered by another department in that area. Caring for our Country, on a case by case basis, has looked at what it can do within the scope of the program and its

projects to recognise the impact of natural disasters. As I said, Caring for our Country is not a natural disaster program.

**Senator IAN MACDONALD**—Thank you. Can the department explain why, following two rounds of competitive funding, it is apparent that the commitment to funding, monitoring and research as recommended by no less than four ANAO reports is not being delivered?

**Mr Thompson**—I think we are meeting the commitment to monitoring and evaluation. We have released a monitoring, evaluation and reporting strategy for all regions and groups to apply. All projects are required to have a monitoring framework in place, and the scale and depth and magnitude of that plan varies depending on whether you are a large-scale project or small—

**Senator IAN MACDONALD**—But you accept that the ANAO has, in four separate reports, as late as 2008, found weaknesses in your ability to assess performance of the investments in NRM?

**Mr Thompson**—That is what the ANAO reports are. The Caring for our Country design is based around more explicit targets and requiring reporting back from groups as to their progress towards achieving those targets. Our annual report card—I think inadvertently we may have said it was an annual report; it is a report card on project performance—will come out annually and will report on progress towards those targets. We believe that this program will be better placed to respond to the ANAO's comments.

**Senator IAN MACDONALD**—But everyone is saying that Caring for Our Country is poorly targeted, is not really addressing the matters of national and local influence, is a very top-down program now instead of bottoms-up. As you would know, Mr Thompson, volunteers and people in the NRM groups are giving up; they are not making applications. They put all this work into applications which just do not even get anything more than an acknowledgement. They are all just losing heart because there is no targeting. All the business plans they have been working on for years are being ignored, and they are being directed from Canberra.

**Mr Thompson**—There are two elements. One is that there is a community skills knowledge and engagement target which is about how many people are engaged in natural resource management, which is a progress indicator. Within both the coast care and the sustainable agricultural practices areas there are performance indicators which are about numbers of people engaged, numbers of practices changed and outcomes that they achieve. They are the sorts of measures that we would be using to report back to both the public and ANAO on the progress of the scheme. It has been acknowledged that many community groups have had trouble accessing the program. We have recently announced two initiatives to help in that area. One is the appointment of an additional 56 facilitators to work from the community end, as opposed to the government end, to help community groups put together better projects.

**Senator IAN MACDONALD**—How are they going to be employed, and who is going to fund them?

**Mr Thompson**—They are being funded by the Commonwealth government.

**Senator IAN MACDONALD**—Out of?

**Mr Thompson**—It is out of the Caring for Our Country budget.

**Senator IAN MACDONALD**—So that is less money going on projects that locals want and more on employing people?

**Mr Thompson**—These will be employing people by the representative of the community groups. At present they are employed by regions on an interim basis, but there will be an open call for people to employ these people to help them put together projects. The feedback we had on the business plan was that there was an overwhelming request for more resources to go to helping people at the community level to put together applications and to work with people. The other initiative is the Community Action Grants which were recently announced. That is \$5 million for a very simple process for community groups to receive funding for action on the ground to help them do those small-scale things that community groups want to do.

**Senator SIEWERT**—How much was that?

**Mr Thompson**—Five million dollars.

**Senator SIEWERT**—Is it for next financial year?

**Mr Thompson**—It is this financial year.

**Senator IAN MACDONALD**—I have other questions, Chair, but I will have to put them on notice; I have run out of time. I appreciate that. Thank you, Mr Thompson. I am sorry we are trying to rush through a lot of things in a limited time.

**Senator HUTCHINS**—What is the purpose of Reef Rescue?

**Mr Thompson**—The purpose of Reef Rescue is to improve water quality in the Great Barrier Reef.

**Senator HUTCHINS**—How much has been committed for that?

**Mr Thompson**—Two hundred million dollars.

**Senator HUTCHINS**—Have any agricultural industry bodies been involved, and is there any level of support from them for Reef Rescue? What is the level of support?

**Mr Thompson**—The agricultural industries are heavily involved, both in the design and implementation of Reef Rescue. The key bodies are AgForce, Growcom, Queensland Dairy Organisation and Canegrowers. The role they play is both being on a steering committee and being coordinators of information delivery and training programs to the farmers within their industry sectors. They are very active supporters.

**Senator HUTCHINS**—Are there any other groups involved?

**Mr Thompson**—The World Wide Fund for Nature is also involved.

**Senator HUTCHINS**—Could you outline to the committee what level of financial commitment is given to them in this regard?

**Mr Thompson**—In 2009-10 they are receiving \$37,000. The primary role that they are assisting in is monitoring and evaluation, and they are assisting the regions with targeting investments. It picks up both an agricultural and an environmental perspective.

**Senator HUTCHINS**—How much has been expended so far, and what is specifically the purpose of the amount spent so far? In particular, how have farmers adapted their behaviour? I would be interested in that.

**Mr Thompson**—In the first year of the program, which was last year, we spent \$29.7 million, and we estimate spending this financial year \$31.7 million. That expenditure is primarily on what is called water quality grants and reef partnerships. They are the grants largely to farmers to change management practices to use fewer chemicals, have less run-off on their property, modify machinery for controlled traffic farming or whatever. Last year we spent \$23.8 million on those water quality grants and reef partnerships, and this year we estimate to spend \$24.6 million in that area. The other areas are smaller amounts of money on water quality monitoring, a little bit of research and some Indigenous partnerships to involve Indigenous communities in managing the resource.

**Senator HUTCHINS**—I will come to the Indigenous one. I am interested in how farmers have adapted their behaviour to assist in the Reef Rescue. I know you just skirted over it. You told us that all this money is there, for which I am grateful, and I am sure they are very grateful, too. What exactly are they doing differently that is assisting in the rescue?

**Mr Thompson**—It varies slightly between industries, and it varies from region to region, as you will appreciate, depending on the nature of soils and the like. What they are doing is soil testing and recording of chemical use, and matching that to optimise the use of chemicals. They are putting in buffer zones or setting back things like cane growing from the edges of waterways, so that chemicals and sediment do not go into the reef. In the grazing areas, they are maintaining ground cover to a higher level so you get less dust and less erosion in heavy rainfall events. In the cane areas, one of the key things has been adopting precision agriculture combined with controlled traffic, which means there is less disturbance of the ground, and they are putting chemical exactly where the plant can use it most, so fertiliser is not going between the rows but right where the plants can use it. They are getting better soil quality as a result of that. There is also some work going on on innovative ways of maintaining soil quality so that nutrients are more available to the plant and less locked up in the soils which then eventually may end up washed away in a rainfall event. What the farmers do themselves on the property is the soil testing and the monitoring, but a lot of expenditure is modifying machinery to adapt to a controlled traffic environment. It is changing how they have machinery so it can operate through a trash blanket, or changing machinery spacing so it runs along the same tracks—those sorts of things. Many of the farmers are expending quite a bit of money of their own in adapting machinery.

**Senator HUTCHINS**—So the industries include sugar, horticulture?

**Mr Thompson**—Sugar, horticulture—that is largely bananas—and the grazing industry, particularly in the coastal grains industry, but also in the—

**Senator HUTCHINS**—And cotton as well?

**Mr Thompson**—There is some in cotton and grains, but cotton and grains is—

**Senator HUTCHINS**—So the big ones are sugar and grazing?

**Mr Thompson**—The big one is sugar. The second big one is probably cattle in total.

**Senator HUTCHINS**—Do you have the number of farms or farmers that might be involved in these projects?

**Mr Thompson**—The estimate at the moment is 1,424 in the cane, horticultural and broadacre industries, and 657 graziers in the priority areas. They are the ones we are targeting at the moment. They have been selected on the basis of farmers who are operating in areas where there is high potential for nutrient or sediment loss.

**Senator HUTCHINS**—You said they are also contributing their own money.

**Mr Thompson**—Sometimes it is money, but certainly time. They are doing a lot of the machinery modification themselves.

**Senator HUTCHINS**—That is very good news to hear. Are you able to give us an estimate of how many hectares we are talking about?

**Mr Thompson**—I do not have that here now.

**Senator HUTCHINS**—Do you have a guesstimate?

**Mr Thompson**—That is one of the things we are trying to report on when we actually know which particular farms have accepted the grants at any particular time. At the moment we are targeting numbers of farms, but, once we know which farms, we will add up the number of hectares. We intend to report on that annually in our report card, because it is the number of hectares that probably matters more than the number of farmers.

[11.35]

**Senator HUTCHINS**—Have any regional NRM bodies been involved in the Reef Rescue plan?

**Mr Thompson**—Yes. All the regions in the Barrier Reef area, and from memory that is Terrain, Mackay Whitsunday, Burdekin, Fitzroy and Burnett Mary.

**Senator HUTCHINS**—So all of them are involved?

**Mr Thompson**—All of them are involved, and they are the major delivery agency.

**Senator HUTCHINS**—Is there any federal government funding for research and development for the benefit of the Great Barrier Reef?

**Mr Thompson**—The broad expenditure on Great Barrier Reef research is something that would be better handled by the environment department, but there is an allocation for research within Caring for our Country for research that is tied to delivering—

**Senator HUTCHINS**—Do you have a research and development package there at all?

**Mr Thompson**—We do not have a package developed yet. We are in the process of development. It is about \$9 million we would expect to spend, and it is for research that is tied to improving the delivery of the program and that link between farm operations and water quality.

**Senator HUTCHINS**—My final question is, and you were alluding to it earlier and I will let you expand on this, what provision is made for Indigenous participation in this project?

**Mr Thompson**—There is an amount for \$10 million for land and sea Indigenous partnerships over five years. That is to involve them in training programs for looking after reef resources in the way they can and using their traditional knowledge in an around the reef lagoon itself. Some of that relates to managing harvests of animals, but it is a reasonably flexible sort of tool. They are called traditional use management arrangements for Indigenous involvement in managing the land and sea country.

**Senator HUTCHINS**—So that is an agreement between an Indigenous group—

**Mr Thompson**—It will be an agreement between the Australian government and the traditional Indigenous people in the reef area.

**Senator HUTCHINS**—Are there any existing now, or is it the plan for this money to assist in that project commencing?

**Mr Thompson**—It is in an early stage of negotiation. The Indigenous groups in that area have received assistance through previous programs, so groups exist, but the details of the current land and sea partnerships are being developed. We spent about \$1 million last year, and we estimate to spend about \$1.3 million this year on Indigenous partnerships.

**Dr O'Connell**—From my recollection, at least a couple of the agreements that are in place through the Great Barrier Reef Marine Park Authority are pre-existing. So this builds on an established practice, I guess.

**Senator HUTCHINS**—So there is the traditional use agreements and also the sea country management plans?

**Mr Thompson**—Yes. There is traditional use of marine resource agreements, there are sea country management plans, and there are some Indigenous training programs to build the skills of Indigenous people in implementing those plans.

**Senator HUTCHINS**—How many Indigenous people may have gone through the skills program?

**Mr Thompson**—I do not have that detail with me.

**Senator HUTCHINS**—If that could be supplied at some stage, that would be comfortable.

**Mr Thompson**—Yes.

**Senator HUTCHINS**—I do not have any more questions.

**Senator IAN MACDONALD**—Perhaps it could be taken on notice. Can you tell us what part the two pieces of draconian Queensland legislation in relation to the Barrier Reef has impacted upon the goodwill and the ability of the farming, particularly the cane farming industry, to meet the Commonwealth's carrot approach? That is, the state has adopted a stick approach which does not naturally fit with the Commonwealth's carrot approach to the Barrier Reef. What impact does the state's legislative approach have on the operations of the Reef Rescue program that you have been promoting?

**Mr Thompson**—Our Reef Rescue program, as you have said, is based on working and providing incentives to farmers to improve their practices. We have some targets that were set in consultation with the regions and the industries some 12 months ago of reducing nutrient flows to the reef by some 25 per cent. We are still working quite closely with industry and our

relationships with industry are still very good. As I mentioned earlier, they are still working with us on steering committees. The Commonwealth program still remains available to provide assistance to farmers to assist them address the Commonwealth's nutrient reduction targets in those priority areas that we talked about earlier, the areas where the nutrients are coming from, to adjust their practices and methodologies to improve—

**Senator IAN MACDONALD**—Yes, I understand all of that. But my question really was, how far backward has the state government's draconian legislative approach impacted on your program? That was really what I was asking.

**Dr O'Connell**—I think it would be not easy or probably all that sensible for us to make an assessment of the relationship between the state government and the industry bodies. We are working cooperatively with the industry bodies and that relationship is very strong.

**Senator IAN MACDONALD**—Yes, it is.

**Dr O'Connell**—We will continue to do that. I have talked with the Canegrowers' CEO recently, and I do not think the issue that you have raised as impacted at all on our ability to deal with our program and to continue that relationship. That is probably about as far as I could sensibly go.

**Senator IAN MACDONALD**—Thank you.

**Senator WILLIAMS**—Just following on from Senator Nash as far as the camels go, do you have funding assistance with respect to the eradication or reduction in the numbers of foxes?

**Mr Thompson**—The targets and design of this year's business plan still have not been finalised. Eradication of foxes was something that possibly could have been funded under last year's business plan. I do not think we are aware of funding any in the broad, but there is a major program for fox eradication in Tasmania, which has been agreed with the Tasmanian government, because I think most people are aware that to date Tasmania has been recorded as not having foxes, but there is recent evidence that foxes are occurring in that state. We have an agreed program with Tasmania to eradicate them, because it looks like it is possible because the numbers are quite low. But across the mainland of Australia, the eradication of foxes may have been able to be assessed as something if it contributed to another target, but it was not an explicit target of Caring for our Country.

**Senator WILLIAMS**—I can assure you that they are very thick on the ground. What about rabbits? Any assistance in the eradication of rabbits?

**Mr Thompson**—Yes, there has been some assistance for rabbit eradication. Rabbits were a target under the business plan last year, where they were impacting on areas of the environment. There was one specific project which was about working with other parties to improve the efficacy of the calicivirus which appears to be waning in some areas. I could not be sure, but some regional bodies may do some coordination of rabbit activities at a lower scale.

**Senator WILLIAMS**—I just notice in one of the papers in the Hunter Valley, the town of Aberdeen has been inundated with rabbits, with damage to housing foundations and crops, et

cetera. Perhaps your department might pay particular attention to that area if you could, or is that out of the question?

**Mr Thompson**—It would depend on the application put forward, but rabbits are not something that is solely a Commonwealth responsibility. It is a very strong local and state government and landholder responsibility as well.

**Senator WILLIAMS**—Yes. With respect to Landcare, do you know how many functioning Landcare groups there are in Australia today?

**Mr Thompson**—No, Senator. Estimates are made of perhaps over 4,000. They are volunteer groups; some of them choose to call themselves Landcare groups; some of them choose to call themselves other names. Some form, some go into recession. I think the number is 4,000 plus, but I would not want to be specific.

**Senator WILLIAMS**—Do you know if those numbers are holding up or are they in decline? I am just concerned about the number of Landcare groups. I am concerned about their funding, and that the farmers may be losing interest in Landcare. That is basically why I am asking this question.

**Mr Thompson**—Again, I do not have specific numbers, and do not know whether the numbers are going up or down. Some concern has been raised by some groups in some areas that they are waning, but there still seems to be a strong attendance at state Landcare conferences. We still receive lots of applications from groups called Landcare groups or farm productivity groups or coast care or water care or bush care groups. In many places there still seems to be a strong movement, but there is also some concern. With any community movement, individual groups come and go, so there are often some concerns, but we have seen evidence of plenty of activity at that level still.

**Dr O'Connell**—It is just worth emphasising the degree to which the government and Minister Burke have looked to reinforce Landcare recently, particularly with the 56 facilitators put in place and the Community Action Grants that were clearly targeted at those volunteer groups. There will also be a national forum on Landcare early next year. So there is a strong effort to reinvigorate Landcare this time.

**Senator WILLIAMS**—Thanks, Dr O'Connell. I might just put something to you. Can you say why, under the functioning criteria, GWYMAC, based at Inverell, this year has a \$40,000 budget out of which comes rent, office running expenses, wages for a Landcare coordinator and programs? Last year the budget was \$80,000. How can Landcare programs be effective when some coordinators and staff are reduced to working two or three days a week because they are not being funded?

**Mr Thompson**—The amount of money available to individual Landcare groups or networks of Landcare groups varies across the country. They receive their funding sometimes through a direct application to us. They might receive some funding where their coordinator is acting as a project officer. They also receive funding from state bodies and others—and that money does vary. As was pointed out earlier, regional bodies have had some reductions in funding, so their capacity to support some Landcare groups has diminished a little. Also, some state governments have reduced resources as well. As Dr O'Connell said, the Commonwealth is doing what it can by saying there is another 56 facilitators that it will support, and I think

Minister Burke has made it very plain that there is nothing to stop people when they are putting forward an application for assistance, if that involves some staff to help deliver that project which is addressing one of the Caring for our Country targets, they can employ some people with that money if it is part and parcel of the project.

**Dr O'Connell**—We can certainly take that specific case that you raise on notice and provide some information.

**Senator WILLIAMS**—I would appreciate it if you would. If some of these bodies have their funding cut by 50 per cent, surely it is not a plan to increase their activities. Landcare is a very vital service, I believe, and farmers all over Australia have endorsed Landcare over many years now, and I think it is vital that that funding remains. Here is a classic example where they have had their funding reduced by 50 per cent. So how can they do their job? Chair, are you conscious of the time?

**CHAIR**—I certainly am.

**Senator WILLIAMS**—Do you want me to put the rest of my questions on notice?

**CHAIR**—If you want to, Senator Williams. I have no problem; it is entirely up to you. If they are questions that are burning to be asked, feel free.

**Senator WILLIAMS**—I will put them on notice.

**CHAIR**—I know that Senator Back has been waiting patiently, but while we are talking about the Community Action Grants, I have a couple of questions. Can you tell me who is eligible to apply for them?

**Mr Thompson**—Community Action Grants are targeted at small community groups that have been in existence for around 12 months. The grants are \$5,000 to \$20,000, and they are for community organisations whose primary objective is improving the environment or managing natural resources.

**CHAIR**—I believe that the application process has been simplified. Could you explain to us how?

**Mr Thompson**—It is a much shorter application form. I think it is about 10 pages, as opposed to Caring for our Country, which was something like 30. The sorts of questions that groups have to answer are much more straightforward in terms of what they are seeking to achieve, where the project is, how long the group has been in existence and how they expect to do it. So we expect a much quicker turnaround in that process.

**CHAIR**—Is there a panel model?

**Mr Thompson**—Yes. The projects will be assessed by a panel that will be a mixture of departmental officers and a majority of community based assessors.

**CHAIR**—How has this announcement been received by the sector?

**Mr Thompson**—Overwhelmingly positive.

**CHAIR**—That is good to hear. Thank you, Mr Thompson.

**Senator BACK**—I want to draw attention to some concerns associated with Caring for our Country in the Swan and Canning catchments, which I guess about 75 per cent of the

population of Western Australia would be involved in, particularly the Canning wetlands and the work done by the Perth NRM over some time. In recent years, their regional base funding has reduced from a figure of about \$4.2 million annually to \$3.2 million last year and now down to \$2.3 million per annum for the next four years. Could you give us an indication as to what they did wrong to cause them to have such a severe reduction in their funding base?

**Mr Thompson**—It is not what the group did wrong, Senator. The regional base level allocations were made on the basis of a number of considerations, but a significant one was the number of Caring for our Country targets in that region. The Caring for our Country targets do differ from the ones under previous programs. As a result of that, the amount of money may have gone down for some regions. From the numbers that I have, historically, their average was \$3.6 million. In 2008-09 they got \$3.2 million and \$2.3 million will be their ongoing one. It is broadly the numbers you were talking about. The major figure there will be the fewer Caring for our Country targets in that region. The region is able to apply for competitive funding, and I think in this year's business plan, regions in the competitive component got about 25 per cent of the funding. So they are very competitive at seeking additional funding.

**Senator BACK**—Could you check that? The figure that is available to me under the competitive process is that they did not receive anything in 2009-10.

**Mr Thompson**—I was using the 25 per cent across the board. Swan-Canning may well have missed out altogether. I would have to take that on notice.

**Senator BACK**—My concern, of course, is that, as a result of these cuts, there has been a loss of up to 20 jobs to date and a cessation of about half of the projects that they were undertaking as a result. It causes me to wonder at what point does it become ineffectual, and then the Canning wetland project that has been under way for some time is ceased and reversed. Do you have a comment on that?

**Mr Thompson**—As I said earlier, the regional bodies receive money from a range of sources. I am not sure that it is the Commonwealth that would be responsible for their total employment reduction, if that number is the case. In determining projects within the regional baseline area, the Commonwealth does engage with the regions and does discuss relative priorities and the likelihood of success. I am not even sure whether the Canning wetland is a RAMSAR listed wetland or a wetland of national significance. But the sorts of priorities that the region has and the sorts of priorities that the Commonwealth has to fund against its targets are something that we work together with to see if we can achieve the most sensible outcome. I do not know the details of that particular wetland or that particular project to provide any more detail.

**Senator BACK**—In terms of funding policy generally, is land mass in each state taken into account in any way at all in determining the allocation of funding?

**Mr Thompson**—It is not taken into account in the raw allocation of baseline funding. It was based on targets. In terms of trying to get a reasonable geographic distribution, some overall assessment of geographic priorities is taken into account to an extent. We are quite mindful of the size of Western Australia, for example.

**Senator BACK**—I am appreciative of that. Coming back finally to the questions the Chairman just asked you with regard to the Community Action Grants scheme, can you tell me to what extent the regional NRMs are going to be involved in the decision-making process, as opposed to being made here in Canberra?

**Mr Thompson**—The regional bodies will not be involved in the approval process. What we would like to do is work with the regional bodies in an informal way. If they are not eligible to receive assistance directly, we have encouraged them to assist groups to identify areas of activity that might contribute to regional plans and the like. Most of the regions I have spoken to have welcomed that opportunity within the limits of their resources. We would also like to work with regions in helping deliver the projects.

We will make sure that our facilitators and the regions are well aware of what community projects are occurring in those regions so those regions can work with them. My expectation would be that many of the community level activities will be ones that many of the regions themselves will find quite helpful in complementing the sorts of activities they can afford to fund.

**Senator BACK**—Just so I am clear again: as a part of the evaluation process, will regional NRMs be consulted at all in terms of their either prioritising or commenting on community grants?

**Mr Thompson**—They will not be involved in prioritising or commenting, but the assessment panels will include some people who do have regional body experience.

**Senator BACK**—Would you not think it would be appropriate that regional NRMs would be likely to be closer to where the importance and the value of money being spent would be?

**Mr Thompson**—That was something we did consider, Senator, but the aim was to make these grants as simple as possible. It would add in a layer of complexity to run every application back past a regional body. It would add in an impost on the regional body plus add in time. One of the things that the assessment panels will be very much aware of are what are some of the regional priorities so they can take those into account as projects are assessed. One of the issues many project proponents put forward is how their project advances a regional or a sectoral or an issues based priority. The idea of having a layer of going past the regional bodies—and I can see the merits of what you are saying—was thought about, but it would add a layer of complexity which perhaps would not have provided a necessarily better outcome given that we can pick up their priorities in a written way.

**Senator BACK**—Sure. Finally, because of time: the applications close on 22 October, at the end of this week?

**Mr Thompson**—Yes.

**Senator BACK**—I understand it is likely to be around about 500 grants between \$5,000 and \$20,000. Is that the sort of mix that we are looking at?

**Mr Thompson**—I would be speculating, and we clearly got it wrong with the business plan last year, but if the grants were of that size around 500 would be possible, yes.

**Senator BACK**—Obviously there will be a lot of them. Can you give us some idea of when we are likely to actually hear some sorts of outcomes in terms of success?

**Mr Thompson**—We are aiming to make the announcements in mid-December.

**Senator BACK**—Excellent. Thank you.

**CHAIR**—In conclusion, would the department like to make it very clear what source of funding the regional bodies have?

**Mr Thompson**—The regional bodies have regional baseline funding that is guaranteed. They are also able to apply on the same basis as anybody else for competitive funding. Because of their access to regional base funding and their existence in the regions, they are well placed to put in quite competitive bids. Were you seeking the numbers again?

**CHAIR**—If you could table them, that would be good.

**Senator SIEWERT**—I have already asked you, I think, to provide the funding that each region got under the competitive process? I have already asked for that, haven't I?

**Mr Thompson**—If you have not, we understand that that is what you are after.

**Senator SIEWERT**—Also, on notice, could you provide us with a copy of the assessment form that was used by the assessment panels. I mean both the questions that they were looking at in their assessment process and the numerical system that was used to assess the projects?

**Mr Thompson**—I understood on notice we had provided you with a copy of the assessment tool. We will check. If we have not provided it, we should be able to do that.

**Senator SIEWERT**—Okay; that would be appreciated. Thanks.

**Mr Thompson**—You are just asking for the tool itself?

**Senator SIEWERT**—I would ask for the projects, but I know I would not get them.

**Mr Thompson**—I think Senator Sterle was asking about the source of funding for the regional bodies. Next year as well as this year, \$130 million is available for baseline funding. As I said to Senator Siewert, we are not yet in a position to estimate with any precision—but we have a broad number—the amount of money that is available for competitive funding, but regions are the same as anybody else in applying for that. I really could not do more than guesstimate that because the amount of money that is available under the competitive component takes into account changes in the cash flow of projects this year and into subsequent years. So it is a bit of a speculative number. But regions can apply for funding out of the total money that is made available in the business plan next year.

**Senator BACK**—Finally, would it be possible, please—if you could take this on notice—to confirm that there were no metro projects funded at all under the competitive process this last financial year around Australia? Is that correct?

**Mr Thompson**—I would have to take that on notice.

**Senator BACK**—Yes. I wonder if you would, please.

**CHAIR**—On the last one, Caring for our Country—and correct me if I am wrong—just so I have this clear: the ANAO reports were critical of the lack of transparency. When were those reports put out?

**Mr Thompson**—There have been a couple of those reports put out. Up until about 2007 there were critical ANAO reports. I can recall a couple of them.

**Dr O'Connell**—In terms of Caring for our Country, to be absolutely clear, my understanding is that there are none that are of Caring for our Country; it is previous programs.

**CHAIR**—I should have made that clear. Thanks, Dr O'Connell.

**Mr Thompson**—The last ANAO review of previous programs I think was in 2006 or 2007. We will confirm that on notice. It is when the ANAO did a review of Caring for our Country.

**Dr O'Connell**—I think it was 2008 and it was done of the previous program, but we will take it on notice.

**CHAIR**—If you could, please. It is because of that lack of transparency that this government has had to develop and implement Caring for our Country.

**Dr O'Connell**—Yes.

**CHAIR**—That is good news. Thank you.

**Mr Thompson**—Could I just make one comment? Senator Siewert, we did provide you with a copy of the 2009-10 investment merit tool in response to a question on notice.

**Senator SIEWERT**—Yes, okay. What I am specifically after is an explanation of how the scoring process was used. It is unclear to me how you then used the scoring process.

**Mr Thompson**—I would have to take that on notice.

**Senator SIEWERT**—If you could take that on notice, that would be appreciated. I should have been clearer. That is what I am specifically after.

**CHAIR**—We do have some questions on fishing. I will go to Senator Colbeck and then Senator Siewert.

**Senator COLBECK**—Seeing that I referred to this area of the department earlier in respect of job cuts, do you have the numbers for employment and reductions in staff in this part of the department?

**Mr Thompson**—Yes, we do. The number of employment reductions in fisheries, estimated from where we were in the last quarter of last financial year to where we are now, is 6.8.

**Senator COLBECK**—What is the staffing from and to?

**Mr Thompson**—The numbers go from 43.6 to 37.2.

**Senator COLBECK**—What activities have you had to cut out as part of that process? I have had allegations from the industry saying that they are having trouble getting DAFF to MAC meetings, for example. What activities have you had to restrict as part of the reduction in staff?

**Mr Pittar**—I can outline some of the priorities, but perhaps on the MAC question: the department traditionally has not been involved with the policy area of the regular fisheries MACs.

**Senator COLBECK**—That would be more closely aligned with AFMA?

**Mr Pittar**—That would be more closely aligned with AFMA.. MACs, or Management Advisory Committees, are creatures of the management arrangement that AFMA runs. In terms of areas where we have wound back, we administer two granting programs, both of which terminate this financial year. They are the Recreational Fishing Community Grants Program and some of the onshore elements of the Securing our Fishing Future Program. In the previous financial year we concluded the settling of funding deeds under the Securing our Fishing Future Program, so it is an element now simply of administering those existing funding deeds. We have been able to reduce staff as a consequence of that. We have also amalgamated some of our legislative and regulatory responsibilities. Previously, when the two fisheries branches existed, both of them had areas dealing with, if you like, legislation and governance, so we have been able to generate some efficiencies there. We have also been able to reduce branch overheads as a consequence of moving from two branches to one branch, with senior executive and support services to the senior executive of the branch being reduced commensurately as well. They are the broad areas where we have sought to generate some efficiencies.

**Senator COLBECK**—So, effectively, the major withdrawal of activities is in those two grant programs; you needed six, nearly seven people to administer those two grant programs?

**Mr Pittar**—As I said, there are some additional people as well, but the granting area was certainly an area that made a contribution to efficiencies in terms of reduced staff. We are also looking at other efficiencies on the policy side, if I can describe it as that, where we are seeking to consolidate areas dealing with northern fisheries, if you like, so, northern joint authorities with Western Australia, the Northern Territory and Queensland; the protected zone joint authority covering the Torres Strait; plus our bilateral work with PNG and Indonesia. So, again, we have combined that area and generated some efficiencies in there as well.

**Senator COLBECK**—How many people have come out of that process, and what does that mean we are not doing that we used to do?

**Mr Thompson**—Mr Pittar can provide the numbers, but in those areas like international fisheries we have looked at streamlining our delegation attendance at international meetings and our preparation for international meetings by sending one person or two rather than more, where we can brief a science officer to carry some of the policy function, and we look at efficiencies through how we work with AFMA, where the attendance of both parties has in the past been considered necessary. With AFMA now under different legislative arrangements, there are opportunities for us to streamline our attendance at things in the international area as well.

**Senator COLBECK**—Would that be what would be leading industry to tell me that the IOTC is making decisions without consulting industry?

**Mr Thompson**—I am not sure how the IOTC would make decisions without consulting industry, but, in any of the material that we prepare before we go to international meetings, we do consult with industry as to their views on those issues. I am not aware that there has been a particularly large reduction, if any, in terms of our consultation with industry on the positions we have been taking forward on things. There has not been an IOTC meeting in recent times.

**Senator COLBECK**—That is a perception that the industry is giving to me, anyway. What consultation are you having with the Department of the Environment, Water, Heritage and the Arts with respect to the marine bioregion planning process, and what resources is that taking up? Obviously that is a big process covering almost the entire circumference of the country, and a fairly ambitious timeframe, although I do acknowledge that Minister Garrett extended the eastern bioregion deadline by six months last week. What consultation and what involvement do you have in that process?

**Mr Pittar**—The bioregional planning process, as you have indicated, is run by the environment portfolio. We interact with the environment portfolio in a number of ways. We seek to keep abreast of their consultation processes and their timetables, as to when that it is occurring. We also are part of a working group that the environment portfolio has established to look at the impact on activities generally of the declaration of marine protected areas. So it is something we certainly maintain a dialogue on but the environment portfolio is the lead agency.

**Senator COLBECK**—Are you attending the regional consultation meetings? Is the department attending those meetings?

**Mr Pittar**—We are not, Senator. Those consultation meetings are aimed at stakeholders in those particular regions.

**Senator COLBECK**—Surely the department is a major stakeholder in the industry in those regions as a body that works on policy and works with AFMA on oversight of the industry. You have released the fish stocks report last week. Surely you are a major stakeholder in that process?

**Mr Pittar**—We are a stakeholder, but not a stakeholder that needs to actually attend those regional consultation meetings. We seek to maintain that dialogue with the department of environment officials here in Canberra without the need to actually attend meetings in the regions.

**Senator COLBECK**—You are not providing any information or support for industry as part of this process?

**Mr Pittar**—Again, the environment portfolio has consultative mechanisms set up with industry, to talk with them about the process. There is a stakeholder advisory group that involves the fishing industry along with other industry sectors, again looking at the impact of the potential declaration of marine protected areas on existing activities in marine areas.

**Mr Thompson**—Just additional to that, the Bureau of Rural Sciences, because of their expertise in fish stocks as you pointed out, does have a project with the environment department to provide advice on the fisheries in the marine protected areas and the impacts of those fisheries. In that world, essentially it is the one set of data about the fisheries that is informing industry, the environment department and us. We are not trying to produce independent sets of data.

**Senator COLBECK**—When you talk about impacts of the fisheries in those regions, what do you mean by impacts? Do you mean the impact of the fishery on the region or do you mean the impact of the potential declaration on the fishery?

**Mr Thompson**—BRS would be better placed to answer that, but essentially it is what is the status of fish in the area, what are the number of fishing concessions in there, active and inactive, and what might be the socio-economic flow through of reducing fishing access to the area partly or totally—that sort of analysis.

**Senator COLBECK**—Are we providing any costing advice to the department on the impact of the areas of interest?

**Mr Thompson**—You would have to ask BRS that. I am not familiar with the detail of the project itself beyond what I have said.

**Senator COLBECK**—What is the interaction of the agency with Environment? What are we doing? What are we telling them? What are we being asked for? We are not assisting the industry apparently; we are not providing them with any support in this process. It is a major policy section within the portfolio; what is the job that we are doing?

**Mr Pittar**—It is a process being run by the environment portfolio.

**Senator COLBECK**—I understand that, but it is going to have an impact on this portfolio, is it not? If you take out fairly significant chunks of area which are proposed in the areas of interest, there is a lot of concern within the fishing industry about it. Apparently we are not providing the industry with any support; we are just leaving them to it to deal with the department of the environment. That is at it appears. We are providing some advice through BRS on potential impacts either way, but what is the department doing to support the industry as part of this process?

**Mr Pittar**—As Mr Thompson outlined, BRS work is designed to quantify the fisheries information and some of the social and economic aspects. Again, BRS can perhaps talk about that in a bit more detail. As I mentioned earlier, one of the key areas of interest for the industry itself is in relation to activities potentially displaced by the declaration of marine protected areas. The department is involved in a steering group that meets with DEWHA, as are other portfolios, and industry itself is part of a stakeholder group that has been created to help provide that information directly to the environment portfolio as well. It is seeking to capture existing knowledge about marine bioregional planning and protected areas, and feed that in so that it can be taken to account in a whole-of-government context in the planning process that the environment portfolio is running. The portfolio is engaged in a number of ways.

**Mr Thompson**—The information that we do provide to the environment department is to ensure that the consultation process and the process which they go through for marine protected areas, which is a process agreed by government, is implemented in a way that actually works for industry. We are consulted on where they might undertake the consultations, who they might consult with and, if they were to take any measures, we would provide information sometimes in consultation with AFMA or with industry about ensuring that the sorts of measures they take are practical. There is an example in the Coral Sea declaration that Minister Garrett made earlier this year where we would discuss with the environment department as to what were the sorts of practices already occurring in the area, so that the continuation of existing practices was actually maintained and they did not inadvertently make the declaration preclude existing practices by the way the legislation was

worded. We also have a fair amount of effort going into make sure the process actually works in a way where industry can fairly and properly engage.

**Senator COLBECK**—Are we sharing any of the information that we are giving to DEWHA with the industry? Do they know what we are telling DEWHA so that potentially there is no conflict in what is being done?

**Mr Pittar**—Again, BRS is in the best position to talk about some of those sorts of specifics. A certain amount of the information itself actually comes from industry. It comes from records that AFMA has in relation to the licences, for example, in particular areas, the level of activity of those licences and those sorts of things. It is a two-way street.

**Senator COLBECK**—That is one of industry's complaints that DEWHA is effectively using their information against them, because the best information about the marine environment around the Australian coastline comes from the fishing industry itself. They are involved in a lot of the survey work, and effectively they are having that information used against them. What they are saying to me, and I have been around the Western Australian and South Australian coast over the last couple of weeks talking to them about this process—in those two regions that are at the front end—and they are feeling quite isolated. It is them versus DEWHA, and this is the agency that represents the fishing industry or represents fishing and the interests of fishing, and it does not seem as though they are getting any support out of that process.

**Mr Quinlivan**—I think the process that is being followed now is essentially the same as has been followed in the past with marine regional planning and affected areas.

**Senator COLBECK**—God, I hope it is not. The system in the south-east is where I think this process is being informed from. From my understanding, some of the processes being undertaken by DEWHA are somewhat better than they were the first time around. It was political intervention that got a decent process going the first time around and I know that because I was involved in it. My interest is getting an understanding of what support the fishing industry is getting from the government as part of this process. Okay, they are being consulted with, I understand that. DEWHA are consulting. There are a series of meetings around the Australian coastline, right around, to deal with this process.

It is a very ambitious timeframe, and as I have said, Minister Garrett has extended the eastern one for six months to the end of 2010, which I know is appreciated because that has been communicated to me by the industry. For example, in the south-west and the north-west, there are fishermen who are involved in both of those fisheries who are feeling really very stretched by the process. They have a very short timeframe to deal with. They are dealing with two separate processes from the far north-west right around to the South Australian border, and it is putting a lot of pressure on them. They have time constraints and they still have to earn a living. I am interested to know what support we are giving them, as an industry, from the department that is allegedly the department of fisheries. It does not hurt necessarily to have some support coming from the government as part of an imposition of government. There is a lot of information they have to collate and pull together. I just want to know whether we are providing them any support to do that.

**Mr Pittar**—The consultation aspect is an important one, and again one which we talk about with DEWHA.

**Senator COLBECK**—I acknowledge that there is a consultation process.

**Mr Pittar**—For example, in relation to the planning processes in the south-west, some of the information that DEWHA have been seeking, again, some extensions in time were given to industry in order to allow them to have more opportunity to gather the sort of information that you require. It is a process that appears to be responding to some of the queries and requests that are coming from industry. I would suggest that the environment portfolio is in a position to continue to take into account the sorts of concerns that you raise as part of the planning process.

**Senator COLBECK**—But there is effectively no support from government as part of the process, by the sound of it? Apart from turning up to consult and having meetings, there is no support from government in assisting the fishing industry to deal with the issues that they have in responding to DEWHA.

**Dr O'Connell**—Do you mean financial support?

**Senator COLBECK**—Well, any support. BRS are consulting with DEWHA and providing them with industry information, but it does not appear—and I will check that later; we will go through that later—whether or not that is being correlated with the industry themselves.

**Dr O'Connell**—But BRS are part of this department, and they are playing that role to ensure that potentially—

**Senator COLBECK**—But we have not been able to establish yet what support is being provided to the industry. It is all very well for the department to provide information, but is that information being shared and checked with industry? What if industry disputes the information that is being provided? What happens to them then is that DEWHA says, 'We've been provided this information by BRS which is prepared from your information.'

**Dr O'Connell**—I am not sure that that has happened. I have not heard that that has happened. We could certainly check that.

**Senator COLBECK**—But that is what does happen. I have been involved in the process and seen what happens. I am asking: what active role the policy agency for the fishing industry is playing in the process now? I think we have established where that sits. There is part of a consultative process between the departments; I understand that.

**Dr O'Connell**—That the government approved.

**Senator COLBECK**—But there is no effective supporting process or not attending the meetings; okay, that is where it is.

**Mr Pittar**—As I said, we attend meetings with the environment portfolio as part of being the policy part of government.

**Senator COLBECK**—Yes, I understand that.

**Mr Pittar**—The industry is part of that process as well through a stakeholder group, so it has an opportunity to feed into that process. Of course, the marine bioregional draft profile for the south-west and the north will be released sometime in 2010 and there will be further

opportunity for input from all stakeholders, including the fishing industry, as part of that process.

**Senator COLBECK**—I understand that. But, given some of the aggressive comments that have been made towards industry by DEWHA about what they intend to achieve, I would have thought that there would have been some assistance provided or some close working with the industry by the department, by the policy element of the government that looks after fisheries, as part of this whole process.

**Dr O'Connell**—In terms of assistance to the industry, there is direct program assistance provided by DEWHA to the industry to go through the representation process. That has historically been the case and remains so now. I do not think that has not changed over the development of the marine bioregional planning process. There still is funding provided to those industry bodies to participate in the process. That is done on a whole of government basis obviously because that is how we work. It is provided through DEWHA.

**Senator IAN MACDONALD**—Just on the same basis, what support is the department giving those fishermen in relation to the fisheries covered by the Coral Sea in the face of the Pew Foundation's very zealous pushing and the environment department's apparent complicity in the Coral Sea Conservation Zone? What is the department's involvement in all of that? Have you been consulted by Environment?

**Mr Pittar**—First, we have been consulted by Environment in the lead-up, and I think we covered this at the estimates last time—

**Senator IAN MACDONALD**—Yes, you did.

**Mr Pittar**—in the lead up to the declaration of the conservation zone. Secondly, as Mr Thompson mentioned a couple of minutes ago, the declaration of the conservation zone without some amendment to regulations would have imposed some additional restrictions on fishing activity in that area, particularly in relation to recreational fishing. The environment portfolio and DAFF consulted on that to ensure that the declaration of the conservation zone itself did not impose any additional restrictions. The third element is that the declaration of the Coral Sea Conservation Zone fits within the east bioregional planning process, so the final nature of protection for the Coral Sea would be considered as part of that east bioregional planning process. If you like, the process is still a live one, and will conclude once the east bioregional plan is settled.

**Senator IAN MACDONALD**—I expect you would need to take this on notice, but could you tell me how many times officers of your department have met with Environment or fishermen or anyone else in relation to that specific proposal? Is that possible to do?

**Mr Pittar**—We can look at that. Would you want to include phone conversations? Would it be formal meetings?

**Senator IAN MACDONALD**—No, formal meetings. If there are none, you could perhaps say, 'We have a record of 15 phone conversations', without going into too much detail. I am just curious as to how involved the department is in that proposal. At last estimates you gave me some details of the fisheries take from the proposed Coral Sea Conservation Zone. Do you have any updated figures on that?

**Mr Pittar**—No, what we provided last time is still regarded as current.

**Senator IAN MACDONALD**—Okay, thank you very much. That is all I have on that.

**Senator COLBECK**—The Australian Maritime Safety Authority—AMSA—is currently going through a process of putting up training packages and qualifications for various classifications within the fishing industry. Can you tell me what interaction you have had with AMSA as part of that process?

**Mr Pittar**—DAFF has not engaged with AMSA on that.

**Mr Thompson**—We have been consulted on that a couple of times. That is the classification about the sorts of training required on vessels of certain sizes and things?

**Senator COLBECK**—Training requirements and programs for vessels. I have been talking, for example, to the pearl guys in the last three or four weeks and I have had some discussions with the mussel guys in South Australia. I just wondered what interaction there has been as part of that process.

**Mr Thompson**—I am aware that they sought advice from us. They have also sought advice from AFMA, and I think that issue is still ongoing. I do not have the details of anything more other than they have consulted with us in the normal manner. I think AFMA has been playing a more significant role than us in that one.

**Senator COLBECK**—Why would AFMA have a more significant role than the department?

**Mr Thompson**—AFMA has had a more significant role because of their operational issues relating to the fishing industry. We have some perspectives on the broader consideration about the need for training in the fishing industry from a policy point of view, but I think the issue that has caused some concern in the industry from my understanding is how that translates when you start to look at both sides and what that means for actual numbers of fishermen and those sorts of things, and AFMA have those numbers. My recollection was that AMSA were chasing information about what this actually means for the fishing industry as such, because they did not have a really practical handle on the sizes of boats and the number of boats in particular areas, and they were seeking our advice in that area. They were more familiar with larger scale vessels.

**Senator COLBECK**—So there has been no discussion about length of training programs and minimum training requirements and things of that nature as part of the interaction with you?

**Mr Thompson**—I would have to take that on notice. I am not familiar with the detail of that. As I said, we have had some correspondence with AMSA that I cannot recall at the present time. Other people have been involved over a period of time.

**Senator COLBECK**—The concerns that I am getting are the practicalities of what has been proposed in the draft arrangements at this point in time for first time trainees and things of that nature. There is a strong understanding of the need for adequate safety training and initial training programs, but given the ratio of people going through training to actually starting or continuing a career in the industry, there is some concern about that.

**Mr Thompson**—There are two issues there. One is our discussions with the industry have indicated that, like a lot of industries, they are seeking employees, and training is important, so there is no issue there. My understanding was that AMSA was seeking advice from us on those practical issues, and those discussions are still ongoing. But I can confirm that on notice.

**Senator COLBECK**—No, that will be fine, thank you. That would be good if you could do that. Thank you. Could I just go to the fish stocks status report which was released last Friday? I have not had a good read of it. I just want to go to the minister's press release, which is hailing the work of the Rudd government:

The Rudd Government has significantly increased the confirmed number of fish stocks which are being managed sustainably ...

I am interested in what active actions have been taken since the election that have put 11 stocks removed from the uncertain list and 11 additional stocks not overfished?

**Mr Thompson**—Two key actions. One was the fisheries buyback which has taken place, so that has reduced some of the pressure, and some further research in that area of uncertain stocks has actually changed some of that. Mr Pittar might be able to provide more detail.

**Mr Pittar**—I wonder if it is something for BRS.

**Senator COLBECK**—Mr Thompson, effectively what you are saying is that there has been additional measurement which has clarified the situation, which I think we all appreciate; that is valuable work. But when you talk about the buyback, I am not sure that the current government can claim all that much credit for that, because I think the former minister to my left might have been the one that implemented that. That is borne out by the acknowledgements in the executive summary of the report. While it is great news that we are improving the situation with respect to those stocks, and unfortunately there are four additional stocks that have concerns against them, I thought it was a bit rich to be claiming credit for the improvements in the situation when I think the critical thing—and that is acknowledged in the overview of the report—was that the major changes in catches and then buyback in 2005 has had a significant impact on the state of the fisheries, and the continuing impact on the state of the fisheries.

**Dr O'Connell**—And the harvest strategy as well. I think the implementation of the harvest strategy has been a critical part of what has been happening.

**Senator COLBECK**—I think that is well and truly worth acknowledging, because it was a pretty critical time and a significant decision. I would like to acknowledge the fact that there was significant work done in that particular area, and I think it deserves acknowledgement that Senator Macdonald played a significant part in turning those fisheries around.

I will have to deal with some of the other stuff; it is a bit early in the piece to have had digested the 400 pages that are in that document, but it is worth acknowledging that there are still some issues with orange roughy in particular and some of the shark species. But, it is good to see that there is a turnaround in some of the management practices that are making a positive impact on the industry. Can I just ask you to give me some information about the recent discussions with respect to bluefin tuna and the potential impacts on the Australian fishery of the discussions that are currently occurring?

**Mr Quinlivan**—Senator, in the situation at present there is probably not that much we can say because of the fact the—

**Senator COLBECK**—The live nature of discussions.

**Mr Quinlivan**—The commission meeting proper starts tomorrow, the scientific committee met recently, and the compliance committee was sitting yesterday and today, so we are in the middle of those processes. The documents such as the report of the scientific committee are confidential to that commission process until the commission decides to release it, which it undoubtedly will after the meeting has been completed. There has been quite a bit of publicity about the current state of the species; there are widespread concerns in Australia and internationally about the status of the stock. The commission has made decisions in the past to commence a rebuilding strategy which so far is not showing signs of delivering that rebuilding. Those are the general concerns that we and others have going into that commission meeting tomorrow. Beyond that there is not that much we can say at present until the commission meeting is completed, documents are released and so on.

**Senator COLBECK**—I can vouch for your comment that there is plenty of interest. I was in Port Lincoln last week and they are very focussed on what is currently happening.

**Senator SIEWERT**—I have some follow-up questions on southern bluefin tuna. I am not trying to be sarcastic but if it is appropriate, because the talks are going on this week, could you tell us what position the Australian delegation is taking to those talks?

**Mr Quinlivan**—I cannot disclose that, Senator. It is a matter of government policy. We will be handling that negotiating brief very carefully and we will be doing our best to deliver it in the commission meeting, but it is certainly not a public matter.

**Senator SIEWERT**—What are the numbers in your delegation that you are taking to the talks? Are you taking the normal number?

**Mr Quinlivan**—I am not sure, to be honest. I know from the government side the numbers are about what they normally are, I think there will be a strong industry delegation, and I think that the NGOs chose to participate as observers rather than as members of the delegation. As observers, as I understand it, they have an opportunity to make a presentation to the commission meeting and they chose to take that option rather than be part of the delegation. We will take on notice your question about numbers.

**Senator SIEWERT**—If you could take on notice whether the delegation is the same in numbers as you have taken every year, that would be appreciated. Our quota for Australia has not changed since 1989, and that is covered in the report. Can you tell me why, and is there any consideration about addressing that target?

**Mr Quinlivan**—In the past, the government has taken the view that the best opportunity for this species is to manage it collectively within the commission, so there has been a priority on no parties taking unilateral decisions. Where they have, and it has principally been in the case of Japan, we have taken international action through the commission and, in one case, through the international law of the sea to try and bring them back within the management of the commission. That is the way that we have managed our involvement in our national catch

to date. I think governments continuously since 1989 have had that position. That is the rationale for the fact that there has been no change in our catch over that period.

**Senator SIEWERT**—Do you believe our catch is sustainable?

**Mr Quinlivan**—That is the issue being considered in the commission meeting we were just speaking about.

**Senator SIEWERT**—Reports seem to indicate that it is not. In fact it says pretty clearly that it is not.

**Mr Quinlivan**—The rebuilding aspirations that have previously been expressed by the commission and the parties to the commission—Australia is one of those—have not been realised so far.

**Senator SIEWERT**—Are you considering any alternative strategies against non-compliance beyond what you have just mentioned?

**Mr Quinlivan**—There were meetings of the compliance committee of the commission yesterday and today. We were seeking further action in that area and more credible reporting, particularly by the distant water nations where we have always been concerned about some levels of leakage. So yes, we do have some proposals in that area.

**Senator SIEWERT**—I appreciate at the moment it is difficult for you to answer the answer the questions because you are in the middle of the talks this week. Chair, I am wondering if it is possible for the committee to ask for a briefing subsequent to the meeting.

**Mr Quinlivan**—We would be happy to ask the minister about the timing and process for that. I am not sure when commission documents will be released—clearly that would be necessary—but soon after that I think it would be fine, if the minister agrees, so we would be happy to ask him.

**Senator SIEWERT**—Thank you.

**CHAIR**—Senator McDonald, and then Senator Milne has some questions.

**Senator IAN MACDONALD**—My recollection of the recent media discussion was that the stock had been impacted upon by what was, I think from media reports, a 120,000-tonne over-catch by the Japanese for a period going over the last 10 years or so. Are those figures correct? Is that a reason or is that too sensitive to discuss before tomorrow's meeting?

**Mr Quinlivan**—I think some of this at least is a matter of public record. Australia made claims that Japan was over-catching on its national allocation. Japan, after quite a lot of argument but in the face of significant evidence that we had collected, conceded that that was the case. They agreed, within the commission, to roughly halving their national allocation down to 3,000 tonnes, which is its national allocation. There is quite a lot of speculation amongst the scientific community about the impact of that catch on the current state of the stock. I think the generally held view is that it did have a significant impact. There is argument about whether recovery would have been occurring now had that catch not occurred. I am not in a position to say whether that is right or wrong but certainly it had an impact and obviously a deleterious one.

**Senator IAN MACDONALD**—Would it be logical to assume that with the stoppage of that substantial over-catch the stock would be starting to recover?

**Mr Quinlivan**—That is a scientific question which I am probably not that well qualified to answer but my layperson's response to that would probably be no. It may have been instrumental in reducing the stock to a particular level and delaying recovery, but if the stock is at a point where the current catch is not allowing it to rebuild, that may not be the thing that is preventing rebuilding now. I do not know if, Kim, you are in a position to add more? No. I think it is best on this to wait until the report from the scientific committee is publicly available.

**Senator MILNE**—In view of the fact that Land and Water Australia has been dismantled, we were told last time that a number of its programs would be taken up by DAFF. Can you explain to me how DAFF has responded to that and what have you done to reorganise yourselves to take over that work?

**Mr Thompson**—I am not sure whether the right people to answer all of that are here. The Land and Water projects have been split across a number of people. For instance, in the areas that I am familiar with, the GRDC had taken on the soils knowledge bank.

**Dr O'Connell**—Land and Water are on next, and they will be able to give you—

**Senator MILNE**—I am aware that they are coming next but we were told that we did not need Land and Water Australia anymore because DAFF and others were going to take over the work.

**Mr Thompson**—Dr Robinson will be able to tell you what has happened to the projects.

**Senator MILNE**—Then I will wait for Dr Robinson.

**CHAIR**—You can have the kick-off then.

**Senator IAN MACDONALD**—I have a fisheries question. Mr Quinlivan, perhaps you will recall that some years ago the Australian government initiated a program where every fish shop and supermarket in Australia that you go to will clearly label fish, what it is and, most importantly, its state of origin. I have been told that the Northern Territory has recently introduced regulation or done something that requires restaurants in the Northern Territory to indicate on their menus whether the fish that is being offered at that restaurant is from Australia or where it is from. The Barramundi Farmers Association, indeed Australian fishermen generally, appreciate the success of the original initiative in labelling in the supermarkets. But they are now approaching us in relation to getting restaurants to do the same thing—not, of course, banning where restaurants access their fish but at least letting people know. I recall it was principally a state regulatory issue, but it was the Commonwealth's encouragement that got that to be adopted Australia wide. Is there any way that the Commonwealth can again exert some leadership in that area to assist the Australian fisheries industry by having restaurants clearly label where the fish that they are offering comes from?

**Mr Quinlivan**—I think you are mainly referring to development of the fish name standard, which was adopted—

**Senator IAN MACDONALD**—It was really more where it was coming from. The fish name standard was important but it was about where it was coming from.

**Mr Quinlivan**—Then the states applied it to the extent they could. I think the short answer to your question is no, unless the labelling of product in restaurants reached a point where it was potentially in breach of the Trade Practices Act. Desirably, that is something that would be done nationally as part of the food-labelling arrangements. I do not think we have got any particular levers we can pull to achieve this.

**Senator IAN MACDONALD**—Could I perhaps ask the minister if he would encourage Minister Burke at his next meeting with state fisheries ministers to look at the issue of ensuring that fish sold through restaurants, on restaurant menus, is clearly labelled to show whether it comes from Australia or elsewhere? Could I ask you to raise that with Minister Burke?

**Senator Sherry**—I will pass that on.

**Mr Grant**—One opportunity for the industry to take this up could be the review of food labelling that is happening which has been commissioned through the Primary Industries Ministerial Council, which was a COAG initiative. We might talk a bit about this later on. A review has been commissioned and that will be enacted very soon, when the review team is established. There will be an opportunity then for industry to put submissions to this review and that could be one area that the review team could examine in more detail.

**Senator IAN MACDONALD**—I will make sure the industry is aware of that, and perhaps you could, through the ministerial council, just make sure that it is at least on the agenda.

**Mr Grant**—Sure.

**CHAIR**—As there are no further questions, I thank the officers from Sustainable Resource Management.

[12.50 pm]

### **Land and Water Australia**

**Senator MILNE**—I will go back to the question I asked previously. When Land and Water Australia was to be wound up, we were told that there would not be a loss of projects and the work and that it would be carried on elsewhere. Perhaps the first question is: on which website will we be able to find the collective 19 years reports and experience of Land and Water Australia, for future reference, for whomsoever should wish to find it?

**Dr Robinson**—We have an agreement with the Cotton RDC to take over management of our website. It will be maintained in its current form for at least two years, with all our publications on that website in soft copy. Access to hard copy will be maintained for at least that two years. Then the Cotton RDC is intending to continue to make those publications available after that.

**Mr Grant**—With Land and Water and Cotton we are working to establish necessary links between the department's website and the Cotton RDC website to ensure that if people come through the departmental website then they are able to access the necessary links to the appropriate site.

**Senator MILNE**—It seems a little bit odd to me that it should go to the Cotton RDC. This is a comprehensive database of a range of projects. Why Cotton?

**Mr Grant**—Cotton is an RDC that is used to dealing with similar sorts of arrangements. It has got mechanisms by which it establishes, stores and presents information. It is a site. It does not really matter whether it is physically stored in one site around the country or another site around the country as long as it is accessible. That is the key issue. In this case, the most efficient operation was for Cotton to take it on.

**Senator MILNE**—I accept its technical capability to take it on. That was not my question. It was more that, if I were looking for a research report put out over 19 years from Land and Water Australia, I would not logically think to go Cotton—that is all.

**Mr Grant**—That is why we are making sure that the links between the department's website and the home for this information are such that it will be transparent to those who want to access the data.

**Dr Robinson**—For us, because Cotton RDC was taking on the National Program for Sustainable Irrigation and so had control of that website, it was actually quite a convenient way for them to manage the NPSI website and do the LWA one. In the future, it will still be the same address, lwa.gov.au, where you can access all the material for at least those next two years. Coming in from the outside, if you just continue to go to our website then you will get the material, even though we will not be managing it.

**Senator MILNE**—That was my next question. The National Program for Sustainable Irrigation will be transferred to the Cotton RDC. Isn't that something of an oxymoron?

**Dr Robinson**—The National Program for Sustainable Irrigation is being transferred—all the programs and program agreements—across to Cotton. They are one of the core partners in that program, and the partnership agreed that was the logical home. I guess we were servant to that decision.

**Senator MILNE**—Can you see the concern of the community that you would go to a Cotton RDC to talk about sustainable irrigation?

**Dr Robinson**—I guess that is a—

**Senator COLBECK**—Not if you understand the efficiencies that the cotton industry have put into irrigation over the last few years.

**Senator MILNE**—I am asking the question.

**Dr Robinson**—The decision to go the Cotton RDC was one made by the cofunding partners.

**Senator MILNE**—I saw on an update that was made available that 10 per cent of the projects being conducted by Land and Water Australia had to be terminated. Can you indicate which of those programs were terminated?

**Dr Robinson**—At the time of the announcement, there were about 150 projects on our books. About 50 of those were in what we have called ongoing programs, like the National Program for Sustainable Irrigation, that have found new managing agents. Of the remaining approximately 100, yes, we had to terminate about 10, based on the amount of funding that

we had left. I cannot give you the 10 now, but those projects are detailed on the annual operational plan, which is also available on the website.

**Senator MILNE**—So you cannot tell me what they were?

**Dr Robinson**—I can take that on notice, to give you that particular list.

**Senator MILNE**—One that I am particularly concerned about is the National Climate Change Research Strategy for Primary Industries, CCRSPI; that is one that this committee has followed over quite a period of time. This is the particular climate initiative. I note from the update that that is going to be taken over by the University of Melbourne. Can you explain how the community and the broader rural community is going to (a) be aware that the University of Melbourne is coordinating that work and (b) get access to the research and updates in relation to CCRSPI? We could get it from you when you came to estimates, but how we are going to get it from the University of Melbourne?

**Dr Robinson**—It was a decision made by the committee of the representatives of all the funding bodies to award the program to the University of Melbourne to run on behalf all the partners. One of the principles in CCRSPI is that everything is put in the public domain. I do not expect that the University of Melbourne will be attending estimates. Again, the principle is for it to be in the public domain and for CCRSPI to continue to be managed in more or less the same fashion as Land and Water managed it, that is, as a coordinating body that promotes and improves collaboration and research in the primary industries to do with climate change. The core functions are not going to change at the University of Melbourne.

**Senator MILNE**—CCRSPI has been going for a couple of years now. Can you just tell us what difference you think it has made and where it is up to in terms of bringing together and getting some cohesive story to tell on the research on climate change?

**Dr Robinson**—My view, and I might be a bit biased, on CCRSPI is that we have actually improved the coordination, particularly in our mitigation research, across Australia quite substantially, particularly in response to the climate change research program that DAFF has managed where we have actually been able to coordinate the proposals that went in as well as coordinating and improving collaboration on existing activity. We have a much better understanding, although I still think incomplete understanding, of the activity that is going on in primary industries research, not just amongst the RDCs and PISC agencies, but also in the universities and CRCs. Collectively, there is much stronger awareness of what is being done and what needs to be done because of the strategies that we previously outlined some 18 months ago. The database of activity that we talked about before is still developing. That is going to be managed through AANRO, the Australian Agriculture and Natural Resource Online system. That is still incomplete basically because we do not have everybody's input yet. The new AANRO was launched two months ago and so data is being input at the moment. Soon we should have ability to really interrogate the database on exactly what is being done. AANRO is now being managed by the Rural Industries RDC from this point on.

**Senator MILNE**—Having identified what needs to be done through CCRSPI, what is the process of getting that back to government in order to be able to fund the priorities?

**Dr Robinson**—Certainly the government is a member of the CCRSPI group. It has funded CCRSPI and has been on the steering committee. I imagine its involvement will continue, so

the communication lines are quite strong. It is an active participant in CCRSPI, so it would certainly be aware of the sorts of things we are doing.

**CHAIR**—If you have more CCRSPI questions, I am happy to go over into lunch and come back later.

**Senator MILNE**—No, that is fine.

**Proceedings suspended from 1.00 pm to 2.02 pm**

**CHAIR**—We will continue with questions to Land and Water Australia.

**Senator BACK**—Dr Robinson, carrying on from the questions that were asked by Senator Milne, can you give us an update on the progress of the winding down, firstly in terms of staffing and administration? What proportion of the staff that you had as an establishment are still in Land and Water?

**Dr Robinson**—We had 41 staff at the time of the announcement, plus one secondee. As of this week, we have five staff left in the organisation, all involved or focused on the wind-up. So the rest of the staff have left us at varying periods between the end of June and last week.

**Senator BACK**—So 36 of the 41 have left. Have they transferred to other agencies and continued at least in some way the work that they were doing in Land and Water?

**Dr Robinson**—We were an independent agency; we were not APS as such. So effectively everybody was terminated at one point or another. However, most of those 36 who have left have found alternative employment, albeit on fairly short-term contracts. Of the 41, there are four of us who are still there who have not found another job, and another four who have already left who are still looking for employment.

**Senator BACK**—So that is 36 redundancies you have had to pay out?

**Dr Robinson**—At this stage, yes.

**Senator BACK**—Presumably you have another five.

**Dr Robinson**—Correct.

**Senator BACK**—I think you also told us at the last Senate estimates that there were a number of PhD students. Was it 26 or 27 or more?

**Dr Robinson**—We had 20 PhDs, if I recall correctly, on the books at the time of our closure. All of those—bar one, which was terminated after being on hold for several years—essentially were converted to grant funding so that those PhDs could continue. We put a high priority on making sure that they would continue in some form.

**Senator BACK**—So they are continuing their studies. Can you give us an idea which agencies they may have transferred to?

**Dr Robinson**—Essentially we converted those contracts to grants to be administered by their home university.

**Senator BACK**—Grants to their home universities?

**Dr Robinson**—Yes. Under our PhD system we would fund and contract a university—essentially the student would be at that university. Our funds, instead of being a contractual

arrangement, are now a grant arrangement. So the university has the funding to manage those PhDs from this point on. So they are fully funded through to the end of their PhDs.

**Senator BACK**—They are fully funded through to the completion of their doctorate. Could you give us some idea now or on notice what that grant figure may have totalled?

**Dr Robinson**—Sure. I will have to take that on notice.

**Senator BACK**—Perhaps you could also take on notice what the cost has been to date of the 36 redundancies or what you predict the full cost of the 41 to be. I am anxious to know—I am not sure whether I got the answer—whether government has retained or lost much of the skill that existed within those 36, and you can answer that for the other five as well.

**Dr Robinson**—None of us were automatically eligible to be transferred to a department. Those who have secured jobs within the Commonwealth did so on a competitive basis. Some of them have been secured by the Department of Agriculture, Fisheries and Forestry or the Department of the Environment, Water, Heritage and the Arts. But staff are scattered.

**Senator BACK**—Sure. I draw to your attention the national biodiversity assessment report that I understand was compiled and is with Minister Garrett. Would Land and Water have been associated with the preparation of that report?

**Dr Robinson**—Yes, we were. We were the managing agent for the National Land and Water Resources Audit, which compiled that report. The audit completed its operations essentially in the middle of last year. One of the last outstanding reports to be completed through the audit was that biodiversity report, which we had submitted to the environment department about a year ago.

**Senator BACK**—As I recall, it was peer reviewed, and I think it was an ANU professor who called for the establishment of a biodiversity research and development organisation to tackle species and ecosystem losses. In fact, I think he was even proposing some sort of Medicare style levy over time. What projects would have come out of, or will come out of, or are predicted to come out of that report if and when it is eventually released by the minister, and particularly what projects would Land and Water naturally have been involved in?

**Dr Robinson**—I do not think I am in a position to comment on what would have come out of the report that was submitted to the department of the environment. But we did have a Native Vegetation and Biodiversity Program. I assume that we would have picked up some of the sorts of research that would have been recommended in that report. Clearly that is not going to happen now, but I could not comment on what the response to that report will be.

**Senator BACK**—What is most important to those of us who are watching the loss of Land and Water is what agency or agencies you believe may pick up and undertake that work. What recommendation may you make to the secretary as to which agency or agencies should pick this up—or is it simply going to be lost?

**Dr Robinson**—We certainly have not been asked to make comment on who should pick up the work that we were doing in that program. I guess it is up to the relevant agencies to decide what they want to pick up in terms of the biodiversity research. We certainly think, because it was a core part of our research, that it was important research to be done. And we, too, are disappointed that it will be lost as far as we are concerned.

**Dr O'Connell**—Senator, that question is probably best put to the environment department, given that the report was one that was provided to the environment department and then, as I understand it, on to the minister. So it is probably best to put the question to them as to what they intend to do as a result of that report.

**Senator BACK**—Yes, I certainly intend to do that. Thank you very much for that, Dr O'Connell. I had hoped that we may have had the benefit also of Dr Robinson's advice had he been able to provide it. Dr Robinson, can you give us an indication, particularly in relation to this whole question of emissions, of what measurement type work your agency has undertaken in the past, by way of trying to come to estimates in the field about the effect of various carbon dioxide greenhouse gases? What qualitative or quantitative measuring research has your group undertaken?

**Dr Robinson**—Over its history, Land and Water Australia actually funded relatively little in that area. We took a leadership role in recent years in relation to the Climate Change Research Strategy for Primary Industries, known as CCRSPI, in trying to lead and coordinate. We did have a national strategy which was efficient and effective—as opposed to changing directions in the middle of what was our current five-year strategic plan. That was something that we were tentatively planning in our new strategic five-year plan. But the role that we have been playing in the last few years is that of leadership, coordination and collaboration in that area.

**Senator BACK**—I think, following an answer that was given before lunch, that task in its entirety has now been passed over to the University of Melbourne?

**Dr Robinson**—That is correct. That is the CCRSPI initiative, yes.

**Senator BACK**—Dr O'Connell, is there a mechanism or a process whereby those coordinating that program have a responsibility to report to you or to the minister on some sort of basis, since we are no longer able to get the benefit of this through Senate estimates?

**Dr O'Connell**—I think Mr Grant can help you there.

**Mr Grant**—CCRSPI is funded across all of the jurisdictions—so all of the states and the Commonwealth government put some resources into that. It is also funded by all of the research and development corporations. CCRSPI is managed by a steering committee, which has representatives from a number of those organisations. So to that extent we are all involved. We all have money in it and we will be looking to Melbourne university to deliver the sorts of service we have seen—in fact, potentially improved service we have seen in the past from LWA. And that will include accountability for the resources that all of those jurisdictions have got in the project.

**Senator BACK**—So will we look to you then, Mr Grant, for periodic reports at Senate estimates as to the progress on that?

**Mr Grant**—I will be happy to respond if I can.

**Senator BACK**—Thank you, Mr Chairman. I will defer to others.

**CHAIR**—Thank you, Senator Back.

**Senator COLBECK**—Have there been any reports, or are there any preliminary results or anything like that which are due to come out of the CCRSPI process at this stage?

**Dr Robinson**—Yes. Some 12 to 15 months ago we produced a high-level R&D strategy focused on coordination and collaboration. There are a number of other supporting reports, one produced by CSIRO on adaptation, research priorities and activity, and another one on emissions trading that was largely driven by the Australian Farm Institute. I believe that CSIRO report is about to come out in the next few months as a book—so an updated version in book form. All those reports, including the database in the initial form that we produced over a year ago, are all available publicly. They have been released publicly and are on the website. The hard-copy versions can be ordered through CanPrint.

**Senator COLBECK**—I have some final questions on the overall wrap-up of the organisation. Senator Back has asked you a few questions already. You said at previous estimates that you had 146 projects that were still alive at that point in time. You might have to take this on notice, but could you give us the status of each of those and the total value of those 146?

**Dr Robinson**—We would have to take the total value on notice and we can update the status according to the current annual operational plan.

**Senator COLBECK**—That information could give us who was responsible for each of those projects following the winding up of Land and Water?

**Dr Robinson**—Yes. The annual operational plan for this current financial year describes how each individual project or program will be managed into the future. Though that was basically at 30 June, there are a couple of changes since, as we have worked through each project.

**Senator COLBECK**—You said in May that negotiations had to be conducted with remaining project partners to see whether or not they would accept the level of funding now available in their project. Did any partners choose not to proceed following those discussions? What happens to the funding in that circumstance?

**Dr Robinson**—Essentially we went through a process where there was a suite of projects that we had identified for termination, there were a suite of projects that we identified could be curtailed, that is, shortened or terminated at a milestone where we would get a substantial amount of delivery on that work. So on a project-by-project basis we negotiated where would be the best point to terminate or curtail or, indeed, whether we could bring completion forward satisfactorily to both parties.

Overall, and with very few exceptions, and ultimately with no exceptions, there has been very little angst about that, I think. We have been very fortunate with our relationships with our research providers. There is a high level of understanding and sympathy with our position. Essentially we have taken the principle that we want to deliver as much as possible from each individual project. Where we have shortened or terminated early, let us do it at a point where it is reasonable to get something out of it. Then there is a suite of projects as well as programs that have been transferred to other agencies. It has been a very friendly and good wind-up from that point of view in my opinion.

**Senator COLBECK**—The information around all of those decisions—the shortening or the curtailing of projects—would be in the operational plan?

**Dr Robinson**—If we had made a decision to bring a completion date forward or to terminate on a next logical milestone, that level of detail would not be in the plan. The plan actually says, ‘We will manage this project to completion,’ for example, but it might not be clear if that completion was due to be March 2010 and we brought it forward to September 2009. That level of detail is not in the plan.

**Senator COLBECK**—So how do we find out what has been lost out of the process?

**Dr Robinson**—That would be a very difficult work going through each of the projects that has been terminated or curtailed and then describing potentially what was lost given the nature of scientific research and its uncertainty. We can describe what was intended in a project and that will not carry on because we have terminated or curtailed it. In many instances we were fortunate in some respects that this was the fifth year of a strategic plan. Where we did curtail a few projects, there was a lot of stuff that was not done around the communication of outcomes. Instead of focusing on what we call adoption or communication activities, by cutting that out we were able to get more completion or a fuller completion on the technical content and get a publication-ready report as opposed to doing those adoption activities. It would be a project by project basis on which we would have to describe potentially what was lost.

**Mr Grant**—Dr Robinson agreed to take on notice and provide a list of those projects that were cancelled and terminated. So that will be the start.

**Senator COLBECK**—I think it is appropriate to get a list of those that have failed or whatever. I would like to know what was lost as part of process. I am not sure how much it is appropriate to put the Land and Water through, given its current level of resources. I think the committee through its questioning has expressed its opinion on what has occurred. If you could take on notice to give us advice on which of those have been curtailed, perhaps that can give us a sense of where it is finalised.

**Dr O’Connell**—Just to clarify that, you are looking for the 10 projects or whatever it was that were ceased?

**Senator COLBECK**—However many there were based on the fact that that level of detail is not in the operational plan.

**Dr Robinson**—Can I add another point? Certainly it was a trying time for all of us going through trying to terminate these things. From my point of view and I think the board’s point of view, we were delighted about how much we could save. From a starting point which was looking quite ugly, to be frank, I think we have been able to save a lot more than we initially expected. There is a lot of good research that was potentially to be lost, but we have compromised and focused on maximising outcomes by doing the juggling and negotiations. I think we have done extremely well to terminate so few and lose so little.

**Senator COLBECK**—I would like to put on the record my congratulations for the work that you have done in respect of that. We know how tough that was. That has been clearly demonstrated. If it is a matter of extension, as you have indicated, it may be the extension

work or the distribution of knowledge work that has had to be sacrificed as part of the process, maybe that can be picked up through some other work and we can continue to pursue that. I would appreciate that.

**Senator SIEWERT**—Can I pick up where you have left off in terms of the list of projects that have been cancelled? You will provide us with that. Where all the projects have been transferred to is essentially covered in the operational plan; is that correct?

**Dr Robinson**—Yes.

**Senator SIEWERT**—Can I pick up on that point about essentially knowledge broking? It seems to me an important role that Land and Water carried out was looking at where research is needed, looking at the landscape, scale of staff, the biodiversity angle—the angles that the other research bodies do not pick up. That is what, beyond all the other stuff, concerns me. Who is going to be doing that now? Who picks up on the overall view of where we need to be directing our Land and Water research that does not fall into strictly production or development? It does not fall in the bailiwick of any of the other research organisations. Have you had those discussions with DAFF, the government or any of the other research organisations?

**Dr Robinson**—We have certainly had some discussions with some of the other RDCs about some of those gaps, but I would say they are relatively minor discussions. There is no question that I and the board share those concerns about who picks up the role that we are playing. As we talked about last time, for example, with environmental water, we have tried to initiate a process where somebody else would take up that sort of champion leadership role that we have, but I would say it is unclear from our point of view.

**Senator SIEWERT**—In terms of the projects and following on from the questions that Senator Colbeck just asked, I refer to the knowledge-brokering role, because that was a key part of what Land and Water did. Those provisions are not in place; is that right?

**Dr Robinson**—From our point of view, no, they are not; we agree that that leadership culture in that particular role that we played in knowledge management was unique; and, yes, we are concerned that it will not be picked up in the same way and I think the concerns are reflected in the committee's questions about where staff have gone to. Staff have gone to many different places, so perhaps they can spread that culture.

**Senator SIEWERT**—Yes. I do not mean any disrespect to the staff, but when they are taking on new roles it is a pretty tough call to then expect them to be doing something else as well when they have other jobs that they are required to undertake. What proportion of your budget was used for knowledge brokering? Can you remind me?

**Dr Robinson**—Off the top of the head I am struggling to recall, but it was I think in the order of over 10 per cent that we put into that—in the order of \$2 million—for our K&A team itself. But then in addition to that a lot of our programs outsourced some of the K&A with our culture, so there is actually not a clear budget line, because it was depending on how a project was managed. But it was in the order of 10 per cent overall. It depends on how you slice the budget, of course.

**Senator SIEWERT**—Yes.

**Dr Robinson**—That is in addition to normal corporate costs where quite often communication is lost in those budgets.

**Senator SIEWERT**—Yes, but the specific part of the budget that was targeted at the special systems that you had in place was about 10 per cent; is that right?

**Dr Robinson**—Yes, it was. I would also say that there were some programs that we ran which were 80 per cent adoption type activities or extension type activities which had very little research in real terms. From a researcher's perspective, they were really adoption programs and that was part of our culture. For example, the Knowledge for Regional Natural Resource Management program was basically a knowledge management program where we were combining knowledge management systems—IT systems—with expertise in relationship building to maximise knowledge uptake. So it was not really a research program; it was a knowledge management program.

**Senator SIEWERT**—Thank you.

**Senator NASH**—I am having a little trouble reconciling the department's strategic direction, what actually seems to be happening and certainly what the minister is actually doing here. We can look at the strategic direction, which says things like 'ensuring Australia plays a strong role in efforts to tackle global food security' and 'helping our primary industries prepare for climate change, droughts and extreme weather events and boosting productivity by investing in research and development', but the minister in a media release only three days ago was talking about the world population rising to 9.1 billion by 2050 and he said that the only way we can meet what the world will demand is by following every possible path of scientific research. So I cannot reconcile how sacking 30 people and getting rid of an entire research institute complies with what the minister is saying and intending to do. Can somebody perhaps explain that for me? Dr Robinson, have you had—

**Senator Sherry**—That is the minister's view and I do not think anyone—

**Senator NASH**—Sorry, Dr Robinson, you are shaking your head.

**Senator Sherry**—That is the minister's view.

**Senator NASH**—I just have to say that for the *Hansard* record.

**Senator Sherry**—That is the minister's view. He has expressed it. It is not the only issue that is taken into account from a whole-of-government point of view, and I will pass your views on and ask if he has anything further to add. We have discussed this matter on a number of occasions at previous estimates.

**Senator NASH**—I think we have probably discussed it at previous estimates because it is an extremely important issue, Minister, and I would say that that is why it continues to be raised.

**Senator Sherry**—Fine, and I will pass it on to the minister.

**Senator NASH**—Lovely. Do you think perhaps we might—

**Senator Sherry**—But it is not open to public servants to give their view of the minister's comments, and I will pass it on to the minister. If he wants to add to his commentary and observations on this matter, he will. I will pass it on and I will take it on notice for you.

**Senator NASH**—All right. Then I will ask the secretary if he thinks that the department's strategic direction would be better served by increased funding rather than decreased funding.

**Dr O'Connell**—The department's strategic direction is set within the funding envelope that we are provided by the government, of course, and that is what we operate within.

**Senator NASH**—Of course. I think the minister has also referred to the issue of critical research and how important that is—very recently, actually. You might be able to answer this for me: how is the government investing in that critical research and where exactly is the government investing this money?

**Dr O'Connell**—The point, I think, to make in this context is that in the overall RDC structure the government is still providing around a \$200-million-a-year investment. As Dr Robinson pointed out, of the 150 projects and programs that Land and Water were giving effect to, only somewhere between 10 and 15 of those are no longer proceeding. The overwhelming mass of the activity that was generated through there is still being continued, so there is not a significant loss in that area. In the rest, of course, we still have the \$200 million of activity which is generated by the government's contribution to the RDC structure through the matching levies.

**Mr Grant**—In addition to that the government, as you are aware, has introduced new research and development programs such as the climate change research and development program. There is also the Regional Food Producers Innovation and Productivity Program. So there are new innovation and R&D programs that have been implemented during the course of the government.

**Senator NASH**—So is that reinventing the wheel or was Land and Water falling down in what they did? It certainly seems by all accounts that they were doing an extremely good job.

**Dr O'Connell**—The task we were given was to manage a savings target, and that is what we have managed. I think what Dr Robinson's account demonstrates is that overall that has been managed very well and we have managed collectively to maintain the great majority of those projects. The funding for the RDC structure and the other funding from Australia's Farming Future that Mr Grant talked about clearly demonstrates that there remains a very strong commitment. Certainly the emphasis also has to some degree changed to the climate change area. We have considerable research dollars going into the climate change area in relation to productivity and in the food security and food production area. So, as I say, within the context of the funding envelope that we have in the portfolio I do not think you will see a reduction in the R&D effort; I think you will see, when you do the numbers, an increase.

**Senator NASH**—Thank you. I certainly do not question the commitment within the department. It certainly seems that you are very focused on delivering what you would like to but are otherwise hamstrung perhaps by some rather ordinary funding arrangements. You were just making reference to the fact that all of the extremely good work that is being done in Land and Water is now being absorbed into other areas. Have any of those other areas had increased funding or increased staff allocated to them to cope with the take-up of what has been passed on from Land and Water?

**Dr O'Connell**—I think it is probably best to ask Dr Robinson to say what the conditions were under which those were moved across.

**Dr Robinson**—Essentially, with a project or a program that was being transferred, we transferred our funding for the completion of that project or program to the new managing agent. In terms of a project that had another two years to run, we transferred that project fully funded to a new agency. In terms of a program like the irrigation program which we mentioned earlier, the program agreement and the majority of projects under it were novated across to a new managing agent with our funding for the lifetime of that program and those projects—and of course with the partner funding. So each of those would continue through until the end of their natural life currently.

**Senator NASH**—Does that funding go to the running of the project or does any of that funding go to employing more staff to run it?

**Dr Robinson**—Some of the programs and some of the project innovations included a management component commensurate with the duration of the project and the amount of management required. A program like the Program for Sustainable Irrigation—I cannot recall the numbers, but it had a management component in there to hire a coordinator and project officer staff, and for K&A-type activities as well as the research component.

**Senator NASH**—Dr O’Connell, I do apologise if this has already been asked. If that funding is going across with the projects to the other areas, just so the committee is very clear, exactly where are the savings coming from for that period out of Land and Water?

**Dr O’Connell**—Again, I might ask Dr Robinson to explain that.

**Dr Robinson**—We secured a special appropriation for this financial year, which was about half our normal appropriation. On that basis, when we secured that, it identified a number of key programs like the irrigation, the tropical rivers and the climate variability and CCRSPI programs. That would be funded through to their natural completion which, in most cases, was to the end of this financial year. So the savings, in effect, come into being in the following years when our current strategic plan will have finished and our current funding of those programs and projects finishes.

**Senator NASH**—So would it not have been commonsense, Dr O’Connell, just to leave everything where it was to run the term of its natural life? Rather than transfer the funding into other areas associated with these projects for somebody else to do, why not just leave it to the end of the financial year?

**Dr O’Connell**—The commitment was to ensure that the projects and programs, as far as possible, were found new homes and, in doing that, to give impetus to the issues that arise in those programs and projects. Not all of them finished in this year. The decision that we were dealing with was the decision to close the operation and manage it in that way. So that is the way we did it and it certainly had the effect, I think, of making sure that not only the projects but also the motivation continue. CCRSPI, for example, is not a project, really; it is a set of relationships that you are trying to create and maintain over time. So simply asking Land and Water Australia to continue managing that role until the end of the year and then ceasing would not have helped us, because we needed to ensure that the CCRSPI process continued and that the set of relationships that were created continued. So it is a much longer term set of issues than just a simple project that finishes at a certain date.

**Senator NASH**—Which we note very sadly, unfortunately. It is just impossible to reconcile the task we are going to have with the global food security when we can see the demise of something like Land and Water, which is particularly set up to deal with it. I will leave it there. Thank you, Chair.

**Senator IAN MACDONALD**—Stop me if these have been asked elsewhere, but the Tropical Rivers and Coastal Knowledge area, was that something Land and Water was involved in?

**Dr Robinson**—Yes. We had a substantial leadership role and we were the managing agent for that initiative.

**Senator IAN MACDONALD**—Where is that going to?

**Dr Robinson**—It is now being hosted by the Department of the Environment, Water, Heritage and the Arts, but essentially it continues in its current format, just without us being the managing agent. Again our funding for this financial year has been protected so we have been able to ensure that we continued funding to the end of this current phase of the TRaCK initiative.

**Senator IAN MACDONALD**—Dr O'Connell, from that answer, the TRaCK program is now going entirely into environment and the agriculture area. Do you have any involvement or association at all now that Land and Water are not doing it?

**Dr O'Connell**—I think Dr Robinson can help you here.

**Dr Robinson**—DAFF is represented on the TRaCK program management committee. Essentially, the funding that we continue to put in during this financial year will be, I suppose, monitored through that representative on that committee.

**Senator IAN MACDONALD**—So will the funding still come through DAFF for this year?

**Dr Robinson**—Yes, as a special appropriation through DAFF this year.

**Senator IAN MACDONALD**—Who is the DAFF representative on that oversight committee?

**Dr Robinson**—Tony Bartlett from Sustainable Resource Management.

**Senator IAN MACDONALD**—And what happens in 2009-10? Is that what you are talking about—that that money is quarantined—is it?

**Dr Robinson**—This financial year it is protected as part of our funding into that program and being managed now by DEWHA.

**Senator IAN MACDONALD**—And when did the program finish in the normal course of events?

**Dr Robinson**—TRaCK will finish mid/late next year.

**Senator IAN MACDONALD**—Okay. It has done what I understand to be very, very good work. Was there any intention to continue that on?

**Dr Robinson**—There was a clear intent from all partners, including ourselves, to continue that and I think that intent is still there, but clearly without us.

**Senator IAN MACDONALD**—Right.

**Dr O'Connell**—That would be a future budgetary decision, obviously, Senator, in terms of the management of that for the relevant players.

**Mr Grant**—Or the decision of the funding partners as to whether they want to continue to put money into a phase 2 or whatever.

**Senator IAN MACDONALD**—But that money now will not come through DAFF?

**Mr Grant**—Yes. There will be no appropriation to Land and Water for their contribution to that project, but the other funding partners may still have money that they may wish to put into a new phase of the TRaCK project.

**Senator IAN MACDONALD**—Has the TRaCK program reported since we last spoke at estimates? Is there anything new that I have not caught up with?

**Dr Robinson**—I think there have been some ongoing releases—I could not tell you how many—of scientific reports, but in the last two weeks there has also been a milestone report delivered back to research funders. The Water Commission and the department of the environment are the two main funding agencies now. So they have had milestone reports recently, but there have been ongoing releases, I think, of technical reports, which should be available on the TRaCK website, but we could also—

**Senator IAN MACDONALD**—So the major reports are publicly available? They are on their web—

**Dr Robinson**—I would have to check that, but once they are approved—I cannot recall, but yes, they should be.

**Senator IAN MACDONALD**—Sorry?

**Dr Robinson**—I cannot recall whether they are released publicly, but—

**Senator IAN MACDONALD**—But they will be, you say?

**Dr Robinson**—I presume they will be once they are approved through the environment department and the Water Commission.

**Senator IAN MACDONALD**—Are they big reports?

**Dr Robinson**—Yes. They are largely administrative reports, as well as the technical content.

**Senator IAN MACDONALD**—Could you answer that on notice, or could someone just direct the committee to the website where it will be released.

**Dr O'Connell**—Certainly.

**Senator IAN MACDONALD**—Finally, from the weeds research and knowledge exchange, what is happening with that? Do not answer this if someone else has already asked it.

**Dr Robinson**—No. The weeds research and knowledge exchange was essentially an extension to our Defeating the Weed Menace R&D Program. It was a small amount of funding that we secured this year to basically undertake adoption activities through a series of

workshops around the country. Those workshops have now been completed very successfully. I am expecting a draft report at the end of the week and that will finish our activities in regards to weeds.

**Senator IAN MACDONALD**—Okay. Again, Dr O’Connell or whoever can answer, Defeating the Weed Menace has not been renewed as a program?

**Dr O’Connell**—I think Mr Thompson can help you with that.

**Mr Thompson**—Defeating the Weed Menace has not been continued as a program. Elements of weeds projects are able to receive assistance under Caring for our Country and there is a new weeds R&D program in place.

**Senator IAN MACDONALD**—What is the weeds R&D program?

**Mr Thompson**—It is a program for which the first round of projects were announced last year. It is a \$15.3 million investment over four years to set up a national weeds and productivity research program. It has funded a number of weeds projects to date to come up with strategic approaches to weed management.

**Senator IAN MACDONALD**—Is it a new R&D corporation?

**Mr Thompson**—To date it has been a program delivered by the department with the advice of an interim advisory board, and how it will be managed into the future is a matter being considered.

**Senator HEFFERNAN**—Advisory board?

**Mr Thompson**—Yes. The interim advisory board ceased to operate earlier this year, in about June.

**Senator HEFFERNAN**—But that does not matter—

**Mr Thompson**—We can provide the details of who—

**Senator HEFFERNAN**—And the heads who are on it, yes.

**Senator IAN MACDONALD**—I think you were halfway through. What is going to administer it? You had an R&D corporation, which is now no longer. You had an interim board, which is now no longer. Who is doing it? The department?

**Mr Thompson**—At the moment the department is coordinating the administration of that program, yes.

**Senator IAN MACDONALD**—And is that the intention? To continue that way?

**Mr Thompson**—The future management arrangements for that research program are still being considered.

**Senator IAN MACDONALD**—By whom?

**Mr Thompson**—The government minister.

**Senator IAN MACDONALD**—By the minister?

**Mr Thompson**—By the minister and the department in consultation. It is a matter that is under consideration.

**Senator IAN MACDONALD**—As we all know, weeds cost Australia in excess of \$4 billion every year. It seems to be that it is in a bit of haphazard limbo at the moment. We are not quite sure who is running it and where the funds are coming from?

**Mr Thompson**—As I said, there were 39 projects funded last year for \$35 million.

**Senator HEFFERNAN**—Can we have the details of the project?

**Mr Thompson**—Yes, I could—

**ACTING CHAIR**—Senator Heffernan, you are just a bit disorderly.

**Senator HEFFERNAN**—I will fit in as we go.

**ACTING CHAIR**—Yes, but you have not got the call.

**Mr Thompson**—We could provide a list of the projects.

**Senator IAN MACDONALD**—Okay. Just what is the Australian Weeds Research Centre?

**Mr Thompson**—The Australian Weeds Research Centre is the arrangement that is intended to deliver this National Weeds and Productivity Research Program and the exact nature and structure of that is the matter that is still being considered by government.

**Senator HEFFERNAN**—Could that be described as bureaucratic bullshit?

**ACTING CHAIR**—Senator Macdonald, have you finished?

**Senator HEFFERNAN**—Which it is.

**Senator IAN MACDONALD**—You could include that as my question. I would not have used that colourful language, but it expresses all of our sentiments.

**ACTING CHAIR**—It would be inappropriate to harass the witness in that way, Senator Macdonald.

**Senator IAN MACDONALD**—Yes, it would be.

**Senator HEFFERNAN**—He is not a silk.

**Senator IAN MACDONALD**—There was \$43 million, as I recall, under the Defeating the Weed Menace—or 23? Twenty-three plus 20. Forty-three, it was, was it? So what is the total four-year program for weeds now, or the out years—

**Mr Thompson**—The weeds research program is \$15.3 million over four years but, as I said, their investments in weeds projects are able to assist them. There is something like \$26 million—I do not have the breakdown but there is \$26 million in Caring for our Country funding for weeds and pest animal projects.

**Senator IAN MACDONALD**—Yes. Is this delivered through individual NRM groups?

**Mr Thompson**—They are individual NRM groups; they are Landcare groups.

**Senator HEFFERNAN**—There is no money in there, mate. We have been trying to get money for Landcare projects. That is dead.

**Senator IAN MACDONALD**—That was always there—

**ACTING CHAIR**—Senator Macdonald has the call.

**Senator HEFFERNAN**—It is taken up in administrative overheads.

**Senator IAN MACDONALD**—That was always there in addition to what I recall was \$43 million over four years. So you are saying that it is replaced by \$15 million plus the same—

**Senator HEFFERNAN**—But you cannot get some money for some trees. There is none there.

**Senator IAN MACDONALD**—Plus the same—

**Senator HEFFERNAN**—Bureaucratic bullshit.

**Senator IAN MACDONALD**—Investments by the NRM groups. Can I ask finally: is the Weeds of National Significance program still continuing?

**Mr Thompson**—Yes, it is still continuing. Funding for the national coordinators is provided as part of Caring for our Country.

**Senator IAN MACDONALD**—As a national project?

**Mr Thompson**—It is still a national program. It is coordinated through the Australian Weeds Committee and we are in the final stages of appointing or finalising the outcome of the tender process for an ongoing national weeds coordinator as existed in the past. So that function still continues for coordinating information and action on weeds across the country.

**Senator IAN MACDONALD**—Is the national Weeds Committee still continuing with the same personnel as it has been for the past several years?

**Mr Thompson**—It is still continuing. Some of the personnel have changed.

**Senator IAN MACDONALD**—Who is the chairman? Is it still Mr Cotter, who is the head of AgForce in Queensland?

**Mr Thompson**—I think he is still involved. I cannot say whether he is the current chair or not.

**Senator IAN MACDONALD**—Could you, on notice, just give me details of who constitutes the Australian Weeds Committee and, where changes have been made, can you indicate to us what is the procedure for changing those personnel?

**Mr Thompson**—Yes, we can do that.

**Senator IAN MACDONALD**—Thank you.

**ACTING CHAIR**—Senator Heffernan, you have the call. We are questioning Land and Water Australia.

**Senator HEFFERNAN**—That is right. I will go back to Land and Water Australia. Can I just follow that for a second? Will you provide to us the interim board?

**Mr Thompson**—We can provide you with—

**Senator HEFFERNAN**—Can you do that this afternoon? There will be someone listening in the department who would have it in front of them.

**Mr Thompson**—Yes, we can provide you with the people who were on that board.

**Senator HEFFERNAN**—And could you also provide us in the weeds research—and I suppose the hedge maze that it is, the bureaucracy—what is the fixed overhead compared to the on-ground delivery cost of that organisation?

**Mr Thompson**—For the supported—

**Senator HEFFERNAN**—Weeds.

**Mr Thompson**—The weeds productivity process? Yes we can do that.

**Senator HEFFERNAN**—For whoever the interim so-called geniuses are—whatever they came up with; all of that stuff that you could not explain there; the 26 versus the whatever. What actually finishes up on the ground versus what is taken up with administrative overheads, conferences, trips, bloody reports—all of that stuff. So can I go back to Land and Water Australia?

**Dr O'Connell**—Can we just clarify, Senator, that you are talking about the National Weeds and Productivity Research Program?

**Senator HEFFERNAN**—Yes, the government money that goes into the weeds program, which has fallen off the scale along with a lot of other ag research. I am chairing the inquiry into how the hell we produce food that is affordable from a sustainable environment and a viable farmer. One of the things that stands out like the proverbial dog's so-and-sos is that ag research has fallen off the pace seriously. Now, getting back to Land and Water, has Land and Water Australia ever made any commentary about the impact of emissions trading on the area that you are concerned with in your R&D?

**Dr Robinson**—Certainly, I think with the CCRSPI initiative, through the partners there, we have highlighted the importance of the research that needs to underpin any involvement in emissions trading and the need to understand the ecology of our natural systems and how they are manipulated and how that affects our emissions. That is largely through the CCRSPI initiatives, as I said, and we have commissioned some extra work through that CCRSPI initiative, which is still being done.

**Senator HEFFERNAN**—To the best of your knowledge, were you ever put under any pressure to downgrade any elevation of the issue of the emissions side of life?

**Dr Robinson**—No.

**Senator HEFFERNAN**—I have a question for Dr O'Connell. With the R&D organisations generally—there are various ones; I suppose MLA and various bodies—they put out glossy reports every now and then. They had a launch here recently which I thought was a very strange document, but the bloke who did it was well paid for it. To the best of your knowledge, have any of those R&D organisations been put under any pressure at all to remove references to the impact of emissions trading on the industry?

**Dr O'Connell**—To my knowledge, no.

**Senator HEFFERNAN**—Right. You are not aware of any meetings that have occurred where people have been asked to withdraw a report and to be rewritten—

**Dr O'Connell**—No, I am not aware of any reports.

**Senator HEFFERNAN**—Okay. So, if it were true that some R&D organisations are—fair enough—putting their reports up to the government for approval before they are issued, if they were under pressure to go back and rewrite it, would that be a pretty unreasonable thing to do to an R&D organisation by a government?

**Dr O'Connell**—You are asking me a hypothetical, Senator. I have just said that I am not aware of anything.

**Senator HEFFERNAN**—So if I can give details to you of two organisations that were asked to delete references to the impact of emissions trading in their glossy brochure—annual report type, 'Here's the way of the future document'—would you do something about it?

**Dr O'Connell**—I have told you what I know.

**Senator HEFFERNAN**—No, I am not asking you whether it was true. I think it highly improper—

**Dr O'Connell**—I think it depends very much—

**Senator HEFFERNAN**—It is actually true.

**Dr O'Connell**—You are asking me both hypotheticals—

**Senator HEFFERNAN**—But it is actually true.

**Dr O'Connell**—I have answered—

**Senator HEFFERNAN**—And if I can prove to you that it was true, will you do something about it?

**Dr O'Connell**—I have answered the question. It would depend on the circumstances. I have answered the question that you asked, which I can answer, which is: do I know of anything?

**Senator HEFFERNAN**—I will hop to the minister. Minister, agriculture in Australia is under great pressure not only from the weather changes and the competitive nature of the global market. For instance, the price of cross-bred wool now is cheaper than it has been for 10 years and there is an average of seven fleabags in the system that handle and get a levy out of the wool from when it leaves the auction until someone uses it. We have the pressures of the global emissions, the rising dollar—a whole range of things—and a falling off of research. Do you think that it is proper behaviour to put political pressure on research and development organisations to edit their reports to reflect a position in which they do not believe?

**Senator Sherry**—I am not aware of—

**Senator HEFFERNAN**—That is an honest answer; you would not be. But I am.

**Senator Sherry**—All I can do, Senator Heffernan, is take it on notice and refer it to the minister.

**Senator HEFFERNAN**—You had better do that because he knows all about it.

**CHAIR**—'Inspector' Heffernan, do you have any more questions?

**Senator HEFFERNAN**—I have plenty, but they will come in due course.

**CHAIR**—We will go to one of your colleagues. Senator Nash?

**Senator NASH**—My question is probably to the minister—and I do appreciate that you are not the minister, Senator Sherry, so you might want to take it on notice for your minister. My question is around the global financial crisis and what other countries have done in terms of agriculture—the \$600 billion Chinese package, which had a significant agricultural component. Indeed, on 1 April the Chinese Premier said that agricultural development and higher rural incomes are the key to the economy’s recovery. I do understand that our Prime Minister was very supportive of the Chinese package. Why then do we see millions of dollars going to the coal industry and billions of dollars going to the car industry and yet we see cuts to organisations such as Land and Water, who are particularly working with the one sector that is most likely to be able to contribute to the country’s economic recovery?

**Senator Sherry**—I just make a couple of points. Firstly—and this is only from my general knowledge and observation about China—I think it is correct to say that they have always placed significant emphasis on development in their agricultural sector for a fairly obvious reason: the sheer number of people who are dependent on agriculture in China. There are a range of related issues there as well—development in rural and regional China. Whilst I do have some knowledge of the various stimulus packages in my capacity as Assistant Treasurer, I do not have a detailed knowledge comparatively of the various packages and the extent to which there is what you would describe as a rural component within those packages. I do not have that knowledge, although I think we could take it on notice. I do not know whether officers here have knowledge of the rural components, if I could use that term, within the various stimulus packages. Beyond that—and you have made some general observations and comments—I would need to take the general critique, if I could describe it as that, on notice for the minister. As I say, if there are officials who can add to detail about stimulus packages in the agricultural sector around the world—

**Senator NASH**—Perhaps I should have been a little clearer with my question. Sorry, I thought I was. I will try to be—

**Senator Sherry**—It was clear but it was expansive. I think that is the way I would describe it.

**Senator NASH**—I do not think expansive questions are rare in the estimates process.

**Senator Sherry**—I am not complaining. I am just saying there was a lot there to cover.

**Senator NASH**—Indeed there was. As long as the question was very clear—you seem to have made a lot of points, but there was a very specific question in there. I do not know if anybody else would like to attempt to answer the question. No takers? Surprise, surprise! Thank you, Minister.

**CHAIR**—We thank the officials from Land and Water Australia and call on the officials from Climate Change, including forestry, drought and exceptional circumstances.

[2.57 pm]

**CHAIR**—I welcome officials from the Climate Change Division.

**Senator IAN MACDONALD**—On the exceptional circumstances declaration, can I get someone to update me on the state of the Queensland government’s application or submission

to the Commonwealth for exceptional circumstances in the gulf region of Queensland following the exceptional floods of earlier this year?

**Mr Mortimer**—I would be happy to do that. After the Queensland government submitted an application to the minister, he referred that to NRAC, the National Rural Advisory Council, for examination. Indeed, he asked them to inspect the region. I think the minister put out a press release a little while ago announcing that—

**Senator IAN MACDONALD**—Yes, he did.

**Mr Mortimer**—I am sorry; I do not have it with me.

**Senator IAN MACDONALD**—Where is that at, though?

**Mr Mortimer**—I think NRAC is going to visit the region soon. Do you know?

**Mr McDonald**—NRAC will be conducting a tour this week.

**Senator IAN MACDONALD**—Who is going, do you know?

**Mr McDonald**—It is a subcommittee of the council, the National Rural Advisory Council. I cannot recall the names at the moment.

**Senator IAN MACDONALD**—What is the process from there? It will take two or three days up there?

**Mr McDonald**—They are travelling to the region today and they will spend the next two days there conducting on-ground tours and talking to local producers. Following their tour, they will submit a report to the full council for its consideration before making a recommendation to the minister.

**Senator IAN MACDONALD**—Could you just remind me of the approximate time lines? How long does it take for the subcommittee to do a report normally, how long would it take NRAC to deal with the matter, how long would it take for NRAC then to make a submission to the government in the normal course of events?

**Mr Mortimer**—It tends to take a couple of months, in all honesty.

**Senator IAN MACDONALD**—From here?

**Mr Mortimer**—No, from the initiation of the process. Clearly, everyone tries to do it as expeditiously as possible and there is no intention to drag it out; it is just a matter of making sure that the information the council needs to satisfy itself on the case is there and that it has had the opportunity to consider it. After the group of NRAC members come back they will do a draft report, probably within a week or so. They will then have a teleconference with the full NRAC membership on that. When that report is finalised, which is two to three weeks down the track, it will then go to the minister for his consideration.

**Senator IAN MACDONALD**—I know in every case that NRAC deals with and with every exceptional circumstance people are hurting or they would not be in the process. But this relates to floods that happened eight months ago now. The floods were over the land for six to eight weeks in cases and have actually killed every seed, every bit of grass and anything else. The Queensland government eventually applied—and I am thankful they did—but they certainly took their time. All the while there are cattle up there that are starving or having to

be dealt with in one way or the other. People do not have money. They really desperately need to ship cattle off, and I think some of them would have done it. It is now nine months since the event occurred. It is different to a drought. Droughts happen over a period of years. Whilst you can never fully prepare for a drought, you can see it coming. This happened over the space of a couple of weeks and caught people completely by surprise. Is there any way we can speed up the process in what is quite clearly a very exceptional circumstance?

**Mr Mortimer**—There are two dimensions to what you are saying. First off, I would mention that when the flooding happened in February the farmers were significantly affected. At that stage the relief arrangements that were triggered under NDRRA—the National Disaster Relief and Recovery Arrangements—came in. The minister went up and visited the area then. Things like fodder drops were happening. The Queensland government announced financial assistance to farmers under NDRRA.

At that stage, both the industry and the Queensland government said that they really would not be able to get a good handle on the extent of the situation and how extreme it was until after the next mustering season was finished, which I think was over August and early September. So that all happened before the Queensland government put in its application.

The other thing I would mention is that the EC criteria has two key requirements. One is that the event is exceptional. The other is that it has a significant long-term impact on farm incomes for the farmers affected. That is where the results of the muster and the data on the ground that the Queensland government pull together was important—that is, to help meet that second part of the EC criteria.

**Senator IAN MACDONALD**—It is not really an issue of the cattle that were lost in the flood. That is one issue, and perhaps that is not exceptional. What is exceptional is that the land was under water for six to eight weeks. Every bit of grass and anything else died.

**Mr Mortimer**—We understand, Senator. Everyone is doing everything possible to move expeditiously on this. Everyone's intention is in the right place. It is just a matter of doing it in a way that makes sense under the program arrangements and in a way that fits with the EC program guidelines.

**Dr O'Connell**—I think it is probably also worth being clear that the application was not received until the start of this month. It has moved quite quickly since then. Obviously it is a long time since that flood. As Mr Mortimer says, there was that information gathering and analysis work being done by Queensland. The application to the Commonwealth only arrived around 1 October. I could be corrected on that.

**Senator IAN MACDONALD**—You are right, Dr O'Connell. I am critical of the Queensland government, but I do not have any authority or control over them; I can only ask you. I am simply drawing to your attention what you already know—that is, that it is a very exceptional circumstance. It is not just floods that took cattle away. You would think after the floods that things would be booming. That was what I thought until I went and had a look. It is a very exceptional circumstance. The question was: is there any way we can possibly expedite this?

Can I mention in passing—and it is not quite in this area; it is really an NRM sustainable resource management issue—that this also has a huge impact on the ecology of the whole gulf

region. I think I did briefly touch on this. Caring for our Country really needs to put extra money into this because it is quite an exceptional event for the whole ecology. With that little speech, I think you have probably answered the question. I am sure you do understand the exceptional circumstance and the severity of the issue involved.

**Mr Mortimer**—I appreciate that.

**Senator WILLIAMS**—I have a question in relation to NRAC EC, Mr Mortimer. I want to take you to an area just south of Inverell, where I live, to a place called Bundarra. I met with 50 or so landholders two weeks ago. They are in dire straits. The stock are dying. The stock that have not been sold or shipped out are being hand fed. This area never came out of drought. It is worse now than when they went into drought in early 2002. What is the process that I need to go through to bring this to the minister's attention. How do I get NRAC to visit that area?

**Mr Mortimer**—There are long-standing agreements between the Commonwealth and the state governments about the NRAC processes and how to initiate action for exceptional circumstances. That reflects the shared responsibilities. Under those shared arrangements state governments initiate applications for exceptional circumstances. So the state minister will get submissions and hear submissions—

**Senator WILLIAMS**—So if I sent 40 or 50 submissions to the state government, because I have about that many in my office, then there is a chance he may send NRAC to look at the issues?

**Mr Mortimer**—Absolutely. The state minister has the responsibility for moving that to the Commonwealth. That reflects the fact that the state minister, the state organisations are closer to the situation on the ground and know better what is happening out there in rural Australia. We do not claim to know that as well in Canberra. So the state ministers and state governments initiate the case and when that comes to the Commonwealth the minister considers that. If he thinks it warrants consideration, he will ask NRAC to look at it in the way that he has done with the gulf area in Queensland. Certainly that material you have should be provided to the New South Wales minister for him to look at and see whether it warrants an application.

**Senator WILLIAMS**—So the New South Wales minister can direct NRAC to go and look at the area?

**Mr Mortimer**—No, he cannot direct NRAC. He has to make the case to the Commonwealth minister. NRAC is a Commonwealth body and reports to the Commonwealth minister.

**Senator WILLIAMS**—The exceptional circumstances are due to cease in June next year, is that correct?

**Mr Mortimer**—No, that is not the case. The government position is that it is reviewing the drought programs and policies, but it has not come to a decision on the nature of any new arrangements at this stage. It has done two things. The minister has said that the current EC arrangements continue until some other arrangements are in place. Indeed NRAC will continue to assess areas against the current criteria. Otherwise, the drought funding programs

have been rolled over. That was announced in the budget for this year so that the funding will be provided for those program activities.

**Senator WILLIAMS**—Wonderful. I have many other questions, but I will put them on notice.

**CHAIR**—It is entirely up to you.

**Senator WILLIAMS**—Time is of the essence so I will put them on notice.

**Senator MILNE**—Can you just tell me, Mr Mortimer, when the government began its assessment of exceptional circumstances in the light of climate change? When was that review process announced first?

**Mr Mortimer**—I think it was April or May last year, but let me quickly check. It was in April last year that the review was commenced.

**Senator MILNE**—So we are 18 months more or less into that review. What have you reviewed so far in light of climate change? What sort of data have you brought to bear on the existing criteria?

**Mr Mortimer**—There was a special report done by the Bureau of Meteorology and CSIRO on the effect of climate change on the likely nature and frequency of exceptional climatic events. That report was provided to the government in July last year. It is a public document so it can be made available to you.

**Senator MILNE**—So that report was in July last year?

**Mr Mortimer**—That is right.

**Senator MILNE**—So we have had 15 months since then. What has been done—

**Mr Mortimer**—There have been two other reports done as well. Just to fill the picture in. There were three reports done to assess the full set of issues around drought and exceptional circumstances. One was the report that I have just mentioned by the Bureau of Meteorology and CSIRO. The other one was an assessment of the social issues confronting Australia and the farming sector as a result of drought. That was done by an expert panel headed by Mr Peter Kenny. Their report was released on 23 October last year. At the same time, there was a Productivity Commission report done on the government's drought programs. That report was provided to government on 27 February this year. The report was tabled on 12 May.

Those three reports covered all the different aspects and dimensions of drought—economic, social and climatic. Since then, the government has been examining the issues and is looking at those. It is a very major issue as you would appreciate. The government is giving it full consideration to settle its position for the future.

**Senator MILNE**—Have you made recommendations to government in relation to that issue of how exceptional circumstances may be altered in the light of climate change?

**Mr Mortimer**—The government is considering the information from the Bureau of Meteorology and CSIRO report and it is looking at all the different options that are available.

**Senator MILNE**—I heard you say a moment ago that the current arrangement extends until when next year?

**Mr Mortimer**—The program funding for many of the programs was rolled over for a year to 30 June 2010 because they were lapsing this year. The key assistance elements—interest rate subsidies and the exceptional circumstances relief payment—are ongoing. They are not lapsing programs, so they will continue for as long as there are areas that are found by government to be eligible for that assistance under the current arrangements.

**Senator MILNE**—What I am having difficulty in trying to determine here is at what point will rural Australia be told that the conditions for exceptional circumstances are now changed because of climate change? At what point do we expect that to occur, or is that going to be fudged until after the election next year?

**Mr Mortimer**—That information is available in the Bureau of Meteorology-CSIRO report. The issue for the government is to decide what measures, including for exceptional circumstances assistance, it wants to put in place to deal with the situation in Australia's farming sector as a result of drought and climate change.

**Dr O'Connell**—Senator, the CSIRO-BoM report is the one that you would be looking at to see the nature of the one in 20- or 25-year exceptional circumstances being affected by climate change. It is very clear in that report. It is a public report and it has been very clear, I think, in the statements of the minister afterwards that the purpose of the review to improve drought policies is exactly to respond to that set of features that have become clear.

**Senator MILNE**—I guess my issue is that that report has been sitting there for a good year now waiting for some kind of response while people in rural Australia are left wondering at what point there is going to be a change in these circumstances.

**Dr O'Connell**—Certainly again in terms of the minister's statement, it has also been very clear that he wants to be sure that the landing that the government reaches is something which the rural industries overall can work with. It is a very complex area and the set of interactions is complex, and clearly the government is looking to take the time to get it right. Again recently the minister stated, for example, in the address to the Committee for Economic Development of Australia in September that he is hoping to be there in the budget context. So I think the time frame is becoming clear.

**Senator MILNE**—While I am on the subject of climate policy, one of the big issues for rural Australia is the issue of green carbon, carbon in natural systems and production carbon in agricultural systems. What work is your policy branch doing in terms of looking at assisting in, first of all, accounting for emissions from rural Australia, looking at the potential to offset with increased soil carbon and looking at the issue of food security versus carbon plantings in the landscape? Is your department doing any work on this whole landscape—that is, where do we want to grow food, how do we sustainably grow that food and how do we enhance carbon at the same time?

**Dr O'Connell**—I think Mr Gibbs might be well placed to answer this in terms of the Australia's Farming Future program and the research work that is occurring there.

**Mr Gibbs**—Just stepping through your questions, your first one was referring to the accounting. DAFF officials from my branch attend, with Department of Climate Change officials, international negotiations. DCC lead the government's negotiations in that fora. We are currently looking at how you treat soil carbon in international rules. We are also looking at

the issues of forest management and how you separate human and non-human induced emissions. That will go a long way to considering how we encapsulate our soil carbon policy and managing farm systems. At the moment there are a number of meetings going on internationally. There was one in Bangkok only a couple of weeks ago. There is one coming up in Barcelona soon and a further one of course in Copenhagen in the second week of December.

**Senator MILNE**—What about the issue of food security versus carbon in the landscape?

**Mr Gibbs**—We are doing a lot of research on soil carbon, so that is obviously how you handle that balance between accounting for potential sequestration while also growing crops in the cropping systems. We are also looking at managing emissions from livestock as well and further nitrous oxide emissions—that is, looking at what is the best way to grow intensive crops or broadacre crops while reducing those emissions. So that is the approach we are taking at the moment to get an appropriate balance between looking at food production and how you can—

**Senator HEFFERNAN**—Best of luck, buddy!

**Mr Gibbs**—It is a long process and it is very complex, I have to admit.

**Senator HEFFERNAN**—You will not find an answer either.

**Senator MILNE**—So what is the plan here? We have had a lot of looking into it. At what point do you expect to have some sort of plan for dealing with green carbon?

**Mr Gibbs**—We obviously have a policy context at the moment with the CPRS. There are issues with agriculture, and the government has acknowledged that. In terms of measuring emissions, it is complex, it is difficult and we have to get the rules right to suit our circumstances. But we also have to put the effort into research, so it is going to take time. I think that has been recognised previously.

**Senator HEFFERNAN**—There you go!

**Senator MILNE**—I have some questions on forestry, so if I can come back to those when other people have finished their climate questions.

**CHAIR**—Yes, of course, Senator Milne. Senator Heffernan.

**Senator HEFFERNAN**—So are you in charge of that, are you?

**Mr Gibbs**—I am one of the people involved in it, yes.

**Senator HEFFERNAN**—So how do you calculate it? If we are dealing with a global market and a global agreement to what Senator Milne is referring to, how do you actually deal with the vagaries of it all? The UN is the largest and most corrupt body on the planet which is dominated generally by dictatorships and not many democracies but funded by the Yanks. How do you deal with endemic corruption—

**Senator MILNE**—Are you saying the coalition does not support the UN?

**Senator HEFFERNAN**—No. I said the UN is the largest and most corrupt body on the planet.

**Senator MILNE**—Then why are you supportive of it?

**Senator HEFFERNAN**—I have not got a position. That is just a statement of fact.

**CHAIR**—Senator Heffernan, I am enjoying Senator Milne's line of questioning. Do you want to answer Senator Milne?

**Senator HEFFERNAN**—It is like saying you go to the courts to get the truth. The courts are not about the truth; the courts are about the law.

**Senator Sherry**—Are we on the courts now, are we? From the UN to the courts in one easy question!

**Senator HEFFERNAN**—I am pleased everyone has lit up a bit. How do you deal with endemically corrupt countries when it comes to—

**Senator Sherry**—That is Foreign Affairs.

**Senator HEFFERNAN**—No, it is like the importation of bananas. How do you absolutely deal with the corruption that is in the system when you are trying to make farm calculations? Do you understand the difference between a lucerne plant if it is eaten when it is six inches high and had three inches of rain on it or if you allow it to seed and eat it and the difference between what it will do when it seeds to carbon sequestration? How do you work out whether the cows have eaten it before it has seeded and all that sort of stuff? Do you understand what I am talking about?

**Senator Sherry**—None of us do!

**Mr Mortimer**—That is a multilayered question there.

**Senator HEFFERNAN**—The reason why the US has decided to leave farmers out on the debit side is because no- one can answer that question—not a soul! But if you want to have a crack at it, Mr Mortimer, I will take you on. No, encourage him, Dr O'Connell! Let him have a crack at it!

**Dr O'Connell**—I certainly will not.

**Senator HEFFERNAN**—Let him have a crack at it! Dr O'Connell, have you had a look at the farm institute calculator?

**Dr O'Connell**—Personally myself?

**Senator HEFFERNAN**—The department.

**Dr O'Connell**—Yes.

**Senator HEFFERNAN**—And the minister's office is aware of the brief on that?

**Dr O'Connell**—Yes, we are all aware of that.

**Senator HEFFERNAN**—This week in the *Land* newspaper there was some coverage given to a farmer at Cumnock who put his farm through the calculator. He is a decent bloke with a couple of kids and a stack of cattle on 10,000 acres. He does zero tillage, rotational grazing and all the things that we cannot get a credit for. At \$25 a tonne because of the mess of what has happened under Kyoto, he cannot and we cannot and no-one else can get any credits for the things that I mentioned. So he has a bill under the calculator. Do you think the calculator is creditable?

**Dr O'Connell**—He has not got a bill. The calculator is a tool which is designed—

**Senator HEFFERNAN**—Yes, but first things first—

**Dr O'Connell**—Can I answer the question? The calculator is a tool designed to allow landholders to make some broad assessments of the likely emissions that they may have in their current structure and think through options for changing that. The calculator does not relate at all to the CPRS. How that number of \$75,000 was arrived at I cannot possibly tell you, because there is no connection between the FarmGAS calculator and the CPRS.

**Senator HEFFERNAN**—Has the calculator got credibility in the eyes of the department?

**Dr O'Connell**—The calculator has a tool to allow landholders to make broadscale assessments of the potential—

**Senator HEFFERNAN**—Do you think it is a useful thing to do that?

**Dr O'Connell**—It probably is a useful thing to—

**Senator HEFFERNAN**—No, no, not 'possibly'. Has anyone said, 'Yes, this is a creditable tool that the Farm Institute has put out'?

**Dr O'Connell**—It is certainly being looked at as a useful tool for farmers to think through the options they may have in certain areas of changing practices or mixes in order to manage greenhouse gas emissions. It has no relationship to the CPRS and was not intended to do so. The \$75,000 is not a number that—

**Senator HEFFERNAN**—Calculations arriving out of the calculator allow you to make those estimations, and at \$25 a tonne, in his estimates, using that formula to then derive from—

**Dr O'Connell**—No, I think you are making—

**Senator HEFFERNAN**—Well, it is the same as saying at \$17 a tonne every irrigated dairy farmer is insolvent more or less under—

**Dr O'Connell**—Whoever made that calculation presumably made some assumptions about how the sector would be covered under the CPRS in the event that it was.

**Senator HEFFERNAN**—Do you accept that he would be legitimately allowed under the present arrangements to say that he could not get any credits for anything other than the trees that he was planting on his farm?

**Dr O'Connell**—I do not know the mix of his—

**Senator HEFFERNAN**—No, no, no—

**Dr O'Connell**—Senator Heffernan, you are asking me a specific question about a specific farm.

**Senator HEFFERNAN**—You must know this. Under what is proposed in the legislation—and that PhD of yours is better than my wool classing and welding—

**Dr O'Connell**—I doubt that.

**Senator HEFFERNAN**—Under what is proposed he cannot get any credits for anything other than his trees. Senator Milne has just confirmed that.

**Senator MILNE**—That is correct.

**Senator HEFFERNAN**—To the credit of the government, it has a position. It says, ‘We are going to tell you in 2013. We will implement it in 2015. By the way, if we do not include you in 2013, we will tax you at the equivalence on the debit side anyhow,’ despite the fact that because we have this national and global log jam, because no-one now can get credits for what you inventive farmers want to do on your farms despite the risk of crown rot and all the things that happen to your crops with you retaining stubble—and I presume you know about that—there is absolutely a cliff that agriculture is going to go over if we do not fix this. There is absolutely a cliff.

**Dr O’Connell**—Senator, I might ask Mr Gibbs to explain the relationship between the farm calculator and the state of play on the CPRS. That might be useful.

**Senator HEFFERNAN**—No, forget about the farm calculator. You have explained that enough. You can actually use those calculations to estimate, if the proposed legislation is the law, what happens to your farm. Forget about that. But you explain to me how the government, in its fantasy, might imagine that they can begin to believe that if a cow is on the Murrumbidgee flats at Wagga eating irrigated lucerne, or dry land lucerne at Eurongilly, or corn-fed hay at Moree, or in a 1½ million acre spread on the Northern Territory—what is the polite way of saying ‘farting’—belching and rear-ending, you can work out what the emissions would be. It is impossible. If you think it is possible, then it would be the greatest lurk for all the lurk men—and we are all likeable rogues in the bush.

**CHAIR**—All of you?

**Senator HEFFERNAN**—Yes, most. Anyone who survives has got to be a likeable rogue; isn’t that right, Senator Williams?

**CHAIR**—I am sure there is a question coming, Senator Heffernan. I just do not know when.

**Mr Quinlivan**—Senator, without conceding impossibility, I think there are two other points to make about the scenario that you—

**Senator HEFFERNAN**—You will confirm the department—

**CHAIR**—Senator Heffernan, you might not like the answer but why do you not let the officials answer your question. Mr Quinlivan was halfway through. Mr Quinlivan, would you like to answer Senator Heffernan’s other question? I will not say his ‘first’ because there have been about 7,000.

**Mr Quinlivan**—I think the answer to this question that is coming is yes, but I will let him get it out first.

**Senator HEFFERNAN**—Can you confirm that the department funded the calculator?

**Mr Quinlivan**—Yes, that is right.

**Senator HEFFERNAN**—So are you happy with the money that was spent? It was well spent?

**Mr Quinlivan**—Well, as I understand it, it is a useful tool for calculating a carbon footprint of a farm business.

**Senator HEFFERNAN**—So you are not saying that this guy at Cumnock does not know what he is talking about?

**Mr Quinlivan**—No, that is where I was going with the comment that I was starting.

**Senator HEFFERNAN**—All right; away you go.

**Mr Quinlivan**—I think there are two points to make. One is that the government has said that it will implement the international arrangements that are agreed at Copenhagen. The particular things that you are raising—the capacity to account for soil carbon sequestration and so on—are things that we are looking to advance in those Copenhagen negotiations. If we are successful and we can count them against our international obligations, then we will have a capacity to make them available in the Australian market.

**Senator HEFFERNAN**—Very good answer.

**Mr Quinlivan**—That is the first thing. The second thing, which is perhaps the more immediate thing for this scenario, is that if you were going to apply some assumptions derived from the CPRS or whatever to the gas calculations, to do that in a credible way you would need to use the full package. From this conversation it sounds like there was simply the application of a price of carbon, not the rest of the things that would follow from the application of the CPRS as it is currently designed, including particularly the support for emissions-intensive trade-exposed industries.

**Senator HEFFERNAN**—But his calculations were based on, to the best of his knowledge, what is in the future. Now, what is in the future—

**Mr Quinlivan**—I am disputing that, Senator. I am saying that that does not sound, from this conversation, to be a fair and respectable thing to do, because it has cherry-picked the cost side of the equation without accounting the offsetting effects of—

**Senator HEFFERNAN**—Yes, but Europe has said they are going to leave farmers out on the debit side. The US, if they can get it through the Senate, is proposing the same thing. As you know, France is going to take a completely different position. The UK have this, shall I say, fanciful pot-smoking, plait-your-armpits scheme where you can engage in it voluntarily—the same as the 40c market in the US, which is about people who want to grow two potatoes in their backyard or something, but in a commercial driven market—there is no market. The reason there is no market is: how the hell would you supervise the market? How are you, Mr Gibbs, going to know whether my cows are eating spear grass, lucerne or oats? How are you going to know?

**Mr Quinlivan**—I think the minister—

**Senator HEFFERNAN**—No, I am asking him.

**Dr O'Connell**—You are asking the department, Senator, and Mr Quinlivan can answer.

**Mr Quinlivan**—The minister has been very explicit on this—

**Senator HEFFERNAN**—He certainly has.

**CHAIR**—Senator Heffernan, we have finally got to your questions, but I will just ask you one more time: will you let the officials answer, because—

**Senator HEFFERNAN**—Passion gets the better of me.

**CHAIR**—I understand that but, quite frankly, as far as I am concerned, Senator Heffernan, you can have the floor all night. It does not worry me, but your colleagues have some questions. Mr Quinlivan, I interrupted you and I apologise, but it is for the betterment of the process. Do you want to answer Mr Heffernan's latest question?

**Mr Quinlivan**—I was simply going to make the point that the minister and other ministers have repeatedly made the point that these are the formidable kinds of practical difficulties that will need to be resolved if agriculture is to be included in the scheme, and that decision will be made later on.

**Senator HEFFERNAN**—What farmers are looking forward to at this minute, under what is proposed to be out of this parliament and ticked off by the end of November, or before this so-called smokefest in Copenhagen—

**CHAIR**—That is your opinion, Senator Heffernan. Why don't you get to the question, because I have let you have a bit of a run—

**Senator HEFFERNAN**—Well, it is proposed that we legislate this.

**CHAIR**—You may have problems with your party room, Senator, but what is your question?

**Senator HEFFERNAN**—There is absolutely no solution on the credit side for farmers. We have been told, 'Mate, you can deal with the dollar if it goes to parity or \$1.10.' You are getting a bit of publicity now about the wine industry. Anyone who is exporting lambs is losing money. The cattle are cheaper than they have been for 15 years now and the price of wheat has gone down by 60c in 12 months. So we are up against all that plus the weather problems and no water. Under what is proposed by the government, it is saying, 'In 2013 we will give you an answer, because in the meantime Mr Gibbs and your mob will be running around trying to unravel the impossible. You are going to fail and the US recognise that and so has Europe, but you will get there eventually.' Then you are saying, 'We're going to implement it in 2015 whatever we tell you in 2013,' and you are trying to explain that to your bank—

**CHAIR**—This is your last question, Senator Heffernan. Your colleagues are waiting.

**Senator HEFFERNAN**—And then you say, 'By the way, if we don't include you, we're going to tax you anyhow.' Isn't that the position?

**Dr O'Connell**—Senator, I think what you are talking about is government policy around the timing of the government considering whether or not—

**Senator HEFFERNAN**—Forget about the timing, Dr O'Connell. The outcome is: 'We'll tell you in 2013. We'll implement it in 2015 and, by the way, if we haven't figured out through Mr Gibbs how we are going to do this, we're going to tax you anyhow.'

**Dr O'Connell**—I think the point I am trying to make is that it is not a very useful question for us to be able to try to address because you are really just saying that the government has decided that it is going to—

**Senator HEFFERNAN**—Isn't this bloke entitled under this government funded program to make his calculations and then extrapolate those calculations as to how it is going to impact on his farm based on the best information that is available?

**Dr O'Connell**—It is not the best information. If you are making the calculation—

**Senator HEFFERNAN**—Where is the best information then?

**Dr O'Connell**—If you are making the calculation that there is a \$75,000—

**Senator HEFFERNAN**—No, but where should he go? Let's assist this bloke. Where has he gone wrong and where should he go to correct his calculation?

**Dr O'Connell**—I think Mr Quinlivan answered that.

**Senator HEFFERNAN**—Oh, yeah? Could you repeat it?

**CHAIR**—Senator Heffernan, with the greatest respect, if you shut up for a minute you might hear.

**Senator HEFFERNAN**—Where should he go?

**Mr Quinlivan**—I made the point that in moving from the calculation of the carbon emissions to commercial values the only fair or credible thing to do if you are going to use the CPRS is to use it as a package, not just use the carbon price element of it. It sounds like the person in question picked the price of carbon but did not then pick up other elements of the package, particularly including the assistance for emissions-intensive, trade-exposed industries.

**Senator HEFFERNAN**—I hope he is listening to that, because I do not understand what you are talking about. Can we just go quickly—

**CHAIR**—Senator Heffernan, your colleagues have all been waiting here since nine o'clock this morning. I am going to have to cut you off there.

**Senator HEFFERNAN**—Under the—

**CHAIR**—Senator Heffernan, you do not have the call. I have been more than fair with you.

**Senator HEFFERNAN**—This is very important—

**Senator NASH**—We will come back if there is time.

**CHAIR**—You have heard we will come back to you if there is time, Senator Heffernan. Senator Nash.

**Senator NASH**—Thank you very much, Chair. Just very briefly, still in relation to the FarmGAS calculator, Dr O'Connell, you made some comments in the beginning—and I am sorry I did not catch them properly—about its relevance as a tool in terms of relating to the CPRS. I am trying to remember what you said.

**Dr O'Connell**—No, I was suggesting that it was not intended to relate to the CPRS directly. It was intended—and others will be able to fill in with more detail—to allow landholders, farmers, to make an assessment of what their greenhouse gas emission profile might be now and what it might look like if they made changes to their operation. What I was

concerned about was the extrapolation being made that this would then demonstrate that there is such and such a cost to an enterprise from the CPRS. In the particular case that was featured on the front page of *The Land*, it appeared that all that was taken into account was a price of carbon being \$25 a ton and translated across. Mr Quinlivan pointed out why that would not be an accurate thing to do.

**Senator NASH**—That is understandable if, indeed, that particular farmer has done that.

**Dr O’Connell**—I am not saying he has. I think that is simply a report in the newspaper. But if that is what occurred—

**Senator NASH**—It is a possibility. In terms of real evidence, a farmer whom I was speaking to on the weekend who had done this and had done it properly—and it had taken him six hours to go through this for an average size farm in south-west New South Wales—came up with \$40,000. So there are a number of people out there doing this calculation properly and still coming up with those kinds of figures. So to generally disregard it as somebody has just put a figure in—there are some real concerns. My understanding is that the methodology that is used is the same as that used by the Department of Climate Change in determining the greenhouse gas inventory. Is that right?

**Mr Gibbs**—That is correct. We were present on the committee during the preparation for the calculator. There were consultations with DDC, which is responsible for measuring greenhouse gas emissions. So the factors and the methodology used by DCC for the national accounts were used for the FarmGAS calculator.

**Senator NASH**—So, given all the work—and obviously work by the Department of Climate Change—that has gone into this, it would be safe to assume that, having used it correctly and having put the information in correctly, the information given back to farmers using this tool is credible.

**Dr O’Connell**—I think, yes, broadly speaking that is right. I think the problem is when you take the next step, which is to ask, ‘And what is the cost of this?’ Because what appears to be happening then is that people are just putting a dollar price on carbon per ton, say, \$25, and saying, ‘Here is the amount of carbon I am producing. Therefore, I have this amount of impost coming my way.’ As Mr Quinlivan pointed out, that would not be applied to the CPRS. The CPRS is complex and the gas calculator does not help you determine CPRS conditions. That was not what it was intended for. So if people are using the gas calculator to just put a price of carbon on their outcome, what they are not doing is getting a result of the CPRS on their property.

**Senator NASH**—But if they have calculated the gas and they use the proper methodology to go through what you are talking about and if they still get negative results at the end of that, they are credible because of the way it is set up. It would be safe to assume that, would it not? Otherwise, what would be the point of the whole thing?

**Mr Gibbs**—The calculator is a tool to essentially show farmers what their emissions are on-farm from different practices, and then it is a tool to show you how those emissions can vary based on if you vary your management practices—for example, if you shift from cropping to more livestock. Then the farm would be able to get an appreciation of the effect on their emissions. The point we are trying to make here is that simply by multiplying that by

a carbon price you cannot then draw a conclusion about the impact of the CPRS. The CPRS is a package. It involves a carbon price, but it also involves a number of assistance measures which would offset the impact of these figures that people are coming up with out there.

**Senator COLBECK**—Most of which will have expired by 2015. How long does the fuel credit scheme run for—three years?

**Mr Gibbs**—Three years.

**Senator COLBECK**—Gone by 2015.

**Mr Gibbs**—I am referring to the emissions-intensive, trade-exposed.

**Senator COLBECK**—But they are not emissions-intensive, trade-exposed because they do not reach the threshold. We have had this argument time and time again.

**Mr Gibbs**—If food production came into the scheme in 2015, then they would be eligible for emissions-intensive, trade-exposure assistance.

**Senator HEFFERNAN**—How can they be?

**Senator COLBECK**—It comes down to where they allocate—

**CHAIR**—Put it this way, Senator Nash has the call. Senator Nash, it is now your colleagues chipping in their views.

**Senator NASH**—That is okay. I was happy for those views to be chipped in because I thought they were quite appropriate. So what you are saying is that it is the greenhouse gas implications that are measured from this to give a tool to farmers.

**Mr Gibbs**—Correct.

**Senator NASH**—So why then does the Australian Farm Institute itself say:

The Australian Farm Institute has launched the FarmGAS Calculator, an online calculator which enables farmers to model both the financial and greenhouse emission implications of decisions about different farm enterprises.

Is it being misleading?

**Mr Gibbs**—I have not seen that comment but it does not mention the CPRS or draw a direct link to the CPRS.

**Mr Mortimer**—I think possibly what that is meaning is that if a farmer changes his practices on the farm—say, shifting between livestock and cropping—there can be consequences in terms of the returns, depending on the price of those commodities. In the way you read it, that was the part that led. So, if a farmer changes his output mix in any one year, he is clearly planning and thinking about what is going to be the most productive, depending on the price of the day. So that is part of it. The other part is what the emissions footprint ends up being.

**Senator NASH**—That is not very convincing.

**Dr O'Connell**—My understanding—and I may be wrong and, if so, I will correct it—is that the Australian Farm Institute on its home page says that the gas calculator is not associated with the CPRS.

**Senator NASH**—We shall certainly check that. How much funding did the department put into the calculator?

**Dr O'Connell**—It was a Natural Heritage Trust grant, I think. I am not quite sure if you have that—

**Mr Gibbs**—That is correct. The investment made by the department was \$652,795.

**Senator NASH**—Could you repeat that again?

**Mr Gibbs**—\$652,795.

**Senator NASH**—Thank you very much, Mr Gibbs. Use it, but do not believe it. Is that the approach we are taking?

**Dr O'Connell**—We are just trying to settle on the dates.

**Mr Gibbs**—The funding for the FarmGAS calculator was agreed by the previous government just prior to the election.

**Senator COLBECK**—There is another calculator on the market. Is that correct?

**Mr Gibbs**—My understanding is that there is a dairy based gas calculator.

**Senator COLBECK**—Where does that emanate from? It is perhaps an unfortunate term!

**Mr Gibbs**—My understanding is that it is industry driven, but we can take that on notice and get back to you about that.

**Senator COLBECK**—Is there one that was developed in New Zealand as well.

**Mr Gibbs**—I am unaware of one at this time. We could undertake to get back to you.

**Senator COLBECK**—I have come across a couple of them.

**Mr Gibbs**—There is a number of tools like the FarmGAS calculator that are used to measure emissions. There are also tools—if you want to call them tools, but they are a bit more sophisticated. The Department of Climate Change has a national carbon accounting system and a national carbon accounting toolbox. I am aware that in New Zealand they have something similar to that. Every country that has to account for their emissions has to have some way of measuring.

**Senator COLBECK**—I have spoken to some farmers who have put their properties through it. The concern that has been expressed to me is that the lack of capacity to be on the credit size and some of the rules proposed around some of the other things limit their capacity to actually get the full benefits that they should get out of their farm.

**Senator NASH**—I only have a couple more very brief ones. Is the department's view that burning stubble and traditional farming practices are the way to go for the future, or are they more of the view that we should be moving to minimum till and no till?

**Dr O'Connell**—Is that a loaded question, Senator? \

**Senator NASH**—No. It is either—

**Dr O'Connell**—You are talking about the potential for methane?

**Senator NASH**—No, I am talking about farming practices—

**Dr O'Connell**—Broadly speaking, on productivity grounds—

**Senator NASH**—but it relates to this.

**Senator HEFFERNAN**—I do not know how you are going to count—

**Mr Mortimer**—I think it is a rather impossible question to ask because, firstly, the department cannot be expected to make a global statement about how any one farmer in any one place manages their farm. Farmers change their practices in agriculture over the years, reflecting a number of things—prices as well as land care and so on—with a view to maximising their returns. It think it is impossible for us to give a particularly sensible answer to that, I am afraid.

**Senator NASH**—In terms of agricultural productivity and the benefits to the land, you do not have a view on how that farming land should be managed? Is that what you are saying?

**Mr Mortimer**—The farmer has to make the decision as to what is best on his farm and they will do that in the light of whatever prices are there and the government policies of the day.

**Senator NASH**—That is extraordinary. It is extraordinary if the department believes that there is no difference between burning stubble and traditional farming practices and moving to a no till or minimum till environment in terms of agricultural productivity.

**Dr O'Connell**—I do not think that is what Mr Mortimer was saying.

**Senator NASH**—Maybe you would like to try again, Dr O'Connell, because that is exactly how it sounded.

**Dr O'Connell**—Perhaps—

**Senator NASH**—No. You can wait. It is my turn.

**Dr O'Connell**—It was perhaps the way you put the question, Senator. It made it sound as though the answer had to be either under all circumstances minimum till should be in place or not.

**Senator NASH**—I do apologise if I did not say it correctly.

**Dr O'Connell**—I think what we would say is that clearly minimum till and no till have a very large place to play in productivity. What I think Mr Mortimer was rightly pointing out is that there are some circumstances under which some farmers may well make a legitimate choice that they wish to do something else.

**Senator HEFFERNAN**—That is the answer—

**Senator NASH**—Just be quiet, Bill.

**Senator HEFFERNAN**—It is important—

**CHAIR**—No, we will come back to you. You have had your turn. Your colleague is saying no. Your colleagues have the call at the moment. I will go around the table, Senator Heffernan, then we will come back to you before we go off to other areas of the department. Senator Nash.

**Senator NASH**—Thank you, Chair. I am glad we have cleaned it up.

**Senator WILLIAMS**—I am—

**CHAIR**—Senator Williams, do not drag yourself down to Senator Heffernan's level. Everything is going all right at the moment.

**Senator NASH**—Is the department aware that the calculator, as I understand it, is weighted, if you like, to gearing farmers to burning stubble and using those practices, because there are actually other rules which count the methane emissions of the natural breakdown of the stubble? Of itself, it is steering farmers to burning stubble in terms of the financial implications.

**Dr O'Connell**—I would certainly have to take on notice the specifics around the issue that you raise, but I do understand that there is the issue of the potential for some methane emissions from the breakdown and of course that would be a legitimate thing to have some regard to. Whether that in itself outweighs either the productivity gains or the other land use benefits would also clearly have to be taken on board. The point would be: what would be the policy framework you would want to put around this in order to encourage the cost benefit, if you like.

**Senator NASH**—But would it be fair to assume that the department's intent would not be, in terms of those policies that were in place, to encourage farmers to burn stubble because there would be a financial benefit to do that?

**Dr O'Connell**—If that is taken to be irrespective of all other productivity issues and all other land use issues, no.

**Senator NASH**—I have one last question. It is really just to clarify this for me, and it is a different issue. It seems to be there is some confusion here in terms of the actual methane emissions from animals. The minister recently talked about including agriculture, and he said: The problem with agriculture is that the science is not where we need it to be to make that final call. The CSIRO last week was very clear and definitive in saying that 10 to 11 per cent of the methane emissions come from animals. Why, on the one hand, is the minister saying that the science is not there to make these deliberations and, on the other hand, the CSIRO is claiming quite definitively that they do believe they have the science to measure it?

**Dr O'Connell**—I am not sure precisely which is the quotation you are referring to from the minister.

**Mr Quinlivan**—I think you might be talking about the measurement of two separate things, Senator. On the one hand, CSIRO is talking about the measurement of emissions from the sector generally and totally, whereas the minister is talking about translating that into what is essentially a commercial transaction which needs to be on a property or a per animal basis. He is saying at that point the science and the measurements are not sufficiently precise that you can turn it into what is a financial transaction. They are quite different things.

**Senator NASH**—So the actual emissions that the CSIRO is talking about that they can measure are not what you need to say, 'This much is coming out the back end of an animal'? That is not the measurement you need. Is that what you are saying?

**Mr Quinlivan**—I do not think that is what they are saying. They are saying the practices—

**Senator NASH**—The CSIRO is saying exactly that.

**Mr Quinlivan**—They are talking about emissions from ruminates generally, as I understand it, and they talk about 16 per cent, which is quite different to saying, ‘Animals on this property are emitting X tonnes,’ which—

**Senator NASH**—True. But to get to this—

**Dr O’Connell**—Senator, my preference anyway would be to be very clear as to which reference to the minister you are making before we go and head off on explaining what the minister has said or not.

**Senator NASH**—It is quite a long extraction from the interview. So why do I not supply that to you? Then you can give me an answer on notice.

**Dr O’Connell**—That is not a problem.

**Senator COLBECK**—I just want to go quickly back to EC, but I will be back to climate change. In fact, to save time I will put the EC stuff on notice. That will save that problem. The visit that you had or the department had to Tasmania last week—and I think it was Mr Murnane who was down there—related to the service provided effectively in administering EC through Centrelink and that process. The concern that has been raised with me is that it is taking 12 or 13 weeks to assess claims. Obviously, in the current circumstances that exist that have found politicians, ministerial staff and members of departments trotting around the countryside to talk to these people, circumstances are quite dire. The reason people are fronting up to make claims for these support payments is that they bloody need them, yet they are being told when they get there that it is going to take 12 or 13 weeks. They will get their payments after Christmas. They are in doo-doo right now and it is deep.

Is there any way that can be mitigated? I understand it is complicated. I spent some time working with Centrelink on a lot of their forms and stuff, so I understand that. But can additional resources be thrown at this or what can be done so that they are not waiting until after Christmas to receive support payments that are, without question—and I do not think anybody is doubting—desperately needed?

**Mr Mortimer**—We will follow up on that. We will take it on notice and get you an answer. I would be surprised if it is taking that long, but I cannot really say anything more than that. If you like, we will come back to you.

**Senator COLBECK**—We appreciate the fact that Centrelink has made special offers to set up offices at Smithton and places where things are particularly bad. I note today that the CWA is offering assistance programs. Has the government made any contribution to that that you are aware of? I know the Tasmanian government has.

**Mr Mortimer**—Not that I am aware of.

**Senator COLBECK**—It helps, but the farmers are all being told that there are payments available. I think they are up to about \$800 a fortnight.

**Mr Mortimer**—Yes, typically \$400 each—

**Senator COLBECK**—A week?

**Mr Mortimer**—at the partnered rate.

**Senator COLBECK**—But for them to have to wait that period in emergency circumstances is a bit difficult.

**Mr Mortimer**—Okay, thank you.

**Senator COLBECK**—Aside from the calculator that we have just spent some time discussing, is the department doing anything to talk to farmers about practical measures that they can utilise to reduce their farm level emissions?

**Mr Gibbs**—There is the research program which we have been working on for some time now. We have a number of projects in each state, which will start to provide information to farmers under Australia's Farming Future. There are also some exercises where we have met with farmers in terms of field days to talk about the research program. We have also covered off on one of the other programs under Australia's Farming Future which deals with training and how farmers can get access to training, which is dealt with by the Agricultural Productivity Division.

**Senator COLBECK**—But is there anything coming out of the action end of the research chain yet, or is it all still bubbling through the process?

**Mr Gibbs**—It is early days. We have started undertaking some sampling in areas across Australia in terms of the soil carbon issue. In some places we have not been able to start because crops are in the field, so the researchers actually cannot go through the fields for fear of trampling the crops. There has been some work done on the methane emissions program, looking at how we better measure some of the emissions coming from cattle. In Queensland we have also been getting some measurements on nitrous oxide from the projects.

**Senator COLBECK**—So it is still at a research and development level—

**Mr Gibbs**—Relatively early stage.

**Senator COLBECK**—and there is nothing practical at this stage other than the existing known practices?

**Mr Gibbs**—I think it is fair to say that. There are activities that Meat and Livestock Australia undertake as part of their normal activities in talking to farmers about how they productively manage herds. We have seen some evidence that the emissions intensity of herds has fallen, from just looking at productivity measures such as identifying less productive animals and looking at different feed techniques. They have been practices that have been around for some time and that farmers are well versed in.

**Senator COLBECK**—So should a dairy farmer look at the productivity of his cow coming through the udder or through the other two ends? They are the decisions we have to be making. As anyone involved in the dairy debate over the last month or six weeks in Tassie knows, farmers are working their backsides off to get productivity out of their cattle and consistent productivity for milk, butterfat and protein—and then they have another layer of complication in their productivity cycle, which is potential emissions. What are they farming for?

**Mr Gibbs**—Some of the work that has been done by Meat and Livestock Australia has actually looked at the number of cattle and the slaughter weight of those cattle. You have seen that there has been an increase in the slaughter weight of those cattle, so there has been a

productivity benefit there, if you like, but the emissions have not grown as fast. That has been a productivity bonus for the sector. It is a proof that, in terms of managing those herds, they have been able to reduce the greenhouse intensity of those operations. There is some evidence coming out of milk processing as well where, I guess, steps that have been undertaken and practices that have become well versed to the sector have happened in the past. They may not necessarily have happened predominantly for emissions reasons but for other good productivity reasons, and they have also helped reduce the intensity of milk production. So they are the sorts of examples that we are trying to build on now.

**Senator COLBECK**—So more milk per cow, which is what has happened effectively in the industry over the last 10 or 15 years. The productivity per animal has gone up significantly.

**Mr Gibbs**—But the inputs per animal have also gone up.

**Senator COLBECK**—Yes, the inputs are going up as well. What work is being done on measuring the progress during that period? I think Senator Milne's point is reasonable that, if you are putting a lot more feed into an animal to maintain and sustain your productivity, that is going to have an impact on your emissions as well.

**Mr Gibbs**—In terms of feed and inputs, I think where the science is taking us with managing methane emissions is that there are different levels of methane emissions that come from different inputs, such as from pasture versus grain fed or other supplements.

#### **Proceedings suspended from 4.00 pm to 4.15 pm**

**CHAIR**—We will resume in continuation with the Department of Climate Change.

**Senator NASH**—I am sorry; I should have asked this when we were on the questions before about the measurement issue and saying how the overall 10 and 11 per cent that the CSIRO was talking about is not the same as individual emissions. Do you not have to have a baseline figure per animal for CSIRO to come out with an overall figure of the 10 to 11 per cent that it is talking about?

**Mr Gibbs**—There are certain accounting rules and measurement techniques that the CSIRO use for the national number—the 10 per cent number that you are referring to. What we are trying to do over the course of the research over the next few years is to try to understand the different breeds of cows in the different regions of Australia and what sort of emissions come out of that and how you ingrain that into the accounting rules. At the moment, the accounting rules encapsulate an average across the nation, but they have difficulty going down to specific types of animals, what they may eat and how old they are. So that is the difference between—

**Senator NASH**—I understand what you are saying—that is, that different things that go in might produce different levels of emissions out of a cow. But I still cannot get my head around how—and maybe it is just me and I am sure you will be able to explain it far more simply for me—they get to the 10 per cent figure if there is not some kind of understanding of at least a baseline across those animals of what they emit. Otherwise, how do they get to that figure?

**Mr Gibbs**—There are rules. There are three tiers. I will try to answer this without going into very much detail. There are three tiers of ways that you can measure emissions and these apply to all countries and they are governed by the Intergovernmental Panel on Climate Change. The first tier is applying a way of measuring for all countries—so one factor that you can apply to the number of cows in all countries. With the second tier, you have a factor which is relevant to a specific country. In Australia we apply a tier 2 type of methodology. If we know the number of cows, for example, we can make a rough calculation of the methane emissions from cattle across the country.

**Senator NASH**—Just stop there, because this might be the easiest way to describe it. So that 10 per cent is rough calculations from, say, the cattle emissions across the country?

**Mr Gibbs**—Yes.

**Senator NASH**—And you are saying that, because they are rough calculations, it is a ballpark sort of figure. You cannot then drill that down to the accounting necessary for each individual animal on a farm because of all the different scenarios that might be in place for that animal.

**Mr Gibbs**—That is correct.

**Senator NASH**—So that 10 per cent should probably not be put as a definitive figure should it? If it is just this rough ballpark figure, how does the CSIRO say so definitively, ‘This is what it is?’

**Mr Gibbs**—That is based on the accounting methodology. We are debating between science and accounting methodology and this is, I guess, where the minister comes in about how the accounting rules do not necessarily reflect the science.

**Senator NASH**—I am a farmer. I am pretty sure what comes out comes out. With the accounting methodology—I mean, what comes out comes out.

**Mr Gibbs**—Yes. So what the CSIRO is reflecting is what comes out of the accounting rules under the IPCC guidelines.

**Senator NASH**—I have this beautiful picture of accounting rules removing themselves from an animal.

**Senator COLBECK**—I think we will invite him down to a cow shed and let him feel some accounting rules run down the back of his neck.

**Senator NASH**—I think that is probably a very good idea.

**Senator COLBECK**—On a frosty morning.

**Senator NASH**—That slightly clears it up for me, but not terribly well. Perhaps you would like to take that on notice and in more detail supply to the committee exactly how that CSIRO figure is arrived at. That would be very useful.

**Mr Gibbs**—Absolutely.

**Senator COLBECK**—Just on from our last point, the balance of a diet, I think, is something that is pretty important and which I was going to come to, Mr Gibbs, when we finished the last time. I was talking to some guys last week who were concerned about getting

the right balance between grass and grain in their dairy cows' diet. I know we have been banging on a fair bit about dairy right through this process, but they are, along with beef, at the top end of the process and it is fairly sensitive at the moment. Just going on to the research that has been done and what practical measures there might be available once we get further down the track, what support grants, funding or training programs are available, particularly support programs, for farmers to assist with the uptake of this if and when it becomes available?

**Mr Gibbs**—At present, I deal with the research into those questions that you were posing about diet and how it can affect animals—looking at the rumen and what you feed them and identifying more productive animals versus unproductive. There is a training component of Australia's Farming Future called FarmReady, which is undertaken by the Agricultural Productivity Division, that is used to provide training courses to farmers to, over time, teach them in how they manage climate change, be it emissions or adapting to climate change itself.

Going back to our research program, obviously, you have an element of the program which deals with laboratory research but there is also an element that deals with on-farm demonstration—actually having on the farm ways of feeding cows a certain supplement, trying to measure that impact on their methane emissions. We do that through, for example, MLA. MLA also has quite an extensive network where they talk to farmer groups and show farmer groups those results.

**Dr O'Connell**—Senator, FarmReady is a \$26.5 million program over 2011-12.

**Senator COLBECK**—Thank you. At what stage are we expecting to see some results from our research into the practical measures? We are getting into that process now. If we have \$26 million until 2011 sitting on the table to start assisting farmers to uptake, when are we going to start seeing results from their research?

**Mr Gibbs**—FarmReady projects are already occurring.

**Senator COLBECK**—I understand that.

**Mr Gibbs**—In terms of the results coming out of the research program, it really depends on what area of research you are focusing on. In terms of methane, it is going to be some time before we have results coming out of those research projects. It is quite a difficult area of research, as you can imagine—actually coming up with those practices that can be demonstrated on farm in terms of managing that. In terms of our other parts of the research program, like soil carbon, we are at the moment measuring and sampling different crops or different farming practices and analysing the impact that that has on soil carbon levels. That is probably something which will be coming through the pipeline sooner compared to methane emissions.

**Senator COLBECK**—Can you give us a rough idea of the time frame?

**Mr Gibbs**—I expect we will start to see some of those results—the best case—towards the middle of next year, because we have to go through the sampling. We have started sampling but in some cases we have not started sampling because it actually depends on the availability of fields and where crops are grown. So we are subject to the cycles.

**Senator COLBECK**—How do those sorts of things align with current negotiations at an international level on accounting and what is going to be allowed and otherwise?

**Mr Gibbs**—We have a good understanding of the emissions sources and things coming out of cropping and other land based activities at present at the national scale. It is very similar to the conversation that we have been having about methane emissions nationally versus what actually happens on farm. We have an understanding of what happens nationally with regard to soil carbon. We made a decision not to include that in our national accounts because it was actually a good source of emissions and that was to do with non-human factors like bushfires and droughts. So they are the parts of the rules that we are trying to negotiate around now. So we have a fairly good understanding about the impacts of a prolonged drought or a bushfire on soil carbon, but what we are trying to achieve with our research is actually drilling down to what happens on farm. So, again, there are two different layers of complexity, if you like. We have a fairly good understanding at the national level and we know, based on current rules, that we have exposure. So that is why it was not in our strategic interests. So we are negotiating internationally to try to change those rules, but at the farm level we need to get out and basically sample practices and that is what we are doing. Later on we are going to use those results to put into modelling to actually measure the impact of soil carbon levels.

**Senator COLBECK**—It is all words, but I am not sure that actually answers the question, quite frankly. I understand there are heaps of variabilities. I saw some work from BRS a couple of weeks ago that talked about the average soil carbon content in different regions around the country. It varies enormously and can vary even across one farm. How far away are we from having some practical capacity to deal with this? I was in the UK in July talking to the National Farmers Union; they have an agreed reduction, but neither the National Farmers Union nor the government has any idea how they are going to measure it. They do not have a clue.

**Mr Gibbs**—To be honest, it is difficult to put a time line on when we will have the results. We know the steps that we have to go through—we have to collect a number of samples across the country to accurately measure the results on farm—but, at the end of the day, those results will be modelled. Farmers will be able to use the model called the national carbon accounting tool to assess the level of soil carbon on their farm. But there is a complexity here: it does depend on international rules and how those international rules are negotiated over the next few months. It is difficult to place a time line on it. It is very dependent on the nature of the results that come out of the science, the sampling and the methodology.

**Senator COLBECK**—So there are lots of bits of string and we have no idea how long any of them are but we are trying to pull them all together into a strand?

**Mr Gibbs**—We will start to get sampling results towards the middle of next year. But it is difficult to answer your question about whether the farmer will know the soil carbon levels from next year onwards. It will depend on the accounting rules and what that means to them.

**Senator COLBECK**—Realistically they will not. We might have some ideas of what some isolated areas are or what some sampled areas might be; it will give us a rough idea. There is still a heap of work to be done as far as the international rules are concerned. We are still a way off. There is still a lot of work to do.

**Dr O'Connell**—That is all the background to why the government is leaving it until 2013. It is so we can do that sort of work.

**Senator HEFFERNAN**—Are you doing range lands? If I have 700 cattle 200 kilometres north of Broken Hill am I included in your study?

**Mr Gibbs**—Is this on the same thing?

**Senator HEFFERNAN**—Yes.

**Mr Gibbs**—There is work going on in Queensland looking at the range lands. They are looking at cropping systems, beef systems and area systems.

**CHAIR**—Sorry, Senator Heffernan, but your colleagues—

**Senator HEFFERNAN**—But this is very, very important.

**CHAIR**—You must seek the indulgence of your colleagues.

**Senator HEFFERNAN**—I seek your indulgence because this is very important. The dust that came through Sydney the other day has absolutely removed the topsoil off all the country from Broken Hill into the top end of South Australia. The carbon in the topsoil has been removed. For the cockies out there, how are you going to calculate their indebtedness or credit in terms of carbon for that sort of catastrophic event? I think the New South Wales government is about to ask for emergency funding from the federal government for that. They had to dig rams out that had settled down for the night. They were covered, all bar their heads, in sand. They had to dig them out. There is a hell of a carbon loss in that. The carbon that has built up in perennial grasses, bushes, creeping saltbush and plains grass—

**Senator COLBECK**—What are the risks to the system? We will have to go on to that later, Bill. I will come back to food processing and manufacturers. Does the department have a sense of how many food processors might be considered large emitters under the scheme?

**Mr Gibbs**—We do not have an exact number. I think the number ranges from about 100 to 200. At the end of the day, it depends on what the threshold is for the emissions trading scheme, if we go down that path. If it is a 25,000-kilotonne threshold, I think the number is in the order of 100 to 200. I can check that for you and come back to you on that.

**Senator COLBECK**—How many of those would be eligible for free credits?

**Mr Gibbs**—That depends on the nature of the decision made in—

**Senator COLBECK**—No, it does not, because they are liable from day 1. We have had this argument; we do not need to have that one again.

**Mr Gibbs**—Current expectations are that when their electricity emissions and their waste emissions come in 2011 none of those processes will be above the thresholds for EITE assistance.

**Senator COLBECK**—Have you done a calculation of where the threshold might be for them to gain assistance?

**Mr Gibbs**—There are thresholds that have been calculated by the Department of Climate Change which provide an indication. I think it depends on which way you value emissions intensity. There is a value added measure and a revenue measure. There are thresholds which

are available there. We have not done any calculations on where processes would come out on those thresholds.

**Senator COLBECK**—Are you privy to that information?

**Mr Gibbs**—On the processors and where they come out?

**Senator COLBECK**—Yes.

**Mr Gibbs**—Not at this stage.

**Senator COLBECK**—So the Department of Climate Change has done some calculations as to what the thresholds might have to be for them to become eligible but you have not given them or asked for them?

**Mr Gibbs**—No, the Department of Climate Change has thresholds which they apply to all industries which come into the scheme.

**Senator COLBECK**—I am interested in the food processors because that is where we are at.

**Mr Gibbs**—I am not aware of the Department of Climate Change doing calculations on food processors and where they come out on those thresholds.

**Senator COLBECK**—So the department has not done any work on what the thresholds would have to be to assist food processors to get relief from their liabilities for credits?

**Mr Gibbs**—No, we have not done those calculations.

**Senator COLBECK**—So the department has done no calculation? How does Australian grain, processed and manufactured, compete on the international market? We have seen through the dairy debate over the last six months how the international market exposes the entire industry to those costs. We are suffering from a significant appreciation of the dollar at this point in time. How then do we compete on international markets given that we export something like 60 per cent of what we grow? How do we compete with the additional imposts? The decision in 2015 is, quite frankly, almost academic because you will have no food processing left by 2015. You have 100 to 200 businesses, which is probably most of the big food processing plants in the country, that are liable for emissions under the scheme. Not one of them is eligible for credits.

If you look again at dairy, we have dairy farmers being paid half the cost of production at the moment because of the international climate, which demonstrates that all the costs are going to get passed through. When we did the inquiry into AQIS all the processors said they would pass all their additional costs back through to the farmers. How do we compete on the international market with those additional costs? They are costs that exist from day 1. I know the government keeps on trotting around saying that farmers will be in so there will be no impact. The Deputy Prime Minister said it in my neck of the woods two weeks ago. The farmers could not believe it. How do we compete?

**Mr Gibbs**—There are measures that have been announced as part of the package which will lower the cost, with a cap for the first year. The fuel price—

**Senator COLBECK**—That is only for 12 months.

**Mr Gibbs**—The fuel prices will go for three years. The design of agriculture and whether it is included in the scheme or an alternative policy are part of the process that is going on at the moment, led by the Department of Climate Change. There are quite detailed design issues.

**Senator COLBECK**—I understand that what you are looking to do in 2015, if you bring it in, is put all your emissions from on-farm into the processing sector so they qualify. I understand that is what your direction is. But you have to survive to 2015. That is the point. They have to survive to 2015 so they become eligible for those emissions. My problem is how you get to 2015, because your costs arise from day 1 of the scheme.

Granted, in the first year you cap the cost at \$10 so there is an artificial support in there for the first 12 months, but it does not mean that the costs will not be there. I can tell you there are businesses that are making decisions about future investment and life after the end of this financial year with this stuff coming down the track, and all they need to do is make the decision not to invest. That is a spiralling down of our industry. If they leave, they will not come back. You will not see these processing plants come back. How do we compete? It is a simple question. How do we compete on the international market given that there is no question that we are trade exposed? That is clearly a fait accompli. We are trade exposed. Everybody knows that. Everybody knows that we are trade exposed, but how do we compete with the additional imposts?

**Dr O'Connell**—Senator, I think the set of issues are obviously alive in the debate, but I also think it is worth pointing out that this is a feature of the manufacturing sector more broadly and the processes—

**Senator COLBECK**—Yes, but it directly impacts on this portfolio and we have been told at the outset—

**Dr O'Connell**—Senator, I have not finished my answer and the point I was making.

**Senator COLBECK**—I am sorry.

**Dr O'Connell**—The point I was going to make was about the processes. There is a \$2.75 billion Climate Change Action Fund, which has been targeted to assist people come up with new low-emissions technologies—in other words, to provide some assistance. I think we would expect this sector to be a beneficiary in that area as well.

**Senator HEFFERNAN**—Richard, how do you calculate for the cows that do not get milked?

**Dr O'Connell**—I missed that, Senator?

**Senator HEFFERNAN**—If you pass all the costs back to the processor for the milking of the cows—that is what you propose to get them into the emissions exposed threshold; is that what you are planning?

**Mr Gibbs**—I am not sure of the question, Senator.

**Senator COLBECK**—We are in a completely different place. We have left the farm gate. We are in the processing plant. If there is no technology loop that can reduce emissions, there is still going to be an additional cost anyway. There are going to be additional energy prices and all of that sort of stuff. It is all going to flow back through the system. I accept that the

fund is there. I accept that that sits there. But companies that do not see a future in the industry are going to make decisions not to invest. They might not leave straightaway, and we have heard this all along. They will just go somewhere else and once we lose them they will not come back. But the fact is that they are trade exposed and certain elements are clearly emissions intensive. We have heard that through the inquiries that we have conducted.

We have held four different inquiries in the Senate. You have the ridiculous situation where some businesses have different levels within their own business, where they will close down plants that are the most efficient for production and, therefore, per unit on energy, to open up less efficient plants that come in under the cap. It is not a technology or a funding issue; it is just the fact that the plant is so big. You lose your efficiency out of the industry and, therefore, your competitiveness. Who pays? The farmer pays. We know that. That has been proven time and time again. How do we compete? The question remains: how do we compete with food processors being nailed with these imposts on the international market and retain a viable industry where farmers can afford to produce?

**Senator HEFFERNAN**—Especially if New Zealanders are given relief.

**Dr O'Connell**—With New Zealand, I think there is an explicit policy from the New Zealand government, and cooperation with the New Zealand government and our own government, to harmonise the systems in terms of the dairy, which is the major competitive exercise.

**Senator COLBECK**—The UK process is that they are going to leave land fallow—they will pay the farmers to leave it that way. That is what they are going to do. We have had discussion about the food task already and the fact that that is going to double. I am not sure that we are actually going to get too far. I think you get the point, but I am not sure that you have the answers, unfortunately. I do understand the elements of the scheme.

**Senator HEFFERNAN**—Can I ask a question about how farmers are going to be included in the emissions intensive exposed—

**CHAIR**—Senator Heffernan, I know Senator Adams has been waiting.

**Senator COLBECK**—I already put that on the record a minute ago. Farmers get included in the IT stuff by the processors being liable for their emissions.

**Senator HEFFERNAN**—But the bulk of your, with great respect—

**CHAIR**—Senator Heffernan, I will come back to you after your colleague. I did say that earlier. Senator Colbeck, do you have any more questions?

**Senator COLBECK**—Senator Adams, can have a crack on CPRS for a minute.

**Senator ADAMS**—I have a general question. I do not know who to direct it to. Have you done any modelling on the impact already of the fact that 2013 is going to be when we start looking at what goes on and then 2015 is the actual start of the scheme. I have attended a number of rural conferences around Western Australia recently. The banks are starting to refuse to lend people money. A number of people are getting out of their properties and there are a number of neighbours trying to buy properties and borrow probably \$1 million or \$2 million. They are now being rejected because of a long-term loan and the banks are not sure

just where it is all going to go. We have this problem and I am wondering if anything is being done about that? Are you looking at it? Who do I direct the question to?

**Dr O'Connell**—Senator, in terms of the banks' attitude towards loans, I think that probably will be something that is a lot wider than the CPRS issues.

**Senator ADAMS**—No, it is not. This is specifically about—

**Senator Sherry**—Well, that is people's claims. I think that is an issue for Treasury. In fact, I believe it is an issue for Treasury. They have the oversight of market operations.

**Senator ADAMS**—The question is: are they looking at it?

**Senator Sherry**—That is your assertion. Test it with Treasury.

**Senator COLBECK**—So what role does something like ag finance have, where the bank—

**Senator Sherry**—Whether the Treasury are aware—

**Senator COLBECK**—and accounts are brought together?

**Senator Sherry**—Let me just finish the answer. Whether or not Treasury is aware of the claims you make that people are having difficulty obtaining finance because of the issues that you have outlined, that is a matter for Treasury, I think. I will be at Treasury estimates and I am happy to let them know you will be raising it.

**Senator ADAMS**—Okay. I will go and write a question on that. The other question was on your modelling. I am wondering about emissions and a lot of people say, 'Well, you change your farm management practice.' When you look at what happens in Western Australia, South Australia, Queensland, New South Wales, Victoria and Tasmania, it is all very, very different. Are we all going to be lumped in together? Western Australia, because of the composition of its soil, is very different as far as no-till management and all that sort of thing goes in comparison to the eastern states, with the application of fertiliser and all the rest of it. There has been a huge change in farm management practice over there in the last 15 years. I do not know where these people can go to actually improve their farm management practice much more from what they have done to cope with what is coming along. How does the modelling look at what happens in Western Australia in comparison to other areas? Are we all just going to be lumped into one and this is what you do and this is the way it goes?

**Mr Gibbs**—Just to clarify, are you referring to the way we measure soil carbon?

**Senator ADAMS**—Yes, soil carbon and emissions; the whole practice. A number of people have done cropping and others have gone into livestock and are not cropping any longer, so there are lots of different ways. Also there is planting trees along creek lines and really getting into the Landcare issues very well. I look at it and think, 'Okay, you say to change their practice', but a lot of them have done that and they are really doing the best possible thing they can do and there is not really anywhere else to go.

**Mr Gibbs**—Senator, you raise a number of important issues. I think the obvious answer to your question is that emissions do vary across the country; you are correct in that. There are different soil types across the country and different elements of Australia have put different farm practices in place. We need to have an understanding of the soil carbon levels across

Australia and what practices can actually increase those soil carbon levels, if they can at all. With the modelling exercise in relation to soil carbon which DCC actually runs and has been given funding to upgrade that model, they will be looking at how farmers can actually apply that model on farm, based on their soil conditions. The research program which we run at DAFF goes around the country sampling different practices in different parts of the country and trying to apply a standard way of measuring across the country, which will feed into the model that DCC runs. The aim is to have a model which can be applied on farm for different soil conditions and different farming practices.

**Senator HEFFERNAN**—You are talking mainly about a single enterprise. If a crop fails and a bloke puts cattle on the crop, in your model that will not be calculated. Bear in mind that most of the cattle that Richard is talking about—the ones for which you are going to cop the credit at the manufacturing end—do not finish up being milked. The bulk of the cattle are free range and they are not actually part of any process. The bulk of the sheep are not part of any process.

**Mr Gibbs**—I think you should put this question to the DCC at their hearings. They have been given funding to look at something called the national carbon accounting system and a national carbon accounting tool. It does apply a farm systems approach. That is what they have been given funding to develop. It does look at these issues about different environments, different cattle, different crops, different soils and it applies a farm systems approach to managing emissions on the farm. It is at the development stage, but it is a relatively sophisticated model. So, for example, a farmer will know that, if they put more fertiliser on a paddock, they may have more grass and more soil carbon but they may have more nitrous oxide emissions because they are applying more fertiliser or, if they switch to a paddock full of grass and they put cattle on that paddock, they may have more methane emissions. So there is a balancing act here. Part of the program is to develop that tool for farmers.

**Senator ADAMS**—We will get on to the toolbox—

**Senator HEFFERNAN**—It will be a—

**CHAIR**—Senator Heffernan, Senator Adams has the call.

**Senator ADAMS**—So the farmers are going to use the national carbon accounting toolbox to try to estimate what is going on.

**Mr Gibbs**—The Department of Climate Change has been given \$16 million to refine that model and look at developing it. If you want to go into the detail about that model and how it works, or the program they have in store for that, I would suggest that you ask them at their hearing.

**Senator ADAMS**—This particular toolbox was raised at the last seminar I was at a couple of weeks ago. They were asking how long it was going to take for it to be completely developed. They were told that there are more discussion papers to come out on it. How long is it going to take to get a toolbox that really does work and that farmers can actually use practically?

**Mr Gibbs**—I do not have the answer to that question. It would be best put to the Department of Climate Change.

**Mr Mortimer**—Mr Gibbs is entirely right on that.

**Dr O'Connell**—We can take that on notice and ask the Department of Climate Change to provide us with information and provide it to you.

**Senator ADAMS**—It is just so difficult. People have to log into this toolbox and then it says, 'Use the default setting'. I want to know what the default setting is. It is completely confusing. At the last conference I was at there were over 100 farmers. It started at nine in the morning and went until 5.30 at night. There were 12 speakers. I do not think one person left. They are so confused. The end result was uncertainty. We do not know where we are going. It is just a huge problem. It hit home very hard to me. I was the only member of parliament from the whole of Western Australia there. This is a message I am bringing to you today. There is uncertainty out there amongst farmers. They are good farmers. They are not people who just chuck a crop in. Farming is a really big business now. Gone are the days when you could just grow a crop and if it did not work you put sheep or cattle on it. That does not happen anymore. These people are really desperate. As I said, there are a number of farmers pulling out. There are a number of people trying to buy properties and improve their lot. But everything is going in circles. It really is a problem. That is my message from them to you.

**Senator Sherry**—Senator, thank you. But we would also have a lot greater certainty if we had some legislation passed through the parliament. That would be providing some certainty.

**Senator ADAMS**—We want some rules first; otherwise, it will not make any difference.

**Senator Sherry**—I would suggest that some of these contributions are more appropriate to be made in the chamber when we get to debate the legislation.

**Senator ADAMS**—No, they are not.

**Senator HEFFERNAN**—No.

**Senator Sherry**—You have a right to convey a message, but this hearing is for questions on supplementary estimates.

**Senator ADAMS**—I have asked a number of questions and that was the end result of my questions.

**Senator Sherry**—My response is not just referring to you. Some of the questions from senators so far on this issue are not questions; they are political points. If you want to take up time making political points when I think they are more appropriate to be made in the chamber, provide some certainty and pass the legislation.

**Senator ADAMS**—I think I was pretty practical about my questions.

**Senator Sherry**—No. I am referring to questions generally on this issue, not just your questions.

**Senator ADAMS**—So why get into me?

**CHAIR**—Senator Adams, have you finished?

**Senator ADAMS**—I have for the time being.

**Senator WILLIAMS**—I have a couple of questions on climate change, Mr Mortimer. In relation to the government's proposed Carbon Pollution Reduction Scheme, I think we are

running at about 380 parts per million of carbon dioxide in the atmosphere at the moment. Are you aware of that?

**Mr Mortimer**—I will get Mr Gibbs to answer this one.

**Mr Gibbs**—I think that is about right.

**Senator WILLIAMS**—Looking to the year 2020, if the government's proposed Carbon Pollution Reduction Scheme is introduced as proposed et cetera and everything runs as the government plans, have you done any modelling of what those parts per million will be come the year 2020?

**Dr O'Connell**—That is an issue to take up with the Department of Climate Change which deals with the CPRS overall and its effect across the economy. We are not in the business of modelling the outcomes of that.

**Senator WILLIAMS**—Mr Talbot, I thought I would ask some questions of you. Is that okay?

**Mr Talbot**—That is fine.

**Senator WILLIAMS**—You have been pretty quiet today. I want to take you to the issue of the red gum forest near Deniliquin. Are you familiar with the area?

**Mr Talbot**—It is not an RFA area where there is an agreement between the Commonwealth and the state. But I certainly am familiar with the latest report that New South Wales has put out.

**Senator HEFFERNAN**—Is this the Barham forest?

**Senator WILLIAMS**—I am talking about the red gum forest at Deniliquin.

**Senator HEFFERNAN**—Is it on the Murray?

**Senator WILLIAMS**—Yes, it is right alongside it.

**CHAIR**—Senator Williams and Senator Heffernan, while you are having this wonderful exchange between yourselves about what river it is, if you want to take it outside and sort it out, I have some questions I could ask in the meantime.

**Senator WILLIAMS**—You go ahead and ask some questions then.

**CHAIR**—We have not finished with climate change. I am waiting to ask questions and the government senators will be asking questions. Senator Williams, do you have any more questions?

**Senator WILLIAMS**—Mr Talbot, are you familiar with the area?

**Mr Talbot**—Yes. It is a state issue. The Premier of New South Wales is working through a New South Wales forest agreement at the moment. Presently, the New South Wales Natural Resources Commission has issued a preliminary assessment on red gum forests. That public comment period is open till 23 October. Where there is federal interest is that there are some significant environmental aspects that have to be considered as well by the environment department.

**Senator WILLIAMS**—Such as?

**Mr Talbot**—Some of the ones under consideration are the superb parrot, the wetlands and I think there are some others as well. But, as far as this portfolio is concerned, it is not covered by anything we do.

**Senator COLBECK**—I know the department of the environment are considering it, because we talked to them at the estimates hearings in May. Have you been consulted about the issues that have been considered by them in this forest?

**Mr Talbot**—I have not been consulted by them. Very early in the piece I did make some inquiries with the environment department, but of recent times, no, I have not.

**Senator HEFFERNAN**—Is this Barham forest? There are three, 32,000-acre leases there, if that is what we are talking about.

**Senator COLBECK**—No, it is not, Bill. We are talking about the red gum forest just outside Deniliquin, near the choke on the Murray River.

**Mr Talbot**—That is right.

**CHAIR**—Now that we are all in the same forest, what is the question?

**Senator COLBECK**—Wacka and I are in the same forest.

**Senator WILLIAMS**—We have been in the same forest.

**Senator HEFFERNAN**—You have been there but do not know where it is.

**Senator Sherry**—You are on a different set of trees, mate. Let the senator who is in the right forest ask the questions.

**Dr O'Connell**—Just to clarify, Mr Talbot was talking predominantly about action that is being undertaken by the New South Wales government. That is where the action is currently lying.

**Senator COLBECK**—But Minister Garrett is currently considering what potential action to take in respect of these forests. We know that because we discussed it with him last time.

**Dr O'Connell**—I think that is waiting on the outcome of this process; that is the point.

**Senator COLBECK**—That is fine; I understand that. I am trying to get a sense of what advice might have been sought from this department to DEWHA in respect of the issues in the forest. There are things like the AGS method of harvest. There are issues in relation to the area that has been burnt and potential regeneration and harvesting of the timber that is sitting there. There are issues relating to the thinning processes that have been undertaken in the forest by the locals that have helped the forest to survive through some very dry times. There are issues in relation to the management of water through the forest.

**Dr O'Connell**—I would expect that to occur when this New South Wales process is through, because that is going to be provided, as I understand it, as the input to the decision process that Minister Garrett will be undertaking. I would expect at that stage there will be consultation across relevant parts of government, including ourselves, on the issues including, for example, the potential social and economic impacts.

**Senator COLBECK**—What levels of data do we have that relate to that forest? Given that, as you have said, it is a state forest, do we have much of a store of information there or knowledge about the practices that I just talked about?

**Mr Quinlivan**—I think we could confidently say we have very little information on this forest, because it is not a forest that we have any responsibility for. Our responsibilities relate to RFA forests. The rest are exclusively state responsibilities. It would be very unusual for us to have any detailed knowledge about them.

**Senator COLBECK**—What about information about the harvest practices that are part of the discussion—the AGS?

**Mr Quinlivan**—Similarly, if the question arose, we would hunt for advice, but it is not the kind of thing we would expect to be familiar with.

**CHAIR**—Do you have any more on that, John?

**Senator WILLIAMS**—You have covered it. I think it is a state problem. The problem is going to be it is all going to burn and kill everything.

**Senator COLBECK**—I am conscious that there are still some questions around the table on climate change. I have more questions on forestry.

**Senator NASH**—We are a long way over time and we are going to get jammed up at the end.

**Senator WILLIAMS**—

**CHAIR**—The beauty of that, Senator Nash, is that you cannot blame me. I am mindful of that, as long as your colleagues have all taken that in. Has everyone taken that in? I have some questions first. I want to talk about biochar. What is going on with the biochar programs?

**Mr Gibbs**—We have a program which we will be running with the CSIRO that was announced by the minister. It is \$1.4 million. That will involve some trials. The aim of the trials is to, first, get an understanding. There are different types of biochar based on what product the biochar is made from originally. We then need to match that biochar to the soil to make sure there is actually a productivity benefit or understand which biochar best matches the productivity benefit from soil, because that is of interest to the farming sector. The other element of the research program is understanding the emissions from making biochar. So we will be doing a life cycle assessment to get a handle on that. Thirdly, they are looking at the toxicity issues to do with biochar as well to make sure that they are not actually having problems with the soil or other toxins in making the biochar.

**CHAIR**—How long have we been doing these trials?

**Mr Gibbs**—The trials have not commenced yet. We have a program which builds on some work that the CSIRO had previously done. They did a full desktop review looking at the work that had been done domestically and internationally. We have identified those gaps and we have plugged those gaps with this program, which is scheduled to commence shortly.

**CHAIR**—Thank you very much. Senator Milne.

**Senator MILNE**—Are you looking at plantation blue gums and other monocultures as feedstock for biochar?

**Mr Gibbs**—I would have to take that on notice. I know we are looking at different wastes. But I am not sure about the blue gum side of it.

**Senator MILNE**—Any forestry plantation—softwood or hardwood? I would be interested to know if you are doing any work on using forest plantations as biochar.

**Mr Gibbs**—There will certainly be work done on plantations. The detail of which plantations I do not have with me at the moment.

**Senator MILNE**—If you could provide that for me, I would appreciate it.

**CHAIR**—I do not think it is unfair to ask. Senator Colbeck, did you have anything on biochar? We have got time and we can make time. We spent a lot of time on everything else; we will make it up somewhere.

**Senator COLBECK**—I am satisfied with that at the moment. Just to broaden Senator Milne's question on source materials, as long as we get good information on the broad range of source materials rather than just—I am broadening it out from where you are. That is all. I understand where you are coming from.

**Senator MILNE**—I just want to know what they are using and what they are experimenting on.

**CHAIR**—Senator Heffernan, but we will be quick.

**Senator HEFFERNAN**—In relation to the emissions-intensive trade exposed industries, you say that farmers might qualify for that?

**Mr Gibbs**—It is about what emissions sources are covered by the scheme. In 2011 waste emissions and electricity emissions will come into the scheme based on the current design. Processes which directly use electricity or directly generate electricity or have emissions from waste which go above 25,000 tonnes will have to have permits or they will have an obligation to get permits from the market. So farmers will not have a direct obligation to get permits. In terms of agriculture's inclusion in the scheme, that decision has not been made.

**Senator HEFFERNAN**—You will have to change the threshold, won't you?

**Mr Gibbs**—We do not know the answer to that at this stage.

**Senator HEFFERNAN**—What do you mean you do not know the answer? This guy at Cumnock is pretty pissed off. We have ragged him today—or you fellows have. He actually did the calculations based on being told by your mob that they may be included in the emissions trade exposed set-up and he has done the calculations on that as well. You said that \$75,000—Dr O'Connell said he has got it all wrong. He did both sides and then he did not include the cost of electricity, fuel, et cetera in that. He has done the calculations based on the fact that you have said he may be included. For God's sake, how would he be included unless you lower the threshold?

**Mr Gibbs**—If a decision is made to include agriculture, say in 2013, for argument's sake, a decision has to be made about whether the obligation is on the processors or the farm. If the obligations is on the farmer—

**Senator HEFFERNAN**—Stop there. The bulk of livestock is not part of a process; it is part of a breeding stock. Live export cattle and live export sheep—where do they become part of a processor? Over in bloody Saudi Arabia or somewhere?

**Mr Gibbs**—It depends on where you put the point of obligation. If you go on to farms, the potential is there to have a lower threshold.

**Senator HEFFERNAN**—You cannot have it both ways.

**Dr O’Connell**—Senator, he needs to be able to answer the question.

**CHAIR**—He does and I am going to wind it up very quickly, Senator Heffernan. So if you do not have an answer to that, Mr Gibbs, we are going to move on.

**Mr Gibbs**—If you have a point of obligation on the farmers, yes, there is a very strong likelihood that you will have to reconsider the 25,000 threshold. If the processors are the point of obligation, then there will be a different judgement made about whether the 25,000 threshold is still the right threshold to have in the scheme. It depends at what point the scheme decides to collect emission permits from agriculture, which has not been made.

**Senator HEFFERNAN**—Senator Adams said, ‘How are we supposed to explain this to the bank till 2015?’

**Dr O’Connell**—Senator, that is a rhetorical question that Mr Gibbs cannot possibly answer.

**Senator HEFFERNAN**—Can I just go back to Mr Mortimer? Inadvertently, you were perhaps right about the questions that Senator Nash was bringing to you on zero tilling. There is a serious scientific problem with zero tilling now which has just shown its head for the first time this year in a big way in the north, despite the rotational cropping phase they have up there, because of the need to burn. There is going to be the need to burn stubble occasionally because of crown rot. There is just no way they can manage it. Some of those guys at Coonamble this year had these fantastic looking crops but had enough rain to finish them. They walked into the crops and three-quarters of the crops are done with crown rot, and that is because of zero tillage.

That then gives you the problem as to whether you go to the user friendly for the environment in terms of zero tillage or do you actually look at the global food task and maximising the cost-benefit analysis of producing more food in a more intensive way because you cannot afford—we do not have a scientific solution—

**CHAIR**—Senator Heffernan, there is no question that you are going into one of your normal rants and I am going to have to pull it up, because there are other questions to be asked of a host of other departments at the request of your colleagues.

**Senator HEFFERNAN**—I have to finalise the R&D question.

**CHAIR**—Just ask the question, but if it is a rant, Senator Heffernan, I will pull it up.

**Senator HEFFERNAN**—On the R&D question, this is my question to the department, which can go off and find the answer: have there been any annual statements or glossy brochures by the likes of RMAC, like Justin Toohey’s thing which happened to be a vision document for the next five years—

**CHAIR**—Question, Senator Heffernan, question.

**Senator HEFFERNAN**—There were questions in there for the next five years which—oops!—did not include in it anything to do with the impact of carbon emissions trading except for two lines. Has there been any pressure put on these—answer this very carefully, because I know the answer—R&D bodies to exclude stuff about emissions trading?

**Dr O'Connell**—Senator, I think you better ask the R&D bodies that directly.

**CHAIR**—Thank you, Dr O'Connell. On that, we will now go to forestry questions.

**Senator MILNE**—My first question relates to Minister Burke's ministerial statement on preparing our forest industries for the future that he made last year. Did the department have any input into that ministerial statement?

**Dr O'Connell**—Yes, there was input. We were asked to provide a draft of a statement. The minister's office provided guidance as to what, if you like, the broad form of the statement should look like and we were asked to provide a draft for the office and the minister to consider.

**Senator MILNE**—Can you explain to me how it is that in Minister Burke's statement there are several statements that are identical to statements that are on the Gunns's website in relation to the pulp mill in Northern Tasmania, and I will give you an example. Minister Burke said that, at up to \$2 billion in capital expenditure, the mill would be the largest ever private sector investment in Tasmania and the largest ever by Australian forest industry. On the Gunns's site it said that at around \$1.5 billion in capital expenditure the proposed mill will be the largest ever investment by the private sector in Tasmania and the largest ever by the forestry sector in Australia. The minister said that the mill will add an estimated \$6.7 billion to Tasmania's economy. Last year Gunns said that the project will add around \$6.7 billion or even 2.5 per cent to the Tasmanian economy—neither with any evidence. Can you explain to me why the department sourced its material from the proponent and put it in the minister's statement without checking it against any independent reports?

**Dr O'Connell**—The numbers that were used, I think, were ones that were originally sourced from either Monash University modelling on the economic impacts of a pulp mill in Tasmania or the Allen Consulting Group which contributed to the economic impact assessment report for the mill. With regard to those numbers that are used there, they are not, as you say, exactly the same as Gunns. I think the \$2 billion number was probably an Allen Consulting number rather than the Monash number that was used, but those numbers were taken originally from those analysts. They were used then in the Gunns's statement and in the preparation of a draft. The department did draw on the Gunns's site for text and that was an error in terms of just drawing directly like that. But the actual numbers that were used were numbers which we knew came from the sources—Monash University and Allen—as part of the economic impact work that had been done for the proposal. When that became clear, after the event we did explain that to the minister and I personally apologised to the minister for that poor handling. But, as I said, the substance of the numbers are still numbers which are from reputable organisations. Monash University in the area is highly respected and Allen Consulting also used the Monash University modelling capability in terms of the substance.

**Senator MILNE**—While I take note that you have apologised to the minister for sourcing the actual text from the Gunns's website, what confidence do you think the community now has in any references the department might have in providing the minister with independent advice when the department has demonstrated that its first source of advice is to go and lift the text straight off the proponent's website?

**Dr O'Connell**—As I say, I think the substantial point was that the references to the economic impacts are ones which remain from reputable analysts in the area. Monash University and Allen Consulting are probably two of the leading economic impact analysts in the area. So from that perspective I do not think that those bodies have come under question at all in this area. Of course these numbers are always contestable. This is an area of course where assessments are contestable but, in terms of asking whether these are reasonable and plausible assessments of the potential economic impact assessment of the mill, I think that is reasonable.

**Senator MILNE**—To take you to the next point that the minister made in his statement and is lifted straight from the Gunns's website, the construction of the mill and flow-on investment would create some 8,000 direct and indirect jobs.

**Dr O'Connell**—Senator, this is part of the same thing. Those two components are the same.

**Senator MILNE**—Yes, they are exactly the same—8,000 direct and indirect jobs and 1,500 jobs created during operation.

**Dr O'Connell**—They again are from Monash.

**Senator MILNE**—In terms of Monash and Allen, are all those figures cited in those assessments?

**Dr O'Connell**—Yes. My understanding is that the 8,000 direct and indirect jobs are from the Monash work and the 1,500 jobs created during the operation are also from Monash. I think the Allen number is actually 1,617—a larger number—which was not used.

**Senator MILNE**—Do you stand by those?

**Dr O'Connell**—Again, as I said before, I think these are numbers which are sourced from Monash University providing assessments in the one case to the Tasmanian government and then also Allen Consulting in terms of the economic impact assessment report. Again, I say these are credible organisations.

**Senator MILNE**—And of course you would agree that the assumptions that are fed into a model are critical in terms of the outcomes you get from the model.

**Dr O'Connell**—Assumptions obviously are relevant and, as I say, Monash University and Allen are both credible organisations that would make credible assumptions.

**Senator MILNE**—The minister will obviously be held to account for the statements that he has made, but I would like to get an undertaking from you that in future the department will not be lifting text straight from the proponent's website and giving that to the minister to go out and suggest as some kind of independent statement.

**Dr O'Connell**—Obviously I have made the assurances to the minister that the processes that allowed that to happen no longer exist. We have different processes as a result.

**Senator MILNE**—I am very pleased to hear that, so we will not have a repeat of that in the future. At the estimates hearing last year I asked in particular in relation to the Tasmanian Forest Industry Development Program, the Tasmanian Softwood Industry Development Program and the Tasmanian Country Sawmills Assistance Program. I asked for the details of how the money was disbursed and whether it was on the website. Mr Mortimer, you indicated that you did not have a full list at that time, that it is not on the website and that you could take it on notice and provide that to me.

As far as I can find amongst all my records I have never received the full list of the grants that were made—the disbursement of moneys under that program. What I did get back was at 30 June how much was left over from those three programs and where that money went—that \$2.9 million was later disbursed to Caring for our Country and Landcare and so on. But what I actually wanted in addition to that was a list of the grants—how that money was disbursed, not as a generic or a large figure; I want to know specifically who got the grants and how much under those programs. Would you please be able to make that list available to me? I apologise if you have made it available to me. We have been right back through our records and I cannot find ever having received it.

**Mr Mortimer**—Senator, I will have to go and check our records. My apologies if we have not done it, or if the question has been misinterpreted. I did not come briefed on that issue, so—

**Senator MILNE**—Maybe if you can just take it on notice, but I would like to see a list of who got the money and how much under those three programs, because they have all been concluded now. It has been finalised. That would be extremely useful.

**Mr Mortimer**—You are quite right, Senator. The program has been finalised and we will do that as soon as possible.

**Senator Sherry**—Given the misunderstanding, I will also ask the minister's office to expedite the processing once the material is sent to him.

**Senator MILNE**—Thank you. The next question is in relation to Minister Burke's announcement in relation to two particular programs on carbon. One is the Indonesia-Australia Forest Carbon Partnership. That is dated June 2008. The other was the Papua New Guinea-Australia Forest Carbon Partnership. Apart from the announcement of the partnerships, we have not been able to get a copy of the actual partnership agreements. Are you in a position to make that available publicly? Can somebody explain to me where we can get the text of those two partnership agreements?

**Mr Talbot**—We will have to take that on notice, Senator.

**Senator MILNE**—Basically, all we have is the announcement and the press release type of thing. We would actually like to have a look at the specific document. If that is possible, that would be good. My next question goes to the one I asked earlier in relation to landscape planning and climate change. So Mr Talbot, I will come to you. Recently, Dr Polglase and others at the ANU have published a report, or part of a report, and made available an

assessment in relation to Queensland and how many hectares of Queensland potentially could be planted out with forests, or potentially available to forestry as a carbon sink, if you chose to plant it out. What I am trying to establish is the planning arrangement in the department between climate change policy and the forestry branch? As it stands at the moment, because forestry is an opt-in under the CPRS, people can make judgments about what their calculated return might be in the short term if that were to be made legislation—or in the longer term either, for that matter. However, in the absence of planning in terms of soil carbon or food security, or contributing to being one of six or seven countries that have net exports of food, are we not actually displacing agriculture for forestry by failing to have a level playing field on which to make those decisions? How is this planning going in terms of water sustainability, food production and carbon and the landscape, because one seems to be preceding the other, potentially with a perverse outcome for the other two? Can you explain to me how this is being planned?

**Mr Gibbs**—Senator, on the CSIRO report, you are right. I think the CSIRO report concluded that the earlier abatement potential will come from forestry. So there was a large number there. They clearly indicated that there were biodiversity and water implications to do with that. I think the figure was sort of like an aspirational figure and it also highlighted these problems. In terms of considering the implications of forest expansion and the relationship with land management issues, the Department of Climate Change is looking at those types of issues. It is looking at the interactions of water. It has done so in its carbon sink legislation, for example, and it is also looking at this biodiversity work as well.

**Senator MILNE**—When you say that they are looking at it in their carbon sink legislation, exactly how?

**Mr Gibbs**—There are guidelines in the carbon sink legislation which deal with looking at the water and biodiversity implications, which trees we should be planting under the carbon sink provisions. We have to follow those guidelines.

**Senator MILNE**—And what are they?

**Mr Gibbs**—The guidelines themselves?

**Senator MILNE**—They are signing up to the National Water Initiative, are they not?

**Mr Quinlivan**—No, they go further than that, Senator. They are a set of guidelines which attempt to describe established NRM policy, if you like, and make them a prerequisite for access to the tax concession.

**Senator MILNE**—And who oversees that?

**Mr Quinlivan**—I think the planners—the land planners. We might need to take this on notice, but I think if you have not seen the guidelines—

**Senator MILNE**—I have seen them.

**Mr Quinlivan**—Yes. You would know, then, that they are an attempt to describe established NRM policy.

**Senator MILNE**—But there is no enforcement. They are guidelines and the problem I have with this is that you are a fair way down the track in putting carbon in the landscape in

terms of trees but you are not a fair way down the track in assessing what the landscape will look like in the long term in terms of food production and water sustainability. That is my concern here—that you are advancing one ahead of the others with potential severe perverse outcomes. I want to know in your department—not in the Department of Climate Change—how you bring this together.

**Mr Quinlivan**—There are a series of incentives for land use. At present, we have not—and the modelling that ABARE has done, and Mr Glyde might want to talk to this when he comes to the table—seen any evidence that there are incentives that are so strong that they will overwhelm the current commercial incentive for land users to produce food rather than carbon. So we do not think there is a problem. There are some policy integration issues, principally in the area of water use. The government, as you know, and the National Water Commission are pushing for the implementation of the National Water Initiative as quickly as possible. We continue to do that. That is the sharpest area of potential policy conflict at present from our point of view.

**Senator MILNE**—Mr Talbot, coming back to you, Dr Ajani has appeared before a couple of Senate committees recently. She says that there is enough plantation wood available in 2009-10 to be able to provide all of Australia's wood products needs and that, therefore, there is no need to be logging native forests in order to meet those needs and that, in fact, continuing to subsidise the logging of native forests undermines the market for wood production in those plantations. Is that your assessment? Have you looked at what Dr Ajani has been saying and the figures that she has published?

**Mr Talbot**—I have had a look at some of the material that Dr Ajani has published. I have also had a look at some of the material that has come from ABARE and BRS on this matter and I think our figures are different from Dr Ajani's. I do not think her predictions are quite correct but, because some forecasting has been done on this matter by BRS, I would prefer them to answer the question.

**Senator MILNE**—So ABARE and BRS?

**Mr Talbot**—Yes, please.

**Senator MILNE**—All right. It is pretty important in terms of forest policy, though, and especially with climate change policy as well.

**Mr Talbot**—Yes.

**Senator MILNE**—So who advises the government in terms of the need to log native forests for wood production?

**Mr Quinlivan**—The government continues to strongly support the Regional Forest Agreements arrangements and has—

**Senator MILNE**—I understand that that is government policy. I am asking who advises government as to whether you need to log native forests to meet your wood needs as a nation?

**Mr Quinlivan**—I would suggest that at present under the government's policy arrangements the question would fall more in the area of managed investment schemes and that kind of support for plantation development rather than regional forest agreements, because those regional forest agreements have a set time and the government has indicated it

will be considering any future arrangements at the third five-yearly review of those RFAs. Those arrangements have quite some time to run. Any shorter term decisions would not be in the area of RFAs; they might be in the area of managed investment schemes, although that is established policy and continuing under the statutory deduction regime as well.

**Senator MILNE**—So what you are telling me is that the forestry branch of government would not advise government because it is government policy that the RFAs continue in place regardless of whether we need to be logging native forest for wood supply or not?

**Mr Quinlivan**—No, I am saying that support for the RFAs is a commitment of the government. The minister has indicated in a strong way that that commitment will continue for the duration of the RFAs. So there would be no need for us to be providing any advice about whether the RFAs would end sooner than that. The question would not arise.

**Senator MILNE**—Mr Talbot, this is the final question. Can you tell me whether there is any need to produce wood from native forests given the plantation estate that is mature and able to be harvested this year, from your figures?

**Mr Talbot**—If you are asking my opinion, I think there is—

**Senator MILNE**—No, I am not asking your opinion; I am asking you what the facts tell you in your department.

**Dr O'Connell**—Senator, it in part depends I think on what we are talking about as the need. For example, there are legislated sawlog requirements in different states which at the moment, I think I am right in saying, could not be managed purely from plantations.

**Senator MILNE**—You say they could not. Has there been an assessment done that you cannot get 300,000 cubic metres of sawlogs out of plantations?

**Dr O'Connell**—I think that is right.

**Senator MILNE**—Who has made that assessment?

**Dr O'Connell**—I think that is out of the Forestry Tasmania's harvest strategy and the sequence of plantations coming on stream. I do not think there are significant hardwood plantations coming on stream until 2012. The serious, bulk, large numbers of it are not until 2018, 2019, 2020, I think. So that is the sequencing. It is quite a way off in terms of managing the 300,000 cubic metres. That is my understanding of it.

**Senator MILNE**—Assuming that there ever was a sustainable amount of sawlog production from native forest.

**Dr O'Connell**—I am only answering your question in terms of the demand. The demand is a statutory demand, and that demand I do not think can be met currently under—

**Senator MILNE**—If you were to aggregate the legislated sustainable yield of sawlog against the aggregate mature plantations, would you still say there is not enough sawlog out of plantations to be able to displace native forest sawlogs around the country?

**Dr O'Connell**—I would probably want to take that on notice, but I think my answer would be yes.

**Senator MILNE**—I would appreciate your taking it on notice because I would like to know what your assessment is of the shortfall.

**Senator Sherry**—I think in taking that on notice we could indicate there are a range of timbers—and I think you would be aware of this, Senator Milne—that are unable to be sourced from plantations that are used by the sawlog industry. We can provide you with a list of timbers that are unobtainable from plantations that are used by the sawlog industry, for example.

**Senator MILNE**—But the overwhelming bulk of what is used in sawlog is not minor species. Anyway, I would appreciate hearing what you say the gap is.

**Senator COLBECK**—Following on from that point, Mr Talbot, there is obviously—and I think Senator Sherry has already alluded to this—a significant difference between quantity and supply type. As Senator Sherry has said, there are, are there not, a number of different species and timber quality types that are not available out of plantation? For example, I would find it very difficult to find a hardwood flooring timber with the quality grades that are required in the market that would be available out of plantation timber specifically because of the way that it is grown and managed.

**Senator Sherry**—I can think of another example. Blackwood, I do not believe, is grown in plantations anywhere in Tasmania.

**Senator COLBECK**—I was trying to assist Senator Milne by using species that are grown in plantation but, because of the way they are grown, are unsuitable for, for example, structural timbers and appearance-grade timbers, both of which are in strong demand in the Australian market at the moment. So quantity is not necessarily the issue. There might be a large quantity of plantation timber available, but there are a lot of species for a lot of uses—appearance-grade veneers, for example—that are not available out of plantation timber. It is not just about quantity; it is about species, type and use that need to be supplied. Would that be correct, Mr Talbot?

**Mr Talbot**—I agree with your statement. I will take the question on notice and try to put a definition around Senator Milne's question in terms of what the plantation woods can be used for and what the woods out of native forests can be used for.

**Senator COLBECK**—I want to go to some things that we have covered before. We were told at the last estimates in respect of the forestry database that you are in the final stage of contractual negotiations with a successful tenderer. Can you tell us where that is up to at this stage?

**Mr Talbot**—Yes, I can. The successful tenderer was URS. It has started the database project. There are a number of things that have already been done. It has already circulated a consultation paper to industry. It has also completed a series of workshops around the country. These were held over the last month in Canberra, Melbourne, Hobart, Mount Gambier and Albany. It has already started identifying key information gaps relating to the industry workforce and options for addressing these gaps. So it has made a start.

**Senator COLBECK**—Are there any key milestones in the contract? Can you tell us what they are and what the dates are?

**Mr Talbot**—There are key milestones in the contract. I do not have the contract with me, so I will take that on notice and provide the information to you.

**Senator COLBECK**—How are we looking as far as our September 2010 deadline for completion is concerned?

**Mr Talbot**—The project is to be completed in July 2010. So we would be looking at the delivery of a database portal and a final project report to industry by 30 June 2010.

**Senator COLBECK**—So that has come forward?

**Mr Talbot**—I will have to check that. My notes say it is July 2010.

**Senator COLBECK**—Fine. Under ‘Preparing the forestry industry for climate change’ you had investments of \$8 million towards addressing major knowledge gaps. In response to a previous question on notice you advised that the department had commissioned three projects to be completed in July of this year. Can you confirm the status of those three projects?

**Mr Talbot**—There are three projects that we commissioned last financial year. There was a data gaps project of \$60,000 that we asked BRS to do. That project is in a draft state at the moment, so it is nearly completed. We also had an impact of forest based bioenergy generation on Australia’s forests. That was a project done by Enecon Pty Ltd. We have a draft we are examining at the moment. That is in its final stages, too.

We also have our large major project, which is the climate modelling project that BRS is doing for us, which is basically to source and present regional climate predictions in production forestry areas across Australia and to model biophysical impacts of the expected changes in climate on production forests to understand the yields and socioeconomic impacts. That project is due to be finished in June 2010.

**Senator COLBECK**—So some of those project time frames obviously have changed since the question on notice that you—

**Mr Talbot**—I think, in terms of the finalisation, yes, but two of them should be finalised shortly.

**Senator COLBECK**—Okay. You have given me the value on the first one; the data gaps project was \$60,000.

**Mr Talbot**—Yes.

**Senator COLBECK**—Bioenergy on forests?

**Mr Talbot**—Fifty thousand dollars; climate modelling is \$1.475 million.

**Senator COLBECK**—So what further projects and rounds are you planning out of that funding?

**Mr Talbot**—Out of the \$8 million, we are running a Forest Industries Climate Change Research Fund. There is \$5 million that has been added to that. We opened expressions of interest on 20 August for that and we have received 57 expressions of interest.

**Senator COLBECK**—What is the time frame for finalising those?

**Mr Talbot**—The panel first met on 16 October. The panel will meet again on 11 November and will again consider those projects. The projects will then be considered by the minister’s

research and development committee prior to them going to the minister; sorry, I mean the minister's Rural Research and Development Council.

**Senator COLBECK**—That special council; okay. So when are you proposing to send them to the council?

**Mr Talbot**—The committee meets again in November, so I would say after that.

**Senator COLBECK**—On the Forest Industries Development Fund, you or Mr Mortimer told us at the last estimates that the selection committee met in March and were hopeful that projects could be announced very shortly. My understanding is that those projects still have not been announced and the second round applications have been received. What is the process? What is the hold-up on that?

**Mr Talbot**—The hold-up on an announcement is that we are still waiting to see whether some companies are going to accept their grant offers from the first round or not.

**Senator COLBECK**—So how does that impact on applications for the second round, given that they have now closed potential opportunities for industry?

**Mr Talbot**—At the moment the grants to people in round 1 are still open to them. Shortly we will have to consider what happens with those grants. We did have one company withdraw its application and we have had a second round—you are quite right—where we have had 53 applications assessed.

**Senator COLBECK**—Are there any proposals to have any further rounds? What happens with those that pull out and the funding that is left in the pool?

**Mr Talbot**—At the moment, the decisions on the second round have to go to the minister for approval. Obviously we will consider some options in terms of what we might do.

**Senator COLBECK**—So has the second round been to the Forest and Wood Products Council for consideration?

**Mr Talbot**—No, it has not been to the Forest and Wood Products Council yet. We have a meeting with the Forest and Wood Products Council in about two weeks where they will be given an update.

**Senator COLBECK**—So the minister will be consulting that council in the same way that he wanted to on the first round of projects?

**Mr Talbot**—That is correct.

**Senator COLBECK**—The meeting is in two weeks?

**Mr Talbot**—Yes.

**Senator COLBECK**—We are still perhaps some time away from seeing any progress on this whole program?

**Mr Talbot**—We will make progress as quickly as we can.

**Senator COLBECK**—Because we are running out of time, could you take on notice the progress on the reviews of the RFAs?

**Mr Talbot**—Okay.

**Senator COLBECK**—I know that, for example, Tasmania's was done at the beginning of last year, so that is a fair while back. Perhaps you could inform the committee on notice of where we are at with the respective processes on all the RFAs so that we can get an update on the review programs, when the responses are likely to occur and what the current program is. I have some stuff on illegal logging. I notice that the minister made a comment last week in respect of illegal logging. Where are we at in the overall program as far as timing is concerned?

**Mr Talbot**—In terms of the illegal logging and in terms of the election commitment, the minister released a draft regulatory impact statement. That regulatory impact statement is open for just over six weeks for people to respond to. It has also been sent out to the stakeholder group that was involved in the discussion paper. Once we receive the final report and the final stakeholder comments from the consultants, then there is work to be done in terms of a final RIS, which will have to go through whole-of-government processes.

**Senator COLBECK**—I will put any other questions I have on notice.

**Senator MILNE**—I have just a couple more questions, and you may want to take these on notice. I am interested in these new committees, councils or advisory groups that the minister has set up in relation to forestry. I think there are two of them; is that correct?

**Mr Talbot**—There is the forest industry round table.

**Senator MILNE**—Yes, that is one of them. Is there another one? Maybe there is just the round table.

**Mr Talbot**—I think there is just the round table, because the Forest and Wood Products Council has been going for a while now.

**Senator COLBECK**—What about Senator Carr's group?

**Mr Talbot**—Yes, there is the Pulp and Paper Industry Strategy Group, which is being run by Senator Carr.

**Senator MILNE**—So in this department it is the round table?

**Mr Talbot**—That is correct.

**Senator MILNE**—Would you be able to provide me with a list of people involved in the round table, the meetings that have been held to date and any other information about agendas and what has actually happened with that council—unless you can give me an update now?

**Mr Talbot**—I will take that one on notice. There has been one meeting to date.

**Senator MILNE**—In relation to the three programs I asked about earlier in terms of the disbursement of the funds, now that those three programs have concluded, what evaluation was done about the success of the program against the objectives of the program? It is stated clearly that the objectives of the program were to help the industry adjust to higher levels of conservation and get the industry retooled in order to take advantage of more plantations, regrowth et cetera. What evaluation was done, who did the evaluation and is that publicly available?

**Mr Talbot**—Is this the TCFA, Senator?

**Senator MILNE**—This is the Tasmanian Forestry Industry Development Program, the Tasmanian Softwood Industry Development Program and the Tasmanian Country Sawmills Assistance Program and the \$42 million that was spent under those three programs.

**Mr Talbot**—I will take that one on notice.

**Senator MILNE**—Can you tell me whether any evaluation has been done?

**Mr Talbot**—My understanding is that to date it has not been done, but I would like to take it on notice because we would be working with colleagues in Tasmania to start this evaluation process.

**Senator MILNE**—Will there be an evaluation?

**Mr Talbot**—I would like to take it on notice.

**Senator MILNE**—Because we have spent \$42 million; I think the community would like to know whether it actually achieved any of the objectives set out in the program, or the extent to which it did. Finally, on notice, I asked before about sawlog. I would now like to ask for an aggregate figure on export native forest woodchips from around the country. I would like to know whether there is a sufficient plantation resource to displace that entire amount of export woodchips. Finally, what is the volume of Tasmanian native forest logs that are going to Japan to be burnt in furnaces? I would be interested to know the volume of that in the last year.

**Mr Talbot**—I will take those on notice, Senator.

**Senator MILNE**—Thank you.

**CHAIR**—If there are no further questions, I thank officials from the Department of Climate Change. I now call officials from ABARE.

[5.47 pm]

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

**CHAIR**—I welcome the officials from ABARE.

**Senator COLBECK**—Mr Glyde, welcome. At previous estimates you have indicated to us that you are doing a series of work on the impact of climate change and CPRS on agriculture. The last document that you published—I think we talked about it at the last estimates—was, *Effects of the Carbon Pollution Reduction Scheme on the economic value of farm production*. Is there any further work in the pipeline?

**Mr Glyde**—We have not published any more work since then. As I think we mentioned at the previous estimates, we have mainly been engaged in trying to build the capability of our general equilibrium model to be able to handle some of the more complex tasks involved in trying to model the detail of the impacts of the CPRS on the farm sector.

**Senator COLBECK**—So it is more background, preparatory work, feed-in information into the models to build the strength of that.

**Mr Glyde**—Correct.

**Senator COLBECK**—That would cover the forestry side of things that we have talked about before as well?

**Mr Glyde**—That is right. That is exactly the same sort of situation where we are trying to get the necessary detail at a catchment scale so you can capture the diversity of the Australian landscape and the diversity of the Australian farm production system in the model.

**Senator COLBECK**—So you are looking to be able to bring that down to a catchment level?

**Mr Glyde**—That is correct. We cannot do every catchment in the country but the logic is to try to do a few so that we can begin to—

**Senator COLBECK**—Get some indicative samples?

**Mr Glyde**—Yes, exactly right.

**Senator COLBECK**—How far away might that sort of work be?

**Mr Glyde**—Good question. We have been working on that for the last few months. I am hesitant to give an estimate. A lot of it will depend on how successful we are in doing that. It might be that we do not have the data to be able to produce anything meaningful or make a contribution that way, so we may not end up publishing something if this work is not successful. I would not like to put a time frame on it, Senator.

**Senator COLBECK**—Obviously you need the datasets—the input sets—but would you not try to match some of the known datasets to the expansion that you are planning as part of the process?

**Mr Glyde**—That is it. We pretty much have to rely on those known datasets. We are working more closely with groups like the Bureau of Rural Sciences and CSIRO to make sure that we have got the most accurate and up-to-date information that we can in order to be able to do the economic analysis on it. We are working with known data; it is just a question of making sure that the model works, that the model produces reasonable results, and that we can understand how it is working.

**Senator COLBECK**—How do you go about that process? I presume ABS will be part of that cycle as well?

**Mr Glyde**—In general terms we tend to try to find the owners of the best possible information and try to work with them. We rely on peer review of the various changes we make to the economic part of the model by talking to other experts in the field like that so we make sure that what we are producing will stand up to academic rigour.

**Senator COLBECK**—What realistically is the latest cycle of information that you can use to input into that?

**Mr Glyde**—Pretty much the two pieces of work that we have done over the course of this year. One was the estimation of what the long-run impacts might be out to 2030 of the introduction of the Carbon Pollution Reduction Scheme as designed at the time. The second was the document you have already mentioned, where we have tried, by making a few heroic assumptions, to look at the shorter term impacts of the CPRS being introduced as currently designed and put forward by the government.

**Senator COLBECK**—So what you are hoping is that this new enhancement will be able to magnify that to some greater detail at selected catchment levels?

**Mr Glyde**—There is that. I think what most people want to know is what is going to be the impact between 2011 and 2015, and the work that we published in June is very much based on some pretty heroic and unrealistic assumptions. It is the best that we could do, but it is far from ideal. We would like to bring in some of the dynamics that might happen in that period. For example, the work that we published had in it that farmers would make no moves to mitigate their emissions. They would not seek to adapt to change their behaviours. There would be no change in consumer preferences and a whole range of things like that. It is not meaningless; it is a contribution that shows you some of the upper bounds of what might happen, but we really need to understand that. We really need to understand better the dynamics between, as you talked about earlier today, the food processing sector and the production sector—how much pass-through occurs given that a lot of sectors are trade exposed. It is trying to get in that dynamic so we can give something that is a bit more realistic, accepting the fact that people will change behaviour. People are probably changing behaviour now in light of the information that they are getting and have been getting for a few years now.

**Dr O'Connell**—Senator, it might be useful to say that the analysis that was used for that report was a spreadsheet based analysis. It was not a general equilibrium framework. In order to get that dynamic you would really need, as ABARE is looking to do, to get into a partial or general equilibrium framework, and there you would expect to see changes in input and output mixes, changes in technology drifting its way through and changes in the consumption pattern. Other things feed their way through the model to give you the outcome. To the degree that this was really a spreadsheet exercise, it is an exercise in trying to start to understand the drivers that you need to work through in the general equilibrium sense. Would that be reasonable?

**Dr Sheales**—That is correct.

**Senator COLBECK**—I appreciate the explanation because it is very much sought after information, and a lot of people are relying on it for a range of purposes. What interaction are you having with some of the other modellers? It was interesting to see a lot of the information starting to line up a bit, particularly post the June document. What interaction are you having with other modellers to talk to them about their design processes and development processes in the work that you are doing?

**Mr Glyde**—There is a lot of interaction not just with economic modellers but there is also interaction with people who are doing the climate modelling as well. That is one of the other key variables. As greater sophistication occurs in the Australian climate modelling, we get clearer ideas of what the climate change impacts might be in agriculture. That is another part of it.

In terms of the economic modelling in the community, there is a limited number of people within Australia who do that sort of modelling—the general equilibrium modelling. There are only two or three different models around. Primarily, as a result of the interaction through the Treasury modelling process where those groups were brought together to share their information, we have established some very good networks with various universities and other groups where, in essence, those groups work to make sure that they understand each other's models so that innovations in one model can be drawn upon in another. So there is

quite a degree of exchange and understanding. I think most of that occurs through the publication of various pieces of information and articles in journals and the like, as we do when we publish things on our website.

**Senator ADAMS**—I was asking a question before about any modelling having been done on people and their financial situations—for example, the number of people who are giving up farming or trying to purchase more land. The uncertainty of this is really where I was coming from. If you can help me a little bit there in relation to employment and the impact this is going to have on farmers and other people involved, such as small business in towns and the like?

**Mr Glyde**—If I understand your question, you are asking, first of all, whether we have done any modelling that specifically looks at the impact of uncertainty about the prescriptions that might emerge in an emissions trading scheme.

**Senator ADAMS**—That is right.

**Mr Glyde**—The short answer to that is, no, we have not done any modelling on that. It is an interesting question but it is also very complicated to look at that. It is not something that we have done and we do not have that on our work program. What we actually can do in the foreseeable future is model what the policy prescriptions are that the government decides to implement. So at the moment we are modelling those elements of the scheme that we understand and that the government has announced. No doubt as time goes on some of those might change.

As we have heard earlier, there are decisions to be made about the inclusion of agriculture in the scheme and the like. There is quite a lot of detail still to emerge. As that detail begins to emerge, then we will try to build that into our modelling as well to try to get a good understanding of what the impact will be not just on the farm sector but also on other sectors of the economy. That is the advantage of using the general equilibrium framework that the secretary referred to earlier. We can look at the impacts on other parts of the economy because the Carbon Pollution Reduction Scheme is not just going to hit agriculture. It is going to hit the whole of the Australian economy, and there are a lot of changes that will happen there as well.

**Dr O'Connell**—I think I mentioned before that there is, if you like, an element of signal to noise to try to work through here, to the degree that there is a whole lot of other factors that come into play in terms of debt levels and consolidation of farms, as you suggest. All of that would need to be worked through. Certainly ABARE has been looking at the broad issue in terms of its surveys, trying to get an understanding of the status of the farming business in terms of prices of property, debt levels and other things, as it normally does in its business. A lot of work would need to be done in that area.

**Mr Glyde**—If you are interested, we could provide you with the basic historical material. We survey on a regular basis, so we have information about levels of debt and the extent of land purchases and things like that. We do survey the sorts of issues that you were talking about and we do describe them as they go forward. As Dr O'Connell says, they are complex enough in their own right. We have not looked at how they build on the climate change work.

That is why it is often easier to model out to 2030 than to model what is going to happen next year. We would be more than happy to provide that to you, if you like.

**Senator ADAMS**—Yes. I would appreciate that. Where I am coming from is not from the top down but from the bottom up. This is involving people and these are our communities that we represent. At the moment, as I said, there is uncertainty. I am not playing politics here. I am just really concerned about where we are going.

**Dr O'Connell**—The issues that you are raising are not ones that the sort of modelling that ABARE is looking at can address. ABARE is not looking at that scale or timing.

**Senator ADAMS**—But the problem is that the overall policy is going to affect these people, and that is really where I was coming from. Is anyone doing that sort of modelling? You are doing surveys. But is anyone else doing modelling that I can get information from?

**Mr Glyde**—Not that I am aware of. I can take that on notice and have a look around to see if any of the universities are doing anything. We could have a look to see if there is anything like that. I am not aware of anything like that.

**Senator WILLIAMS**—Mr Glyde, according to your survey in June this year, the average dairy farm income would fall \$1,800 a year under the Carbon Pollution Reduction Scheme. Have you done any modelling in relation to beef and sheep properties as far as grazing and the effect of the Carbon Pollution Reduction Scheme is concerned?

**Mr Glyde**—We have done two pieces of work, as I mentioned earlier. We have done long-term work that looked at each of the sectors and broadacre as a whole. Similarly, we have done short-term work that has broken that down by sector as well.

**Senator WILLIAMS**—Can you give me offhand some of the results of that work? Do you have any results there?

**Dr O'Connell**—Those are covered by the same report with all the same discussion around that being a spreadsheet based exercise.

**Mr Glyde**—I would be happy to draw out the relevant tables and send them to you, if that would help—

**Senator WILLIAMS**—That would be good, thanks.

**Mr Glyde**—because it is buried in, as the secretary says, quite a lot of other words to explain the caution with which the figures should be used.

**Senator WILLIAMS**—There has been a lot of talk about soil sequestration of carbon.

**Mr Glyde**—Yes.

**Senator WILLIAMS**—Have you done any research or figures into that type of sequestration of carbon on farms?

**Mr Glyde**—We have not done any research on that. Our role is on the economic side doing economic modelling at the moment. As I think we heard from Mr Gibbs earlier today, we are still trying to get a handle on the science of sequestration. Once that is a bit more certain, then it might be something relevant that we can try to put dollar figures on.

**Senator WILLIAMS**—Have you got someone advising you or are you going to approach someone to advise you on the science of that?

**Mr Quinlivan**—We talked about this earlier. Under Australia's Farming Future, there is funding for soil carbon research projects. The principal soil scientists at CSIRO are deeply involved in it. Jeff Baldock I think might be the leading personality.

**Senator WILLIAMS**—Have you done any research in relation to planting trees on agricultural land for the storage of carbon?

**Mr Glyde**—We have done some research in the past where we looked at, as Mr Quinlivan mentioned earlier, what the carbon price would have to be before you saw a change in land use from an agricultural land use to a forestry land use. Again, I would be happy to provide the specifics on notice. I just do not have them to hand. But we published some work—

**Senator WILLIAMS**—You are referring to the price of carbon.

**Mr Glyde**—Yes.

**Senator WILLIAMS**—At what level would the price of carbon have to go to where farmers would be better off planting trees than growing food?

**Mr Glyde**—That is exactly right.

**Dr O'Connell**—We have had some discussions at previous estimates. We can pull out the information that was relevant then. I do not think there is anything new that has been done. So we can update what was previously provided.

**Mr Glyde**—We go through broad sectors—dairy, grazing and the like—and also low, medium to high rainfall to try to get an estimate of what that switch-over price would be.

**Senator WILLIAMS**—That concerns me immensely that the price of carbon could rise to a level where farmers will say, 'Sell the sheep, sell the cattle, sell the tractor. We'll plant the country down to trees.' Not only is it very concerning in relation to food production; but the Murray-Darling Basin would be affected as this would restrict water flows down the Murray, because trees absorb moisture.

**Dr O'Connell**—We had relevant discussions earlier about the National Water Initiative and other constraints around where tree planting will go.

**Mr Glyde**—The other point I would make is that my recollection of those numbers is that the carbon price has to be extremely high for large-scale changes of the sort you are talking about there to occur.

**Senator WILLIAMS**—When you say extremely high, do you mean \$70, \$80, \$90 a tonne?

**Mr Glyde**—Way beyond that.

**Senator WILLIAMS**—You cannot think of a figure?

**Mr Glyde**—No. I do not have the figures in front of me.

**Senator WILLIAMS**—Can you think of a figure from memory?

**Mr Glyde**—No. It would be more than that.

**Mr Quinlivan**—It would be higher numbers than anybody has talked about as being plausible carbon prices. But we will provide that information to you.

**Senator WILLIAMS**—That is it from me. Thanks, Chair.

**CHAIR**—Are there any further questions for ABARE?

**Senator NASH**—The department very kindly replied to a question on notice from me from the last estimates around the debt burden and indicated that rural indebtedness was around \$58.2 billion in 2007-08, which was an increase of 175 per cent over that decade. From 2006-07 to 2007-08 the debt burden on agriculture increased by around \$7 billion. I am just interested in what work ABARE may have done or may not have done in terms of what that debt load means to the sustainability of regional communities and the viability of farmers.

**Mr Glyde**—As I mentioned earlier on, we do collect that data in terms of level of indebtedness. Someone might be able to help me.

**Senator NASH**—If you do not do it, that is fine. I am just trying to ascertain if you do or not or if anybody does.

**Mr Glyde**—We also collect information in relation to the purpose for which that debt has been got. So we will have some understanding of the purpose to it. Debt is not all bad and people borrow in order to invest in their properties. You need to get an understanding of the nature of the debt.

**Senator NASH**—Sorry, I cannot hear. You were saying you did have that additional information?

**Mr Glyde**—We have some information. I do not know whether it is sufficient to completely answer your question.

**Senator NASH**—In the interests of time, I am very happy if you would like to take that on notice and supply any of that information that you have got and if ABARE does have any view having looked at that additional information on how serious that debt load is in terms of future sustainability.

**Mr Glyde**—I am more than happy to provide that.

**Senator HEFFERNAN**—Have you done any modelling on the parity of the dollar in terms of the impact on agriculture?

**Mr Glyde**—We do not do any modelling of the US exchange rate. We tend to use that as an assumption. We make an assumption about what we think the exchange rate is going to be over the coming quarter or the coming year.

**Senator HEFFERNAN**—You do not worry about what the impact is or try to figure out what the value will be?

**Mr Glyde**—We try to figure out what the impact might be if you assume an exchange rate of X.

**Senator HEFFERNAN**—Would it not be a sensible thing for ABARE to be doing right now, given that they are talking that we might go to \$1.10? Given the debt that the US has

got, the lack of a market adjustment and the need for an inflationary decision to reduce debt, we are probably going to be at parity regardless of interest rates.

**Mr Glyde**—Just so I understand your question, Senator, you are suggesting that we should model what the exchange rate might be or what the impact might be?

**Senator HEFFERNAN**—No, no. It would be sensible for ABARE—you try to guess a lot of stuff. Why do we not establish what the impact on the export capacity of Australia will be if we go to \$1?

**Mr Glyde**—We have not done that. In some ways what we do is, given that we have to make a whole lot of assumptions in order to make those commodity forecasts, we choose one—the one we think is going to be the most likely range of the exchange rate.

**Senator HEFFERNAN**—I will ask a better question. What do you think the dollar is going to be next year?

**Mr Glyde**—If I knew that then I would not be working for the Australian government.

**Senator HEFFERNAN**—You just said you make your assumptions on that.

**Mr Glyde**—That is the whole point: a million different things are going to influence the exchange rate. If you look at the way in which it moves in any average year, let alone a year like the one we have just had—

**Senator HEFFERNAN**—But ABARE, which is a wonderful organisation, gives guidance to farmers—and it is a bit hard for farmers now to understand why wheat has fallen by 60 per cent in value since its peak 18 months ago. I do not know what ABARE said it was going to do. Canola and everything else has gone up—'A' over head.

**Senator COLBECK**—What was the assumption made in the current forecast?

**Mr Glyde**—For the September quarter?

**Senator COLBECK**—Yes.

**Mr Glyde**—It was 83c.

**Senator COLBECK**—That is done on a quarterly basis? You update your forecast on a quarterly basis?

**Mr Glyde**—Yes, every quarter.

**Senator COLBECK**—What has the series been, say, from the first quarter, second and third this year?

**Mr Glyde**—I might ask our chief commodity analyst to run you through some of the assumptions.

**Dr Penn**—In formulating our commodity forecast for the September quarter we assumed the value of the Australian dollar was an average US83c for the financial year as a whole. We do not make any assumptions for point value of the Australian dollar. We only make assumptions in terms of the average for the financial year. So far in this financial year the Australian dollar has averaged around US84c but currently it is trading at around US91c. Over the past few weeks the value of the Australian dollar has appreciated very significantly.

**Senator COLBECK**—In the March quarter, for example, what was the assumption that you made for the out year on that and the previous quarter before that?

**Dr Penm**—I can provide you with some answers on notice. I know that we have been progressively increasing our exchange rate assumptions. When we were formulating our exchange rate assumptions for the March quarter, at that time the Australian dollar was trading significantly below US80c. It would not have been practical, given the difficulties in forecasting the exchange rate—we would have assumptions which would have given a lower value for the Australian dollar.

**Senator HEFFERNAN**—To guide the market, I think we went to 65c earlier in the year; is that right?

**Dr Penm**—Yes.

**Senator HEFFERNAN**—A lot of people did not take a position in the market this year because they have been burnt with wheat at \$349—and besides that, most of the bankers packed up and left. Surely ABARE would do a great service to agriculture if you, for instance, had some modelling at parity, at 84c and at \$1.10, because that is what they are talking about. The US is technically insolvent. There is a serious problem that they have to solve. And what about in terms of the viability of the wine industry. In South Australia now barley is \$90 a tonne. It was \$240 a tonne last year. Also it may be cheaper, if we go to parity or \$1.10, for companies to buy their carbon credits in the Philippines or somewhere instead of in a forest here. All those things surely need to be modelled.

**Mr Glyde**—I will make one comment just before handing over to Dr Sheales to explain our process. First of all, we do not include in our commodity forecasts, which are a quarter ahead or a year ahead or five years ahead, any information or any thought about what is happening in relation to the carbon price. It is too long run an issue to handle in that time.

**Senator HEFFERNAN**—I will not burden you with carbon, because neither the government nor the opposition knows the answer on that.

**Mr Glyde**—In terms of the question about doing a wider range analysis, doing some work on a range of exchange rate assumptions—

**Dr Sheales**—There are several things here. First of all, with respect to the exchange rate, we do incorporate latest thinking in the assumptions we do to produce our forecasts. The second thing is with respect to specific commodities, the problem with taking the approach you are suggesting is that the exchange rate is just one element out there. Sure, you can do a simplistic exercise and say, 'What if it is \$1? What if it is \$1.10? This is what the effect might be on prices,' but that does not take account of all the other demand-supply factors out there in the marketplace that are all acting at the same time. It does not really get you a long way when you try to do that sort of thing. Take wheat, for example, which you mentioned earlier. The reason prices have gone down is that we have the second biggest crop ever—this is globally. We have stocks that went up a lot last year when the biggest crop ever occurred in response to the earlier price rises we saw. Stocks have come up a lot and they are coming up even more this year. Hence, we are getting lower prices, and the higher Aussie dollar will also affect returns to our growers.

**Senator HEFFERNAN**—I do not want to confuse this, but the reason wheat went to \$500 a tonne last year, if the committee remembers, had nothing to do with supply and demand; it was with someone who took a very big position on the Chicago exchange. That had more to do with the price of wheat than the weather and supply and demand. That is another complication. As a guide to the implications of the dollar—all I have read about in the last week or two is, ‘Wow, it’s time to travel overseas.’ But what about the bloody mess it leaves behind here?

**Senator Sherry**—Senator, I just point out that we had the debate about the dollar value versus the US. We were almost on parity just over a year ago and then the value of the Australian dollar dropped very significantly—down to 65c. There have been extensive discussions at Treasury estimates about this over many years. It is the most difficult area to predict with any certainty.

**Senator HEFFERNAN**—I agree. Depending on how the US manages its debt is going to determine what happens to a lot of us. But I just think, as a precursor, it would be interesting to know—and there must be a cut-off point in the market for wine—to guide governments and to have—

**Senator Sherry**—But as the witness has said, there are so many other variables. I mean, you could have a high dollar and then you could have a drought or production might cease in some other area of the globe—totally unrelated factors.

**Senator HEFFERNAN**—Yes. We have never held the US\$46 dollar per barrel for oil against ABARE.

**Senator Sherry**—There are so many variables.

**Dr O’Connell**—A long run, Senator.

**Senator Sherry**—The long run is well beyond—

**Senator HEFFERNAN**—I know.

**Senator Sherry**—our life in this Senate, I can assure you of that.

**Senator HEFFERNAN**—But it seems to me that agriculture at the moment has got a run of terrible seasons. We are all wondering about the long-term impact. Crossbred wool has never been cheaper. Cattle are now cheaper than they were 20 years ago in real terms. With the crossbred wool market, there are too many sharks in the market. The average rehandle of the wool these days is between six and seven times.

**Senator Sherry**—Sharks?

**Senator HEFFERNAN**—There are. It is amazing that when you sell wool at auction it gets handled another six or seven times before somebody might buy it.

**Senator Sherry**—All the intermediaries—

**Senator HEFFERNAN**—Yes, all the sharks in the market.

**Mr Glyde**—If I could make an observation? If you think back to when the dollar almost got to parity, as the minister has just mentioned, interest rates were really quite high, prices

were going through the roof for a whole lot of the commodities and the wine industry did not fall over. It did not stop. It still kept on producing.

**Senator HEFFERNAN**—And they were offering Dick Honan at Manildra wine to turn into ethanol at the time. Megalitres of wine were offered to be turned into ethanol.

**Mr Glyde**—Any time is a difficult time to be successful and profitable in the Australian farm economy and Australian farmers seem to be awfully adept at surviving and getting through and managing through these crises.

**Senator HEFFERNAN**—So the answer is that you are not game to actually make those projections because there are too many variables.

**Mr Glyde**—It is hard enough just to do one, let alone multiples.

**CHAIR**—Are there any further questions of ABARE? If not, I thank the officers from ABARE and now call the Australian Fisheries Management Authority.

**Mr Quinlivan**—Before the Australian Fisheries Management Authority come to the table, I can answer a question that I think Senator Heffernan asked earlier in the day about the membership of the Australian Weeds Research Centre's interim advisory board. It commenced on 1 July 2008. The chair was John Kerin and the members were Ms Alexandra Gartmann, Ms Jeanette Gellard, Dr Yvonne Buckley, Dr Glen Kile and Mr Ian Sauer.

I think the second question was for the life of the National Weeds and Productivity Research Program the amount of money to be spent on onground activity research versus the amount to be spent on administration. The overall program was \$15.3 million over four years, including \$300,000 for fireweed research. A research call under the program in 2008-09 funded 39 weeds research projects worth over \$3.5 million. The program is continuing, obviously. As at 19 October, \$166,000 had been expended on program administration, including fees associated with the interim board.

**Senator HEFFERNAN**—So what is the break-up?

**Mr Quinlivan**—I would say that that is a relatively small overhead. Are you asking about the distribution amongst the 39 projects?

**Senator HEFFERNAN**—No, I will get the details if I can of the projects. Every now and then it is interesting to go and have a look just where the money goes and what it gets spent on, because we have learnt from Australian Wool Innovation that sometimes it gets peed down the drain. What percentage of the budget was fixed administrative overheads?

**Mr Quinlivan**—It would be 166,000 divided by 3.5 million as at the present time.

**Senator HEFFERNAN**—That is pretty low.

**Mr Quinlivan**—Yes.

**Senator HEFFERNAN**—Good.

[6.21 pm]

**Australian Fisheries Management Authority**

**CHAIR**—Welcome, officers from AFMA.

**Senator COLBECK**—I asked some questions in the fisheries section this morning about staffing. Can you give me a sense of your overall staffing and changes in staffing since the budget, please, Professor Hurry.

**Prof. Hurry**—We have an FTE at the moment of about 209 and we have a real staff figure of, I think, 248.

**Senator COLBECK**—So that has not appreciably changed?

**Prof. Hurry**—In 2008-09 our total staff number was 254. As at 25 September 2009 it is 243. Our FTEs are 209 and our budgeted FTEs in 2008-09 were 246. During last year we had a fair bit of money that we used to build a number of computer systems, so we had a fair bit of contract labour coming in and going out and we had the bulk of staff in there. We might come down below the 209 as we start to get the place kind of right-sized as we move forward as well. We are trying to run a business that is cost efficient for industry so we have been fairly tight on managing our staff and resources and will continue to be.

**Senator COLBECK**—So you are coming back to more traditional numbers, effectively?

**Prof. Hurry**—We have come back from the high of actually investing in our IT systems and things and building our programs. We ran those live about three weeks ago and they are holding up okay, so we have come back to a fairly small IT team and we have centralised our compliance. In that 243 there are 26 observers who are casual full-time staff that we run in an observer program. So yes, I think we will probably see a point where we are down below the 209 as we move forward.

**Senator COLBECK**—Some of them are pretty good photographers too if you look at the front page of the latest fisheries status report. I think that was taken by—

**CHAIR**—Tread lightly, Senator Colbeck.

**Senator COLBECK**—I was just making a complimentary observation that—

**CHAIR**—They all gave you the look that I gave.

**Senator COLBECK**—I was making the complimentary observation that one of the observers took the photo on the front of the report and it is quite a spectacular photograph. I am glad I was not there.

**Prof. Hurry**—I think we are getting into some fairly difficult water, Senator.

**Senator COLBECK**—There is a bit on the deck. Just going to the fisheries status report, are there any actions that you see need to be considered as a result of the report that was released last Friday, or have you not had the chance to read it over the weekend?

**Prof. Hurry**—No. We are reasonably comfortable with it. We are doing some work on gulper sharks.

**Senator COLBECK**—Orange roughy was the other major one that has gone backwards.

**Prof. Hurry**—Yes, but we have got recovery plans in place on roughy. It is just a long-lived species and it will be slow to recover, but we are reasonably comfortable with where we are.

**Dr Findlay**—Orange roughy this year is actually a reclassification of what was previously three stocks combined. So the management actions underneath the orange roughy conservation plan had already been put in place. There is no targeted fishing of those stocks underneath that plan. South Tasman Rise orange roughy is set to zero TAC. The east-western southern stocks, which are the ones that are overfished in the BRS classification, have all got very small bycatch TACs between 20- and 60-odd tonne just to cover the incidental bycatch. There is no targeted fishing on those stocks but because of the biology of those things they will take quite a long time to come back.

**Senator COLBECK**—You said that that is a combination of the three regional stocks. Is there any work that is done on determining the range of the fish? It has a significant range from the Southern Ocean right round to the Mediterranean, as I understand it, so is there any work on the range of individual elements of the stock?

**Dr Findlay**—There have been quite a few surveys in the past to delineate stocks within our fishery. We think we have got a reasonably good handle on the stocks within our zone at the moment but, look, there is certainly work going on on this.

**Senator COLBECK**—So they behave regionally rather than on a broader scale? Do we have that understanding?

**Prof. Hurry**—I understand the question.

**Dr Findlay**—The science is a bit out on that.

**Prof. Hurry**—They are more migratory than we think they are. We know there are localised stocks of these fish, but we know there are potentially some more migratory ones as well. The science just is not clear on which way they work and how many of them are temperature driven, when they turn up and what environmental factors come into play.

**Senator COLBECK**—How do the outcomes that we are finding interact with, say, our neighbouring fisheries in those species, in orange roughy and New Zealand in particular? They had a significant fishery as well, didn't they?

**Prof. Hurry**—The Chatham Rise one is still a good fishery in New Zealand and has been for a number of years. Louisville was a high seas fishery and it was fished down and I think there were two others that were fished down fairly heavily in New Zealand, similarly to the way that ours were fished down in the early days until we started to understand them a bit better. But we manage our stocks on what we have learnt over the years of fishing activity on them and the research we have done with them. The harvest levels we have got on them now probably reflect the state that they are in. The Cascade fishery still operates, I think, as a 500 tonne TAC on the Cascade fishery and we are reasonably comfortable with that. But we do survey work on them—not every year; every second year—to try to get a picture of where they are at. We do have an allocation of quota for research for fishermen to go out and research and take catch and just see what is in the fishery.

**Senator COLBECK**—What work has been done on the gulper shark?

**Prof. Hurry**—We have just finished a survey down the New South Wales Coast using a Tasmanian boat, the *Diana*, and we are just waiting for the results of that survey to come through at the moment. But that will give us some idea of where the populations of gulpers

are on the coast and then we can look at other measures for controlling the catch and protecting the stock from there. So we are just waiting for the results of that survey to come in.

**Senator COLBECK**—Is the range on those specifically down that New South Wales coast or is it broader than that, through Bass Strait and round to South Australia?

**Prof. Hurry**—Yes, they are around in South Australia as well and they are potentially down on the south Tasman rise. They are out on the sea mounds as well according to the survey.

**CHAIR**—Senator Colbeck, we have a couple of minutes left before the dinner break, just to let you know.

**Senator COLBECK**—I was keeping on eye on that and trying to sort of work my questions on this specific issue to the dinner break.

**CHAIR**—I am happy to go further if it wraps up your line of questioning and come back later.

**Senator COLBECK**—There is some other stuff that I want to come back to on the MPA stuff. With the gulpers, are they territorially regional or are they more migratory?

**Dr Findlay**—There is some tagging work going on at the moment to try to get a handle on that. From the catch rates it looks like when you move into an area the catch rates fall away quite quickly. But if you move to a new area you seem to find them again. Part of this survey work was to try to describe that population. We are still not very sure. There is not a lot known about these species. They are quite hard to study. Living in sort of 200 to 650 metres of water with not a high commercial value, there has not been a whole lot of work done on them, so that is part of the survey work we are doing at the moment.

**Senator COLBECK**—At what stage are we likely to see any action as a result of the findings of the latest report?

**Dr Findlay**—We have already put in trip limits of 160 kilos to try to constrain the catches. We have also put in some formal closures. In addition to that the industry has put in some voluntary closures to deal with the gulper shark issue. We will be digesting the results of the survey.

**Prof. Hurry**—We have to have a proposition back to DEWHA, I think, by December on what we are going to do with mitigation measures on gulpers but we just want to have a look at this research and the results of that to see where the most appropriate places to protect gulpers are.

**Senator COLBECK**—That is happening now?

**Prof. Hurry**—It has happened. The boat is back in Tasmania and we are just waiting to see what the results are.

**CHAIR**—On that, Senator Colbeck, you will have a lot more questions. We will come back at 7.30. We will take a break for one hour, after which Senator O'Brien will be in the chair.

**Proceedings suspended from 6.30 pm to 7.30 pm**

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**ACTING CHAIR**—We will kick off. Senator Colbeck.

**Senator COLBECK**—Going on to the current process that DEWHA is running in relation to marine protected areas, what level of information and what interaction does AFMA have with DEWHA in developing that process?

**Dr Findlay**—We have been very actively involved with DEWHA through government-to-government, IDC and other processes, including formal meetings almost on a daily basis, on the development of the bioregional marine planning. We have also engaged on behalf of DEWHA, informing our industry of the public meetings, the sector specific workshops and the stakeholder workshops that are coming up. We participate in those meetings alongside industry.

**Senator COLBECK**—You have attended the DEWHA meetings in various centres around the country.

**Dr Findlay**—Yes, almost all of those. I do not think we got to the Broome meeting because of the travel distance for us, but I have a feeling that that meeting may have actually been cancelled. But every other meeting—Cairns, Brisbane, Sydney, Adelaide, Perth and Darwin—we have attended.

**Senator COLBECK**—What is the type of information that you are sharing with DEWHA as part of the development process?

**Dr Findlay**—We are obviously discussing some of the options with them. The process this time around is a little bit different to the south-east process. They are engaging with the stakeholders directly and talking about some of the issues as they go along, which is the purpose of some of those stakeholder workshops. We are obviously sharing data with BRS—I think it was explained earlier in the day that BRS is looking at some of the assessments for DEWHA in terms of some of the impacts—and also explaining some of the process around which fisheries methods operate and what that means for regional marine planning.

**Senator COLBECK**—You talk about fisheries processes and methods. What input is there into the management plan development process that would fit around each of the bioregions that are being considered as part of this process?

**Dr Findlay**—We are still waiting to see. The ball is very much in DEWHA's court at the moment, to see what they are proposing, and our next stage will be to comment on that proposal.

**Prof. Hurry**—The approach we have taken is to make sure we keep industry informed as it moves along, because there was a bit of a gap between what was happening and what industry knew at some stages. We put out an AFMA bulletin every fortnight and in that we have an update on what is happening with the marine planning process. We also keep our management advisory committees directly informed on what is happening. So we try and provide a bit of a conduit of information back to industry as these processes move forward.

The other role we see ourselves having here in Canberra is to provide a bit of a voice for industry so that we can inform the process of what industry needs to keep fishing and what sorts of processes it needs in areas where it does most of its fishing, to provide a bit of balance, I suppose.

**Senator COLBECK**—That is certainly an important role. My discussions with the fishing industry, in particular over the last three or four weeks, indicate that they feel that they are pretty stretched at the moment.

**Prof. Hurry**—Yes.

**Senator COLBECK**—As you might have heard this morning, some of them are operating in several of the zones that are being considered, so the resources are wound out a little bit and it is a fairly ambitious time frame that we are considering.

What about issues like the impacts of certain forms of fishing in different zones and how that might work? I am interested in an outcome that provides good environmental outcomes, good protection of the benthic environment and things of that nature, but there are certain forms of fishing, as we experienced through the south-east process, that are not necessarily going to have that sort of impact. Of course, the fisheries that are operating through those zones might not necessarily have that impact either. We need to make sure that we get a balance between providing protection for the benthic environment and ensuring that there is still capacity to undertake activities that are not going to impact negatively on that environment.

**Dr Findlay**—We have been helping DEWHA to understand that process directly, as I mentioned. They have held these sector specific workshops, where they have had particular industries come and talk about their issues, particularly about those exact issues that you are raising about how their needs and methods interact with what the regional marine planning process requires to understand that process and try to minimise that impact on both sides.

**Prof. Hurry**—It will become a bit clearer, too, after DEWHA moves on. It has sort of scoped out the areas of interest at the moment and, once it begins to get a bit more specific and we can have a look at where the specific areas that they are interested in begin to impact with the industry activity, we will have a better idea of how to input into the process.

**Senator COLBECK**—The areas are fairly broad at the moment—

**Prof. Hurry**—Yes, they are.

**Senator COLBECK**—and it is difficult to get a sense of where they might convert to or where they might go to. Talking to the guys off the Western Australian coast, they say that there are large areas of what they call, effectively, desert, where it is basically a sand bottom but with very few features. The areas with features are areas that DEWHA might be interested in, but they are also key fishing grounds.

**Prof. Hurry**—Yes, we agree. I think at the end of the day it is trying to strike that balance where we have a fishing industry and, as you mentioned, you have your good environmental outcomes from it. That is the part of the process for negotiating the last stages of these marine protected areas, but we need them to move down from these current broad areas of interest into more specific areas and then, as I said, we can have better input into the process.

**Senator COLBECK**—So at this stage of the proceedings you do not have any sense of where that might move to?

**Prof. Hurry**—I do not have a time frame at this stage. We will continue to stay engaged, but I do not know at what stage DEWHA will come up with a more targeted plan.

**Senator COLBECK**—Certainly as it progresses around the coast, the levels of interest and excitement, if I can put it that way, are elevating. Given some of the other things that are occurring—and the fisheries say the Western Australian rock lobster fishing at the moment has its own issues to deal with—it is coming to the forefront of people’s minds as to how they interact and how it plays out.

**Prof. Hurry**—Yes.

**Senator COLBECK**—You mentioned gulper shark earlier, when we were talking about the fisheries assessment that was released last week, and you mentioned what areas are best suited to preserving the fish. Is there any discussion or interaction about using a combination of the two processes in dealing with some of those issues?

**Prof. Hurry**—There is potential up in the northern part. Where the South-East Regional Marine Plan is in place, we probably need to go back. Not only are there closures under the South-East Regional Marine Plan but there are closures for other areas as well. What we are trying not to do is have closures for individual species spread all along the coast and we really run a danger of doing that at the moment. If there are sensible ways of protecting some of these species in one closed area instead of having a multitude of closed areas, we will begin to look at that. As the east coast marine plan comes into being, there is obviously some scope to negotiate some of that, but again, as I said, it is on the back of this study that has been recently conducted. Once we have a better picture of what comes out of that, we will probably know.

**Senator COLBECK**—On the gulper shark issue, are there other fisheries that might be operating in a similar area that could be disadvantaged?

**Prof. Hurry**—A lot of the south-east trawlers are part of the gulper shark range.

**Senator COLBECK**—Yes, I understand that.

**Prof. Hurry**—So it is a concern to us. Part of what we have tried to do is have a reasonable discussion with industry on all these potential closures, to see whether we can find other ways of mitigating some of this as we go along so that we stay away from hard closures where we can, but gulper is the one that looks as though it may need closures to protect it. If you can find a different way of mitigating some of these interactions with non-target species, then it is a better outcome than locking in a closed area where nobody can fish.

**Senator COLBECK**—EPAs are not necessarily going to protect fish stocks, particularly the pelagics that move through. They deal with the local issues and the local benthic environment issues, but they are not necessarily going to protect fish stocks. What we really need is a combination of two processes that work together to do both of those things without having a significantly negative impact on the environment or the fishing industry.

**Prof. Hurry**—Yes, I agree.

**Senator SIEWERT**—Can we go to the trawl fishery? I knew you would be expecting this. Can you tell me where we are at with the proposed boundary changes for the North West Slope Trawl Fishery and the Western Deepwater Trawl Fishery? I have seen correspondence from you indicating that you are considering the possibility of an extension of the exemption from the extension of the boundary.

**Prof. Hurry**—Yes.

**Senator SIEWERT**—I would like to clarify that, please.

**Dr Findlay**—On 8 October AFMA took a decision to continue the closure that was in place from 2007 up till now. That was the closure that was due to expire on 13 October. This closes a section of waters in the north-east corner of that fishery. The decision was taken, in recognition of the fact that the impact in the Western Australian state fishery for goldband snapper and red emperor was unlikely to sustain additional catches by Commonwealth fishers. But we are keen to see the arrangements with WA progress to get the boundaries redrawn over the next 12-and-a-bit months; otherwise we will be discussing with WA catch limits for Commonwealth operators to access that zone. That is where things are at. So the closure is back in place and we are looking forward to negotiations with WA.

**Senator SIEWERT**—Until the end of next year?

**Dr Findlay**—31 December 2010.

**Senator SIEWERT**—That is 12 months extension of the closure.

**Dr Findlay**—Close enough to 12 months, yes.

**Senator SIEWERT**—That is for the North West Slope.

**Dr Findlay**—North West Slope Trawl Fishery.

**Senator SIEWERT**—What about the Western Deepwater Trawl Fishery?

**Dr Findlay**—Those amendments are relatively small and there are no great concerns at the moment. We will continue under the existing boundary and progress that boundary change at the same time we progress the boundary change for North West Slope.

**Senator SIEWERT**—If I remember correctly, one was 6,000 and one was 4,000 square kilometres.

**Dr Findlay**—Yes.

**Senator SIEWERT**—So it is not necessarily relatively small. But they are on hold until the same time as the others. Is that correct?

**Prof. Hurry**—The contentious area was the area at the end of Ashmore that we have now closed until 31 December. But we really would like to have a series of negotiations with the WA government and get a suitable outcome around resetting the boundaries for both fisheries.

**Senator SIEWERT**—On both fisheries?

**Prof. Hurry**—Yes.

**Senator SIEWERT**—But the extensions are put off now until 31 December 2010.

**Prof. Hurry**—Yes, and in that time frame we expect to negotiate an outcome.

**Senator SIEWERT**—Will that include further consultation with the stakeholders?

**Prof. Hurry**—Yes, it certainly will.

**Senator SIEWERT**—Have you got a timetable for those discussions?

**Prof. Hurry**—No, we have only just put the closure in place, but we would expect to move fairly quickly on them so that we do not get in a position like we were this year where we were close to the time. We will move probably early in the new year to start those negotiations with WA.

**Senator SIEWERT**—Thank you. I have got another series of questions.

**Senator COLBECK**—On the back of that particular issue—

**Senator SIEWERT**—Yes, go for it.

**Senator COLBECK**—particularly on the adjustment down the coast, there is a fair bit of angst from the inshore guys about the trawl fishery moving inshore onto new ground. Given that the measurement is not necessarily a specific measurement of depth and the adjustment is not overly significant as to distance offshore, is there really any major value in making adjustment inshore the way that is being proposed? It is obviously part of the negotiation that is occurring with the Western Australian government at the moment. It is allegedly around a recalibration of the depth mark, but the documentation says that it is not stated specifically.

**Prof. Hurry**—Yes, I think it says it is a more accurate reflection of where the line should be.

**Senator COLBECK**—Yes.

**Prof. Hurry**—I do not know. I will get James to comment on this, but my understanding is that the fishermen who have fished in that bottom part in the trawl fishery have taken the 200-metre isobath as a guide anyway and probably fished to it. Whether they would change in coming inshore or whether they would fish normally where they fish and where the fish probably are is a bit subjective.

**Senator COLBECK**—Do we have reasonable records of what activity there would have been in that disputed area?

**Prof. Hurry**—We have some. I do not know whether they are reasonable, but we do have records of what fishing has occurred down there.

**Dr Findlay**—It is important to keep this in context. We are looking at three active boats in a very large area. When you look on the water, the movement of the line is actually both ways.

**Senator COLBECK**—I have had a look at the maps and I was up there a couple of weeks ago talking to the inshore fishermen, who are not happy. I have not had a chance to talk to the guys on the trawl fishery, but I have spoken to the other fellows. In terms of distance, it is fairly marginal when you look at it on the map and that is why I was asking the question. When you combine it with the process that is going on with the MPAs, do those two things work in concert as part of the process? Whereas you would not consider having bottom trawling activity as part of an MPA, you could have a line fishery as part of an MPA. Can those sorts of things be worked together where you could allow one activity to continue—depending on its intensity, of course—but the other one would naturally be excluded? Do these two things start to get wrapped up in one process?

**Dr Findlay**—These are issues that will undoubtedly come up during the consultation with fishers. In terms of those very small changes I think we would be open to discussion. One of the issues to remember, though, is we are looking for simplicity in our management arrangements and having something like a 200-metre isobath does make it very clear, without having to have boats with lots of lines on their GPS noting that there are a whole bunch of things coming in place from state fisheries and Commonwealth fisheries and the MPAs. Something like a 200-metre isobath does make it simple, and that was the original intent of the ACS signed back in 1995.

**Senator COLBECK**—But the existing line has been there for some period of time—

**Dr Findlay**—Yes, it has.

**Senator COLBECK**—and is well recognised. I understand that the trawlers would like to get more ground. I mean, who wouldn't? But is it worth the argument at the end of the day, given the broader range of considerations that we currently look at as far as the overall environment of the fishery is concerned?

**Prof. Hurry**—Do you want us to come back to that one the next time we meet here, when we will have a better idea of how it actually works out?

**Senator COLBECK**—Okay. I am sure Senator Siewert will raise it.

**Senator SIEWERT**—I will be following it up.

**Senator COLBECK**—And I am sure the emails will keep coming to me from the fisheries guys on the west coast.

**Prof. Hurry**—We will be more than happy to come back and discuss it. We will know a bit more about it then and we will have started the process of negotiating it with WA, so I am quite happy to come back and have a further discussion.

**Senator SIEWERT**—I would like to move on to the Montara oil spill if that is possible, please. Were AFMA consulted over the development of the long-term monitoring plan that was just released by the company and the minister for the environment?

**Prof. Hurry**—We have been involved with answering the daily briefings on this and we have just been monitoring it and providing information back to industry and to the Commonwealth Fisheries Association on what is happening. But the level of any involvement we have had in a plan I would be unsure of. It is not really an issue of ours; it has been an issue very much for AMSA on the way through.

**Senator SIEWERT**—That is on the clean-up operation, but they have made it very clear to us that they are responsible for the clean-up operation but not for the long-term monitoring, and the minister for the environment released a plan last week that they had developed in concert with the company.

**Prof. Hurry**—Let me take it on notice and I will come back to you.

**Senator SIEWERT**—That would be appreciated, if you could, because obviously we are interested in the impact the oil spill and the chemical dispersants are having on the fishery. If you were putting in place a monitoring plan, looking at the impacts of this particular type of

spill, what would you say would be the length of time you should monitor—for looking at long-term impacts on the fisheries in the area—the northern demersal fishery?

**Dr Findlay**—That is something we would seek a fair bit of advice on. We are not experts necessarily in that field. That is very much a scientific question and I think we would be looking for expert advice on that. I do not think we have a view at the moment.

**Senator SIEWERT**—I am looking for some expert advice on that, too. Thank you. If fishers could demonstrate that their fishery had been affected by the oil spill, is there provision for compensation for the fishers from the company?

**Prof. Hurry**—We have had no discussion on that at the moment and I think most of this is a Western Australian fishery—the fishery that is fishing in that area. But again I would have to take it on notice. It is not an issue that we have pursued.

**Senator SIEWERT**—With all due respect, we have also seen a considerable amount of debate in the state parliament in Western Australia where they have said, ‘A lot of this is a federal matter, not a state matter.’ But you believe a lot of it is a Western Australian issue. Is that the point that you are making?

**Dr Findlay**—We do not have any Commonwealth vessels operating in that area at the moment and it certainly is not something that is being raised actively with us.

**Senator SIEWERT**—I know that the state department have been looking at some of the issues involved. Have you been in discussion with the state fisheries department over monitoring or providing any advice to them?

**Prof. Hurry**—We provide the advice on the outcome of the AMSA daily updates to industry and to WA Fisheries, but that is most of the discussion we have had, unless your people have had any other notice of that.

**Senator SIEWERT**—So you are relaying information from those daily coordination meetings?

**Prof. Hurry**—Yes.

**Senator SIEWERT**—You simply relay that information. Is it a two-way process? Do you take information back from the state department to the coordination meetings?

**Prof. Hurry**—No, we provide most of the outcome from the AMSA discussions to industry so that they know what happens. WA Fisheries picks it up as part of that loop.

**Senator SIEWERT**—In terms of the monitoring plan, I would very much appreciate any information you can provide on input you have distributed through the agency, any request from you for input into that monitoring plan and what role you see AFMA playing into the future in any long-term monitoring.

**Senator COLBECK**—I will ask a couple of questions on the back of that. What work have you got or what input have you had into the process that Senator Siewert has just been talking about, about potentially impacted species? The industry up there is telling me it is one of the spawning grounds for tuna, for example. What work has been done in looking at that?

**Prof. Hurry**—We have looked at the spawning times for goldband snapper and red emperor, which are the two species whose eggs will float up into the top of the water and could potentially be impacted. I think one is January and the other is November.

**Dr Findlay**—October for red emperor.

**Senator SIEWERT**—That is what I thought.

**Prof. Hurry**—Yes, and then February for goldband snapper. I think they are the two spawning periods, so goldband should be all right. As to what might happen in October, it is a matter of how dispersed the slick is when the red emperors spawn. That was the concern for us. But I was not aware that this was a tuna spawning ground. The southern bluefin tuna spawning ground is over between there and Indonesia.

**Senator COLBECK**—I am only going on what the fishermen are telling me.

**Prof. Hurry**—I am not arguing with you on this.

**Senator COLBECK**—If that is something new that needs to be put into the equation, so be it. But that was the information that I was given when I was up there three or four weeks ago. They expressed a concern about that for similar reasons, but also about the issue of dispersal and the impact down through the water column and what impact that might be having on the overall fisheries, so I will just get a sense of what your thoughts are on that.

**Prof. Hurry**—Again, we would be better off taking it on notice and coming back to you on it. It is not something that we have been heavily involved in. We have been monitoring it because we are concerned about it and we are particularly concerned about the spawning, but we have kind of left it with AMSA to try to manage as an oil spill and monitor the impact on the side of it. Let me come back to you on that.

**Senator SIEWERT**—Can I just do a supplementary to your supplementary of mine? What do you mean when you say ‘monitoring’? Are you actually doing any physical monitoring of when the spawning—

**Prof. Hurry**—No, we are just staying in touch with the process as it is being managed by AMSA and advising industry, where we can, on where they are up to. The attempts to cap the wells and where the oil slicks are spreading are part of the briefs that come out, but we are not monitoring over there ourselves.

**Senator SIEWERT**—Thank you.

**Senator COLBECK**—Are you being advised of who is and what they are doing?

**Prof. Hurry**—Have you got any more on that, Dr Findlay, or do we need to come back on that?

**Dr Findlay**—Come back, I think. It is part of the same story.

**Senator COLBECK**—That is fine. I am happy to do it that way.

**Prof. Hurry**—Let us come back on that. We are happy to provide you with whatever we have.

**Senator COLBECK**—Thank you.

**ACTING CHAIR**—Are there any further questions on Fisheries Management Authority?

**Senator IAN MACDONALD**—Thank you for providing us with the details of the number of patrol days for the *Oceanic Viking* for the last four financial years following last May's estimates. You gave me a figure for 2008-09 of 185 days but you indicated that was up to 9 June, not 30 June. Would you have any idea whether that changed to 30 June?

**Mr Wilson**—I do not have an update on that for those last few days in June. I know that that particular patrol covered June and July. That was a 45-day patrol for June-July.

**Senator IAN MACDONALD**—So it must have been post 9 June.

**Mr Wilson**—I think that is correct, yes. I do not think that included that last patrol.

**Senator IAN MACDONALD**—Just for completeness, could you provide those details on notice. We do count them apparently by financial year, so you might have to go halfway into that last patrol. Whilst I appreciate that this is a Customs operation on the boat, although you have people on board and direct operations, what can you tell me about the program for the current financial year, without giving away any secrets? Do you have funding?

**Mr Wilson**—I am not aware of the funding details. As you alluded to, the actual patrol of the boat is a matter for Customs.

**Senator IAN MACDONALD**—But the policy is in your area, isn't it?

**Prof. Hurry**—That is right. We have funding for this program still and we are still actively engaged with it, but the days for the boats are controlled by Customs. They have part of the funding for the operation of the boat. The funding that we have is for the holding of the vessels and the prosecutions and the cost of putting our observers on the boat.

**Senator IAN MACDONALD**—Yes, but they are only doing it to save the fishery which you manage.

**Prof. Hurry**—Yes, that is true.

**Senator IAN MACDONALD**—Without giving away too many secrets, is it intended to maintain approximately 200 days patrol this year?

**Prof. Hurry**—That is my understanding of it. I will check when I go back and if there is any difference in that, I will let you know. But it is our understanding that the patrol continues and we are still involved with the French patrols as well.

**Senator IAN MACDONALD**—Thank you. This perhaps should have been in the sustainable resource management where we dealt with international fisheries this morning, but we were a bit full up with other things, so I did not get much time. AFMA still manages the Australian involvement in the Indian Ocean Tuna Commission. Is that right?

**Prof. Hurry**—The two boats that are fishing off the WA coast here are part of that Indian Ocean tuna fishery and we provide information on the boats and the catch to the—

**Senator IAN MACDONALD**—I was really after whether you do have the Australian catch figure from the Indian Ocean?

**Prof. Hurry**—Yes, we have our catch figures for the vessels that are fishing in the fishery.

**Senator IAN MACDONALD**—Do you also have access to—or can you get it for me on notice, because I did not ask for it at the appropriate place—what we know of other catches in the Indian Ocean fishery and also what is thought to be sustainable in that fishery?

**Prof. Hurry**—We can do that.

**Senator IAN MACDONALD**—I will have to leave my questions about the politics of the fishery for some other time—although, are you still a professor?

**Prof. Hurry**—Thanks, Senator. Yes, I am.

**Senator IAN MACDONALD**—I was just looking at last year's estimates and it has 'Prof. Hurry' and I looked at that twice and thought, 'Oh, that's right, he is a Prof. now.' That is Hansard's fault.

**Dr O'Connell**—More worrying than that, Professor Hurry was telling me that they have given him some students this year, so he is not only a professor, he is going to start teaching.

**Senator IAN MACDONALD**—They will be well-taught students, I am sure.

**Prof. Hurry**—Thank you. Everybody else thinks they should be really nervous and I am sure they are right!

**Senator Sherry**—They are doctors.

**Senator IAN MACDONALD**—No, I will not make a comment. Is AFMA involved in that fishery in a policy sense, or is it really in the international division in the department?

**Prof. Hurry**—The policy setting for it has always been a DAFF responsibility in all the regional fisheries organisations. We go along to them to provide technical support, where there is a need for us to do that. We are probably more active in the forum fisheries agency in the western and central Pacific and in the CCSBT than we have been in the Indian Ocean over the years. But we have been to a number of the meetings over the years, and we were at the last one in Oman, and we may well go to the future ones.

**Senator IAN MACDONALD**—Who was there?

**Prof. Hurry**—Trish Stone was at the meeting in Oman last year.

**Senator IAN MACDONALD**—Are you able—if I can seek the indulgence of the committee—to tell us what happened at Oman?

**Prof. Hurry**—No. I would have to go back and check. I have not stayed in touch with it personally, but I can find out for you.

**Senator IAN MACDONALD**—You do not have a website report on those activities, do you?

**Prof. Hurry**—No. They are usually on the IOTC website. There would be a report of the meeting and the minutes of the meeting. But we would have provided a brief, I would imagine, to the western tuna management advisory committee. Let me get that. I will check with our committee.

**Senator IAN MACDONALD**—Could you make that available—

**Prof. Hurry**—I will be happy to do that.

**Senator IAN MACDONALD**—for the public document? I was recently told something that suggested to me that what I had thought for some time was the situation with the IOTC was not quite that—that is, getting it out of the FAO so that Taiwan could become a member. There was always a suggestion that, because it was UNFAO, China would not allow Taiwan to be involved, even though the Taiwanese were very big takers in the Indian Ocean, but that China might look the other way if it were a non-UNFAO group. It has been suggested to me that under no circumstances would China acquiesce in the fishing entity of Taiwan being involved in any forum with fisheries management. Is that something that you could or should comment on?

**Prof. Hurry**—It has been an issue, because the Indian Ocean Tuna Commission is an agency under the FAO, whereas in all the other regional fisheries organisations around the world which are intergovernmental organisations Taiwan is often in there as Chinese Taipei or the Fishing Entity of Taiwan. They are not members but they are usually associate members of those commissions, so they sit at the table with everybody else and, in effect, just operate as a normal fishing member of those commissions. They have different membership arrangements in each of the bodies. They were the biggest—I do not know whether they still are—catcher in the Indian Ocean for a number of years. But the problem is more the link that the Indian Ocean Tuna Commission has to the FAO. If China is concerned, it is because of that FAO link. I am not sure where the negotiations with the FAO are on that. I know that they started the process and then there was some resistance from the other members of the IOTC—and not just China—about whether they wanted to get out. There are a number of African coastal states and developing Indian Ocean states in that, and you can probably understand the process as well as I can. I do not know where it will end up. It is one of the few fisheries bodies that is left with the FAO and it is the only tuna commission that is under the FAO at the moment.

**Senator IAN MACDONALD**—If it is possible to give me a two-paragraph summary of where that is at, I would appreciate that. Dr O’Connell, I understand Mr Kalisch—who used to do these things for many years—is no longer in that role.

**Dr O’Connell**—He is now in the Bureau of Rural Sciences. He is actually currently in Korea, because he is still our commissioner on the SBT commission. So he is active in that area.

**Senator IAN MACDONALD**—Who is doing that job in the department, or is that one of the ones that got axed?

**Dr O’Connell**—That is where the two branches were combined in terms of the international fisheries and other fisheries. Mr Pittar, who you saw earlier, has taken that role. But we were looking for continuity, particularly in the southern bluefin tuna, so we have held Dr Kalisch in that spot for—

**Senator IAN MACDONALD**—So it would be Mr Pittar that would be doing the IOTC.

**Dr O’Connell**—He will be managing that area, yes.

**Senator IAN MACDONALD**—I see my colleague Senator Boswell is here. That leads me on to my next set of questions. I was told by the environment department at last estimates—and I thought I had this this morning when I sort of half asked about this, but I do not think I

have, on looking at my notes—that they only had the 2006 east coast marine regionalisation profile catch figures, and they indicated that 2007-08 figures would be available in mid-October. Do you have the catch figures for the Coral Sea Fishery and that part of the Eastern Tuna and Billfish Fishery that is contained within that section? Or do you have separated, and are you able to give me, the figures for the Coral Sea section of the East Coast Tuna and Billfish Fishery?

**Prof. Hurry**—We can, but we will take it on notice and get them to you. The figures would be available.

**Senator IAN MACDONALD**—So you have the 2007-08 calendar year?

**Prof. Hurry**—We would have the 2008 figures.

**Dr Findlay**—We will have everything up to about three months ago. There is a lag with logbook data up to about three months, but we can give you everything up to about three months ago.

**Senator IAN MACDONALD**—That is out of the Coral Sea Fishery and also—

**Dr Findlay**—Eastern tuna as well.

**Prof. Hurry**—Yes, we should be able to give you that as well.

**Senator IAN MACDONALD**—The Coral Sea section of that. From the last estimates you kindly gave me the list of the 11 holders of permits in the Coral Sea Fishery. Are you aware if the number has changed—not necessarily the owners. Are there still 11?

**Prof. Hurry**—I am reasonably sure that they are as we gave them to you.

**Senator IAN MACDONALD**—Eighteen fishing permits held by 11 concession holders.

**Prof. Hurry**—Yes.

**Senator IAN MACDONALD**—That would not have changed. You have also provided the total number of concession holders in the Eastern Tuna and Billfish Fishery.

**Prof. Hurry**—Yes.

**Senator IAN MACDONALD**—How are you able to get figures for just the Coral Sea section? Can you divide the permit holders into those that do actually fish the Coral Sea section of the Eastern Tuna and Billfish Fishery?

**Prof. Hurry**—The Cairns operators are the main operators in the Coral Sea part of the fishery. It is pretty much one lot of permits up there that are held. I think we can differentiate it. We also have all the vessels on vessel monitoring systems now, so we know where they are fishing in the fishery. That is part of the logbook data that we gather.

**Senator IAN MACDONALD**—Finally, can you tell me—and I ask this of the department—if the management authority, as opposed to the department, has been part of the ongoing consultations on the proposal by the Pew Foundation and by the environment minister to have some sort of conservation zone in the Coral Sea Fishery?

**Prof. Hurry**—We did provide some information on that in a question. We monitor it to the extent that we have a real interest in having a viable and productive east coast tuna fishery, so we are interested in what is happening with that proposal and what impact it is likely to have

on our fishery. We are monitoring it quite closely, but we are not, as far as I am aware—and I will check—actively involved at the table in the discussions on this.

**Senator IAN MACDONALD**—I am just interested to know if you have been consulted by the environment department in relation to proposals that they might have for the Coral Sea.

**Prof. Hurry**—Unless you have got something, James, on that one?

**Dr Findlay**—We have been providing detailed catch and effort information, the sort of information you are looking at, to assist with their planning process, but not at this stage. They have declared their conservation zone, which essentially precludes new activities but it does not have an impact on existing activities, including the two fisheries you have mentioned. We are waiting for that next step in the process.

**Senator IAN MACDONALD**—Can I say, though, without putting words in your mouth, that it stands as a matter of fact that you as the management authority believe that both the Coral Sea Fishery and the Coral Sea section of the Eastern Tuna and Billfish Fishery would be sustainable. I am assuming that, if it were not, you would be doing something about it—is that right?

**Prof. Hurry**—Yes. Our view is that our fishing effort in those fisheries has traditionally been fairly low, particularly in the Coral Sea Fishery, and we believe they are sustainable and they are managed against the objectives of the act, and with the harbour strategy policies in mind, the same as we do for all fisheries.

**Senator IAN MACDONALD**—I understand the Coral Sea Fishery. In fact, you have given me this information, for which I thank you, but I think I saw somewhere that part of that fishery is what is called aquarium fisheries.

**Prof. Hurry**—Yes.

**Senator IAN MACDONALD**—Do they need special permits from anyone, over and above what you give them?

**Prof. Hurry**—Whether they need EPBC Act permits for the exporting of wildlife under the wildlife provisions of that, I am not sure, because they do provide a lot of the large marine mammals and fish to a lot of the aquariums around the world. They are two pretty good businesses.

**Senator IAN MACDONALD**—Thanks very much. That is all I have.

**ACTING CHAIR**—Further questions?

**Senator BOSWELL**—When will the East Marine Bioregional Plan come to fruition? Has there been an extension of six months on that?

**Prof. Hurry**—We said we would need to come back on that. We are unaware of when DEWHA would try and finalise these, but we have been actively involved with the fishing industry on those bioregional marine plans right around the north of Australia.

**Senator BOSWELL**—Is there at present, or will there be in the near future, a bioregional zone in the gulf?

**Prof. Hurry**—I assume there is, because I saw some maps that industry brought in the other day for the Northern Prawn Fishery that showed the initial areas of interest on the Northern Prawn Fishery. It was the large portions of the ecosystem that they were initially interested in, but then they have to come down and take specific areas out of that that then may form part of the final bioregional marine plan.

**Senator BOSWELL**—When is that likely to be finalised?

**Prof. Hurry**—Again, we would have to take it on notice, because it is a timetable driven by DEWHA and not by us.

**Senator BOSWELL**—It seems to me you guys are being relegated to second-class citizens and you are going to be a subsection of DEWHA.

**Prof. Hurry**—I would much prefer not to be.

**Senator BOSWELL**—I know you would prefer not to be but, just as an observer, it seems that you have been ‘emasculated’—that word my veterinary colleague used yesterday. I do not think we should use that, but it seems to me that you are—

**Senator Sherry**—Eviscerated, maybe! It is a fishing term for gutting a fish.

**Senator BOSWELL**—‘Gutted’ would be a term. It seems to me that every time you ask the fishing authority questions they always refer back to DEWHA. I would have thought you would have been the prime movers and shakers of fishing, yet every time we ask we get flicked over to the environmental department.

**Senator Sherry**—I think that is a little harsh, Senator Boswell. In fact, I think it is very harsh.

**Senator BOSWELL**—No, it is not harsh; it is a fact.

**Senator Sherry**—The witnesses have just responded in a very informative way to a series of questions and I do not think they have flicked them over to DEWHA.

**Senator BOSWELL**—I am not questioning their ability. I am not questioning what they do; I think they run a very good operation. But it seems to me that you are being downgraded and the environmental department is sort of telling you what to do.

**Prof. Hurry**—I ran through some answers earlier for Senator Colbeck and I was trying to explain the role we have taken in this for industry: that we provide industry with a regular update, through our *AFMA Update*, on what is happening with all the marine planning processes around the coast and we do try and act in a way here in Canberra that provides input on behalf of the fishing industry into the processes that are going on.

**Senator BOSWELL**—And I think that you do a very good job.

**Prof. Hurry**—That is something that we will continue to do for them. But I just cannot drive the timetable for that; it is driven around us. At the end of the day, we want a good fishing industry here in Australia and part of our mandate is to help industry to try and have that, and that is something we will continue to do.

**Senator BOSWELL**—Yes. You made the observation a few minutes ago that the take in the Coral Sea was low and sustainable, yet DEWHA want to, not close it down, but make sure that no-one else gets any. There are 18 fishing licences in the Coral Sea, as I understand it.

**Prof. Hurry**—There are 11 concession-holders that hold concessions in the Coral Sea Fishery. Then there is the East Coast Tuna and Billfish Fishery, which has got permits to fish in that fishery, and there are 167 permits spread across 119 concession-holders. At the end of the day, we are just trying to balance a long-term sustainable fishing industry against the government policy on having a system of marine protected areas around the coast of Australia, and if we can make that work as a balanced package that is probably a reasonable outcome.

**Senator BOSWELL**—I am concerned about this new bioregion in the gulf which will impact on Queensland and the Northern Territory. What information has been put to the user groups, whether they be commercial fishermen or amateur fishermen? Are there any constructive meetings being held?

**Prof. Hurry**—There have been a series of meetings held around the coast. James, do you want to run through where they were held? We were present at them. There was an initial round of discussions with stakeholders on the fisheries.

**Dr Findlay**—Yes, there have been a series of public meetings.

**Senator BOSWELL**—When did they first take place? When was the first one?

**Dr Findlay**—There have been a series of them. I will have to go back and get those dates for you. This is not our process and it is not something I have got to hand, but we are happy to come back with past and future dates for both consultation and finalising the plans, if that helps. There have been a series of stakeholder and general public meetings in Darwin, Cairns and Brisbane.

**Senator BOSWELL**—Have any books such as this one been put out?

**Dr Findlay**—I am sorry, I am not sure what you are holding up.

**Senator BOSWELL**—This is the bioregion for the east, from Bermagui to—

**Prof. Hurry**—Yes, around the east coast.

**Senator BOSWELL**—Is there an east coast book?

**Prof. Hurry**—The documentation I have seen on the gulf at this stage has maps showing the areas of interest that DEWHA had. I saw those about a month ago. I have not seen a book on the northern area at all.

**Senator BOSWELL**—Going back to the Coral Sea, permits will be required for charter boats.

**Prof. Hurry**—Yes.

**Senator BOSWELL**—What about fishing boats? I am told there will be some.

**Prof. Hurry**—My understanding is that for existing licences the arrangements stay as they are.

**Senator BOSWELL**—But there can be no more new licences?

**Prof. Hurry**—We would not have issued any more anyway.

**Senator BOSWELL**—No, I am not asking whether you would have issued any. Under the terms of the Coral Sea Conservation Zone, will any more fishing licences be issued?

**Dr Findlay**—Under the conservation zone, DEWHA has put in a freeze to cap the current numbers to avoid other developments while they go about the process of deciding what they want to do in that region. They have not finished that process and so we are not sure where they are going with that.

**Senator BOSWELL**—They must have finished it, because they declared it.

**Dr Findlay**—While they think about the proposal more broadly, they have declared a conservation zone and have frozen fishing activities in order to allow no further activities nor expansion of activities in that region.

**Senator BOSWELL**—Can a licence be sold or bought?

**Dr Findlay**—I do not think there are any restrictions on that, so long as the numbers do not increase.

**Prof. Hurry**—Even before the zone came in, we had a set number of permits in this area. I doubt very much whether we would have increased that number because there were a set of permits there that people could buy, trade and operate, and there is a very low level of activity in the fishery. As far as I am aware, we have had no approaches for further permits in that area in the time that I have been in AFMA.

**Senator BOSWELL**—In the Coral Sea I understand there are approximately 192 tonnes of fish caught, apart from rock lobsters and a few other miscellaneous things. That seems to be a very low return or very low catch.

**Prof. Hurry**—There has been a low level of effort up there for some time. There are a number of operators that have gone up there and tried to make money out of the fishery, and I know that there was a longliner operating up there recently. I guess it is a fair distance from markets and your operating costs are reasonably high, but, yes, the tonnage out of that fishery is fairly low on the fishing effort, and exploratory work that has gone on up there over time has been fairly low as well.

**Senator BOSWELL**—In the *Fishing News International* there is a photo of a fisherman with huge catches, and it has been circulated around Parliament House. Have you seen that?

**Prof. Hurry**—Yes, that was the one of the seamounts off Queensland, off Brisbane recently. It was in the last copy of *Fishing News International*.

**Senator BOSWELL**—That has been circulated around by an organisation, with the implication that it has been caught. Senator Macdonald might help me here. Was it your understanding that—

**Senator IAN MACDONALD**—The suggestion was that it had been caught in the Coral Sea Fishery.

**Prof. Hurry**—Our understanding was that it was taken on the seamounts east of Brisbane, not in the Coral Sea part of it. It is a Queensland state fishery, but I can check the information.

**Senator BOSWELL**—No, I think that is—

**Dr Findlay**—Queensland.

**Prof. Hurry**—Yes. We actually did a bit of checking on that when we saw it, because we were interested in whether it was a new fishery we missed, but we could not find—

**Senator BOSWELL**—That is being put around by Pew and that is being circulated to all members of parliament. That is completely and utterly dishonest—to circulate a photo of a fishing boat out there with huge catches. I hope my colleague Senator Macdonald is right, because that is the way I understood it. The implication was that those fish were being caught in the Coral Sea. Everyone has been circulated with that photo and the implication is that came out of the Coral Sea.

**Dr Findlay**—Yes, we saw the photos and did a bit of checking as well. Our concern was the connection between seamounts in that photo. There are a series of seamounts off south-east Queensland and it is actually a Queensland managed fishery, and that is where the fish were taken. We have confirmed that with Queensland.

**Senator IAN MACDONALD**—How come it is a Queensland managed fishery?

**Dr Findlay**—They have line-fishing responsibility for a certain distance offshore. I will have to come back to you with the actual distance. I think it is something like 80 nautical miles off that area. There is a line which goes up and down the coast there which Queensland has jurisdiction inside and it is a fair way off.

**Senator IAN MACDONALD**—I thought in the Offshore Constitutional Settlement they had out to 12 nautical miles or something; or three, was it?

**Dr Findlay**—It varies by fishery.

**Prof. Hurry**—Yes. There is a line fishery right up the coast of New South Wales, north of Barrenjoey, that operates out to the 80 nautical mile line as well and which is a state fishery. It is a trap-and-line fishery.

**Senator IAN MACDONALD**—Okay.

**Senator NASH**—Could I point out to the committee that we still have a number of agencies to get through and it is 25 past 8?

**Senator BOSWELL**—I think we hit a bit of paydirt there. Thank you very much.

**ACTING CHAIR**—Any further questions on AFMA?

**Senator COLBECK**—Yes. You can take this on notice. I am happy with that. Dr O'Connell might have to comment on this too, because it might be in a different part of the agency. As I understand it, there is some work being done at the moment on the status of statutory fishing rights—where and how they stand and what their overall legal standing might be at the end of the day. It is an issue that has been raised with me in the context of the MPA process, because fishermen are concerned about potential recourse should their fishery be significantly impacted by the MPA process and what they believe the statutory fishing rights are. Could you give us some advice on what is happening with respect to that process. In respect of your efforts on protection of Commonwealth fisheries with the use of the *Oceanic Viking*, how is that going at the moment, given that it is full of asylum seekers?

**Prof. Hurry**—The *Oceanic Viking*?

**Senator COLBECK**—Yes.

**Prof. Hurry**—Yes, it is operating up north at the moment, but it operates on a regular patrol. It was used up north for a patrol last year too, I think. It is not the first time that it has been used in the north of Australia.

**Senator COLBECK**—I understand it has a reasonable range, but currently it is an accommodation vessel, rather than doing another job.

**Prof. Hurry**—You have got me on that one. I will have to check for you, but I am unaware that it is holding asylum seekers.

**Mr Quinlivan**—What is the actual question you are asking?

**Senator COLBECK**—What is the impact on the vessel's ongoing role as a policeman for the fisheries, given that it is obviously—and it is very recent information, so I am happy to let you off the hook on that—

**Prof. Hurry**—No, that is okay.

**Senator COLBECK**—currently holding 78 asylum seekers.

**Senator IAN MACDONALD**—Transporting them from one to the other, or holding them?

**Senator COLBECK**—Taken them off the *Armidale*.

**Dr O'Connell**—The ship was transporting them.

**ACTING CHAIR**—There are 78 asylum seekers on board the *Oceanic Viking*, according to the ABC website.

**Senator COLBECK**—Yes.

**Senator IAN MACDONALD**—Perhaps the question to take on notice would be how long is it spending doing—

**Senator COLBECK**—Other duties.

**Senator IAN MACDONALD**—Not only that, but is it being used as a house rather than a transport vessel? We are running out of room on Christmas Island. Now we know what they are going to do. They are going to live on board the *Oceanic Viking*.

**ACTING CHAIR**—Any further questions on AFMA? No further questions? I thank the officers from AFMA and welcome the officers from the Bureau of Rural Sciences.

**Senator NASH**—Dr O'Connell, we had a discussion at the last estimates around marginal land and the definition of 'marginal land'. It was quite a lengthy discussion—I think it was also with Mr Glyde—at a very late hour of the evening.

**Dr O'Connell**—I suspect it was Mr Glyde, yes.

**Senator NASH**—But we did have an exchange about the definition, and there was some confusion around the different types: whether we were talking about physical marginal land, where you cannot do X, Y or Z sorts of things, or whether it was economically marginal. At the time, you did agree that there should be some attention given to the terminology and some

work to be done on that. I wondered if the department did, indeed, follow on from your thoughts of last estimates and do some work in terms of clarifying that definition of 'marginal land' which you so kindly agreed to look at.

**Dr O'Connell**—I will ask Mr Glyde to explain progress to date.

**Mr Glyde**—I think you have caught me on the hop there.

**Senator NASH**—I do like that sort of flick!

**Mr Glyde**—As far as I am aware, we have not actually acted on the secretary's request.

**Senator NASH**—I am sorry, could you repeat that, Mr Glyde? I did not quite hear you.

**Mr Glyde**—As far as I am aware—unless anyone else here at the table disagrees—we have not actually gone any further in terms of developing a clearer definition of the use of the term 'marginal land'. I forget what the trigger was for the debate, but I took that—

**Senator NASH**—I can refresh your memory. It was around land use and there were a number of maps we were considering under the CPRS scenarios.

**Mr Glyde**—Yes, and I think I took that as a suggestion, as guidance, that in future use by ABARE of the term 'marginal land', that we would need to be much more precise in our use of that term. As far as I am aware, we have not put anything out that has gone to the topic of marginal land. But now that the commitment has been refreshed, we will redouble our efforts to make sure that we are very clear in any of our publications what we mean.

**Senator NASH**—I do not think it was an issue with the publications. I think it was more that there was a general agreement that this needed to be addressed. Just so I can perhaps refresh your memory, I said:

Yes, so perhaps there could be some attention to the terminology used to clarify.

You responded:

I agree. I think that came out of yesterday's discussion. It is clearly there today, so that is right. We need to do that.

That would be a fairly clear directive.

**Dr O'Connell**—It was, as I recall, in the context of the ABARE work and the potential to have a distinction between exactly how ABARE looked at the marginal land issue, which was the economic assessment of it, and, if you like, how people understand more generally the concept of 'marginal land' with capability and fertility and other concepts of that nature.

**Senator NASH**—Your recollection is correct. Could I perhaps understand then that this will be addressed now as a matter of urgency, given the rather lax approach to the directive?

**Dr O'Connell**—Yes. I think Mr Glyde is onto it already, as we speak.

**Senator NASH**—I think Mr Glyde is onto it already too.

**Mr Glyde**—We did provide an answer to that, but I do not have it with me. Rest assured we are onto it.

**Senator NASH**—Thank you. Could you give me a rough time frame for how long you think it might take you to do some determination in regard to the terminology?

**Mr Glyde**—I would like to review the answer that we provided to the previous question before I give that. I am struggling to remember exactly where we got to on that issue, so perhaps I can come back to you—we will be here for a while tonight after BRS has finished—and give you a precise answer.

**Senator NASH**—That would be good. If you cannot do that tonight—and I would hope that you could—perhaps you could take on notice to come back to the committee as soon as possible with a time frame for a determination around the terminology.

**Mr Glyde**—Thank you.

**ACTING CHAIR**—Any other questions? If not, I thank the officers from the bureau.

[8.32 pm]

### **Agricultural Productivity**

**ACTING CHAIR**—I welcome the officers from Agricultural Productivity. Are there any questions?

**Senator NASH**—I have one, just to kick off. Gentlemen, we had some discussion at the last estimates around the Wheat Export Technical Market Support Grants Program.

**Mr Grant**—Yes.

**Senator NASH**—Thanks, Mr Grant. You very kindly took on notice and gave us a list of all of those companies that had indeed been recipients of the funding. What does the department do in terms of tracking the efficacy of funding those organisations to access those markets?

**Mr Grant**—A lot of it is about capacity building, so we sign funding agreements with those recipients of the grants. The funding agreements contain milestone payments, and the grantees then receive the next component of the milestone payment once they have implemented what they committed to implement as part of that funding agreement. Until they have actually done what they said they would do, they do not get the next tranche of money.

**Senator NASH**—Okay.

**Mr Grant**—If you are looking more broadly at whether down the track they will export more wheat to more countries—because in a sense this program is about capacity building—we would hope in perhaps a few years to identify that some of these companies will have the capacity and expertise to export wheat more broadly than they currently do. Most of those companies that we have provided funding to have not exported in the past or have exported in minimal amounts. So we are hoping that the funding will help them develop capacity and expertise to export into the longer term.

**Senator NASH**—I am very happy for you to take this on notice, but can you provide for the committee what these organisations had previously exported before gaining these grants that you were just referring to.

**Mr Grant**—Yes, I can. Was it in the questions on notice that we pointed out how many of them had previously exported? I can do that as well. We had a discussion about that. I cannot remember whether it was in there or not, but we can do that.

**Senator NASH**—I do not think so, so if you could give us that—and, obviously, also the amounts comparatively.

**Mr Grant**—I know about half of them were not previous exporters at all.

**Senator NASH**—And half were? That would be very useful. Have any of those milestones come up yet?

**Mr Grant**—Yes, some of the milestones have come up, and we have made second and potentially third payments. In fact, there has been another round of grants, so we have actually had two rounds of grants. The first round of grants—milestones—have been paid and in some cases, I think—and Peter Ottesen can confirm—we have actually paid out the full amount of the year 1 grant.

**Senator NASH**—Did any of the organisations not meet the milestones?

**Mr Grant**—Not that I am aware of, no.

**Senator NASH**—Excellent. In relation to that second round—sorry, it was a bit remiss of me—could you take that on notice and provide for the committee the next round of recipients that you were just referring to.

**Mr Grant**—Sure, I can do that.

**Senator NASH**—Thanks.

**Senator WILLIAMS**—Mr Grant, at budget estimates I asked if any of the cutbacks in the department would affect any of your programs. At that stage no-one knew. Have you been able to determine that now?

**Mr Grant**—That is a tricky question because, as part of the reorganisation that the department went through around the start of the financial year, the Agricultural Productivity Division was actually enlarged. So we increased our responsibility with the inclusion of a number of different areas from other parts of the department. We are a net growth area. I think there is probably a small area where we are doing less work—the biotechnology area—but that is pretty much it.

**Senator WILLIAMS**—I also asked you whether we were exporting more food today than, say, 20 years ago. Do you know if that is the case, or is it more of a statistics thing?

**Mr Grant**—Intuitively, I would say yes, but I do not have the numbers to confirm that.

**Senator WILLIAMS**—What work are you doing to ensure that Australia is playing its part to supply food for the world, especially when we hear that the world's population is expected to grow by another three billion by the year 2050? What work are you doing to see that Australia is part of this productivity in increased production of agriculture and food supplies?

**Mr Grant**—I think Mr Glyde took the committee through some of these issues this morning. There are a number of things that we are trying to do. One is that we are looking at productivity growth as a key issue and a key driver of food production. So we are working with ABARE and others in the department through the RDCs to determine what the continuing drivers of productivity are. Are those productivity growth estimates declining? What do we need to do to continue to get productivity growth higher? All of these questions

are aimed at making food production more efficient and effective, with an increased growth in production.

As Mr Glyde said this morning, we continue to fund the rural research and development corporations to the tune of about \$200 million a year. A focus of the work they need to look at is productivity but food security issues as well. There was a significant contribution that the government made to AusAID—about \$464 million—through their Food Security through Rural Development initiative, which is again about capacity building in some countries around the world, looking at food security issues and agricultural production. Market access remains a key feature of food security for Australian concerns, so the continuation of the Doha Round and work on FTAs is very important in terms of trying to open up new markets for Australian producers.

**Senator WILLIAMS**—Looking at food production, unless it is hydroponic, basically all food is grown in the soil. Have you done any investigations or any studies into increasing soil carbon and the effect that that will have on productivity of food?

**Mr Grant**—I have not.

**Senator WILLIAMS**—Sixty per cent of humus is carbon, so this is a big issue. The big talk in all the newspapers today is the Carbon Pollution Reduction Scheme and so on. Have you done any research to show that, if the farmers increase the carbon in the soil, it will actually retain moisture better and require less fertiliser and productivity will increase? I think that is a very important issue that your department should look at.

**Mr Grant**—I am not aware that it has been done in the department, but it certainly would have been done through some of the RDCs. GRDC I would have thought would have done that and you may ask them the same question. Perhaps Dairy Australia and MLA on pastures growth—they may have done something similar. But I cannot actually say for certain whether that has been done or not.

**Senator WILLIAMS**—Do you know if any applications were received for round 2 of the Regional Food Producers Innovation and Productivity Program and how much is being allocated?

**Mr Grant**—I can tell you that. Those applications are currently being assessed by the advisory group. There were 160 expressions of interest received, 50 applications ensued out of those 160 expressions of interest and 42 of those are currently with the advisory panel for assessment.

**Senator WILLIAMS**—What criteria must these applications meet to provide the employment?

**Mr Grant**—The focus of the criteria is innovation and innovation that would not necessarily have happened without the involvement of government. I would have to take it on notice. I do not have the criteria with me. I cannot recall if there is a criteria in there that talks about increasing employment. Do you know, Richard?

**Mr Souness**—No, I do not think there is. The criteria are on the department's website, publicly available.

**Senator WILLIAMS**—I was going to ask about whether the increased Australian dollar has impacted on our exports. Do you have any details of that?

**Mr Grant**—ABARE would probably know the answer to that.

**Senator WILLIAMS**—Yes, I should have asked them previously. Sorry about that. Just talking about food productivity and agricultural productivity, there is a conflict at the moment between mining and agriculture in areas such as the Liverpool Plains near Gunnedah and also the Haystacks and Felton areas of the Darling Downs. That is one of the controversial issues facing food productivity there. Has any research been done on the likely impact of mining on agriculture or the loss of productivity in these prime agricultural areas?

**Mr Grant**—I am not aware of any specific research that has been done on the likelihood that agricultural land is being taken out of production by mining. There was some work done through the Primary Industries Ministerial Council that looked at a whole range of issues as to why agricultural land was taken out of production. I think the main one was dealing with urbanisation and the growth of hobby farmers and urbanisation out into those lands. At the end of the day this is really a state government matter—who has responsibility for land planning and management.

**Senator WILLIAMS**—Just a final question on the government's new industrial relations regulations. We have had the horticultural industry jumping up and down about those. Have those new IR laws had any effect on the productivity of agricultural industries?

**Mr Grant**—My understanding is that the awards have not come into fruition yet.

**Senator WILLIAMS**—On 1 January next year, yes.

**Mr Grant**—There has been a preliminary ruling made on the horticultural award and I understand the Deputy Prime Minister has asked the Australian Industrial Relations Commission to review elements of that after submissions from the industry. So I would say that there is no indication as to any impact on productivity yet.

**Senator WILLIAMS**—Australia now imports more horticulture, fresh and processed, than we export. What is the main reason for that, do you know?

**Mr Grant**—I am not totally sure that we do but—

**Senator WILLIAMS**—I have got some figures here. I will leave that for next time and get some more details on that. Thanks, Chair.

**ACTING CHAIR**—Senator Back.

**Senator BACK**—Just picking up on the question of the need to produce more food to feed another 1.9 billion people in Asia by 2050, can you tell me if you are doing any research on nutrient loss and how we might capture nutrients for recycling in the Australian agricultural cycle?

**Mr Grant**—I am not aware of specific work that is being done in the department. Again, there may be work that has been done in the RDCs, or the Bureau of Rural Sciences might be in fact doing some work.

**Dr O'Connell**—Unfortunately they have just gone. They were on just previously.

**Senator BACK**—Can I ask then is there any cooperative work between your department and the CSIRO, for example, in this area of capturing lost nutrients, or do we have to put that on notice for those who—

**Dr O'Connell**—I think we would have to take that on notice, given that the people have just gone.

**Senator BACK**—In the same related area of feeding the region, can I ask if any work has been done or is contemplated to be done in food wastage, from production through to eventual consumption? The estimates are very high—30, 40 per cent—throughout the chain. Is Agricultural Productivity looking at this at all?

**Mr Grant**—Not as a specific study. I have, like you, discussed this potentially with the industry—with the Food and Grocery Council—who have issued significant details about this. It is difficult to identify where federal government intervention might help, to be honest, so we have not done a lot of work on that.

**Senator BACK**—Or in cooperation through AusAID or whatever. I have heard AusAID being mentioned, I think earlier—a very significant sum of money. Would this not be an area that you would have an interest in, or would you through AusAID and through our other international agencies?

**Mr Grant**—Obviously, if you could overcome whatever the health and safety issues are around it, I think it would be a fantastic idea. But, as I say, it is not something we have done a lot of work on to date.

**Senator BACK**—Chairman, on an unrelated area—and I go to agricultural education. I do not know if that has any interest or involvement in the Agricultural Productivity department.

**Mr Grant**—It does.

**Senator BACK**—There are two areas of enormous concern to me. First, the only tertiary institution in Western Australia, the Muresk Institute of Agriculture, 85 years in existence, will close at the end of 2010—or at least it is predicted to. There is a lot of argument and discussion going on at the moment with Curtin University, which operates Muresk, but it will have a huge impact on agriculture and agribusiness education. It was the first institution in Australasia to start a tertiary course in agribusiness. I understand also the Queensland government is looking at the future of their ag colleges, including Burdekin. I wonder if you have got any sort of comment or any advice, or would you be making any inputs into that process, particularly the Western Australian one with which I am more familiar?

**Mr Grant**—I think we touched on labour issues this morning to a small extent. The department, through the Agricultural Productivity Division, implements the Community Networks And Capacity Building program. One of the areas of focus in that program is on youth and there are a number of grants that are focused at trying to encourage and skill and involve youth in agriculture into the future. The issue of broader labour skilling and the role of some of the institutions has also been looked at through the Primary Industries Ministerial Council. The council, including all of the states and the Commonwealth, asked for a report to be provided about the current capacity and activities that are happening through tertiary education, through agricultural institutions and trying to identify whether there is a stronger

role that agricultural ministers can play in this. That report will be considered by the ministerial council at its next meeting in November.

**Senator BACK**—Is it likely that there would be a communique from that council meeting?

**Mr Grant**—Yes, I think there will be a communique.

**Senator BACK**—Which will be publicly available?

**Mr Grant**—Yes, there will.

**Senator BACK**—I would be most interested to receive it, if that is possible.

**Mr Grant**—Certainly.

**Senator BACK**—Chairman, given the limited time, I have a third question, again totally unrelated. You may be aware that the RSPCA recently commissioned ACIL Tasman to undertake some studies—I will call them desktop studies—related to the live sheep trade out of Western Australia. I wonder if you have examined those reports and whether you have any comments on them from an Agricultural Productivity point of view. The thrust was that the live sheep export trade could be phased out in favour of carcasses being processed in Australian abattoirs and then on-sold as carcass meat to the Middle East.

**Mr Grant**—I certainly saw the report—and we have not yet followed up specifically with ACIL Tasman. But at face value it did not seem to be a report that made a lot of sense to me. If you look at farming operations, the report seems to suggest that farmers were more interested in making a loss on selling their sheep by exporting them live than they were in processing them in Australia and that did not seem to make much sense to me. So, while we have not followed that up, I would treat that report fairly carefully, I think.

**Senator BACK**—Thank you very much, Mr Grant. Thank you, Chairman.

**ACTING CHAIR**—I have got some questions in this area if nobody else does. Is this the right area to ask about the new organic standard?

**Mr Grant**—Yes, it is.

**ACTING CHAIR**—Can you tell us how the standard came about and what consultation process was undertaken?

**Mr Grant**—The standard was developed by Standards Australia. They established a technical committee in 2007 to progress the development. They had a membership drawn from a wide spectrum of organic industry stakeholders. A draft Australian standard for organic and biodynamic products was issued in July 2008. There were over 900 submissions received on that draft standard, as part of the consultation process. There were about 1,600 substantive issues that were addressed by the technical committee. Standards Australia released a new standard on 9 October. That standard is now the formal and final standard that has been released. So there was a significant degree of consultation and stakeholder input into that process.

**ACTING CHAIR**—Is the whole of industry behind this standard now?

**Mr Grant**—I think it is fair to say that there are some of the larger certifiers who are yet to fully commit to the new standard because it differs from the processes and the measurements

that they have established for their own commercial use. I do not know exactly whether the whole industry is committed but I have heard that there are indications that some of those larger certifiers are not inclined to use the new standard.

**ACTING CHAIR**—What does that mean? There was a Federal Court ruling in 2007 where the court noted that it was difficult to make orders against a company for fraud given there was no common standard to which producers could be held. Will this new standard, notwithstanding that others want to use their own standards, be able to be used as evidence in court cases?

**Mr Grant**—I think that is a fair assumption, yes. Not only that, I think we will be working with AQIS to determine whether the new standard should apply to AQIS certification of exports of organic produce as well.

**ACTING CHAIR**—Is that another consultation process that you have to go through?

**Mr Grant**—Potentially. I will leave that question to AQIS, but potentially they would want to consult with the importing countries to determine whether they were happy for AQIS to change its certification procedure to deal with the new Australian standard.

**ACTING CHAIR**—Would that mean that those industries that have a different standard would have to comply if they want to export?

**Mr Grant**—If AQIS adopted the new standard then, yes, they would have to comply with the new standard.

**ACTING CHAIR**—What about the ACCC or state consumer affairs bodies when they are assessing whether a company is engaging in misleading or deceptive conduct? What role would this standard have?

**Mr Grant**—I assume it would guide the ACCC or state agencies to determine what the proper picture of an organic standard is and they could therefore use that as a reference point to determine whether the actions of others are legitimate or not.

**ACTING CHAIR**—So you are not sure? Are you suggesting we should ask the ACCC or is that matter yet to be resolved?

**Mr Grant**—You could ask the ACCC but the standard is, in a sense, a voluntary one. You cannot force people to use it.

**Mr Souness**—Could I clarify what Mr Grant said. The ACCC were a member of the Standards Australia technical panel, as were a number of state agencies. They participated in the development of the standard and would have participated in the final decision to accept the standard, so I think you could conclude from that that they were quite comfortable with the standard. That builds on what Mr Grant was saying about their acceptance of the standard.

**ACTING CHAIR**—On another subject, could you give us an update on where wheat deregulation is and what has been done to ensure access to port for wheat exporters?

**Mr Grant**—As you are aware, the legislation provided that the port owners who are also exporters needed to have an access undertaking for access to their ports accepted by the ACCC before the end of September in order for them to be accredited as a wheat exporter by Wheat Exports Australia. All three of the large port owners who are also export marketers had

their access undertakings accepted by the ACCC and have hence been reaccredited by Wheat Exports Australia as legitimate exporters.

**Senator ADAMS**—I have been informed that they have to pay approximately \$1 million each for the assessment. Is this true?

**Mr Grant**—I do not have that information. That is probably something for the ACCC. I do not know what the fees and charges might have been. Do you mean the cost of putting their undertaking together?

**Senator ADAMS**—Yes, just the certification that they had to go through.

**Mr Grant**—No, they certainly would not have had to pay anything like that for certification and I think Wheat Exports Australia are coming on, so you could confirm that.

**Senator ADAMS**—No, not that—just the ACCC certification, which is the prerequisite for their licence.

**Mr Grant**—I am not aware that anyone had to pay a fee to have an access undertaking in place. I do know that some companies found that they had to put a lot of effort into developing the access undertaking and there are some significant legal fees that were substantial.

**Senator ADAMS**—That might have been what it was then.

**Mr Grant**—It is possible that is what it was.

**Senator ADAMS**—But it certainly was a very excessive amount.

**ACTING CHAIR**—You may find that out at another estimates hearing but you have not found that out here, Senator Adams.

**Senator ADAMS**—Yes, I know.

**ACTING CHAIR**—You will have to stay till later in the week, apparently. The ACCC has accepted the undertakings, so presumably there are no issues with regard to competition constraints in the grain ports which might impede the industry.

**Mr Grant**—Not that the ACCC are concerned about. They have accepted the undertakings.

**ACTING CHAIR**—Your answer implies that there may be someone else—

**Mr Grant**—From my perspective, I am not aware of anything, but I cannot judge for—

**ACTING CHAIR**—Thank you for that. I was a bit worried, when you gave the answer that you did, that you might be indicating that you had some concerns or the department did.

**Mr Grant**—I am not a regulator of competition.

**ACTING CHAIR**—Is it better to ask Wheat Exports Australia, or can you tell us how our wheat exports have been performing?

**Mr Grant**—In what way?

**ACTING CHAIR**—Access to markets, volumes et cetera.

**Mr Grant**—Why don't we leave it till Wheat Exports Australia comes in. That might be useful.

**Senator ADAMS**—I have a question following on from what you were saying. As far as AWB goes, they were not subject to the ACCC certification. Can you explain why not?

**Mr Grant**—AWB has an interest in the Melbourne port but there are also two other significant companies that have an interest in that. It was determined that that port and the owners or operators of that port would not be subject to the need to have an access undertaking put in place. The logic was that, because there are three companies that are engaged in the operations of that port, there was not a potential monopolistic situation that could arise, so there was no need for an access undertaking for the Melbourne port and therefore no need for AWB, which is one of the owners of that port, to go through that process.

**Senator ADAMS**—Thank you.

**ACTING CHAIR**—I have some questions about promoting women in leadership roles in agriculture. Is that this division?

**Mr Grant**—Yes, it is.

**ACTING CHAIR**—We are on the cusp of breaking. The estimates hearing stands suspended.

#### **Proceedings suspended from 8.59 pm to 9.14 pm**

**ACTING CHAIR**—I am going to start 15 seconds before the appointed time. Everyone is here apart from the minister. Fifteen seconds will not make a great deal of difference. Having said that, I have got a couple of questions on promoting women into leadership roles. I want to find out what the department and the government have done to enhance the role of women and young people in agriculture in the last year.

**Mr Grant**—This comes under the Community Networks and Capacity Building component of Australia's Farming Future. You mention two of the areas: Recognising Women Farmers and Next Gen Farmers. Two rounds of grants were developed and implemented in 2008. In 2008-09 there were 74 grants approved, worth \$2.88 million, to Recognising Women Farmers, and there were 52 projects approved, worth \$1.8 million, to Next Gen Farmers.

At the National Rural Women's Summit on 27 June, the minister made a commitment to provide \$500,000 for women's activities in the next year. Subsequent to that, a call was made on 14 October for applications for the next round of Recognising Women Farmers. That round closes on 13 November. The call for applications for the next round of Next Gen Farmers was made on 14 October, with that round closing, again, on 13 November.

**ACTING CHAIR**—I understand that there have been other commitments to matters such as award ceremonies and the like. Is there other assistance that the government has given there?

**Mr Grant**—There has been a commitment to provide up to \$75,000 in 2009-10 for the Rural Industries Research and Development Corporation—RIRDC—Rural Women's Award that was announced on 16 September.

**ACTING CHAIR**—And, indeed, Heywire plays a role in that area as well.

**Mr Grant**—Correct.

**ACTING CHAIR**—The impression that I have gained over the years is that the R&D corporation boards are generally blokey organisations. Has anything changed in that regard?

**Dr O’Connell**—The minister certainly was very keen, when we were looking at appointments in the portfolio, that we open the processes up much more to make them accessible to women. That included having a look at the sorts of selection criteria that were being used, particularly those which related to previous experience. At times it is easy to knock out people because of their experience. We relooked at those criteria and changed how we managed those altogether. Overall, there are 49 positions in the R&D corporations that were engaged with. The ratio used to be 40 men to eight women and now the ratio is 29 men to 20 women, so we have had a major shift in the numbers as a result of that activity.

**ACTING CHAIR**—It is the result of a changed policy as to the criteria that the government applied to the filling of the positions?

**Dr O’Connell**—Yes. It is essentially ensuring that the criteria are more embracing than less, allowing people to come in with the basic skill sets rather than carving them out on the basis of experience at that level or, at least, in that way, which is of course the only way you are going to break new ground in this area.

**ACTING CHAIR**—It sounds like a good start. I suspect in the agriculture sector a lot more needs to be done.

**Dr O’Connell**—Yes, I agree.

**ACTING CHAIR**—Thank you. That is all I have in agricultural productivity. Senator Colbeck.

**Senator COLBECK**—Thanks, Acting Chair. I will get you to take this question on notice, but I am just going back to the chestnut I started with at the beginning of the day, the change in FTEs as a result of productivity and the additional \$12 million impact on the department, so that I get a sense of what has happened in your area. Do you have some holistic numbers for us, Dr O’Connell?

**Dr O’Connell**—I think we do have the numbers for our current status which we can give you. I will just make sure we have those.

**Senator COLBECK**—You gave us the whole-of-agency information, but what I am looking for is the breakdown. There is probably not a chance to interrogate that now.

**Mr Grant**—The impact on agricultural productivity was very small. As I explained in answer to an earlier question, because of the reorganisation that was done in the department, agricultural productivity grew in size because of relocations and projects from elsewhere, so there was not a huge dislocation of staff in this division.

**Senator COLBECK**—Do you look after pandemic planning?

**Mr Grant**—Yes, we do—the food continuity element of it.

**Senator COLBECK**—I am interested in what you have done in planning for the potential of a pandemic or major natural disaster and who that advice goes to initially.

**Mr Grant**—I might get Mr Souness to take that one.

**Mr Souness**—The department is working closely with the Attorney-General's to plan for the continuity of the food supply in the event of a major disaster, and an influenza pandemic is probably the main focus of that work. Through the Trusted Information Sharing Network for Critical Infrastructure Protection established by Attorney-General's, the department works with the processed food industry on the maintenance of the food supply should there be a major downturn in supply. A document called *Ausfood Plan* was developed for the government. It is in draft stage but it is in close to final form. Being a plan, it is something that evolves and is improved all the time as we check it against reality. The food industry has developed its own plan as well. We participate in the Retail Action Working Group with the food industry, chaired by the chief executive of the Australian Food and Grocery Council, working on industry's response to a downturn in the food supply. That work is quite advanced. The department have worked in partnership with the industry. We invested some funds in the development of this work and the industry has also invested.

**Senator COLBECK**—Does the development of the pantry list form part of that process? Did you guys have input into the pantry list? And can you give us a rundown of the pantry list?

**Mr Souness**—Yes. The pantry list was developed as part of that work jointly with industry. The department worked with a number of Commonwealth and state agencies. We were particularly interested in ensuring that the pantry list covered off on the public health needs of the population as well—nutrition et cetera—and the industry looked at the supply components. There is a website, which is simply [pantrylist.org.au](http://pantrylist.org.au), which has the pantry list there. It can be accessed also through the Australian Food and Grocery Council website and I think there is a link on the department's website as well.

It is a fairly extensive pantry list. It is built on the experience of Northern Australia in planning for abnormal weather conditions, flooding et cetera. We have built on that work; we did not invent something new. We also sought advice from dietitians and public health officials in getting the list correct. So that is there. It has been promoted by the industry as well, to try and ensure that there is some uptake in the community to build some resilience in what they store in their own pantries.

**Senator COLBECK**—Did that process identify any gaps or were there any issues with accessing any products 'in suitable form', which is probably the most important part of it, within the Australian market or processing sector?

**Mr Souness**—It did. We have been doing a piece of work with industry looking at import dependency, for example, and the impact that that would have on supply as well. Australia does have some import dependencies for processed food. For example, we now import all our tin plate for canning; a lot of the plastic films and complex paper packaging materials are all imported; a lot of our infant formula is imported. We import a lot of ingredients. For example, we import brines and we import most of the yeast for bread making. So we have been

working with industry on how to ensure continuity of supply if there were a disruption at the border.

**Senator COLBECK**—Is any of that work being put towards developing a food manufacturing industry strategy? Once it is identified that there are those potential deficiencies—and I suppose the flip side of that is potentially opportunities—is there any work being done in using that research and that information to develop a food manufacturing industry strategy?

**Mr Souness**—No, not at this stage. We are just completing the work on mapping the import dependencies. Obviously that relies on a lot of information being provided by food companies. Some of that information is clearly commercial in confidence. What we are initially trying to do is to work with industry in ensuring continuous supply no matter where the ingredients come from, whether it is Australia or imported, in the first instance, but we have not gone to that next stage that you have asked the question about.

**Senator COLBECK**—But it is an obvious step, isn't it—to look at where the gaps might be, not looking at it in a negative sense but looking at what the opportunities might be to fill, potentially, some of those areas?

**Mr Souness**—It is clearly something that has been in the back of our minds as we have done this work, but because we have not finished that mapping process we have not gone to that next stage yet. But it is certainly something that the department will be considering.

**Senator COLBECK**—So how far to go—

**Mr Grant**—We would be working as well with our colleagues in the industry department, who have broad responsibility for manufacturing in Australia, including food manufacturing.

**Senator COLBECK**—It is something that this committee has taken a bit of an interest in in its various forms, as you might be aware. So obviously it is something that, from an agricultural perspective, we are interested in. What is the time frame for getting to the completion stage of that process?

**Mr Souness**—We are hoping to have a much clearer picture towards the end of this financial year, but we are building up to doing some further trialling as well, doing some exercises on the plans that I have described to you. But I think it is seen as an ongoing piece of work. It is not a piece of work that just stops when we complete the plan. We will carry on doing this work. We are moving into the next flu season and we will be monitoring the risks there with our colleagues in the Department of Health and Ageing. But we will carry on this work in terms of our own preparedness.

**Senator COLBECK**—With changes in the industry, it would be something you would have to continuously keep an eye on, I would imagine, so that you can ensure that your supply chains remain open.

**Mr Souness**—Yes, and the industry, through the Retail Action Working Group, has been diligent in ensuring its preparedness. That group has representatives of both the manufacturers and the retailers participating, ensuring preparations in the event of a major failure in the food supply.

**Senator COLBECK**—On the Horticulture Code of Conduct, I would like a quick run-down on current status.

**Mr Grant**—The Horticulture Code Committee has finalised its deliberations and provided its report to the minister, and the minister is still considering the Horticulture Code Committee's recommendations on the implementation of the ACCC's recommendations.

**Senator COLBECK**—How long has that advice been with the minister?

**Mr Grant**—I do not know the exact date. A couple of weeks is my guess, but I can take that on notice and confirm that.

**Senator COLBECK**—So we are waiting for the minister to decide which direction we go in, effectively, at this stage?

**Mr Grant**—The government is considering the committee's report and is making its judgement on what its response should be.

**Senator COLBECK**—I might go down to the other end of the table and welcome Mr Murnane back from Tasmania. Can you give us a potted outline of your findings in Tassie last week?

**Mr Murnane**—Yes. Last week there were a series of meetings organised with dairy farmers on the north-west coast of Tasmania. I was obviously there, as was an adviser from Minister Burke's office. The chair of the TFGA—the dairy group—was part of the group, as was the commodities manager of the TFGA. The member for Braddon and one of his staff members also participated in some of the meetings, and in some of the meetings there was also one of the rural counsellors based in Tasmania. So what we did was to ask the Tasmanian Farmers and Graziers Association to organise some small meetings with dairy farmers in the north-west of Tasmania, so that we could hear firsthand about the conditions that they are experiencing and the situation they find themselves in. Obviously it is not possible to give a single answer about the messages that we received and those sorts of things. We went down there on the basis—and we said this to each of the groups that we met with—that we were there to listen to their experience, and we were not in a position to make any commitments as to what might happen or anything like that. But we wanted to listen so that we could then feed in their firsthand experiences into the government. So that is what we have done. Some of the messages that we were hearing from people obviously will not come as any surprise to you. There were stories about the cut in farm gate prices, in particular from that district. Obviously there were stories about the weather conditions and how the cumulative effect of those has had a fairly major impact on the incomes of some farmers.

**Senator COLBECK**—Has the Prime Minister's office been in touch with the department in respect of the request that I made for assistance with storm damage?

**Mr Murnane**—After you raised this this morning, we got in touch with the Department of the Prime Minister and Cabinet. They said that your letter has been received in the Prime Minister's office. They are developing a response and will be talking with us as they develop that response.

**Senator COLBECK**—It would, from my perspective, fall within the range of issues that would have been raised with you down there last week and, if you are developing a package, could fall within the range of possibilities to—

**Mr Murnane**—Yes.

**Senator COLBECK**—One farmer spoke to me and said it was going to cost him \$20,000 as a result of the storm damage, from a range of issues. Firstly, he had to hire a generator for a week to operate his dairy, both the machine and the refrigerated vat, but he missed three or four milkings, so he has additional disease issues with mastitis and things of that nature. That means additional veterinary costs, which I know is one of the issues that you have covered down there as well, but he will probably have additional cullings that he will have to have as a result of that overall process. His calculation for that event was about \$20,000 of impact on the farm, which, when you layer it on all the other stuff that is going on, is a significant impact.

**Mr Murnane**—Yes, I accept what you are saying. I have not seen the letter—I do not have a copy of the letter that you wrote to the Prime Minister—so I cannot actually—

**Senator COLBECK**—My issue is specifically in relation to using the disaster relief provisions to consider working with the Tasmanian government to assist farmers for that specific event. The Tasmanian government has put out another package, which I know has received some appreciation from within the sector. I have received an acknowledgement of my letter from the Premier in Tasmania. I have not received anything yet from the Prime Minister, which is disappointing, I have to say, but his office is obviously dealing with that now. But it was one issue where I thought that there were existing provisions in place that could be enacted to provide some assistance on top of a range of other things that were going on. Now, if the government is looking at developing some sort of response, that is fine—I am sure it will be appreciated—but it is disappointing that something that could have been acted on relatively quickly through that process is still sitting around three weeks later. But I understand that that is not your problem. That is dealt with in another agency. So you have obviously reported back to the minister and are preparing something to go back to him and to the government that will be considered by the minister and government in due course.

**Mr Murnane**—Yes. We are preparing advice to the minister.

**Senator COLBECK**—I have a couple of other things but I will put them on notice. Just to completely blow things away: Mr Grant, you said that the advice on the horticultural code of conduct was that it was a couple of weeks away. I had advice from industry over a month ago that it was with the minister. You do not have anything more detailed on that?

**Mr Grant**—Thank you. I have just noted that the code committee provided its response to the minister on 12 September.

**Senator COLBECK**—So it has been with the minister for five weeks, effectively.

**Mr Grant**—Since 12 September.

**Mr Glyde**—Senator Nash asked me to follow up on a question in relation to the definition of ‘marginal land’. I need to ask Senator Nash a clarifying question, if that is okay.

**Senator NASH**—Please do.

**Mr Glyde**—We have had the opportunity to go back and look at the answers that we provided, both in May and in February, in relation to your question. We provided maps, as requested in the question on notice, to demonstrate where the areas of marginal land were referred to in the ABARE modelling. I understand what you now would like to see is actually a definition of what ABARE used and how it describes ‘marginal land’.

**Senator NASH**—Exactly.

**Mr Glyde**—We will come back on that basis.

**Senator NASH**—When we had the discussion last time, you were not able to get a proper definition of ‘marginal land’ because there were both capacities of ‘marginal land’—in terms of use of that land and also land that was economically marginal.

**Mr Glyde**—Yes, I understand. Thank you.

**CHAIR**—I thank officers from Agricultural Productivity.

[9.37 pm]

#### **Rural Industries Research and Development Corporation**

**Senator COLBECK**—I have been told, as the male gender representative here, to make sure that the invitation list for the Rural Women’s Awards are sorted out and the girls are included.

**Dr O’Brien**—After we last discussed this matter, I was contacted by the minister, who offered for the department to provide additional resources so that all members could be invited to the Rural Women’s Award dinner next year.

**Senator COLBECK**—Thank you, and thanks are extended on behalf of my colleagues to the minister. Following on from last estimates also, what has been the impact of the reduction in funding to RIRDC and where have you had to go with your programs as a result of that process?

**Dr O’Brien**—In the last budget the government announced a \$3 million reduction to RIRDC’s budget. The corporation have worked through implementing that \$3 million cut, and we have put before the minister an operational plan that takes account of that reduction. At our last attendance, we took on notice a question about the detail of which projects we would not be proceeding with and we provided that, and I am happy to provide that detail again.

**Senator COLBECK**—No, I think we have got it. Effectively, what you are now doing is waiting for the minister to approve your revised operational plan.

**Dr O’Brien**—Correct.

**Senator COLBECK**—Fine. I will leave it at that and go back and do some other reading.

**Senator NASH**—We had some discussion last time around the operating plan, which I think was due to go to the minister by 16 June. Can you update the committee on where that is up to? Did that go to the minister?

**Mr Grant**—Dr O’Brien just answered that question.

**Senator NASH**—I am so sorry. It is very late. I do apologise. I will check the *Hansard*.

**Senator COLBECK**—When did it go to the minister?

**Dr O'Brien**—On 16 June.

**Senator COLBECK**—It did go to the minister on 16 June and it is still with the minister?

**Mr Grant**—There has been an issue that we had to deal with through the government process. As part of the budget, RIRDC applied to operate at a loss for the year in 2009-10, partly because the income from levies, being seasonal and fluctuating, was down. As with all research and development corporations, the budget rules allow them to operate at a loss in years where levy income is down and to operate at a profit in years where levy income is high, and then they return the money through to their reserves. To do that formally they need to apply through the minister for finance. The reason why the RIRDC annual operating plan has been held up is that we have been going through that process, through the minister for finance, to receive that authorisation to operate at a loss.

**Senator COLBECK**—Is that part of the process finalised?

**Mr Grant**—Not yet, no. It is still with the minister for finance.

**Senator COLBECK**—Where does that leave RIRDC as far as their operating plan? They are just bowling along regardless and operating at a loss, without approval?

**Mr Lawrenson**—The board has given management clear instructions to operate this year, until we get any approval for a loss, to a break-even position. That is what we are working through at the moment.

**Senator COLBECK**—What impact does that have on your programs? Additional impacts, obviously.

**Mr Lawrenson**—If we don't get approval for a loss?

**Senator COLBECK**—Yes.

**Mr Lawrenson**—Or without an approval for a loss?

**Senator COLBECK**—We are getting well into the year, so it would delay programs commencing, I presume, and things of that nature.

**Mr Lawrenson**—Yes, there are.

**Senator COLBECK**—It would have to have an impact.

**Mr Lawrenson**—Yes, it does. But in the normal course of business there are a whole range of projects that are commissioned later in the year. They are not all commissioned at the beginning of the year. There are quite a lot that are phased over the year, so we are able to work within those constraints at the moment. We are very hopeful of getting that resolved very shortly.

**Senator COLBECK**—I am sure you are hopeful of getting it resolved shortly. We would like to see it resolved shortly so we know that you know where you are heading. Your 16 June question has gone a fair way.

**Senator NASH**—Yes.

**Senator COLBECK**—I find that quite interesting, or extraordinary, that four months later we are still not with an approved operational plan. Do any of the other RDCs have a similar problem?

**Mr Grant**—No.

**Senator COLBECK**—Do we understand what the issues are with the department of finance, or with the finance minister? I would not have thought it was an awkward problem to actually deal with.

**Mr Grant**—It is with the minister for finance, so I cannot answer the question.

**Senator COLBECK**—I understand that is where it is, but I would not have seen it as a break-the-country type of issue. It should be something that could be turned around pretty quickly, having worked in that portfolio.

**Dr O'Connell**—How the minister for finance is managing the priorities is not really something that Mr Grant can answer.

**Senator COLBECK**—No, I understand. He cannot even nod his head or shake his head. But I have said what I have said, so sorry.

**Senator Sherry**—Finance estimates might get a better answer. It is in the Finance domain. I know what they are like.

**Senator COLBECK**—So do I.

**Senator Sherry**—Same with the ERC.

**Senator COLBECK**—Senator Nash, I am sorry to interpose on you.

**Senator NASH**—That is quite all right. You were interposing on your own question, technically. I am interested in RIRDC's view—obviously, there has been some reporting done this year—on the impact of the ETS on farmers. Perhaps you could outline your main views around that for the committee.

**Dr O'Brien**—The corporation is active in research and development into understanding climate change, mitigating its impacts and adapting to its impacts in agriculture. A piece of work we have done this year was a contract conducted by the Centre for International Economics, which modelled farm-level impacts of an ETS across a range of farm types. That report is published. It is available on our website, and I am happy to provide the committee with a copy of the report.

**Senator NASH**—I am sure we can access it. I was just interested in finding out what RIRDC thought were the key issues. There is an awful lot of stuff in the report, but from the point of view of RIRDC as an R&D organisation, what would you see as the key findings—the key impacts on the farming community?

**Dr O'Brien**—We would point to the results of the work that we have commissioned rather than take a position as an organisation.

**Senator NASH**—Which would be the most important or the key points that you would refer the committee to?

**Dr O'Brien**—I think I would refer you to the report. You will be able to see there the set of assumptions that those researchers made in conducting that work. They have drawn conclusions about farm-level impacts and those conclusions will show that, for systems that are based on animal production, impacts, if those sectors are covered by an ETS, are likely to be higher than in the horticulture and cropping sectors. That would be my broad conclusion from the report.

**Senator COLBECK**—Remember, they are waiting for an answer back from the department of finance so just be careful where you lead them.

**Senator NASH**—Indeed. In your view, from what you have seen in the report that you have done, overall is the introduction of an ETS by and large positive or negative for the farming community?

**Dr O'Brien**—The report that I am referring to shows costs for agriculture, whether covered or not covered by an ETS.

**Senator NASH**—Thank you very much. I will let you off the hook there, and we shall go and have a look at the report, obviously, ourselves. It is a very good report. I think RIRDC did very well to commission that report and put forward for the community what they have. Senator Colbeck may have already covered this—and again I am referring back to some of the questions asked this morning about the importance of research and development—but what are the key areas in which you find yourselves constrained because of a funding cut?

**Dr O'Brien**—The guidance that the minister gave us when the \$3 million cut was made to RIRDC's budget was to preserve R&D funding to industries where there is levy support, to seek to preserve our work in leadership, in farm and fishing health and safety, in Rural People and Learning Systems and in emerging issues, and that is what we have endeavoured to do as we have implemented the cut across the corporation.

The nature of our work is that we received more applications for funding for research and development than we could meet last year and we have received more this year than we can meet. In other words, we go through a very rigorous process of evaluating applications for their merit against the priorities of the corporation. What the reduction in budget means is that we can fund fewer but we are oversubscribed historically.

**Senator NASH**—There seems to be a general trend coming out today about the lack of funding right across the department, and I simply find it extremely difficult to reconcile the minister saying, on one hand, how he is putting so much into research and development and that this is all so critical and yet, on the other, it seems agency after agency is telling us how they have to cope with less money. I am sorry, I should not ask that. It is not your place to answer and I completely understand that. I do apologise. RIRDC does an extremely good job.

**Dr O'Connell**—I think Dr O'Brien was just talking about the degree to which, if you allow open requests to come in for research projects, you will tend to get more than you can fund—always.

**Senator NASH**—Dr O'Connell, I completely take that point. I transgressed into a policy area, which was entirely my mistake, and I do apologise. Chair, I am done, thank you.

**CHAIR**—Thank you, Senator Nash. Yes, Senator Adams.

**Senator ADAMS**—Just to follow on, you were talking about what you have quarantined your research dollars to and you were talking about emerging issues. What are the emerging issues? Is there anything other than climate change that you have come up with?

**Dr O'Brien**—We go through a process with an expert committee of identifying emerging rural issues and commissioning scoping work. This year we are doing some work on R&D to support Indigenous rural development, as an example of work in that area.

**Senator ADAMS**—Could you expand on that a bit more. I am on an Indigenous communities committee, so I am very interested in that.

**Dr O'Brien**—I am happy to do that in two parts. Firstly, we received some additional funding to support a study of economic development opportunities for Indigenous people on Cape York. We have gone to tender for that work and we are currently assessing a series of proposals. That is a project to look broadly at economic development opportunities for Indigenous people on Cape York. We are also taking advice from a steering committee of Indigenous and non-Indigenous people on other R&D projects that we can contract or commission in the area to provide the knowledge needs to support Indigenous rural development particularly. That is based on an assessment that says that the aspirations of Indigenous people are broader and sometimes more complex than those of mainstream agriculture and it is looking at ways and means of incorporating them into production systems.

**Senator ADAMS**—Are you doing anything with gardening or horticulture?

**Dr O'Brien**—Not at this stage.

**Mr Grant**—That will be done through Horticulture Australia Ltd.

**Senator ADAMS**—I was just thinking about the projects, seeing that they were working on Indigenous issues. Thank you.

**CHAIR**—There being no further questions, I thank officers from Rural Industries Research and Development Corporation and now call Grains Research and Development Corporation.

[9.52 pm]

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

**Mr Reading**—I would like to just put forward an apology. The chairman was on a board visit to Western Australia last week, down in Esperance, and climate conditions were very unfavourable and he is suffering a very severe case of bronchitis, but he sends his apologies.

**Senator ADAMS**—It was probably all the grain dust that got him.

**Senator NASH**—Please send him our best.

**CHAIR**—That is the great southern bug you get! Welcome, Mr Reading. I put the kiss of death on you last estimates when I said we would bring you in early, because you are always here late, and look what happens! I am terribly sorry.

**Mr Reading**—That is okay.

**Senator NASH**—This is a bit like *Groundhog Day*, Mr Reading, isn't it? I am a bit disappointed Mr Perrett is not here. We had some discussion last time and I need some clarification around some views. I am sure you will do an admirable job of answering for Mr Perrett. We were discussing the GM canola issue and segregation and the fact that GrainCorp had decided to bin them together. Mr Perrett at one point, when we were talking about the markets for GM canola and canola in general, said, 'There are a lot of markets that do not differentiate between the two'—between non-GM and GM. 'They do not care whether it is non-GM.' I was interested in your view, and I am sure you will be very well aware of the article in the *Land* last week. I will read the first couple of paragraphs:

Unease about genetically modified GM canola has discouraged big oilseed buyers CBH and Elders from buying GM grain this season in recognition of the market sensibilities of their European and Japan customers. Europe has only just relaxed a ban on GM canola imports but it is unlikely to buy any this season after a big domestic canola harvest, while Japan prefers to buy non-GM from Australia.

We have had a lot of discussion in the past, with the GRDC saying that it does not matter, GM canola will be accepted pretty much anywhere. I do not wish to paraphrase too broadly, but that has been a general view, and now we have this sort of reporting coming out in the media. Can you give us your view on why that is the case and how you reconcile your previous views with, obviously, a rather generally held view at the moment about non-GM canola?

**Mr Reading**—I noticed the article last week and I think the premium at the moment they are offering is about \$5 a tonne. Obviously, for more detail of why the market is offering that, you would probably need to direct that question to the marketers. However, there are a couple of points. Firstly, when a grower looks at the decision why they will grow GM—and, as we promised at previous Senate estimates, we have been conducting a lot of market research regarding growers' attitudes—they grow it for a number of reasons: to decrease the amount of herbicides they use, which is good, particularly those that have issues with resistance, and also for the number of ground workings they use in terms of fuel and efficiency costs. As far as where the markets are, as you know, the majority of canola that goes to Japan is from Canada, which is 85 per cent GM. I notice figures of—

**Senator NASH**—Just to clarify, is it correct—I am genuinely trying to understand this, and I do understand that they buy it from Canada—that they apparently prefer to buy non-GM from Australia? Is that not correct?

**Mr Reading**—Again, that is a question you would probably need to address to the marketers. From a report I saw probably about 12 months ago, the non-GM segment for canola in Japan is probably about three to five per cent of the total, but again the marketers could give you more up-to-date information on that. They are marketing canola every day.

**Senator NASH**—But what percentage of that is our canola? It is one thing to say that it is a percentage of the world market, but of the percentage of the canola that we grow, how much would that be that we should offer Japan?

**Mr Reading**—Again, in terms of where the canola goes to, Japan is certainly a market for canola. Up until last year, when GM canola was first grown in Australia, all canola out of Australia would have been non-GM. Again, you would need to ask the marketers, but when I

was a grain marketer the difference between what canola from Australia got versus canola from Canada was marginal.

**Senator NASH**—We digressed a little bit there, because what I was trying to get a response to the comments that Mr Perrott had made—which of course we took on face value—that there are a lot of markets that do not differentiate and they do not care whether it is GM or not. This reporting would seem to say that perhaps that is not entirely correct. So I am just trying to get an understanding of how much store, I suppose, the committee should put in those types of comments from Mr Perrott and how much store we should put in the reporting, which seems to be rather different.

**Mr Grant**—Perhaps I could just add: it is very confusing, because I am reading a report from *Stock and Land* that quotes:

CBH regional manager for south-eastern Australia Georgina Whiting said her company's decision reflected the desires of its domestic customers.

So that is a different view as well.

**Senator NASH**—I completely understand.

**Mr Grant**—Even within the same company you are getting mixed messages.

**Mr Reading**—We are getting mixed messages.

**Senator NASH**—Yes, absolutely, and I read that too. It was the inference within the article that some of these markets overseas do not necessarily want to take our GM canola. The inference from GRDC at the last estimates hearing was that it was not a problem, it would be fine. I am just trying to understand the variation in those figures.

**Mr Grant**—And whether the issue is they will not take genetically modified canola or they prefer non-GM. I think that is part of it as well.

**Mr Reading**—It is very early to tell as well. The market will be the market. Very little canola has been traded this year so far. Let us see how it goes once the market starts coming on to full steam with sales and production.

**Senator NASH**—I take that point. Also, the gene ethics director, which I am sure you are aware of, which was referred to in this article as well, made a comment—and I simply just want your view on this:

... North American experience shows the GM giants will stop at nothing to ensure their products soon dominate the market ...

Do you have a response to that?

**Mr Reading**—Yes. Most of the first generation technology comes from them. I have noticed in the Australian market that Monsanto has licensed its technology to several other companies, so other companies are getting access to it. But, again, the first stage technology particularly has come from those companies.

**Senator NASH**—Do you have a view on why he would say that and what 'will stop at nothing' actually means?

**Mr Reading**—No.

**Senator NASH**—I did not think you would. Can I just very quickly, to finish up, go to the issue of segregation and the GrainCorp announcement which we were discussing at the last lot of estimates. Have you had any discussions with GrainCorp since then about their approach? I know we were discussing at the time that the cost of the segregation was going to fall on the non-GM grower, and I do not want to revisit all of that—we had that discussion last time—but have you had any correspondence or discussions with GrainCorp since about how they intend to approach it, or has anything changed in terms of their approach in the meantime?

**Mr Reading**—No, I have not had any direct discussions with them. I do believe, though, they are offering the segregations now. I believe that but I am not sure. I have not had direct contact with them.

**Senator NASH**—My understanding, though, was they were always going to offer an ability to segregate but the cost to segregate would fall on the non-GM grower. Is that correct?

**Mr Grant**—The information I have is that the farmers who want to deliver into non-GM canola segregation will not have to pay for additional tests to prove that their crops are not genetically modified.

**Senator NASH**—That is good news, because at the time it was definitely reported that they would.

**Mr Grant**—It was uncertain.

**Senator NASH**—So something has changed in the meantime?

**Mr Grant**—That is the information I have.

**Mr Reading**—Yes, I had heard the same. But, as I said, I have not had direct contact with GrainCorp to confirm that.

**Senator NASH**—Could you undertake to take on notice and to clarify that for the committee and come back to us?

**Mr Grant**—We can do that.

**Senator NASH**—Thank you very much.

**CHAIR**—I am sure, with GM and canola, Senator Williams would like to ask a question.

**Senator WILLIAMS**—Thank you. Mr Reading, you were saying that your department advised that it cost about \$1 billion a year for disease in cereal crops.

**Mr Reading**—Correct.

**Senator WILLIAMS**—Yes, or even more when you add the wheat and barley together, from what I read in the paper.

**Mr Reading**—That is correct.

**Senator WILLIAMS**—Are you making inroads into research on these diseases?

**Mr Reading**—Yes. GRDC in total is spending about \$6 million a year in that area; not so much in terms of the GM solutions—and that is quite across—of which a couple are in the area of biotic stress, particularly against some of the main diseases. We have a significant

program each year in our investment in our farming practices side on areas such as chemical control, crop rotations, plant breeding resistance. So it is a very significant program, but, together with the diseases and weeds, they are a major cost to the farming community.

**Senator WILLIAMS**—Yes, exactly. So you are still continuing research into black point, crown rot and grain colour.

**Mr Reading**—Correct.

**Senator WILLIAMS**—How is that going?

**Mr Reading**—We have just done a major survey into crown rot, which is particularly a problem in the northern areas, as you are probably aware. When we have done the work, there is the farming systems approach to crown rot control and also the potential genetic side of it. With the crop rate in the farming systems, we have surveyed a number of growers—in fact, the leading growers who use very detailed crop rotation programs—and they can effectively control crown rot in their systems. We have identified what is best practice in farming systems, what growers are not adopting crops in their rotation and what we can do about lessening their concerns and increasing their confidence in growing crops in the rotation, particularly the legumes. On the genetic side, we are doing work with the Queensland department of primary industries about identifying potential genetic advances that may give some control of the disease.

**Senator WILLIAMS**—What is your budget for disease research per year?

**Mr Reading**—Disease research specifically? I will need to take that on notice. I could not give you the exact number.

**Senator WILLIAMS**—If you could take that on notice, and also whether that budget has increased this year or remained stable or decreased.

**Mr Reading**—Diseases comes under the area of farming practices and this year our investments in farming practices increased.

**Senator WILLIAMS**—Good. I will just touch on GM canola. Are you aware of the GM canola found on the side of the road down in the south of the state a couple of months ago?

**Mr Reading**—Yes, I am aware of that plant. As I think we mentioned at the last Senate estimates, GRDC is funding ongoing research into the acceptance of GM canola. We are doing a number of studies. We have mentioned surveying all the growers—I think over 380 growers; those who grew GM canola last year and those who did not grow it. We are also doing extensive studies into pollen transfer. We did that study with the imidazolinones, which is another group of chemistry. But we thought we would repeat it with GM canola, and those studies are underway at the moment. We are also looking at any impact that GM canola may have on increasing the risk of herbicide resistance.

**Senator WILLIAMS**—Rick Colless MLC and myself actually drove along the road the morning they discovered that plant. Frankly, how are you going to keep traditional canola and GM separate? I mean, here it is, a GM plant, and they had an electronic machine that determined on the spot whether it was GM or not. I have driven headers and harvested canola. You could never clean a header out properly, unless you pulled the thing literally to bits, every piece.

**Mr Reading**—Correct. It is difficult. Certainly the marketers and the supply chain have worked out exigency codes of practice in terms of machinery clean down to minimise the risk of cross-contamination. As I said, we are doing the studies to confirm potentially how far it can spread or will spread and those studies are continuing.

**Senator WILLIAMS**—If you have a contractor who goes and harvests GM canola and then goes to harvest traditional, conventional canola—as I said, I do not see how you could ever clean it. I spent literally one day trying to clean wheat out of a header and I still did not pass inspection when I got to the Queensland border. Canola would be, what, one-tenth or one-twentieth the size of a grain of wheat?

**Mr Reading**—But ultimately the protocols are in place. For example, the growers that were taking up the product issue in Western Australia went through a CBH accreditation scheme to aim to minimise the chance of that happening.

**Senator WILLIAMS**—Looking down the road, if the contamination does grow—perhaps I am being pessimistic, but I think that will certainly be the situation—what effect will that have on our export market for canola? For example, if we find it impossible to get traditional canola that is not contaminated with GM, do you think that is going to be a problem with export and a problem at all perhaps domestically as well?

**Mr Reading**—There is the recommended adventitious level of 0.9 per cent. Based on those levels and the work that has been done, we would hope that would minimise the potential risk of that happening.

**Senator WILLIAMS**—You invested \$16 million in climate change research. What projects are underway on that now?

**Mr Reading**—We have many programs in the area of climate change. We are attacking it in a number of ways. Firstly, there is adaptation to climate change in terms of giving growers the tools to adapt to climate change. It is worth pointing out, which I think we have done at previous estimates, the tremendous jobs that Australian grain growers have done in adapting to climate change over the last 20 or so years. We are doing work on farming systems. Obviously minimum tillage, moisture retention practices are helping growers adapt to climate change, climate variability. We are doing a major work with a number of RDCs on managing climate variability, which is downscaling the tools in terms of climate forecasting to make them more accurate on an agro-ecological zone.

We are also doing considerable work in terms of looking at the impact that higher temperatures and higher CO<sub>2</sub> concentrations will have on production. We have done major studies in Western Australia on that area. In terms of the genetic side, in terms of traits, we are looking at genetic drought-use efficiency traits and also water-use efficiency. We have a major project going across the country now, aimed at increasing water-use efficiency by 10 per cent.

**Senator ADAMS**—With your colleague having just toured Western Australia, has he reported back to you about how the trials are going over there?

**Mr Reading**—In terms of the GM trials? Yes, I have some information on that. The trials are in place: 17 commercial sites, two research and development sites. At this stage, the results are looking very encouraging in terms of the visuals of the GM versus the non-GM.

We will obviously await the harvest results, but certainly the informal feedback we have had from growers that we talked to—only a few that we actually talked to—was that they were very pleased with the results so far, but we will see when it comes through to harvest.

**Senator ADAMS**—We will, so long as there is not a late frost.

**Mr Reading**—Exactly.

**CHAIR**—Up to 36.9 the other day, Senator.

**Senator ADAMS**—Yes, I know, but we had snow on 4 November!

**CHAIR**—I know.

**Senator ADAMS**—Does GRDC provide any funding to Australian universities?

**Mr Reading**—Absolutely. I could give you the exact amounts on notice, but they are one of our major areas. If you look at where our partners are, we have CSIRO—we are a major investor in CSIRO—and, obviously, the states' departments of agriculture and the universities. If you hang on one minute, I can probably tell you the exact number. Certainly in Western Australia—we were looking at it the other day—of the five universities we fund, Murdoch and UWA are in the top five. The biggest is the University of Adelaide, because that is the Waite Research Institute. I think the dollars that we are putting into the universities—I will keep flicking—are probably about \$30 million, but let me take that on notice, unless I flick to it in a minute, because I have that here somewhere. No, I will take it on notice.

**Senator ADAMS**—Right. Is any of the funding allocated to projects that contribute to the ongoing sustainability of rural campuses at all, anything going into keeping rural campuses going, as in funding any course or sponsoring students in rural areas?

**Mr Reading**—That comes under our area of capacity building. We have a very extensive line of business called capacity building, spending about \$6 million a year. That covers a number of areas: an extensive range of PhD scholarships—we have 30-odd there—and we are a major sponsor of the Australian Rural Leadership Program. We sponsor two there. In terms of the Nuffield, we are doing five. We are the biggest funder of the Nuffield. As Senator Colbeck would remember, we are a major funder with the work that David Russell has done out of Tasmania in terms of the high schools. We see it as a critical part of our overstrategy and, as I said, it is basically one of the core areas of our funding.

I will just give you that number on the universities, if I can read it: University of South Australia, 1.13; University of Melbourne, 1.39; Murdoch University, 1.97; University of Sydney, 2.96, University of Western Australia, 7.4; University of Adelaide—but I will give you that on notice formally.

**Senator ADAMS**—That would be good.

**Mr Reading**—They are the major universities we fund.

**CHAIR**—Mr Reading, Mr Perrett was not tiptoeing through the GM canola fields, was he?

**Mr Reading**—No. In the area we went, there was no GM canola. The Esperance zone is quite a high-rainfall zone, major crops being wheat and barley and some legumes; lupins in part of it, but not much. One of the big issues they are facing over there at the moment is non-

wetting soils. We are doing a lot of work on non-wetting soils. As we know, Western Australia has pretty hostile soils. We looked at that work.

**Senator ADAMS**—I tried to explain that earlier.

**Mr Reading**—We are doing some fascinating work on non-wetting soils. We are bringing clay up from underneath and mixing it in. One of the biggest issues they have on the south coast is rainfall during harvest. LMA becomes a very serious problem. We are doing a lot of work on LMA and we are very pleased to see some of the progress in the breeding programs there. In the past we have done significant work also on aeration, because what they need to do down in that part of the world is get the crop off as quickly as possible, because that rain can just continue through. At this stage, they would like some more rainfall. There are some pretty good-looking crops, though. They are doing a lot of work on precision agriculture as well in that broadacre and also looking at putting livestock back into the system, which is quite interesting.

**CHAIR**—Mr Reading, this might come as a surprise, but all the farmers around the table are nodding in agreement with LMA. What is LMA?

**Mr Reading**—That is alpha-amylase. It is sprouting, basically.

**Senator ADAMS**—It is nasty.

**Mr Reading**—If you get rain, the grain can sprout and, if it sprouts, that seriously impacts the quality of the grain. It is a thing called falling numbers and it is a very complex issue. In terms of trying to control it, there is a genetics link and also, obviously, a climate link. In terms of getting varieties that do not exhibit that, a lot of our genes came out of Mexico, out of the CIMMYT program, and those genes tend to be susceptible to that trait.

**CHAIR**—I listened intently to your answer but I still could not link LMA in there.

**Mr Reading**—LMA is low amylase. It is something-amylase.

**CHAIR**—If you cannot remember, I will ask Senator Adams.

**Mr Reading**—Next time I see you in the Qantas lounge, I will give you an explanation.

**CHAIR**—Or ring me at three o'clock tomorrow morning when you remember it. Senator Nash?

**Senator NASH**—We have to move on.

**CHAIR**—We have to move on? I am getting wound up, sorry. Mr Reading, thank you very much for that.

[9.44 pm]

### **Wheat Exports Australia**

**CHAIR**—Welcome Mr Woods and Mr Woodley.

**Senator ADAMS**—Coming back to deregulation, what is the number of accreditation licences that have been permitted this year, or for this season?

**Mr Woods**—We have just been through a process of reaccrediting most exporters. We currently have 23 exporters accredited for bulk wheat. With the process of reaccrediting, there

were 22 that we initially gave a year's application to and that fell in line with the ACCC access undertakings for the three bulk handlers.

**Senator ADAMS**—So they only get two years?

**Mr Woods**—The bulk handlers now have been reaccredited for two years. Most other exporters have been reaccredited for three years.

**Senator ADAMS**—As far as the licences and the amount of grain that has been going out and the price, there has been a lot of criticism to the effect that—probably old wives' tales, I guess we would say—the world wheat price has been caused by deregulation. Could you comment on that?

**Mr Woods**—We actually produced a fact sheet last week on that, to try and inform everyone what is happening with world wheat prices. There has always been a good correlation with prices in Australia between our APW and Chicago Board of Trade and the converse with supply and demand in world figures. There has been an increase from stocks-to-use ratio of approximately 20 per cent a couple of years ago and we have now climbed to 29 per cent. So we are in a much better position worldwide with the amount of grain stocks we have and, traditionally, when that happens, world prices come off. That is what we are seeing at the moment. The other thing that impacts is that our dollar is very strong against a weak American dollar.

**Senator ADAMS**—This year's harvest, what can you foresee for that?

**Mr Woods**—With the amount of production? I think ABARE is looking at \$22-plus million, but it is still a little bit early yet, as Mr Reading just said. Certainly the crops look great in Western Australia, but they need a bit more rain. Certainly in the Riverina they are ordinary. Harvest is starting to happen in Northern Queensland, is my understanding, and I believe there are already some high screenings which are showing a tight finish.

**Senator ADAMS**—As far as the shipping goes, do you see any problems this year for that? Have they sorted out the perceived problems that they had last year?

**Mr Woods**—Yes, I think it will take a couple of years for that to settle down. In Western Australia there is a new auction system that CBH have introduced to try and alleviate some of those problems, and certainly the exporters are more aware of what could happen. We just hope that harvest comes on in a more timely manner than it did last year and is not held up by rain and other sorts of events.

**Mr Grant**—I think growers will have a better understanding of how the market works this year as well and they will be a little bit more confident about taking their grain for sale.

**Senator ADAMS**—That has been very obvious at the meetings that I have been to, especially with the younger farmers. They are really having quite a lot of fun with their competition. This is in Western Australia anyway.

**Mr Woodley**—The other thing to note too, of course, is that we have just been through a period of six months of intense discussion and consultation on access arrangements. Those access arrangements cover a number of things, but include the shipping scheme and queuing policies applied by each of the bulk handlers. So one would hope that, as a result of that and

being in a more transparent arrangement, some of the problems that occurred last year would not occur again this year.

**Senator ADAMS**—Yes, we certainly hope so. Once again focused on Western Australia, with our rail system not really coping, we have got a lot more trucks on the road. So there will probably be a lot more on-farm storage or up-country storage this year.

**Mr Woodley**—All I know is that, from 20 or 30 years experience in the grains industry, at harvest time and the logistics of storing, handling, transporting and exporting grain, always there are challenges.

**Senator ADAMS**—That is right. As an organisation, as far as the accreditation goes, are you looking at streamlining it at all? We started off with initial accreditation. Are there going to be any changes to that accreditation, to—just to coin a phrase—use less red tape and make it a little bit more streamlined?

**Mr Woodley**—I think the accreditation process now is pretty well bedded down. We have got our systems well in place. We have been through an accreditation process for 23 exporters, as Peter has mentioned, and a renewal process for another 22. I might also say that there are a few more in the pipeline, new applicants. So the process is pretty well determined and we believe that it is about as efficient as you can get. It is a serious process and requires us to ensure that, in our view, the companies that are applying for accreditation or renewal of accreditation are fit and proper, according to the criteria within the act. We have made improvements in terms of that process over the 12 months, but I think now things are pretty well in place. I would also point out that, with most of the exporters that have just been reaccredited, that accreditation now applies for two or three years, so they will not need to go through that process again, for renewal, for that period of time.

**Senator ADAMS**—Have any companies strayed a little, as far as their accreditation criteria goes? Have you had any problems in that respect?

**Mr Woodley**—We have a very rigorous process in terms of auditing companies, and in the last 12 months we have done a couple of dozen audits, some of them multiple audits within one company. I think, generally, the companies that have been involved in that auditing process have found it to be useful. We have approached this in a way that we are trying to ensure that companies are improving their processes and looking at it from that perspective, rather than just a straight policeman role. I think in most cases improvements have been identified and companies have generally welcomed those and taken that advice into account. On top of that, of course, all accredited exporters are required to notify us if there is any substantial change in their circumstances, compared to the circumstances that applied when they applied for accreditation or renewal of accreditation. If there are changes in shareholding or financial arrangements or risk management or executive officers or any substantial matters, they are required to notify us and we take that into account.

**Senator ADAMS**—On the world wheat price—and I know you cannot look into a crystal ball, but as far as the actual amount of grain available for this year—do you think it will improve?

**Mr Woods**—I cannot look into a crystal ball.

**Mr Woodley**—We hope it does.

**Mr Woods**—Correct.

**Senator WILLIAMS**—Just a couple of things, Chair. You said you had 23 exporters last year, I think, but 22 now, did you say? Did one not renew?

**Mr Woods**—No, one was an organisation that was accredited after the end of the year, after the financial year, so post June. So they were accredited until September next year and they will have to go through the application process then.

**Senator WILLIAMS**—When you give the accreditation, is their financial status and ability to pay one of the strict conditions?

**Mr Woods**—Yes, we look at that rigorously. As part of their application the exporters provide an export proposal, which is the tonnage that they expect to export per annum for the next three years, and then we also ask them to provide what they believe is their peak funding calculation for that particular export, whether it be in January, February or whatever, depending on when they are purchasing, and we check their financial facilities to make sure that there is enough freeboard in their facilities to be able to fund the purchases.

**Senator WILLIAMS**—Good. You have not had any problems with bad debts or—

**Mr Woods**—No, we have not. It is certainly a notifiable matter for exporters to notify us if there is a change, positively or negatively, in those financial facilities, and we know when all the facilities end, are rolled over—most of them are annual, depending on the time of the year—and we have not had any hiccups to date.

**Senator WILLIAMS**—Good stuff. That is it from me, Chair.

**Senator O'BRIEN**—Firstly, I am intrigued by figure 2 in your summary of world wheat trends and the effect on Australian prices, in which you describe a tight relationship between world stocks-to-use ratio and price. There are a couple of years where there is, compared to the rest of years, aberrant behaviour, particularly 2005 and Chicago Board of Trade 1983 and 1984. I presume you have looked at other indices as well as these two. Would other markets show the same type of relationship, or haven't you done that work?

**Mr Woods**—I have not done any work on any other grains.

**Senator O'BRIEN**—No, I mean wheat.

**Mr Woods**—Only wheat?

**Senator O'BRIEN**—But in any other similar indices?

**Mr Woods**—No, I have not looked at anything else at this particular stage.

**Senator O'BRIEN**—Is there any reason why the reverse trend would have occurred in 2005? Although stocks went down, so did price.

**Mr Woods**—It is an inverse relationship, so when stocks start to increase—

**Senator O'BRIEN**—That is right, but in 2005 they both go down, on your chart.

**Mr Woods**—But only by a marginal percentage—probably one per cent—looking at that.

**Senator O'BRIEN**—Sure.

**Mr Woods**—Remember, one of the issues that can occur is that everything looks good for the next growing season, especially in the Northern Hemisphere, and then we can have a situation like we are seeing at the moment where there tends to be perhaps a turnaround in the market because cold weather has hit the States a lot earlier than normal; therefore, the crop that would go in now and go in under snow has not gone in. So we are looking at a change in production that could start to affect the market. It is those sorts of things that would affect that. Certainly, the Australian price can be affected specifically by the Northern Hemisphere harvest. If there is bad weather or something that happens during the thaw or during harvest, it can have a positive effect on our price.

**Senator O'BRIEN**—So the relationship between stocks and use has an impact on price more than, for example, any domestic marketing arrangements in Australia or any other markets.

**Mr Woods**—It would appear so.

**Senator O'BRIEN**—You described this as a tight relationship.

**Mr Woods**—Yes.

**Senator O'BRIEN**—And you were saying, when I asked you to explain one area where it does not work, that it was just a market lag. Is that a fair comment?

**Mr Woods**—Yes, that is a fair comment.

**Senator O'BRIEN**—In terms of our performance in markets since deregulation, have we expanded the number of markets into which we are selling Australian wheat?

**Mr Woods**—Yes, we have. In the first 12 months of the deregulation just over 12 million tonnes of grain has gone out compared to the previous year, where there was only 4.2 million tonnes. That was a severe drought year. There were 17 countries in 2007-08 that AWB(I) exported to. In 2008-09, the year that we have just finished, through the deregulation there were 42 countries that we exported to, which is an increase, and of course there were 17 active exporters in that market.

**Senator O'BRIEN**—Are they all bulk export countries?

**Mr Woods**—That is bulk exports only. We do not follow container and bag exports at the moment.

**Mr Woodley**—The other point to note is that, of those 42 countries, eight have received exports for the first time in six years or more.

**Senator O'BRIEN**—Is there any reason you can give for that?

**Mr Woodley**—There are multiple exporters now and many of those exporters have relationships with countries that maybe AWB(I) did not have relationships with before. Some of those eight countries received very nominal amounts of grain, but I think—

**Senator O'BRIEN**—You have to start somewhere!

**Mr Woods**—You have to start.

**Mr Woodley**—That is quite an achievement, to have eight new countries on the books who have not received grain for six years or more. Our records only go back that far. It could be, in

many cases, many more years than that that they have not received Australian grain in those countries.

**Senator O'BRIEN**—Do you collect information on price?

**Mr Woods**—No, we do not.

**Senator O'BRIEN**—In terms of any intelligence you have about the performance within the Australian market, are you aware of whether many growers had forward-sold wheat at prices higher than the current price?

**Mr Woods**—From my understanding, it would be those growers who have agricultural advisers—the larger growers. Many of them would have had 10 or 15 per cent of this particular crop and the next crop locked in six or eight months ago.

**Senator O'BRIEN**—So that would have been a significantly higher price then?

**Mr Woods**—Absolutely—350 bucks more.

**Senator O'BRIEN**—Good luck to them! Is there any reason you can give for the extreme spike in prices in 2005 in both markets?

**Mr Woods**—No. My memory does not stretch back that far.

**Senator O'BRIEN**—It is the lowest stocks-to-usage ratio, but is that the only reason you can advance, or is there any other reason?

**Mr Woods**—In 2005 there was—

**Senator O'BRIEN**—Sorry, 2007. I have given you the wrong year.

**Mr Woods**—In 2007 we certainly got down to only 20 per cent pending stocks. Back then everyone was very concerned that the stocks around the world were the lowest they had ever been and there was, at one stage, talk that there was only a month's supply of wheat available and that drove the price. Around that time there were changes in the Chicago Board of Trade futures, and the hedge funds were able to start using it then, and we did see some spikes because of that.

**Senator O'BRIEN**—Is that the average price you have given or the highest price?

**Mr Woods**—No, that particular one is the CBOT December futures, and the reason we chose December futures contracts is that that is the one that most growers would probably look to lock in prices on.

**Senator O'BRIEN**—So in each year you have chosen the same—

**Mr Woods**—December, all the way through.

**Senator O'BRIEN**—It is not an average price.

**Mr Woods**—No.

**Senator O'BRIEN**—It is the December price.

**Senator BACK**—With the increase in participants in the market, has there been a change in on-farm storage of wheat in Australia?

**Mr Woods**—It is not something we monitor but, from driving around the countryside and the stakeholder forums and the number of growers we talk to, there is certainly an indication that on-farm storage is increasing as growers want to control the pricing of their grain more and to some extent want to start looking at—certainly with the container and bag markets that have been liberalised for two years and deregulated for one—supplying increased amounts of grain into niche markets and therefore want to store that on farm, because the bulk handlers cannot always run the number of segregations.

**Senator BACK**—Where do you see the risks and the opportunities in that particular trend?

**Mr Woods**—The opportunities are certainly niche marketing and segmentation and, therefore, the link into higher prices, knowing exactly what the customer at the end of the line is wanting. So there is better feedback in that respect. The risks have always been, with storing grain on farm, that when it is coming off the header it is put in the correct silos against the grade so that there is no mixing, that quality is controlled on farm. Insect pests are always one of the biggest problems.

**Senator BACK**—I agree with that. On that particular point of insect pests, what steps will the industry be taking, or what steps are industry taking now, to try and protect the overall integrity of the grain exported? Obviously, apart from the grain that goes in containers and bags, it will eventually be mixed with the grains of others, presumably at bulk handling storage facilities. What steps are being taken or can be taken to protect the integrity of the crop?

**Mr Woods**—We are seeing a number of on-farm quality assurance schemes starting up to streamline the receipt of grain at port. Some of the bulk handlers are looking at that, as are some of the exporters themselves, in conjunction with the bulk handlers. If they can get up an on-farm quality assurance scheme and the farmers sign up to that particular one and it is externally monitored, whether by the exporter or the independent adviser, that grain can then stream straight through, not go through the bulk handling system if it is for that exporter—this is post harvest, of course—and streamline onto vessels. If it is then being commingled with grain out of the bulk handling system, it then reduces the risk for the bulk handlers of having any insects in that respect contaminating port facilities and perhaps leading to a shutdown of port facilities for cleaning.

The other area, of course, that everyone is particularly aware of is that, in controlling insects, it is important to stick to the chemical usage rates, because what we do not want to do is run foul of maximum residue levels for certain pesticides or any chemicals that we are exporting to. It is certainly an issue. A number of countries have different maximums on the same chemical and therefore it could be a problem for the industry down the track.

**Senator BACK**—Where do you think responsibility and accountability should rest, because clearly this is one area, isn't it, that with the shift from handling by a limited number of suppliers through to potentially handling of grain—and could be stored on farm for quite extensive periods of time. Where should accountability rest? You can see the legal possibilities coming along, can't you?

**Mr Woods**—I think that is why there is the development of on-farm QA schemes and, depending on where they are developing, the industry good. There are a number of exporters,

bulk handlers and other agencies looking at this issue that are more qualified than I to answer that sort of question.

**Senator BACK**—Sure, because the question is going to come. For those bulk exporters who are themselves marketers, there could be potentially controversy, could there not?

**Mr Woods**—There could be at some stage.

**Senator BACK**—Is this something your organisation intends to keep an eye on and step into and act if you believe that the integrity of our exports is at risk?

**Mr Woods**—Certainly if there is—

**Senator BACK**—If not you, then what is the body that will ultimately take responsibility?

**Mr Woods**—I think that is being looked at by a number of organisations. Certainly there are MRLs that exporters have to abide by. The bulk handlers are aware of those. If I am correct, AQIS look at that but are not in control of that area. It is something that we are trying to raise the awareness of. If an issue was raised we would certainly look at it and try and direct that person to the correct agency.

**Senator BACK**—I think if we can get on top of it in the early years of a deregulated market, we are going to set the scene for a far better future, and the converse is true. Thanks, Chairman.

**CHAIR**—Senator Boswell, the world has not collapsed since the deregulation. Do you have some questions of Wheat Exports Australia?

**Senator BOSWELL**—If you are asking for a comment, I can give you one: my worst fears have been realised.

**CHAIR**—Do you wish to share it, Senator Boswell? If there are no further questions of Wheat Exports Australia, Mr Woods and Mr Woodley, thank you very much. I welcome from Australian Wool Innovation Mr Merriman and Ms McGahan.

#### **Australian Wool Innovation**

**Senator HEFFERNAN**—Could you update the committee on how AWI is progressing with China, Korea and Japan?

**Ms McGahan**—Yes, I certainly can. The wool industry in the last 12 months has undertaken targeted, leveraged programs in Japan, Korea and China. In each country they are a little different, depending on the customers that we partner with. However, what I can say is, there are three elements that link all three programs. The first is that each of these marketing programs has a retail distribution strategy that sits behind it. What that means is, for each of the marketing programs, we work with partners in a targeted way in women's wear and men's wear and those partners partner with us and put their money in. In addition to the inventory they buy, the additional wool they buy, they contract to put money into marketing. So the second part of the program is that we leverage our funds with theirs and, thirdly, that the programs are very targeted to solve particular problems, whether that is in knitwear or woven wear, men's wear or women's wear.

In Japan the marketing program was very successful, and that was probably our most detailed program. In that particular program we worked with a number of brands and retailers

and for that intervention, at a time when the Japanese marketplace in general was down some 14 per cent, our partners in Australian Wool Innovation across the board were up 26 per cent, so a very dramatic result from a targeted, leveraged intervention in the market program there. That program was very successful, and the partners are repeating that program with us this year, and that is the same story in Korea.

We did a program focusing around the new shower suit with Lotte department stores and Shale, a division of Samsung, and that program again was very successful and will be repeated this year. Incremental, from memory, 200,000 units in Korea. Incremental, 600,000 units in Japan in one component of the program. In China it was a little bit different. We linked it with our Woolmark licensees and linked it more in a designer sense.

**Senator HEFFERNAN**—We are running out of time, so I will put the bulk of these questions on notice. How much have you saved from your budget this year?

**Ms McGahan**—Since last we saw you, we have made a very dramatic change in the organisation at AWI. When last we saw you, we were in the process of putting together our operational plan. Since then, we have taken \$25 million out in our operating costs and project costs for the business. We have taken out a head count of 100 people from the time the two businesses were integrated up to December 2009 and we have reduced our projects from over 500 down under 200, so very significant reshaping of the business, and that has enabled us proportionately to spend more on marketing. It is the basis for our recommendation of two per cent, and a 70 per cent funding of marketing and off-farm R&D and a 30 per cent on-farm R&D recommendation in the WoolPoll.

**Senator HEFFERNAN**—I have a series of questions on what work AWI have done on the impact of the CPRS on the wool industry. I think, Mr Chairman, I will put those on notice. The only other thing I would say is that John Keniry, who was a former board member, has been out there bagging the shit out of AWI, which seems to me a bad attack of sour grapes. He is saying we should dismantle AWI, let you run out of money—with the good work that you have just announced in China, Korea and Japan. Have you got any indications on WoolPoll yet, that you can disclose that is? Are you confident that you will get the vote in WoolPoll to continue?

**Ms McGahan**—WoolPoll still has three weeks to run and is still a work in progress.

**Senator HEFFERNAN**—Thank you very much. I will put the rest of the questions on notice.

**CHAIR**—Are there any other questions? Yes, Senator Adams.

**Senator ADAMS**—Thank you. Just to continue with the WoolPoll, I noted the other day in the newspaper it said that you had three weeks to run and only 11.3 per cent of wool growers have actually put their votes in. So with three weeks to go, are you going to get the required number or what? And the next question is: what happens if you don't?

**Ms McGahan**—When you say 'the required number', Senator Adams—

**Senator ADAMS**—As far as your votes go. You have got 11.3 per cent of people entitled to vote and three weeks to go. It is not looking—

**Ms McGahan**—There is an independent panel called the WoolPoll Panel chaired by Will Roberts and a group of representative growers from across Australia, and they have a communications company called Currie Communications. They have that matter in hand, and that is their responsibility, on behalf of the industry—to supervise the remaining three weeks—and, yes, it is an issue for growers and we urge growers to get out and make their vote known and to please vote.

**Mr Grant**—Perhaps if I could just clarify this one. There is no minimum requirement. What AWI has to do under the legislation is assess the outcome of the ballot and provide advice to the minister, and the minister then makes a decision on the levy amount to be made under the regulations.

**Senator ADAMS**—All right. Mr Merriman, have you got a comment as to why the polling is so low at the moment?

**Mr Merriman**—No, I do not. I am concerned about it and we will see what happens this week. If nothing happens, I will just have to get out there and try and urge people to vote, because it is in their interest to—

**CHAIR**—They may be happy, Mr Merriman.

**Mr Merriman**—They may be. I would like them to say that they are happy, but they have to vote. That is the thing, though; we have to go to government with a certain amount of people that have bothered to vote. I think that these people are probably happier than they were and just are not taking the time to go and vote.

**CHAIR**—Senator Back. Sorry, I will come to you, Senator Williams.

**Senator BACK**—Thanks, Chair. Mr Merriman, Ms McGahan, I wonder if you could just give us some prediction as to which way you think wool prices are going over the next one to two years in terms of helping wool producers make their decisions.

**Mr Merriman**—They are trying to go up now, but we have a Reserve Bank that keeps raising interest rates and that puts our dollar up. Our customers are paying more in US dollars, but it is not getting through to us. I do not know the figures over the last couple of weeks, but I think the wool market has risen something like 17 per cent or something in the US. I could take that on notice and find it for you.

**Senator BACK**—I would be appreciative if you would, because obviously it links to the size of the national flock. I just wonder if you have got any thoughts or predictions. We know probably the causes, but do you think we have bottomed out in terms of the size of the national flock, or do you think it is going to continue deteriorating?

**Mr Merriman**—We may have bottomed out, but I can say the only thing that will increase the size of the sheep flock, merino and cross-bred, is a higher wool price. Meat on its own will not sustain the sheep flock and we believe the only way to lift our wool price is to go and market, and that is what we intend to do.

**Senator BACK**—Very quickly, the industry report recently spoke about governance issues. Would you care to comment on how you think they can be improved? Do you accept that criticism that came of governance issues and, if so, can you give us advice on how they are to be addressed?

**Mr Merriman**—Since the new board was appointed, we identified several governance issues and steps have been taken to address those already. I will just let Brenda take you through them.

**Senator BACK**—Just briefly. I can take it on notice if necessary.

**Ms McGahan**—Yes, we can.

**Mr Merriman**—We will take it on notice.

**Ms McGahan**—We can, given the time of the night; yes, we are happy to do that.

**Senator BACK**—All right. Chair, any other questions I will put on notice also, thank you.

**CHAIR**—Thank you, Senator Back. If there are no further questions of Australian Wool—

**Senator WILLIAMS**—Shall I put mine on notice, Chair?

**CHAIR**—I am so sorry, Senator Williams.

**Senator WILLIAMS**—I can hear the sympathy in your voice!

**CHAIR**—Sorry.

**Senator WILLIAMS**—I will put mine on notice to save time.

**CHAIR**—Okay. Sorry, Senator Williams, that was not done purposely. We have only got 10 minutes to go, but—

**Senator WILLIAMS**—Yes.

**CHAIR**—That being the case, Mr Merriman and Ms McGahan, thank you very much. For the last 10 minutes, I call Meat and Livestock Australia.

**Dr O'Connell**—Chair, while the MLA is getting to the table, I table the numbers on the FTA, split by divisions, that Senator Colbeck was asking for.

**CHAIR**—Thanks, Dr O'Connell. Are you tabling it?

**Dr O'Connell**—Chair, you said the last 10 minutes we would deal with MLA. There are the biosecurity people and the Trade and Market Access division. Are you looking to come back on Friday?

**CHAIR**—I will consult with my colleagues, Dr O'Connell. No, and in terms of Friday, Friday is not an option. I already flagged earlier on that that is not an option.

**Senator BOSWELL**—So it is not an option?

**CHAIR**—No, because there is an inquiry going on on Friday.

**Senator BOSWELL**—Can we put a question on notice? I presume we can.

**CHAIR**—Yes, questions on notice, Senator Boswell.

[10.50 pm]

#### **Meat and Livestock Australia**

**CHAIR**—Welcome to the officers from Meat and Livestock Australia. Questions, Senator Back?

**Senator BACK**—Thank you, Chair. Obviously the question of the time is to do with the circumstances associated with AQIS fees as they relate to meat and livestock. In that context, can you give us some advice, please, on just where industry plans have progressed in recent weeks.

**Dr Johnsson**—Firstly, David Palmer, our managing director, sends his apologies; he could not join us tonight. I am not sure whether we should take that one on notice. I do not know if we have any information that we can give you tonight on that.

**Senator BACK**—Could I also then ask: what is the fate of the fees that have been collected to date with regard to inspections, particularly as they relate to the meat industry, or, again, is that something that you will have to take on notice?

**Mr Grant**—I think that would be an issue for the government through AQIS. They would need to answer those—

**Senator BACK**—I am sorry, I just did not hear what you said.

**Mr Grant**—I think those questions should be taken by AQIS.

**Mr Glyde**—Biosecurity Services Group.

**Mr Grant**—Or Biosecurity Services Group, yes. It is a government issue. It is the collection of money from industry.

**Dr Johnsson**—The fees do not come to MLA. Is that what you are implying?

**Senator BACK**—I would have thought MLA might have had some interest or involvement in the process, but you are saying it is entirely an AQIS matter?

**Dr Johnsson**—We had some discussion at the last meeting on this and we gave you some information as a follow-up. My understanding is that we had no consultation on the setting of the fees; that is what we would expect. That is not our role.

**Senator BACK**—I think the last time you appeared before the committee we were discussing economic modelling that may have been conducted to assess the removal of the rebate and what effect it would have on the red meat and livestock industries. Could you comment on those effects.

**Dr Johnsson**—On the removal, sorry, of which rebate?

**Senator BACK**—AQIS, the 40 per cent rebate on inspections.

**Dr Johnsson**—Again, I am not sure that we have actually looked at that. I will take it on notice and get back to you.

**Senator BACK**—I thought it was actually during the time that MLA appeared before the committee at the last Senate estimates.

**Mr Grant**—It is not really an issue that MLA would get into. It is an issue that the industry itself would be involved in through negotiations with the Biosecurity Services Group and AQIS. So I would be surprised if MLA had a particular interest in it.

**Senator BACK**—Then I was going to turn to the Beale report. Would the same apply then? MLA itself would be a sort of bystander-participant in that process, rather than industry associated?

**Dr Johnsson**—Yes. The issues of policy are handled by the council, so the former I think would have been handled by the Australian Meat Processor Corporation. This would have been the Cattle Council and probably AMPC as well.

**Senator BACK**—Sure. Can we speak then about export trade markets. I wonder if you could comment on the current situation with meat, particularly meat and livestock. Where are our main export markets? Are they moving? Have they changed?

**Dr Johnsson**—I might just give that one to my colleague, David Thomason.

**Mr Thomason**—Yes. Our major export markets are in four countries, really—Japan, United States, Korea and Indonesia, with Indonesia being serviced by both boxed beef and live cattle.

**Senator BACK**—And the trends in those markets?

**Mr Thomason**—Our trends in exports have been very strong over the last 12 months. In fact, we achieved record levels. That was assisted by a relatively low Australian dollar that we saw during that time. Of course the level of the dollar now is putting all of that success at grave risk.

**Senator BACK**—Just speaking of the strength of the Australian dollar, it hit 90.95c the other day. What is it at the moment, 92c?

**Mr Thomason**—Yes, 91c or 92c.

**Senator BACK**—Perhaps my question, then, is your prediction as to what impact that is going to have on our export markets, firstly for boxed meat.

**Mr Thomason**—It makes it very difficult. The economic conditions in Japan and the United States are making it very difficult for our exporters to compete in those markets, and it is also impacting on overall consumption in those markets. So it is a difficult environment in which we are currently operating.

**Senator BACK**—What about live exports?

**Mr Thomason**—Live exports are continuing to perform very well. Indonesia in cattle is still performing very strongly, and the Middle East with our live sheep exports is also continuing to be strong.

**Senator BACK**—What would your assessment be of the reason that our live exports do not seem to have been hit by the currency improvement, where our meat exports have?

**Mr Thomason**—Our meat exports tend to go to those well-developed markets, like Japan and the United States, which have been hit more by the economic environment than the Middle East and Indonesia have been.

**Senator BACK**—And yet our meat to the US would still be principally processing meat and hamburger meat, would it?

**Mr Thomason**—Yes, but it is also an important chilled beef market. The United States is our second largest chilled beef export market.

**Senator WILLIAMS**—Could I take you to beef labelling. Is it your understanding that the Red Meat Advisory Council and AgForce opposed truth in beef labelling legislation proposed in New South Wales?

**Mr Thomason**—They are opposed to the proposed bill in New South Wales but not opposed to the concept of truth in labelling.

**Senator WILLIAMS**—Do you know why they remain opposed to that proposed legislation? I think it has been put forward by Independent Richard Torbay.

**Mr Thomason**—There is a range of reasons. If I can position this discussion in two areas, one is the concept of truth in labelling, which means that the claims that retailers make regarding the product that they sell are correct. The industry is very supportive of truth in labelling and believe that there is a role for government to help tighten up some areas. An example would be the budget beef voluntary code that is currently in place.

**Senator WILLIAMS**—That is right.

**Mr Thomason**—Following on from a Senate inquiry into that question some time ago, the industry is supportive of a change in that term from ‘budget’ to ‘budget grade’ and would like to see that as a mandatory requirement to cover all beef from eight-tooth animals. The second part of the issue, though, is beef grading. There are a number of ways of grading beef. There are ways of describing beef, which is currently being done by the AUS-MEAT system. What that typically does is grade carcasses, but one of the great learnings from the Meat Standards Australia program is that the eating quality of beef varies significantly cut by cut. It also varies significantly on how it is cooked. So to be able to classify a carcass as a particular grade is an outdated concept. The only way of appropriately labelling and indicating to consumers how a particular piece of meat is going to eat is through the Meat Standards Australia program. That is a voluntary program that is still growing. This year we are anticipating to grade our millionth carcass during a calendar year. Its grading numbers are up by 15 per cent. It is the future of meat labelling and grading. Unfortunately, the bill being tabled in the New South Wales House is based on an old, outdated carcass model rather than on the more recent MSA model.

**Senator WILLIAMS**—MSA will grade, you say, a million this year—all for domestic consumption?

**Mr Thomason**—Predominantly, yes.

**CHAIR**—To Meat and Livestock Australia, thank you very much for your time. Dr O’Connell, we are going to have a quick private meeting and I assume we will be talking to you possibly in about five or 10 minutes, or we can get hold of you tomorrow.

**Dr O’Connell**—Okay. No problem.

**CHAIR**—To all the officers of the department, thank you very much. To those we did not get to, I am terribly sorry. To Hansard, Broadcasting and the secretariat, thank you very much.

**Committee adjourned at 11.01 pm**