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Proof Committee Hansard

SENATE

RURAL AFFAIRS AND TRANSPORT LEGISLATION
COMMITTEE

ESTIMATES

(Supplementary Budget Estimates)

WEDNESDAY, 20 OCTOBER 2010

CANBERRA

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Wednesday, 15 December 2010

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SENATE RURAL AFFAIRS AND TRANSPORT**LEGISLATION COMMITTEE****Wednesday, 20 October 2010**

Members: Senator Sterle (*Chair*), Senator Heffernan (*Deputy Chair*), Senators Crossin, Hutchins, Nash 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, Coonan, Cormann, Eggleston, Faulkner, Ferguson, Fierravanti-Wells, Fielding, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Humphries, Hurley, Johnston, Joyce, Kroger, Ludlam, Macdonald, McEwen, McGauran, Marshall, Mason, Milne, Minchin, Moore, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Stephens, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Back, Birmingham, Boswell, Colbeck, Crossin, Forshaw, Heffernan, Hutchins, Macdonald, Marshall, Nash, Parry, Ronaldson, Siewert, Sterle, Williams and Xenophon

Committee met at 9.01 am

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO**In Attendance**

Senator Ludwig, Minister for Agriculture, Fisheries and Forestry

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

Dr Conall O'Connell, Secretary

Dr Rhondda Dickson, Deputy Secretary

Ms Rona Mellor, Deputy Secretary, Biosecurity Services Group

Mr Phillip Glyde, Deputy Secretary and Executive Director ABARE-BRS

Corporate Services/Corporate Finance/Corporate Policy

Ms Anne Hazell, Chief Operating Officer, Corporate Services

Ms Kate McRae, General Manager, Human Resources Branch

Ms Karen Nagle, General Manager, Audit and Evaluation Branch

Mr Steven Foley, General Manager, Information Services Branch

Mr Bill Withers, General Manager, Governance, Contracts and Services Branch

Mr Darren Schaeffer, Chief Finance Officer

Ms Vanessa Berry, Deputy Chief Finance Officer, Budget and Management Accounting

Ms Sue Knox, Acting Deputy Chief Finance Officer, Accounting and Operations

Ms Tanya Howitt, Director, External Budget Process and Reforms

Ms Nicole McLay, Director, Portfolio Budget Liaison and Coordination

Ms Lisa Hind, Acting General Manager, Levies Revenue Service

Ms Fran Freeman, Executive Manager, Corporate Policy

Ms Elizabeth Bie, General Manager, Ministerial and Parliamentary Branch

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

Ms Natalie Larkins, Acting General Manager, Corporate Communications Branch

Climate Change

Mr David Mortimer, Executive Manager, Climate Change

Mr John Talbot, General Manager, Forestry Branch

Mr Stewart Noble, General Manager, Drought Policy Review Branch

Mr Andrew McDonald, General Manager, Farm Adjustment Programs Branch

Mr Mark Gibbs, General Manager, Climate Change Policy Branch

Australian Bureau of Agricultural and Resource Economics—Bureau of Rural Sciences

Mr Paul Morris, Deputy Executive Director

Dr Terry Sheales, Chief Economist

Dr Kim Ritman, Chief Scientist

Dr Jammie Penm, Chief Commodity Analyst

Dr Helal Ahammad, Chief Analyst
Mr Peter Gooday, General Manager, Productivity, Water and Social Sciences Branch
Mr Bruce Bowen, General Manager, Agriculture and Food Branch
Mr Alan Copeland, Acting General Manager, Resources, Energy and Trade Branch
Dr Gavin Begg, Acting General Manager, Fisheries and Risk Analysis Branch
Ms Annette Blyton, General Manager, Business Strategy and Systems

Sustainable Resource Management

Mr Ian Thompson, Executive Manager Sustainable Resource Management
Ms Michelle Lauder, General Manager, Landcare and Sustainable Agriculture Branch
Mr Simon Veitch, Acting General Manager, Fisheries Branch
Ms Bernadette O'Neil, Acting General Manager, Business Systems and Grants, Australian Land and Coasts
Mr Barry Longstaff, Acting General Manager, Communications and Reporting Branch, Australian Land and Coasts

Australian Fisheries Management Authority

Dr James Findlay, Acting Chief Executive Officer
Mr John Bridge, General Manager Corporate Governance
Mr Peter Venslovas, General Manager Operations
Dr Sally Troy, Executive Manager Fisheries Management
Mr David Perrott, Chief Finance Officer
Ms Tanya Rattenbury, Acting Chief Information Officer
Mr John Andersen, Senior Manager Compliance Operations
Ms Trysh Stone, Senior Manager Tuna and International Fisheries

Trade and Market Access

Ms Victoria Anderson, Acting Executive Manager, Trade and Market Access Division
Ms Sara Cowan, General Manager, Multilateral Trade Branch
Mr Paul Ross, General Manager, Bilateral Trade (Americas, South-East Asia, Subcontinent, NZ and the Pacific) Branch
Mr Andrew Pearson, Acting General Manager, Bilateral Trade (North Asia, Europe, Middle East and Africa) Branch

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). Also includes the Australian Plague Locust Commission.)

Mr Russell Phillips, Acting Executive Manager, BSG, Strategic Projects Division
Ms Nicola Hinder, General Manager, Partnerships Branch
Ms Helen Banks, Acting General Manager, Legislation Branch
Ms Louise Clarke, General Manager, Sustainable Biosecurity Funding Branch
Mr Robert Murphy, General Manager, Biosecurity Risk Framework Branch
Mr Tim Chapman, Executive Manager, BSG, Quarantine Operations Division
Mr Peter Moore, Acting General Manager Operational Resourcing & Infrastructure Branch
Dr Chris Parker, General Manager Co-Regulation and Support Branch
Mr Jonathan Benyei, General Manager Cargo Branch
Ms Tina Hutchison, General Manager Passengers and Mail Branch
Ms Lynne O'Brien, Executive Manager BSG, Regional and Business Services Division
Ms Karen Schneider, Executive Manager, BSG, Animal Division
Dr Andy Carroll, Chief Veterinary Officer, BSG
Dr Mike Nunn, Principal Scientist, Animal Division
Dr Robyn Martin, General Manager, Animal Biosecurity Branch
Dr Bob Biddle, General Manager, Animal Health Programs Branch
Ms Lee Cale, Acting 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 Mikael Hirsch, Principal Scientist, Plant Biosecurity
Dr Vanessa Findlay, General Manager, Plant Biosecurity (Horticulture) Branch
Mr Bill Magee, General Manager, Plant Biosecurity (Grains and Forestry) Branch
Mr Chris Adriaansen, Director, Australian Plague Locust Commission
Ms Lois Ransom, Chief Plant Protection Officer, Plant Division

Ms Louise van Meurs, General Manager, Plant Quarantine Operations Branch
Ms Kylie Calhoun, General Manager, Plant Export Operations Branch
Mr Greg Read, Executive Manager, BSG, Food Division
Mr Dean Merrilees, General Manager, Export Standards Branch
Mr Mark Schipp, General Manager, Food Exports Branch
Dr Narelle Clegg, General Manager, Residues and Food Safety Branch
Mrs Ann McDonald, General Manager, Export Reform Branch

Agricultural Productivity

Mr Allen Grant, Executive Manager, Agricultural Productivity Division
Mr Simon Murnane, General Manager, Livestock Industries and Animal Welfare Branch
Mr Peter Ottesen, General Manager, Crops, Horticulture, Irrigation and Wine Branch
Mr Greg Williamson, General Manager, Innovation, Productivity and Food Security Branch
Mr Richard Souness, General Manager, Food Branch
Mr Matthew Worrell, General Manager, Food Security and R&D Review Taskforce

Australian Pesticides and Veterinary Medicines Authority

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

Rural Industries Research and Development Corporation

Mr Craig Burns, Managing Director
Mr Andrew Baker, General Manager, Corporate

Meat and Livestock Australia

Mr David Palmer, Managing Director
Dr Ian Johnson, Livestock Production Innovation, General Manager

Australian Wine and Brandy Corporation

Mr Andrew Cheesman, Chief Executive
Ms Andreas Clark, General Council

Australia Wool Innovation

Mr Stuart McCullough, Chief Executive Officer
Mr Wal Merriman, Chair

Grains Research and Development Corporation

Mr Keith Perrett, Chair
Mr Peter Reading, Managing Director

CHAIR (Senator Sterle)—I declare open this public hearing of the Senate Rural 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, 10 December 2010 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business this Friday, 22 October 2010. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has a copy of the rules.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised and which I now incorporate in the *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)

CHAIR—I now welcome Senator Joe Ludwig, the Minister for Agriculture, Fisheries and Forestry, Dr Conall O'Connell, secretary of the Department of Agriculture, Fisheries and Forestry, and officers of the department. Minister, do you or Dr O'Connell wish to make an opening statement?

Senator Ludwig—No. Thank you, Chair.

Senator HEFFERNAN—I have just been given indulgence from Senator Colbeck. Dr O'Connell, just for some guidance for later in the day, could you give an indication to the estimates committee of what input into the draft guide to the Murray-Darling Basin plan DAFF has had? Given that DAFF represents agriculture and a whole range of expertise, such as science, future crop opportunities, you oversee ABARE and a whole range of other things, what input have you actually had into the draft to the guide to this endless journey?

Dr O'Connell—The main contribution has been some work that ABARE-BRS have done on a consulting basis to the MDBA. The MDBA's product, as you know, I am sure, is statutorily independent and it is its own product. It is not the product of the department. We have had the role of providing some modelling advice on economic issues and social issues, essentially on a consulting basis, according to a set of different assumptions that the Murray-Darling Basin Authority have provided. So it is not on a policy base and not on a sustainable diversion limits basis. It is really about trying to look at some impacts based upon—

Senator HEFFERNAN—Would it be possible for you to table that?

Dr O'Connell—Yes. It has been published, I think.

Senator HEFFERNAN—Your input?

Dr O'Connell—The overwhelming component of it, yes, has already been published in three volumes. When we come to ABARE-BRS, we can go through it in some detail, if you wish.

Senator HEFFERNAN—So, could you describe it to the committee, given that you have given input based on modelling? The one thing that seems to be seriously in error and has aggravated Australia's farmers is the proposition that—DAFF represents agriculture—'This is what we're going to do about the problem of water in

the Murray-Darling Basin'. But they have not actually told the farmers what the problem is. With the science for the assumptions, they put the cart before the horse, in other words. Have you got the assumptions that you could table to this committee upon which the sustainable limits draft to the guide to the endless journey have been based?

Dr O'Connell—We can, I think, certainly provide you with the assumptions that the Murray-Darling Basin Authority asked ABARE to undertake some modelling on, yes.

Senator HEFFERNAN—Can you do that today?

Dr O'Connell—Yes. As I said, I think this is actually published work, so I do not think there is any difficulty with it.

Senator HEFFERNAN—No-one has seen the assumptions yet.

Dr O'Connell—I am talking about those assumptions that the Murray-Darling Basin Authority—

Senator HEFFERNAN—Were provided to you on which to base the model?

Dr O'Connell—Yes. Well, they provided us with certain assumptions.

Senator HEFFERNAN—You have this tremendous challenge—and it is a tremendous challenge regardless of who is in government—of the long-term impact of the science prediction of declining rainfall et cetera as well as rebalancing the environment. Do you think it is a bit incredible to put this proposition out and have all these emotional meetings, where people have gone home, some of them feeling suicidal, without actually putting out the science on which all these predictions are based? Is that not corny?

Dr O'Connell—Look, I think this is obviously a question that was managed in the environment estimates when the Senate was dealing with the Murray-Darling Basin Authority and the environment.

Senator HEFFERNAN—But it was not answered there. You are the secretary—

CHAIR—Senator Heffernan, you are asking Dr O'Connell questions. At least give him the chance to answer. You have the call.

Senator HEFFERNAN—Yes. Fair enough.

Dr O'Connell—What might be useful, Senator, if you want to move directly there—and that is obviously with the committee—

Senator HEFFERNAN—No. I just—

Dr O'Connell—Because we can have ABARE come up now and go through this if it is helpful.

Senator HEFFERNAN—No. This is just putting you all on notice to get the stuff ready so you do not get here and say, 'Oh, no, it's back at the office.' We want to know today.

Dr O'Connell—No. As I say, three reports were provided: there was a report to the environment and water department and two reports to the Murray-Darling Basin Authority, I think it is, and we certainly can provide those. As I say, they have been published.

Senator HEFFERNAN—But, as far as you know, there has not been any input from DAFF on what new crops might be grown, the new science and the future of non-paddy rice, for instance. Where we are up to with the science on that? I presume you understand paddy and the paddy rice arrangements?

Dr O'Connell—Yes. I suggest that Mr Paul Morris can add to that. I just reemphasise the point that it is clear that the Murray-Darling Basin Authority has developed that guide to a draft plan or proposed plan under that statutorily independent right.

Senator HEFFERNAN—Thank you very much. Mr Morris and I have been acquainted over a number of years. The science is saying for the Murray-Darling Basin that we are going to lose a minimum of 3,500 gigs and a maximum of 11,000, which would be catastrophic, out of 23,400, and 38 per cent of that run-off comes from two per cent of the landscape which is most seriously affected. Based on my gathering of what has been said, they are saying, 'We're going to exchange 3,000 or 4,000 gigs back to the environment'. But the real referee in all of this is Mother Nature or Mother Earth. If she says, 'But, hang on, boys, we're going to take a minimum of 5,000 or 6,000 gigs out of the system', at 5,000 or 6,000 gigs, 40 per cent of the science correction, you would actually have to reconstruct or reconfigure rural Australia. You would certainly have to come to terms with the fact that there is going to be increasing rainfall in the north-west of the catchment, declining rainfall in 38 per cent of the landscape and run-off coming to two per cent of the landscape.

CHAIR—I am sure there is a question, Senator Heffernan.

Senator HEFFERNAN—What I would like to know is: what was the prediction in declining rainfall that they gave to ABARE, because, until you do that, you are guessing?

Mr Morris—Can you run that question past us again? I missed the question, sorry.

Senator HEFFERNAN—All I want to know is: what is the assumption of the science that is available on which they built the predictions? Is it 3,500 gigs? We all know secretly they are saying under their breath it could be 7,000 gigs that we have got to play with here. That is a bit over 50 per cent of the science prediction.

Dr O'Connell—Senator, to be helpful here, you are asking for what underpins it in terms of the scientific input that went into the guide. You really, I think, will have to ask the Murray-Darling Basin Authority that.

Senator HEFFERNAN—But, to be fair—

Dr O'Connell—The job that ABARE-BRS was asked to do was, given certain assumptions about SDL, or sustainable diversion limit, changes, what would be the modelled effect.

Senator HEFFERNAN—But can I say with great respect to this great institution of the parliament and bureaucracy, ABARE has been expected to comment and feed back not knowing. They have been handed a set of, 'Just presume this happens. What is the outcome?' Why would it not be fairer to say, 'Assume these are the assumptions of declining run-off for a number of reasons, including everything from the non-logging of plantation forestry, which at 35 inches of rainfall is 2½ megalitres per hectare per year and nine years to the growth cycle of a monoculture?' Would it not have been fairer to say to ABARE, 'Now, we think maybe the minimum decline is going to be X. Based on that, these are our sustainable extraction limits. Based on that, what are you going to say?' The bit they have left out is the first bit—the assumption.

Mr Morris—The MDBA had a number of consultants that were looking at all aspects of consideration of the basin plan. What you have raised is certainly some of the aspects they were looking at from a scientific perspective. For ABARE-BRS, we were asked to look at a couple of very specific things. Earlier in the year we were asked to look at what communities in the basin were going to be vulnerable to a reduction in irrigation water. We did a study looking at, across the basin, what communities were most dependent on irrigated agriculture and, therefore, most vulnerable to a reduction in water availability.

Senator HEFFERNAN—I will just stop you there. That would be based on more of the same agriculture, would it not, doing what we are doing? Doing what grandpop did with paddy rice? We have gone to laser instead.

Mr Morris—It is based on historical information on what are the major drivers of viability of communities in the Murray-Darling Basin.

Senator HEFFERNAN—But that is based on the history of the past, not the science of the future.

CHAIR—Senator, just please let the official answer the question. I am not going to rush you, although 10 o'clock is the change of questioning.

Senator HEFFERNAN—He knows where I am going.

Mr Morris—Definitely, if you are looking more optimistically to the future as to what new developments may occur and how they may affect rural townships, there are a whole lot of factors out there that could very well result in towns growing or shrinking, depending on developments either in agriculture or outside of agriculture, for that matter.

Senator HEFFERNAN—But you have not built those into your predictions?

Dr O'Connell—Senator, you cannot build those into a model.

Senator HEFFERNAN—You actually can. Have you been to Carnarvon?

Dr O'Connell—No. If you just let me finish.

Senator HEFFERNAN—Have you been to Carnarvon?

Dr O'Connell—What Mr Morris was saying is that there are a range of variables which are completely unrelated to agriculture which may potentially impact upon the—

Senator HEFFERNAN—No. But I do not want to get to things that are not related to agriculture. That is why I am questioning DAFF. Obviously Carnarvon, with its Israeli-Spanish technology, is 40 times more efficient than the Ord. It is 20 times more efficient than the average across the Murray-Darling Basin.

Senator Ludwig—Is there a question there?

Senator HEFFERNAN—In BRS's work, did you consider things like the challenge that the Ord faced up to, which has been a largesse of waste over many years and lost opportunity because it had no political significance? It is about to have some. They have developed chia. Chia is a wonderful new crop up there.

CHAIR—Senator Heffernan, is there a question?

Senator HEFFERNAN—Yes, there is.

Senator Ludwig—Chair, what I am concerned about is that the committee had the opportunity to speak to and ask questions of the Murray-Darling Basin Authority yesterday. I am happy for DAFF to be here and asked questions in relation to the work that it does and the work that it contributes to the Murray-Darling Basin Authority, but I am not sure where this line of questioning is going. I want to discern a question amongst it.

Senator HEFFERNAN—With great respect, Minister, it is about production. DAFF is about agricultural production.

Senator Ludwig—I am happy if you want to ask a specific question about that.

CHAIR—Senator Heffernan, I will take you on that. Senator Colbeck.

Senator COLBECK—Thanks, Chair. Good morning, Dr O'Connell, good morning, Minister.

Senator Ludwig—Good morning.

Senator COLBECK—I trust I will be seeing you in Tassie in the next few weeks, by the sound of things after yesterday.

Senator Ludwig—I think we have already seen one another in Tasmania.

Senator COLBECK—We did have an encounter in Tasmania, yes, unsurprisingly. Dr O'Connell, has the department done any examination of the incoming government's policies along the lines of the Treasury's red book?

Dr O'Connell—I take it you mean did we do an incoming government brief for the government?

Senator COLBECK—Well, I expect that you would have done that. Have you done an analysis of the Treasury's costings of the new government's policies?

Dr O'Connell—If you are asking whether we have done an analysis of the Treasury's red book—

Senator COLBECK—Yes.

Dr O'Connell—the answer is no.

Senator COLBECK—You have not?

Dr O'Connell—No.

Senator COLBECK—So you accept the Treasury's costings in relation to the government's policies?

Senator Ludwig—Sorry, I am sure we can get to the narrowness of the question. I am sure Dr O'Connell's department would not have done an analysis of all of the Treasury's costings in relation to areas outside of this portfolio.

Senator COLBECK—No. I am talking about in relation to this portfolio.

Senator Ludwig—It is not clear on the transcript. You could go through or point to an issue that you want and then ask them about that—whether they have done further work or any additional work.

Senator COLBECK—Well, I know it would have been difficult for the department to do an analysis of the government's policy because they did not issue one. So I suppose I am actually asking a question that does not have an answer.

Senator Ludwig—I am sure there is a question.

Senator COLBECK—Because there was not a policy issued.

Senator Ludwig—I am sure there is a question there. If you would like to ask a question, I am sure the department will be able to answer it.

Senator COLBECK—Well, I have asked a question. I think Dr O'Connell understands what I asked.

Senator Ludwig—And what I answered you, in fact, was that the broadness of the question really provides a nonresponse by the department because, no, they did not do an analysis of the red book by Treasury. But if

you have a specific question about a particular election commitment within this portfolio—if that is your question—you might care to rephrase it, and I am sure Dr O’Connell can provide you with a responsive answer.

Senator COLBECK—I think you have Senator Conroy’s disease, Minister Ludwig. I am clearly looking for an analysis of the government’s commitments with respect to agriculture. That is clearly what I am looking for. I would not be asking for engineering and science or something like that unless I were in that committee. I am clearly looking for an analysis done on the government’s policies for agriculture.

Senator Ludwig—Away you go, then.

Dr O’Connell—In terms of the costings, Senator, the Department of Finance and Deregulation manages costings, not the Treasury.

Senator COLBECK—Well, let us go to a specific one. The Treasury has suggested that the cost of implementing the illegal logging policy is \$4.2 million over the forward estimates. Does the department agree with that? Where is the money coming from?

Dr O’Connell—Senator, my understanding is that the announcement in terms of the costing of that policy is \$3.4 million over four years.

Senator COLBECK—Well, according to the documentation that I have here, and I am quoting from the Department of Finance and Deregulation document dated 18 August 2010:

Based on experience with comparable policies implementation in recent years, we estimate the cost of implementing this proposal would be \$4.2 million over four years.

Senator Ludwig—Could we just identify the document that you are reading from? What I have done in other committees—and I am sure it happens here as well—is if you are going to quote from a document, it is only fair to the people at this table that you either table the document so people can see what it is—

Senator COLBECK—I am happy to identify the document.

Senator Ludwig—And you identify the document so that everyone can work off the same song sheet.

Senator COLBECK—As I said, it is the Department of Finance and Deregulation. There is a media release and attached documents dated 18 August 2010. It is reference number GOV57.

CHAIR—Senator Colbeck, can you table that document now for the committee?

Senator COLBECK—I could table that. I have a number of things.

Dr O’Connell—Senator, we will clarify that. But our understanding is that the costing is actually \$3.4 million. We will clarify the difference and get back to you shortly.

CHAIR—I think there is a line of questions on that.

Senator COLBECK—There are a number of these. I just want to get—

CHAIR—Let us table it. We have photocopying machines in the parliament, so why don’t we get it out?

Senator COLBECK—Well, are we going to get anywhere, because I am going to have to give them my complete file, the way we are going? I have a number of questions.

Senator Ludwig—I am happy with that.

Senator COLBECK—I am sure you would be happy with that, Minister. I have a copy, Minister, if you want it.

Senator Ludwig—Senator Colbeck, I do understand that sometimes people put together notes and write on the sheets so they may not want to provide a copy of that. I accept that. We may want to go to somewhere else first.

Senator COLBECK—It is a public document, Minister. Let us do something else for a moment.

Senator Ludwig—Yes.

Senator IAN MACDONALD—Can we just find out, Dr O’Connell, when you provided the answers to the minister? There were 158 questions taken and not one of them has yet even been attempted to be answered.

Senator Ludwig—That is not true. That is not true, Senator Macdonald. I hope you catch up with where you are at, but that is not true.

Senator IAN MACDONALD—Well, when they were answered? When were they given to the committee secretariat, Minister?

Senator Ludwig—My recollection, and the department might be able to help me, but—

Ms Freeman—Senator, 129 of the 158 questions have been provided to the committee.

Senator IAN MACDONALD—When?

Ms Freeman—I will check the date for you now.

Senator IAN MACDONALD—Today? Yesterday?

Ms Freeman—No. I will get back to you on that, Senator. But 129 have gone.

Senator Ludwig—My recollection is last week.

Senator IAN MACDONALD—Well, while we are doing that, I will go back to my question to Dr O'Connell. We tend to blame the public servants for this when we have all been around long enough to know that the public servants do try to answer them within the time constraints set by an order of the Senate. Dr O'Connell, or whoever is responsible, when did you send the drafts to the minister's office?

Ms Freeman—It was 14 October 2010 that 129 questions were provided to the committee.

Senator IAN MACDONALD—Well, I will just check with the committee secretariat, not that I would doubt you for a minute.

Senator Ludwig—I say, Chair, that it is not good enough. The import of the question is that in terms of answering questions on notice—in previous portfolios my record stands as being diligent in being able to provide responsive answers to questions that are asked by committees. And that is a fair question. In taking over this portfolio, I have worked very hard to attempt to answer all of the questions that have been put on notice in a timely way. There was an election which intervened and, of course, a change in ministers in this portfolio. In the turnaround time that has been available and the work that has had to be undertaken in this new ministry, I have provided a substantive number of responses to questions because I think it is important to be responsive to the committee and provide answers to questions that are asked before estimates.

There are still a number of questions outstanding. My recollection is that they were provided by the department as late as yesterday to my office. I am unfortunately here today, otherwise I would have worked through those today. So I do apologise for not being able to provide all of the responses to the questions. But, given the circumstances, I think if the committee can give me some latitude at this time, I will certainly ensure that next time we do provide all of the responses so that this committee has them available at the next estimates and so that they can follow up questions to them.

CHAIR—Thank you, Minister. The committee will take that further after this committee stage.

Senator IAN MACDONALD—Well, you might, Mr Chairman. I do not.

CHAIR—You heard Senator Ludwig, Senator Macdonald. In fact, you are not even on the committee, so you do not speak for the committee.

Senator IAN MACDONALD—Well, I am a member of the committee, I am sorry.

CHAIR—You are now, are you? I apologise.

Senator IAN MACDONALD—I am a participating member of the committee.

CHAIR—Oh, sorry, participating, yes. So you are not at every hearing and every meeting, because I do not recall seeing you at the committee's meetings.

Senator IAN MACDONALD—What is the relevance of that?

CHAIR—The minister has explained he has been minister of the portfolio for less than 28 days. I would say he has given a fair explanation.

Senator IAN MACDONALD—Can I ask my questions without interruption? The minister has now had a five-minute mea culpa. Minister, I have heard exactly the same from three other ministers.

CHAIR—I have heard it the past two days. You were a minister too, if I remember rightly.

Senator IAN MACDONALD—Three ministers. You have obviously got a script that you write out—'Oh, look, we want to do the right thing here.'

CHAIR—You can correct that. He would not have said that.

Senator IAN MACDONALD—But tell me, Dr O’Connell, what day did the Senate set for the answers to be delivered?

Dr O’Connell—I will have to pass that over.

Ms Freeman—I think, Senator, obviously as the minister has indicated with the new government—

Senator IAN MACDONALD—No. Can you answer the question, please? We will get along a lot faster if you answer the question rather than make excuses for the minister.

Ms Freeman—It was 21 July 2010.

Senator IAN MACDONALD—Okay, 21 July. In all cases, we have heard the election as the excuse. This was a month before the election. Dr O’Connell, how many of the answers did you send up by the required date?

Dr O’Connell—I would have to take that on notice, I am afraid, and provide you with a—

Senator IAN MACDONALD—Well, was it most of them?

Dr O’Connell—We could probably provide you with the answer later today.

Ms Freeman—Yes, we can provide that to you today.

Dr O’Connell—I would like to make the point, though, that it is not a direct process, obviously, where the department provides draft answers to the minister and the minister simply signs them off. There is often iteration between the minister and the department to ensure that the answers meet a minister’s requirements. So when we put—

Senator IAN MACDONALD—Look, Conall, I am well aware of this. I think most of us just—

Dr O’Connell—I just want to make it clear that it is not a case of having a point at which something stops being the responsibility of the department.

Senator IAN MACDONALD—But do you accept that it is not part of the caretaker conventions that the minister may submit the answers during the election period?

Dr O’Connell—I think it is—

Senator IAN MACDONALD—Well, let me help you. Another secretary said that it is not a breach of the caretaker conventions for the minister to do that.

Senator COLBECK—Are you right, Senator?

Senator IAN MACDONALD—Yes. That is right. Well, in fact, all secretaries confirm that. Clearly, the ministers were not prepared to submit answers because it might have impacted upon the election. I hate to think that the department is brought into that sort of political chicanery. That is why I want to know—

Dr O’Connell—Senator, the calling of the election made no difference to the timing and production of the questions on notice.

Senator COLBECK—I want to make a point. We contacted the department earlier this week to make sure that all the information in relation to this was going to be available. Because we saw what was happening in other estimates hearings, we contacted the department to ensure that all the statistical information would be available. We were told that it would be available. Rather than going around with great dissertations of what the process might be, I think it would be easier if we could just get the answers to the question that Senator Macdonald is asking.

Senator IAN MACDONALD—Which is: how many were not supplied by 21 July?

Ms Freeman—Sorry, how many were not supplied?

Senator IAN MACDONALD—By 21 July to the minister.

Ms Freeman—To the minister? There were 129 out of 158 provided to the minister.

Senator IAN MACDONALD—By 21 July?

Ms Freeman—Yes.

Senator IAN MACDONALD—And so one can take their own counsel on why the minister might not have bothered to tell the parliament, obviously embarrassing stuff. But tell me, Dr O’Connell, you said that there were some you just sent to the minister yesterday or recently.

Ms Freeman—Yes. I can answer that.

Dr O'Connell—After the election and the change of minister, of course, we had to resubmit them all and go through them all again and update them and bring them up to the current state.

Senator IAN MACDONALD—Just tell me how long Senator Ludwig has been the minister.

Ms Freeman—Since 14 September, Senator. The responses have been provided progressively starting up to the minister's office from 24 September staggered throughout that period. There are 156 that have now been provided to the minister's office.

Senator IAN MACDONALD—So why did they have to be updated subsequent to the election?

Ms Freeman—I would have to check; I guess, on a case-by-case basis, to be honest, Senator.

Senator IAN MACDONALD—Could you give me an example of information that would have changed?

Dr Dickson—Many of the earlier questions had referred to forthcoming releases of information occurring in August or September. Clearly, when those dates had passed, some of that had to be updated to reflect the fact that the information had either been released or that the date for the release had changed. So there were those very minor updates to make sure it was current.

Senator IAN MACDONALD—So if it is that sort of information—stuff that has been publicly released—why couldn't the secretary, under the caretaker conventions, have released those questions?

Dr O'Connell—As you know, it is the role of the minister to approve the tabling.

Senator IAN MACDONALD—But in a caretaker period, you have that role, do you not, Dr O'Connell?

Dr O'Connell—I do not think I do, no.

Senator IAN MACDONALD—So we have two separate ministers who deliberately withhold information until 21 July.

Senator Ludwig—No. I object to that. Very good try, Senator Macdonald. Do you have a question, because there is no deliberate—

Senator IAN MACDONALD—Is that correct, Minister?

Senator Ludwig—No. It is not correct.

Senator IAN MACDONALD—Why did your predecessor deliberately withhold that when he received most of the answers on 21 July?

Senator Ludwig—I am sure you can ask my predecessor that.

Senator IAN MACDONALD—I cannot because he is not here.

Senator Ludwig—I am happy to respond to questions that you can ask me.

Senator IAN MACDONALD—Why did you not release them?

Senator Ludwig—I did. Since I have been in this ministry, the questions have come up progressively. I am sure the department can run through the times that I have diligently worked through them and provided them to this committee. You did not even know, unfortunately, that they were already provided, but I have been providing them to this committee because I do respect the committee's role to be able to look at these questions and the answers to the questions.

Senator IAN MACDONALD—These were delivered to the committee on 14 October.

Senator Ludwig—That is right.

Senator IAN MACDONALD—So you were in office for a month and you could not be bothered dealing with these things in that month and getting them to the committee so that we have some chance of having a look at the answers between then—

Senator Ludwig—No. Let us go through the facts here.

Senator IAN MACDONALD—Yes.

Senator Ludwig—The officer can take you through the dates the questions have come up to my office and the dates that they were returned out of my office. But you will mind that over the period—it is a busy time—I took the time to ensure that the committee had the answers to the questions, at least the majority that I had available to me, in sufficient time for you to look at them and ask questions in respect to them. If you have not availed yourself of that, I cannot help you any further in respect of that.

Senator IAN MACDONALD—The department may have something to answer for, then. As I understand it, the questions were delivered to the committee on 14 August. Is that not correct?

Ms Freeman—No, 14 October.

Senator IAN MACDONALD—October, I am sorry.

Ms Freeman—What was the question, sorry, Senator?

Senator IAN MACDONALD—Were they all delivered to—

Ms Freeman—No, 129—

Senator IAN MACDONALD—On 14 October?

Ms Freeman—Yes. That is correct.

Senator IAN MACDONALD—Yet the minister is telling us he was doing them progressively, sending them back to you. Clearly, then, the department was holding on to them and not delivering them to the committee. Is that correct?

Ms Freeman—Senator, what has happened is they have progressively gone up to the minister's office for checking and clearance. There has been an iterative process, as Dr O'Connell referred to. As they have been cleared by the minister, they have been provided to the committee.

Senator IAN MACDONALD—So they were not just given to the committee on 14 October? They were done in dribs and drabs over the period of time, as Senator Ludwig says that he dealt with them?

Senator Ludwig—No.

Ms Freeman—No.

Senator Ludwig—Clearly, what has happened is that the department and my office have been working diligently in the iterative process—

Senator IAN MACDONALD—I am sure of that, Minister.

Senator Ludwig—to provide a response in a timely manner. We have provided them in a timely manner.

Senator IAN MACDONALD—'Timely manner' is not a week before the estimates and two months after they were due by order of the Senate to be given, Minister. I do not know what part of the English language you do not understand. Minister, you were saying to us that you dealt with them and handed them back as they came up, giving the impression that you were dealing with them, they were going back to the department and they were coming to the committee. They were not.

Senator Ludwig—No.

Senator IAN MACDONALD—They were coming to the committee on 14 October, perhaps the 13th.

CHAIR—It was the same deal for you, and you know that, so do not try to protect him. Not even Howard protected him. He took him out. So do not worry about that.

Senator Ludwig—What you heard, Senator Macdonald, was that I was dealing with them in an iterative fashion. They were provided to the committee on the 14th, but not all of them were provided.

Senator IAN MACDONALD—Let me get this clear. Minister: were you delivering them back to the department not in one batch but as you dealt with them? Is that correct? Is that what you said before?

Senator Ludwig—My office was dealing with them in an iterative way with the department. And of the total—there are still some outstanding—25 of the 29 were delivered, I think, this morning and so four are still outstanding.

Senator IAN MACDONALD—Well, of the 129 that were delivered on 14 October, did you hold on to them until 14 October, Minister?

Senator Ludwig—They were delivered on the 24th.

Ms Freeman—Yes, 129 went up on 24 September and then a range of other responses—

Senator IAN MACDONALD—To where? To the minister?

Ms Freeman—To the minister.

Senator Ludwig—To my office.

Senator IAN MACDONALD—And came back to you when?

Ms Freeman—Well, a fair bit of toing and froing goes on about various responses. Then they were provided and then forwarded on to the committee.

Senator Ludwig—And they were then provided in a bundle back on the—

Ms Freeman—Yes. On 14 October.

Senator IAN MACDONALD—So all of the questions that have been answers to date were delivered to the committee six days ago. Do you consider that timely, Minister?

Senator Ludwig—Well, given the circumstances—

Ms Freeman—Yes.

Senator Ludwig—and if you had listened to what I said earlier—although you seemed not to want to—I did indicate clearly that it is not good enough. I do agree with you in part.

Senator IAN MACDONALD—Thank you, Minister. You are the fourth minister, I think, to say that—‘Oh, we’re sorry.’ Have you learnt from Peter Beattie?

Senator Ludwig—Is there a question there?

Senator IAN MACDONALD—Peter Beattie was a past master—‘Oh, look, I’m sorry. It won’t happen again.’

Senator Ludwig—Is there a question?

Senator IAN MACDONALD—Well, you are saying that six days is—

Senator CROSSIN—He was a very successful premier, Peter Beattie.

Senator IAN MACDONALD—He was a great spin merchant. That is why they kicked him out of town.

Senator Ludwig—Is there a question?

Senator IAN MACDONALD—That is why they kicked him out of town. He was very successful.

CHAIR—Order! Senator Macdonald.

Senator IAN MACDONALD—Protect me from those interjections, Chair.

CHAIR—Senator Macdonald, ignore the interjections. The minister was actually answering your question until you started—

Senator IAN MACDONALD—He has indicated he thinks six days is appropriate.

CHAIR—Well, it is not the first time you have said that.

Senator Ludwig—No, I said in a timely manner.

CHAIR—Do you have further questions, Senator Macdonald?

Senator IAN MACDONALD—Not on that particular aspect.

CHAIR—We will be finished with this line of questioning and corporate services by 10 o’clock, unless I am told otherwise by Senator Colbeck, where we may change a few things. Otherwise at 10 o’clock we move on.

Senator IAN MACDONALD—I think Senator Colbeck was having to go through and pull his file to bits to hand it to someone, which seems most unusual.

Dr O’Connell—Chair, if it is helpful, we can clarify the issue around the costings for the illegal—

Senator COLBECK—Can you do that?

Dr O’Connell—Yes, we can.

Senator COLBECK—I do not actually have my notes at the moment.

Dr O’Connell—It is the difference between the costings over two portfolios and the costings for ours. So the overall costing for the illegal timber imports, including both DAFF and Customs, is \$4.2 million. A component of that goes to DAFF, which is \$3.4 million. The other goes to Customs.

Senator COLBECK—It is \$3.4 million to DAFF and \$800,000 to Customs. I want to go back to the analysis. Is the department’s analysis or incoming brief for the government available to the committee?

Dr O’Connell—Certainly at the moment it is not. It is subject to an FOI request at the moment, and we are going through the normal processes on FOI. This is the incoming government brief?

Senator COLBECK—Yes. I understand that. What about the blue book?

Dr O’Connell—The same on that.

Senator COLBECK—So that is subject to an FOI as well?

Dr O’Connell—That is subject to an FOI request, yes.

Senator COLBECK—With the costings on the illegal logging policy, what resources within DAFF will be used to implement the policy?

Mr Mortimer—Senator, essentially those resources will be staff resources and potentially the purchase of relevant services for the implementation of that policy. I think it is going to be profiled over three years.

Senator COLBECK—What is the budget for staff versus services?

Mr Mortimer—I will have to take that on notice, Senator. I do not have that level of detail with me, I am afraid.

Senator COLBECK—And the staff will come from existing resources?

Mr Mortimer—That is right, Senator.

Senator COLBECK—And has DAFF agreed on the break-up of the costing with Customs, or is it something that has effectively been given to the each of the departments to implement?

Mr Mortimer—The costings have been agreed between the portfolios, Senator.

Senator COLBECK—We will move on to the \$20 million for forest contractors. Is it the government’s intention that that be distributed this year?

Dr O’Connell—Senator—

Senator COLBECK—There will be some more detailed questioning on this when we get to climate change, because I know that that is—

Dr O’Connell—We are off corporate.

Senator Ludwig—We are on corporate at the moment.

Senator COLBECK—I understand that. I am asking a question about whether it will be distributed in this financial year. It is clearly a corporate question.

Senator Ludwig—Well, it is a matter for government.

Senator COLBECK—It is a matter for government.

Senator Ludwig—What we have indicated is that—

Senator COLBECK—The financials indicate that it is going to be distributed this year. So are you saying that you are not going to comply with your own financials?

Senator Ludwig—No. What I have said is that in terms of the timing it certainly has to be dealt with according to the processes that government has.

Senator COLBECK—So you cannot say that you will actually expend the money that you have said you will expend within that 12-month period despite the dire need of the contractors. Can you indicate to me whether the funding is new funding to the department or is coming out of departmental resources?

Mr Mortimer—The election commitment is for new funding, Senator.

Senator COLBECK—The national food plan, according to the documentation released by the department of finance, is to be funded out of the Regional Food Producers program and costs \$1.5 million over five years. Is that correct?

Dr O’Connell—That is correct.

Senator COLBECK—So this is a five-year plan, but the Regional Food Producers program funding finishes in 2011-12.

Dr O’Connell—At the moment it is over the estimates. It is \$1.5 million, I think, over the estimates. And the distribution of that is yet to be settled.

Senator COLBECK—By ‘over the estimates’, you mean by four years?

Dr O’Connell—That is correct, yes.

Senator COLBECK—How is the program funded beyond 2011-12 when the Regional Food Producers program finishes in 2011-12? Are you just going to take money out of that and rephrase it over four years?

Dr O'Connell—Senator, what we are talking about here are the election commitments of the government. Obviously, all these in the future will have to be reconfirmed in the budgetary processes. So, for example—

Senator COLBECK—Look, I understand that.

Dr O'Connell—We have the MYEFO process. That is underway now. You would expect that to settle those things that have come out of the election commitments. We are talking about what have been the commitments of the government coming in from the election. Those will need to be confirmed.

Senator COLBECK—I understand that. I am just asking a question as to how, when the funding program from which you are taking the money for the national food plan finishes at the end of this financial year, you can fund it beyond the end of this financial year out of that program.

Dr O'Connell—Obviously, that could then be just rephased, potentially.

Senator COLBECK—I actually did put that proposition on the table.

Dr O'Connell—But I am saying that at the moment that has not yet been settled. That will go—

Senator COLBECK—There still has to be a decision as to how you are going to—

Dr O'Connell—Decisions will come out, you would expect, in the MYEFO process.

Senator COLBECK—What will be the involvement of DAFF in the government's election commitment for the carbon fund?

Dr Dickson—I will just quickly find the figures. DAFF will be involved jointly in working with the department of climate change on the methods and the technical and practical ways in which some of those methods could be applied. It will be undertaking the research into biochar and it will be commissioning the research on biochar and overseeing that. It will also be involved in the communication activities, primarily through Landcare groups, in line with the commitment.

Senator COLBECK—So the \$2 million, for example, for the biochar study will be appropriated to your budget?

Dr Dickson—Again, at the moment these are just agreements we have been discussing with the department of climate change. This has to go through the MYEFO and budget processes.

Senator COLBECK—So you do not know what resources you will be given to actually deal with those particular projects? It might be that, as in Caring for Our Country, it is regarded as a joint amount of funding, or is it jointly administered but resting with one of the departments?

Dr O'Connell—We probably should not be getting ahead of the MYEFO decisions or we will be speculating about how the government settles these issues. There is what was stated in the commitments coming in, and that is probably the limit of what can most usefully be said. Otherwise, we might end up misleading you and giving you some estimates about what will happen in MYEFO, and those decisions have yet to be made by government.

Senator COLBECK—Let us move on, then. I want some information regarding ministerial responsibilities. Minister, you may be able to help me there. Can you give us some information on the split in responsibilities between yourself and your parliamentary secretary? I have to say I am pleased to see that there are additional resources as far as people in the portfolio is concerned from the last government to this one. I think one person at least is welcome.

Senator Ludwig—Thank you. Chair, what we have done is settled a split between some of the responsibilities. I will get the department to take you through what the parliamentary secretary will undertake and what responsibilities he will then assume.

Dr O'Connell—At the moment, the clear understanding is that the parliamentary secretary, Dr Kelly, will focus on fisheries and sustainable resource management. Predominantly his focus will be there. It is matching with the minister in terms of the ministerial role quite clearly, but supporting most clearly on those areas, plus a range of administrative support, such as correspondence and other related matters. The main focus will be in that area of fisheries and then the sustainable resource management, the Caring for Our Country sort of area.

Senator COLBECK—So by SRM do you mean Caring for Our Country?

Dr O'Connell—Caring for Our Country would be included in that, yes, and broader sustainable resource management issues like, for example, weeds and matters that he is likely to take a close interest in as well.

Senator COLBECK—When you mean ministerial support, correspondence and things of that nature, which I think is what you said—I am not trying to verbal you—does that mean that if someone writes to the minister, they might get a response from the parliamentary secretary?

Dr O'Connell—It is normal practice, I think, in most portfolios with parliamentary secretaries that the bulk of correspondence is shared between those relevant ministers in a portfolio plus the senior minister, junior ministers and parliamentary secretary. That is what you would expect to see. Of course, some correspondence gets referred to the department for departmental responses as well. That is all the normal practice.

Senator COLBECK—It was not when I was in the portfolio. We had responsibilities and we dealt with the things that we dealt with and corresponded accordingly.

Dr O'Connell—I think the practice would not have changed significantly, Senator. There would still be some areas such as fisheries, as you are saying, on which you would expect the parliamentary secretary to take the lead and respond directly.

Senator COLBECK—And I would expect Dr Kelly to respond to people regarding fisheries because he has been given effectively ministerial responsibility for that area, as I would understand the division of responsibilities within the department. But I have to say that my experience is that if I were a constituent and I wrote a letter to the minister, I would not expect to get a letter from the parliamentary secretary.

Senator Ludwig—I want to correct something. He is a parliamentary secretary. He has been given the role of looking after one of the areas of fishery as a parliamentary secretary. I will still continue to exercise ministerial oversight in terms of my responsibilities.

Senator COLBECK—Actually, I am not trying to diminish that, Minister.

Senator Ludwig—I accept that. But, if there are matters that fall within fisheries that he can adequately deal with, he will deal with them and then respond to them accordingly. The department will obviously continue to deal with matters that it has always dealt with. Of course, I will continue to exercise the appropriate ministerial oversight of the portfolio.

Senator COLBECK—And I was not trying to diminish that in any sense. I get the fact that different governments have different ways of dealing with that. I do understand that. If I were a constituent writing to a minister, I would not expect to get a letter back from somebody else. That is just a point I am making. What ministerial staff are assigned to each office?

Ms Freeman—Currently, for Minister Ludwig's office we understand that he has been allocated 12 ministerial staff, Senator, and two departmental liaison officers.

Senator COLBECK—Two DLOs?

Ms Freeman—Yes, correct. And Parliamentary Secretary Kelly has been allocated three ministerial staff and one departmental liaison officer.

Senator COLBECK—Gee, he is lucky. Can you tell me how that varies from the last parliament?

Ms Freeman—Minister Burke was allocated 11 ministerial staff and two departmental liaison officers.

Senator COLBECK—So we have had an increase of four staff and one DLO in gross terms?

Ms Freeman—Well, we have had 15 versus 11, I think, and three versus two DLOs.

Senator COLBECK—I do not know whether to complain or not because I know that there is a relationship between how many staff the government get to what we get. I get the ratio stuff.

Senator Ludwig—Just so that you have an accurate picture: because I continue to be the Manager of Government Business in the Senate, I have one staffer who does that role, who is assigned for that purpose. So on my analysis, although you can make your own analysis, I have 11 effectively as the minister and one as the manager.

Senator COLBECK—Okay. So who is providing that one? Is the department providing that one?

Senator Ludwig—No. It is the ministerial allocation.

Senator COLBECK—So one of the staff is coming to you—

Senator Ludwig—No. Continues on as—

Senator COLBECK—As?

Senator Ludwig—As the person who supports my role as Manager of Government Business in the Senate. I am sure if you had been—

Senator COLBECK—I understand.

Senator Ludwig—engaged in the procedures, you would have spoken to the person.

Senator COLBECK—Look, I understand that. Effectively, it is an increase in that context of three ministerial staff in the agency.

Senator Ludwig—No. There were, I think, 11—

Ms Freeman—Yes. Eleven ministerial staff in Minister Burke's office.

Senator Ludwig—Yes. And there continue to be 11.

Senator COLBECK—Yes. That is correct.

Senator IAN MACDONALD—In addition.

Senator COLBECK—Yes. That is right. So with the additional person come additional people. Okay, fine. Are all those positions filled?

Ms Freeman—I think they are currently being finalised, Senator.

Senator Ludwig—I can take that on notice and get back to you. I know that they are not all filled at this point in time. But I cannot recall the exact number.

Senator COLBECK—Are there any positions being filled from departmental resources?

Ms Freeman—Currently there are a number of staff who are up there providing relief while the positions are being settled in the minister's office.

Senator COLBECK—Do you know how many there are?

Ms Freeman—I will take that on notice, but I think it is two. But I will clarify that, to be certain. Yes, it is two.

Senator COLBECK—Thanks, Ms Freeman. Are any former DAFF staff amongst those that are in permanent roles?

Ms Freeman—I would have to take that on notice just to clarify it.

Ms Bie—We have two staff on the MOP system at the moment, Senator.

Senator COLBECK—Two staff on the MOP system?

Ms Bie—Yes.

Senator COLBECK—So they are effectively departmental officers who have taken leave of absence to go and work within the minister's office?

Ms Bie—Yes. Within ministers' offices. One is with Senator Ludwig.

Senator COLBECK—Okay. Where is the other one? Can you tell me?

Ms Bie—With Minister Burke.

Senator COLBECK—So Minister Burke has retained one former staffer. That takes me back in the other direction. Have any of Minister Burke's staff left his office to go back into DAFF?

Ms Bie—No.

Senator IAN MACDONALD—While you are talking about staffing, the secretary of Mr Crean's department, which I will not even attempt to remember the name of, indicated to us that they were borrowing staff from other departments to fill in what is a new and complex and different department. Is this department lending staff to that new department?

Dr O'Connell—We have lent one person to help out, yes.

Senator IAN MACDONALD—And you expect that person back?

Dr O'Connell—Yes. It is scheduled until the end of the year. We have seconded somebody there until the end of December to help.

Senator IAN MACDONALD—What level of person?

Dr O'Connell—Assistant secretary, so SES band 1.

Senator IAN MACDONALD—Thank you.

Senator COLBECK—With respect to ministerial officers outside the parliament, what additional resources are being provided to the minister and the parliamentary secretary in their electorate regions?

Ms Bie—Additional resources? We are not providing anything in the electorate office. But in the ministerial offices in states we have provided a range of IT and communications facilities.

Senator COLBECK—So does Dr Kelly, for example, have an additional ministerial office in his electorate?

Ms Bie—In Brisbane, yes.

Senator COLBECK—Dr Kelly?

Ms Bie—Sorry, Dr Kelly, no. In Queanbeyan—

Senator COLBECK—I do not think he would want to spend too much time in Brisbane. It is a little bit out of area.

Senator Ludwig—He is most welcome there, but I think he prefers his electorate.

Ms Bie—Minister Ludwig is in Brisbane. Dr Kelly has an office in Queanbeyan.

Senator COLBECK—So you would be putting the usual IT services into that office?

Ms Bie—Yes.

Senator COLBECK—As a part of engaging him in the portfolio?

Ms Bie—Yes.

Senator IAN MACDONALD—Is it a separate office or just his electorate office that has been expanded for his portfolio duties?

Ms Bie—I have not actually been to the office.

Senator IAN MACDONALD—What I meant is: are you fronting a separate office in Queanbeyan so Dr Kelly has two offices in Queanbeyan?

Ms Bie—As far as I know, they have one office.

Senator COLBECK—Has any additional space been allocated as a result of his appointment to the portfolio, do you know?

Ms Bie—I would have to get back to you and take that on notice.

Senator COLBECK—If you take that on notice, that is fine. Minister, you have an electorate office and a separate ministerial office in Brisbane?

Senator Ludwig—I have the same Brisbane office and it is combined. Many of these questions you can ask the department of finance, who would have all of the details for you.

Senator COLBECK—Yes. I understand—although some of the resources to those offices are actually provided by the department.

Senator Ludwig—That is why, in respect of those questions, DAFF is ably able to provide that response.

Senator COLBECK—So, likewise, there have been IT resources installed in your office in Brisbane to allow your easy interaction with the department?

Senator Ludwig—Well, they do need to install DAFF computers.

Senator COLBECK—Are there any staff allocated to those?

Senator Ludwig—Not out of DAFF.

Senator COLBECK—But some of your ministerial staff may be based, understandably, in the region and travel with you on the relevant entitlement.

Senator Ludwig—They have been placed to ensure that the ministerial offices both in Brisbane and here are operational.

Senator COLBECK—Okay, fine. I want to go to approvals given by the former minister in the lead-up to caretaker. Can you advise me what approvals were made by the minister on the day before caretaker began?

Dr O'Connell—I think we would have to take that on notice, Senator. We assume you mean things like grants appointments and those sorts of things?

Senator COLBECK—Yes. That is what I mean.

Dr O'Connell—No. We would have to take that on notice.

Senator COLBECK—I have a list here of something like 50 Caring for our Country grants that were signed off on the day before caretaker. I do not begrudge any of them getting their money. But, just in the context of the conversation that Senator Macdonald was having earlier, there were a large number of grant programs signed off on the day before caretaker, yet the issue of questions on notice, which I will skip over in my file now that we have done it, does demonstrate a bit of a contrast. It is easy to announce and sign off things that can make people happy and can be announced during an election campaign, but it is not necessarily easy to do questions on notice. Can you give me the total travel costs for the minister for 2009-10, please?

Ms Bie—Much of the travel for the minister is funded through the Department of Finance and Deregulation, Senator, so we would not be able to.

Senator Ludwig—We may be able to provide you with the total, so you could ask what DAFF provides. I am not sure when the department of finance is appearing, but you could ask them in respect of the—

Senator COLBECK—It would have been easier for me to attend now that you have changed the dates. I will be back to talk to you about that later, because it was earlier in the week.

Senator IAN MACDONALD—Can we get that on notice?

Senator COLBECK—We can ask that on notice anyway.

Senator IAN MACDONALD—I have questions about departmental travel. Do you have that with you now? What sort of travel does the department support as opposed to Finance?

Ms Bie—The department pays for components of the minister's travel. It is mostly in relation to car costs and meeting rooms for portfolio related meetings and that kind of thing. We pay for the DAFF officers who accompany him.

Senator IAN MACDONALD—And international travel is paid for by this department?

Ms Bie—By the department of finance. It is the same situation. We would pay for meeting rooms for portfolio related meetings and a number of miscellaneous costs, but not the actual travel costs.

Senator IAN MACDONALD—Thanks.

Senator COLBECK—And that would be the same for staff?

Ms Bie—For advisers? The minister's staff?

Senator COLBECK—Yes.

Ms Bie—Yes.

Senator COLBECK—So that is all paid for by the department of finance?

Ms Bie—Yes.

Senator COLBECK—Can you give us a quick travelogue, Minister, of your visits since your appointment? I know one place you have been.

CHAIR—I know a heap where he has been.

Senator COLBECK—I think he went fishing with you, did he not?

Senator Ludwig—Just broadly—

CHAIR—Good to see you in WA, Minister.

Senator Ludwig—Thank you.

Senator COLBECK—Did he go fishing with you? Is that right?

Senator Ludwig—I have been to Tasmania, as you are aware, and WA as well, where I caught up with a range of stakeholders, including a trip into Mukinbudin, Lake Grace and Wagin, particularly around the drought issue, to get a firsthand experience there. As you know, I was in Tasmania talking with a range of forestry stakeholders. I will not go through all of them in the time available. I also spent time in Melbourne catching up with a range of stakeholders. I have also been in Brisbane, Queensland, talking to a range of stakeholders. I went to the AgForce conference in Rockhampton very soon after my appointment. I have also

travelled, in the short time available, to Brewarrina, particularly around the Australian plague locust issues. In addition—I think that is probably a small snapshot. How many days have I been—

Ms Bie—Since 14 September.

Senator Ludwig—Since 14 September.

Senator COLBECK—Thanks, Minister. Perhaps you could provide on notice a list of those visits so far. This is probably one you will have to take on notice for me. Can you provide me with a breakdown for the past four years of total DAFF appropriations and DAFF appropriations as a proportion or a percentage of total government appropriations? That is a question of the numbers.

Dr O'Connell—The overall portfolio or just the department?

Senator COLBECK—The overall portfolio.

Dr O'Connell—The overall portfolio.

Senator COLBECK—Could you also extend that out, as it stands, for the forward estimates too, please? So what I am looking for is looking four years back and four years forward, please. I want a list of all the DAFF lapsing programs over the forward estimates, please.

Dr Dickson—Senator, can I just confirm whether that is lapsing or lapsing and terminating programs?

Senator COLBECK—I had better have lapsing and terminating, please, and I would like them differentiated, please. There are some where the decision has been made to terminate already. I know that we will inevitably have some discussion over the definition of lapsing as time goes on and as we discuss these things further. But I am interested to know where that is all heading to. Rather than fight about it now, prior to MYEFO, we will deal with it in February. Can you give me an indication of how many staff are involved in communications and media advisory roles?

Ms Freeman—The communications branch has a total staff of 51. They are broken up into a range of roles involving internal and external communication roles.

Senator COLBECK—How many of those are currently assigned to MDB consultations?

Ms Freeman—MDB? I beg your pardon?

Senator COLBECK—MDB.

Ms Freeman—Yes. I will have to take that on notice. I am just trying to clarify what you are actually asking. Do you mean are assigned to the MDBA? I am just trying to clarify the question.

Senator COLBECK—Well, I would like to know how many are assigned to that process. Whether they are doing work for the department on that process or whether they are doing work for the authority on that process, either way, I would like to know how many of the communications people are involved in that process.

Ms Freeman—Okay. I understand the question.

Dr Dickson—I think I can answer it. We do not have anyone assigned. It is not our portfolio's responsibility. The communications branch certainly is working with the issues that are our responsibility, just as they always move from issues as they appear. But we do not have anyone assigned to any particular role on that.

Senator COLBECK—So there is no-one specifically looking at it, but there would be some who would have a general sense of that and would be the ones that would deal with those issues as they crop up?

Dr Dickson—That is right. They deal with those issues as any other issues that come forward.

Senator COLBECK—Can you give us the cost of the communications media for DAFF in 2009-10 and the expected cost for this financial year?

Ms Freeman—Just to be clear, when you are saying media—I am not trying to be difficult, Senator—are you talking advertising, marketing or media monitoring?

Senator COLBECK—I would like to know the total cost of communications/media, so I am trying to be as all-encompassing as I possibly can. If that means that you need to give me different categories, that means you need to give me different categories.

Ms Freeman—Okay. I will take that on notice, Senator.

Senator COLBECK—And that would include the total budget for the corporate communications branch of those 51 people.

Ms Freeman—Yes. Certainly.

Senator COLBECK—And those figures for 2009-10 and 2010-11.

Ms Freeman—Certainly.

Senator COLBECK—What campaigns or other forms of advertising are scheduled for 2010-11?

Ms Freeman—There are currently no official advertising campaigns that DAFF is running. We do currently have two ongoing information campaigns for the WA drought pilot and Australia's farming future.

Senator COLBECK—There is nothing running for quarantine, or is that—

Ms Freeman—There is a range of activities that do go on for biosecurity. There is no official campaign per se, but there obviously is a range of work that is going on, for example, on marketing activities to support compliance for biosecurity activities in terms of signage and travel. There are activities making people aware of risks around the Autumn Moon Festival, for example, in terms of importing material. So there is a range of those activities currently going on.

Senator COLBECK—If you include those in those figures that you have been asked for—

Ms Freeman—Certainly.

Senator COLBECK—the specific ones around those cycles, I would be interested in information on those too.

Ms Freeman—Certainly.

Senator COLBECK—Okay, Chair. We have questions on standard staffing stuff. We will put those on notice.

Senator HEFFERNAN—Do you know when they are due back?

CHAIR—I will help you out, Senator Heffernan. That is a fair question.

Senator HEFFERNAN—Because I notice the regional Australia questions are two years in arrears.

CHAIR—Friday, 22 October the committee has decided.

Senator HEFFERNAN—See if you can do better than regional Australia.

Senator Nash interjecting—

CHAIR—I am sorry. It is 10 December 2010. Senator Nash's little cheap shot threw me off.

Senator IAN MACDONALD—What is the date?

CHAIR—It is 10 December, Senator Macdonald.

CHAIR—I thank the officers. We will now call the Department of Climate Change, including forestry, drought and exceptional circumstances.

[10.15 am]

Department of Climate Change

CHAIR—I welcome officers from climate change. The committee has decided that we would like to start with Senator Siewert questioning on climate change.

Senator SIEWERT—I want to go to the drought pilot in Western Australia. How is it going? What is the uptake? I understand there is a waiting list. Here is Senator Back, so we will tag team on WA.

Senator Ludwig—There is no need to gang up.

Senator SIEWERT—You are lucky Senator Adams is not here as well.

Senator COLBECK—I do not mind waiting until later.

Mr Noble—Progress on the drought pilot to date has been fairly strong. If the committee would like, I can run through measure by measure to give a sense of the level of take-up of the different measures.

Senator SIEWERT—That would be good.

Mr Noble—For the farm-planning measure, which is the program providing the training to farm businesses, the Department of Agriculture and Food in Western Australia advice to 30 September 2010 is that there have

been 341 farm business applications approved and over 375 applications received. For that program, 11 of the training groups are actually underway—those are groups of 10 to 15 farm businesses running through the program and—25 participants have completed the training. That represents 10 farm businesses. So that is the farm-planning program. With the Building Farm Businesses grants, the first applications for that particular program are expected in October as the farm businesses complete the prerequisite farm-planning program. I think our advice earlier in the week from the Department of Agriculture and Food in Western Australia was that so far they have received three applications for that. Clearly, it is very early days for that program. The Farm Family Support Program—the income support program delivered by Centrelink in the region—to 1 October 2010, Centrelink advised that they had received 169 applications for that program. The Stronger Rural Communities Program—

Senator SIEWERT—They have received those applications. Have they all been approved?

Mr Noble—To date, 21 claims have been granted and 90 are being assessed.

Senator SIEWERT—So 21 granted?

Mr Noble—Yes.

Senator SIEWERT—And 19 assessed?

Mr Noble—And 90 are being assessed.

Senator SIEWERT—So there is still 50-odd, or a bit under 50-odd, that have not been dealt with?

Mr Noble—They have either been dealt with or rejected. We are advised by Centrelink that the rejection rate is equivalent to similar rural programs delivered by Centrelink.

Senator SIEWERT—How many of those remaining have been rejected and how many have not been dealt with?

Mr Noble—I think approximately 50 of the applications received have been rejected.

Senator SIEWERT—And why would they have been rejected?

Mr Noble—There is a range of reasons. I can take on notice, if you would like, a breakdown.

Senator SIEWERT—That would be good.

Mr Noble—For example, it is things such as farmers not meeting the eligibility criteria or the insufficient provision of information and so forth.

Senator SIEWERT—If you could take that on notice, that would be good. Thank you.

Mr Noble—For the Stronger Rural Communities Program—that is a program providing grants of up to \$300,000 to local government authorities—the applications for that program closed on 15 September. The National Rural Advisory Council is meeting today to go through the assessment of those applications. They will then make the recommendations to the minister about the particular programs to fund.

Senator SIEWERT—I want to go back to the farming families support. Senator Back, jump in. Is there a closing date on that?

Mr Noble—That particular program closes at the end of the pilot. So the pilot goes to 30 June 2011. And that particular measure is not capped.

Senator SIEWERT—So that is not capped and it just goes to June next year?

Mr Noble—Yes.

Senator SIEWERT—Thank you. In terms of the stronger regional communities, how many applications did you have?

Mr Noble—There were 42 applications covering 33 local government areas in the pilot region.

Senator SIEWERT—I am going to flip back to the farming families support process. In terms of the pilot area, have there been applications received from outside the pilot area?

Mr Noble—I am not aware. Again, I can double-check whether one of the rejection reasons has been because the applicants were outside the pilot region. I would think that is a very low number. Centrelink provides a range of other services to people outside of the pilot region as well.

Senator SIEWERT—Thank you.

Senator BACK—I want to put the Western Australia perspective and perhaps give some understanding. The minister was in WA a couple of weeks ago—and farmers were appreciative of that, Minister. In a normal year we would receive about 14 million to 16 million tonnes of wheat. This year, last Friday, Co-operative Bulk Handling's assessment upgraded was four million tonnes for the year. That is the level. As of two weeks ago, they announced they would not be opening 100 receiving points, so that figure has probably gone up since then. That is the first time in the history of the state. With regard to the program, there were agricultural advisers to the drought reform scheme; that is the term I will use. Is that a reasonable term, drought reform scheme?

Mr Noble—The drought reform pilot.

Senator BACK—My understanding is that agricultural advisers were effectively excluded in the planning program, as has been told to me by two of the largest ones. Is there any reason why they did not participate in the planning phase?

Mr Mortimer—There is no specific reason on that, Senator. The Commonwealth discussed the arrangements for the program with the WA state government and it was settled between the two governments with the support of the two agencies—the WA agricultural department and ours. As I understand it, WA agriculture developed a specific training scheme for this pilot, which is being delivered by Curtin University. So it was not specifically excluding advisers. Rather, it was developing a new set of modules to provide a comprehensive farm-planning and training scheme, which was to be a key part of the pilot. That is the way it was developed, as far as we understand.

Dr O'Connell—Senator, the farm-planning component is funded and delivered by the WA department. So this is a partnership where they deliver some components and fund some components and we do others. If you want further information, we can certainly get what we can.

Senator BACK—I ask the question really on the basis that I would have thought since the farm management consultants or financial advisers to agriculture probably have the portfolio of the most successful farmers in the state, there would have been a lot of merit and wisdom in including those people who could have actually given some guidance to the planning for the program, and particularly the type of information that would be required by the people who are going to participate.

Mr Mortimer—I understand what you are saying, Senator. As I said earlier, this was designed as a new measure to test a new approach. That is why the modules were put together—to try to be comprehensive. How ag WA pulled that together and who they got advice from is not something I can speak about here and now. But I am happy to take that on notice, as Dr O'Connell suggested, and provide any further comment on that.

Senator BACK—My understanding is that the Commonwealth contributed \$15 million and the state government contributed \$5 million. Is that right?

Mr Mortimer—They are not quite the exact numbers, but it is close. The Commonwealth contribution is \$17.9 million and the WA contribution is \$5 million to provide a total of \$22.9 million.

Senator BACK—And based on the data you were kind enough to provide to us, is there now an update as to whether those funds will be sufficient to service all those who have actually made application in the various areas that you have described?

Mr Mortimer—That is something that we have not come to any particular view on. It is a pilot, so it is being rolled out as such. I am conscious that there have been discussions about the access to the farm training measure, but that is something that no decision has been made on at this stage. The funding is there. It was agreed between the Commonwealth and WA, so I guess we will see what comes when the current funds are expended. Then there will be discussions between the two governments as to whether there is anything different needed.

Senator BACK—Officers from your department have not actually participated. I understand that it is actually conducted from the state level.

Mr Mortimer—That is right. That was the nature of the agreement, yes.

Senator BACK—Some of the feedback that has come back is that obviously it has been complimentary to the facilitators in terms of their efforts in presenting material. There have been comments that they feel that Curtin University people just do not have sufficient familiarity with agriculture or with the farming challenges, but I do not think these are questions I can put to you. But the overwhelming view in the agricultural community is that if part of the program was designed for those who are going to exit from farming, that is

fine. But for those who want to continue in farming, some form of EC or other funding is going to be essential. Minister, I think you probably had that view put to you fairly strongly from those to whom you spoke in WA in the last couple of weeks?

Senator Ludwig—There was a range of views expressed to me. But what I did say is that this is a trial that we have put in place. It is a pilot. It is not designed to address the current circumstances. But we do recognise that WA is going through a very dry period. Can I say that my sympathy goes to a lot of the people whom I saw and spoke to in some of the tough conditions that they were facing. But the trial is designed to elicit responses, to let the trial run its course and provide feedback and information about this. If you look at the current EC, exceptional circumstances, that has been in place for some time across the eastern seaboard. Of course, it remains as one of those programs that is there. What we are looking to do is to provide a pilot and to provide feedback in relation to that pilot so that we can look at how we can build resilience and support into rural communities to deal with variable climate conditions—the whole gamut of variability of climate that the agricultural community or regional communities face. So all of those matters were put to me and Minister Redman when we visited. I had an opportunity to speak to him in his office in Perth and visit the rural communities. I am not sure whether you were here this morning when I was asked where I went. I have been to Mukinbudin, or Muka, as they preferably call it, right throughout to—

Senator BACK—Narembeen and Hyden, I think.

Senator Ludwig—Lake Grace and spoke to some people who were farming community members there. I also had an opportunity at Wagin to speak to the people who are in the latter part of the process of being delivered information by Curtin University. Of course, we did field questions, Minister Redman and I, there across the community dealing with a whole gamut of issues that I am sure you are familiar with. But the import that I wanted to ensure was that this is a trial and we do want feedback from both the WA government and the participants in the system to see how we can ensure that there is resilience built into the communities there that experience a variable climate. I hope that answers your question without taking too much time.

CHAIR—Thank you, Minister. Sorry, Senator Back, but it is 10.30. We do have a private meeting; I am very conscious of that. We will take a 15-minute break.

Proceedings suspended from 10.29 am to 10.46 am

CHAIR—We are asking questions of the climate change area in terms of the Western Australian drought pilot assistance program. Senator Back is in continuation.

Senator BACK—As part of this process, I would like to move beyond the pilot and ask: is there any consideration or capacity for government support for drought stricken Western Australian farmers whilst the pilot is underway and funds have been committed to it, or has the expenditure on the pilot effectively removed any further opportunity of EC funding for Western Australian farmers?

Mr Mortimer—Senator, what was agreed with the WA government was that the pilot would run from 1 July 2010 to 30 June 2011. To ensure that that was an effective pilot, it was agreed by WA that no EC claims or applications would be made for that region for that period of time. So there is an agreement there between the two governments about the conduct of that and the framework around it. In terms of the rest of WA, there is no such agreement in place. We could reasonably expect that an application could be made for areas in WA outside the pilot area if the WA government so wished.

Senator BACK—The pilot area is a specific geographic area, is it?

Mr Mortimer—That is right. I will define the boundaries for it, which was settled between the Commonwealth and the state. We can get you a map that shows you those.

Senator BACK—Obviously negotiations for the pilot would have been conducted in the early part of this year before we knew we were not going to have a season. Putting it into perspective and perhaps somewhat personally, Senator Mary Jo Fisher's family have farmed for 99 years at Beverley, which would be one of the safest areas in the Avon Valley in WA. Her brother told me the other day that they had to go back to 1914 to find rainfall as low as 2010. There is a lot of discussion going on, and the minister would have been appraised of this, of the prospect of examining yet again a risk managed or multi-peril insurance scheme for crop protection not on the profit of the crop but the cost of production. Has the department addressed itself at all to issues associated with possible support for such a feasibility study at least?

Mr Mortimer—For multi-peril crop insurance?

Senator BACK—Multi-peril crop insurance.

Mr Mortimer—Look, Senator, there was a major study on that done a few years ago, which the department was engaged in. I think it was when Minister Truss was minister for the portfolio. It was done in conjunction with industry organisations and with the insurance industry. I think it has been provided and made public over time. That was a very significant analysis of multi-peril crop insurance which found that there are considerable problems with implementing multi-peril crop insurance in Australia. I suppose to cut to the chase, it found that there are a lot of problems and risks, particularly around data and the availability of data and what that might mean for farmers but also that the costing did not stack up in terms of a commercial proposition. The only way it could be expected that a multi-peril crop insurance scheme could operate in Australia would be with considerable government support. So, at the time, the government decided not to proceed with that. We have the study. I think it is still current. We draw on that material and analysis when need be.

Senator BACK—I can perhaps advise you that industry at the moment is trying to finalise funding for a comprehensive feasibility study, with input from those most likely to be affected by continuing failure, including the banks, the bulk handling groups, the grain handlers et cetera. The average cost of putting in a crop in Western Australia now is about \$1 million. It is likely that up to 50 per cent of Western Australian grain growers next year will not be able to get the finance to put a crop in unless there is some degree of assistance. I will perhaps provide that for information rather than question. Whilst Minister Redman is certainly being canvassed, do I take it from here that there would not be capacity for support from your department to assist with that feasibility study? Again, remember that previous studies, Mr Mortimer, have been conducted based on profit of the crop whereas the current study is based on a cost of production recovery.

Dr O'Connell—I think you were talking a little hypothetically in one sense. Before we took a definitive position, it would be something that I would want to discuss with the minister and brief the minister on. I think there is a fundamental issue with multi-peril crop insurance that is subsidised by government, and that is the degree to which it potentially creates perverse results in terms of risk management by the subsidised farmer. And that comes out regularly as one of the driving concerns. If you are clear that you will be subsidised essentially for the risk of your crop production, you may well take different risks. You have a different risk profile, essentially.

Senator BACK—I concur with that, Dr O'Connell, except to say that there may be a case for support for a limited number of years—maybe three to five years—to establish a sufficient pool of farmers who can then carry that program on. I agree with you about it as a permanent arrangement. I am well aware of the circumstances in Canada and the United States, where you are correct. If a feasibility study were to support the assertion that premiums and a sufficient pool of farmers could keep it going without government support over time, I would urge that such consideration be given to support it by federal and state, for that matter, governments.

Mr Mortimer—We are happy to provide that study again, subject to any issues that the minister might have. I think it has been provided to senators previously. That will be helpful. It was a very thorough analysis. It sets out all the issues. It might be beneficial to both you and the farmers in WA, although my memory was that there was representation from WA farmers on the working group for that at the time. I cannot remember the exact names of the people.

Senator BACK—Thank you.

Senator COLBECK—Have there been any requests to reopen EC assistance in WA?

Mr Mortimer—No. We have not received any requests to reopen EC assistance in WA.

Senator COLBECK—Obviously the minister has had some conversations with the state minister in recent times to look at the issues over there. Is EC specifically ruled out at the current moment?

Mr Mortimer—There was an agreement made between the Commonwealth and the state government, which was captured in a national partnership agreement. It was that the trial would operate within a defined area within WA with specified boundaries. For the period of the trial, WA agreed not to make a claim for EC. That was essentially to ensure that the pilot could operate—

Senator COLBECK—So that is for that 12 months in the pilot?

Mr Mortimer—Yes. And the pilot could be a true pilot and test new measures as opposed to being confused and muddled, if I can use that expression, with EC.

Senator COLBECK—How many farmers have received \$60,000 grants?

Mr Noble—For the building farm business groups, to date, approximately three applications have been received. But a prerequisite for people to access that program is for them to complete the farm planning program. We would expect over the next month or two to start receiving a steady stream of applicants for the grants program. But to date no-one has received any of the grants.

Senator COLBECK—No-one has received any money yet?

Mr Noble—No.

Senator COLBECK—I want to go right back to a question. I submitted at question CC28 a fairly detailed question on notice, which may have actually helped. Can you tell me where that question is actually at?

Mr Mortimer—It was a long one, Senator, with a lot of details. My current advice is that it has not been finalised, but I would need to check with the people in our corporate policy area.

Senator Ludwig—It has been submitted.

Senator COLBECK—Well, I just asked the secretariat during this morning's hearings where it was and they do not have any advice on it.

Senator Ludwig—CC28?

Senator COLBECK—Yes.

Senator Ludwig—It looks like it has. It seems to be on paper that it shows that it has been.

Senator COLBECK—I had a question in my notes to ask about it—

Senator Ludwig—We will take it on notice and get back to you.

Senator COLBECK—and consequently did not make a fuss earlier when you claimed that you had answered all the questions.

Senator Ludwig—No. I may not have answered all the questions.

Senator COLBECK—I think that was the conversation and the impression that Senator Macdonald had, and it is certainly the impression that I had. While you are looking, there is CC29 as well, which is also quite a detailed question.

Dr O'Connell—We can clarify that very quickly, Senator. It is just a question to ensure what date it would have gone through.

Senator NASH—Minister, I am encouraged by your earlier comments when you referred to your excellent previous record in terms of questions on notice. We look forward to being—

Senator Ludwig—Well, I did not say it was excellent. I said—

Senator NASH—No. Let me finish.

Senator Ludwig—it was pretty good.

Senator NASH—Sorry, I did not mean to put words in your mouth. I was perhaps just hoping that might be the case. But you certainly did indicate your track record was good.

Senator Ludwig—Yes.

Senator NASH—This has been perennial. I understand it is nothing to do with you, Minister. This has been perennial in this committee and it is getting beyond a joke. To actually have the situation now where, at 11 o'clock on the morning of estimates, we are arguing about whether or not it has been submitted is appalling. I know, Minister—

Senator Ludwig—Can I agree with you?

Senator NASH—Just let me finish, please. I know you will now undertake to improve the track record of questions coming to this committee because, when asking about a question that has been taken on notice—whether or not we have got it—to be told you are going to take that on notice is a little difficult for this committee.

Senator Ludwig—I completely agree, Senator Nash. It is one of those areas where I intend to improve.

Senator NASH—Thank you.

Senator Ludwig—It is very important.

Senator NASH—Marvellous. We will so look forward to that. Thank you, Minister.

Senator Ludwig—I can confirm that 29 has not been tabled as yet. It was one of the ones that—

Senator NASH—It was in your too-hard pile?

Senator Ludwig—No. It is not far away, as I am advised.

Senator COLBECK—My understanding is that the committee has not received anything on either of those two—28 or 29. Effectively, the rationale is that it is a complex question or detailed, yes? It is a detailed question; there are 17 points in it.

Senator Ludwig—Just so you are aware: as I understand it, they came up either last night or this morning to my office. Given that I am here—

Senator COLBECK—It is something for you to look for when you get back.

Senator Ludwig—I will try to do it when I get the next opportunity.

Senator COLBECK—If the program is to be rolled out nationally—and I suppose that is a hypothetical, which does place some qualification on it—what is the time period a farmer must wait before applying for a new grant?

Mr Mortimer—The issue of rollout nationally is yet to be settled. There will be an evaluation of the pilot program before that is determined. But in terms of the current pilot—perhaps Mr Noble might be able to answer in part—

Senator COLBECK—Well, I do not think there were any EC areas in Western Australia anyway, were there?

Mr Mortimer—No. There were not at that time.

Senator COLBECK—Was there a qualification period from someone receiving previous payments coming on to the new program?

Mr Noble—For the building farm business grants, the up to \$60,000 grants, there is an eligibility criterion that a farm business cannot receive both a farm business grant and an exceptional circumstances interest rate subsidy in subsequent years. The payments under the building farm business program are provided over four years to the successful farm businesses.

Senator COLBECK—So what funding has been expended to date? Have we already done that?

Mr Mortimer—Yes. I think you have done it in terms of the number of farmers uptake, so that might answer that.

Senator COLBECK—So does number of farmers equate to a figure, does it, specifically?

Mr Mortimer—That quantum of expenditure?

Senator COLBECK—Yes.

Mr Noble—Senator, we would need to take that on notice, if you would like expenditure figures to the end of September, for example. Is that the sort of figure?

Senator NASH—I want to clarify something. I apologise if it has already been asked. What is the time period from the tick-off on the application to when the project has to be completed?

Mr Noble—The application for which element of the pilot are we talking about? Are we talking about the Building Farm Businesses grants?

Senator NASH—Yes. Those ones, yes.

Mr Noble—The activities that a farm business may apply for can occur over a period of four years. Once the application is received, the first payment will be paid this financial year. That is a prepayment. Payments in subsequent financial years are paid on a reimbursement basis.

Senator NASH—Correct me if I am wrong, but is it the Stronger Rural Communities grants?

Mr Noble—Yes.

Senator NASH—Are they the ones that are due to be completed by the middle of next year?

Mr Noble—Yes. The activities that are funded through that program need to be completed before the end of June 2011.

Senator NASH—So at what stage are those projects? Have they all been ticked off and are they underway?

Mr Noble—The applications for that program closed on 15 September, and the National Rural Advisory Council is meeting today to assess those applications. They will then recommend the projects to be funded to the minister. The minister will then make a decision about which projects to fund in that program.

Senator NASH—Is that a fairly short time period, though, to have to have them completed by the end of June? What sort of projects are going to be in this? It seems like a pretty short time if the minister is only looking at them at the moment and it all has to be completed by 30 June next year. What sort of projects are going to be able to be completed in that short time frame?

Mr Noble—I will be able to provide you with advice on the detail of the projects.

Mr Mortimer—The projects tend to envisage expenditure on I suppose what you would call minor capital works—to buildings, fitting out of buildings and renovating buildings for different purposes, as well as expenditure on staff et cetera. So prima facie there is a reasonable expectation that the funding could be spent.

Senator NASH—If it turns out that there is a bit of a time lag, is there any capacity to push that date out, or are you going to stick hard and fast to that date?

Mr Mortimer—Well, we will come to that if the issue arises. At this stage, it is too early to really come to that. But we will just keep a watch on it as it is rolled out.

Senator NASH—I am just a little mindful that things tend to shut down over December and January.

Mr Mortimer—I understand that. Certainly the schedule has the minister announcing the decision well before Christmas.

Senator NASH—And when they are approved, would you provide for the committee a list of those projects?

Mr Mortimer—Yes. Absolutely.

Senator NASH—That would be great.

Mr Mortimer—They will be provided on the normal government websites in the normal way.

Senator NASH—Thanks.

Senator COLBECK—I think that will have to do us on the drought trial. We will look forward to receiving the information that the minister has for us. Senator Williams has a one-minute question, I understand.

Senator WILLIAMS—It will be less than that.

Senator COLBECK—The stopwatch is going.

Turn 12

[11.06]

Senator WILLIAMS—Thank you, Senator Colbeck. Minister, just in relation to the very pleasing result of the exceptional circumstances granted to the Bundarra area, there is a buffer zone that was rejected from that. I raise the concern of two parishes—the parish of Ironbark and Gundamulda parish. They are actually drier than the Bundarra area. They were in the red zone under the maps. The nought to five percentile criteria they certainly meet. Minister, are you aware of those two parishes? Have you been briefed on that since your appointment to this position?

Mr McDonald—Those two parishes are currently before the government for consideration.

Senator WILLIAMS—So before Minister Ludwig?

Mr McDonald—Yes.

Senator WILLIAMS—Is there any idea when we may get a decision by the government on those two parishes?

Mr McDonald—I would not hazard a guess, Senator.

Senator WILLIAMS—Perhaps Senator Ludwig might let us know.

Senator Ludwig—It is currently before me. I will expedite it as quickly as I can. There is a range of work, obviously, on my table at the moment, but I will establish where that one is.

Senator WILLIAMS—That would be wonderful, Minister, because these people in these parishes not only had extremely severe drought but were actually burnt out as well, some of them, in a fire last December. So they have not only lost what little bit of dry feed they had then but they have lost a lot of fencing et cetera.

They are in a desperate state, so I would appreciate it if you could bring that to your attention as soon as possible.

Senator Ludwig—Look, I will take your representation as one on behalf of the two parishes. I will check with my office, but I am going to ask them to see if they can finalise it today to get back to the department so we can expedite it on that basis.

Senator WILLIAMS—That would be wonderful.

Senator Ludwig—Hopefully my office will email you back shortly and say yes.

Senator WILLIAMS—That would be wonderful, Minister. Thank you very much for that.

Senator COLBECK—I just want to make a complete pain in the neck of myself, Minister, and go back to that question No. 28. We have checked our records on that from the last estimates and the department told us that they could have that information on the day. I am not going to labour the point, but it is five months down the track. We asked that series of questions at the last estimates. I fully accept your commitment to improving the process. But, having checked our data, you said we would have that information back on the day. Senator Macdonald, I think you have a question about EC in your neck of the words.

Dr O'Connell—Senator, just to cap that, I guess, it is right that we certainly tried to answer as many questions as possible during the day. We have made a habit of trying to table them as well.

Senator COLBECK—And I acknowledge that.

Dr O'Connell—I do apologise for the fact that this one obviously is now quite late and has been left to the last moment.

Senator COLBECK—I am trying to temper my grumpiness.

Senator IAN MACDONALD—There is rather unusual—I think first of its kind—exceptional circumstances funding for floods in the gulf country of north-west Queensland. Could someone just give me a quick update on where that is at?

Mr Mortimer—The declaration runs to June of next year and it will be reviewed by NRAC in the run-up to expire in the normal fashion.

Senator IAN MACDONALD—Can you indicate to me how many land owners have taken advantage of the declaration and what in financial terms has been made available in whatever form?

Mr McDonald—There are currently 23 farm families in receipt of the income support payment and there are a further 10 farm businesses that have had their applications approved for the interest rate subsidy.

Senator IAN MACDONALD—Are any of those 10 part of the 23, or are they the same people?

Mr McDonald—I could not say here. I can take that on notice.

Dr O'Connell—It probably would be in some cases. The businesses and the families would cross over.

Mr McDonald—It is a possibility, but I could not say.

Senator IAN MACDONALD—Have we learnt any lessons out of this particular exercise at all? Are there things that we might do better in the future or that we have overdone this time?

Mr Mortimer—I think probably the key thing is that the EC arrangements were helpful in a particularly difficult situation, but that is probably about as much as I could say. I am not quite sure whether you are looking for learnings in the policy sense or the administrative sense. In an administrative sense, the systems would seem to work fine. The farmers were able to access the measures in place, and that was fine. Otherwise, the policy provided the assistance.

Senator IAN MACDONALD—It was the first ever instance, was it not, of an exceptional circumstance? It usually relates to drought, but this was floods, which have to be exceptional, and this one was.

Mr Mortimer—You are right, Senator. On that, we tend to think of EC as a drought program because over the last 10 years the rural landscape really has been dominated by drought. But before that there have been other EC applications which have given assistance. For example, I can remember one for the apple crop around Batlow and Tumbarumba. I think it was in the 1990s when the crop got frosted and the orchardists lost their crop. They successfully received EC. So that is just one example that comes to mind. There may be others that I cannot think of.

Senator IAN MACDONALD—Have there been any complaints that the boundaries are too constrained or too wide?

Mr Mortimer—Not since the EC was declared, I have to say. I am pretty confident we have had no formal complaints. Certainly I am not aware of any grumbling about the boundaries.

Senator IAN MACDONALD—Have there been applications that have not been successful?

Mr Mortimer—For people within the region?

Senator IAN MACDONALD—Yes.

Mr McDonald—I would have to take that on notice.

Mr Mortimer—We would have to check with the state authorities in terms of interest rate subsidies and Centrelink in terms of the relief payment applications. Typically, there is a rejection rate in terms of not meeting the eligibility criteria, but we can take that on notice, if you like, and get you some details.

Senator IAN MACDONALD—We will come on to this shortly. My assessment of the Caring for Our Country announcements made by the minister two days ago is that this area has not been treated as beneficially as we might have hoped. Can you just remind me if any funds have been made available—it may be that I should be asking this later—to that area to reseed vast tracts of land which were under water for six or eight weeks? I know there was the announcement two days ago that talked about reseeding, but from my assessment—and I have not been able to speak to anyone yet—it was a mere pittance compared to what might have been needed.

Mr Mortimer—I think that is one for SRM division when it comes to the table, Senator.

Senator IAN MACDONALD—Thanks, anyhow, and good work on the exceptional circumstances.

Senator COLBECK—You might have to take this one on notice. In fact, it is probably quicker to do this than go through it now. Can you give us a list of regions currently under reseed and the date for expiry of the regions?

Mr Mortimer—I think it is actually on our website, but we can give it to you.

Senator COLBECK—If that is the answer, that is the best answer. Those who have no life and are following us today can go straight to the website.

Mr Mortimer—It is entirely public. There are no secrets about it.

Senator COLBECK—When is the next cycle of expiry dates?

Senator Ludwig—We have them on the website.

Mr Mortimer—There are three areas that are due to expire in mid-December in Queensland and then there is a larger group—about 20—in southern New South Wales, northern Victoria and into eastern South Australia due to expire on 31 March next year. Then there is a group of about eight or 10 that come in after that around, I think, the Cooma-Monaro and Gippsland area. There are a few others, which I cannot remember off the top of my head.

Senator COLBECK—Are there any live applications at the moment?

Mr Mortimer—There is one being considered by NRAC at the moment for Delungra in northern New South Wales, which adjoins the Bundarra area.

Senator Ludwig—It is the extension that Senator Williams mentioned. No, there are two.

Dr O'Connell—There are those two things being looked at.

Mr McDonald—If it might help, I can add some clarification to that. The National Rural Advisory Council is deliberating on one new EC application. That is for the Delungra area in northern New South Wales. In terms of the expiries, there are 32 areas. We have three with assistance available to 15 December 2010 and 21 areas available until 31 March 2011. There are three areas with assistance available until 30 April 2011 and then there are another three areas with assistance available until 15 June 2011.

Senator COLBECK—Thanks. We are starting to get through it. There are some other issues that I want to spend a bit of time on, so I will move on from EC and just do some quick stuff on climate change.

Senator RONALDSON—Just so I am clear, the drought declarations are made by whom?

Mr Mortimer—They are made by the Commonwealth.

Senator RONALDSON—Do the drought declarations and the EC applications automatically follow each other?

Mr Mortimer—I think we should be clear that there is not a separate drought declaration as opposed to an EC declaration. An EC declaration encompasses drought as a potential cause and issue of an EC declaration, but there is no separate declaration for drought. What you might be thinking of is some of the state declarations.

Senator RONALDSON—Yes.

Mr Mortimer—Most of the states have drought declarations, which they instigate. They are based on a different set of criteria and they trigger certain measures of assistance from the state government. But they are entirely separate and not administered in conjunction with the Commonwealth.

Senator RONALDSON—So you can have state drought declarations, but you will not necessarily have a Commonwealth drought declaration which would form part of the potential EC criteria?

Mr Mortimer—That is right. In fact, the Commonwealth does not use the word ‘drought’. The Commonwealth made a decision some years ago when looking at these policies that it was not defining the problem as drought per se, but rather it set up a policy which was designed to deal with what was exceptional and beyond the capability of farmers to manage within their normal practices and risk management strategies. That includes drought. As I mentioned a minute ago, for the last eight to 10 years, the exceptional circumstances arrangements have been very much dominated by drought, which has been the major issue that has affected farmers adversely and that they have not been able to manage within their own risk management frameworks.

Senator RONALDSON—Drought is a fairly commonly accepted description, I would have thought.

Mr Mortimer—I understand that.

Senator COLBECK—I prefer dryness.

Senator RONALDSON—Dryness as opposed to drought. Thank you. Can I just finish on this?

Senator COLBECK—Thirty seconds.

Senator RONALDSON—Dryness equals drought or drought equals dryness. I might have a closer look at that for next time around. Mr Mortimer, does the Commonwealth use the data that the state governments use for drought declaration? Does that form part of your decision making or not?

Mr Mortimer—The Commonwealth uses a range of data. It gets data from the states. So the states, under the current arrangements, have the responsibility of putting in an application for an EC declaration. So indeed they provide us with that sort of information. The Commonwealth also uses data from the Bureau of Meteorology. That is key data in terms of establishing an historical record for rainfall in the instance of drought. That is important because one of the key criteria for EC in the case of a rainfall issue is that the rainfall falls within the nought to five percentile—in other words, the bottom 20th percentile—of historical record. And that is consistent with the policy principle behind EC and seasonal conditions that the event be of the order of a one in 20- to 25-year event.

Senator RONALDSON—Thank you very much. Thank you, Senator Colbeck. Thank you, Chair.

Senator COLBECK—What role is the climate change section playing in the roundtables from the PM’s climate change committee?

Mr Gibbs—The committees have not been established yet. There are two committees. There is a business roundtable and there is an environment and NGO one.

Senator COLBECK—They have been announced, though?

Mr Gibbs—They have been announced, but they have not met. The minister is on the environment and NGO committee, but at this stage there have not been any preparations or briefings or any work done for that committee.

Senator COLBECK—But what role is the department going to play?

Mr Gibbs—We would work with the Department of Climate Change in preparing advice and working through with issues as they come to hand in terms of consulting with those groups. There is an interest, I guess, from industry on the business roundtable. The NFF have a position on that business roundtable as well. So we will be working through with the Department of Climate Change. There is also another group, a

secretaries group, which has been formed to advise the work going towards the multiparty committee. Dr O'Connell sits on that committee as well.

Senator COLBECK—So did the department give any advice to PM&C about the make-up of the roundtables?

Mr Gibbs—Not to my knowledge.

Dr O'Connell—Are you talking about the two roundtables?

Senator COLBECK—The roundtables. Were they consulted about the make-up of the roundtables?

Dr O'Connell—There certainly have been discussions. For example, the NFF was an obvious suggestion from our perspective. But the make-up of those committees was a matter for ministers to deal with.

Senator COLBECK—No, I understand that. I am just trying to find out what role the agency played in that process. I recognise that the NFF is represented on the NGO committee. Is that right?

Mr Gibbs—No.

Dr O'Connell—No. It is on the business committee.

Senator COLBECK—Is there any reason why the forest sector is not represented in those talks, given it is the only climate carbon positive industry that exists in the country?

Dr O'Connell—I think that would need to be put to the Department of Climate Change. The policy issues and the management of that whole exercise is between the Department of Climate Change, essentially, the Treasury and the Department of the Prime Minister and Cabinet.

Senator COLBECK—But we have already established that we recommended that the NFF be a part.

Dr O'Connell—No. What I have said is that there were discussions around, as you would expect in these things, rather than formal recommendations.

Senator COLBECK—I am not suggesting they were formal. I am acknowledging the discussion.

Dr O'Connell—But I guess what I am saying is that the reasoning that went around that would be best asked of the Department of Climate Change because they are dealing with that matter.

Senator COLBECK—I understand that. But this portfolio represents those particular industries.

Dr O'Connell—But I would be speculating as to what the discussion had been amongst ministers to settle those groups, and I cannot do that.

Senator COLBECK—Minister, can you enlighten us at all?

Senator Ludwig—No. I am not going to go into discussions that ministers might have about that, quite frankly. You have the representation. That has been announced.

Senator COLBECK—So you are not concerned that some of the portfolio areas that you represent, which would like to be involved, having had discussions with them—I can confirm that that is the case—are not part of it, particularly given the major role that they are going to be required to take in any mitigation of CO₂?

Senator Ludwig—Can we start from the first position? I have not had any representation about it from stakeholders who are concerned to date. If you have had that, I am sure you can pass that on.

Senator COLBECK—I will flick you a copy of their press release.

Senator Ludwig—I am sure you can pass that on to me.

Senator COLBECK—In fact, I am sure someone will flick it to you very quickly.

Senator Ludwig—I have no doubt about that. What I can say is that we will of course talk to stakeholders about climate change. This department does have a section, as you are aware, that deals with climate change.

Senator COLBECK—Yes. We have had plenty of experience with that.

Senator Ludwig—Thank you. After all, we do believe in it.

Senator COLBECK—Well, that is good of you, Minister.

Senator Ludwig—Have you changed your position that you are actually concerned about it now?

Senator COLBECK—Perhaps you might like to read the report of the committee I chaired. Is the representation on the roundtables fixed or is it flexible? Look, I understand there are other—

Dr O'Connell—Senator, I think you are asking the wrong portfolio. It is quite clearly being managed by—

Senator COLBECK—Well, it was probably more directed to the minister since he has obviously been involved in the discussions but is not prepared to divulge. I get that. But I just want to know whether he can indicate whether the representation on the roundtables is fixed.

Senator Ludwig—What I am prepared to say is of course I would be extremely interested to talk to a range of stakeholders and people about climate change. Of course, my door is always open for representations about these issues. This is a government that believes in climate change, unlike the coalition.

Senator COLBECK—It would be nice if it was a government that turned up to meetings of farmers concerned about their water.

Senator NASH—That is a very, very good thought, Senator Colbeck.

Senator Ludwig—In fact, I did take the opportunity to talk to stakeholders last night about issues such as that.

Senator COLBECK—Well, we look forward to your attendance at some of the public meetings in the Murray-Darling.

Senator NASH—It is interesting that Minister Burke could not go out to the communities to hear representations about water.

Senator COLBECK—They have got to come here.

Senator NASH—They had to come here.

Senator Ludwig—I am sure there is a question there, Senator Nash.

Senator NASH—Why can he not meet them out there and they have to come here?

Senator Ludwig—I am sure there is a question there, Senator Nash.

CHAIR—Your time is limited, and I think you appreciate that.

Senator NASH—I hope you do not mean that.

CHAIR—So I think you should use it honestly. Any questions, Senator Colbeck?

Senator COLBECK—Yes, thanks. What role has or will DAFF play in the implementation of the carbon farming election policy?

Dr Dickson—We were talking about that earlier this morning. We have been having discussions with the Department of Climate Change to engage in some joint activities. These arrangements are still being settled by government, though.

Senator HEFFERNAN—Does that extend to sequestration farming? Under Kyoto, what we have signed up to—

Senator COLBECK—Bill, do not start with that because—

Senator HEFFERNAN—We cannot get a credit.

Senator COLBECK—We all know that that is not part of the accounting system at this stage. So you cannot tell us what role you will play yet or what resources you will have allocated to you? That is still being determined between departments?

Dr Dickson—That is as I said before, yes.

Senator COLBECK—Has DAFF conducted any analysis of the program and its potential effectiveness, or has that been left? So you do not know anything about that, Mr Gibbs?

Dr Dickson—This is part of the work that we are currently underway discussing with Climate Change about the most effective way of implementing the program.

Senator COLBECK—So effectively what we are talking about is that the departments are still sorting themselves out after the election about how the policy will be implemented and you will effectively implement the policy you have been directed to implement?

Dr Dickson—We had discussions, obviously, in preparing incoming government briefs on how the departments would work together. We provided—

Senator COLBECK—And if the FOIs work, we are going to have a look at those.

Dr Dickson—But none of these arrangements are settled. The government needs to consider the arrangements and the resourcing.

Dr O'Connell—We were commenting earlier that this still has to go through MYEFO and be confirmed and then we will be in a position to move on.

Senator COLBECK—Yes. I do want to get off climate change now. We have a couple of minutes.

Senator IAN MACDONALD—Is the department doing any work to ascertain what impact any carbon price in Australia will have on the changing climate of the world? Are you doing any work on that? And are you doing any work on what a carbon price might mean to our competitiveness for the export of primary produce from Australia in competition with countries that will not have a carbon price? Are you doing any work on that?

Dr Dickson—As far as I am aware, we are not. But perhaps these are questions you might want to put to ABARE-BRS and they can outline what they are doing in relation to climate change.

Senator HEFFERNAN—Senator Macdonald, it is like you ask the butcher, not the block, and you are the butcher. Are you or are you not?

Senator IAN MACDONALD—I think Dr O'Connell was just about to answer, was he? I see from the body language you were going to answer, Dr O'Connell.

Dr O'Connell—I could sit back and see how that goes. Look, you were talking there about the effect of a domestic carbon price in Australia on climate change globally. No, that is not part of our responsibility.

Senator HEFFERNAN—Whose responsibility is it?

Senator IAN MACDONALD—Hang on. That was whether it would have any impact on the changing climate of the world. On the portfolio you represent, agriculture, will the imposition of a carbon price on Australian agriculture have any impact on competitiveness against the agriculture of other countries that do not have a carbon price?

Dr O'Connell—That would depend on a whole range of variables. When and if the government asks us to look at any modelling in that area to contribute to this process, we will certainly be in a position to do that. But, as you know, the discussions around carbon price are going to occur primarily in the multiparty committee. We stand ready and able to provide support to our colleagues in the Department of Climate Change and Treasury, who will take the lead in terms of providing both the policy direction and the modelling capacity. But if it comes down to issues directly related to our portfolio interests, we are able to provide some work in the context of the sort of modelling work that ABARE can do. But that requires that we do have a sense of the settings of the parameters around the carbon price issues.

Senator IAN MACDONALD—Dr O'Connell, thank you. You have answered a question I did not ask. My question was simply: are you currently doing any work? I take it from what you say the answer is no. But if someone asked you, you would stand ready to do it. Is that what you are saying?

Dr O'Connell—Well, you were talking about a hypothetical carbon price, because we do not have a carbon price that is currently being proposed. Rather that whole policy question—

Senator IAN MACDONALD—But are you doing any work to feed into these committees to say, 'If you have a carbon price of X and you are competing with Europe or Japan, this is the impact it will have on Australian farmers because they will not be competitive'? That is really what I am saying.

Dr O'Connell—Certainly when those sort of issues come up, we will be ready and able to do that.

Senator IAN MACDONALD—But you are not doing any work now?

Dr O'Connell—No. We have not. It actually has not arisen.

Senator IAN MACDONALD—That was my question. But you stand ready to do that, if asked?

Dr O'Connell—If we need to, yes.

Senator HEFFERNAN—But do you accept that if the US is in on the credit side and out on the debit side, we will be disadvantaged?

Senator Ludwig—I do not think it is a matter for Dr O'Connell to answer that.

Senator HEFFERNAN—This is just a statement. Minister, you might choose to answer it. I know the answer. Surely you know the answer. Of course we will be disadvantaged.

Senator Ludwig—Senator Nash, if you think you can answer it, feel free.

Senator NASH—You are on the other side of the table. When I am over there, I will have a crack at it.

Senator Ludwig—I look forward to that.

Senator HEFFERNAN—Come on. Let's get serious about this. The US has decided for a number of reasons—and I have not got time to go through here today why we should adopt the same attitude—that they are going to be in on the credit and out on the debit. Do you think for the emissions test that a squillion accountants, solicitors and lawyers and God knows what are going to go around counting whether a cow is eating lucerne or dry hay? The yanks have decided that they are going to be in on credit and out on debit. If they are in on credit and out on debit and we have a different position, will that not seriously disadvantage us in the marketplace, especially with the currency and China not having a market currency?

Senator Ludwig—As I thought, it is still a hypothetical question. Can you answer me this hypothetical question: when will the coalition realise that climate change is real?

Senator HEFFERNAN—Listen, mate, if you go back to my maiden speech, you will see that I talked about this in bloody 1996. That is one swear word.

CHAIR—You have broken the barrier now, Senator.

Senator Ludwig—I certainly appreciate that from your perspective. It is your colleagues that might be a bit—

Senator IAN MACDONALD—We all accept that the climate is changing, Minister. It is just that we are not sure that Australia doing anything is going to make any difference one way or the other.

Senator HEFFERNAN—So I am asking the butcher and not the block. Do you accept that if we take a different position in agriculture to the United States we will be seriously disadvantaged in the export market against all the other challenges, such as parity for the dollar et cetera? Surely to God it makes sense, and especially against the background that under the Kyoto arrangements now we cannot get a credit for carbon sequestration anyhow.

Senator IAN MACDONALD—And it will not make one iota of difference to the changing climate of the world either.

CHAIR—Senator Macdonald, Senator Heffernan has asked a question and the minister is trying to answer it.

Senator Ludwig—What I said earlier was that I was not going to respond to complex questions that particularly deal with hypothetical answers to those complex questions. If you have an interest in the issue, I suggest you join the parliamentary committee.

Senator HEFFERNAN—Hear, hear! Will you support that committee?

Senator IAN MACDONALD—You are not invited to it. You have to agree to the outcome before you come.

CHAIR—Your boss will not let you. The bloke you voted in by one vote will not let you, right, so move on.

Senator COLBECK—It is the first committee in the history of the parliament with preconditions attached to joining it.

Senator HEFFERNAN—We will see about that.

Senator IAN MACDONALD—You get into the outcome before you start inquiring.

CHAIR—First, you do not get a choice. Mr Abbott has made sure of that.

Senator HEFFERNAN—So, finally, just on climate change, it is fair to say that, to the best of your knowledge, Dr O'Connell, there have not been assumptions given to ABARE on what they hope to build their response on? There is no need to whisper.

Senator Ludwig—Well, I can answer it. ABARE will be able to appear before the committee shortly and you can put your question to ABARE. That would be the logical place to ask.

Senator COLBECK—Let's move on, because I need to ask the minister about some trees. Quickly, before we go to forestry, on the EPBC Act review, has DAFF received any advice from DSEWPC, or whatever they are called now? I do not want to belittle that, but the acronym is something from another language. Or had advice been requested from that agency about a response to the Hawke review?

Mr Mortimer—Broadly speaking.

Dr Dickson—The department of environment, before the election, had undertaken quite an extensive consultation process with agencies, so DAFF was involved in that along with all the other relevant agencies. The government is yet to consider its response, so at the moment there has just been official discussion. So DAFF provided—

Senator COLBECK—Can you indicate in which areas?

Dr Dickson—It is a whole range of issues.

Dr O'Connell—There have been discussions. Since Allan Hawke provided the report, there have obviously been discussions right across the board. The matter now really is a matter for Minister Burke to take forward in government. As one of the agencies that is closely interested in the EPBC Act, we have had extensive conversations with our environment colleagues on the handling of the review. But that was all essentially completed a while ago. Really it is now a question for Minister Burke to address.

Senator COLBECK—I understand that the final response will come through Minister Burke. I am just trying to get a sense—and I think we have had these conversations before—of representations or advocacy, or whatever you want to call it, on behalf of various sectors that this portfolio represents, particularly in some conversations with the department of environment, that have brought out negative impacts for those particular sectors. So that is the focus of what I am trying to get at. I am just wanting to see that there has been a strong level of engagement—

Dr O'Connell—Yes, there has.

Senator COLBECK—on behalf of those particular sectors in the response to the Hawke review. So you are effectively saying there has been a pretty close working relationship?

Dr O'Connell—Yes. There has been a significant exchange of views on the Hawke review, yes.

Senator COLBECK—Thanks. I want to move now to forestry, particularly negotiations and events in Tasmania over the last four or five months. I will start with forest contractors. Minister, can you give me a sense of the status of funding for forest contractors?

Senator Ludwig—That is the \$20 million, I take it, you are responding to. What I had the opportunity of doing is, obviously, meeting a range of stakeholders in Tasmania when I went there. I am finalising some advice. I asked them to provide me with some detail. Discussions are continuing. In addition, I do need to finalise some of the information that I have currently before me. So it is a matter that is still ongoing.

Senator COLBECK—I understand that.

Senator Ludwig—I certainly hope to finalise it before Christmas.

Senator COLBECK—Is it impacted at all by yesterday's signing or announcement of the statement of principles?

Senator Ludwig—I still have not gone through all of that, but I will certainly have a look at that.

Senator COLBECK—My understanding, from talking to the contractors, is that they were told prior to the election by Minister Burke that, if there was no agreement on the statement of principles, there would be no funding to the contractors. Now, we know that that circumstance has changed. I just want to get a sense of whether is the funding available to contractors going to be limited to the \$20 million?

Senator Ludwig—The election commitment was for \$20 million. That was the election commitment. We will meet that commitment.

Senator COLBECK—No. That is not the question I am asking. Is funding available to forest contractors limited to \$20 million?

Senator Ludwig—And my answer to that question is the election commitment was for \$20 million. It went towards recognising that the native forest harvesting and haulage contractors in Tasmania are facing—as I heard many of the stakeholders indicate—severe financial difficulties, particularly around the downturn, in the demand for hardwood chips or through native forests and reflecting a shifting consumer preferences. Of course, I have indicated that we will meet our election commitment to provide \$20 million to help forest contractors and their employees meet those challenges. As you are aware, I met with a range of stakeholders in September and consulted with the Tasmanian forestry contractors and other key stakeholders, including the state government, environment NGOs and, of course, industry together with the Construction, Forestry, Mining and Energy Union. These were important first steps in building the relationship with key industry

representatives. Of course, we will be working with those stakeholders in respect of that \$20 million. I will meet that as quickly as possible.

Senator COLBECK—In those conversations the contractors would also have told you that \$20 million would not go anywhere near satisfying what they would need as part of the process to restructure the industry and to deal with the concerns that they have. So is the funding available to contractors limited to \$20 million?

Senator Ludwig—What I have said is we have made available \$20 million, and that is the response to your question.

Senator COLBECK—I know what you have made available and I know why it was made available. I go back to my previous comment that the contractors have been told there would be no money until there was a deal signed. It was two hours after the coalition released their policy, which said there would be \$20 million to commence the process with contractors. So contractors were led to believe that to begin a restructure—that is the terminology in the coalition policy—the government was matching the policy of the coalition in the lead-up to the election. So, within two hours, the government found \$20 million after telling contractors they would not get a cracker. The coalition policy says:

- The Coalition will provide \$20 million to forest contractors to begin a restructure within the sector. We will engage immediately with forest contracting organisations to determine the measures needed to undertake the restructure.

So are we saying from a government perspective that there is only \$20 million?

Senator Ludwig—The election commitment was \$20 million. I have \$20 million to deal with the issues that I have outlined.

Senator COLBECK—But we all know—you know, Minister, and I know—that the concerns of the forest contractors in Tasmania will cost a lot more than \$20 million. Their initial ask was \$50 million. There are figures up around \$300 million. The next question is: does yesterday's signing impact on the amount that might be available?

Senator Ludwig—Let me work through the detail of yesterday's signing. It is not connected with the election commitment of \$20 million.

Senator COLBECK—I can assure you, that that is not the contractors' understanding.

Senator Ludwig—I am sure they can make those representations.

Senator COLBECK—So what is the focus of the funding that you will be providing to the contractors? Will it be for assistance, restructure or exit?

Senator Ludwig—What I have asked them to do is come back and advise me about some of the issues. But it is about those broad issues that you have mentioned. It certainly makes that plain in the election commitment statement. I also go back to the principle itself that you mentioned. Of course, I am encouraged about the principle that is being signed today.

Senator COLBECK—I was going to come to that.

Senator Ludwig—I look forward to working through the process with all parties. But at the moment I am focused on delivering the \$20 million. I have asked industry stakeholders to respond to me about how they see that money would be most usefully expended.

Senator COLBECK—But the two are not mutually exclusive. In fact, they are inextricably linked. The statement of principles that was signed yesterday is inextricably linked. You know that and I know that. Everyone involved with the negotiations knows that. The two are inextricably linked. There is absolutely no doubt about that.

Senator Ludwig—I am sure that is your policy.

Senator COLBECK—It is not my policy. It is a fact.

Senator Ludwig—What I know is that the government has \$20 million available, which is an election commitment that I am working through the detail of.

Senator COLBECK—And you are not prepared to consider that there might be more funding that is required, as our policy did acknowledge?

Senator Ludwig—Well, that is what you are now saying. But what I can say is that—

Senator COLBECK—It actually says that in the policy—to begin a restructure. So it is not what I am now saying. It is what I said in my policy when I drafted it. It is \$20 million to begin a restructure. So there was a

very, very clear implication. And the contractors actually do understand what I am talking about because I have had the conversations with them. They know. What they want to know is what the government is going to do for them, given the fact that the negotiations that were signed off on yesterday or handed to the Tasmanian government yesterday are inextricably linked. You are going to have a major catastrophe in Tasmania within weeks unless you sort something out on this.

Senator Ludwig—Is there a question in there, or are you just happy to continue to make a statement? What I said—

Senator COLBECK—Some acknowledgement of your understanding of that might be a start, Minister. Would you acknowledge that that is the case?

Senator Ludwig—What, do you want me to acknowledge your coalition policy?

Senator COLBECK—No. I am not asking you to acknowledge that. Would you acknowledge—

Senator Ludwig—Let me answer the question, if I can discern whether there is a question within that. I have said that the government has made during the election campaign an election commitment of \$20 million available for the restructure within the contractors. As to how that money is going to be spent, I am not going to speculate on how that is going to be expended. I am working through the stakeholders who are interested in the restructuring of the timber contractors, and that is what I will do between now and when it is finally settled. So I am not going to speculate as to how that will finally be settled or what the shape of that will look like.

Senator COLBECK—So you have not told the contractors—

Senator Ludwig—So, therefore, in terms of the principles that were signed off yesterday, as I have indicated, I welcome them. They have been provided to the Tasmanian government. I will certainly take the opportunity when I can to see what that entails. At this point in time, I am certainly also not going to speculate on what that might bring.

Senator COLBECK—So you or anyone from the department have not told the contractors that this is an exit package and nothing else?

Senator Ludwig—What I am not going to do is speculate on the outcomes of the election commitment. I have asked the stakeholders to get back to me.

Senator COLBECK—No. I am asking you whether you or anyone from the department told the contractors that this is purely an exit package and nothing else?

Dr O'Connell—From the department's perspective, no.

Senator COLBECK—I am just trying to explore what has been put to me as an understanding from the contractors. So if you are saying that that is not the case, I am happy to accept that that is not the case, thank you. Is there any restriction to which contractors will be eligible for for funding as part of this package? Is it harvest and haulage or silviculture, for example? Is there any restriction within that range?

Senator Ludwig—It depends on how the overall package looks. I am not going to speculate on it. We are working through the stakeholders. I think it is important that the stakeholders have a valuable input to it. I am not going to announce it in advance of the stakeholders' engagement.

Senator COLBECK—I am not asking you to announce it; I am just asking you to give me an answer. The Tasmanian government has a package that is broken up into sections and it includes harvest and haulage. There is a separate and smaller section for silviculture contractors. I am just asking you to give a sense of what the range is, that is all. I am not asking you to speculate on the format of the package.

Senator Ludwig—By the very nature of the question, you are.

Senator COLBECK—No, I am not. I just want to know who is in and who is out. They want to know who is in and who is out.

Senator Ludwig—If you go back to the original commitment, it was to help Tasmanian contractors and their employees respond.

Senator COLBECK—There is no design, Minister. Let us be clear about that. There was no design behind it. It was a match for a coalition policy.

Senator Ludwig—If you do not want me to answer, I will just sit here and let you talk.

Senator COLBECK—Don't tell me it was designed, then. Just tell me what—

Senator Ludwig—If you do not want me to answer your question, then just talk over the top of me.

Senator COLBECK—It is unlike you, Senator Ludwig, to do that, but you have been doing that.

Senator Ludwig—We committed \$20 million.

Senator COLBECK—It is really unlike you.

Senator Ludwig—We committed \$20 million to help Tasmanian contractors and their employees respond to the challenges facing the Tasmanian forestry industry. If we were re-elected, as we have been, the Gillard Labor government will meet the Tasmanian forestry contractors, which I have done, and the Australian Forest Contractors Association within the first month. I think I did that within a certainly lesser period. We worked through the detail of the \$20 million package.

Senator COLBECK—I did ask a question this morning. At the risk of being told that you do not want to answer again, the amount is budgeted to be spent this financial year. Is that the government's intention?

Senator Ludwig—Two issues really come in. MYEFO will settle that. But the commitment was to certainly provide it in a very short space of time this year.

Senator COLBECK—This year? Can I be bold enough to ask whether I am talking calendar or financial? I just do not want there to be any question. If you want to say one or the other, that is fine with me.

Senator Ludwig—I will take it on notice to provide. The difficulty as always is that (a) I cannot announce these things in advance—

Senator COLBECK—I understand it is very fluid, Minister.

Senator Ludwig—so I do not want to do that; (b) I have not finalised the consultation with the stakeholders as to how it will be expended. There may be a view about the timing of that as part of that as well, so I do not want to then also find out that I have committed to something that stakeholders and people who are part of industry do not want. And (c) because it is part of the MYEFO process, I cannot provide you with a response until MYEFO is finalised and then produced. If you were in the same position—

Senator COLBECK—You could make a commitment as a minister.

Senator Ludwig—We have made the commitment during the election. I have confirmed that there is \$20 million available. So it is a significant issue. Certainly we are alive to it. I did provide that I would go down to Tasmania—I think Minister Burke has taken—

Senator COLBECK—Minister Burke provided that you would go down and you did?

Senator Ludwig—No. Let me finish my question before you jump in. Minister Burke had committed in the first month. I went down in the first week because it is a serious issue—

Senator COLBECK—Absolutely. I acknowledge and recognise the fact that you did that.

Senator Ludwig—facing timber contractors. We are working as expeditiously as we can to finalise the process. But I am not going to speculate on those matters that I went to: (a) the outcome, (b) the timing and (c) the details.

Senator COLBECK—Let us just slide across to the negotiations and the statement of principles that were agreed to or released yesterday. Has the government received the statement formally?

Senator Ludwig—I am not aware of it, no.

Senator COLBECK—Is there any intention to respond to the negotiating parties or to respond to the statement? I know Minister Burke made a statement in the House yesterday, and I was disappointed that it was left to the environment minister, I have to say, rather than the minister that is responsible for the industry to make the statement. But let us leave it at that.

Senator Ludwig—A press release was put out by all three, including Minister Burke, and me and Minister Crean. And the Australian government today welcomed—

Senator COLBECK—Was that today or yesterday?

Senator Ludwig—Yesterday. We were not sitting, obviously, in the parliament. We have been in the estimates process. But the Australian government welcomed the landmark agreement between industry and environmental NGOs in Tasmania on the future of the Tasmanian forestry industry and the future of the state's native forests.

Minister for Sustainability, Environment, Water, Population and Communities, Tony Burke, said

—and I quote:

It is a credit to those involved that after decades of disagreement they have been able to work through complex problems to forge a new consensus.

Myself—

Senator COLBECK—It might be easier, Minister, if you can just table the statement. That way I can sit and read it and I do not need to go through all that. We are short of time. I acknowledge that you have made a statement.

Senator Ludwig—Maybe I should table it.

Senator COLBECK—If you could do that, that would be fine. Can you give us a list of any meetings that you have had with industry or NGOs since the election—perhaps on notice; I understand you will not have that available straightaway—about these negotiations?

Senator Ludwig—We will see what we can find. So I will take the question on notice and we will see what information we can provide.

Senator COLBECK—Have you had any specific meetings with members of the Greens in relation to these negotiations?

Senator Ludwig—I will take that on notice and get back to you.

Senator COLBECK—Have you had any discussions or has the department had any discussions about assistance measures that might be required for the Tasmanian government, industry, ENGOS, particularly with the Tasmanian government?

Dr O’Connell—Outside of the contractors issue, which is obviously—

Senator COLBECK—So there have been no discussions about potential impacts of this agreement as part of the negotiations, particularly with the Tasmanian government, in those meetings about the contractors?

Dr O’Connell—These are two separate issues.

Senator COLBECK—I know the government would like to say that they are two separate issues, Dr O’Connell, but can I tell you they are clearly not. I know that this is something that has been discussed. I am not asking what has been discussed. I just want to get a sense that the government is engaged with the Tasmanian government and the industry on this process.

Dr O’Connell—I was talking certainly about how we have been handling it. We have not been engaged in negotiations with the Tasmanian government on the statement of principles or its effect.

Senator COLBECK—Okay. Has the department put any advice to the minister on potential impacts of this agreement?

Mr Mortimer—No. From the department’s point of view, this was announced and settled yesterday. As I think was mentioned earlier, it has not formally come to government that we are aware of, so we are not in a situation to give any advice to the minister on it.

Senator COLBECK—Can you give me a view on the term ‘high conservation value’ and what it means?

Dr O’Connell—As I understand it in terms of the statement of principles—and this is obviously going to have those parties who agree to these statements of principle interpret it—but the—

Senator COLBECK—Do you understand the derivation of the term ‘high conservation value’?

Dr O’Connell—High conservation value, certainly in terms of some of the non-government organisations, appears to relate back to a range of reports and studies over time. That is my understanding. But, as I say—

Senator COLBECK—Let me help you. ‘High conservation value’ is a term that is defined in the Forest Stewardship Council International definitions. It is a scientific definition. There is no Forest Stewardship Council standard yet in Australia. As I understand it, from talking to FSC International, they regard it as the international terminology. I understand your confusion, I have to say; it is a very much misused term in the Australian context because it is used by the ENGOS in particular to describe pieces of forest that they would like to see not logged or—

Senator IAN MACDONALD—It is used with plantation forests.

Senator COLBECK—Well, there are some pine plantations and some eucalypt plantations in high conservation value areas, which is slightly interesting. What I want to know is: does DAFF have a view on this, because this has huge potential to impact on forestry across the country, particularly in the context of some of your other decisions in relation to the importation of illegal timber?

Dr O'Connell—I think the point I was trying to make is that in the context of those discussions, high conservation value obviously means something to the parties. We will have to go through this whole agreement. If and when it is presented to us with any proposals for a role for the Commonwealth, we will have to go through this whole agreement and look at all aspects of it and ensure that we have a common understanding of agreement and differences on these terms. I absolutely take your point. On one reading, high conservation value means one thing in terms of agreements. Certainly in terms of the principles that are in place in that statement of principles, they appear to relate to the views of environmental NGOs on identified areas. That is the point I was trying to raise, being quite explicit in that.

Senator COLBECK—That is fine. That takes me quite nicely to my next question. Does the government believe that it is reasonable to cede the determination of high conservation value forests—what they are—to an NGO? How is the government going to handle that process?

Senator Ludwig—You may need to put that question in context or at least ask a specific question, because at the moment it appears speculative.

Senator COLBECK—No, it is not, Minister, because this document is specifically targeted at action.

Senator Ludwig—Which document are you talking about?

Senator COLBECK—This statement of forest principles.

Senator Ludwig—The one that you have cautiously welcomed?

Senator COLBECK—Very cautiously, very cautiously. This document is—

Senator Ludwig—And you have respected the negotiations and conditions by which the industry and the environmental non-government organisations have honoured to live up to.

Senator COLBECK—And keep on reading about the concerns about certain elements of it that I have. Keep on reading about the concerns about certain elements I have.

Senator Ludwig—Well, I am sure you can ask a question if you want. I am not going to respond to speculative questions.

Senator COLBECK—I will if you do not want to try to verbal me out of my press release that went out yesterday. It has a very specific definition, because this is the document that is designed to promote action by governments, state and federal. That is the target of this. So the definition that the government recognises of a high conservation value forest has a critical part to play in how this process might be implemented. So what I am trying to get out is: how will the government see this definition? How is the government going to approach this definition in terms of what is going to happen into the future with this particular process?

Senator Ludwig—It is still speculative in that sense.

Senator COLBECK—No. It is not. It is not speculative.

Senator Ludwig—Well, it is, and we can, I guess, disagree on that.

Senator COLBECK—All right.

Senator Ludwig—I have responded to you. You are asking me to respond to the principles.

Senator COLBECK—Well, does the government and the department have a view on the term 'high conservation value forest'? How is that to be applied to the Australian forestry sector?

Dr O'Connell—Are you asking the question in the context of the statement of principles?

Senator COLBECK—No. I am asking it in its own context.

Dr O'Connell—I just want to be clear, then, that the context you are asking has no relevance to the statement of principles.

Senator COLBECK—It will have relevance because it is a term that is being used.

Dr O'Connell—Then I would need to, I think, very sensibly refer to the term as it is understood.

Senator COLBECK—Let us make it easy and let us take the question on notice. The strong possibility is that this process is going to flow through other Australian landscapes through other states. It is a strong

possibility. So this is going to have a rolling impact on the forests sector. It is how the government determines this. If you want to look at it in this way, this is a heads-up on what is coming, so I will go to a question from a different perspective. Is the government engaged in any negotiations with the Forest Stewardship Council on the definition of 'high conservation value forest'?

Dr O'Connell—No.

Senator COLBECK—Has the government made a submission to their calls for submissions on the definition of 'high conservation value forest'?

Mr Talbot—I will take that on notice, but I think the answer is no.

CHAIR—Senator Colbeck, you are running—

Senator COLBECK—I know where we are at.

CHAIR—I remind you that ABARE has only 40 minutes.

Senator COLBECK—Yes.

Senator NASH—We have had discussions that we might just push out ABARE a little bit as well, if we need to.

CHAIR—And if you have those discussions then flick them to the chair; it would be greatly appreciated so I know what is going on too, not that I have any questions. We have the program running well.

Senator COLBECK—I am not going to get any more out of the government, I do not think, on that. I want to ask some questions about the forest industry database. At last estimates, the department said the final version would be released in July. Can you advise why this has not occurred?

Mr Talbot—The forest industry database is running late. We did some final testing probably about three weeks ago. We have recommended some changes, which are being done at the moment. We expect the database will be finalised at the end of the month and then it would, through the minister, go to the next Forest and Wood Products Council.

Senator COLBECK—So when is the next Forest and Wood Products Council meeting?

Mr Talbot—That has still got to be determined, Senator.

Senator COLBECK—So will it be released before or after that meeting?

Mr Talbot—I will have to come back to you on that one.

Senator COLBECK—Obviously, it is a decision for the minister. So it potentially will not occur until after the next unknown dated meeting?

Mr Talbot—You would have to put a recommendation to the minister. The practice in the past has been that these things have gone through the Forest and Wood Products Council and they have been assessed by subcommittees of that council. So the practice to date has been that there would be tick-off at those councils.

Senator COLBECK—So you actually cannot answer the question, can you? All right. I will leave it at that. If you have any further advice and can give me that on notice, I would appreciate that. Can you give me some advice on the implementation of the election commitment to stop the sale of illegally logged wood being imported into Australia?

Mr Mortimer—That matter is yet to be finalised.

Senator COLBECK—How do you mean 'yet to be finalised'?

Mr Mortimer—The government has made the commitment.

Senator COLBECK—It made it at the last election too.

Mr Mortimer—Yes. Indeed it has. And a lot of work went into that. But it has not been signed off by ministers to the point that they are happy to make an announcement.

Senator COLBECK—Are there any concerns with the proposal in relation to WTO requirements?

Mr Mortimer—Not that I am aware of.

Senator COLBECK—So it will not trigger WTO conditions on Australian suppliers?

Mr Mortimer—Not that I am aware of.

Dr O'Connell—We do not believe so, no.

Senator COLBECK—Does DAFF believe there will be any additional cost to importers of timber products as a result of the policy?

Mr Talbot—Obviously there is a range of things that have to be considered, particularly in terms of putting a code of practice into place for importers. I suspect that there will be some costs upon them because obviously when a code of practice is in place they will have to conduct some sort of due diligence requirements.

Senator COLBECK—So will there be inspection costs from Customs passed on to importers?

Mr Talbot—Look, we are still working through that, but obviously Customs is critical.

Senator COLBECK—Have we had any feedback from other countries about our decision to go ahead with the policy?

Mr Talbot—I think it is probably more that we had some US senators encouraging us to put policies in place.

Senator COLBECK—I have seen that document.

Mr Talbot—To the EU and the US.

Senator COLBECK—It is a Greenpeace-sponsored process.

Mr Talbot—Certainly we had the EU involved. They provided comment on the first draft RIS that went out that was produced by CIE. There have been some stakeholders who have welcomed the government's policy. They include industry groups and green groups.

Senator COLBECK—Yes. I have seen those and had those representations, so I understand where that is at. Which other agencies are you working with on this?

Mr Mortimer—There is a range of agencies. The foreign affairs department is involved; Attorney-General's in terms of the legal issues raised; Customs in terms of the issues of how it will be managed at the border; and I think probably Treasury because of ACCC issues about having a code of conduct. I think they are probably the key ones.

Senator COLBECK—Have you had a look at any of the other schemes that are currently operating in, say, the US and the EU? In particular, what identification and certification measures are being used to verify that timber is legally sourced?

Mr Talbot—We have had a look at both the EU measures and the US measures. I guess the EU has used a due diligence system. The States are putting legislation in place. We have certainly had a look at that. We have also certainly had a look at the US and how its policy is applied.

Senator COLBECK—In those particular schemes, who pays the costs? Are they passed on to the importers or are they paid for by government?

Mr Talbot—I will take that question on notice. My understanding is that in the US case the practices they have had to introduce are certainly not government costs. They are levied along the supply chain, particularly at the importers. In the EU case, I think it is probably something similar. But I said I will take it on notice.

Senator COLBECK—Yes. That is fine. I would prefer you do that.

Senator IAN MACDONALD—Are you getting off that?

Senator COLBECK—No. I just want to ask about the products that are going to be captured under the proposal. My understanding is that the largest proportion of timber coming in that might be illegally logged comes in manufacturing products like particleboards and things of that nature, which are much harder to track. Can you give me a list of the products that are going to be affected by the measure?

Mr Talbot—Final implementation decisions have to be made by government. But the government did, in I think in the 2007 election commitment, talk about—I will have to take it on notice and give you the exact words—wood and wood products and paper products too. In our draft RIS, when we were looking at this issue, we had a look at possible categories for regulation. We had category 1, which was solid timber and wood products and some paper products. Then we had category 2, which was partially processed timber and woods products. Then we had complex products, such as highly processed composite timber and wood products from multiple sources. Unfortunately, my copy of the draft RIS does not have page numbers. Then we also gave examples of each of those products underneath. There is still the implementation phase to go through, where we look again at this and what might be captured.

Senator COLBECK—Yes, if you can give us that. So there is no finite list as such?

Dr O'Connell—There is a definitive list. But what we can certainly do is provide you with either the references to the draft RIS that went out or a copy of that.

Senator COLBECK—There was a report released in the last three or four months, I suppose, about a reduction in the amount of illegally logged timber coming into the country. Can you give us a sense of what scale that is at now?

Mr Talbot—I am trying to remember that report myself. I will have to take that on notice.

Senator COLBECK—Do you have a comprehensive list of businesses that import timber products into Australia?

Mr Talbot—I will take that one on notice.

Senator COLBECK—If you do, could you provide it for us?

Mr Talbot—Yes.

Senator COLBECK—The next one will have to be on notice. It is data on the level of employment across those businesses. I suppose you would be able to get the total financial value of timber, or I could probably find that anyway. I also want a breakdown country-by-country of quality, year and type of timber imported into the country over the last four years.

Senator HEFFERNAN—By the way, do you know that offhand? We know that there are a bunch of crooks who live in Singapore that are Malaysian companies that illegally log in Papua New Guinea and some of the Pacific island countries. Do you actually have that information?

Mr Mortimer—What we have is the Customs data that records the product that comes into Australia. The Customs data simply records the quantity, the type and the value for Customs purposes.

Senator HEFFERNAN—Not where it is from?

Mr Mortimer—It records the port where it was shipped from to Australia, but it actually does not go and say illegal or legal or anything like that.

Senator HEFFERNAN—Well, we know where it is. They are a very aggressive, organised bunch of crooks.

Senator COLBECK—Can you give us a list of the interactions—this is on notice again—with the National Timber Council Taskforce, please? Do we provide any financial assistance? We do not?

Mr Talbot—I was just going to clarify. The National Timber Council Taskforce I am not familiar with.

Mr Mortimer—It is not known to us, it seems.

Senator COLBECK—Okay. I might have the name incorrect, but I will clarify that and I will put those questions on notice. ASIC recently put out a draft paper for modification of MIS. What discussions or input has the department had with ASIC on that paper?

Mr Mortimer—I will have to take that on notice. I do not think we have responded to it, but I will take it on notice.

Senator COLBECK—Do you have any intentions of making a submission, if you have not been consulted?

Mr Mortimer—I will take it on notice.

Senator COLBECK—You have a proposal in Tasmania to transfer from native to plantation. That has obvious implications. There are real question marks about the future demand for timber products in Australia. I know that the industry is keen to get some data on that. Is the department doing any work on future timber products needs?

Mr Talbot—I would have to take that on notice because ABARE may well be doing some work on that.

Senator IAN MACDONALD—Before you get too far off the illegal timber, can I just ask a question? Mr Talbot, it is good to see you. You said you were still working on this and it was an election commitment of the Rudd government before the last election. It was an election commitment this year. You might recall that it was an election commitment of our government in 2004. So we have been working on this as a nation for seven or eight years now and we do not seem to be terribly far advanced. I know from what you have said it is

a very complex issue, but can you give me some guesstimate or assessment of when we might be at a stage when we could actually implement some action on the importation of illegally logged timber?

Mr Mortimer—We cannot give that answer for the reason that ministers have to give their final sign-off to it. You mention the complexities of it. I do not think we need to go into that. The other observation I would make is that we need to go through a step of regulatory impact statements to get all the material together.

Senator IAN MACDONALD—My only point is that it is an issue. It is complex. We have been as a nation trying to do something about this now for almost a decade and we do not seem to be much advanced. I am just—

Dr O'Connell—I think we are advanced. To give you a bit of comfort, I think we are comprehensively advanced and capable of delivering this reasonably quickly. So I would not want you to be left with a sense that there has been no substantial progress. We are very close to being able to deliver this.

Senator IAN MACDONALD—Thank you. I am pleased about that. As I say, it has been going a long time because it has been complex. But it is impacting as well as the environmental aspects for the illegal logging. It has been a huge burden on Australian producers of legal timber as well. Whilst it may put up the cost to consumers—you have to balance those things—I am comforted by what you say. Hopefully after the next election we still will not be discussing the same thing.

Senator COLBECK—I just have one more question. I want to go back to the database for a second. Are the delays in the database delivery due to DAFF or the consultant that is being employed by DAFF? I have not named the consultant deliberately.

Mr Talbot—I think I will have to take that on notice and have a look at the time periods.

Senator COLBECK—Are you happy with the consultants?

Mr Talbot—Look, I am happy with the consultant and I am happy with the job they have done. I think in terms of what they have produced as the draft product, we needed some refinement to it. We certainly put it back. But remember DAFF was part of a subcommittee of the Forest and Wood Products Council. When it reviewed, it put information back to have it refined.

Senator HEFFERNAN—Who was the consultant?

Senator IAN MACDONALD—I do not think we need that.

Senator COLBECK—No. We do not need to know that. And the government said that they are happy with them anyway, so I just want to know who is going to—

Senator HEFFERNAN—Well, who are they?

Senator COLBECK—Who they are going to have the finger pointed at. That is all I want to know; who is to blame?

Senator Ludwig—It will be in the annual report. I am sure they have got no doubt they will be there.

Senator HEFFERNAN—Who was it?

Senator COLBECK—URS.

Senator HEFFERNAN—What does that stand for?

CHAIR—It is a shadow parliamentary secretary for the area that you are not interested in. Do you have further questions, Senator Colbeck?

Senator HEFFERNAN—What does URS stand for?

Mr Mortimer—It is a trademark name, from recollection.

CHAIR—Thank you very much. We now call officials from the Australian Bureau of Agriculture and Resource Economics and the Bureau of Rural Sciences.

Senator Ludwig—Before we depart that area—Senator Williams is not here—my office has advised that in relation to that brief for, and I will not go to the names, but the Bundarra EC, we have had the brief for about two days and we are processing it as quickly as we can. We are unlikely to have a finalisation today, but it certainly will be finalised in a very short while, all things going well. I do not know what the outcome of that finalisation will be, though, but we are now working very quickly, as we can, on it.

CHAIR—Thank you.

Senator NASH—That is Bundarra for Senator Williams?

Senator Ludwig—Yes. I did not want to have a stab at the pronunciation, but that is it.

Senator COLBECK—Do you have a process or a set of principles in your office whereby you turn, say, something like an EC declaration around within a specified period of time?

Senator Ludwig—We do have internal processes that ensure that we deal with briefs in a timely way. There is a process where if there are urgent briefs—

Senator COLBECK—I am not having a crack. I am just asking a question. Perhaps I can make a suggestion.

Senator Ludwig—No. We do have a process and we are dealing with it expeditiously.

Senator HEFFERNAN—I have a question on forestry. I have one question on forestry.

CHAIR—We have finished. They have gone.

Senator Ludwig—Yes. They have wrapped up. They have gone.

Senator HEFFERNAN—Hang on. Do not go away. Given the future of forestry and the building of a logic by the butcher and not the block of carbon crediting and trees, what are we going to do about the fact that the bulk of Queensland and the Northern Territory and the Indigenous communities do not have the capacity on their land to get a carbon credit because the government owns the title?

Dr O'Connell—I do not think that is a forest issue.

Senator HEFFERNAN—It most definitely is a forest issue. I am talking about forests.

Dr O'Connell—You may be looking more at a climate change issue.

Senator HEFFERNAN—Well, I am asking these fellas because this is part of their bailiwick.

CHAIR—We have established that the parliamentary secretary thinks it is in the wrong area, so we will move on to another question.

Senator HEFFERNAN—No. It is a forest question.

Senator COLBECK—Perhaps the department can take it on notice and come back to us.

Senator Ludwig—We will take it on notice and provide a response to the extent that we can answer it. Alternatively, the committee might want to refer it to—

CHAIR—Order! The minister is answering. There is harping on the left and the right. I cannot hear the minister.

Senator Ludwig—To the extent that DAFF can provide a response within its portfolio responsibilities to the question, it will take that part of the question on notice. To the remainder that should be directed to the Department of Climate Change, I understand the committee usually has a process to be able to refer that question there.

Senator HEFFERNAN—You have a bloke here at the table that is climate change. Do you have any idea?

CHAIR—Senator Heffernan, we have gone half an hour over the time limit.

Senator HEFFERNAN—What does it matter?

CHAIR—Because your colleagues had set down a timetable without you here.

Senator HEFFERNAN—Well, I want an answer.

CHAIR—Sorry, you might have been working the hallways or doing what you do, but you missed out. It is taken on notice. Okay, ABARE.

Senator NASH—Just before the forest officers go, I have a question. My question, I assume, actually sits in ABARE, but I just want to check before they leave. It is around water interception in terms of forestry. Is that ABARE and not actually forests?

[12.26 pm]

Australian Bureau of Agricultural and Resource Economics-Bureau of Rural Sciences

CHAIR—I welcome officers from ABARE.

Mr Glyde—I want to go to a matter of administrative procedure, I guess. Since the last time we met in estimates—

CHAIR—Sorry, Mr Glyde. Senators, I cannot hear Mr Glyde. If I had my way, estimates would have been finished about an hour ago because the way we are pursuing it, it is a talkfest. There are no questions going on here.

Mr Glyde—Thank you, Chair. I just want to inform the committee that since the last time we met, the Australian Bureau of Agricultural and Resource Economics and the Bureau of Rural Sciences have merged. So we are now known as, strangely enough, ABARE-BRS.

CHAIR—ABARE-BRS. I kind of like that.

Dr O'Connell—We did not spend a lot of money.

CHAIR—There was no consultancy. I would say you have been working on that since we last met, so well done.

Senator NASH—Thank you very much. I have some questions around the MDBA plan and the modelling that has been done for that. There has obviously been a lot of discussion around it. When was ABARE first asked by the MDBA to do modelling?

Mr Glyde—I might pass to Mr Morris to go through it.

Senator NASH—The socioeconomic analysis, yes. Can you run through the timeline of when you were first asked and any pieces of work that have been done to date?

Mr Glyde—Yes. We will do that. I will turn to Mr Morris to explain that.

Mr Morris—Thank you. I will start off. If I do not get it quite right, Mr Gooday can correct me. It is, first of all, important, I think, to clarify that there are two pieces of work that we are talking about here that we have done specifically for the Murray-Darling Basin Authority in relation to the guide. The first piece of work was initiated in January this year under the former Bureau of Rural Sciences. MDBA put out a request for tender in December last year and BRS was given the opportunity to do that work. They commenced work on that in January of this year.

Senator NASH—What was the cost to the MDBA of doing that?

Mr Morris—The cost of that work was \$109,090. That work was done in conjunction with the Centre for Rural Futures in the University of New England.

Senator NASH—And what was the title of that report, just so we can have some clarity?

Mr Morris—The title of that report was *Indicators of community vulnerability and adaptive capacity across the Murray-Darling Basin: a focus on irrigation in agriculture*.

Senator HEFFERNAN—Is that a public document?

Mr Morris—That was released on 8 October as part of the suite of reports that were released at the time of the guide being released. So that was released by the Murray-Darling Basin Authority on that day.

Senator NASH—Finish the timeline and then I will come back to that.

Senator BIRMINGHAM—When was that report completed?

Mr Morris—That report was provided to the MDBA on 13 April this year and that was as a report to client. Then, as I said, a final version, a publication quality version, was given to them on the day of release so that they could actually release the publication quality version. But the final report to client, so to speak, in our terminology, was provided in April of this year for that particular report.

Senator NASH—So, to be absolutely clear, the final version of that report from you was done by 13 April but it was not released publicly until the day of the guide to the plan's release by MDBA?

Mr Morris—Correct. I am sure the MDBA had a number of consultants that were doing work for them. They provided them with work. It was really up to MDBA to decide when that work was going to be released.

Senator NASH—I am not sheeting them home to you. Do not worry about that.

Mr Morris—So we provided that one on 13 April. As I said, there were a number of technical reports that were released on 8 October. That was one of them. That was one of the reports. The other report was given to ABARE to do originally, and that was entitled *Environmental sustainable diversion limits in the Murray-Darling Basin: a socioeconomic analysis*. Formally we were contracted to do that work around about April, but we were actually asked to commence the work in about January of this year. So we have been working on it since that time. There was a series of reports probably when we were originally requested to do that work

that were provided to the Murray-Darling Basin Authority reflecting the various options that they wanted us to run through the modelling. So the first initial set of preliminary results was provided in February this year. We then provided a series of additional reports and results over the course of the following few months, including in June and July. The final draft of the report based on the actual sustainable diversion limits that the MDBA was using in its final report was provided on 10 September this year. So clearly we could not obviously provide the final results and the final runs of the model until we knew what the assumptions on the sustainable diversion limits were. Then again, similarly with the first report, we provided a publishing quality ready version on the day of release so that the MDBA could put that on their website for public viewing.

Senator HEFFERNAN—Who did you subcontract the work to? Did you blokes do it yourselves, or did you subcontract it?

Mr Morris—In the first report—

Senator HEFFERNAN—The second report.

Mr Morris—In the second report, we did all that ourselves.

Senator HEFFERNAN—So, based on your version of the social and economic consequences of the sustainable limits of extraction, what were the figures you used that were going to be extracted to give you the effect?

Mr Morris—We used the three options that were provided by the Murray-Darling Basin Authority?

Senator HEFFERNAN—What were they?

Mr Morris—They were the 3,000 gegalitres, the 3,500 gegalitres and the 4,000. But they then—

Senator NASH—Just on that, when were you first—

Senator Ludwig—Just let him finish—

Senator NASH—It will help the remainder of the answer. I am not just interrupting, Minister. When were you asked by MDBA to model those specific figures?

Mr Morris—Sorry, I would like to finish off that answer, if I could. The rest of the answer was that you have to translate those numbers to the specific reductions that occur within the Murray-Darling Basin regions. So what we were actually given by the Murray-Darling Basin Authority was not just the overall reductions but also the sustainable diversion limits by region. So that is what actually goes—

Senator HEFFERNAN—So does that—

Senator NASH—Bill, I have the call. Just give me 10 minutes, okay, and then you can go for your life.

Mr Morris—To respond to Senator Nash's question, during the course of the last eight months or so, we have run a number of scenarios and come up with a number of results.

Senator NASH—But at what point did the MDBA say to you, 'We want you to do 3,000, 3,500 and 4,000?'

Mr Morris—The specific ones?

Senator NASH—Yes.

Mr Gooday—As Mr Morris has indicated, we have run a wide range of scenarios for the MDBA throughout the course of the year. The final set of results from our water trade model, which is the basis of the analysis we do, was provided to the MDBA on 1 September.

Senator NASH—I have that. Do you want to take on notice when they actually asked you to do those specific numbers?

Mr Gooday—My understanding is that the final scenarios—because there are a whole range of scenarios that we had done—were confirmed with the MDBA on 26 August to tell us which scenarios to include in our report.

Senator HEFFERNAN—So how wide was the range of scenarios? From where to where?

Mr Gooday—Over the course of the year, we looked at and included in our report a range of scenarios from, I think it starts at about a 15 per cent reduction through to over 50 per cent. I think it might be a 70 per cent reduction.

Senator HEFFERNAN—That is on extraction?

Mr Gooday—That is on diversions.

Senator HEFFERNAN—But the flaw in all of this is: what were the assumptions upon which you built those extractions? In other words, what was the decline in run-off that triggered all that?

Mr Gooday—We have used information directly from the MDBA that tells us—

Dr O’Connell—Look, I think at this point it is probably worth being clear that those variables were asked for by the MDBA. So this was provided by the MDBA.

Senator HEFFERNAN—Yes. If you take 3,500 gigs out of the system when Mother Nature is going to take 9,000 gigs out of the system, you still have not got in front. So I want to know what the Mother Nature assumptions were.

Mr Glyde—Senator, that is a question that we cannot answer. It is a question that the Murray-Darling Basin—

Senator HEFFERNAN—You cannot give these answers correctly unless you know that.

Mr Glyde—I think you have to understand the nature of the role that we were asked to perform by the Murray-Darling Basin Authority.

Senator HEFFERNAN—But it is a phoney role. You do not know because you cannot say what the economic and social consequences are. If you take 3,500 gigs, with great respect, you take out part of a 7,000 decline in run-off because of the two degrees increasing temperature and all the rest of it.

Mr Gooday—I point to our report. We are quite clear in our report what we have done. The MDBA have provided us with percentage reductions in diversions. We have assumed that those percentage reductions in diversions translate to the same percentage reductions in use. We had a discussion about that—

Senator HEFFERNAN—In run-off?

Senator BIRMINGHAM—Senator Heffernan!

Mr Gooday—In use.

Senator HEFFERNAN—No. I am talking about run-off.

CHAIR—Let Mr Gooday finish. It is not your call, Senator Heffernan. Senator Nash actually has the call.

Mr Gooday—So that is what we have done in our assumptions regarding the change in water use with respect to the change in diversions.

CHAIR—Mr Gooday, you have made that point clear.

Senator NASH—On that, what assumptions do you actually make to inflows into the system?

Mr Gooday—We do not make any assumptions.

Senator NASH—So everything is literally handed to you from the MDBA and you just do the modelling?

Mr Gooday—Yes.

Senator NASH—I will move to the issue of job losses. I am interested to know of the reporting that has been done on the job losses and the 800 figure that came out with the MDBA. Did that 800 job loss figure come from ABARE or has that come from somewhere else?

Mr Morris—That is a number from our report.

Senator NASH—Can you give us a very clear outline, then, how you arrived at the figure of 800 jobs being lost across that band of reduction?

Mr Morris—I think Mr Gooday was going to clarify my suggestion. You probably will not find 800 in the report. You will find a percentage figure in the report, which then translates into 800. I think it is important to think of these numbers in—

Senator BIRMINGHAM—Percentage of what?

Senator NASH—That is a very good question—percentage of what?

Mr Morris—Percentage of employment in the basin is what the 800 number relates to.

Senator NASH—Talk us through exactly how you arrived at that figure. Can you clarify for me on the way through if within all of that, when you are talking about job losses, you assume that even though someone might have lost a job in this particular region, if they get one somewhere else, they are not counted as a job loss? Can you just clarify that for me on the way through?

Mr Morris—It is really important to remember that these job losses are at basin level. When they talk about the 3,000 number, it is at a national level. These numbers are based on the fact that when you look at the gross value of irrigated agricultural production in the basin, you have a value of about \$5 billion or \$6 billion. Then you are comparing that with the national size of the gross domestic product of around \$1 trillion. So we are talking about a size of production of about a half a per cent of our gross domestic product. You allow for multiplier effects, which we do allow for in our model because we use a general equilibrium model to look at these things. So we are actually looking at not just the impacts on irrigated agriculture; we look at the flow-on effects to processing, to food—

Senator NASH—As you should.

Mr Morris—and so forth. Even when you allow for that, the overall national impact in the context of the size of the sector compared to overall gross domestic product is going to be relatively small, particularly when you are taking 30 per cent of the water away. That is not the full size of that half a per cent of GDP I was just talking about. In that context and in a national context the numbers appear to be very small. What is very important to remember, though, is that there has been a lot of emphasis by commentators on those aggregate size numbers. But what these reports—

Senator NASH—For very good reason.

Mr Morris—But what these reports are really about, and what the issue should be really about, is what impact these reductions have on people and communities in the basin. And that is what our report talks about. It actually goes down to 22 individual regions in terms of the water modelling we did and about six regions for the Ausregion model for the economic impact analysis. But it is certainly 22 different regions in the context of the impacts on agricultural production. That looks at the effects on commodities and regions in that context. They are the areas where we are estimating that there is going to be a very substantial impact in terms of agricultural production and on income in certain regions.

Senator HEFFERNAN—Is that based on the history of the past use of the farming land or the scientific use of the future? Is that based on what grandpop did?

CHAIR—Senator Heffernan!

Dr O'Connell—I think we had better let Mr Morris finish answering the question, because he has only started a complex answer.

Mr Morris—The key thing is the results in the report, which were at the regional and commodity level. That is what we think the focus should be on. The fact is that the Murrumbidgee takes a big hit and a number of towns in that region in the southern part of the basin and the northern part of the basin are going to be particularly vulnerable to some of these hits. Rice, cotton and dairy production are going to be significantly affected by these changes. It is those sorts of results that should be the ones that are focussed on and how that might impact on the communities and on producers.

Senator NASH—If I had spent some time in ABARE, I would probably understand all the gobbledegook, and I mean that in the nicest possible way. What I am trying to do is get a plain English understanding. I appreciate that we probably do not have the time here now. I would like a plain English understanding of how you determined why jobs would be lost and that general equilibrium modelling that you were talking about. What I want to know is not the word. I want to know how that works. When you come out with a figure of 800 jobs to be lost, every single person who lives in the basin who is involved in a regional community knows that figure is complete rubbish in terms of people losing their jobs in the regions. I understand how you have extrapolated that all out to get a figure like that, but in the real world it is not going to sit like that. So when we get a figure like that in the national media, people in the cities think, 'Oh, that is not too bad.' I am trying to get a complete understanding of how and why that figure sits.

Senator Ludwig—I also wonder about whether or not you are contributing with that statement about the concern. I do not know what modelling you have done to say that figure is completely erroneous. Unless you are going to, then—

Senator NASH—No. I can actually explain that for you, Minister. I can actually explain that for you. When you actually travel through the regions and talk to businesses who individually employ 100 or 150 people and who say, 'If this happens, we will shut down', you do not have to do that very many times until you get to 800—and you start surpassing that very, very quickly.

Senator Ludwig—I would still be interested in your modelling that has got to a different count.

Senator BIRMINGHAM—Even the MDBA chair has said he thinks it is an underestimate.

Senator NASH—Absolutely.

Senator Ludwig—I am not suggesting one way or the other. I am just making sure that people do not make wild, unsupported allegations across the table. ABARE can be asked questions and they can respond to them accordingly. That is all I am making sure of.

Senator NASH—I am certainly entitled to have a view, Minister, as you well know.

Senator Ludwig—This is for questions. Of course you are entitled to have a view.

Senator NASH—Quite often views get put forward in questions. Senator Colbeck has a question.

Dr O'Connell—Chair, if it is helpful, I think it is probably important to understand that that percentage which results in those numbers—the 800 and 3,000, and Mr Morris can help me here—is looking at the effects over the medium to long term once the economy manages to adjust. It is not talking about the numbers of individual people that may be affected region by region and town by town. It is talking about a modelled result.

Senator NASH—Who is doing that?

Mr Glyde—Perhaps we should explain the broad nature of the modelling and the outcomes of the work.

Senator NASH—That would be great. What Dr O'Connell has just said is absolutely right. We are trying to get an understanding of those figures job by job, town by town, who is going to do that and when we are going to see those numbers.

Mr Morris—As Dr O'Connell said, the numbers that we produce are very much a net number. So when you have a very strong economy, as we have now, which is essentially at full employment or very low unemployment at least, there is quite a lot of movement of those resources into other jobs. So essentially the 800 reflects the fact that a larger number than that is obviously going to lose their jobs. But it accounts for the fact that a large number of those will find jobs in other sectors. That is what economic—

Senator NASH—So you might lose a job as a butcher but go and find one as a hairdresser?

Mr Morris—Well, it depends what you want to look at. Clearly, if you change policy and you close down a factory or whatever, that is going to have an immediate impact on the people who are actually engaged there. But a large majority of them will find jobs elsewhere. So it depends on whether you want to count the 500 people who lost their jobs as a result of a factory closure or the five people who remained more long-term unemployed. Our numbers are actually looking at the five, not the 500 people.

Senator NASH—I understand what you are saying. Your numbers are on the wash-up. After all this has been through the washer, it has all come out the other end, this is how it is going to look. I understand that. What I want to get to is what Dr O'Connell was referring to: who, what, when and where is going to do the other option that you were just talking about of the job losses, the closures, the gins and the mills closing down? Who is doing that and when are we going to see it?

Mr Morris—We have done some of that. That is the further work that the MDBA is looking to have done as part of their additional work. We have done that in two ways. One is we had the report earlier in the year by the Bureau of Rural Sciences. It looked at which communities were particularly vulnerable to changes in irrigation agriculture activity. That provides a snapshot, without looking at what reductions the MDBA was going to put in place. It was looking at which communities and which towns were particularly vulnerable. Another thing we did is when we did the second report on the socioeconomic side of things, we actually also looked at a regional level at the specific impacts of the changes in diversion limits on particular regions. So within that report you will see the 22 regions listed and the impact on the gross value of irrigated agricultural production. Later on in the report there is information on regional GDP as well.

Senator HEFFERNAN—I have to ask a question. Given your hard work in that area, did you allow for the quarantining of assets and a change to the use of water technology? Did you allow for non-paddy rice? Non-paddy rice is the reality. You would be aware that paddy is only there to control the variation in the temperature of the plant. We now have the science complete and the varieties available for non-paddy rice. Is all that in the equation? As I said to Senator Macdonald earlier, you have been given two, four, six, eight or whatever changes back to the environment. That means that if you trade all that water up the river instead of having some trade down the river, the freight factor and the environmental factor—

CHAIR—Senator Heffernan, this is going off at a tangent. I will give you the chance, but your colleague—

Senator HEFFERNAN—These are important assumptions.

CHAIR—You will have your time. Senator Nash has the call.

Senator NASH—You can finish the question.

CHAIR—Bear in mind that we are running out of time.

Senator HEFFERNAN—We are not going to run out of time, because this is too important.

CHAIR—Senator Heffernan, you do not have the call. Unfortunately, you do not ask questions,; you go on rants.

Senator HEFFERNAN—I do have the call.

CHAIR—You do not have the call. Senator Nash has the call.

Senator NASH—Senator Heffernan can finish.

CHAIR—So you are finished, Senator Nash?

Senator NASH—No. I am not. Let him finish his question.

CHAIR—This is getting ridiculous. Put your question, Senator Heffernan. If you continue to preach, I will ask you to pull it up and we will move on.

Senator HEFFERNAN—Do you allow for the change in science in the change to the behaviour of a particular area?

Mr Glyde—Senator Heffernan, I think all of those adjustments that you are talking about are things that will happen in the future. It is very hard to model—

Senator HEFFERNAN—You have been asked to give an impact assessment.

CHAIR—Senator Heffernan, let Mr Glyde answer. I do not even want to give you the call but your colleague has passed it.

Senator NASH—For one question.

Mr Glyde—It is very hard to speculate on how individual farmers in rural communities—

CHAIR—When Senator Nash says one question, trust me, it is going to be five. Sorry, Mr Glyde. I interrupted you.

Mr Glyde—Senator Heffernan makes a very good point in terms of the difficulty of being able to predict future behaviour. It is hard to know exactly how every single farmer and every single player in the agricultural economy will behave. We know they will make changes, because of the change to water availability. The sorts of things that Senator Heffernan is talking about will lessen the impact of the change. But in terms of the capacity of economics and of economic modelling to handle that, it cannot be done. What we have to do is go with what we have got in terms of the historical information about what the change might be. That gives us a platform from which we make some assumptions or estimations of what might happen, given that technology. How the future will go, which goes to the issue that Senator Nash is raising, is how that will affect everyone on the ground in the future. It is really hard to do at a farm level because of these changes in the behaviour of the individuals in the market. Within the level of the data that is available, we have been able to provide estimates at a whole-of-region and whole-of-national level, which, as we said, are interesting. But the really important thing is what is happening catchment by catchment. We have gone down to the catchment level in order to be able to understand at the farm level. It is beyond the capacity of models to be able to do that. That is what we are really grappling with.

Dr O'Connell—The work that was done on the resilience of towns is important here. That, combined with the impact of the work demonstrating which commodities are likely to take the hit, helps you start to get a sense, with further analysis—and that goes to having to go down to the granular level of towns and their supplies—of which particular towns are going to have trouble and need adjustment and which have more complex economies and more likelihood to be able to adjust more easily.

Senator NASH—Senator Colbeck has a question.

Senator COLBECK—I want to ask a question centred on that context. Does the definition of the models recognise potential tipping points for the sustainability of a particular industry? Does the definition go down that far, or are you just saying, 'Okay, we're going to take, say, 30 per cent to 40 per cent of the water out. We'll assume that the production reduces in a proportional ratio, whatever that might be, to the reduction in

resource'? Does it take into account that at some point in time—and it may be within that range—the sustainability of that sector disappears? Is that definition available in the modelling at any of the levels you are looking at, or is it a consideration?

Mr Morris—The model does not quite work the way you have explained. Trade actually occurs within the model so that if you take water away from one particular area, or if a user voluntarily sells his water, for example, then other people will buy water from other sectors. So you actually get water traded to the highest value end use within the basin. If you look at the reductions that we have estimated for various commodities, you are not going to get the size of reduction you are talking about that would actually result in an industry becoming totally unsustainable. With rice, I think, it was a 37 per cent reduction.

Mr Gooday—Yes.

Mr Morris—I do not like comparisons with the drought, but I will just use this one. We did have rice production at 1.6 million tonnes in 2000-01, and it was as low as 18,000 tonnes a couple of years ago. So we are not talking about reductions of that order of magnitude. If you had a rice industry of 18,000 tonnes long term, obviously you would not have a sustainable industry.

Senator COLBECK—But that is the point that I am getting to. At some point in that scale, and a drought is a thing that happens over a term, hopefully—we have seen some water now, and hopefully there is a cycle that is more beneficial than the last 10 years—there is a tipping point. That is the simple question I am asking. You have addressed it to a certain extent. The water may revert to a different use in a different place even.

Mr Glyde—We have a table that summarises for each agricultural sector and for each of the 22 basins. We could table what the percentage impact is. You will be able to see from that. It is in the report. You can see from that that we are not talking about 100 per cent declines.

Senator COLBECK—The assumptions for projections you are doing are effectively based on current technology because that is effectively where our knowledge is at. If you try and introduce another variable for that, you are not too sure where your numbers are going to go.

Mr Morris—I think if you introduce a new technology which is water saving or more efficient, it would tend to push the numbers down, so there would be less impact.

Senator COLBECK—Yes, I get that, I understand that, but I am not actually arguing that. I am just trying to get a sense of the baselines and the assumptions to the inputs. What Bill is talking about would have that effect if you were assuming those newer technologies. It would reduce the employment impacts if we were to go down that track. The question is: how far you can speculate on those inputs?

Mr Morris—I think it is worth putting on the record. I have spoken about the two reports which were specifically referred to by Senator Nash. There was a third report that we released at the same time as the other two reports. ABARE-BRS put out a media release on this on 8 October as well. That was a report that was done for the department of environment. It actually looked at what impact government buyback and infrastructure improvements would have in terms of some of the reductions in water availability in the basin. So this actually did address in part, but not fully answer, Senator Heffernan's question. If you have infrastructure improvements, that actually saves some water for the environment, which reduces the amount of water that the government has to buy back. In terms of new technology or new improvements, infrastructure improvements can actually go some of the way to making the gap up but it cannot go the whole way.

Senator HEFFERNAN—But it also puts pressure on the recharge of the aquifer when you do not have the leakage to the aquifer. So that is another complexity. I have a series of questions. I just—

CHAIR—Senator Heffernan, you do not have the call. It is not your call. Senator Nash still has the call. So if Senator Nash handballs—

Senator HEFFERNAN—So 3,000 to 4,000 gigs—

CHAIR—Order, Senator Heffernan! We will be coming back with this after lunch.

Senator NASH—I have a question on modelling. I understand—and it is obviously not my field—that there are technical modelling workshops to review modelling that has been done. Has that been done on the modelling that you have done to test the assumptions and measure the appropriateness of what you have done? Has there been any peer review?

Mr Gooday—The MDBA had our work peer reviewed. So it was sent for peer review. As well as that, we presented some of the initial results, with obviously a dummy set of SDL reductions, to a group of representatives from state governments.

Proceedings suspended from 1.00 pm to 2.00 pm

CHAIR—I welcome everybody back.

Senator NASH—We were talking about the technical modelling that had been done. What I specifically wanted to know is has there been any technical modelling workshops done on the work that you have done?

Mr Gooday—We have been using the models for some years. The water trade model and the Ausregion model have both been peer reviewed as part of work that we have done in the past. For example, they were both used in the work that we did for the environment department earlier this year looking at the impact of the water buyback. We have had those models go to conferences like the Australian Agricultural and Resource Economic Society conference to obtain feedback there.

Senator NASH—But the specific lot of modelling for this has not been separately stand-alone through any kind of workshop?

Mr Gooday—No, the MDBA had it peer reviewed and there should be a report on that on the MDBA website.

Senator NASH—So, for the laymen over here, is the peer review a technical modelling workshop that the MDBA has done?

Mr Gooday—Yes.

Senator NASH—Did you have any farmers, irrigators, agribusiness type people, from their perspective, look over your modelling and the appropriateness of what you were doing?

Mr Gooday—The general results from these models have been presented in a variety of forums previously. For example, we presented at our outlook conference papers that use exactly the same sort of methodology and came up with similar sorts of previous results. So to that extent they have been given a public airing. The work that we did for the MDBA did not require us to consult. There was another set of work that was done by another group of consultants which was to go out and talk to people in regions. The resources we had for this project basically required us to use models that we had already used and tested and were available and ready to go.

Senator NASH—Has that modelling been refereed by anyone?

Mr Gooday—That is the refereeing I was talking about that the MDBA have had done.

Senator NASH—I do not think I got a clear answer before when I was talking about Dr O'Connell's point about drilling right down to the job losses on the ground, that type of thing. I think you mentioned that that work is happening at the moment, but can you give us any indication of when we will be able to see some of those numbers from that work?

Mr Morris—Just to clarify, what I said earlier was that the future work the MDBA has recently put out a request for tender for might very well pick up on some of that in more detail.

Senator NASH—Just to be absolutely clear, that is not something that is going to occur under ABARE now unless you are the successful tenderer for this next piece of work?

Mr Morris—Correct.

Senator NASH—Also, in terms of jobs, how do you assess farmers? For farmers who own a property, a family farm, if they lose a farm, is that a job loss, even though they are not necessarily employed? How do you put farmers into the context of job loss?

Mr Gooday—Basically the models work off ABS data, so if you are a farmer then you are employed in agriculture. It is the same with labourers on farms.

Senator HEFFERNAN—The first foundation stone of this whole journey on the Murray-Darling Basin has got to be: what is the assumption on which you have been instructed to model for the Murray-Darling Authority—3,000 or 4,000 gigs, is it—exchange from work to freight and the environment? Do you understand? You have been asked to model the impact of that—correct?

Mr Gooday—We have been asked to model the impact of taking 3,000, 3½ thousand, 4,000—

Senator HEFFERNAN—You have been asked to model the impact of that, but on what foundation stone is your model built? Is the 3,000, 3½ thousand or 4,000 gigs transferred from work to the environment? What is the size of the pool from which you are removing that?

Mr Gooday—Perhaps I will just explain how our model works. It is based on ABS data on land use, water use and agricultural production. Our model has only got water use in it. It does not have any other hydrological characteristics other than—

Senator HEFFERNAN—To save you a long journey with a long bureaucratic answer, I know all that, but what I want to know is: how can you make assumptions on what Senator Nash and others have referred to—this generic 800-job thing—if you do not actually know how big the pool is that you are transferring the water from? You do not know the size of the pool, do you?

Mr Morris—We know how much water is left in the model for use in agriculture and that is a key thing in terms of working out—

Senator HEFFERNAN—But what is the size of the pool from which you are transferring the water?

Mr Morris—We have an aggregate amount built into the model.

Senator HEFFERNAN—But what is it?

Mr Gooday—Twelve thousand—the water use number is around about 10½ thousand gigalitres a year.

Senator HEFFERNAN—It is 12,000 or 10½ thousand?

Mr Gooday—The diversion number is 12,000 and the water use number—

Senator HEFFERNAN—This is at the river, and the farm delivery is 10½ thousand.

Mr Morris—So both numbers are right.

Senator HEFFERNAN—Can I just take you to a flaw in the whole argument of this. There is 23,400 gigs of run-off in the Murray-Darling—right?

Mr Gooday—We do not have that number.

Senator HEFFERNAN—It is true.

Mr Gooday—Go ahead.

Senator HEFFERNAN—We work with half of it, about 11,000.

Mr Morris—Yes, 12½ thousand diversion—

Senator HEFFERNAN—And we use about a quarter for freight, and we waste and evaporate a quarter. The assumptions you have just told me presume that Mother Nature is not going to remove anything from the system, and the science is saying, and the CSIRO and all those other geniuses are saying that somewhere between 3,500 gigs, with two degrees increase in temperature and 15 per cent decline in rainfall, especially in the 38 per cent of the run-off that comes from the two per cent of the landscape at the back of the parliament here and North-East Victoria, that we are going to lose a minimum of 3,500 gigs and a possibility, in a catastrophic analysis—and all science is vagary, and we need to have a step-up in the science to allow for the vagary—of 11,000 gigs. You have been told to build yours on an extraction of 9½ thousand net—is that what you said?

Mr Morris—10½ thousand.

Senator HEFFERNAN—At the farm gate.

Mr Gooday—I will get the number for you—12,300 is diversions.

Senator HEFFERNAN—Can I take you to that? That is at the river.

Mr Gooday—Yes, that is the number—

Senator HEFFERNAN—What was the figure at the farm gate?

Mr Gooday—It was 10,300.

Senator HEFFERNAN—That assumes no reduction in run-off. That ignores the science that says there is going to be a decline in run-off in the Murray-Darling Basin. There is going to be an increasing run-off in the south-west Queensland, Warrego, Paroo, Bongoa, Coopers Creek.

Mr Gooday—This is based on the work that the Murray-Darling Basin Authority have done and through their models—

Senator HEFFERNAN—For the record, Mr Chairman: it is completely flawed because it is based on no decline in run-off.

Mr Morris—I think it is worth referring you to table 23 in our report which provides a scenario of drier conditions, I suppose, in terms of the basin. Whereas in a normal base year we use the 10,375, in that scenario we looked at a dry scenario of 8,281 giganlitres used. In fact we tried—

Senator HEFFERNAN—Yes. I am talking median. You have been told to model—removing three to four thousand gigs out of the pool and transferring it. You will accept that in transferring that water to the environment—depending on whether you trade your licences up the river, and whether the volunteers that want to sell their licences are all down the river—instead of having dual purpose water, which is the environmental freight water in the river for the fish so they do not have to grow legs, and it ends up as work water at the bottom of the river, that you could have a catastrophic setup with this higgledy-piggledy trading in water that if too much water gets traded up the river you have a double problem.

Mr Gooday—On the water trading issue, that has been addressed in the modelling, in that we have been provided with some constraints to place on water trade.

Senator HEFFERNAN—So in the water trading—and I am sorry to do this to you—but what does your information on which you have built your model assume the trade is going to be up the river or down the river?

Mr Gooday—I can point you to the results again, I suppose. Direction of net interregional trade flows, water trades out of the Murrumbidgee, New South Wales Murray—

Senator HEFFERNAN—Is this into catchment or—

Mr Gooday—Yes, between catchments.

Senator HEFFERNAN—But between different rivers.

Mr Gooday—Water is expected to trade into the Goulburn-Broken, Campaspe, Loddon, Victorian Murray, Lower Murray-Darling and South Australian regions. So most of the water trade is out of the Murrumbidgee, New South Wales Murray, and most of it is going into South Australian Murray, Victorian Murray.

Senator HEFFERNAN—You do not actually have a map on which you model where the water is. You understand it is going to have a serious impact on your presumption. I do not know how you do that because, as you know, this is non-compulsory acquisition.

Mr Gooday—That is right.

Senator HEFFERNAN—So they are assuming the people at the top of the river are going to trade water down the river. Do you know what the flow of the Upper Murray is, the median flow?

Mr Gooday—I have not got that in front of me.

Senator HEFFERNAN—Do you know what it is?

Mr Gooday—Not off the top of my head.

Senator HEFFERNAN—4,700 gigs. Do you know how much the Hume Dam holds?

Mr Gooday—Not off the top of my head.

Senator HEFFERNAN—3,000-odd gigs. Do you know how much the Eildon Weir holds?

CHAIR—Are there any questions there, Senator Heffernan?

Senator HEFFERNAN—Well, this is the difficulty with making a model on which you do not have enough information. Will you accept that for you to be able to accurately model—and congratulations on all the modelling work—the impact on economic and social consequences of removing 3,000 to 4,000 gigs from work to the environment and freight that, unless you know the pool that you are removing it from, you have got no idea where you are up to?

Mr Gooday—We point out in the report that there are a range of uncertainties. One of the major ones is the way in which water availability will change between years. We have looked at averaging.

Senator HEFFERNAN—But your model and your consequences are built on the present median extraction for the last umpteen years, which is that 12,000-odd gigs.

Mr Gooday—Absolutely.

Senator HEFFERNAN—So, do you think it is a fair thing to do to Mildura farmers and say, ‘We are going to take three or four thousand gigs.’ No, you do not tell them that. You have not told them what the modelling is. You have told them what the removal is going to be, but not the assumption on which the removal is based. Therefore the social and economic impact is, ‘We might be a bit inaccurate with that.’ But if you have the right science—and bear in mind that Carnarvon’s irrigation use is 40 times as efficient as the Ord, and 20 times more efficient than the average cross the Murray-Darling Basin—

CHAIR—There is a question coming, Mr Morris.

Senator HEFFERNAN—your assumptions could be completely wrong. Do you agree with that?

Mr Morris—I think what we are saying is if you take 3,500 gigalitres out of the system as it is currently configured, we would get the sort of impacts at a regional level as what we have here. Any model is going to be a simplification of the real world because the only real model of the world is the world itself. This is a simplification of the real world.

Senator HEFFERNAN—I accept it is a very big simplification.

Mr Morris—It is actually quite a sophisticated simplification in the world.

Senator HEFFERNAN—I do not care how sophisticated it is. If you do not actually have an assumption on what is in the pool, it is all right to remove three to four thousand gigs—but three to four thousand gigs from what? That assumes under your figures that you have given me, Mr Gooday, that there is going to be no decline in the runoff.

Mr Gooday—This is the information provided to us by the—

Senator HEFFERNAN—No, it is flawed for God’s sake. The CSIRO will tell you that the minimum decline in runoff is going to be 35 gigalitres.

Dr O’Connell—I think it depends also on what timescale you are looking at.

Mr Morris—We are looking at until the end of 2020.

Senator HEFFERNAN—Just to further enlighten you, the science is saying that the weather we have had for the last three years bar this year is slightly worse—the 2050 snapshot of the decline. The weather we have had for the last three years, which is about a 25 per cent inflow effective in the Murray system, is going to be slightly worse than the average by 2050. Do you understand that?

Mr Morris—Yes, and that is why we have done the sensitivity analysis with about a 20 per cent reduction in the use.

Dr O’Connell—I think the point you are making has been covered by the sensitivity analysis.

Senator HEFFERNAN—Yes, that is a nice soft word.

Dr O’Connell—No, that is designed to manage those resources.

Senator HEFFERNAN—But the sensitivity of your work is that, if there is a serious decline of the nature that the CSIRO has predicted, then your figures are custard.

Mr Glyde—I think what we are saying is that it is on the basis of the information that has been provided to us by the authority. You would need to ask them where they obtained that scientific information. I am aware that at least some of it came from the CSIRO and the work that they had done in the basin. That was a very large study. What we have done is taken their best estimates of that and we have modelled that. Now, where there is some uncertainty—and you have put your finger on one area of uncertainty and there are lots of other areas of uncertainty, as we have discussed with Senator Nash—the best way to try and deal with that, when you cannot actually come up with a prescription that most people would be able to agree with, is to say, ‘Okay, what would be the consequence if there were less water? What would be the consequence if water prices were higher?’ When you look at that, by the changes in the model results, which we present in the paper, you get a sense of how significant those assumptions are. At the end of the day you do have to come down to a point where you make a judgment and say, ‘Okay, that is the best information we have got. That is the one we will model,’ and that is what we have been asked to do.

Senator HEFFERNAN—The point you have put your thumb on is the median flow of the Murray-Darling Basin for the last umpteen years, which is 12,300 of extraction. That is the history of the farce you have built the model on, rather than the science of the future and that is where the whole thing has turned to custard.

CHAIR—While the Murray is turning to custard are there any other questions from Senator Heffernan's colleagues?

Senator HEFFERNAN—Yes, I have not finished yet. The decline in 30-odd per cent in the Lachlan, or the Macquarie or the Gwydir: what were they built on?

Mr Gooday—Again, the MDBA provided us with the reductions in diversions for each catchment. In our model, southern basins connected the northern basins, so there is no trade between any of those regions, and we just modelled those the same way we modelled the rest.

Senator HEFFERNAN—There is. The Culgoa used to deliver 28 per cent of its flow to the Darling. It now delivers 3½ per cent.

Mr Gooday—I am talking about trade in entitlements.

Senator HEFFERNAN—In the midst of all this, they are about to issue in Queensland a 469 gig licence to Cubbie Station which is completely unsustainable in the midst of taking water away from everyone in the south.

Mr Glyde—We can comment on the work we have done, Senator. That is about all we can tell you about.

Senator HEFFERNAN—So, just to finalise the work you have done, your model is based on the mean flow of recent years rather than any scientific snapshot of the future flow?

Mr Gooday—And we have done a scenario looking at a dry sequence—

Senator HEFFERNAN—And what did that scenario say?

Mr Gooday—a dry sequence of years. It said that the percentage reductions in gross value of irrigated production and profit in percentage change terms would be slightly worse than you see in the average scenario.

Senator HEFFERNAN—That is a lovely bureaucratic expression, but if we lose 40 per cent—

Dr O'Connell—The model is aimed to do a projection of 10 years. This is not—

Senator HEFFERNAN—Hang on, we are building something that is going to have a 50-year life.

Dr O'Connell—We can only talk here about the model.

Senator HEFFERNAN—Yes, all right.

Dr O'Connell—The other issues need to be dealt with by the Murray-Darling Basin Authority.

Senator HEFFERNAN—But, if the science in the CSIRO prediction is 40 per cent right, in most river systems in the southern Murray-Darling Basin, in most years there will be a zero allocation for general purpose water. Do you accept that?

Dr O'Connell—But at what time?

Senator HEFFERNAN—By the way, I should declare an interest: I am probably the only one here that has an irrigator's licence. But in the Lachlan River, for instance, we have had a zero allocation of general purpose water now for four years. If you have a decline of 5½ thousand gigs in the system, based on the proportion of run-off—all those dams in the north in proportion hold very little water compared to the south. And Tasmania, as we know, holds more than the rest of them. If it is 5½ thousand gigs in decline in run-off—right?

Dr O'Connell—By when?

Senator HEFFERNAN—By 2040.

Dr O'Connell—By 2040? My point is that goes to the Murray-Darling Basin Authority's role, not ABARE's role.

Senator HEFFERNAN—My point to you, Dr O'Connell, is that if we are going to get to 2040 and we are at 2020 it is the same gradient.

Dr O'Connell—But we are talking about a contract which ABARE undertook for the MDBA to model out to 2010 on a certain set of assumptions.

Senator HEFFERNAN—Yes, but that is a short, politically convenient time line.

Dr O'Connell—My point is that is all we can manage here. I understand your points, but your points are ones which really the Murray-Darling Basin Authority has to manage—that is, what is the long-term projection for water—

Senator HEFFERNAN—Anyhow, thank you for your indulgence to the committee, but out of all of that is that the assumption is—

CHAIR—I would take it, Dr O’Connell, that Senator Heffernan is not interested in your answer.

Senator HEFFERNAN—The assumption is—

CHAIR—Dr O’Connell was halfway through an answer and you cut him off.

Senator BIRMINGHAM—We understand Senator Heffernan’s point.

Senator HEFFERNAN—For the record, the assumption on which this model is built is there will be no decline by Mother Nature in run-off for 12,300 years.

Senator BIRMINGHAM—The assumption is actually a three per cent decline, but—

CHAIR—While you are all assuming, why don’t you assume out in the back room and we can get some questions going. Assume until the cows come home; I do not care. Senator Birmingham.

Senator BIRMINGHAM—Thank you. Just quickly, you did indicate that you had modelled some higher and lower predictions of reductions in the range between 15 and 50 per cent. Do you have data for those here? Is that data being published anywhere or made available anywhere? It is not, as far as I can see, outlined in the socioeconomic report that has been released.

Mr Gooday—It is in the socioeconomic report that has been released, on page 79.

Senator BIRMINGHAM—In the appendices, is it?

Mr Gooday—Yes, from page 79 through to 81. This includes some of the variability work that we have just been talking about as well.

Senator BIRMINGHAM—That provides a mix there on the impact on the gross value of irrigated agricultural production. Yes, I see that. Thank you.

Mr Gooday—Yes, it does it by region and by commodity.

Senator BIRMINGHAM—Okay.

Mr Morris—So on page 70 there is the cut by region.

Senator BIRMINGHAM—Excellent, thank you. That is very helpful. I will dig through that later and I will give you further questions on notice if need be. I want to question an assumption about the sectors to which the model seems to assume that water trading will go. The big winner out of those assumptions, if I look at the tables you have on pages 28 and 30 of the report—tables 12 and 16—the big winner seems to be the grape industry, where the value of production there without interregional trade takes an 11.4 per cent whack but with interregional trade comes back to 5.1 per cent. For a sector that is in oversupply at present, it strikes me as surprising that you would expect so much trade of water to flow to the grape industry. Can you justify why?

Mr Gooday—The model is a long-run model, so the returns to the different agricultural activities in it are returns that we have seen based on the 2000-01 and 2005-06 ABS census data. That is the latest data that is available to be able to do this. And using that data it does show that we would expect water to trade to those activities.

Senator BIRMINGHAM—So there is an assumption there that, as a higher valued commodity in that period of time of data you have got available, that water will, by default, trade to that commodity even though that commodity is currently in oversupply and has more recently seen significant drops. If we are looking at the immediate 10-year period or rather the immediate five-year period—because beyond that, again, who knows how cycles will change—it is highly improbable, I would have thought, that there will be a lot of people buying additional water for grape plantings.

Mr Gooday—We saw quite a lot of water trade in that direction during the drought.

Senator BIRMINGHAM—Sorry?

Mr Gooday—We saw quite a lot of water trade in that direction during the drought.

Senator BIRMINGHAM—A lot of purchase of temporary allocation during the drought to keep vines alive at that stage. It is a different equation to buying a permanent entitlement to continue plantings. So you do think that that is a reasonable expectation? Because it has some particular impacts when you translate it through to the economic impact on regions like the lower Murray in South Australia, which has got one of the

least impacted forecasts of economic impact, largely because of the trading assumptions that enlist around grapes especially.

Mr Morris—I was just clarifying a point with my colleague. The way these changes are occurring in the model is that most of them occur in the second half of the next 10 years—so, after 2014-15—and, therefore, what the situation is today is sort of less relevant than what it might be over a longer period of time. Now, we know that the grape industry has gone through lots of fluctuations over time in terms of profitability, and so, in order to look at it over a 10-year time frame, particularly when we are thinking about changes that are probably not going to really happen until the second half of that period, you really do have to look at what the profitability has been over the long run. The profitability of horticulture generally and grapes in particular has been higher than that of rice and cotton, for example, and irrigated cereals. So that is why we look at it the way we do—because we do know there have been fluctuations over time, but we have to look at it in a longer-run sense because of the way the pattern of productions are going to occur.

Senator BIRMINGHAM—Thank you. I am sure some of those communities that are facing 25 per cent reductions to water but only five per cent reductions to their expected gross value irrigated production will have questions about whether that is realistic, and we will put that back through the MDBA process.

Mr Morris—Yes.

Senator BIRMINGHAM—Lastly, because I know the committee wants to move on, the 800 and 3,000 employment figures—you have talked about 800 as a regional figure or a basin figure and 3,000 is a national level. Elsewhere in this report, you have gone to the value impact on irrigated production. Can you give us a jobs impact for irrigated production?

Mr Morris—No, we do not have that specific level of detail. But, as I tried to explain to Senator Nash perhaps in economic gobbledegook before, I think the main results that should be focused on in this report are the results that happen at the regional level, and what is important at the regional level is what is happening with the percentage reductions, the gross value of irrigated production and the regional impacts on gross income at that level. While we do not have a specific employment impact, you can actually derive, to some degree, the likely impact from those gross value of irrigated production figures.

For example, there is quite a significant impact in the Murrumbidgee region predicted by the model. I just happen to have in front of me a page there, and we have about a 20 per cent reduction in the gross value of irrigated agricultural production in table 11 for Murrumbidgee. So you can imagine that will translate, in the short term, to quite a significant impact on employment there. But as I said, over the long term, the question is that some of those people who are made unemployed—and I am not trying to diminish the adjustment costs and the adverse impact on those individuals—will find jobs in other industries. And that is what our 800 number and our 3,000 number relate to. It is sort of the net impact after that time.

Senator BIRMINGHAM—And I understand what it relates to. If you do have any work, or if you are simply telling us that the best thing we can do to assume the impact on employment numbers, then, is to look at these figures on the percentage impact on the gross value of irrigated agricultural production and, essentially, extrapolate them—which would, in the table 11 for the Murrumbidgee which you highlighted, be a 20 per cent reduction in employment in irrigated agriculture in the Murrumbidgee—if that is the best figure you can tell us to work with, I guess that is the figure we will work with.

Dr O'Connell—I think you should just be cautious against thinking there is a one to one relationship between a percentage drop and jobs. That is not the way the labour market works—but we might go to an economist.

Senator HEFFERNAN—Do your assumptions for the Murrumbidgee assume that the people in the Murrumbidgee are going to do what grandpop did, in other words, that they are still going to have paddy rice? I mean, we have gone to zero tillage; when I was a kid, crops were six foot high—they are now 15 inches high. We ploughed the paddock three times before we put the crop in. We have moved on in dry land farming, which is the bigger producer in the Murray-Darling Basin, by the way. Are you assuming—

Dr O'Connell—I think we have covered this issue.

Senator BIRMINGHAM—Your question there is, do you model in any technological advances, or are they the ones that are current practice?

Dr O'Connell—We have gone through this.

CHAIR—Senator Birmingham, that is exactly what he meant.

Mr Morris—And to the extent that you have new water-saving production techniques that would actually probably lower these impacts on the farm sector.

Senator BIRMINGHAM—So you do not model those types of advances in.

Mr Morris—No.

Senator BIRMINGHAM—It is a historical point in time.

Mr Morris—Not quite grandpop, maybe, in the last couple of years.

Dr O'Connell—But current practices.

Mr Morris—Current practices.

Senator BIRMINGHAM—Your practices, Bill, not your grandpa's.

Senator HEFFERNAN—Assuming the paddy rice—

CHAIR—He had just fallen asleep. We just put him to sleep and he has come back again, thanks to you, Senator Birmingham.

Senator HEFFERNAN—And you will accept that the science is now complete on non-paddy rice.

Senator BIRMINGHAM—He was happy to prove that—

CHAIR—Senator Heffernan, you are like a seagull. You just come in here and then you blow out again.

Dr O'Connell—I think the point that Mr Glyde made earlier was that, to translate, you get advances in—

Senator HEFFERNAN—This is a fairly serious issue that has happened in the last week in these communities. They have not been told that this is based on the historical amount of run-off and past agricultural practices without new science. I mean, there is a lot of hope in this equation—if we could just put the hope out there.

Dr O'Connell—We have explained, I think, in some detail that it is not either easy or possible to predict how technological developments will occur over the next period. This is looking at the next 10 years, so it is unlikely that there will be radical shifts.

Senator HEFFERNAN—You do not think so?

Dr O'Connell—There will be shifts, I am sure that is right; but we are quite overt in saying that this does not comprehend significant shifts in technology. So to the degree that there would be significant shifts in technology, as Mr Glyde has said, will reduce the impact of all this. So if there are the changes you are talking about, those will create additional flexibility in the process.

Senator HEFFERNAN—This is so flawed, taking this with no science and with no changes to the run-off. I mean, this is a lazy document.

Mr Glyde—I would have to—

CHAIR—Senator Heffernan! Senator Birmingham, are you done?

Senator HEFFERNAN—Can I ask one thing on a completely different subject? I want to ask on foreign investment in Australian agriculture—

Senator FORSHAW—No!

CHAIR—I will take that as a no.

Senator HEFFERNAN—I want to ask on foreign investment in Australian agriculture—

Dr O'Connell—Is that related to the ABARE issue?

Senator HEFFERNAN—No, this is a completely—

CHAIR—Who knows what he is going to say? Who knows what is going to come out there?

Senator HEFFERNAN—It is theirs, it is ABARE—

CHAIR—Senator Birmingham, you did have the call. We are running out of time.

Senator BIRMINGHAM—No, that is fine. I will do other stuff on notice.

CHAIR—Do you have any more? If you do not, Senator Nash?

Senator NASH—Mr Glyde just wanted to answer something before I ask.

Mr Glyde—Just for the record, I would have to reject that this is a shoddy piece of work. As Mr Gooday said, these models are tried and tested. They are the best that we have. There are other institutions around the country that have worked also with the Murray-Darling Basin Authority, including Monash University, using its model to help to have a variety of information. This is the state of the art as far as it goes in terms of trying to estimate the socio-economic impacts of the scenarios that the Murray-Darling Basin Authority has put forward to us. And our role has been to try and do the best we can in terms of estimating those socio-economic impacts, and I believe we have done that.

Senator HEFFERNAN—And I agree with that—it is only as good as the assumptions you put in. Can I just ask—

CHAIR—Senator Heffernan, no you cannot.

Senator COLBECK—We go on to agricultural productivity later in the afternoon.

Senator HEFFERNAN—Do you do any work on foreign investment in Australian agricultural land?

Mr Glyde—We do not collect data on foreign investment.

CHAIR—Thank you, Mr Glyde. Now, Senator Heffernan, your colleagues have tempted me to dong you on the head with this, but I have resisted. Senator Nash?

Senator FORSHAW—We could bind him up with something.

Senator NASH—I just have some very quick questions to finish up on. Is the referee report you said the MDBA did something available that the committee could look at?

Mr Gooday—I believe it is on their website.

Senator NASH—So are 1,200 other bits of technical information.

Mr Glyde—Yes, if it would help, we could provide it to you.

Senator NASH—That would be very useful, thank you. Does the modelling that you have done find that employment actually increases in the basin after the SDLs and the Water for the Future program is complete?

Mr Gooday—I think the general conclusion—

Senator NASH—I just think I read something that suggested it increased under the modelling.

Mr Gooday—By point zero three—

Mr Morris—I think the way you look at that number is that if you pump a whole lot of government money in to improve infrastructure in the basin—a bit like pumping money into the economy more generally—there will be a spike in employment as a result of that. So all those people you employ to actually reline channels and do whatever waterworks you are doing, that causes a very small increase in employment in the basin.

Senator NASH—That is only temporary—is that what you are saying?

Mr Morris—Yes. But for the economy as a whole, the employment impact is still negative.

Senator NASH—Okay. And does the model allow people to move from region to region, and how does the buyback actually impact on that?

Mr Morris—Implicitly, it assumes that if people lose their jobs in one region, they can potentially get employment elsewhere—

A phone having rung—

CHAIR—Excuse me for a second, Mr Morris. Senator Heffernan, you know better than anyone and that is twice now. Just take it and get out. I have had a gutful of your damn phone ringing. Sorry.

Senator NASH—And what are the population movements when the buybacks occur? Have you looked at that under the current buyback program that has already occurred? Has there been any work done on that?

Mr Gooday—No, we have not been able to look at that.

Senator NASH—And does the modelling assume that irrigators will actually stay in a community after that buyback program?

Mr Gooday—Yes, the modelling that we have done assumes that the payments for the water go to households in those regions.

Senator NASH—Yes.

Mr Gooday—And then they spend some of that money inside the region and some of the money outside the region, the same as every other household in the region.

Senator NASH—I am very happy for you to take this on notice—can you just give us some more detail around what underpins that? I would like to see the evidence behind it because I only have it anecdotally, but I think a lot of the payment for that water is going straight to the bank to retire debt. So I would be very interested in your underpinning, I guess, and how you have arrived at that, given that the experience on the ground says something really entirely different.

And could I just could ask, also on notice, a last question. Mr Glyde, you very kindly supplied for me an answer to a question on notice—very recently, Minister. It was question ABARE 05. If you could just take on notice: over the five years that you gave me the allocations against entitlement, could you break those allocations down further? What proportion of that was government allocation for environmental purposes?

Mr Morris—Yes. I will take it on notice.

Senator BIRMINGHAM—If I can just add, while you are taking some of the details on notice: if you could explain the mobility of people and your assumptions about their movements, and how that compares with mobility in metropolitan areas and what assumptions you have made within the modelling, I would be interested.

Mr Morris—Yes, I am happy to do that.

Senator COLBECK—Can I just ask a couple of quick questions in relation to the new happy marriage between ABARE and BRS and the impact on resource and budget allocation?

Mr Glyde—Essentially there has been no change to the level of resources in the reply to ABARE-BRS. We simply put the two organisations together. A year or so ago we had previously merged what we would call the back office functions, so the people who are involved in the communications activities, the HR activities, finance, publications et cetera. They had been previously merged and we had a saving as a result of that.

Senator COLBECK—A rationalisation?

Mr Glyde—Yes. It was a rationalisation of the support services to provide that and we had done that before we actually had the formal merger. That is the only resource change that has happened and that happened I think in the previous financial year.

Senator COLBECK—So no change in the number of personnel and no change in the budget allocation?

Mr Glyde—Mr Morris might be able to give you the real details. He has got a very impressive spreadsheet here.

Mr Morris—The final full time equivalent staff numbers for 2009-10 for when you combine ABARE and BRS were about 233 and the budget for this year in terms of staff numbers is currently 245, so it is a little bit greater. When you combine ABARE-BRS from last year and then look at the combined organisation this year our budget is about two per cent lower, but the reason for that is mainly driven by the fact that late in 2009-10 we got some additional supplemental funding from the secretary's reserve to do some additional projects and that really counts for most of the change, and plus there are a couple of departmental-wide budget savings that were also applied to us, such as the travel savings from department of finance. So in terms of staff numbers they are higher; in terms of budget they are little bit lower.

Senator COLBECK—So your budget progressively shrinks a little bit due to those particular savings issues that are being applied over time?

Mr Glyde—The point I am trying to make was that the merger was not driven by a financial imperative to get there.

Senator COLBECK—No, I was not saying it was driven by financial imperatives; I was just trying to find out if there were any financial implications for the agency, and particularly in terms of funding.

Dr O'Connell—Sorry, Senator, just in terms of that late injection of funds for a specific project, that is the kind of thing that could easily happen this year because as we go through the year if there is something we can—

Senator COLBECK—What was the value of that?

Mr Morris—That was about \$900-odd thousand if you combine ABARE and BRS, but as for—

Senator COLBECK—But on a semi-regular basis you would be contracted by various agencies to do various projects so it would be hard to have a baseline through the organisation of where it sat because you effectively respond to the projects that come your way.

Mr Glyde—Exactly.

Mr Morris—We have got about half of—

Mr Glyde—Yes.

Mr Morris—For this year, for example, the organisation gets about 51 per cent of its budget from direct appropriation from the department and about—

Senator COLBECK—And that would be for standard projects and things that you do on an ongoing basis?

Mr Morris—Yes, so commodity forecasting, a lot of the climate work we do, some of the maintenance models and things like that, and then we get the other half from direct appropriation but a fair proportion of that comes from the department as well where they ask us to do specific projects that might be funded under administrative money or under departmental money. We also get money from a range of other departments. As you know, ABARE-BRS covers minerals and resources issues at the moment and so we get about \$2½ million—a little bit more than that—from the Department of Resources, Energy and Tourism to do that work.

Senator COLBECK—And you do some stuff under Fisheries too, as I think we will come to.

Mr Glyde—Yes.

Senator COLBECK—I think that will do on ABARE but I know that you have a habit of hanging around because you tend to get caught up in other stuff. I think I have anticipated one of those already so thanks for that. Minister, I know it is a complete departure from the program, but can I just read something that has just come back to me from Forest Contractors in Tasmania. I will not read the preamble because it relates to me and not to you. It says:

You may also mention that some long-established contractors have resorted to selling their family homes in order to stave off financial collapse.

I just want to put that on the record to reiterate my concern about the urgency, and I recognise that you have been there to talk about this. I am actually moving quickly on the issue of forest contractors in Tasmania.

Senator Ludwig—I really thank you for that. The opportunity I had with a range of stakeholders did indicate the dire financial circumstances that they were in. I did not want to mention it on the record because it tends to sometimes be quoted out of context. I am moving as quickly as I can. There are matters that we are working through and I do recognise, as I have said already, that there are many certainly facing difficult circumstances.

Senator COLBECK—Thanks, Minister.

CHAIR—We will now call officers from Sustainable Resource Management, including Caring for our Country, Landcare, and domestic and international fisheries. Senator Macdonald, are you leading the charge here?

Senator IAN MACDONALD—Can I just start by finding out how the Caring for our Country program is divided between this department and Environment, shortly so-called. Has there been any change since the new administrative orders?

Mr Thompson—There has been no change to Caring for our Country since the election.

Senator IAN MACDONALD—Some people noted that the announcement was made by the minister for agriculture rather than the minister for the environment. Was that just a matter of convenience?

Mr Thompson—The announcement of the open call projects was a joint media release by Minister Burke, Minister Ludwig and Parliamentary Secretary Dr Kelly.

Senator IAN MACDONALD—Yes, but the actual physical release was by Senator Ludwig, I was told. Is that not right?

Mr Thompson—It was a joint media release announced the—

Senator IAN MACDONALD—Yes, I know it was a joint media release; I have got a copy of it. I thought the actual oral announcement was by Senator Ludwig; is that not right?

Mr Thompson—I could not say who made the actual oral announcement. Some projects were announced during the election, some—

Senator IAN MACDONALD—Is that right, Senator Ludwig? Did you just announce this the other day or was it the three of you?

Senator Ludwig—It was a joint announcement.

Senator IAN MACDONALD—It was a joint media release, but did you orally do it in front of the cameras or was it—

Senator Ludwig—No. It was a media release.

Senator IAN MACDONALD—No. I have been wrongly advised. That is something of a shame; there was some hope that perhaps the agriculture department was going to play a greater role in this. As to the basis upon which the Caring for our Country grants were made, what is considered in funding the various grants?

Mr Thompson—The business plan that was released earlier this year for Caring for our Country had a range of outcome and target areas that went through from National Reserves through by adversity coasts and sustainable agricultural practices, and projects were essentially assessed against the contribution those projects would make to the targets in those areas. For example, in the sustainable practices one the projects were assessed against things like the contribution the projects might make to improving land management or land cover in grazing lands or those sorts of things.

Senator IAN MACDONALD—So what did the base level funding cover?

Mr Thompson—The base level funding is provided to the regional bodies for spending broadly against the same outcomes and targets except because the regional bodies have an ongoing relationship with their communities and the institutional arrangement in those regions, we also expect them to contribute to maintaining community capacity and expanding knowledge because they have got some particular skills in that area, and against some of the targets they had a slightly broader scope and the example I would use would be in relation to wetlands, they were allowed to address all the wetlands of national significance rather than a smaller number where a broader range of people might be able to contribute to them. Regions were allowed to address all the ones that were on national lists in their regions essentially.

Senator IAN MACDONALD—These Caring for our Country grants relate to country not to people. I notice in the base funding, for example, some strange figures. Victoria got \$64 million, admittedly some of them were for two years, some for one year, one or two or a little longer. New South Wales only got \$24 million, and Queensland got \$44 million. Is there some rational explanation for that?

Mr Thompson—The regional base funding to regional bodies, which was how that core funding was divided, was agreed a couple of years ago, and that was on the basis of a range of factors, but a very significant one was the extent to which national environmental or resource management issues occurred in those regions. In relation to the competitive funding, which I think is what you may be referring to, which was—

Senator IAN MACDONALD—No, I am talking about the base funding—\$64 million versus \$24 million versus \$44 million—where \$64 million goes to the smallest state. It has the biggest population, I concede, but it is the smallest state with less natural resource issues, one would think.

Ms Lauder—The regional base level funding—as you know, we gave a five-year allocation to each of the regions. Last year, in 2009-10, a number of regions applied for three and four years, and so did not apply this year. So as you said, in Victoria we have approved \$64 million this year because last year a lot of those regions had only applied for one-year funding. So now all Victorian regions have applied for the remaining three years of funding, so it looks like a large amount, but it is not an indication of how much funding is available across regions, just how much has been approved this year.

Senator IAN MACDONALD—Some of Victoria's are two years and some are three years.

Ms Lauder—Yes.

Senator IAN MACDONALD—And yet they still seem to get a lot more than, for example, Queensland, which is a much bigger state, much bigger issues. Most of those seem to be over two years, a couple over one year, some over three years.

Ms Lauder—The five-year funding available for Queensland regions is \$110 million over the five years of Caring for our Country. Admittedly the Victorian regions are slightly more, but not by much, \$142 million.

Senator IAN MACDONALD—And New South Wales?

Ms Lauder—\$168 million.

Senator IAN MACDONALD—You may as well go the other states, while we are there.

Ms Lauder—South Australia, \$75 million; Tasmania, \$28 million; Western Australia, \$101 million; Northern Territory, \$12 million; and ACT, \$4 million.

Senator IAN MACDONALD—Northern Territory, this is base funding you are talking about there over five years.

Ms Lauder—Yes.

Senator IAN MACDONALD—So New South Wales, on the five-year basis gets considerably more than Victoria, than Queensland and the rest of them bringing up the rear. It is almost, one would say, related to populations, roughly speaking.

Mr Thompson—No, it is not quite, Senator. The biggest difference, if it was based on population, is Victoria would be closer to the top of the list and Northern Territory—

Senator IAN MACDONALD—New South Wales is bigger in population than Victoria, isn't it?

Mr Thompson—Yes.

Ms Lauder—The decisions were made based on the Caring for our Country outcomes. So the document about what we would achieve over the five years and where they were going to be delivered—for example, where cane toads were or Tasmanian Devil, et cetera—helped guide the level of investment. For Queensland, for example, we had a large election commitment, Reef Rescue, as you know, and so those things were taken into consideration, that went outside the regional base level funding.

Senator IAN MACDONALD—Perhaps you should give me the same figures across the open call process and what is the other one called? Closed call process, is it—Landcare projects.

Mr Thompson—Yes, we can do that.

Ms Lauder—So the open call—

Senator IAN MACDONALD—No, all three together, do you have that?

Ms Lauder—No, I am sorry.

Mr Thompson—We have them all as separate numbers. We will have to get back to you on adding them together. We can do that. We should be able to do that today.

Senator IAN MACDONALD—Quickly, without wasting too much time, quickly go through them with the open call and then Landcare.

Ms Lauder—So the open call that was announced on Monday included Landcare projects as well. You know, it was the holistic Caring for our Country projects. So Landcare—

Senator IAN MACDONALD—Let us be sure of that. They have come out in two separate lists. Do you have them there in one figure, do you, one combined figure?

Ms Lauder—The \$60 million worth of projects?

Senator IAN MACDONALD—Across Australia?

Ms Lauder—Across Australia.

Senator IAN MACDONALD—Victoria had \$64 million base funding.

Ms Lauder—Yes.

Senator IAN MACDONALD—Five open call and 0.8 for Landcare.

Ms Lauder—Yes, I have that combined for the open call—Landcare and open call.

Senator IAN MACDONALD—Okay. Give me the combined.

Ms Lauder—So New South Wales—I am rounding figures—\$13 million and they have 38 projects; Northern Territory, \$2 million for seven projects; Queensland, \$13 million for 41 projects; South Australia, \$7 million for 18 projects; Tasmania, \$3½ million for nine projects; Victoria, \$6 million for 19 projects; WA \$10½ million for 27 projects; and then there were nine projects worth \$17 million that were considered multi-state.

Senator IAN MACDONALD—If you add those together with the base funding, tiny little Victoria seems to have done pretty well. Big Queensland and big Western Australia and big Northern Territory, they are the states where there are, some would say, parochially perhaps, but I think a fair observer would say the real natural resource management issues are in those bigger land area states, and yet they seem to have done relatively poorly. I have done the analysis on the amounts delivered north of the Tropic of Capricorn, and the percentage there, even if you add in Reef Rescue, was 22 per cent for more than 50 per cent of our country. Is there some explanation of that?

Mr Thompson—There would be two things, and Michelle Lauder may wish to add to them.

Senator IAN MACDONALD—Sorry, could I just add, my analysis was done on an annual basis, so where it was a three year grant, we have divided it by three to get an annual basis, on average, and we find what I said before. Sorry, Mr Thompson.

Mr Thompson—There are two significant factors to be taken into account. One is, as Michelle Lauder has mentioned, the extent to which the issues in that area are of national significance, and that was how the base was done. One of the other factors that was taken into account in determining the base funding was the not resulting in too much of a dislocation from past levels of funding, recognising that some states have capacity, regions and bodies able to deliver projects. So rather than reduce a state that was delivering quite effectively by a lot of money it was reduced by a bit to enable some others to go up. If we look at comparisons between years, when we are adding things like Reef Rescue, Queensland is receiving significant funds. And the other factor that drives the open call is the quality of projects and the capacity of the projects. And I think in the case of Victoria the quality and capacity of the regional groups and the Landcare groups and the like in Victoria, who have been in existence for a long time, have historically been quite high and they have got capacity to deliver, so it is the combination of those things.

Senator IAN MACDONALD—So it is not what is needed, it is how good you are at writing out a submission that gets the success.

Mr Thompson—It is both, Senator.

Senator IAN MACDONALD—That seems an odd way for the national government to distribute funds.

Mr Thompson—No, we allocate money against the extent to which they could address an important target. So the extent of the problem is taken into account, but also the design and capacity of the project to deliver against that target. We do not look at it on a state basis. We look at the quality of the project and some states come out as very good projects.

Senator IAN MACDONALD—Not me, but a cynic might say that the bulk of the money has gone to those states which have state government-run natural resource management areas like catchment management authorities which are state instrumentality versus the states that have community groups running it and, perhaps, are not quite as good as putting pen to paper as the state governments, most of whom badly need the cash and would put a lot of effort into getting in a good submission that might appeal to Canberra to help alleviate some of their other financial difficulties.

Mr Thompson—Just in terms of capacity of regions and groups, it probably is fair to say that some of the groups in Victoria and New South Wales do have high levels of capacity deliver and perhaps that is because they have had state backing in the past. In other states like Queensland capacity is improving those regions which have been receiving significant money, particularly the ones in the Queensland coastal areas who have been working with us on Reef Rescue. Their capacity is as good as any other region over the country.

Senator IAN MACDONALD—I would say better, but that is a parochial comment, and I am sure the minister would agree with me these days. But, unfortunately, the minister has not been able to show bias in a parochial way, which I am sure he is not supposed to, in any case. But, Mr Thompson, you mentioned Reef Rescue. I am saying if you add Reef Rescue in, Queensland still do relatively poorly in the north of Australia where all the big issues are: Barrier Reef, rainforest, Cape York, Torres Strait, Kakadu, Pilbara, Kimberley. They seem to have got 22 per cent of the largess of the federal government, whereas the popular states in the south, which I am sure they have problems and I do not want to begrudge them and good luck to them, but it does seem to me to be an unfair allocation across the continent of Australia for managing our natural resources.

Mr Thompson—As we said, the process is driven by a range of factors; quality of projects, extent to which they approach the targets and outcomes that were agreed by the government. We are proposing and have

commenced some preliminary work on a review of Caring for our Country, which I think the stakeholders are all aware of.

Senator IAN MACDONALD—Yes, I want to come to that.

Mr Thompson—And some of these sorts of issues about the effectiveness of the program and the balance of effort across different areas will, no doubt, be something that people will be providing advice and commentary to us on.

Senator IAN MACDONALD—We will come on to that. But if it is the quality of the project and the quality of the submission, can I ask you what the solution might be for those who did not have quality projects or quality submissions? Perhaps they should slip down to Victoria and borrow some of their pen-pushers to put in a better submission, should they?

Mr Thompson—One of the things we do work with the regional bodies on is encouraging knowledge-sharing between groups on how to design good projects, how to deliver good projects, how to report against them. And the regional groups do learn from each other and there is funding in there for things like knowledge-sharing and annual knowledge workshops where all those regions get together and work on projects. One of the examples in Queensland which you may be familiar with is the regional groups operate as a consortium sometimes to actually help the weaker groups with their capacity and their ability to run good projects and good programs. And we see some of the knowledge and skills that those regions that have got universities and very strong boards working with the ones in the less populous areas. And we also use our facilities to help them.

Senator IAN MACDONALD—Burdekin Dry Tropics has a university and quality staff and, I have not heard from them, but to my calculations they have done not terribly well, so I do not sort of accept that. And, again, Mr Thompson, I am no expert in the field, I hasten to add, but I do know, and I know Queensland because that is where I come from, that some of the people involved in natural resource management in Queensland are second to none. These are people with PhDs in some areas, but in other areas huge on-the-ground experience and I find it just a fraction disturbing that the allocation of funding on the broad seems to be a bit unfairly done. How much longer, as things stand at the moment, is this same arrangement going to continue?

Mr Thompson—The current program and arrangements for Caring for our Country have forward estimates and targets and outcomes set until 2012-13.

Senator IAN MACDONALD—And there will be another funding round next year, but not for base funding. I assume the allocations this year are for the balance of the program. Is that correct?

Mr Thompson—The base level of funding for regions will, essentially, as you say, be unchanged. Most of them have now committed, or will have committed, the total allocation by region for the last two years of the program. I think there is one of two where there might be some new approvals of base level funding, but by and large 90 percent has been allocated. There is a competitive one still open.

Senator IAN MACDONALD—You see, I am concerned that places like Corangamite, and bless their souls, I could imagine why the government would be fairly keen on Corangamite just at the moment, but they get \$5.5 million over two years. I am not familiar with the area, but I suspect that the area that they cover would be fairly small in square kilometre terms. Would that be right?

CHAIR—I would not like to walk it, Senator Macdonald, if that is what you mean.

Senator IAN MACDONALD—I would rather walk it than walk the Kimberley one, for example.

Senator BACK—Hasluck!

CHAIR—I have walked Hasluck.

Mr Thompson—They are a modest size Victorian region and they are smaller than some of the larger regions in Queensland and Western Australia.

Senator IAN MACDONALD—I just make the point that Corangamite gets \$5.5 million over two years, which is \$2.75 million a year, while the Burdekin dry tropics, based in Townsville, gets \$1 million. It is a much bigger area, much bigger issues. Is there any possible explanation for that apart from the significance that Corangamite had in the last election?

Mr Thompson—I would say the issues that came into that are the nature of the environmental problems. Because the population is larger some of the threats to the environmental resource can be high. If we are

looking at sustainable agriculture there can be more farmers involved as opposed to more area involved, so a lot of area in the Burdekin but, perhaps, less farmers per hectare than in Victoria. That might be some of the key factors.

Senator IAN MACDONALD—There would not be less farms in that area, but certainly in the Southern Gulf catchments which got a tiny 672,000 for the year to cover all that area that has just been partly inundated in flood waters, that has huge mining resource issues, that has part of the gulf area and the issues there; very, very large Aboriginal populations and they seem to have got a pittance compared to what one can only assume would be wealthy Corangamite.

Mr Thompson—Some of those issues will relate, as I said, to the national responsibilities and targets in the area, and in the Southern Gulf, the problems to do with mining are not issues. I presume they are things relating to land disturbance and pollution; they are not ones that are covered by Caring for our Country, so it can vary depending on the gist of the problem.

Senator IAN MACDONALD—I guess what you are telling me—and if you went through individual things, I guess we could perhaps pin these down, but we do not have time for that—in the broad is the Torres Strait, for example, over three years gets \$2.4 million or a tiny \$822 million for Caring for our Country. Now every time I hear a government spokesman, the Torres Strait Islands are about to disappear under a deluge of water. There are other problems with incursions from New Guinea of pests, both animal and vegetable, and yet they seem to get a tiny amount compared to wealthy Corangamite. Is there something I am missing here?

Mr Thompson—In the case of Torres Strait, again, it is going back to what are the objectives of the Caring for our Country program and mitigating climate change is not one of the issues that Caring for our Country directly contributes to. It can help with adaptation. The issues of animal and pest disease incursions directly across Torres Strait are handled by our quarantine people and Biosecurity Australia. In Torres Strait, some of the issues we are dealing with there are ones related to turtles, dugongs, coastal management and working with Indigenous people to build their capacity to manage that land, and then some of that base capacity is then used in other programs.

Senator IAN MACDONALD—Mr Thompson, I guess you are saying that if I have a complaint with the national goals then I should be arguing with those who set the national goals.

Mr Thompson—What I would say is that we call for projects and we assess projects against the national goals and targets that are agreed in the design of the program.

Senator IAN MACDONALD—If the national goals and targets result in one half of Australia—that is, the northern half, which has, in my view, the most significant natural resource management issues—getting 22 per cent of the total bucket, then clearly there is something wrong with the national goals and targets. That is perhaps a comment, but if you could try to tell me I am wrong I would be grateful.

Mr Thompson—I have not got the number here in front of me, but we could give you perhaps later today a summary analysis of how much money is spent from Caring for our Country overall by those three categories you were interested in—base, Landcare and competitive components—for Northern Territory, Western Australia and Queensland. And we do have numbers for remote and regional Australia.

Senator IAN MACDONALD—No, I have done it. If you have them for regional Australia—**Mr Thompson**—Remote and regional Australia. It is all regional Australia. We have this topic called northern and remote which includes the rangelands in Northern Australia which is one of the target areas which we do track expenditure in.

Senator IAN MACDONALD—You could give them to me. I have done my own assessment and that is how I get down to 22 per cent.

Ms Lauder—The thing we could add in which would be helpful is what has previously been approved for 2010-11, 2011-12 and 2012-13 rather than just looking at what was announced this week.

Senator IAN MACDONALD—Yes, you have said that. I have the figures here over the five years and I can do the same assessment there, but I would be very surprised because in all states there are two and three year things—admittedly, in Victoria there are more three years than two years—but, just for example, Burdekin dry tropics has been allocated for one year only and that is the current year. What happens to it for the balance of the year?

Ms Lauder—Sorry, Burdekin dry tropics only got one year of funding because they chose to only put forward a one-year application, so they will apply next year.

Senator IAN MACDONALD—So they will get more next year?

Ms Lauder—Yes. It has been allocated for them, yes.

Senator IAN MACDONALD—I thought you said earlier that you had allocated through to the out years.

Ms Lauder—No, we have allocated 90 per cent to the out years, so there is still a small amount that is left for the regions that have chosen not to apply for the full amount at the moment. Burdekin would be one of those. I had thought all of the Queensland regions had applied for all of them but possibly Burdekin has not. They still have—

Senator IAN MACDONALD—Burdekin, according to your figures—

Ms Lauder—\$2.6 million that they have not sought allocation for and—

Senator IAN MACDONALD—Yes. They are the only ones that have not, according to your—**Ms Lauder**—Cape York is the only other one.

Mr Thompson—Senator, why I would like to give you those figures if we have them—and maybe you are working from some slightly different numbers to us, or only for one year—is because the numbers I have for the value of the approvals that have been made by ministers to date in total by jurisdiction, in total over the five years of Caring for our Country, is that Queensland has got \$391 million in total—that is everything—and that is the single highest state allocation.

Senator IAN MACDONALD—Tell me the others.

Mr Thompson—New South Wales, \$282 million; Victoria, \$196 million; Western Australia, \$152 million; South Australia, \$120 million; Tasmania, \$86 million; ACT, \$5 million; Northern Territory, \$60 million; and there is \$400 million in that category called multi-jurisdictional. That probably includes things like cattle, which is across four jurisdictions.

Senator IAN MACDONALD—So you have those figures—and I would appreciate if you could give them to me—in the break-up by the year and for the balance of the program that are allocated.

Mr Thompson—Yes.

Senator IAN MACDONALD—Could I just clarify something? Under the open call successful projects—Landcare, there are a couple of projects observing fishery interactions for threatened endangered protected species. How does that come into Landcare?

Mr Thompson—In the broad sense, Landcare works with primary producers who are trying to adopt sustainable practices and that fisheries one is treating the fishing industry as a primary producer trying to undertake fishing in a sustainable way. I think we have talked before about the interaction of targeted fishing operations and their interaction with wildlife being one of the key issues that the fishing industry are trying to avoid. It is a little bit like the farmer and how they use their land; this is about a fisherman and how they use their resource to minimise environmental impact.

Senator IAN MACDONALD—Okay, so the Landcare title is strictly—

Mr Thompson—That is Landcare in the broad.

Senator IAN MACDONALD—Okay. I have no objection to—

Mr Thompson—We do not wish to exclude fishermen from a program of this sort.

Senator IAN MACDONALD—No, and I am glad that you have included them. I am just a bit confused as to why it is called Landcare when it is clearly sea care or fish care. Nothing turns on it?

Mr Thompson—Nothing turns on it. It is Landcare of the sea.

Senator IAN MACDONALD—Okay. One of the successes of the NHT Landcare program was the engagement of local and regional stakeholders in decision making and their increased commitment to funding leverage from non-Commonwealth sources. That was always one of the great benefits of it in the old days. Are you able to tell me what dollar funding or in-kind equivalent has been able to be leveraged from investors such as state and local governments, land owners and land managers, industry and community groups in providing Caring for our Country/Landcare funding over the last three years? Is that possible to get?

Mr Thompson—We would not be able to give you an overall figure for that because that is not something we collect on a regular basis. It would be something which—

Senator IAN MACDONALD—I have asked you this at practically every estimates though, and you have attempted to—

Mr Thompson—We do have some of the amount of money that some other bodies have put in, but it is not a comprehensive analysis. Because we do not control other people's budgets it can be a hard number to get a consistent number on, but the indications from the case studies we have looked at we get through from some of the ones in—in Victoria they have talked about a multiplier of between four-to-one and six-to-one, and I think there is about a two-to-one that we have got out of some of the Reef Rescue type investments.

Senator IAN MACDONALD—I am told, and would you agree with this, that the trend is clearly downwards from leverage from other sources—that is, these groups are more and more relying on the Commonwealth, less and less are they able to leverage funding. One of the reasons, they tell me, is they are competing with people they used to collaborate with. I am told that the trend is downward. Would you agree, disagree or do not know or take it on notice?

Mr Thompson—We would have to take any sort of answer in that space on notice, but we have no comprehensive information to say whether it is upwards or downwards. We have heard anecdotally, and it has been observed—it is not a secret—that in some states some of the state expenditure has shifted from area to area.

Senator IAN MACDONALD—Dried up.

Mr Thompson—But what amount of money groups have been able to obtain from the private sector or from landholders, I could not say, other than we have seen some quite good examples developed in some places of regional or large Landcare group engagement with the private sector for contributions to projects. There has been some work in Queensland with Coca-Cola, and there is some work in other states with agribusinesses operating at the regional level.

Senator IAN MACDONALD—Mr Thompson, you talk to the same people I do. You would have heard a general comment that it is more and more difficult to get other funding apart from the Commonwealth.

Mr Thompson—I have heard that general comment, but I do not have strong evidence.

Senator IAN MACDONALD—You would be able to get the state government funding, because this is what I have asked for in previous years, and if you could update what I have asked previously, as to what is your latest information on contributions that the various state governments have contributed. Originally, when this all started with NHT it was supposed to be dollar for dollar as I recall. I am quite sure it is not that now, but I am just wondering if you can get for me the contributions by the state, appreciating that in many instances you will have to get that from the various state departments, and that is no easy task either. I accept that. But if you could—

Mr Thompson—We can take that on notice. We will attempt to get what we can from the states.

Senator IAN MACDONALD—There is a review and reform supposedly of arrangements for the NRM, which you mentioned before, and there is to be a mid-term review of Caring for our Country. Is that correct?

Mr Thompson—Yes, that is what we have spoken to stakeholders about.

Senator IAN MACDONALD—Who is going to undertake that review?

Mr Thompson—The planning for that review is at quite an early stage and so those detailed arrangements are under consideration, but we would envisage something that involved some quite solid evidence-based work and a lot of engagement, consultation and input from the whole range of Natural Resource Management stakeholders.

Senator IAN MACDONALD—So when do you hope/plan/estimate that this review will take place?

Mr Thompson—We expect to start the review shortly, in the next month or so. We would like to report next year. We have scheduled a stakeholder discussion on 11 November with a whole range of people. That is the sort of discussion that would contribute to the mid-term review. We will also be getting feedback on this year's business plan and any other comments they might have on the program in general. It is one of those regular type meetings we have.

Senator IAN MACDONALD—Will you be getting an independent consultant to do the review or is it going to be people from your department or people from the state departments or—

Mr Thompson—As I said, it is still quite early days in designing the review. We have not decided that yet.

Senator IAN MACDONALD—So that is not certain. Can you, on notice, give me a list of the stakeholders you will be consulting, if that has been done yet, even in broad terms, for example, ‘All Landcare groups in New South Wales’.

Mr Thompson—In broad terms we would be consulting with as many people as possible who have an interest in this space. We can sort of give you that broad categorisation, but we do some of these reviews now by saying, ‘Put your comment on the web page’, type thing, so we would be quite keen for people who are not necessarily on our mailing lists to identify themselves and make a contribution. We are after the broadest range of input as possible.

Senator IAN MACDONALD—Is it correct that you already have a document entitled *Australia’s NRM governance system: foundations and principles for meeting future challenges*, prepared by the Australian regional NRM chairs? You have got that?

Mr Thompson—We have been provided with a copy of that document, yes.

Senator IAN MACDONALD—I have had a glance at it. It presents, perhaps for the first time, what seems to be an overarching NRM strategy and policy framework which seems to me to reflect the expertise and experience of on-the-ground regional practitioners. What sort of emphasis or relevance will that document, coming from all of the NRM chairs—a pretty wide and experienced and talented cross-section of Australian people in this area—be given in the review process?

Mr Thompson—As you say, it is a document based on a very comprehensive set of experiences and literature. It is a document that we would be certainly taking into account in the review. The group putting it together did consult with us quite a number of times while they were putting that document together, and so we are familiar with it and it is something that sums up a lot of academic work in the field as well. So, yes, it will be a quite useful and significant input to any review.

Senator IAN MACDONALD—And you are aware, I know, of the Senate inquiry into this and the Senate report, which I am aware that you have, which was written after a lot of evidence had been heard by the committee. Will that be taken into account, the conclusions of that?

Mr Thompson—Yes.

Senator IAN MACDONALD—I have heard a rumour, and it is only rumour, that this farcical Regional Development Australia—that is my terminology; you do not need to agree with that—is going to be incorporated into the Caring for our Country NRM groups. Is there any veracity in that rumour or is it—perhaps that is not the right way. Perhaps I should be asking you has the department done any work to incorporate Regional Development Australia within the Natural Resource Management groups? That is perhaps a better way to ask.

Mr Thompson—No. I am aware that there has been some discussion amongst some of the NRM stakeholders about what is the possible relationship between Regional Development Australia and NRM groups and my understanding of where the government is at on how it is doing its regional rollout is some of the detail of that is still being worked through. We have not done any work about subsuming regions within RDAs or anything of that sort.

Senator IAN MACDONALD—Regional Development Australia is a creature of the regional development ministry, whatever it is called these days, it keeps changing. This program of Caring for our Country has been administered in the early days well, I might say, by agriculture and environment, perhaps not so well in recent times—that is a personal view, of course—but still, there is some expertise in the department in those areas. Does the department have a view on the sense or otherwise of incorporating Natural Resource Management goals with development goals in the region?

Mr Thompson—As I said, the department has not done any substantive work in that field.

Senator IAN MACDONALD—I would assume that if that were to happen that would come as a direction from relevant ministers or from the government, to say: ‘This is what we want to do. You departmental people from all departments, go out and make it happen.’ Is that how it would happen or—

Dr O’Connell—I think we are getting into hypotheticals there, Senator. I think Mr Thompson is clear that we have not been working with that thinking in mind. A lot of things could happen, but I do not know.

Senator IAN MACDONALD—What I am just trying to work out, Dr O’Connell, is there is no push from the department that would lead to advice to the minister saying, ‘Let’s do this.’ If it were to happen it is more likely to come from the minister down, saying—I mean, that is hypothetical. The question that is not

hypothetical is that there is no view within the relevant departments that the goals of the Caring for our Country would be better served if we somehow incorporated with that farcical group called Regional Development Australia. I should not say that.

Dr O'Connell—I will leave the commentary parts out. The basic point is that we are driving on now in partnership with the NRM regions and that is the way we are doing our work and that is the forward prop we have got for doing our work. I think that is all I can say.

Senator BACK—I just want, speaking of the north and fishing, to draw to your attention and ask you if you are aware of a proposed commercial aquaculture project to be established at the Curtin detention centre outside Derby in WA.

Mr Thompson—No, I am not.

Senator BACK—I asked this question yesterday. The Deputy Secretary for Immigration did, in fact, advise us:

... there is certainly work going into an aquaculture project that the people at the centre are in fact participating in. That centre is involved in essentially a barramundi hatchery arrangement and it involves the establishment of small ponds.

But it is interesting, because the evening before I actually asked the officers in the environment portfolio and they were not aware of it either. I was asking them: would such a project require assessment under the EPBC Act. Prior to estimates we did contact the Western Australian department of agriculture. They were not aware of it either. Would a project of that nature require any involvement with certification by, licensing by, your organisation?

Mr Thompson—Broadly speaking, no. Aquaculture is something that is administered under state legislation. Unless it triggered some matter under the EPBC Act, which is a matter for the environment department, essentially until they come to export something there probably would not be any involvement from this department.

Senator BACK—So it would only be if they were contemplating the export. It would not be if they were contemplating sale of the product into a domestic market in the north-west?

Mr Thompson—No.

Senator BACK—So it would purely be that. Good.

Senator COLBECK—So you do not have an experience or contact or feedback from the aquaculture sector about the time that it takes them to get an approval for a proposed aquaculture site?

Mr Thompson—In most of our discussions with the aquaculture sector they do raise the issue of the licensing processes that they have to go through with the states and the land access arrangements that they go through with the states and local government. That is something they raise with us but it is not something that is within the Commonwealth power to intervene on.

Senator COLBECK—So you have not had any discussions—and I know there has been work done on a national aquaculture strategy—with the industry about trying to get some sort of common approach on that. I have heard people talk about it taking up to 10 years to get an approval for one of these sites.

Mr Thompson—We have had discussions with some individual states about nationally consistent approaches and there has been some work done in Queensland to try and streamline approaches where that is possible. There is work going on through the Commonwealth-state ministerial council type of process in this area as well.

Senator COLBECK—There would be some discussions about—

Mr Thompson—There are discussions going on in that area.

Senator COLBECK—nationally consistent approaches. Okay.

Mr Thompson—Yes.

Senator BACK—It was as a result of a concern expressed by an aquaculturalist in the area that we raise this because, exactly as Senator Colbeck has said, the aquaculturalist has been frustrated for some years in his efforts to become licensed. He has then been frustrated to learn that a group, presumably with no competence, is spending Commonwealth moneys on what is a very high risk venture. That was the catalyst for bringing this forward.

Mr Thompson—As I said, I have no awareness of the exercise, but we would not normally be informed of every aquaculture development as it happens.

Senator COLBECK—Perhaps you are not the right agency and Senator Ludwig will certainly tell me if that is the case. Would there be any difference in approval processes for such a proposal on Commonwealth versus state privately held land?

Mr Thompson—I am not familiar enough with the relevant legislation relating to aquaculture to know.

Senator COLBECK—I do not think it is necessarily an aquaculture thing. I think it is a Commonwealth planning-type approval thing and, perhaps, even in transport tomorrow we might get—

Dr O'Connell—We could take that on notice, but I think the short answer probably is that there would be a difference between state land and Commonwealth land.

Senator COLBECK—I am just thinking of some things I have come across where the Minister for Infrastructure Transport, for example, has approved a big box development on an airport site, because that is property owned by the Commonwealth.

Dr O'Connell—It is not just property owned by the Commonwealth. It is the specifics under airports, but we can provide you with what we know. I think there will be a difference in terms of the regulatory framework, yes.

Senator COLBECK—Certainly with defence bases.

Mr Thompson—We have not had any proposals that I am aware of to date for aquaculture on Commonwealth land.

Senator COLBECK—So if the Commonwealth were to be proposing something of that nature would it come to you through any form of process that exists at this point as part of the approval process?

Dr O'Connell—There is no approval process that we would be directly involved in for Commonwealth land.

Mr Thompson—It would be the department of the environment.

Dr O'Connell—The department of environment, it could well be.

Senator COLBECK—You may be asked for some advice?

Dr O'Connell—Possibly, but not essentially. I guess that would be the point.

Senator COLBECK—You have not been asked for any advice on the management of such a facility?

Dr O'Connell—Of the case in point I do not think we have had any engagement at all.

Mr Thompson—No.

Senator COLBECK—If the Commonwealth is going to run one I would have thought yours would be the department they would come to to ask for such advice or outsourcers?

Dr O'Connell—Or possibly a state government that is also engaged with the aquaculture. I do not know what the basis for the arrangement is; how big it is or how commercial it is; whether it is—

Senator COLBECK—Three ponds, is that right, Senator?

Senator BACK—Ponds; they have not specified—

Dr O'Connell—So it depends how big this is and whether it is at a recreational level or a commercial level. I have no idea. So I think probably we would need to know more about it before we could sensibly comment on it.

Senator COLBECK—Thank you.

Senator IAN MACDONALD—Where would we ask about programs involving weeds?

Mr Thompson—Here, Senator.

Senator IAN MACDONALD—Can you just bring me up to date on what weed programs we do have at the moment?

Mr Thompson—Two broad programs, Senator. A range of weeds are addressed under Caring for our Country. In total, I think, we have committed around \$45 million out of Caring for our Country to date addressing the weed problem.

Senator IAN MACDONALD—So that goes out as part of the national goal allocations to the various NRMs?

Mr Thompson—Yes, to various people, so that is work on the ground. And we have also now established the National Weeds and Productivity Research Program operating out of the Rural Industries R&D Corporation to do research into better methods of weed control.

Senator IAN MACDONALD—So that is replacing the old CRC for whatever it was called?

Mr Thompson—It is not replacing it, but it is doing some work in that same area, yes.

Senator IAN MACDONALD—There is no CRC in the weeds area anymore, is there?

Mr Thompson—There is no CRC for weeds now. No.

Senator IAN MACDONALD—Okay. And can you just tell me the funding for that research work?

Mr Thompson—\$15.3 million over four years.

Senator IAN MACDONALD—Okay. We are not going to get a lot done for that, are we? Are you aware—and perhaps if you cannot help the minister might be able to—of any election commitment on weeds?

Mr Thompson—There were two election commitments on weeds. One was the \$15.4 million for the National Weeds and Productivity Research Centre.

Senator IAN MACDONALD—So that is a new program?

Mr Thompson—That is a new program. And the other one was for some research on fireweed.

Senator IAN MACDONALD—How much is in that?

Dr O’Connell—Just to clarify those, the research centre was a 2007 election commitment, so it is an election commitment that has kept on from the—you are talking about this current election?

Senator IAN MACDONALD—Well, I was.

Mr Thompson—Both of those were two 2007 election commitments.

Senator IAN MACDONALD—So nothing new this time.

Mr Thompson—Nothing new this time.

Senator IAN MACDONALD—Okay, and where are both those at?

Mr Thompson—As I said, the weeds and productivity research centre is established within Rural Industries R&D Corporation. The first tranche of projects was worked on by the department and they are happening, and Dr Troy can provide a bit more detail on that. The fireweed research program was to look at the development and application of methods to control fireweed, which is a weed emerging in coastal areas. A tender has been let for that work to take place. I think it is with a researcher from the University of New England.

Senator IAN MACDONALD—Okay. Can you tell me how much of the Caring for our Country fund that—I assume, the national goals—was earmarked for weeds?

Mr Thompson—The way the Caring for our Country is established, it does not actually earmark money for weeds. Weeds is supported insofar as that contributes to other targets like addressing biodiversity decline or assisting with sustainable agricultural practices. And I think the number is correct. About \$45 million over the last three years has been announced as contributing to weeds and pest animals.

Senator IAN MACDONALD—In allocations to NRM groups?

Mr Thompson—NRM groups, landcare groups, farmer groups.

Senator IAN MACDONALD—Okay. And those groups have always done work in their regions, in their localities, on weeds: that is correct?

Mr Thompson—Yes.

Senator IAN MACDONALD—That has always been part of their business plan. There used to be—your department used to administer—a \$40-odd million separate program for weeds. That has now finished, hasn’t it?

Mr Thompson—I think that was the Defeating the Weed Menace R&D Program.

Senator IAN MACDONALD—That is it, yes.

Mr Thompson—That one has now ceased. I should add that, in addition to the \$45 million that we know was about weeds, many groups do weeds as part of their other projects, and there is something like \$47 million worth of projects where weeds are part of the activity. Many groups think addressing weeds and pest animals is very important, so it becomes a significant investment.

Senator IAN MACDONALD—A final couple of questions relate to feral animals. I think we heard at the previous election there was some silly amount allocated for camels, or something, wasn't it? How is that program going?

Mr Thompson—I think it is around \$19 million that has been allocated for camel culling across Central Australia, targeting camels that are causing particular problems for important areas. The program has commenced. It commenced last year and is running on track.

Senator IAN MACDONALD—So how does it operate?

Mr Thompson—It commenced last year and is running on track. It started at quite a small level, but it should be at a larger—

Senator IAN MACDONALD—But how is it operating? Does it go through NRM groups or is there a contract?

Mr Thompson—It was a project put out to tender and it was won by a group called Ninti One, which is the commercial arm of the old Desert Knowledge CRC, and they are still continuing to run it. They have a board that is a consortium of environmental groups, science and agricultural interests, and they are running the project on our behalf.

Senator IAN MACDONALD—Is this the one Fred Chaney runs?

Mr Thompson—I have not seen his name associated with it, but he may do. It operates out of Alice Springs.

Senator IAN MACDONALD—Alice Springs, yes. I think that is it. And so that is a three- or four-year program?

Mr Thompson—It runs through until four years—in 2012-13 it should be completed.

Senator IAN MACDONALD—Apart from that with camels, and apart from Caring for our Country funds and the particular NRM groups, is there any national government program relating to feral animals, particularly pigs?

Mr Thompson—It is a significant part of Caring for our Country and a whole range of things. And pig control, for instance, crops up under World Heritage because it is from protection of the World Heritage sites up in Cape York and the like—from pigs to turtles. But the only other program outside of Caring for our Country—and Caring for our Country is quite significant, with \$1½ million for the biological control of rabbits and \$2 million for supporting the Weeds of National Significance and \$9 million to try and keep foxes out of Tasmania, and then work that was put into cane toads, plus there has been work on ants and rats on various islands. The department still runs through ABARE-BRS the small pest animal mitigation program, which is about developing best-practice methods of feral animal destruction.

Senator IAN MACDONALD—And you mentioned Heritage in relation to, again, pigs in the World Heritage areas. As far as you know, they do not have funds from the heritage area for those sorts of works, do they? It is only part of Caring for our Country.

Mr Thompson—They would be able to give you more detail about that. That would be a question you would have to ask the environment department. But there is funding within Caring for our Country for addressing World Heritage and iconic environmental sites, and pest animal control is one of the important measures of protecting those sites.

Senator IAN MACDONALD—And finally, is the ghost nets program still being funded through this Caring for our Country program?

Mr Thompson—Yes it is, and it is still being delivered through that consortium of the Northern Australian Indigenous Land and Sea Management Alliance, involving Queensland, the Northern Territory and Western Australia.

Senator IAN MACDONALD—It was being done through the Northern Gulf NRM.

Mr Thompson—They are involved too. It is a consortium of the regional bodies and that Indigenous organisation that runs across the top of Australia.

Senator IAN MACDONALD—Okay. That is all I have then, thanks, Mr Chairman.

CHAIR—Thank you, Senator Macdonald. Are there any further questions before we go to fishing? Thank you.

[3.48 pm]

Australian Fisheries Management Authority

Senator IAN MACDONALD—While the change of staff is happening, could you, perhaps, Mr Thompson, on notice just indicate how many Environment staff can identifiably be allocated to Caring for our Country. Is that possible?

Mr Thompson—That is possible. We will take that on notice.

Senator IAN MACDONALD—I am really after you going back a couple of years so that I can see whether you are increasing your involvement or decreasing it, and whether Environment is doing the opposite, or whatever.

Mr Thompson—We can give you those numbers.

Senator IAN MACDONALD—Okay, thank you.

CHAIR—Right, who wants to lead the charge? Senator Colbeck?

Senator COLBECK—I just want to go back to something we touched on at the last estimates. I asked a question about staffing and resourcing. How many staff are there currently in the fisheries policy unit?

Mr Veitch—There are currently 34 staff in the branch.

Senator COLBECK—Currently 34. So that is down, I think, from 37 at the last estimate?

Mr Veitch—That is correct.

Senator COLBECK—And the reduction in numbers is due to what?

Mr Veitch—A combination of factors. We have completed a grants program and that was a terminating program. We have also had people making just normal career progression, so we have restructured some of the numbers in the branch, and we have also transferred some administrative functions to the Australian Fisheries Management Authority, particularly functions to do with Torres Strait fisheries. There were three FTEs associated with that transfer.

Senator COLBECK—So is 34 where the numbers are proposed to settle?

Mr Veitch—Yes.

Senator COLBECK—So effectively you have lost almost 20 people out of that section over the last 12 months.

Mr Veitch—Another factor going a bit further back was combining the international fisheries branch with the domestic fisheries and aquaculture branch, so that caused some of that rationalisation in gross terms, and also the structural adjustment package winding up as part of that as well.

Mr Thompson—I am not sure about the 20. Numbers go up and down a little bit as staff come and go, but my understanding is we reached a peak in fisheries combining the two areas in 2008-09 of 52, but that was when we were running a major program. Then it went to 37 and now it is 34.

Senator COLBECK—My apologies. It is an 18 person reduction. So the terminating program was the structural adjustment package that was—

Mr Thompson—The structural adjustment package and there was also recreational programs as well, all of which required considerable administrative work.

Senator COLBECK—So all the recreational programs finished as well?

Mr Thompson—No, not all of them. The ones that involved small grants have finished, but we still have some projects that we are delivering in conjunction with the Fisheries R&D Corporation in the recreational fishing. I think there are about seven or eight projects there.

Senator COLBECK—Ex-projects. Yes, I will come to that shortly. Can you give me an indication of the staffing budget for this unit. We will not go through the administrative program's budget.

Mr Veitch—\$5.16 million this year.

Senator COLBECK—How has that changed over, say, the last two years?

Mr Veitch—The previous year was roughly \$4.34 million and the year before that was \$6.27 million.

Senator COLBECK—That must obviously include—

Mr Thompson—That is not just staffing, because the numbers clearly do not go up and down proportional to staff numbers. That is the whole departmental appropriation so that would include travel and any sort of minor consultancy expenses that are funded from within the department. The travel can be quite variable from year to year because of the international commitments. Not all of the meetings are as long or as regular in one year versus another, so cost varies.

Senator COLBECK—Is there a delineation of staff between international duties and domestic and aquaculture?

Mr Veitch—We have a five-section structure in the branch now. One of those sections deals with the regional fisheries management organisations and another section deals with northern international fishing, particular illegal fishing to Australia's north, so there are those two sections. We also have two sections in domestic fisheries and aquaculture, one oriented more towards environmental fisheries domestically and the other one covering some of the structural policy issues we are looking at into the future.

Senator COLBECK—So I have missed one—there is the regional one.

Mr Veitch—And the other one is the governance and legislation section.

Mr Thompson—The governance and legislation section does a lot of the legislative work and some of that can be of domestic origin, or it can be implementing in legislation obligations from international treaties.

Senator COLBECK—So the northern and international section, who looks after the issues that we have in southern waters with managing our fishing?

Mr Veitch—That is a crossover between the regional fisheries management organisation section, international fisheries section, because of the linkage there to the convention to deal with Antarctic waters, which is led by the environment department, and also the connection into the northern international fisheries because a lot of the vessels that fish down in those waters illegally land their product up into South-East Asia, so there is a crossover there.

Mr Thompson—So the split is essentially done on function. Where it is related to an international treaty it is handled by the international people, but where it relates to actually implementing the measures, it is done by the same people who work with AFMA and other people on illegal fishing operations, including in the north.

Senator COLBECK—What has the staff turnover rate been in that division over the last 12 months?

Mr Veitch—We have had people move from the branch and people come back into the branch, so in broad terms we are probably in a situation now where we consider it reasonably stable. There have been people taking up other positions elsewhere, just the normal process of career advancement moving on to other things.

Senator COLBECK—Yes, but what would be the turnover rate?

Mr Thompson—We would have to take that on notice. We do not have a calculation ready to hand on what the turnover rate is, and as Simon Veitch just said, there have been some people who left the division to broaden their experience in one year, and then having had that experience elsewhere, have come back 12 months later. Some go to the Fisheries R&D Corporation, some to AFMA, some to other departments, and then they return to Fisheries, so we can take that on notice.

Senator COLBECK—I appreciate that. If you could give me staff numbers say from 2007 through to now.

Mr Thompson—We can give you the numbers for 2007-08. I have those here. 2007-08 was 46 staff.

Senator COLBECK—We had a discussion at the last estimates about the marine bio-regional planning process that is currently being conducted by whatever the acronym is for department of environment and whoever else they are hooked into these days. Can you give me a run-down on the involvement with that process over the last six months?

Mr Thompson—Six months takes us back to earlier in the calendar year, so—

Senator COLBECK—Give us an update since budget estimates because we did talk about it fairly extensively there.

Mr Thompson—Since budget estimates we have been working with the environment department on their engagement process with regions. We did not attend every one of the stakeholder meetings. I think representatives of AFMA did. We did attend or have some special meetings up in Queensland to get some feedback from people who had been working quite closely with the environment department on a displaced effort policy and ABARE there have been working with the environment department on socio-economic—

Senator COLBECK—Mr Glyde just pricked his attention. He knew he would come back into vogue at some stage and he is at the bottom of my page too.

Mr Thompson—And since then we have been working quite closely with the environment department, engaging with them on a process whereby they could better inform the planning process and engage more closely with the stakeholders. So we are quite closely engaged and we intend to stay that way.

CHAIR—Sorry to interrupt. We are at 4 o'clock.

Senator COLBECK—Let us break and we will continue on this after.

CHAIR—We will take a 15 minute break

Proceedings suspended from 4.00 pm to 4.16 pm

CHAIR—Thank you very much. Now, in continuance, we have the Australian Fisheries Management Authority. Senator Boswell, you have the call.

Senator BOSWELL—Thank you. I am going to ask about cost recovery. There seems to be some huge increases on licences that go far beyond the CPI. Now, Cairns Marine is one of the two aquarium permits for the Coral Sea and their contribution to the AFMA is going up from \$4,500 to \$17,000. How do you justify that? Maybe I will give you a couple of others and you can try to justify them. Also there is one particular licence out there, Eastern Tuna and Billfish Fishery, whose fees have gone from \$86,000 to \$166,000. The beche-de-mer fishery has gone up way over CPI. Can you tell me what is happening to licences in the Coral Sea?

Dr Findlay—The cost recovery in fisheries this year has actually been kept, in toto across the industry, to the 2005-06 level. That was a commitment we made to the industry back at that stage to put a freeze on our levy increases in toto. For a number of fisheries, though, we review the cost recovery as it relates to the activities that are occurring in those fisheries and change the budgets accordingly. With the first case you have mentioned there, Cairns Marine, you are reflecting numbers which reflect a current proposal to shift the allocation of the cost recovery within the Coral Sea fishery. We have gone back and had a look at our activities across the various sectors within that fishery and what we have discovered is that some sectors have been subsidising the aquarium sector and the proposal that is currently going to the Coral Sea fishery is that we better reflect what is actually going on in terms of the true costs involved in that fishery. We have seen a large increase in the Coral Sea fishery as a result of activity on there at the moment. With regard to the ETBF numbers you have quoted, that reflects a change in a number of areas. One of them is that last year we had the lapsing of the levy subsidy. As a part of the Securing our Fishing Future package there was a three-year levy subsidy.

Senator BOSWELL—Yes, I was going to ask you that.

Dr Findlay—So that has now lapsed and we are now back to full costs recovery for our fisheries. And part of that increase you have noted there is a result of that. The remainder of that increase reflects for that company a change in the proportion of the levy that they are responsible for as a result of the allocation of statutory fishing rights. We have had in the past permit systems where all permits were charged the same amount. As part of the allocation not all permit holders got the same amount of allocation and the people now pay on the basis of their allocation and those increases are that holder's proportion of the statutory fishing rights in the fishery.

Senator BOSWELL—These huge increases are occurring basically in the Coral Sea. It is well known that the Greens, and they do not deny it, are pushing very hard for a complete no-take zone. I hope there is no conspiracy theory in this that we are going to drive people out of the Coral Sea and charge them tremendous fees that they cannot pay and then ipso facto we do not have a fishing industry in the Coral Sea. You would deny that would ever happen or there is any pressure on you to increase the fees in the Coral Sea?

Dr Findlay—No, that is certainly not the driver in our case.

Senator BOSWELL—Okay.

Dr Findlay—We are recovering for the management costs incurred in the fishery.

Senator BOSWELL—You have already told me that you are getting no assistance from the government on the AFMA budget. Your assistance has been cut back.

Dr Findlay—We have had a \$1.4 million efficiency dividend for the next three years, yes.

Senator BOSWELL—So it has not only been cut back, but you will have to find an other \$1.4 million?

Dr Findlay—No, that is the cutback.

Senator COLBECK—That is for what period, sorry, Dr Findlay?

Dr Findlay—We have the deficiency dividend over the next three years as \$1.4 million each year.

Senator BOSWELL—So let me get this straight: you were given some assistance to make up on the big reduction in licence fees through the buyback to give you a chance to adjust. That assistance is not forthcoming any more—is that right?

Dr Findlay—Yes, the levy subsidy ended last year.

Senator COLBECK—What was the value of that?

Dr Findlay—The levy subsidy over the three years was a total of \$15 million.

Senator BOSWELL—Chair, I am having difficulty hearing.

Senator COLBECK—A similar amount each year?

Dr Findlay—There was a larger amount in the first year. I will get the numbers exactly right. I think it was seven, five and three over the three years—million dollars, that is.

Senator BOSWELL—The number of fishermen that you are now monitoring is down by 50 per cent, and there are going to be further cuts, I would imagine, with these areas of further assessment when the plan comes out. The first plan is the south-west, I understand, which will be out this year. But there will have to be, I would imagine, a reduction. When many of these plans with their no-take zones are implemented there is going to be a further loss of fishing licences, which will mean a further number of people who will not be required to monitor the fishing fleet. Are you making any necessary adjustments in the numbers in your workforce?

Dr Findlay—At this stage, like the fishing industry, we are not sure what the nature of the impacts will be with regard to the fishing effort in the Australian fisheries.

Senator BOSWELL—But the licences have already been reduced by 50, and they have got to be reduced even further. They have got to be. If these areas of further assessment go through and we are not successful in blocking them by a disallowance then there has got to be a reduction in the number of fishermen.

Dr Findlay—That is certainly true. Both through the securing of fishing future buyback and certainly through the previous south-east regional marine planning process we have seen a reduction in the number of fishers, and certainly the amount of effort they are applying, but that is not the only driver of our costs. In many cases catches have not decreased by very much and both catches and other elements continue to keep an upside.

Senator BOSWELL—But my point is if you are monitoring 50 per cent fewer fishermen then why do you require the same number of officers? Shouldn't they be reduced also?

Dr Findlay—The monitoring component of the costs is just one part of our cost structure. A large part of our cost structure is undertaking research and stock assessments and delivering that decision-making system through to the fishers themselves. As I said, if catches have not gone down we still need to acquire the same amount of information to support decision making on sustainable catch limits, and that still costs the same amount of money regardless of whether it is 10 boats or 100 boats.

Senator BOSWELL—I will direct this question to the minister in his new position. Minister, I refer you to that map, which you have obviously seen, where all these areas of further assessment are going to take place. Within that there will be—I think it is on the record—closures and no-take zones.

Senator Ludwig—No decisions have been made.

Senator BOSWELL—So what are you saying? Are you saying that you are not going to proceed with these areas of further—

Senator Ludwig—I am saying that no decision has been made. I think that is clear. You are saying that there has been a decision made to close, but there has been no decision made.

Senator COLBECK—There will be no-take zones amongst them. We all know that—

Senator Ludwig—It is still speculative by you. There have been no—

Senator COLBECK—Not even the department of environment are telling us it is speculative.

Senator BOSWELL—Minister, with due respect—and I know that you will try and assist both the commercial and the amateurs—it is your policy that there will be closures in these areas, and Mr O’Connell is nodding his head in agreement.

Senator Ludwig—Well, (a) it is not my policy decision, (b) it is Minister Burke’s policy decision and (c) Minister Burke, as far as I can recollect, has indicated that he is looking at these particular issues, and to date I am not aware of any decision by Minister Burke in respect of it. So I would ask you not to get ahead of where we currently are.

Senator BOSWELL—Is Minister Burke contemplating overriding the previous minister?

Senator Ludwig—You might want to go to that committee and ask the question there. I cannot speak on behalf of Minister Burke. I can only indicate what I know to date.

Senator BOSWELL—Actually, I am at the right committee, because you are the person who is representing Mr Burke in this.

Senator Ludwig—No, I am representing myself.

Senator NASH—Senator Conroy is now representing Minister Burke I think, isn’t he?

Senator Ludwig—Yes, I think that is right.

Senator BOSWELL—You are representing yourself in the capacity of being responsible for these closures or whether these closures are going to take place.

Senator Ludwig—There are no closures to date. Minister Burke has the decision within his portfolio. It is certainly not within DAFF’s portfolio. We have got the rest of the week. I think that particular department was on yesterday, but you certainly can put questions on notice this week to that department.

Senator BOSWELL—I will put the question on notice now.

Senator Ludwig—No, not here; you would have to put it to the relevant committee. You could do that through your staff or through your office through to the relevant secretary of that committee.

Senator BOSWELL—Can you help me, Minister?

Senator Ludwig—I am trying to.

Senator BOSWELL—At the table are all the representatives from the Australian Fisheries Management Authority. They will have to implement this decision if it is made.

Senator Ludwig—There is no decision.

Senator BOSWELL—There is a decision, but what you are giving now is huge hope to the amateur fishermen that the decision about closures has not been made. They are going to be overjoyed—

Senator Ludwig—I think you are spreading the misinformation at this point in time.

Senator BOSWELL—No, I am not. You just said it. You said not decision has been made. There was a decision that there would be no-take zones, and now you are saying there may not be. When that gets out—

Dr O’Connell—It is my understanding that there has been no decision by Minister Burke or his predecessors on specific closures. There are areas which are being assessed for potential protected areas, but there has been no decision made, either in the large scale or down specifically to what would be the particular classification under the reserve scheme. So it is premature to be talking about decisions.

Senator BOSWELL—There has been no specific decision made as to where the closures will be in these areas of further assessment, but there has been a decision that there will be closures. They have not been designated.

Senator Ludwig—Could you point to that?

Senator BOSWELL—I probably can point to it.

Senator Ludwig—It would be helpful for the committee. You say something that we seem to contest, and we contest on the basis that you are asking the wrong department. But, substantively, if you have a decision that you are relying on, I think it would be helpful if you made it available to the committee.

Senator BOSWELL—I certainly will make it available. My office will be monitoring this committee hearing, and I hope that they will get it up to me. Let must just continue. What I am going to ask you, leaving that aside, is: are you finding, Mr O'Connell, that people are finding it hard to meet these increased fees? Dr Findlay is perhaps the man to ask.

Dr Findlay—Yes, we have. We have had eight concession holders surrender their licences this year for a range of reasons, among those quoting the increase in fees this year. On the issue of fees, I should point out that I mentioned right at the start that we are under a fixed cap and, while some individuals had their fees increased, there is a commensurate number of individuals also seeing their fees go down this year as part of making sure that people are paying for what they are getting.

Senator BOSWELL—So you have already had people turn their licences in, saying, 'We cannot meet the cost.'

Dr Findlay—That is one of the reasons they are providing, yes.

Senator BOSWELL—Are you giving them any leniency in saying, 'Well, look, 10 per cent down or 20 per cent now,' in paying?

Dr Findlay—Yes, we enter into arrangements to pay and we have quite a flexible arrangement in terms of how people can pay their levies over the year. If people can indicate to us their willingness to pay, we are quite willing to enter into agreements to pay over an extended period, in some cases into the following financial year, to give people more time to get the money together.

Senator BOSWELL—Are there any other instances, in the Commonwealth Fisheries, where increases—and I have nominated a few—are clearly above CPI?

Dr Findlay—I am not aware of anything. That is outside my area.

Senator BOSWELL—Well, whose area is it in? The question is relatively simple. I have given you some instances in the Coral Sea where the fisheries have gone well above the CPI. Now, I am asking you: have you got any other instances where the CPI has been exceeded?

Dr Findlay—Could I just get clarification? Are you talking about fisheries or more broadly?

Senator BOSWELL—Yes, I am talking about Commonwealth fisheries.

Dr Findlay—We have had a number of Commonwealth fisheries where there have been increases in the levy this year.

Senator BOSWELL—Above CPI?

Dr Findlay—Above CPI, yes.

Senator BOSWELL—You probably would not be able to give them to me now.

Dr Findlay—We might be able to.

Senator BOSWELL—Would you?

Dr Findlay—I will just check with my colleagues.

Mr Perrott—If we are referring to the 2009-10 financial year, which saw the lapse in the levy subsidy, that meant there were a number of increases across fisheries that financial year. There were some increases above CPI. I can read through them if you like.

Senator BOSWELL—Good, thank you.

Mr Perrott—The Small Pelagic Fishery increased by 28 per cent; the Coral Sea Fishery by 16 per cent; East Coast Deepwater Trawl 31 per cent; gillnet, hook and trap sector of assessed fisheries, 57 per cent; the Commonwealth Victorian shore trawl was 248 per cent; South East Trawl sector 12 per cent; Heard and McDonald Islands 72 per cent; Macquarie Island 93 per cent; Bass Strait Central Zone Scallop Fishery 178 per cent; Northern Prawn Fishery 54 per cent; North West Slope Trawl Fishery 30 per cent; Southern Squid Jig Fishery 61 per cent; Southern Bluefin Tuna—

Senator COLBECK—Is there a chart or something that you could provide to us so that we could see this, rather than—I mean, it would be valuable information for us to be able to sit down and have a look at, at some

point in time. So if you were able to provide that, I would appreciate it. I do not know whether Senator Boswell is after it, but it was something I was going to come to later. I would appreciate that.

Mr Perrott—I do have the detailed calculations that show all the different movements and the costs between the two financial years.

Senator BOSWELL—Thank you for that. And I would like to get that policy position where the government has made the announcement that there will be no-take zones in the vast networks of marine reserves now being planned right around the country. The minister has challenged me to produce it. I will go and get it, and I would like the opportunity to present it to the committee.

Senator COLBECK—On the three-year levy subsidy: that came in, in 2007?

Mr Perrott—The 2006-07 financial year, Senator.

Senator COLBECK—Yes, so that came in as a result of a specific restructure process?

Dr Findlay—Yes, as part of the \$220 million Securing our Fishing Future package.

Senator COLBECK—So that was applied nationally and the result of removing that is—so what was the impact on fees at the time that that package was brought into place? Was there a commensurate reduction in fees at that point in time?

Dr Findlay—The \$15 million over three years was used to offset what would otherwise have been charged to the industry, in recognition of the fact that there fewer fishers to pay. Part of the intent of the Securing our Fishing Future package was to deliver a higher profitability for those fishers that remained, but that was not going to happen overnight. And so their ability to pay was constrained in the short term, but they were told right upfront that the Securing our Fishing Future package levy subsidy had a limited life of three years.

Senator COLBECK—You say that the levies are paid on the basis of allocations; so, based on how much quota, effectively, that they are allocated—that is correct?

Dr Findlay—Yes, in those fisheries where we have statutory fishing rights, the fees are calculated on the percentage holding of the statutory fishing rights within each company. I mean, other fisheries—

Senator COLBECK—So, effectively, you work out what the overall statutory fishing right is, and then divide it by the—

Dr Findlay—The bill.

Senator COLBECK—various percentage. So you work out what your costs are for that fishery, to administer it. And that includes research and stock assessment?

Dr Findlay—That is right—among other things, yes.

Senator COLBECK—And then they pay a fee to hold that licence, regardless of their return.

Dr Findlay—That is right. So it is not linked to profits.

Senator COLBECK—It is not linked to profits; okay. And of course, the other problem that you face is that, in the circumstances where someone has returned a licence, one of the reasons for which might be that they are unable to meet the fees—one of the reasons—that reduces the number of people again in the pool, and their expenses increase proportionately because of the one that has dropped out.

Dr Findlay—That is right.

Senator COLBECK—What happens to the resource on the licence that might have been returned?

Dr Findlay—The TAC for the future year would be divided by a smaller number of statutory fishing rights—sorry, total allowable catch limit—

Senator COLBECK—I understand.

Dr Findlay—would be divided by a smaller number of holdings, so they would each get a commensurate increase. Where a permit has been issued and then subsequently handed back, there is no reallocation of the permit in most cases.

Senator COLBECK—So where there is a statutory fishing right it will be reallocated, but where it is merely a permit it will not.

Dr Findlay—No, the statutory fishing right will, essentially, be wiped off the books, and the remaining fishing right holders will get a proportional increase in their share of the TAC.

Senator COLBECK—So that particular entity which is the statutory fishing right expires, disappears, and the proportion of the catch that is allowed will be proportionally divided amongst—based on an effort over a period of time.

Dr Findlay—No. For example, if there were 1,000 statutory fishing rights in the fishery and there were 1,000 tonnes of fish, and each statutory fishing right was previously worth one tonne, if 100 of those were subsequently handed in, the 1,000 tonnes would now be divided by 900. So each of the statutory fishing rights would get that much more next year.

Senator COLBECK—Yes, but that does not quite go—all the statutory fishing rights are not the same, though, are they? Or are they based on units?

Dr Findlay—They are based on units.

Senator COLBECK—So if you hold five units, you get that proportion.

Dr Findlay—That is right, and you pay that share.

Senator COLBECK—So that deals with the effort proposal; okay. So, effectively, in regard to the efficiency dividend, your revenue is decreasing by \$1.4 million every year.

Dr Findlay—\$1.4 million each year for the next three years.

Senator COLBECK—So it progressively goes down by \$1.4 million. I assume there is a policy process that has been gone through at some stage where you are 100 per cent cost recovered. What time does that date back to?

Dr Findlay—We have a cost recovery impact statement which we are required to review every five years. Actually, the minister signed off on the revised CRIS—the cost recovery impact statement—on 30 September. As part of that process, we go through a review of the services we provide and, within that, what should be paid for by government and what should be paid for by the industry underneath the broader cost recovery requirements of the act. That material is also submitted via Finance, following quite a detailed consultation with industry, before finalising the actual position on the CRIS.

Senator COLBECK—So we are, effectively, starting a review of that cost recovery process with the signing off of the cost recovery impact statement by the minister?

Dr Findlay—Well, that ended the five-year review, the—

Senator COLBECK—That ended the process?

Dr Findlay—Yes.

Senator COLBECK—Was there any change in that process to the proportion of your costs that were funded by government?

Dr Findlay—Yes, there were. There are changes in a number of areas. In total, the change—

Senator COLBECK—Positive or negative is the critical thing, I presume?

Dr Findlay—In total, had we applied the previous CRIS to the upcoming—we are going through the levy setting process at the moment. The new levies will be set in December this year, we hope. Had we applied the old cost recovery impact statement, the bill to industry in toto would have been \$550,000 more than underneath the new CRIS signed by the minister.

Senator COLBECK—How much more is the bill to industry under the new CRIS than it was under the old one?

Dr Findlay—Sorry, how much more?

Senator COLBECK—Yes.

Dr Findlay—No, it has actually reduced.

Senator COLBECK—Okay. That is a real good answer. By how much? You do not know yet?

Dr Findlay—By \$550,000.

Senator COLBECK—So the total take from industry will be reducing by \$550,000 from what it was in the previous—

Dr Findlay—No, the total collection from industry this year is capped to the 2005-06 level plus CPI. Had we applied the previous calculation—

Senator COLBECK—That is what I was trying to get at—

Dr Findlay—the bill would be more than that.

Senator COLBECK—Were the fees still going north or south, effectively? They are still going north but capped at CPI—

Dr Findlay—CPI, yes.

Senator COLBECK—from 2005-06. That is cumulative CPI from 2005-06?

Dr Findlay—No. We have been frozen for the last few years. This is the first year that we have actually now implemented the CPI increase, so for the last two years we were fixed and this is now the first year we will see an increase to CPI.

Senator COLBECK—So what you do is you calculate the increase in the CPI since 2005-06? From last year?

Dr Findlay—No, from this year's rates; just CPI for this year.

Senator COLBECK—Okay. I just want to make sure I get the terminology squared off.

Dr Findlay—Sorry.

Senator COLBECK—So from the 2009-10 year to the 2010-11 year, it will be CPI?

Dr Findlay—That is right.

Senator COLBECK—What functions will be supported by government that were not supported by government previously?

Dr Findlay—Sorry, what was that question again?

Senator COLBECK—What functions of AFMA will be supported by government that were not supported by government previously?

Dr Findlay—I will just have to pull up the changes in the CRIS. It is quite a detailed on and off type calculation. The key changes are in a number of areas, the first being compliance. The previous CRIS—the compliance activities were split 50/50 between government industry. That has now moved to 100 per cent government.

Senator COLBECK—Okay.

Dr Findlay—The other changes: compliance data collection was previously 50/50 between industry and government; it has now moved to 100 per cent industry. The cost of delivery of observer services was previously 20 per cent government, 80 per cent industry; it is now 100 per cent industry.

Senator COLBECK—It was not all wins for industry. They now pay 100 per cent of observers?

Dr Findlay—Observers; that is right. The cost of resource assessment groups was previously 75 per cent government, 25 per cent industry. It is now 20 per cent government, 80 per cent industry. The cost of fisheries independent surveys was previously 20 per cent government and 80 per cent industry, and now 100 per cent industry.

Senator COLBECK—What do you mean by the surveys?

Dr Findlay—We run fisheries independent surveys to assist us to undertake stock assessments. One of the lessons we have learnt from around the world is that if you rely solely on catch information or other information collected directly from the industry itself is that the information you have available to undertake an assessment is limited. Through the use of structured surveys we can collect more detailed information and therefore be better informed about decision making to set TACs for the following year.

Senator COLBECK—Given the concern about food security, broader concern about fish stocks, the environment, the process that Senator Boswell has been talking about maintaining fish stocks, the research that our friends at ABARE-BRS are conducting—sorry, Mr Glyde, to make you nervous again. How is it reasonable that 100 per cent of that effort goes to industry?

Dr Findlay—We have each year quite a detailed conversation with industry about how you make decisions about who is the beneficiary. There are a range of views, of course, about what the government should pay for, what the public should pay for in terms of that access—

Senator COLBECK—I am sure there are.

Dr Findlay—and industry obviously has a strong view in that equation as to other stakeholders. At the end of the day it ends up being a bit of a balancing act about some of these causes. Some of them are a little bit grey, and I have just out some very definitive numbers there but, with any particular project or any particular issue along the lines you are talking about in terms of this increasing public interest, there are always judgment calls to be made. One of the fundamental drivers that we obviously come back to is that in the absence of fishing you would not need to make some of these decisions about how to assess the impact of fishing on some of these attributes, and at the end of the day it is a public loaned resource.

Senator COLBECK—Yes, that is true but I recently saw a statistic whereby if you took away the protein provided to mankind from fishing and replaced it with pasture-grown protein you would have to clear the world's rainforests 22 times over, so there is clearly a public interest in having access to this significant protein source which provides 25 per cent of the protein provided for human consumption globally. Obviously, there is a public interest in that particular matter. For industry to be providing all of the data—yes, they have access to the resource but they are not using it all themselves. It does go to a purpose and that is to provide protein for human consumption.

Dr Findlay—Just to be clear on the figures, I suppose one of the issues here is that the government contribution through appropriations to AFMA still is nearly double what we collect through industry levies, so there is a significant government appropriation contribution here in terms of representing that public good.

Senator COLBECK—I understand that. I am just trying to get a sense of the balance. Is the CRIS a public document?

Dr Findlay—Yes, it is.

Senator COLBECK—Okay. I will have to go back and have a look at that and get some of that more detailed information. You say, I think fairly, it is a balancing act. Are we balancing it to an outcome or to what is reasonably a contribution by government or a contribution by industry? Are we saying that we will balance this so that we only increase fees by CPI from last year or are we actually doing it in a more strategic way than that? I suppose it is a five-year process.

Dr Findlay—Yes. We go through quite a detailed conversation about making those decisions but at the same time we are quite aware of the fact that we do not want to be seeing large increases and decreases in fees. That obviously makes things very difficult for industry to plan their businesses and manage their cashflow, so we certainly, when we are making decisions, are quite aware of the need to minimise change to the greatest extent possible both in total and within the sectors, but sometimes that is hard to do.

Senator COLBECK—You indicated in your answers to Senator Boswell that there was some cross-subsidisation between fisheries in the Coral Sea and that was one of the reasons for the change in the structure for one in particular. Does that mean that there are some in another fishery in that zone that would have seen relatively substantial reductions in their fees?

Dr Findlay—Across the board, we—

Senator COLBECK—Is that right or am I getting to excited?

Dr Findlay—No, not necessarily in the Coral Sea. We have had significant increase across the board in the Coral Sea, and so there has been a compounding factor of effort overall in the Coral Sea going up which has driven costs up, but within that we have also looked at the—

Senator COLBECK—Sorry to interrupt.

Dr Findlay—No. I am not helping, I am sorry.

Senator COLBECK—No, you have actually completely distracted me. We will come back to it. I just want to clarify the effort that you were talking about in the Coral Sea: did you say an increase in effort in the Coral Sea.

Dr Findlay—Increase in our management focus in the Coral Sea, yes.

Senator COLBECK—Your management focus in the Coral Sea?

Dr Findlay—Yes.

Senator COLBECK—What was the basis of the management focus in the Coral Sea? What was the driver for that? The licences in that area have been frozen for at least 12 months, so why an increased focus in that area?

Dr Findlay—For a long period of time the Coral Sea was managed on almost a set-and-forget type strategy whereby we had very low levels of effort in a very large area and, on that basis, there was a view taken—

Senator COLBECK—You mean fishing effort?

Dr Findlay—Fishing effort was very low. On that basis, there was a view taken that the risks were very low and, therefore, the management effort required to manage those risks was correspondingly low.

Senator COLBECK—Okay.

Dr Findlay—Over the last number of years we have seen an increase in people's interest in that area, both—

Senator COLBECK—There are only about nine licences out there at the moment.

Dr Findlay—That is right, it is still very small, and we still have a view that that is certainly a sustainably managed fishery with a very low risk level, but having to demonstrate that to others and collect better data through the fishery—this is a fishery where we did not always collect incredibly detailed data—we are now.

Senator BOSWELL—Which others do you have to offer excuses to?

Dr Findlay—In terms of our processes, these are export fisheries.

Senator BOSWELL—Who are you justifying your decision to—I think you said—

Senator COLBECK—The department of environment would be one, I would presume.

Dr Findlay—Absolutely; the department of environment is certainly one of them.

Senator BOSWELL—Wouldn't you think they ought to pick up the jack and jill if they want a bit more information? Why inflict that on the fishermen?

Dr Findlay—The public has a right to set expectations through legislation. The expectations were set through the Environment Protection and Biodiversity Conservation Act, which set certain standards that needed to be met in terms of demonstrating the sustainability of fisheries, and that is what we needed to meet.

Senator COLBECK—So effectively what you are doing is raising the monitoring standard that you were applying to that fishery. How do you determine what the level is? Based on the information that you require to meet certain reporting requirements?

Dr Findlay—Essentially, it is based on a broad risk assessment process that looks at the various components of the fishery and says: 'What are the risks we are facing here? What do we need to know about them to assess that risk and therefore implement management arrangements?'

Senator IAN MACDONALD—Don't we have to get further details of the base there or tonnages caught in the Eastern Tuna and Billfish Fishery, which is basically the Coral Sea area?

Dr Findlay—There are a number of fisheries which operate in the Coral Sea region, one of them the Eastern Tuna and Billfish Fishery. In this case, I thought we were talking about the Coral Sea Fishery—capital F fishery—one of our defined fisheries.

Senator IAN MACDONALD—But, apart from the aquarium trade, who fishes that area?

Senator COLBECK—There are nine commercial licences out there. There are some shark and there are a number of other species out there.

Dr Findlay—Yes. There is a line fishery, there is also a hand-collectable fishery as well as the actual aquarium fishery, and beche-de-mere.

Senator IAN MACDONALD—Do you know where those boats are based?

Dr Findlay—Yes, we do.

Senator IAN MACDONALD—Can you tell us?

Dr Findlay—Mostly in North Queensland, and mostly in Cairns.

Senator COLBECK—There are some out of Mooloolaba.

Senator IAN MACDONALD—Can you also on notice just update the licences, boats and the tonnages caught in that section of the Eastern Tuna and Billfish Fishery that relates to the Coral Sea? Is that you or AFMA?

Dr Findlay—That is us—we are AFMA.

Senator IAN MACDONALD—You are AFMA?

Dr Findlay—We are happy to do that. We have provided that in the past and we are happy to do that again.

Senator IAN MACDONALD—I knew Professor Hurry had gone. I had not realised you had taken over, Dr Findlay, in an acting capacity at least.

Dr Findlay—That is right.

Senator IAN MACDONALD—Congratulations.

Senator BOSWELL—Dr Findlay, you said you had to justify your decisions on monitoring the Coral Sea, and that you had what I think you said was a ‘set and forget’—is that the correct term, set and forget?

Dr Findlay—That was a summary of how we were managing it on—

Senator BOSWELL—Now you say you have got to monitor it further and you have got to justify your position to some people. Would those people include Pew?

Dr Findlay—We have had data requests from Pew, yes.

Senator BOSWELL—With due respect, if Pew want information, how about telling them to pay for it. They are a bunch of parasites and they should be able to—if they want you to inflict a cost to get information, then it should be exactly what you term for the fishermen total cost recovery. If they want information, you give them the bill. You do not pass the information or the cost on to fishermen. That is totally unreasonable.

Dr Findlay—I probably do not disagree with you in principle. We do have a public accountability requirement under the Fisheries Management Act and we take that public accountability quite seriously. Part of providing that sort of information is about meeting that public accountability, and so for some information—

Senator BOSWELL—This is the death to the fishing industry, a death by a thousand cuts. If Pew do not get them, the environment department get them, and it just goes on and on. You have just had these people. They are so despondent. They are just so depressed. All they want to do is sell out. This has been going around and around in circles for years and now we find Pew is inflicting more costs on them because they want some information. Have you ever thought one way for Pew to break these fishermen is to just inflict more and more costs on them?

Dr Findlay—I should say that the costs—

Senator COLBECK—Actually that is a tactic of the environment movement to do that

Dr Findlay—In this case, the cost of delivering that information is very small, and we often make judgments that the cost of recovering that cost exceeds the amount that we would charge.

Senator COLBECK—Can you give us a sense of the change in your activities that would have occurred through the increased information gathering in that particular fishery? You said it was basically a set-and-forget. So you would have been basically taking catch data and locational data from the fishermen under the previous settings. Under the new settings you would require monitors on vessels and a whole range of other things? What would be the change in the settings that you would require for the higher level of monitoring?

Dr Findlay—Part of the cost driver is the additional data collection itself and the entry of that data—so breaking it down: in the past we had groups of species, whereas now we collect information on an individual species basis. We have had to undertake a number of risk assessments for key species.

Senator COLBECK—But that sort of information would feed into the fishstocks report that ABARE-BRS would do to give an annual update on where each of the particular fisheries is at.

Dr Findlay—Yes, among other things, including our own ecological risk assessment process for all Commonwealth fisheries. I should point out that this is a fishery where, even though the volumes are low, they do take a number of high-profile species which have certainly come under significant pressure elsewhere in the world, and a number of CITES listed species—species listed under the Convention on the International Trade in Endangered Species. While at this stage we do not have concerns about our activities, that does set quite a high bar about ensuring that, when we are exporting those species, we can meet that test to say that ours are sustainably harvested.

Senator COLBECK—So it goes into the export process test as much as it does anything that might apply in the domestic market?

Dr Findlay—That is right.

Senator COLBECK—Okay. So a lot of the work is actually in the level of definition of the data, so you are getting higher definition data which allows you to break it down in a more detailed way, but then doing all that work is obviously more expensive.

Dr Findlay—That is right. And in this fishery we had very low budgets. I think that is the other issue to remember here. There are a relatively small number of holders. If you multiply it by the numbers that we have mentioned earlier on, this is still a very small budget and therefore things like even a minor observer program to go and get validated data on what is going on in the fishery does result in significant increases in costs. So the actual total cost is still quite small, but the percentage increase is large.

Senator COLBECK—Okay. While we are on observers, let's go to the camera process that you have got into place. Can you give us a sense on the durability of that and the capacity of that to actually mitigate costs in the fishery through observers?

Dr Findlay—We have had a camera program now running as a trial in the Eastern Tuna and Billfish Fishery, which was one of the ones mentioned earlier in terms of where we are seeing increased costs. We are also seeing some initial rollout in the Northern Prawn Fishery and also the Gillnet Fishery in South Australia for sharks. We have a draft cost-benefit analysis looking at the impact of cameras versus observers. At this stage, it is looking very promising. In broad terms, it looks like, for the data that is suitable to be collected by camera, it results in about 25 per cent of the costs that it would take for an observer to collect the same information, which we are very encouraged by.

Senator COLBECK—So a reduction of 75 per cent?

Dr Findlay—A 75 per cent reduction—that is right.

Senator BOSWELL—That is encouraging.

Dr Findlay—That is very encouraging. This is one of a range of methods that we are looking at to improve the cost structures for the industry, including AFMA's own costs. We are looking at things like leasing out our level 3 shared services with DAFF and at a number of other measures. One is moving to e-logs—instead of using paper logs, where we were punching data, getting fishers to move to an e-logs program—and a number of other measures where we are quite keen to get the cost down for industry. So we are working in this space and the Commonwealth Fisheries Association is working very closely with us. Obviously it is a major issue for them, as it is for us. So we are working in this space, but things take time.

Senator COLBECK—Senator Boswell is right; there has been a significant reduction in the number of fishers. There are 150 to 180 operators' licences left at the moment.

Dr Findlay—We are looking at about 360 boats.

Senator BOSWELL—Down from what?

Dr Findlay—We can get you those details.

Senator BOSWELL—Thank you. I would appreciate it.

Senator COLBECK—But then that effort, if you like, is spread more heavily on each of those, although a lot of those boats have higher TACs or unit values to actually access.

Dr Findlay—That is right. So one of the intentions of the Securing our Fishing Future package was for those fishers who are left to see a more profitable future and we are seeing that now. Even with the early results coming through, the ABARE statistics are seeing increases in profitability in the fishery. Catches are not down by the same amount. Even though we have got fewer boats they are still taking similar levels of catch to what we saw in the past and, in fact, in some cases where we have seen increased docks the TACs are now going up. So the boats are more profitable. They are catching fish sustainably. Unfortunately, some of them are having to wear a bigger share of the bill, but we are trying to keep those costs down as much as we can.

Senator BOSWELL—Have you ever heard of Professor Starke? I think he is from Townsville university.

Dr Findlay—Yes.

Senator BOSWELL—He has a different view on what is acceptable on take. Have you ever looked at his figures?

Dr Findlay—Yes, Professor Starke has provided us with a number of reports over the years and a number of comments. He has done a number of comparisons between Australian fisheries and other fisheries elsewhere in the world.

Senator BOSWELL—Is it good research?

Dr Findlay—It is a useful comparison. We undertake quite a detailed assessment. Often Professor Starke's work looks in the broad and points out the fact that we do not harvest our fisheries at the rate that some other parts of the world do.

Senator BOSWELL—Professor Starke's figures show that we have the lowest take of any country in the world. I am just going from memory.

Dr Findlay—We have the third-largest exclusive economic zone in the world and we rate about 53rd in world fisheries production in terms of volume. But it is not the lowest. The ratio is certainly low.

Senator BOSWELL—East Timor would have less or something like that. There was an interesting article in the *Australian* magazine that you would have seen this weekend. It virtually said we are pushing our imports into countries like Thailand which have a terrible record of fish management, terrible record of crew, and by closing our fishing down—and we are closing it down—we are then importing our fish from countries like Thailand, which do not have what we would consider acceptable fish harvesting criteria. Would you like to comment on that?

Dr Findlay—Back on the broader point, you have made the comment that fisheries management in Thailand and some other countries probably is not where we would want it to be for future sustainability and certainly not what Australia would run. I should also make a comment about the productivity of Australian waters. It is somewhat misleading to compare straight-out productivity of our waters versus the area of waters and some of the other analyses that Professor Starke has done. We do not have enormously productive fisheries on a world scale. That is just by virtue of the fact of our location and the nature of our waters. We became a net importer of seafood by volume for the first time last year and that is certainly something we are interested in.

I mentioned earlier one of the parts of the Securing our Fishing Future package was trying to improve the sustainability and the profitability of our fisheries. A key part of that was the introduction of a harvest strategy policy, which is actually bringing about the recovery of Australia's fisheries populations and actually increasing our harvest over time. That will take some time, but we are seeing the early results of that already.

Senator BOSWELL—So you are suggesting that we increase our harvest?

Dr Findlay—Where we can increase our harvest as a result of the recovery of previously overfished stocks, absolutely.

Senator BOSWELL—I will just make the quick observation, before I turn to the minister, that you have got to be a very, very wealthy person now to eat our premium fish. You are putting the consumption up in a range where it's only available to people on over \$100,000 a year. This was brought about by the closures and the diminishing of the fishing licences, and it is something that we should be taking on board. Minister, if I can refer back to you, you said there were not necessarily going to be any closures.

Senator Ludwig—No, I said no decision had been made. I think I said that three times.

Senator BOSWELL—Okay. I refer you to a fact sheet entitled *Marine bioregional planning: the process* from the Department of Environment, Water, Heritage and the Arts.

Senator Ludwig—You might want to table it so that we have it available to us.

Senator BOSWELL—I will read it first:

The network of new marine reserves will be designed to provide for a balance between multiple use and highly protected areas. Some areas within the future marine reserve will be highly protected, or so-called "no take" areas.

The fishing community will be overjoyed to know that there is no decision being made, because they actually thought a decision was going to be made where there would be 'no take' zones in these areas of further assessment. If I can put out a press release and say no decision has been made, that would be absolutely wonderful because they believe the department of environment's fact sheet, which said there would be.

Senator Ludwig—As I said, I would want to have a look at what that fact sheet says. What I understand is the marine biological planning process is principally, as I indicated earlier, a matter for the environment portfolio and I did indicate that clearly that you should put the questions there. Under the Environmental

Protection Biodiversity Conservation Act the department will be guided by the government policy, which is a healthy environment, which was put out during the election. And we did announce, as part of our election commitment, that the Gillard government would consult closely with fishing and coastal communities, recreational and commercial fishers, marine and tourist businesses and environmental groups to reach the right balance to ensure our marine regions remain sustainable into the future. Firstly, whatever you put out is a matter for you. You have to put your name to it. Secondly, what I would not mind having a look at is what document you have. What I have said is DAFF does not make the decision.

Senator BOSWELL—I read it out.

Senator Ludwig—I am not sure where you read it from.

Senator BOSWELL—I will show you that. It is very clear.

CHAIR—Are you tabling the document?

Senator Ludwig—It is much better if it is tabled before it is on the record.

Senator BOSWELL—Minister, I am very pleased to note that you are going to have heavy consultation. This was promised before these areas of further assessment were designated and it was not—

Senator Ludwig—As I said, it is not me who has the consultation. It is the Gillard government through the relevant and appropriate department. I am merely trying to correct the record so that the record is not incorrect.

Senator BOSWELL—I have read it out in clear English and I have tabled it.

Senator Ludwig—And I am now waiting to see what the front cover says.

Senator BOSWELL—What it says will be what I said. I hope you are not calling me a liar.

Senator Ludwig—No, I am merely holding my decision until I see what the document says.

Senator BOSWELL—Because I completely read it out and it says some areas will be designated as ‘no take’ zones.

Senator Ludwig—That is not the question I am raising. I want to know what the cover says. I want to know what the document actually is.

CHAIR—I think in all fairness, to assist you, Senator Boswell, that is more than fair from the minister. You have tabled it.

Senator BOSWELL—I have tabled it.

CHAIR—For the purposes of time, do you want to move on to some other questions or do you want to pass on to your colleagues and then come back when the minister has had a chance to look at it.

Senator BOSWELL—I will pass on to my colleagues until the minister reads it, because there is a huge expectation out there that there is going to be closures. The minister has said there is no decision being made. He has clearly said that. I have read out the document. He will, no doubt, read it himself. But what he is saying is going to hugely excite everyone that has got an outboard motor and a 16-foot boat that fishes in these areas of further assessment. If, as he says, there is no decision being made, that will be fantastic.

Senator LUDWIG—Yes. I would rather you not verbal me. You should go and have a look at the transcript. What I have said time and time again is that it is not a DAFF decision. There has been no decision made by DAFF—

Senator BOSWELL—I know you are saying there is no—

Senator LUDWIG—and I have indicated a number of times that this is the wrong committee to be asking those questions.

Senator BOSWELL—No, you are saying—

Senator LUDWIG—I have indicated to you—

Senator BOSWELL—No, you are—

Senator IAN MACDONALD—I would not do that because when you said no decision has been made, that is today. There will be a decision made next week to shut them down.

Interjector—This might make ...

Senator BOSWELL—I know that but at least there are a lot of fishing people watching this Senate on the internet and a lot of the fishing clubs are being represented—a lot of people that fish. Once you put up, it is

like a drumbeat. Once you tell someone that something is going to happen in the Senate it goes through like wildfire and—

Senator IAN MACDONALD—What I am saying is that you would not trust the Labor government to shut them down.

Senator BOSWELL—I know, but I am not saying—

CHAIR—Senator Macdonald, I do not think that is called for.

Senator BOSWELL—The minister has made a statement and the record will show what he has clearly said, and I understand it.

CHAIR—I withdraw the interjection myself. Sorry, Senator Boswell, you have the call.

Senator BOSWELL—Dr Findlay revealed something that I think. Dr Findlay, the costs of monitoring this fishing—I have another one here; I could table this one too if you like. I will just read this one out, too. This one is also from the fact sheet, *Marine bioregional planning—the process*. I have not read this so I will just read it out:

The network of new marine reserves will be designed to provide for a balance between multiple use and highly protected areas.

It is exactly the same as the one I read. I am just getting it from a different source, so the source is the same. Let us get back to Dr Findlay. Dr Findlay, I am concerned that some environmental people that want information from your department are inflicting a higher cost on the fishing industry so they can get their information. You have said Pew have asked for information. Have any other environmental groups asked for information that has incurred a cost?

Dr Findlay—We provide information on request to any number of groups.

Senator BOSWELL—I am very glad you do and I think that is your role as public servants and in fish management, but what I am asking is what groups have asked, which has incurred a cost to the fishing industry?

Dr Findlay—I would probably need to come back to you in terms of which groups have asked and, as I said, we get any number of requests each year, but I do not have those—

Senator BOSWELL—I would appreciate that being taken on notice.

Dr Findlay—Yes. Happy to take it on notice.

Senator COLBECK—I want to ask a question on this data collection. Is there anyone else collecting this data on these regions? Effectively, the only data that gets collected on, say, the Coral Sea would be the information that comes back and is disseminated by the fisherman; is it not, effectively?

Dr Findlay—It is just a question of clarification there. It depends on what sort of information you are interested in. If you are after fisheries information, of course we collect that from the fishing industry, but if it is about issues with the Great Barrier Reef more broadly, or by physical attributes, there is a whole scientific program.

Senator COLBECK—No, I am talking the Coral Sea further out. What other programs are actually looking at these areas that you are aware of? Senator Boswell, I think, implied that the fishing community are paying significant fees, they are providing all this data, and then this data is then being used, as they see it, against them in access to their fishery, particularly with organisations who have a philosophical view of the world that they should not be there anyway, and they find that a huge frustration.

Dr Findlay—There are any number of research programs that collect information and are not run by AFMA as it relates to the marine habitat of the Coral Sea. We collect information as it relates to the impact of fisheries, and people are interested in that information as it relates to helping them to make their own assessments about the likely risks from fishing.

Senator COLBECK—In respect of the marine bioregional planning process, you are obviously fairly significantly engaged with the department of environment in that process?

Dr Findlay—At the moment we have a source of data through ABARE-BRS to assist them with their planning process as it relates to looking at the places that people fish in and what they catch when they are there. Other than that, we are playing a role and assisting our stakeholders to be informed about what the

bioregional marine planning process means for them, but we are not involved day-to-day in terms of the bioregional marine planning process.

Senator COLBECK—Effectively, your involvement is on a data provision basis.

Dr Findlay—Data provision and communication with stakeholders.

Senator COLBECK—What about advice on impact on fisheries with potential spatial closures, notwithstanding any of the conversation that has just occurred between Senator Boswell and the minister.

Dr O'Connell—Senator, I think ABARE and BRS have done some work for DEWHA on looking at those issues in relation to options—

Senator COLBECK—I knew that Mr Glyde would come in handy at some point in time.

Dr O'Connell—Come in handy some time, yes.

Interjector—

Senator COLBECK—From ABARE. He has left us. If there is anyone here that can give us a hand on that sort of work—I see some nodding heads, which is great news. Dr Findlay, would you have any informational sense on what the impact on a fishery might be by a particular spatial closure?

Dr Findlay—We do not have any further information that is not in the public domain about where the areas may or may not be and what the decisions are likely to be, so not at this stage—

Senator COLBECK—You are not involved in any conversation that might be occurring about what a particular spatial closure might be?

Dr Findlay—Not at this stage. We have been involved in the broader fishing-gear risk assessments. One of the issues is how to assist the impact of different fishing gear. We certainly have been involved in that, insisting DEWHA has an understanding of those issues, but not at the moment in terms of particular closures and their likely impact.

Senator COLBECK—As a fisheries manager you would have some reasonable sense of the impact of a removal of a certain spatial closure from the fishery in terms of its impact on the sustainability of the fishery?

Dr Findlay—We undertake significant amounts of spatial management within the Australian Fisheries Management Authority. Spatial management is a very useful tool within our toolbox and so we certainly could help in that space, yes.

Senator COLBECK—If a spatial closure were to take out, say, 30 per cent of a fishery you would have a sense on what the sustainability of that entire fishery would be with the loss of that proportion of the zone.

Dr Findlay—Yes, we would have to assess the impact of that in terms of what it means for our fisheries management.

Senator COLBECK—But you have not been asked to do any of that work at this point in time?

Dr Findlay—Not at this stage.

Senator COLBECK—Which I find interesting, given some answers I heard yesterday. Mr Morris, I want to get some sense of the work and where it is at in relation to the work you are doing for the department of environment on the areas for further assessment in the various regions.

Mr Morris—Perhaps I will start off and I will hand over to Dr Begg if you want to get into further detail. At this time we have been contracted by the department of environment to look at the four areas which are potentially slated for the establishment of Marine Reserve Networks. We are looking at the south-west, the north, the north-west and the east areas. I think it is fair to say that what we have been asked to do is like an initial desktop study using existing data and information in order to provide a base of information which can then be later used for community consultation and other discussions further down the track.

So we have not done the full-blown—'Let's get out there with the communities and find out all the detailed information from them.' Rather, it is a sort of gathering of the information, what is available at the moment in each of those regions, and determining what we can on the basis of that existing data.

More specifically, we have been asked to look at the gross value of commercial fisheries production in that area, and that is one area where obviously there is some quite good information, including on where the fishing is actually occurring. What we cannot tell, though, of course, is whether, if you close off certain areas, you can move to other areas within those zones.

Senator COLBECK—And that goes back to the conversation I was just having with Dr Findlay.

Mr Morris—Yes. So clearly that would be an area that would require further work down the track. We have also been asked to have a look at the recreational, Indigenous and charter fishers as well as the fishing communities, but all we can do at this stage, on the basis of a desktop type analysis, is a limited qualitative analysis on information that is readily available. Again, we see that as an area that would require a lot more community consultation and further development if the government decided to proceed further down that track.

Senator COLBECK—What do you mean by a ‘qualitative’ assessment of data that is already available? One of the concerns that have been expressed by, say, the recreational sector is the reach into particularly the regional coastal communities, and obviously similar circumstances exist with the commercial fishing. But you are saying that the resolution of your data would not be suitable to actually get a really good handle on that—you are just using some broader stuff?

Mr Morris—It is using what is available. So, obviously, it is identifying the key fishing communities within the regions that we are talking about, the ones that are likely to be affected, as well as key areas of Indigenous activity, and identifying recreational and charter operations in those regions. So it is really doing a somewhat rough cut, I suppose, of what information is readily available so that further detailed discussion and consultation with community can then occur.

Senator COLBECK—How complete do you think your data is on identifying the players?

Mr Morris—I think it is something that really needs to be tested. For three of the regions anyway, we have done as good a job as we can in collecting that information, and I would regard it as something that needs to be tested out in the community now. On the fourth area, which is the east, we are still waiting for further information on the definite boundaries and things like that so that we can undertake that analysis. So we have three that are pretty well advanced and one that is yet to kick off.

Senator COLBECK—In each of the zones that you are looking at, are you dealing with definite scenarios or a number of scenarios?

Dr Dickson—I think we can say that this is work that has been going on now for quite some time—

Senator COLBECK—I understand that. We are regular visitors on this.

Dr Dickson—and these are just preliminary scenarios that have been asked to be tested at this stage.

Senator COLBECK—We did have—and have been having over a period of time—a relatively detailed discussion with our friends in environment about this. I got the sense, talking to the officials there earlier in the week, that, particularly in the south-west—which is the closest to being released—there were a number of options that were being considered there. Obviously none of them are final because, as the minister has correctly said, a decision has not been made yet, but there are options that are being considered. So what you have done is some broader modelling on the potential impacts of those options.

Mr Morris—Not so much modelling but rather the collection of information and data that would support discussion and future decision making. So it is very much an initial piece of work, I suppose you would say, in terms of providing the detailed information—or some information, anyway—that would be required to assist in further work in consultation.

Senator COLBECK—So, for example, in the development of a displacement policy, how would that work that you have done assist with that process?

Mr Morris—It identifies where the fishing activity is occurring at the moment. So that would assist, I presume, once the areas that might be subject to various conditions are established. It would enable a bit of an idea as to where fishing activity currently is. But, as I mentioned earlier, one issue that I think requires a bit of further examination is: is there scope for fishers to operate in a slightly different area within that region? So there are issues like that which would require further discussion with the industry and further analysis. I think it is fair to say that it is really a gathering together of the base information that is readily available in those regions—information from AFMA, from our surveys and from other sources—as a basis for the database to move forward.

Senator COLBECK—I the context of the government releasing a displacement policy—which it has committed to do prior to the releasing of the first drafts for the south-east—I am trying to get a sense of how, with the current resolution of data that you have, you can effectively design a policy that is going to—

Dr Dickson—It is probably fair to say the displacement policy which is being considered by—

Senator COLBECK—It is being developed in the other agency too.

Dr Dickson—Yes.

Senator COLBECK—I am trying to get a sense of the interaction of the work because the work BRS in particular was doing was quite important to that policy.

Dr O'Connell—I think probably the displaced policy—the policy around displaced fisheries as a result of conservation measures—is less to do with specific areas and the production elements, which is the kind of work that Mr Morris is talking about, and more to do with the principles on which there could or would be government intervention in the event of—

Senator COLBECK—Yes, I think that is a fair comment.

Dr O'Connell—But I have got to say that that is all happening in the other portfolio—both that and also the potential for putting out draft areas.

Senator COLBECK—Yes, but what we are being told in the other portfolio—and I am not trying to verbal anybody here—is that there is a lot of work that is happening, particularly out of ABARE and BRS. That is why we have got a list of questions here—to try and get assessment of how that—

Senator Ludwig—Senator, I think it is fair that you ask questions around what their responsibility is.

Senator COLBECK—That is what I am trying to get a sense of—what work they are doing. That is all I am trying to do and I will try and draw the strings together.

Senator Ludwig—The difficulty, which has now happened twice, is that the fact sheet *Fact sheet: marine bioregional planning: the process* was issued by the Department of Environment, Water, Heritage and the Arts. The statements I have made obviously relate to DAFF. If you want to ask questions in respect of their regional marine bioregional planning process, the appropriate place is to question that department when it is at estimates and not try to—

Senator COLBECK—I am not questioning that at all.

Senator Ludwig—I am answering both you and Senator Boswell, and the same applies for this: the displaced fishing policy if from the Department of Sustainability, Environment, Water, Population and Communities. It has provided the draft copy of its displaced activities policy framework to the Australian government agencies, including us, but it is ultimately their draft copy of their displaced activity policy framework. So, to the extent that both—

Senator COLBECK—What I am trying to determine is what influence this department is having on that policy. That is an important issue, because it is this agency in particular that is going to have to deal with the commercial fishery management issues on one side and, potentially, some of the impacts—not all, but some—from the recreational fishing.

Senator Ludwig—And I accept that, where we can help you, we will.

Dr O'Connell—Certainly, Senator Colbeck, what I wanted to do was distinguish the work that ABARE-BRS is doing, which is essentially just quantitative work on what is occurring in the areas that are being dealt with generally with the issues of policy. ABARE-BRS is not dealing with the policy issues at all in that area—

Senator COLBECK—No, they are providing inputs to the policy.

Dr O'Connell—They are just simply providing analytical work. Policy issues are separate and will go through the department in the normal way, but also then to ministers in order to be signed off. Equivalently, with the potential suggestions around what marine protected areas may or may not look like coming out of this, these really end up having to go to the minister—the other minister in the other portfolio—for assessment, to my knowledge. And I stand to be corrected, but to my knowledge, that has not yet happened.

Senator COLBECK—No, that is right. There has been nothing released yet, and south-west is not due for release until early December. I understand that the displacement policy is due between now and that date. I understand that. But I am just trying to get a sense of the work and the resolution of the work that is being done by ABARE-BRS and an understanding of—

Senator Ludwig—Yes. So we will not interrupt you if you ask away.

Senator COLBECK—So that is effectively where we are.

Senator BOSWELL—Doctor, you told the committee that you had to take a special look at the Coral Sea. They might not have been your exact words. Is that correct?

Dr Findlay—We have seen more activity in terms of management practices in the last few years, yes.

Senator BOSWELL—When did you start to apply the new activity? When did you start to monitor the Coral Sea?

Dr Findlay—We have always been monitoring the Coral Sea. What I have said is that we have seen an increase in the level of monitoring going on in that fishery in the last few years. That is varied by fishery. I would have to get you details on the exact—

Senator BOSWELL—When did the increased monitoring take place?

Dr Findlay—I would have to take that on notice in terms of which activities.

Senator BOSWELL—I will just refer again to the minister. Minister, you have made it clear, in this committee and in other places, that you are going to have consultation—strong consultation.

Senator Ludwig—I will say again that it is not within this department. That is a matter for the Department of Sustainability, Environment, Water, Population and Communities. Your questions should be directed there.

Senator BOSWELL—But didn't you—

Senator Ludwig—No, I did not do what you think I did.

Senator BOSWELL—I think you did, but I am not going to challenge you. I know that outside you have displayed sympathy for the fishing industry—

Senator Ludwig—If the record shows that I have made an error, then I will correct it now by saying quite clearly that these matters fall within the responsibility of the Department of Sustainability, Environment, Water, Population and Communities. The questions in relation to the marine bioregional planning and the questions in relation to the displaced fishing policy rest with the responsibility of Minister Burke, not DAFF. Those questions should be directed to that committee, and they are in a position to be able to respond to you. I understand the committee, as I think I mentioned, met yesterday, but I am sure you can still continue to put your questions on notice this week to the secretary of that committee, not in this committee. If there is any doubt about what I might have said or what I said before, that is the correct statement.

Senator BOSWELL—Obviously I have not got the *Hansard* in front of me, but I believe you came in here and said there will be monitoring and consultation with all the people involved. I will not hold you to it, because I am going from memory, but that is what I believe you did say.

Senator Ludwig—What I said was—

Senator BOSWELL—Because you got caught red-handed by the last one, you may be backtracking now. He got caught absolutely red-handed.

Senator Ludwig—What I said was the Gillard—

Senator BOSWELL—He is not being as gung-ho now.

Senator Ludwig—What I said was the Gillard government announced, as part of its election commitment, that it would consult closely with fishing and coastal communities. That remains a fact. That was an election commitment that was made. That is what I said. If you go back and look at the transcript, that is what it will show I said.

Senator BOSWELL—That is exactly what I am asking.

Senator COLBECK—He is reading—

Senator Ludwig—Yes, I know what I have read, and I have read it again twice.

Senator BOSWELL—You have just said it. There will be close consultation.

Senator Ludwig—Yes, but you put a different—

Senator BOSWELL—You said there will be close consultation.

Senator Ludwig—Unfortunately, the difficulty is you put a different spin on the words I used. You are entitled to take your own meaning from that, but I am ensuring that there is no dispute from my side of the table. If you misheard me or if you take a different interpretation, that is a matter for you.

Senator BOSWELL—I did not mishear you. I said that you said exactly what you—

Senator Ludwig—Now you are verballing me, I think.

Senator BOSWELL—You said exactly what you just read out: there would be consultation. You said that. The consultation that has been involved around areas of further assessment has been appalling. It has been one guy running up and down Queensland, having a cup of tea with fishermen.

CHAIR—I think, Senator Boswell, that is an opinion.

Senator BOSWELL—No, it is not an opinion.

CHAIR—Do you have any further questions? Senator, do you have any further questions?

Senator BOSWELL—No.

CHAIR—I know Senator Colbeck still has a couple.

Senator COLBECK—Can I just go back to ABARE-BRS. Where are we at as far as the contractual relationship with the department of the environment goes? Are we part-way through the process, based on the various stages of each of the marine bioregions?

Dr Begg—Yes. We are currently nearing the completion of three of the regions. That is the south-west, the north and the north-west. We are currently in negotiations in terms of further work beyond that.

Senator COLBECK—So that is for the east coast?

Dr Begg—Yes.

Senator COLBECK—And Coral Sea. So, for the three that you have almost finished, you would have received draft options for you to do work on, and then you have provided your calculations based on that information that you have received from the department of the environment. As I think Mr Morris said, you have not yet received any draft designs for the east coast?

Dr Begg—That is correct.

Senator COLBECK—How many options did you receive for each of the three that you have done?

Dr Begg—It has been an iterative process. It is hard to put a number on that, and it has varied between the regions. We are still working with the department of the environment on that.

Senator COLBECK—Is there more than one option still alive?

Dr Begg—I do not think any of the options have been decided yet.

Senator COLBECK—So none of the options are dead?

Dr Begg—Again, that would be a question for the department of the environment.

Senator COLBECK—Okay. I thought you might say that, but I thought I would try.

Dr O'Connell—I think, Senator, there is a serious—

Senator COLBECK—No, it is a good answer.

Dr O'Connell—I think they will not know, basically, what is alive and what is dead.

Senator COLBECK—I am not going to push. It was an attempt to get something that I did not get the opportunity or time to ask at the other hearing. We will leave that there. I will let you go until we run into you again.

CHAIR—Do we have any further questions of AFMA before—

Senator COLBECK—Yes. Do not get too excited. It is just ABARE-BRS who are escaping.

Senator BOSWELL—Mr Perrott, have you got a copy of that schedule of increased costs that you were reading out?

CHAIR—He has agreed to table it.

Senator BOSWELL—Can I get a copy of it? Can you table it and I get a copy of it, please?

Senator Ludwig—We have agreed to table it, and the secretariat should have a copy for you. They will probably take some time to photocopy it and provide another one.

Senator BOSWELL—Okay.

Senator COLBECK—I want to ask about the recreational fishing ministerial roundtable. Your predecessor, Minister, agreed to the establishment of the recreational fishing roundtable. There was a meeting organised for

19 July, but, unfortunately, Minister Burke and Minister Garrett found themselves unavoidably detained on that day and did not turn up. Is it your intention to continue with the recreational fishing ministerial roundtable, and is Mr Burke, in his new guise, prepared to involve himself in that too?

Senator Ludwig—I am not sure I have turned my mind to it at this point in time, but I will get back to you on it.

Senator COLBECK—Well, I am only too pleased to help.

Senator Ludwig—I will take it on notice and get back to you. The recreational fishers do play an important part in the fishing industry. More broadly, I have spoken to a range of groups—the Fishing Industry Alliance, if I have their name correct, and in the West I spoke to fishing industry persons. I want to take it on notice because Mike Kelly is responsible for fisheries; I want to ensure what his intentions are in respect of this—rather than commit him to something.

Senator COLBECK—I think I recall some of the recreational fisher representatives saying that they have spoken to Mike.

Senator Ludwig—Yes, so he may have already provided some feedback as to how he intends to progress, and I do not want to cut across his ability to be able to undertake the work.

Senator COLBECK—I understand that. It is, though, something that was crossing departments, so you might tell me I need to go and put that question through to Mr Burke. But it was an initiative instigated at the request of the recreational fishing sector to Minister Burke in his previous role as Minister for Agriculture, Fisheries and Forestry.

Senator Ludwig—No, it is a fair question. I just want to take the opportunity to check with Parliamentary Secretary Kelly, and then I will get back to you. If I can get back to you this evening, I will. If not, I will provide an answer prior to or at the time they are due, which is—

CHAIR—10 December, I think.

Senator COLBECK—They are all coming to town next week, so I am sure they will be very keen to know, so if you can provide me before that, they will be interested in knowing the outcome then too—just a warning.

Senator Ludwig—Have they contacted Mike Kelly's office to see if they can arrange a meeting?

CHAIR—I am sure they have. In fact, they have probably invited you to come to a function with them next Wednesday night.

Senator Ludwig—All right, just check that they have.

CHAIR—And if they have not, I might have inadvertently invited you.

Senator COLBECK—Recreational Fishing Advisory Committee, can you give us some information on the status of that group?

Mr Thompson—The Recreational Fishing Advisory Committee is still operating, chaired by Mr Llewellyn, as was the case earlier this year. It has still got work to do in the recreational fishing strategy area.

Senator COLBECK—Are we talking about the round table or the advisory committee?

Mr Thompson—There are two bodies. The round table was the meeting organised by Ministers Burke and Garrett before the election, and that has a range of people who participate. At that meeting that was held in July, David Llewellyn chaired it on behalf of the Minister, which has caused a little bit of confusion, I think. David Llewellyn also—

Senator COLBECK—Not just confusion—angst, I think, is probably another word that would fit nicely.

Mr Thompson—David Llewellyn is the chair of the Recreational Fishing—

Senator COLBECK—When was he appointed to that body? Was he in that role prior to leaving the Tasmanian parliament?

Mr Thompson—It was after he left Tasmanian parliament, is my understanding.

Senator COLBECK—So it is since March this year?

Mr Thompson—Yes. The original chair of the Recreational Fishing Advisory Council was Chris Natt from the Northern Territory and he resigned in March this year, and the minister appointed David Llewellyn. The primary piece of work that that body is doing is developing the recreational fishing industry development

strategy, and they have released the discussion paper on recreational fishing. They have undertaken consultation on that, and work to pull that together is still continuing.

Senator COLBECK—What is the status of the discussion paper?

Mr Thompson—The discussion paper has been out there for some time for public comment. A lot of comment has been received, and the advisory council is now consolidating that comment into a report that we expect them to put to government shortly.

Senator COLBECK—What is the timeframe for that?

Mr Thompson—I do not have the precise timeframe on that. We would expect it over the next two months or something around then.

Senator COLBECK—Can you advise us of the status of the funds that were remaining from that? I think we agreed last time there was about \$1.3 million remaining from the strategy. Can you tell us what the status of that funding is?

Mr Thompson—There are eight projects that we are implementing to a sum of \$1.6 million from that. \$500,000 is for a recreational fishing data collection project.

Senator COLBECK—Has that been publicly announced?

Mr Thompson—I believe it has. There was an earlier one some years ago.

Senator COLBECK—I thought there was a project out on that.

Mr Thompson—All of these have been publicly announced.

Senator COLBECK—When was the decision made to go ahead with this project?

Mr Thompson—I do not have the exact date. It was somewhere around May, June or July this calendar year.

Senator COLBECK—Can you just run through the seven projects?

Mr Thompson—There is actually eight, but one is not quite a project. It is a consultation process: \$500,000 for recreational fishing data collection; \$100,000 to look at the health and wellbeing of recreational fishing—the contribution it makes to health and wellbeing; \$400,000 towards a national recreational fishing education program; \$100,000 for a climate change implications paper to understand the implications for recreational fishers of climate change; \$100,000 to expand the current Angel Rings project—the rescue rings at rock fishing sites; \$100,000 for a national recreational fishing conference; and \$50,000 for improving consultations between government and the recreational sector. There is also \$250,000 to expand the participation in the future leaders program.

Senator COLBECK—What is the proposal for the recreational conference?

Mr Thompson—All of these projects are being worked on with the Fisheries R&D Corporation. The proposal there is to hold a national conference to bring relevant recreational fishing people together to discuss issues of importance. Each of these areas of activity were ones that were high priority activities identified in the discussion paper and the feedback to date. And for each of those activities, with ourselves and FRDC, we are looking to work with relevant leaders from the recreational fishing sector. And some meetings were held last week with various people from the recreational fishing sector to develop the detail of those proposals and what sort of outcomes would meet both our objectives and their objectives. The conference would be the speakers, the programs and the outcomes—that sort of thing.

Senator COLBECK—Why weren't all these decisions made public?

Mr Thompson—Some of them have been made public. I do not think there is any secret about them. The recreational fishing sector is certainly aware of them all.

Senator COLBECK—I have had a number of conversations with them about what is going on, and not all of them are aware of it.

Mr Thompson—That could be—for instance, I was at a meeting with them last week where we were talking about how we might do these, and they seemed to be—

Senator COLBECK—When was the announcement made? When were they made public? We have looked for this information because, at the last estimates, we agreed that there was \$1.3 million remaining. When did the minister sign off on all this?

Mr Thompson—I would have to take the exact date on notice, but I believe it was in June or July. I do not have with me the timing of what announcements about these were made.

Senator COLBECK—Where will I go for public information—on a DAFF website or an FRDC website? Where would I find this information if I was looking for it?

Mr Thompson—I am not sure whether they are on the website. Normally, these get listed on the website when contracts are finalised. They are not there yet. We will follow up.

Senator COLBECK—I think you are demonstrating why I have been having trouble finding out this information; it is not as if we have not looked for it. We will just wait for that to come in on notice. I have some questions on consultations with NHMRC on the national diet proposals that they had. We did talk about it at the last estimates. Have we had any discussions with them about that? Have they been to—sorry to mention ABARE-BRS again—for a copy of the fish stocks report, for example, to give them a demonstration of the sustainability of our fisheries? Have we posted them a copy?

Mr Thompson—I believe there were some consultations with them about the status of Australian fish stocks, and material of that sort was made available. I am not aware of any more detailed discussions.

Senator COLBECK—Was it made directly to NHMRC or their consultants that are doing the work?

Mr Thompson—I am not sure what the nature of the further discussions or information provision were.

Senator COLBECK—Could you investigate that for me and, perhaps, provide me that information on notice as to what your communications have been with NHMRC since the last estimates and whether they have been provided a copy of what is a very good document and provides some very encouraging news about the state of our fish stocks?

Mr Thompson—Yes, Senator.

Senator COLBECK—Thank you. I want to go on to the Sea Lion Management plan that is proposed in South Australia. Can you give us some update on the current status of that?

Dr Findlay—The Sea Lion Management Strategy was implemented on 30 June. We had a number of actions underneath that strategy including: significant increases in observer coverage; 6,700 square kilometres of area closures in areas of high risk of interaction with sea lions; and the implementation of a number of gear trials to look at ways to reduce the likelihood of interactions between seals and the gear. We have been reasonably encouraged by progress to date. We have had only one sea lion mortality reported. We have exceeded our observer coverage target of 11 per cent. We actually delivered 15 per cent observer coverage over this first quarter. The fishery people, while not happy about the implementation of the strategy, understand the need for it and are moving along with us in a cooperative way.

Senator COLBECK—My understanding is that it has displaced about 30 per cent of the fishing effort. Is that correct?

Dr Findlay—The closures did have a significant impact on where fishers used to fish. They have moved their fishing effort outside those areas, so it is not that that fishing effort is gone. It has now moved away from areas immediately adjacent to sea lion colonies.

Senator COLBECK—Was there any socioeconomic modelling or cost impacts done on the proposal?

Dr Findlay—We did look at the amount of catch taken in the areas proposed to be closed. I cannot remember that figure off the top of my head, but that was essentially the limit of the socioeconomic impact assessment.

Senator COLBECK—Which would be, effectively, the displaced fishing effort?

Dr Findlay—That is right.

Senator COLBECK—The figure I have is 30 per cent.

Dr Findlay—I cannot remember it off the top of my head, from the analysis. I can certainly take it on notice.

Senator COLBECK—Was there any assistance given to the businesses as a result of the process? I am assuming because there are under a higher level of scrutiny, as we discussed in the Coral Sea, they have got a proportional increase in their costs.

Dr Findlay—Yes, they have. They have got now an observer bill which has increased as a result of the increased coverage to monitor—

Senator COLBECK—What is the quantum of that?

Dr Findlay—It is about 120 days of coverage was the likely target.

Senator COLBECK—What is the dollar amount?

Dr Findlay—I should take that on notice—the exact dollars. We are looking at about \$1,100 a day for observer coverage in the fishery.

Senator BOSWELL—What fishery is this that you are talking about?

Dr Findlay—The fishery here is the gillnet hook and trap sector of the South-East Scalefish and Shark Fishery. It would appear on the first page of the table that you are looking at there, Senator. It says ‘g-net hook and trap sector’.

Senator COLBECK—The observer rate is for a single observer?

Dr Findlay—That is for per boat day per observer.

Senator COLBECK—Effectively, I can say \$1,100 per day for 120 days and that will give me the quantum of the cost to the fishery.

Dr Findlay—There or thereabouts, yes.

Senator COLBECK—I am sure they are not happy about that. Is there a particular time period for that process to occur? Do we get to the stage where we say we have collected a certain amount of data on that and we have reviewed that amount of coverage?

Dr Findlay—Yes. We have a quarterly review process involving fishers and conservation NGOs and marine mammal scientists and other experts to review that on an ongoing basis. Our hope is that we actually get the information we need to demonstrate that the fishery is not impacting the sea lions in the way that some people might think and that we can pull that coverage level back. To assist the industry Minister Burke also agreed to provide \$300,000 worth of funding to implement the camera trial for this fishery.

Senator COLBECK—They have got observers plus the cameras?

Dr Findlay—Plus cameras, that is right.

Senator COLBECK—So the \$300,000, is that a capital provision for installation of the equipment on the boats?

Dr Findlay—It covers the installation of the equipment on the boats and the data collection analysis for the first year of the work, yes.

Senator COLBECK—That covers the entire fleet for installations and data collection for the fleet?

Dr Findlay—That is right. We are hoping to roll out as many cameras as we can get on boats at this stage. We would hope to get eight cameras out if we have eight boats take up the opportunity. At the moment we have installed successfully and run the first trip with one camera and are likely to have two additional camera systems installed in the next week or so.

Senator BOSWELL—I am reading this schedule and I cannot see where the Torres Strait prawn fishery is. Is that under something else? I understand their fees have gone up considerably. It is a different fishery from the northern prawn fishery, isn't it?

Mr Perrott—Yes. Senator, these were the calculations used. There are eleven regulations.

Senator BOSWELL—I am told that the number of Torres Strait licences has gone down and the cost is now being passed onto the few remaining people that are there and the cost has gone up.

Mr Perrott—Could we take that on notice, because that was prepared under a different regulation?

Senator BOSWELL—We will put it on notice. I thought this was a comprehensive list that was given to us. Now I have asked one question and I am told that it is not included in this list. How many other fisheries that have gone up are not included on this list?

Mr Perrott—The Torres Strait prawn fishery is the only fishery missing from that list.

Senator BOSWELL—Have you got the figures there?

Dr Findlay—Just a correction: none of the Torres Strait fisheries appear on that list.

Mr Perrott—That is right. Torres Strait prawn fishery is the only fishery where the costs are accounted for.

Senator BOSWELL—How much has that gone up?

Mr Perrott—In the 2009-10 financial year the cost actually went down by 23 per cent.

Senator BOSWELL—That is good news. So the cost of those licences has been reduced by 23 per cent.

Dr Findlay—That is the total levy collection from the Torres Strait Prawn Fishery has gone down by 23 per cent. We have agreed to take on notice the impact on individual holdings, because as you say some fishers may have left the fishery and so some may have seen an increase. But the total—it is down 23 per cent.

Senator BOSWELL—It is down because there is no-one up there fishing—or very few people up there fishing.

Dr Findlay—If it is down in the fishery there certainly has been a reduction in the monitoring costs.

Senator BOSWELL—The effort is down in the fishery. But what I am asking is how much have the individual licences increased?

Dr Findlay—We have said we will take that on notice and come back to you. We have not got that information with us.

Senator BOSWELL—Would that apply to a lot of other fisheries—the number of licences has been reduced but the cost has been increased to the number of people that are left?

Mr Perrott—It is possible.

Senator BOSWELL—You see, that is what we would like to know. What is the cost increase? It is all very well to say, ‘Yes, the cost has been reduced,’ or, ‘We have held it at the same level.’ But you have held it at the same level because there is a number of fishermen who got out. So it is a bit, if I might say, Mr Perrott, of the thimble and the pea trick. How much has the cost increased on the remaining fishermen?

Dr Findlay—I think I touched on this earlier. I do not think that is a fair reflection. The calculation is not based on the number of fishers; it is based on a whole range of factors, including the risks involved in a particular fishery.

Senator BOSWELL—You are being very helpful, Dr Findlay, and I appreciate it. But what I am saying now is that I am getting these vibes back that these fishermen are paying more for their licences. You are telling, ‘No. It has gone down 23 per cent.’ We then find out it has gone down 23 per cent because it is only seven or eight fishermen fishing.

Dr Findlay—I commented earlier that there have been winners and losers through the process, and obviously the winners probably are not phoning you up and talking about how much better off they are.

Senator BOSWELL—No, that is right.

Dr Findlay—So I should point that: it is not all downside here but you are hearing from the people who have seen a downside.

Senator BOSWELL—Yes. But when I look at this schedule I see that they have gone up hugely in some areas. I am just wondering whether the Torres Strait Islands prawn fishing is an example of fewer fishermen paying more money.

Dr Findlay—We will come back to you on the Coral Sea issue.

Senator BOSWELL—Could you come back to us with a more general approach, because it may not only be happening in the Torres Strait. It may be happening everywhere where people say, ‘My licence has gone up but there are less people to share the cost.’

Dr Findlay—At the last estimates hearing we had similar questions on the eastern tuna and billfish fishery and I think, on notice, have now provided information on the per-company splits. The questions you are asking I think are very valid ones and certainly we are hearing these sorts of issues very directly from our industry, but the sorts of calculations you are asking for are actually very difficult to do, given the nature of holdings in businesses, and within companies how they structure themselves is actually quite complex. So we can—

Senator BOSWELL—I will have a look at this and may put some questions on notice.

Dr Findlay—Thank you. Can I draw your attention in particular to column D in that table. That emphasises the issue here about the impact of the removal of the levy subsidy. What you will see in column D there is actually the fact that when you put aside the impact of the levy subsidy a lot of our budgets have gone down, and we have actually been working very hard with the industry to drive that. The real impact has been as a result of the removal of levy subsidy, and when you—

Senator BOSWELL—You did tell me, but how much was the levy subsidy?

Dr Findlay—It is \$15 million over three years: \$7,250,000 in the first year, \$5,250,000 in the second year and \$3 million in the last year. When you add the \$3 million in, to a total cost recovery of \$13 million, that is about a 25 per cent increase just as a result of the levy subsidy. That is not a small increase and that is what people are obviously feeling now.

Senator COLBECK—Can I find from your financials the percentage cost recovered of fees and percentage government provided?

Dr Findlay—Yes.

Senator COLBECK—I just want to know if I can go to a document that provides that to me in your financials, rather than spend time doing it now. I do not want to do it now but—

Mr Perrott—The portfolio budget statements—

Senator COLBECK—I will look in the PBS. Thanks. That is all I want to know. So just going back to the sea lions, so that is \$1,100 a day over 120 days is \$134,400. Is that divided evenly across the boats or divided based on effort again?

Dr Findlay—No. It is divided directly on effort. They are charged, in round numbers, about \$100 a day for every day they operate in the area where we are concerned about sea lions to just make sure that the cost of—

Senator COLBECK—That is \$1,100 a day.

Dr Findlay—Sorry. The cost of delivering an observer on a boat is about \$1,100 a day. We are aiming for about 11 per cent coverage.

Senator COLBECK—Okay. So you smooth that across all days of effort.

Dr Findlay—That is right, and we also try not to penalise those who agree to take observers at the advantage of those who—

Senator COLBECK—So everyone is paying the bill?

Dr Findlay—Everyone is paying to fish in that area of the fishery.

Senator COLBECK—But based on their proportion of effort; is that right?

Dr Findlay—That is right.

Senator COLBECK—Okay. I get that. And there are eight boats in the fishery, roughly.

Dr Findlay—Thereabouts at the moment, yes.

Senator COLBECK—At the Commission for the Conservation of Southern Bluefin Tuna meeting in Taipei last week who was the lucky attendee and what happened?

Dr Dickson—I was the head of the Australian delegation to Taiwan last week. I think the reports probably are now public up on the CCSBT website. If they are not, we can certainly provide it to you. The commission did not adopt a management procedure, which was one of the key things for the meeting. They did not adopt it at this meeting. They agreed some of the parameters but they have agreed on a series of meetings next year to work through some of the issues that members raised. Some of the issues were that a couple of members wanted to wait until they got next year's stock assessment and saw what impact that might have on the management procedure before making a decision. Other members wanted to look at the impact of making more drastic cuts before you implement a management procedure. So there are meetings next year that are going to be looking at that work.

Senator COLBECK—So we go around the cycle again until next year and look—

Dr Dickson—Next year was the year when the management procedure would need to be adopted and future TAC decisions made.

Senator COLBECK—And the TAC decisions happen every second year, as I understand it?

Dr Dickson—One of the things the commission did agree was that the decisions would be made for three years.

Senator COLBECK—Okay.

Dr Dickson—So it gives some stability for the industry.

Senator COLBECK—The decision made last year was made for a period of two years and the industry decided how they would impact the catch and spread the cut over the catch.

Dr Dickson—That is right. In fact, our industry I think is coming on pretty much even this year. Even or fifty-fifty for both years. But for the future when management procedure is adopted, and the date for that is next year, future TACs will be for three years, based on the management procedure and three years—every time there will be another decision in three years. They will review it and look at the stock assessment at that point.

Senator COLBECK—So is the driver for putting the decision on the management plan out a year based on, or was one of the elements of that, the aerial survey report and the reporting information from industry that came in that was providing a more encouraging outlook? I do not think we will be able to extrapolate it any more than that, but it was an encouraging outlook.

Dr Dickson—Yes, there were some encouraging indications. But there is quite a long time, obviously, between the increase in juvenile stock and the impact on the spawning stock.

Senator COLBECK—Yes.

Dr Dickson—But there was, in fact, a number of members who wanted to wait for that information. I cannot speculate on the detail of the reasons why they wanted to wait. Australia played an active role in trying to progress decision on the management procedure at this current meeting.

Senator COLBECK—So our position going in was to put a management plan in place?

Dr Dickson—That is right.

Senator COLBECK—Okay.

Dr Dickson—Next year is going to be a very busy year with agreeing on the proportional rules of allocation, which is going to be a difficult one for us, as well as agreeing on the TAC and a number of other issues. So our view was to try and make this decision at this meeting which would put us in a better position next year.

Senator COLBECK—When do the penalties on the Japanese expire? Do they expire in conjunction with this and that is one of the things that places the pressures?

Dr Dickson—That is correct. The penalty is up for review next year as to whether or not it will expire.

Senator COLBECK—I turn now to the seafood marketing levy. My understanding is the government has been in discussions for some time with industry reps about the establishment of a seafood marketing levy. Do we have any advice on where that particular matter might be at?

Mr Thompson—Towards the end of the financial year the minister wrote to all the industry bodies, indicating whether they wanted a marketing levy and giving a bit of an indication about the sort of steps that might need to be put in place to put a marketing levy in place. We are still getting comments back on that proposal—some for, some against and some partly in favour.

Senator COLBECK—As you do.

Mr Thompson—As you do on levies, and what we are proposing to do—when we get more of that comment back—is to hold a meeting with the industry bodies to discuss a way forward on a marketing and promotion levy.

Senator COLBECK—So what would be required for that to come into place, apart from agreement from the industry? Would FRDC be a body that might conduct that with an appropriate change in their statutory funding agreement?

Mr Thompson—Yes, that was one of the proposals. It is not just a change in the statutory funding agreement; it would require amendment to the legislation to enable either the Fisheries Research and Development Corporation, or R&D corporations more generally to be able to undertake marketing and promotion activities. Under the current act research has a broad definition but it does not go so broad as to pick up marketing and promotion.

Senator COLBECK—So how does MLA and AWI do their marketing then?

Mr Thompson—They are not a statutory R&D corporation—

Senator COLBECK—They are a private organisation.

Mr Thompson—They are a private organisation.

Senator COLBECK—So if FRDC became a private organisation, such as Dairy Australia, AWI, MLA and those that are, they could operate in a different circumstance.

Mr Thompson—They could operate in a different circumstance and then it would only be a matter of changing the statutory funding agreement. But then it raises the other issue that there are different governance arrangements around an R&D corporation versus a private sector organisation.

Senator COLBECK—Yes, which we probably will explore later in the evening, I assume. So there are a number of options at play obviously and discussions continue.

Mr Thompson—Yes.

Senator COLBECK—Is there a timeframe put on that?

Mr Thompson—We have not settled a timeframe for that as yet.

Senator COLBECK—Just a final question on the Bass Strait central zone scallop fishery, is there any concern about the level of effort that plays in that as it stands at the moment? I have had some contact regarding the potential to buy out further players in that zone and I know that they were eligible for the south-east region buy-out back in 2005-06 that Senator Macdonald put into place.

Mr Thompson—They were eligible for the buy-out in the structural adjustment package. There was not a high level of take-up on that.

Senator COLBECK—Senator Sterle gets a lot of correspondence from a particular constituent in that fishery.

CHAIR—Yes, I must share more with you.

Mr Thompson—There was not a great deal of take-up by that scallop fishery in the buyback package. At the present time the department is not working on any further buyback packages and Dr Findlay can provide more advice on the current status of the fishery, but it had been closed for a few years and it was opened—

Senator COLBECK—Last year, I think, wasn't it?

Mr Thompson—Yes.

Dr Findlay—That is right.

Mr Thompson—So following two years of closure the fishery opened last year and we had a very, very good year.

Senator COLBECK—It was a season early, I think, wasn't it? The closure was initially for a longer period than the two years.

Dr Findlay—That is right, but a survey showed that we had quite healthy stocks of scallops and we set a reasonably conservative TAC, which was caught last year. It was a very successful season and boats made a lot of money. This year the initial survey showed that we were looking forward to a similarly good year, but, for whatever reason—we are not sure whether it is environmental conditions—this year we have had a problem with the quality of the scallops. It now looks like we might have a die-off event going on through the fishery and we are actually—

Senator COLBECK—Sorry?

Dr Findlay—It looks like the scallops might be dying off in the fishery, which is not unusual for a scallop fishery. These things happen on natural cycles. We are actually quite rapidly at the moment moving with industry to adjust our spatial management to adjust to that to make sure that they can maintain economically viable harvest areas as this event goes on. So we are unlikely to take the full TAC this year and we are looking at our harvest strategy for next year around what it means in terms of future production.

CHAIR—There being no further questions of AFMA I now call Trade and Market Access. I do not believe there are a lot of questions.

Senator Ludwig—Just before we move to that area, just in response to Senator Colbeck in relation to the round table questions, I have not had the opportunity of confirming with Dr Kelly whether or not he would chair the next round table. Can I put it on the record in this way then: there will be, we will continue to have, quarterly meetings with the rec fishers. No time has yet been finalised in respect of the next one, however the process is in train and my office has already spoken to Mr Llewellyn. It will either then be Dr Kelly or myself who will chair the next round table.

Senator BACK—I just wanted to focus for a few minutes on the meat trade of exports from Australia to India. Up until 2002, I think, we were developing a lucrative trade with India and then it stopped. I am just wondering if the department can give us some advice as to what caused that trade to cease.

Mr Ross—I must confess I am not familiar with those reasons. Are you talking about beef trade, or is it sheep meat?

Senator BACK—Sheep meat principally.

Mr Ross—Sorry, I am not familiar with the reasons around the cessation of the trade. I am familiar with the industry's interest in seeing that trade resume, and we have been pursuing some efforts in that regard. At the moment AQIS is developing a revised protocol to put to the Indians to see whether that is acceptable, and it may lead to a resumption of trade.

Senator BACK—Can you give us some indication as to what that round of discussions has been, or what sort of parameters you are putting together to go to the Indians?

Mr Ross—Again, I do not have that detail, but one of my colleagues could assist. We have had a recent visit, just in the last couple of weeks, from the head of the animal husbandry department in India and there were discussions held with him during the visit. Following on from that we have undertaken to provide further information to them.

Dr O'Connell—We just might be able to help you a little bit more, Senator.

Mr Schipp—Although we did have some hospitality trade in sheep meat to India, we do not have an open trade due to the health requirements on the attestations for the health certificates to India. They require us to certify for a number of diseases that are present both in India and Australia, and we are not able to issue that attestation.

Senator BACK—Can you tell me what those diseases are, by any chance?

Mr Schipp—Black leg and a number of common endemic diseases in both Australia and India. I could, on notice, give you that list. Off the top of my head there were a number of diseases that we routinely vaccinate against in Australia, and we do not have a farm freedom program so would not be able to issue those certifications.

Senator BACK—And the meeting with India's head of animal husbandry, can you tell me how recently that took place?

Mr Schipp—Yes, it was the week before last.

Senator BACK—And so the action is now with your department.

Mr Schipp—We are looking to follow up on the visit, yes. We have an agricultural counsellor based in our high commission in New Delhi and he will be undertaking further consultations in New Delhi.

Senator BACK—So would producers have an expectation of some feedback on this, this year, do you think?, or is it more likely to be longer than that?

Mr Schipp—That is hard to say.

Senator BACK—I know from personal experience that at the top of the restaurant trade, in particular, in Mumbai, I can speak of—and in New Delhi it is the same—the restaurants do actually advertise Australian sheep meat on their menus. Where would that Australian sheep meat come from?

Mr Schipp—There is a grey trade that is common, not only in that market but in a number of markets. There are avenues into the country that are unofficial.

Senator BACK—Do you mean through third countries?

Mr Schipp—Yes.

Senator BACK—And what, if any, control does Australia have over that trade?

Mr Schipp—We certify the product into the country of initial export, but if it is then moved from that country into a third country we have no control.

Senator BACK—So in the event of there being some inferior quality sheep meat, would that be likely to compromise Australia's standing at all with the Indian government?

Mr Schipp—Well, the concern is that there may be substitution of product—that if there is product that is represented as Australian product but is not Australian product then, because we do not have official access, it is very difficult to take action against that type of activity.

Senator BACK—What capacity would your department have? Would you have officers overseas in countries through which this meat might be being channelled?

Mr Schipp—We have, in the past, conducted joint investigations with third countries to say, ‘Our evidence is that there is substitution, relabelling or recertification occurring in your country and this is of concern.’ So we have done that in the past by cooperating with counterpart agencies.

Senator BACK—Can I ask whether this particular aspect of trade was raised at all with or by the head of the Indian department of animal husbandry? Did it come up in discussions?

Mr Schipp—Not to my knowledge.

Senator BACK—I would also, of course, lead towards a concern that this trade may in some way compromise, delay or negate the good work that your organisation might do in terms of trying to reopen this trade.

Mr Schipp—We would have to accept that a grey trade, particularly if it is occurring or if there is a substitution of product, is only going to be deleterious to formal access, yes.

Senator BACK—It would be deleterious.

Mr Schipp—Yes.

Senator BACK—So there is no effort that can be taken from Australia’s end to try and identify it and put a stop to it?

Mr Schipp—No evidence has been presented to AQIS of such a trade occurring at this time.

Senator BACK—Good, thank you.

Senator NASH—Gentlemen, how many people are actually working in the area of trade and market access in the department?

Mr Glyde—What we might be able to do is give you the number of people that work in the Trade and Market Access Division. There is a number of people in the biosecurity services group that are also fundamentally involved in trade issues—

Senator NASH—That would be useful, thank you.

Mr Glyde—which would might take us a little bit longer to get, but we can start with—

Senator NASH—Does somebody want to just have a bit of a dig around and see if we can do that.

Mr Glyde—Yes.

Senator NASH—That would be great. I just wanted to ask you about the Prime Minister’s recent trip to Brussels for the ASEM meeting. What sort of implication did that have for any trade discussions, or were there any trade discussions around that or market access discussions?

Dr O’Connell—I think you probably need to just take that up—and I hate to say this—with the Department of the Prime Minister and Cabinet in terms of what precisely went through with the Prime Minister’s visit. Certainly, I am not aware of anything, but that does not necessarily mean—

Senator NASH—All right. Well, on something of that nature, though, if there were trade discussions or market access discussions, would there not be some sort of process whereby you would be informed if there were any of those discussions undertaken?

Ms Anderson—Yes, we would. I think, to answer your question, there was a visit from Prime Minister Gillard as well, and there was general discussion about—

Senator NASH—Sorry, didn’t I say Prime Minister?

Ms Anderson—Sorry, yes. I thought you were talking about the foreign minister. He has recently been as well, but, yes, there was discussion with departments before the Prime Minister left about raising some trade issues with the European Union, and that was done, I understand. DAFF was part of that discussion between departments and was involved in commenting on the Department of Foreign Affairs and Trade and the Prime Minister and Cabinet’s briefing on that matter.

Senator NASH—Okay. So what sort of areas of trade policy were discussed?

Ms Anderson—As far as I understand, there was a discussion of a potential treaty-level arrangement with the European Union on a range of areas. We have currently a framework partnership with Europe that covers some agricultural actions as well, so just cooperation generally on a number of areas.

Mr Glyde—I think it is probably best if we leave it to the PM&C to answer those questions about the specifics of it.

Senator NASH—I love watching that pass down the table. I could have put you out of your misery, but I just thought I would let it go and see what actually stopped. It was a bit like a Chinese whisper.

Mr Glyde—It is about being complete because we see part of the request. We see part of it. We do not see all of it, and I would hate to mislead you in relation to the nature of the discussion.

Senator NASH—I am sure.

Dr O'Connell—Quite specifically, you are asking about what arose as a result of the Prime Minister's visit. Now, what we certainly do know about it is the kind of conversations that happened beforehand in terms of preparing for a visit, and that is normal sort of business that happens. I could not tell you what the specific representations were that were made. That would be something that you would have to talk with the Prime Minister's department or, potentially, the foreign minister's department.

Senator NASH—No, I understand all that, and thank you very much.

Dr O'Connell—Otherwise, we could potentially mislead you.

Senator NASH—No, I understand that completely. Thanks, Dr O'Connell. But surely, there would have been some correspondence back to you, having been involved in all that preparation before the Prime Minister went—surely there would be some communication back to you afterwards as a result of any meetings that took place. Wouldn't you need to know?

Senator Ludwig—It has only just occurred and, of course, the EU is one of our most significant trading blocs and it is very important to us. But if there matters that were to be communicated back, I am not sure at this point in time we would be discussing them here.

Senator NASH—That is perfectly understandable. Thank you very much, Minister. Perhaps, Dr O'Connell, if there is a point at which the committee could be informed of what was discussed and reported back to you at that meeting, that would be quite useful, I think, for the committee to have.

Senator Ludwig—I will take it on notice. And if there are matters that we can report back to the committee then I will undertake to do so by the relevant date.

Senator NASH—Thank you, that would be very much appreciated. I just want to ask, the trade minister recently expressed some concern about that Europe may want to punish nations not prepared to tax carbon. I might just give you the quote out of the release. It might just put it in a bit more context for you. It was actually just out of a press story, on 3 October. The trade minister was quoted:

Emerson also warned that Canberra would not tolerate the resurrection of European trade barriers under the "green cloak" of punishing nations not prepared to tax carbon.

... ..

"There is a very clear European protectionist instinct, old protectionist instinct, under this green cloak of respectability and we won't cop it."

Can you just, perhaps, enlighten the committee if that is matter for trade.

Senator Ludwig—That is a matter for Trade. If Minister Emerson made those comments, I am quite happy for you to ask in that committee what that means.

Senator NASH—That would be good. Seeing this is Trade and Market Access, can I ask more broadly, then—if you cannot respond to what the Minister has said; and, fine, I understand that—is this an issue for the trade and market access area: this potential difficulty with trade which has been flagged, potentially creating some difficulties, if we are not a country taxing carbon? Is it something that is being discussed within the department?

Senator Ludwig—It does sound very hypothetical at this point in time.

Senator NASH—It may be hypothetical but it is certainly something that has been raised in a very practical sense.

Senator Ludlam—Dr O'Connell might be able to enlighten us.

Dr O'Connell—I will not comment on the specifics about carbon but there is a broader issue which you have raised which is notionally the trade and environment discussion. I guess at that stage our interest is in ensuring that any constraints on trade that are due to environmental matters of any description are essentially WTO compliant, and we will look to ensure that that is what we will pursue. I am not looking there at all at the border adjustments for carbon because that is an issue which would be dealt with by other departments at the moment.

Mr Glyde—One example, Senator Nash, that might help out is what we might consider to be subsidies for biofuel production in Europe and the US—those countries see it as an important energy efficiency measure; so we are always on the lookout because they actually end up being subsidies for agricultural production—and higher levels of production than what would otherwise be the case. The jury is out on whether or not they are agricultural subsidies or subsidies to encourage a move to a lower-carbon economy. It is sometimes difficult to sort through those issues but, as Dr O'Connell says, our job is to try and make sure that there are not those distortions in markets and that the food flows to where it needs to go.

Senator NASH—Is it something that has been a concern to date in any kind of practical conversations you have been having? Obviously you have just indicated that it is something you are aware of as a potential issue but is there any current reality around any discussions?

Dr O'Connell—Trade and environment discussions of a variety of sorts have been going on for years and have been a feature of the discussions between countries and us for a long time. There is nothing particularly new. I guess part of what the quotation was alluding to was that there is a history of issues around the environment and trade, so environmental constraints on trade ensuring that those are legitimate are not excessively trade-distorting based on strong science and that sort of area. This is not just related to the carbon issue; it has really had a long history. And that is what I was saying: that this is actually a well-trodden turf in terms of the sorts of discussions that occur between countries in a variety of international forum.

Senator COLBECK—New Zealand are appealing the WTO position, as I understand it. Where is that at and what is the time frame?

Ms Cowan—We have appealed the WTO panel's ruling. The appeal was held on 11 and 12 October—last week. The appellant body has ordinarily a maximum of 90 days to make its decision and, after that, we expect that the appellant body's decision will be adopted by the dispute settlement body within 30 days. After the adoption by the dispute settlement body we have 30 days to advise the dispute settlement body on how we intend to implement the findings and—

Senator COLBECK—Do we have a choice?

Ms Cowan—No, we have to advise them how we intend to implement the findings and, after that we have a maximum of 15 months to implement those findings. But it could be a shorter period.

Senator COLBECK—Who sets the 15 months? Is that a set thing?

Ms Cowan—That is a set period, a maximum.

Senator COLBECK—If it is quicker than that, that is up to us?

Ms Cowan—No. The dispute settlement body will determine a reasonable period for implementation.

Senator COLBECK—Did we do well?

Dr O'Connell—We did our best and certainly with a very serious representation, including the—

Ms Cowan—Yes, indeed. Our delegation was led by the Solicitor-General and supported by DFAT, Attorney-General's and DAFF.

Senator COLBECK—Was there any industry involvement in that process or it was purely and simply at government level?

Ms Cowan—Industry was involved in consultations. Industry was advised of the grounds of the appeal. Industry was invited to come to Geneva but chose not to. Industry will be participating in a teleconference tomorrow morning with the departments that were involved.

Senator COLBECK—Effectively a debrief of the process?

Ms Cowan—Yes.

Senator COLBECK—Okay. Is there anything that you can share with us, or do you want to talk to them first?

Ms Cowan—I do not think there is anything that I can share with you. I was not actually at the appeal. But I do know that the Department of Foreign Affairs and Trade advised their committee earlier this week that, as Dr O'Connell said, we did our best and we hope we were persuasive, but that is probably as far as we can go.

Senator COLBECK—Perhaps the committee might be able to seek a private briefing down the track.

Senator NASH—That is a very good suggestion, Senator Colbeck.

Senator COLBECK—I do not know which can of worms to open now. We finish in a couple of minutes. I will not go down the FTA thing.

Senator Ludwig—Chair, if you are contemplating a private briefing, it would be with DFAT, but I am sure the DAFF officials would be happy to go along to assist.

CHAIR—Yes. Thank you, Minister.

Senator COLBECK—It would certainly be something, based on my experience, that the committee would be very, very interested in.

Senator Ludwig—I am not offering it. I am just saying if you decide.

CHAIR—Yes, thank you.

Dr O'Connell—We can give you the information on the sheep diseases that was being asked for. I am not sure if it was—

Senator COLBECK—It was Senator Back.

Dr O'Connell—Maybe when he gets back—

Senator COLBECK—If he has left, he does not deserve to get it.

Dr O'Connell—Can I keep that?

Senator COLBECK—I will open up another can of worms. The issue is the importation of agricultural products into New Zealand for processing in New Zealand and then sending to Australia labelled as 'made in New Zealand'. I should say it comes from third-party nations, it is imported into New Zealand and then it comes here as New Zealand product. Do we have any way of measuring that, or how we can potentially manage that? I know that it is a function of the bilateral arrangement that we have with New Zealand—I understand that—but we are seeing a number of our food processors move into New Zealand. McCains made a decision in April to move all their vegetable processing to New Zealand, so effectively McCains do not grow a pea in Australia—or will not after this season. Potentially, the peas could come from anywhere and be labelled as coming from New Zealand.

Dr O'Connell—I think we will have to take that on notice. I understand the issue you are raising but we just might have to take on notice the degree to which we can be specific about—

Mr Glyde—Is that in the context of the food labelling review that is going on?

Dr O'Connell—Definitely, yes.

Mr Glyde—It is probably a question about which we can talk with you further when the Agricultural Productivity Division comes up later on this evening. What I can tell you at the moment though is that there has been an amendment to the Australian Consumer Law, which comes into effect on 1 January next year, which includes a provision that would allow for a 'grown in' claim to be made.

Senator COLBECK—Yes, I saw that.

Mr Glyde—You are aware of that, but I think the question you are asking is about statistics and how we might—

Senator COLBECK—Yes. The real concern is the potential undermining of our processing sector and loss of that base to lower-cost jurisdictions who then—

Mr Glyde—Yes.

Senator COLBECK—New Zealand has a great reputation, and deservedly so, but product coming into Australia labelled as coming from New Zealand—and I will not say 'product of New Zealand' because I know it is not; it is made in New Zealand, but its obvious origin is a third-party nation—is a major concern for a lot of people in our food processing sector. And it certainly would be a feed-in to the labelling process that is going on at the moment through the ministerial council.

Mr Glyde—The broad review, yes.

Senator COLBECK—The broader review, but I am just trying to get a sense of where things might be moving on that.

Mr Glyde—Yes. As I said, I think the people who actually work on that issue are with the Agricultural Productivity Division, so we could probably pick that up. I am not sure that we would be able to have those statistics either but we can probably confirm that this evening as well.

Senator COLBECK—Okay.

CHAIR—The good news is for the officers of Trade and Market Access: go home and enjoy your tea. How are we going with beef into Russia and kangaroos into Russia?

Senator COLBECK—No, you cannot go home and enjoy your tea. Hang on. I did write it down but we have still got 10 minutes to go. Can we do that in a couple of minutes? Are we kicking any goals there?

Mr Pearson—In relation to beef, things are on the up. The progressive trade to date is over 100 per cent better than for this period last year. Exports to date are approximately 22,000 tonnes. Last year we shipped 15,000 tonnes.

Senator COLBECK—What was it at its peak?

Mr Pearson—It was probably at its peak in 2008, when we had about 70,000 tonnes. So we have a long way to claw back.

Senator COLBECK—Yes, but it is coming back?

Mr Pearson—It is coming back and the industry remains quite optimistic. We have through the quota available to other countries, which includes Australia, a potential to ship an ever-increasing share of 448,300 tonnes, so we are in a position, if we can maintain our competitiveness, to keep on pursuing access into Russia.

Senator COLBECK—Okay. And kangaroos are—

Mr Pearson—Unfortunately, we still have not been able to get a lifting of the suspension of 1 August 2009. The latest progress on that is that a revised submission was submitted just last week to the Russian veterinary authorities and we will be pursuing extremely vigorously an early positive response to that submission.

Senator COLBECK—Okay. Thank you.

CHAIR—Thanks, Senator Colbeck. To the officials of Trade and Market Access, thank you kindly. You can go home for tea. We will take an hour's break and be back at 7.45.

Proceedings suspended from 6.44 pm to 7.45 pm

Biosecurity Services Group

CHAIR—Welcome.

Senator IAN MACDONALD—Can we start without the minister?

CHAIR—Yes.

Senator IAN MACDONALD—Dr O'Connell, I want to briefly mention a matter I have had some correspondence with you on, and that is the Emergency Plant Pest Response Deed. Because some constituents of mine raised it with me, I have related it back to the citrus canker outbreak in Emerald in Queensland in 2004, which was a long, drawn-out process—not just the canker but all of the circumstances surrounding it and compensation and all that. People in that area tell me they are concerned—and I put this in not very technical language, I might say—about the arrangements made and the agreements reached for ongoing work that would, as best you can, guard against a recurrence of that sort of thing at some time in the future. A plan was set out, and the concern of the citrus growers in the area is that it has stalled and not progressed. There are, no doubt, certain reasons for that. Your letter to me in response to my letter about it sets out some issues. The most concerning was this complex—for me anyhow—situation about complex diseases, strictly so-called. They do not somehow come into the system, because there is more than one pest that could get the result, as I understand it. Dr O'Connell, as you signed the letter—perhaps you had some assistance in drawing it up—can you try to explain to me how we can make sure it continues?

Dr O'Connell—Are you are talking about the contingency plan?

Senator IAN MACDONALD—It is the contingency plan. It is an issue of the pest categorisation, the plan simulation exercise and the owner reimbursements costs. Your letter explains that to anyone who can understand it, which is people more clever than me—and that is almost everybody. My concern is not so much

about repeating that in detail but getting an indication that the relevant area and the citrus growers will be able to continue working to make sure that you are, as best as possible, in a position to guard against the reincursion of citrus canker at some time in the future.

Dr O'Connell—You are right—I did have assistance in the drafting. I will pass over to Lois Ransom, the chief plant protection officer.

Ms Ransom—The deed has been in place since 2005, and the Citrus Canker Eradication Program just predated that, so we have not had any responses since then involving the citrus industry. The deed allows us to respond quickly to an incursion, and we do that by convening a technical consultative committee. That committee includes industry parties that have signed the deed. So if we were to have another incursion of citrus canker, which I hope would not happen, we have an immediate mechanism to get industry round the table with government to make the decisions about what we need to do to respond quickly.

We have the contingency plan, which you referred to in your correspondence, which gives us a guide to the biology of the organism, how we need to look for it and how we need to treat it to eradicate the pathogen. We also, through Plant Health Australia, have prearranged mechanisms for developing or identifying reimbursement costs to growers who are directly impacted by any emergency response—that is, the owner reimbursement costs.

The deed allows us to cost-share a response where that is agreed by the national management group which Dr O'Connell chairs. So, if a response plan goes forward, it is fully costed. The pest categorisation that is also referred to in the letter determines the cost-sharing apportionment between federal government, state government and industry. What we try to do with categorisation is, ahead of any incursion, work out what the cost-sharing percentages would be. When you are in the middle of a response, it is not a good time to be arguing about who is going to pay and how much, so the deed allows us to do that in advance. That has been done for citrus canker: 80 per cent of the costs are paid by government and 20 per cent by industry, so that is very clear. Hopefully I have answered some of your questions.

Senator IAN MACDONALD—Yes. Fortunately, it does not need me to understand exactly what the issues are. My concern was more reflecting a concern of the industry. They are saying that there was an arrangement, an agreement reached, on things to be done which involved them and the government and the Plant Health people but it has not progressed; it has stalled. I wonder if you can comment on that. I think you said that there had been no contact from the citrus industry. I do not want to verbal you. Did you say that?

Ms Ransom—I do not think so.

Senator IAN MACDONALD—All right. I understand the citrus industry are very engaged.

Ms Ransom—They are.

Senator IAN MACDONALD—They are very keen to get things to a stage where they are as prepared as they possibly can be, but there is apparently something holding that up which I do not fully understand. I do not think I need to, although you might be able to explain it to me. But I do want an assurance from you, or some advice from you, on what needs to be done. Are they dragging the chain? Is there anything else they can do? Do they need to pay more money? Do they need to pay less money? Do they need to sweet-talk someone in Plant Health Australia? What do they need to do?

Ms Ransom—There are a couple of things that I think were highlighted in the response letter. One is that, to finalise the citrus industry owner reimbursement costs, industry needs to provide information to Plant Health Australia.

Senator IAN MACDONALD—So you are waiting for that?

Ms Ransom—We are waiting for that.

Senator IAN MACDONALD—That is the industry's call?

Ms Ransom—Yes, but that is an active process, and I understand that PHA has been talking with the industry to get hold of that information to allow them to do that.

Dr O'Connell—Just to be clear, when we say we are waiting for that, we mean Plant Health Australia is waiting for that, which is the company that manages this process on behalf of the government and the industry players. It is a not-for-profit company.

Senator IAN MACDONALD—Who comprises that?

Ms Hinder—Plant Health Australia is a Corporations Law company that has been formed with membership on behalf of the Commonwealth. We have, effectively, a one-third share in that company. Each of the states and territories between them own a one-third share of the company and there are currently 20-odd industry or plant industry bodies who have the remaining share of the company. PHA plays a very similar role to Animal Health Australia on the animal side of the fence, which is predominantly to facilitate discussions and outcomes between all players in both plant and animal biosecurity.

Senator IAN MACDONALD—I assume the citrus industry has a stake in the third that is—

Ms Hinder—That is correct.

Senator IAN MACDONALD—Are there perhaps problems with the focus on one industry that other shareholders do not see as important?

Ms Hinder—I certainly believe that in relation to this issue all of the parties are actually keen to progress. There is an assurance from all parties that, once the information can be supplied, Plant Health Australia are willing to act on that information and progress it.

Senator IAN MACDONALD—Are either of you, or some of your officers on Plant Health Australia, the federal government's representatives?

Ms Hinder—There is no board representation of the government in either Animal Health Australia or Plant Health Australia. However, the minister does nominate a duly appointed representative to act on his behalf for both company matters and matters relating to the EADRA and the EPPRD. At the moment, I am the duly appointed representative nominated by the previous minister. Minister Ludwig is considering those arrangements, but until that is actually revoked in writing I remain the duly appointed representative.

Senator IAN MACDONALD—So you are one of the three shareholders in the company?

Ms Hinder—The Commonwealth of Australia is one of the three shareholders.

Senator IAN MACDONALD—Whom you represent?

Ms Hinder—I am representing the minister on behalf of the operations of the company and also the operations during the EPPRD, the emergency response arrangement.

Senator IAN MACDONALD—I think we have established that Plant Health Australia is waiting for some information from the citrus industry?

Ms Ransom—Yes.

Senator IAN MACDONALD—So we will get them to hurry that through.

Ms Ransom—Yes.

Senator IAN MACDONALD—What else is holding up further progress?

Ms Ransom—All of the industries that are members of Plant Health Australia have developed an industry biosecurity plan which identifies the pests and diseases they are most concerned about and that we would probably respond to under the deed if they were detected in Australia. So the citrus industry, with governments, with Horticulture Australia Ltd and with PHA, have been doing a number of things to put themselves in the best position to respond appropriately to incursions.

One of the pests that they are very concerned about is citrus greening, or huanglongbing. The industry, with funding from Horticulture Australia Ltd, has drafted a contingency plan that has been agreed on by governments and industry as the approach that we will take if we find the disease in Australia, and that is going to be used as the basis for an exercise which was also mentioned in your letter. Unfortunately, Victoria was going to do that, but they are a little bit busy at the moment with locusts.

So the plan is that, yes, we will practise those arrangements. There are some fairly stringent response measures in there, because greening is a significant disease for the industry. In the event of finding it here, we would be using the contingency plan as a guide for our actions, but we always need to take into account the situation that we find around any incursion, because they always differ. Every response is different.

Senator IAN MACDONALD—Thanks for that. That has made it a fraction clearer for me. This will be my last question. I am not sure that I can say this with any authority, but my impression is that the citrus industry is not happy about something. Are you aware of that unhappiness or am I misreading it? If there is an unhappiness that you are conscious of, is it a reasonable unhappiness or are they being unreasonable?

Ms Ransom—I think it reflects the fact that there is a lot of work in progress. I am certainly not aware directly of any unhappiness. We are aware of the submission from members of the citrus industry to the inquiry into quarantine and biosecurity, and there are some issues in there. In terms of direct contact with the industry, no, I am not aware, but a number of the issues that you have raised in your letter do relate to the role that Plant Health Australia plays in brokering the response arrangements between industry and government.

Senator IAN MACDONALD—I appreciate you are not Plant Health Australia but have an influence on it. Perhaps the next time we meet at estimates I hope I will be able to report to you that the citrus industry is absolutely ecstatically happy and you will never hear from me again. Of course, the contrary—

Dr O'Connell—We will revisit all the issues that you raise and reconfirm in our own minds that we have got this all under control.

Senator IAN MACDONALD—Thank you for your response. Thank you for your courtesy and information and we will keep it under review.

Senator BACK—Thanks, Chairman. I have two areas. The first relates to a claim for out-of-pocket expenses against AQIS. It is from a constituent in Western Australia and relates to the transport of two consignments of bull semen in which AQIS refused to allow the two separate consignments to be exported in the same flask. Do we have anyone here who knows anything about this? My understanding is that the person then incurred an extra cost of some \$3,000 as a result of this decision. My first question is: can you explain why it was that the two consignments were not permitted to be exported in the same container, given that identification on the straws would have been able to separate the origin of the two groups of samples?

Dr O'Connell—It is pretty clear we do not have anybody here who can respond straightaway, so we might have to take that on notice.

Senator BACK—I am sorry, I did not realise that was the case. I can then put the questions on notice and hope for a response.

Dr O'Connell—Yes.

Senator BACK—My only other question relates back to the inquiry we had which led to then Minister Burke making the decision to request that an import risk analysis be done for the importation of beef from countries where BSE has been diagnosed. Could you give us some advice on the progress of that IRA process?

Dr Grant—The IRA process commenced on 8 March and, as you are probably aware, we started doing IRAs on the United States, Canada and Japan on, I think, 4 May. We stopped the clock in respect to Japan because of an FMD outbreak in Japan. The other IRAs have been proceeding in a general sense, with information being gathered in respect of animal diseases but, as you know, the process is going hand in hand with Food Standards Australia New Zealand. In that context, they are dependent on getting an application to do a BSE assessment for human health concerns from each of those three countries. At this point in time, they have received an application from the United States but it is not complete and they have asked the United States to provide more information. As late as a few days ago, the United States indicated that it is not in a position to provide that information at this stage as a result of resource constraints, so there is no BSE assessment going on through FSANZ on any of those three countries. Therefore, we are in a position where we cannot proceed a lot further at this stage because the process is going hand in hand with FSANZ, including the prospective in-country assessments that we propose to do and, until we have something to look at and some information to work on, we are not going to go very much further. So at this point in time we have moved down the path as far as we can and we are at the brink of a point, potentially, of not being able to go very much further for some time.

Senator BACK—So there is no further action to be taken from Australia's side, as I understand your response. You are waiting for information from the United States, which has indicated that it is not in a position at this point to provide it.

Dr Grant—Yes. There has been a lot of correspondence between us and the United States, FSANZ and the United States, Canada and Japan as well, and the Netherlands as it so happens. Basically, the situation is that we are waiting for responses in terms of provision of information.

Senator HEFFERNAN—So with respect to the stuff that the United States is not in a position to provide, could you provide to this committee all that correspondence on the issues that you are raising and that it cannot provide? We would like to know what the direction is. I have to say that I have not changed my mind and I am very grateful that Japan had an outbreak of foot-and-mouth because they were, on the basis of their

BSE status, an applicant in the pipeline to Australia. It just shows, for the Australian producers and the Australian farmers, that erring on the side of bloody caution is pretty important. So could we have all the correspondence that you have raised with the USA, through whatever agency, so that we know where you are going and where they see the roadblocks and exactly where we are up to with this, instead of being ambushed.

Dr Grant—I cannot see any reason, but I will take it on notice, if I may, to provide you with that correspondence, from the point of view of the Department of Agriculture. There is correspondence—

Senator HEFFERNAN—FSANZ as well? You are working in conjunction with FSANZ.

Dr Grant—But I cannot speak for FSANZ.

Senator HEFFERNAN—We will ask FSANZ. They might take that on notice, and I presume the secretary will provide that question to FSANZ. Are we going to deal with FSANZ?

Dr Grant—No. It is a different committee.

Senator Ludwig—It is a different committee. You might have to ask that committee.

Senator HEFFERNAN—But I am sure that the secretary—

Senator Ludwig—I am sure you are able to do that, rather than ask my secretary. It is not hard.

Senator HEFFERNAN—In amongst the jumble that is livestock identification source, I am still waiting—as you would know, very patiently—from the February estimates for you to provide to us the paper trail that enabled you to agree to the importation of that pot of meat that I put on the table there that said it was a ‘product of the United States’ rather than ‘grown in the United States.’ I would like to see the paper trail that proves to you that that meat in fact did not come from the United States and there is an effective paper trail and certification, and tell us where the meat came from. This will be an interesting mumbo jumbo answer, I suggest, because ‘I don’t know’ is the answer.

Senator Ludwig—As I understand it—and we dealt with this earlier in the day—it is one of the questions on notice that has been returned to my office this morning.

Senator HEFFERNAN—I understand that—

Senator Ludwig—And so if it is—

CHAIR—Senator Heffernan, the minister is answering. Senator Colbeck, the minister has been asked the question. Let the minister answer and then you can—

Senator HEFFERNAN—Have you identified the source of the meat in the pot that is the—

Senator Ludwig—I have not seen the question on notice.

Senator HEFFERNAN—But surely to God you can tell us whether you found the source of the meat and the paper trail that certified the meat did not come from the United States.

Dr O’Connell—Can I just correct something. You referred to the February Senate estimates and we—

Senator HEFFERNAN—Well, whenever it was, yes.

Dr O’Connell—The response we were giving then was a response about the February estimates questions. It came up in the inquiry, not in the Senate estimates.

Senator HEFFERNAN—Well, wherever. The pot of meat, which is a product of the United States—

Dr O’Connell—So that is not correct, what we just said.

Senator HEFFERNAN—which means it cannot be US meat. US meat is class 4 classification. It is banned because of its BSE status. You guys—someone in the mumbo-jumbo world of the bureaucracy and FSANZ—should have had a paper trail that proved beyond any doubt that that meat was a product of some other country, even though it was processed in the United States.

Dr Grant—The question that you are talking about was raised in the inquiry and I apologise for confusing it with the last Senate estimates.

Senator HEFFERNAN—Anyhow, that is my point.

Dr Grant—There were other questions there. The response has been provided to the committee. It was provided a few weeks ago. I cannot be certain of the date, but some weeks ago.

Senator HEFFERNAN—What is the response? Just remind us.

Dr Grant—Subject to the fact that it is with the committee, essentially we have been able to trace the contents.

Senator HEFFERNAN—Where did it come from?

Dr Grant—The beef? It came from Australia. So the contents of the beef in the can came from Australia.

Senator HEFFERNAN—Even though it is a product of the US?

Dr Grant—Yes.

Senator HEFFERNAN—So what does all that mean?

Dr Grant—The labelling laws of the United States and of Australia need to be understood quite clearly. The situation is this: in the United States, under United States labelling, fresh beef and ground beef are required to be labelled under what is called their mandatory country of origin labelling. In the case of processed product, the processed product is not required to be labelled as to the country of origin because it is processed product of the United States. In terms of Australia—

CHAIR—It is like our ‘made in Australia’.

Senator HEFFERNAN—We have got to change these laws.

Dr Grant—In terms of Australia’s labelling laws—and this is not our area of responsibility—the requirement under Australian labelling laws is that it must identify the country from which it came.

Senator HEFFERNAN—So, in plain language, explain this to me. This is a bit like a sausage case that goes to China, then goes to the United States and comes back as a product of the United States. Is that what you are telling me?

Dr Grant—A sausage casing may be slightly different, I am not certain, but I do know for certain—

Senator HEFFERNAN—Well, I am certain.

Dr Grant—I do know for certain that product of the United States is processed product from the United States.

Senator HEFFERNAN—Yes, that is for sure. But what is the paper trail so you know what is in that? Would it go out as grinder beef and come back as whatever it was, fancy—

Dr Grant—The certificates that we have provided for you in response to the question indicate that the product—the meat, the beef—came from Australia—

Senator HEFFERNAN—You are kidding me!

Dr Grant—went to the United States, went into a processing facility, and the product that was made there ended up back in Australia.

Senator HEFFERNAN—Anyhow, I will deal with that in due course. What, you stamp the container and they tip it into the piping; you know it is the same meat; whoops, the Brazilian meat did not get in with it.

Dr Grant—I can only answer the question as I know it.

Senator HEFFERNAN—And it is a bullshit process, yes. Could I just go to—

Senator COLBECK—Seven.

Senator HEFFERNAN—What? What are you looking at me for?

Senator COLBECK—I have just been counting up the number of times that you have transgressed your contract details.

Senator HEFFERNAN—Righto, yes. What is that, two cartons of beer?

Senator COLBECK—No, actually we are on to a decent bottle of red each now.

Senator HEFFERNAN—We might go to blue whisky.

Senator COLBECK—Now you’re talking!

Senator HEFFERNAN—Senator Ferguson will not be able to drink it for the near future, so we might drink his blue whisky.

Senator COLBECK—That is all right. We will cover him.

Senator HEFFERNAN—So with respect to the National Livestock Identification System that we have here, are we going to insist that if we are going to give national status to the BSE status of the US herd—

national status to the US herd—that they are going to have whole-of-country livestock identification. Or are we going to have this phoney area system?

Dr Grant—You are asking about something that is not my area of responsibility. But the situation is that, as I understand, we are going to look at—when we go to the United States with FSANZ—their traceability systems, their management control systems, their certification processes, and we will be on that basis making the judgments within the assessments that have been done by FSANZ and ourselves.

Senator HEFFERNAN—Fair enough. In that process, will you take industry representatives to foresee the human error side of it, rather than the science side of it? As you know, there are a lot of likeable rogues in the beef industry. In fact, there are a lot of stolen cattle going out on ships, live shipments, that belonged to the investors of an MIS scheme. They are just slipping through our system like that, because they do not have to be tagged if they are from property of origin if they go live on a ship out of Darwin—and I can assure you that this a police matter. In much the same way, are you going to insist, by way of principle, that if it is good enough for us to have national livestock identification, birth to death traceability, given the open border system with Canada, given the open border system with Mexico—and, fair enough, people that know nothing about the bush and our beef industry complying with a free trade agreement with the US—that if they do not shut the Canadian and US border traffic of beef they will have lifetime traceability in any beef from cattle that are proposed to be imported into Australia? As a principle, would you agree with that?

Dr Grant—I will refer to the answer I gave at the inquiry. I think we are a bit ahead of ourselves because we have not been over to the United States or to Canada to investigate the situation.

Senator HEFFERNAN—To go back to my original question, will you be providing the opportunity for industry representatives to be part of that delegation?

Dr Grant—I will take that on notice.

Senator HEFFERNAN—And I will be one of them.

Senator COLBECK—Thanks, Chair. Can I ask, firstly, some questions about an industry advice notice, G2010/06, which is protocols for fumigation using methyl bromide.

Dr Grant—Can you give us a bit more in terms of on what?

Senator COLBECK—I have just been asked to find some information—in fact, I do not know how far it goes back. I understand that there are a number of protocols for using methyl bromide for both fumigation and unloading or opening of containers, but it has been passed on to me by another member to ask some questions about that particular notice. I am sorry, I cannot give you a date on it. G2010/06, so I presume it is from this year.

Dr O’Connell—I think we would have to take that on notice.

Senator COLBECK—It may have been prompted by the circumstance that occurred out of Burnie this year, where there were some real problems with an export shipment of some logs, and the department may have put out—

Dr O’Connell—This was the timber?

Senator COLBECK—Yes. That was the timber: 5 May 2010.

Dr O’Connell—Yes. We may have to take that on notice, if that is okay?

Senator COLBECK—I can provide you with the document.

CHAIR—Do you want to table it?

Senator COLBECK—Yes, I will table the document so that you can have a look at it. While you are having a look at it, I will go on to something else.

CHAIR—We are just tabling a document.

Senator COLBECK—We will come back to that. My full expectation is that it is derived out of the dramas that occurred in Tassie. I know that there have been some issues, including calls for the removal of methyl bromide as a fumigant, so we will come back to that. I would just like to get an update on the progress of the export certification reforms—and I am sure Mr Read is prepared, as he was last time, to let us know where we are at.

CHAIR—Was that the time he—

Senator COLBECK—The presentation he gave us last time was really good.

CHAIR—You set me up, Mr Read. Look out!

Senator COLBECK—No, not at all—

Mr Read—I actually think we could refer back to that—

Senator COLBECK—That is right.

Mr Read—because that probably covers the majority of what I would need to say.

Senator COLBECK—I hope we have progressed a little bit since then.

Mr Read—Just to give you a fairly high level overview at this point in time, I think at our last estimates we certainly overviewed, from each of the committee perspectives, progress to that point; the fact that we had plans in place, that those plans covered a number of agenda items, particularly in the reform realm. Since that particular meeting, as you would have expected, we have had a large number of what we are calling ‘ministerial task force meetings’ with each of those industry sectors. The progress, as of this time, has been substantial and very positive across each of those sectors. As of today, we currently have a revised meat delivery program agreed with the ministerial task force. It is a program that we have discussed reasonably extensively across the industry and it is taking shape to be the final model for the meat program that will provide substantial benefits both in terms of efficiencies within the industry and the regulatory overlay.

In relation to the plant programs—Horton grain—we have conducted a detailed Ernst and Young supply chain mapping exercise of the horticultural industry, and also the fish industry. In both those sectors we have identified, through that supply chain mapping exercise, where there are duplications and inefficiencies in both the industry supply chain management and the regulatory services provided not only by the Commonwealth but also by the state jurisdictions and we have agreed, again, a regulatory delivery model for the plant programs that effectively deal with those duplications. That has been carried across from both the grain export program and the horticultural export program to ensure as many synergies as possible within that delivery framework. As we speak, both those delivery frameworks are being discussed in terms of a final model in each of those ministerial task forces.

The fish and dairy task forces are again at that same point. We have looked very closely at the delivery structures in terms of AQIS’s regulatory overlay in those programs, and again those delivery frameworks have been analysed in detail and the revised models drafted to deal with some of the inefficiencies and some of the duplication but, equally, to reflect what is now an internationally accepted model that those food programs can respond to in terms of the need for regulatory presence.

At this stage we have all of those ministerial task forces at that point, and this is in terms of the final regulatory models for each of those task forces. As you would appreciate, in moving to these revised delivery models we also need quite a sophisticated national system to support that. We are currently in a build process that will provide us with a proof of concept around the new systems to support this change delivery model. That will be completed towards the end of November, early December. That will provide us with the basis for a detailed evaluation of the merits of that system in responding to the demands of these changes that we are foreshadowing to these industry sectors.

Senator COLBECK—The proof of concept will be completed in that time frame?

Mr Read—It will be. Parallel to that, we now have, with those delivery models, an extensive consultation period over the next two to four weeks. I need those delivery models finalised by each of those industry sectors in that time. That will then provide the detailed framework for us to very clearly understand precisely what, post the proof of concept, is the production design of that system to deal with the intricacies of each of those commodity sector delivery models. Equally, understanding those delivery structures will enable us to estimate our resource demands on those programs moving towards 30 June, thereby enabling each of those industry sectors, in around February next year, to come together and identify what the new fees and charges are to fully fund those new regulatory models from 1 July 2011.

Senator COLBECK—What about the work that was done to determine legitimate cost to government? I do not think I got the terminology right.

Mr Read—I understand the proposition. Ernst and Young have done a couple of detailed financial assessments, particularly in the meat program and the horticultural program. Both of those reports have provided some good background understanding for the industry sectors around how these costs, in terms of both the direct cost of the program and the internal overheads, are allocated to the program. The conclusion of those reports essentially is that that is a workable model and, effectively, their review has not identified costing

flaws in that model. The task forces are utilising some of the information in those reports and will reconsider them in the context of those revised fees and charges and that process that needs to be recommenced, as I mentioned earlier, from February 2011 forward.

Senator COLBECK—How are we going within the respective budgets?

Mr Read—In summary, as you would be aware, around \$127 million was provided to 30 June to fund the transition in terms of the 40 per cent to those commodities to 30 June plus funding the reforms themselves. At this stage there is around \$60 million of that still unspent. Between now and 30 June, about \$30 million of that funding will be applied to transitional funding, which is that offset margin of the 40 per cent. Of the other \$30 million, around \$22 million equates to workforce reform in the meat industry. That is leaving around \$8 million for supply chain reform. There is going to be a large investment in getting up the supporting audit management system up that I described earlier.

As well, there are some particular initiatives that we need to fund for those ministerial task force areas. For example, in the live export industry there is specific system support that they are looking for in automation. There is a lot of legislative drafting to bring this all together to give effect to these new models—so that \$8 million. As well as that, there is going to be a lot of training and support required in terms of our staff and the competencies that they require and, equally, the competencies and training that industry requires. That \$8 million will be used with that endeavour. But we are currently working towards 30 June, fully utilising that money to the best value possible.

Senator COLBECK—You will obviously spend it. The question is: will you actually get what you need to do done within it?

Mr Read—The models that have been agreed by these ministerial task forces will provide substantial improvement in the regulatory delivery of certification services to those sectors.

Senator COLBECK—It sounds as though you are doing a lot of work to very much design a new system of delivery as part of this process. You have indicated that there is going to be some legislative requirement around that. You have obviously done a lot of work overseas to tick off the relationship issues that you might have there. Have you got any estimate of the sort of cost reductions you have been able to take out of the system? I know it is still part-way through the process, but are you getting any ideas of what sorts of cost reductions you are taking out? After all, the whole purpose of this process was to make the system more efficient so that the removal of the 40 per cent rebate would have a lesser impact.

Mr Read—That does not necessarily equate to a 40 per cent reduction in—

Senator COLBECK—No, and I do not want to imply that it does.

Mr Read—No. Again, it is early days and I am only foreshadowing, but we would estimate in these early days that even in regard to the meat program we would be internally looking to reduce the cost by somewhere around \$25 million to \$30 million, let alone the security that this new system will provide in relation to supporting market access, both now and into the future, with the sophistication we are bringing to our capability of monitoring companies and also companies understanding how they are positioned in the context of the Australian certification system.

Senator COLBECK—You have put a total dollar sum on it, but—

Mr Read—That was in relation only to meat. If you look at our total certification programs, they are about \$100 million. That is about the 25 to 30—

Senator COLBECK—Yes, that is a reasonable percentage.

Mr Read—In regard to the others, again it is going to be a big number. I am thinking \$3 million to \$5 million in addition to what I have talked about.

Senator COLBECK—Of the \$20-odd million—and let's put it in those terms so that no-one gets the perception that it is a specific number—taken out of the meat industry, what proportion has been transferred across? Acknowledging that they will get some efficiencies out of that transfer, what is the rough calculation of the proportion that might be transferred across?

Mr Read—It is maybe a third—perhaps a bit more than that—but again there are substantial benefits in how the companies pick up some of these responsibilities and how they are integrated into their own QA systems and the businesses they are running. The staff involved with that will have career paths through those organisations. As I mentioned earlier, the work we are doing on market access will provide substantial

benefits. Equally, there are a lot of examples in the work that we are doing that will remove duplication and regulatory costs, not just our costs, out of the supply chain. When I say a third, in the context of everything else it is probably going to be a little bit less than that.

Senator COLBECK—What about the small operators, particularly small abattoirs, which was again a feature of the discussions that we had right at the outset?

Mr Read—From the discussions that we are presently having with the industry, clearly the big winners in this are the bigger works, the bigger abattoirs. At this stage the way the model is setting itself is that there will probably need to be a regulatory presence on the one-inspector sheds. When you look at the one-inspector sheds, can we use an alternative arrangement in those sheds? We have looked at that in detail with industry and it is difficult to put an alternative in place without duplicating people in those establishments.

Logically, for the seven to 10 single-man operations in this country we would probably still have to provide a meat inspector. The question then becomes, for example, if this program starting from 1 July 2011 costs \$50 million to run, what is the basis for the fees and charges being set? We are having that discussion with industry now. You can imagine both sides of the coin at the moment.

Senator COLBECK—Absolutely.

Mr Read—One argument is about those small plants paying for one operative, but equally we can argue that every plant in Australia will have one meat inspector, a food safety assessor and a vet. If that is our national system, there are other ways to charge those costs other than the direct costs and it may well be a throughput charge. That is clearly on the table with industry now. That is something they are going away to work through, and they are starting that process in the next couple of weeks, because clearly the smaller operators are very sensitive to that issue.

Senator COLBECK—Is there any reason that the meat industry task force plan is not available on the website at the moment?

Mr Read—There are two major sensitivities with the meat program. The first is the international markets and the message that is communicated. The second is that, as you can imagine, we have a large number of staff involved in that reform and we need to ensure that we are very closely in step with them through this process. I do not want industry telling our staff what this direction is; I want it to be me and I want it to be a proactive engagement with them.

Senator COLBECK—Or them reading it on the website and interpreting it in a different way to what really is occurring, or something of that nature.

Mr Read—Yes.

Senator COLBECK—Thanks, Mr Read, we will leave that there.

Mr Read—Thank you.

Senator COLBECK—I want to go quickly back to my methyl bromide, if I can. Are we in a position to do that? In fact, I should not claim the methyl bromide; it's not mine! Is there any suggestion of phasing that out as a fumigant? As I indicated, there has been a lot of publicity in my home state about log shipment fumigation and a lot of claims about where it is and is not used and how it is and is not used, particularly in Europe.

Mr Chapman—If you like, I can give a bit of a high-level answer to the position we have as far as the phasing out of methyl bromide is concerned.

Senator COLBECK—Yes.

Mr Chapman—Under the Montreal protocol it is meant to be phased out in developed countries I think by 2015. The issue there is finding suitable replacements, because there is nothing that actually can do the job that methyl bromide does across the wide range of commodities that methyl bromide is currently used to treat. There are other fumigants, such as sulfuryl fluoride, ethyl formate, hydrogen cyanide, ethane dinitrile and modified atmospheres using nitrogen, carbon dioxide, phosphine, carbonyl sulfide, methyl isocyanate, methyl iodide, ozone and combinations of those. I am sorry, I was reading from the list there.

Senator COLBECK—That is a delightful selection of products.

Mr Chapman—There are a wide range of products, but we need to in some cases determine where they are effective, what impacts they have on the various commodities that they might be used for, and there is the certification of them for use in Australia in some cases. While we are not the determinants of what gets used, we are working closely with others to work out what alternatives are available that we might use in the future.

At the moment methyl bromide is accepted for use for quarantine purposes but, as you say, there are a number of issues which attach to it.

Senator COLBECK—I have been through quite a deal of that information and read some of the reporting on the website that relates to that. Is there a standard set of protocols for the use of the product in each state or is it based on the protocols specified by AQIS? I see Dr Bennet-Jenkins at the back, and I think it was a paper of hers that I was reading during this dispute that gave me some information on this. It is all flooding back to me. I think some of the regulations that have been spoken of have been in place in my home state for a period of time—since about 2006, I think. We were going to send you home too, Dr Bennet-Jenkins. You are very unlucky!

Dr Bennet-Jenkins—Could you perhaps repeat the particular question that you were asking? I did not quite catch it at the back.

Senator COLBECK—I am looking to get some revised protocols that have been listed by AQIS in particular and, I think, perhaps brought on by the events earlier this year in Tasmania, where there was an issue with the fumigation of a log ship out of Burnie. I understand that there have been requirements for a period of time, based on some work that the APVMA have done, for ventilation of containers and recapture of methyl bromide in the fumigation process and a process for opening containers that have been fumigated overseas with methyl bromide. I just want to get some clarification on that.

Dr Bennet-Jenkins—The APVMA's involvement in recent times has been that we reviewed methyl bromide for the environmental effects, particularly the ozone depletion effects, to make sure that the use pattern and the label instructions complied with the Montreal protocol requirements. So it was largely an environmental review that we conducted. As part of that, we did consider the use of recapture technology.

Senator COLBECK—There were some health effects from the product too, though, from my recollection.

Dr Bennet-Jenkins—That review, though, was principally the Montreal protocol review. At that time those health effects were not specifically raised with us as requiring a review. We did look at recapture technology, but again that was mostly in terms of environmental effects, and at that stage we did not mandate that people use recapture technology because not all businesses were able to do that.

My recollection is that the issues we responded to a few months ago were in relation to providing advice in terms of the label instructions that carry instructions on how people should be using methyl bromide and what precautions they should observe. In addition to that, the fumigation industry, as well as the Maritime Safety Authority, have protocols that they follow and it is really a matter for the state authorities as to how they enforce those particular protocols and how they enforce their label instructions.

Senator COLBECK—My recollection was that there were different protocols in each state and I think that at that stage Tasmania had had a mandatory recapture process, particularly for containerised fumigation, since about 2006.

Dr Bennet-Jenkins—There is going to be a meeting on 5 November between the states and territories. The APVMA is hosting that meeting and it is going to be looking at some of those issues. I do not have the details of that meeting with me, but we could provide you with some information on the agenda for that meeting and what is going to be discussed, and I think that at that stage we will look at some of those issues.

Senator COLBECK—If you could take it on notice, that would be fantastic, and perhaps it is possible to provide us with some information on the outcomes of that meeting. I recognise that that may be beyond a certain date that we have discussed a couple of times here today, but I certainly would appreciate getting some feedback on that.

Dr Bennet-Jenkins—Certainly.

Senator COLBECK—Perhaps I could pass that on to my colleague. Thanks.

Senator NASH—Who do I talk to about guava rust and myrtle rust? Where are we at with this in terms of the outbreak on the Central Coast?

Ms Ransom—As of Monday, 46 properties have been investigated for myrtle rust. Of those, all but a couple have been confirmed as having the disease.

Senator NASH—Really?

Ms Ransom—Yes. The action that is taken when the disease is confirmed is that the infected material is destroyed, so as far as we know at the moment, where we know the disease has been, there is no infected

material there. That work is undertaken by Industry and Investment New South Wales and they have repeat surveillance back to those properties to make sure that there is no further infection occurring.

Senator COLBECK—Were any of those outbreaks recent? Sorry to interject.

Senator NASH—No, that is fine.

Senator COLBECK—You gave me a very comprehensive briefing about 12 weeks ago and I think there were some seasonal issues around the likelihood of an outbreak at that period of time. Are any of those outbreaks more recent?

Ms Ransom—We have been recording infected properties since we were notified of the disease in late April. We thought that the cooler conditions in winter would slow the infection down and we believe that has happened. We did think that under the cooler conditions it would be more difficult to find the disease—that the rust would not show up as it would under warmer conditions—but we have been picking up infection through winter. There is nothing to indicate at this stage that the amount of infection is increasing exponentially or at a great rate. Most of the infection has been found through tracing activities, particularly with a focus on nurseries. Where plants have been moving between nurseries and we have found an infected site, there has been tracing back to the origin or forward beyond that to see if we can find infected material.

Senator NASH—Perhaps you might take on notice giving the committee a time line of each of the determinations of the outbreaks and where they were.

Ms Ransom—Yes.

Senator NASH—In terms of the testing, my understanding is there is some difficulty in determining whether it is in fact myrtle rust or guava rust. What has been done in terms of the definitive testing and are you absolutely sure that it is not guava rust? If you are, how can you be absolutely sure?

Ms Ransom—We do not know that it is guava rust.

Senator NASH—What are you assuming it is at the moment?

Ms Ransom—We are calling it myrtle rust. It is determined to be myrtle rust based on the morphology of the spores—what they look like. There have been several activities underway to try and determine whether it is guava rust or, if it is not, what the differences are between the two fungi.

Senator NASH—How do you do that? This is really important. How do you determine whether or not it is guava rust? Given that this has been going on since April, what is being done and why do we not know definitively now which one it is?

Ms Ransom—The two bodies of work have been in looking at, initially, several parts of the DNA of guava rust and comparing that with myrtle rust and the first testing that was done showed that there was no difference. Subsequent work has been looking at a component of the DNA called microsatellites which determine differences in population. So what you must do first is identify the areas, the microsatellites, that you are going to look at, and work in Tasmania with an isolate of myrtle rust has identified 10 areas or loci for comparison. Recent results show that those 10 loci are not found in the isolates compared with those from Brazil.

Senator NASH—You are going to have to give this to me in English now.

Ms Ransom—All right. That indicates that what we have in Australia is different to what they have looked at in Brazil, which is the guava rust. There are 10 parts of the DNA that we have identified for comparison with other isolates of *Puccinia*, which is the guava rust. In comparison with Brazil, none of them are common. In comparison with isolates of guava rust from Hawaii, three out of the 10 are common, three are missing and the other four have not been characterised yet in the Hawaiian. What we have is different from the comparisons that we have made with a small number of isolates of guava rust from elsewhere.

Senator NASH—Is it possible it could be guava rust?

Ms Ransom—We do not have enough information to say that it is, but the information that we are getting in suggests that it is different.

Senator NASH—But does that mean you do not have enough to say that it is not? I ask because this is really serious.

Ms Ransom—We do not have enough to say that it is different. We do not have enough to say that it is the same. But, if you add together what we have seen on the DNA at the moment with the fact that the spores look

different and that we are not getting any infection in the field in eucalypts, it is behaving differently at this stage.

Senator NASH—If you were absolutely sure it was guava rust, what would you be doing now?

Ms Ransom—We would be doing the same as what we are doing now.

Senator NASH—You would be treating it exactly the same. Will what you are doing now eradicate it?

Ms Ransom—We are still collecting information. We have real difficulties in finding the disease in the situation that we work in. There is a lot of bush. There are potentially a lot of hosts within that large area around the Gosford area where it has been found. There have been traces to a number of nurseries along the New South Wales coast. We do not know yet if we will be able to eradicate it. We know that the disease is not spreading as quickly as we would have expected. It seems at this stage mostly to be moving short distances or through direct contact, so it is not working in the way that we would expect with a rust, which would produce a lot of spores and then spread great distances on wind and through movement of plant material. With more surveillance and the tracing work, we may find that it is confined to the area where it is now. We anticipated that with the increased temperatures, with spring, we may get more disease showing up. We have not seen that as yet.

Dr O'Connell—It is probably worth clarifying that the 43 sites that have been identified where this has been found so far are largely by a trace back and forward. Forty-one of these are nurseries, garden centres or cut flower facilities, one was a single tree in a backyard and one was a TAFE college tree. So far we have the thing almost wholly contained, as far as we are aware, within the flower industry and garden nursery industry, with very close trace backs. So far the surveillance on the surrounding bush has not shown anything in any of those areas. There have been around 500 properties inspected as being potentially likely to have it and that 43 is all that we have seen, and that is really by trace back and forward.

Senator NASH—I asked you for a time line of where the observations all occurred. Can you give me a whole time line of everything that has been done from the beginning to now in terms of the decisions that have been made, why they have been made and what has happened? Are there alarm bells going off all over the place about this?

Dr O'Connell—If you are asking are we taking this seriously, yes, we are taking this seriously. This is clearly a serious rust. It is difficult to trace. It is difficult to find. We have not seen yet the expression of it we might have expected. All rusts are difficult things to eradicate. These are not easy. They can be translocated very easily.

Senator NASH—On that, there is the issue of the beekeepers that have been there and then travelled to Queensland, as I understand it. What has been happening with the monitoring of that?

Ms Ransom—They were fully traced and inspected. The beehives were inspected, including inside, and the area of bush around where the beehives were taken has been inspected. There has been no infection identified with those.

Senator NASH—How far can the infection travel? That whole area up there is a significant eucalypt area. I would not know what the actual size of the area was but I would suggest there are hundreds of hectares of eucalypt area around there.

Ms Ransom—That is right.

Senator NASH—How far does it travel and how do you make sure you are having a good look?

Ms Ransom—If we were talking about guava rust—the classical guava rust from overseas—we would have expected it to have moved great distances by now. The fact that it has not suggests either that it is something different or that there are other reasons why that is not happening. It is entirely possible that it is at the southernmost edge of its ability to grow and spread, but we really do not know.

Dr O'Connell—So far it has not spread to eucalyptus.

Ms Ransom—It is not in eucalyptus.

Senator NASH—I am not suggesting that your practices are not right, but how can you be absolutely sure that it has not travelled and you just have not found it yet?

Ms Ransom—We cannot.

Dr O'Connell—That is a possibility but there is, as we are saying, boundary work to undertake surveillance around each of these areas, so if it had been in that location we would have seen it, and we have not seen it. All your notes of caution are absolutely right and that is why this is being taken seriously.

Senator HEFFERNAN—Immaculate conception, I think.

Dr O'Connell—Rust can move very easily. These things can move—

Senator HEFFERNAN—Do you think it came in a nursery plant imported into Australia?

Dr O'Connell—It is not clear how it came in. It could have come in on somebody's clothes. These are very easy things to bring in.

Senator NASH—This is a really good question. You are saying this particular rust is not moving far, so you expect it to be myrtle. Then obviously it has not come in from a great distance away if it is not moving out a great distance, so Senator Heffernan is asking how did it get here.

Ms Ransom—We really do not have the information to conclude that.

Senator NASH—What have you done to try and figure out how it got here?

Ms Ransom—All of the sites where we have looked and found myrtle rust were investigated to see if there is a logical entry point. Where has it come from? Where has it gone? The site where the infection was first picked up had no international linkages at all. As we have got more information it has become clear that that is likely to have been a secondary spread, so it has come from somewhere else. There is nothing in any information that we have at the moment that would indicate any source, any origin, for this fungus.

Senator NASH—Is it a concern that you do not know how it got there? Is that a worry? If you do not know how this one got to where it did, can that situation occur again?

Dr O'Connell—It obviously would be nice to know how something like this got in, but it is also a reality that something like a rust is almost impossible to see. It is microscopic. It can travel on anybody's clothes. It is not the kind of thing that you can easily manage any border activity with.

Senator HEFFERNAN—Can you spray for it?

Ms Ransom—We can, yes.

Senator HEFFERNAN—So are we destroying the stock in these nurseries and spraying them?

Dr O'Connell—Yes.

Ms Ransom—And the nurseries are all being sprayed with fungicides that are proving to be effective.

Dr O'Connell—Infected stock is destroyed and then there is fungicide spraying of the nurseries and places, so there is a very comprehensive response, yes.

Senator NASH—I have masses of other questions and I am going to put some of them on notice. One of them is going to be around the locusts issue. I will put it on notice, but I would implore you, could we have a response to that really quickly so we can see what is happening at the moment. I have got one and a half minutes left, which is why.

Dr O'Connell—It is going to go on notice.

Senator HEFFERNAN—I have got a couple.

Senator NASH—Senator Heffernan has got some too. Are camels in this part or somewhere else?

Dr O'Connell—No.

Senator XENOPHON—Where are camels?

Senator Ludwig—In WA.

Dr O'Connell—But we could do locusts instead, if you like.

Senator NASH—No, that is all right.

Senator HEFFERNAN—I want to go back to biosecurity.

Senator NASH—Yes, you can. Which section is camels?

CHAIR—Camels, locusts—what is the difference?

Senator NASH—Where do I do camels?

Dr O'Connell—Camels in what sense?

Senator NASH—In terms of the eradication program.

Dr O'Connell—You missed that. We discussed that earlier on.

Senator NASH—All right. Very quickly, then, can I have potted locusts—where we are at—and I want a really detailed brief given to this committee as soon as possible of where we are federally and your interaction with New South Wales and the other states as well.

Senator Ludwig—Do we want to organise a briefing for you rather than trying to respond in writing?

Senator NASH—That would be very much appreciated.

Senator Ludwig—Mr Ottesen is very busy, but I am sure he would find time to provide a private briefing.

Senator NASH—If we could do that perhaps next week, that would be very much appreciated. We will just do that, if you prefer. Then I can give Senator Heffernan some time. I think he wanted some. Thank you.

Senator HEFFERNAN—With the traceability and the need for the goose to be the same as the gander in terms of countries that want to import beef into Australia, what are we doing about the fact that there is an exemption in the Northern Territory for cattle from property of origin, live export, no tags?

Senator HEFFERNAN—With the traceability and the need for the goose to be the same as the gander, in terms of countries that want to import beef into Australia, what are we doing about the fact that there is an exemption in the Northern Territory for cattle from property of origin—live export, no tags? Besides the fact that it has allowed great opportunity for cattle thieves to steal cattle and accumulate them, especially out of the Great Southern cattle scheme, with cleanskins, no tags, live export, isn't that a flaw in the system? That is what you call a stake in the heart.

Senator Ludwig—We are just trying to find the right person to be able to assist you. I do not think the BSG plant division is the right one. We might need to take it on notice.

Senator HEFFERNAN—The government vet is there. Has he got a view?

CHAIR—I will let you into a secret, Dr Carroll. Your answer does not have to be long and drawn out, because we are way over time.

Dr Carroll—It is a Northern Territory legislative issue, so the running of NLIS within the state boundaries is—

Senator HEFFERNAN—Yes, but we have an Australian policy—

CHAIR—Senator Heffernan, do you have another question?

Senator HEFFERNAN—No—you are not going to get away with that.

CHAIR—It is the truth. Another question, Senator Heffernan, or we are going to pull it up.

Senator HEFFERNAN—Sorry, but my question is: is it a flaw in the system that we have got that sort of lunatic view that in one state you can do what you like? How the hell can we profoundly say we know where the cattle come from if we do not have to tag?

CHAIR—He is actually right.

Dr Carroll—The live animal export system has trace-backs through to the property of origin sufficient for the export—

Senator HEFFERNAN—I can tell you what is going on, and the cops are on to it. As long as you can say, 'This was the property of origin,' you can accumulate them from anywhere to the property of origin, put them on a boat as cleanskins and they are gone. I have to tell you, I have been talking to the musterers up there. They are thieving them—

CHAIR—Senator Heffernan, just one more question.

Senator HEFFERNAN—Robert Steele wrote a letter to you, Mr Grant, and you responded with a letter, in part, to the *Land* newspaper—

Dr Grant—No. Robert Steele wrote to me a few days ago and I have not responded as yet. There was an article raised in the *Land* and I responded to that in the *Land*.

Senator HEFFERNAN—Yes. In your proposition in the *Land* you say:

For a variety of reasons, which have all been explained by Australian and US authorities, US export figures will include shipments that may be proposed for export to Australia but do not actually enter Australia, or where products have been miscoded by the US exporter.

One of the free trade issues, in the discussions with our officials and theirs with the free trade agreement with the US, was that we would, as part of the agreement, assist them in their exports of beef to Japan and Korea. What sort of a world do we live in where we knowingly allow this? As explained in your letter:

Canned products from the US are labelled as a product of the US because it is the legitimate requirement—
but some of these are mislabelled. You go on to say:

On August 6 a US Embassy official publicly confirmed the export statistics in question were not accurate and no US live cattle, fresh, chilled or frozen beef had been exported to Australia.

Yet, officially, in their statistics there are.

Dr O'Connell—Those are the US statistics.

CHAIR—Senator Heffernan, I have been very patient. One very quick question and then we are winding up.

Senator HEFFERNAN—Yes, thank you very much. One of the propositions in the free trade agreement, in this assisting the US, is the cover that allegedly, when they get a BSE reactor, they lose market share in Korea and Japan; we gain it. But for the purposes of the assistance, we are saying that meat comes into Australia, even though we say tonight—

Dr O'Connell—No, that is not correct.

Senator HEFFERNAN—This meat is mislabelled. Do you agree with that?

Dr O'Connell—It is not correct that US beef is allowed to come here.

Senator HEFFERNAN—That comes here? No, I am not saying that, but the labelling says it is.

Dr O'Connell—But that is what you said.

Senator HEFFERNAN—And, according to you, in this letter you are saying it is mislabelled. Why do we tolerate that?

Dr Grant—No. What I am saying in that article is very simple: no US beef has entered into Australia since 2003.

Senator HEFFERNAN—Yes, I accept that.

CHAIR—Senator Heffernan, it is well over time. You have had plenty of time on this at every estimates hearing. I am not degrading your questions.

Senator HEFFERNAN—You do not think it is important.

CHAIR—It is very important, but they are the same questions all the time. In that case, then, I thank the officers from Biosecurity Services Group.

[9.14 pm]

Agricultural Productivity

CHAIR—Welcome.

Senator COLBECK—I just want to ask one question of the minister. It does relate to the last area. You have written a letter to the committee, Minister, to deal with an issue that we have in relation to the EADRA for horses. I want to specifically ask if there is any capacity for flexibility in the 1 December date, bearing in mind the committee is very keen to participate and assist with the progression of this issue. We are going to put a reference in, as I understand it, to the Senate next week for inquiry. The question is, is there any flexibility from your perspective in that 1 December date so that we can get the industry in to provide their input into the process?

Senator Ludwig—The short answer is no, because it is the industry that I am trying to get focused on 1 December, so I do not feel minded to push the date for this committee on the basis that, if the industry wanted to come to me and argue cogently why 1 December was too soon or they might be able to meet the requirements prior to or just after 1 December, I might be minded to look at that. But for the purposes of changing the date for the committee, I am sorry, no.

Senator COLBECK—No, I understand your rationale. What would be the process by which you would promulgate the use of vaccinations?

Dr O'Connell—We have just lost the people who are the right people.

Senator Ludwig—We will take that on notice and provide you with that.

Dr O'Connell—Basically there are regulatory processes that need to be managed at state level and a couple at Commonwealth level.

Senator COLBECK—That probably does answer my question and we do not need to go any further. I think that covers where we need to be for this, and I am sure that we will have continued discussion on the matter as the next six weeks move forward.

Senator NASH—In terms of the potential impact of the Murray-Darling Basin Plan and any permanent removal or reduction in water, will Agricultural Productivity be doing any work on the impact that that might potentially have on the meat, dairy and wool industries? Has that been done at all or is that something you are likely to be tasked to do?

Mr Glyde—The estimates of the impacts of that work have all been done by ABARE-BRS. It does not sit within the Agricultural Productivity Division.

Senator NASH—So it sits with ABARE and it has been done?

Mr Glyde—Yes.

Senator NASH—Is it publicly available?

Mr Glyde—In terms of the impacts on the industry, yes. The documents that Mr Morris and Mr Gooday were referring to go through each of the sectors and describe the impact in each sector.

Senator NASH—Great. I have not had a chance to get right through that yet. That is all contained in there?

Mr Glyde—Yes.

Senator NASH—Great. Does it also have impact on exports and what the likely outcome is going to be on the export industry, given the significant nature of Australian agricultural exports? Has any work been done on that?

Mr Glyde—I am not sure, to be quite honest.

Senator NASH—Could you come back to me on that?

Mr Glyde—Sure.

Senator NASH—And perhaps take into consideration that, if it has not been done, that is something that absolutely needs to be done. On an entirely different issue—this one might actually go to the minister, I think, rather than the officials—which is the live sheep export trade, I know there are a number of your colleagues in the Labor Party who are keen to see an end to that. Just for the committee, are we to understand that the government policy will remain the same?

Senator Ludwig—There is no change to government policy at this time.

Senator NASH—There is no change? So those other Labor Party colleagues—

Senator Ludwig—I think since about day two in the job I have been getting emails at a fierce rate.

Senator NASH—Yes, you have indeed. So they are barking up the wrong tree and they are not going to get anywhere, those colleagues of yours that want to change it?

Senator Ludwig—There is no change to government policy.

Senator NASH—Thank you very much, Minister.

Senator COLBECK—The department provided the Horticulture Code of Conduct review report to the minister's office on 14 September 2009 and the minister released the report publicly on 1 November 2009 and said that the government would consider it. Considerable consideration later, where are we at?

Mr Grant—We have not progressed a great distance since the last time we met. The response to the recommendations made by the ACCC and the input from the Horticulture Code Committee is still being considered by the government. As you would appreciate, the issues around the Horticulture Code of Conduct, the recommendations made and the range of possible responses to that are very complex. We are now working

with the new minister's office to explain those complexities and complications and to come to a position in the near future about trying to finalise a government response to that.

Senator COLBECK—So any time line is effectively in the minister's hands?

Mr Grant—It is still with the government to consider the response.

Senator COLBECK—I understand he is a new minister, he has a whole heap of stuff on his plate and he has to get up to speed on things, including this complex one. It is taking a while, obviously.

Senator Ludwig—I am happy to say they are still in the process. I have not formally had an opportunity—

Senator COLBECK—We know it is still in the process. I think that is obvious to everybody.

Senator Ludwig—It has been less than four weeks.

Senator COLBECK—Are there any particular pressure points apart from us? What is industry saying about this?

Mr Grant—We have not had a lot of representations from industry to try and resolve the horticulture code. There has been a regular series of meetings with the industry and ministers in the department. The issue comes up, but I would not say that it is a burning issue that we get asked at regular meetings. There also has not been a lot of activity through the mediation service that has required mediation, although that service probably has not been as effective as it could have been in the past in any case, so that is not necessarily a key indicator of problems in the industry. We have not been knocked over with complaints about the fact that we need this resolved and we need it fixed, because there is such a divergence of views across the industry about some of the outcomes.

Senator COLBECK—So there would be some people who do not support the code as it stands, others who would desperately want to see it changed and some who do not want to see it there at all.

Mr Grant—And some who would want to see it changed to be more rigorous and to widen the scope and some who would want it to remain within the current scope. There is a very wide range of views about the code itself.

Senator COLBECK—So while nothing is happening, everyone is just getting used to it and getting on with life.

Mr Grant—Perhaps, yes.

Senator COLBECK—Are we tracking any of the issues that were identified earlier to see whether they are verified or not?

Mr Grant—We continue to meet with relevant industries and to talk to them about their experiences under the code, as a way of monitoring their experience, but nothing in particular about tracking those issues, no.

Senator COLBECK—Is anyone's story changing much?

Mr Grant—It is hard to tell, because HAC—the horticulture advisory council—

Senator COLBECK—Horticulture Australia, yes.

Mr Grant—folded recently. They were one of the main proponents for trying to resolve issues with the code and they had quite strong views. Since they have fallen over it has been hard to find a consistent view across the industry about the code.

Senator COLBECK—That was Horticulture Australia Council, was it?

Mr Grant—Yes, that is right, Horticulture Australia Council.

Senator COLBECK—And they folded in and around the process of the biosecurity stuff, I think—just after that. Okay, we will leave it there, and I am sure we will have another discussion. In May's budget there was a cut to the Regional Food Producers Innovation and Productivity Program of \$5.5 million over two years. During the election the government diverted \$1.5 million of the remaining funds to its national food plan. Can you advise what the remaining funds are over this year's and the next financial year's program?

Mr Grant—There are approximately \$8 million of funds that remain uncommitted from the Regional Food Producers Innovation and Productivity Program. Of that, the government committed \$1.5 million in the election to implement the new national food plan.

Senator COLBECK—Is there going to be another round of funding?

Mr Grant—That is an issue that the government is still considering, although, as you are aware, the program runs out in June 2012. In order to progress a full round of funding from a tender process, an assessment of applications and then a grants program which involves payment on a retrospective basis, there really is not a lot of time between now and June 2012. So, while there has not been a decision made about another round, I think it is debatable whether there will be time to run another round.

Senator COLBECK—So there is potentially \$6.5 million sitting there that could effectively lapse.

Mr Grant—It is uncommitted.

Senator COLBECK—We can argue about the interpretations on the titles. How much has been spent over the period on the seafood industry?

Mr Grant—There have been grants approved to date of \$3,194,720 for the seafood industry. What has been contracted to date has been \$2,073,577.

Senator COLBECK—It is a bit short of the \$10 million that was promised at the 2007 election.

Mr Grant—All we can do is assess the applications that we get. We did try and promote the program extensively to the seafood industry, and we assessed the applications on a consistent basis across all sectors.

Senator COLBECK—So it would almost appear that the leftover money comes out of the seafood sector. Perhaps that is a simplistic way of looking at it. There is \$6.5 million left and \$3.2 million out of \$10 million has been spent.

Dr O'Connell—That is not as a result of saying that the seafood industry does not have access to the original—

Senator COLBECK—No, I did not say that. I am just saying that is where the shortfall potentially lies, and it might be their fault.

Dr O'Connell—I still would not want it to be characterised as there being a shortfall in the seafood area as opposed to other areas.

Senator COLBECK—There is a clear shortfall in the seafood area, isn't there?

Dr O'Connell—There is a shortfall in the announced amount—that is absolutely right—and, as Mr Grant says, that is because of the sorts of applications we had coming through and their assessment. We still have to settle on what to do with the remainder of the amount. There should not be an assumption that that will not be expensed.

Senator COLBECK—Although we have had an indication that it will not be expensed during the period of time.

Mr Grant—I think I indicated it was unlikely to be a funding round.

Senator COLBECK—I understand the logistics, so I get that, but you have a contracted amount of just over \$2 million and a possible high mark of \$3.2 million, so there is \$6.8 million that has not been expended on that program that was committed to be spent on that program. Let's not argue about the rationale, but that is a fact.

Dr O'Connell—Yes, that is right.

Senator COLBECK—So effectively the other elements of the program are down by something of the order of \$7 million as well, given that there was \$5.5 million taken out and there is another \$1.57 million.

Mr Grant—The total funding contracted in the program to date has been \$11,298,000.

Senator COLBECK—Total contracted?

Mr Grant—Yes, of which seafood is \$2.073 million, as I said.

Senator COLBECK—So we are talking about \$11.3 million effectively contracted. Is there any more that could be—I cannot recall the term that you gave to the \$3.194 million.

Mr Grant—The term was 'awarded'. Grants were awarded as part of the negotiations on a funding agreement. You tend to vary the amounts that get—

Senator COLBECK—That is over and above the \$11.3 million contracted for? Was more than that awarded? What is the awarded sum?

Mr Souness—I can clarify. Decisions are initially made on the applications that meet the criteria and that should be awarded funding. For the regional food program, that totalled just over \$16 million. But, either in

the period of negotiating funding agreements or after negotiating funding agreements, applicants pull out—for example, with the seafood component. We have had three applicants pull out, so in excess of \$1 million was not taken up. So we indicate that about \$16.13 million was awarded but, when we refer to funds committed—the \$11.3 million that you refer to—that amount is after certain applicants pull out for various reasons.

Senator COLBECK—It is still not a really good result. Even if the amount awarded was fully expended, you are almost \$20 million down on your commitment over the five years. It is not a good result.

Dr O'Connell—There was reallocation as well.

Senator COLBECK—Okay, you have reallocated \$5.5 million, or \$7 million. But take the \$7 million out of the \$20 million and you are still \$13 million down.

Mr Grant—We have actually reallocated more than \$7 million. I can run you through that, if that would help.

Dr O'Connell—The available budget in the end was \$20.3 million—

Mr Grant—Correct. After the reallocations that were made through different programs, the available budget was \$20.369 million.

Senator COLBECK—You are still only running at almost 50 per cent. But let's go through the reallocation, to make us all feel better.

Mr Grant—In 2008-09, \$3 million was allocated to the Promoting Australian Produce (Major Events) program, which was a new program committed to by the government in that year. \$3 million was unspent in 2008-09 and returned to the consolidated revenue.

Senator COLBECK—That is hardly a reallocation, but please continue anyway.

Mr Grant—In 2009-10, there was \$1.39 million allocated to the Promoting Australian Produce (Major Events) program and \$830,000 reallocated to the Climate Change Adjustment Program.

Senator COLBECK—What was that spent on?

Mr Grant—I do not have that information. I will have to take that on notice.

Senator COLBECK—Different division?

Mr Grant—Yes, a different program. In 2010-11 there was \$1 million allocated to the Promoting Australian Produce (Major Events) program, and there was \$1.5 million in savings made as part of the 2010-11 budget, announced in the budget process, that was allocated to the new Horticulture Code of Conduct funding arrangements of the mediation service, through the Department of Industry, Innovation and Science.

Senator COLBECK—The one that is not working as well as it could?

Mr Grant—To the new mediation service—it is still being implemented—and to the Pacific leaders forum. That was a budget measure. I think you could find that. That is in the PBS.

Senator COLBECK—Pacific leaders forum?

Mr Grant—Yes.

Senator COLBECK—Which does what?

Mr Grant—A major component of its work is on Pacific fisheries issues. It was a savings measure taken in the 2010-11 budget.

Senator COLBECK—That was how much?

Mr Grant—\$1.5 million. In 2011-12, \$4 million was allocated as part of the same savings measure.

Senator COLBECK—To what year?

Mr Grant—To 2011-12, the forward year.

Senator COLBECK—Four million dollars?

Mr Grant—Yes.

Senator COLBECK—It seems like it has been the honey pot for bits and pieces. Obviously, it was a complete failure as a program. When you consider the program it replaced, only \$11.3 million out of a \$35 million promise has actually been delivered to food producers and innovation. That is a complete and utter failure.

We are running out of time, so I will move on. Has the department made a submission to the Productivity Commission draft on R&D?

Mr Grant—Yes, we have.

Senator COLBECK—You have? It is on their website?

Mr Grant—Yes, it is.

Dr O'Connell—Not on the draft report.

Mr Grant—Sorry. We made a submission to the original—

Senator COLBECK—Gee, for a minute there I was going to go away satisfied.

Mr Grant—You meant on the draft report?

Senator COLBECK—Yes.

Mr Grant—Sorry, my apologies for misunderstanding. We made a submission in response to the original request for submissions. The due date for submissions on the draft of the PC's report is not until 26 November.

Senator COLBECK—Are we making a submission to the draft?

Mr Grant—We are still considering that within the department, but certainly our intention at this stage is that we would.

Senator COLBECK—Do we not have a view?

Senator NASH—Why would you not do that?

Mr Grant—I think it is highly likely that we will make a submission from ABARE at least, because ABARE does not think that a number of the conclusions that the PC made about the history of the research and development components and contribution to productivity analyses were supported by the research done over the last 10 years. There is a lot of work being done by ABARE at the moment to—

Dr O'Connell—I might just add to this. There are two sorts of submissions you can make: one is factual or analytical to help people work through things; the other goes to policy issues.

Senator COLBECK—Yes. So you are erring towards the factual and analytical?

Dr O'Connell—We certainly think there is quite a discussion to be had around the productivity issue and research and the work that ABARE has been undertaking over the last couple of years, work which essentially the Productivity Commission more or less rejected. We think that there is a discussion to be had there.

Senator COLBECK—So you are going to stick up for yourselves. That is good.

Dr O'Connell—There are other policy issues of a more normal strict policy base which, by and large, my inclination would be to keep within the government process for responding to the submission. We have yet to go through that discussion, but I think you can expect to see some work around productivity in the public arena.

Senator COLBECK—So effectively reinforcing the views that you put forward beforehand, defending the views—

Dr O'Connell—I think clarifying the issues that have been laid around there, because there is an analytical base on which the discussion in the Productivity Commission was relatively thin.

Senator COLBECK—Is there a ministerial council in December this year for the food labelling review?

Mr Grant—There is a ministerial council meeting in December. I think it is 3 December, if my recollection is right. It will consider a report from the Blewett review, yes.

Senator COLBECK—Has the review panel drafted its report and recommendations yet?

Mr Grant—I do not know.

Mr Souness—The review panel is still preparing its report, we understand—remembering that it is an independent review and the secretariat for that panel sits in the Department of Health and Ageing. But we understand that they are still drafting their final report and it is that that will be presented to the ministerial council in December and then—

Senator COLBECK—COAG in early 2011.

Mr Souness—Yes.

Mr Grant—Yes.

Senator COLBECK—So that program is still—

Mr Grant—That is on track.

Mr Souness—Yes. We understand it is on schedule.

Senator COLBECK—I will move on. I will ask you to take this on notice. I want to get some figures on vegetable imports. For the 10 most imported vegetables, can you give me a breakdown of imports of vegetable commodities in 2009 by commodity and origin and a breakdown of exports of vegetable commodities in 2009 by commodity and origin?

Dr O'Connell—Just to be clear, is this commodities you are talking about?

Senator COLBECK—By vegetable commodity, fresh and processed.

Dr O'Connell—There is a lot of complication with processed food imports in trying to work out the quantities.

Senator COLBECK—My problem is that some of these are inputs to processing.

Dr O'Connell—Yes, I understand that.

Senator COLBECK—I understand the complexities. I just want to get some relatively complete figures on the flows of vegetables in and out, bearing in mind the trend over recent years towards net import. I am going to need fresh and processed, I think. I am looking for as complete a picture as I can get.

Dr O'Connell—You are looking for things like frozen veg.

Senator COLBECK—Yes.

Dr O'Connell—And we can give you a commentary around it so that it is helpful, if you like.

Senator COLBECK—Yes. I specifically want to get some figures from New Zealand, and I need to get some production figures as well over, say, the last five years by state and product.

Mr Glyde—You want to go back five years so you get a bit of a trend?

Senator COLBECK—Yes. I would like to get some trend flows and inflows and outflows so that I can just look at some general pictures of where that particular industry sector is moving.

Mr Grant—Just for imports from New Zealand?

Senator COLBECK—No.

Mr Grant—But that identify New Zealand especially?

Senator HEFFERNAN—In the case of New Zealand, are you looking for country of origin or—

Senator COLBECK—No, Bill. I do not want to complicate it.

Senator HEFFERNAN—A lot of them are Chinese products from New Zealand into Australia.

Senator COLBECK—In a lot of circumstances it is not necessarily possible to identify that.

Senator HEFFERNAN—So you are not interested in whether they—

Senator COLBECK—Once I get the numbers, I can then start to look at a breakdown.

CHAIR—We do thank the officers from Agricultural Productivity. We now call the Australian Pesticides and Veterinary Medicines Authority.

Senator HEFFERNAN—I have a question for these fellows.

CHAIR—You will have to put it on notice, Senator Heffernan. We are way behind schedule.

Mr Glyde—Chair, I have a clarification on a question we took earlier on from Senator Nash. She asked whether or not, in the Murray-Darling Basin Authority report that we did on the social and economic impacts, we focused on exports. We did not. They can be calculated. The report focuses primarily on the regional impacts. But the logic would be that for those products that are heavily exported, like rice and cotton, a decline in the production of rice and cotton would inevitably have an impact on exports of those products. We could calculate the exports; we just have not done it in the report.

Senator NASH—All right. Minister, can I ask if you might have a discussion with—

CHAIR—Senator Nash, I have just upset your colleague. Time is really against us.

Senator NASH—No, I am not asking a question. I am just asking him to do something, if he would not mind. Minister, could you just have a conversation with Minister Burke around the appropriateness of perhaps doing some further work on the impact on the exports?

Senator Ludwig—I will take that on notice.

Senator NASH—That is all I want you to do. That would be great.

[9.43 pm]

Australian Pesticides and Veterinary Medicines Authority

CHAIR—I welcome officers from the Australian Pesticides and Veterinary Medicines Authority. Are there any questions?

Senator XENOPHON—In a media release dated 12 October this year, APVMA announced the registration of endosulfan had been cancelled in Australia, in part due to new environmental information that emerged as a result of endosulfan's nomination to the Stockholm Convention on Persistent Organic Pollutants. Can the authority give more information about the information that it received that led to the ban? When did APVMA originally receive this information? Perhaps I will ask those questions and I will ask you about carbendazim later.

Dr Bennet-Jenkins—The APVMA always keeps a watching brief on new international information in terms of chemicals that we have registered. In the case of endosulfan we became aware of new information in the submissions that were made to the Stockholm convention on the nomination for listing of endosulfan as a persistent organic pollutant. With those submissions came quite a long list of reference material which we reviewed and we found several new references that we had not seen or assessed in Australia. Similarly, when New Zealand made its regulatory decision in late 2008, there were also several studies that Australia had not seen or assessed. We then obtained the full study reports and forwarded those to the respective departments that provide us advice—the department of environment and the Department of Health and Ageing—and those reports were received this year. They were finalised and published on our website in September and were the basis of our decision in October.

Senator XENOPHON—Further to that, at the last estimates I asked you questions in relation to carbendazim. You indicated last time that the APVMA was undertaking a review of that because there were a number of health concerns in terms of reports overseas and, I think, concerns here in Australia. When is a community consultation phase likely to take place? Where are you up to with that, including community consultation, reviewing the literature and any further assessments in terms of the possible health effects of carbendazim?

Dr Bennet-Jenkins—We are very close to the finalisation for public consultation of the carbendazim review. I indicated at the last meeting that it would be around September-October that that report would be out for public comment.

Senator XENOPHON—This year?

Dr Bennet-Jenkins—This year. There have been some delays in that because we needed to get some refinements to the occupational health and safety report. We anticipate that will be finalised for public comment within the next six months. We were actually reviewing carbendazim together with a related chemical called thiophanate-methyl, which breaks down to carbendazim in plants in the environment, and because there was no further work that needed to be done with thiophanate-methyl we actually went ahead and published that report in August. We divided it up so that we could at least get the information out that we were able to for public comment. That public comment period, as far as I am aware, has now closed and we are looking at those comments and looking to finalise that component of the review very soon.

Senator XENOPHON—This review has been going on since May 2007 or thereabouts?

Dr Bennet-Jenkins—Yes, it has been going on for a few years.

Senator XENOPHON—You can understand why some of the committee would say that seems to be an inordinately long time for a review process.

Dr Bennet-Jenkins—With carbendazim, though, because of the concerns that we had right at the beginning of the review and then also during the process of the review, we actually took regulatory action to address the immediate concerns.

Senator XENOPHON—The schedule 7.

Dr Bennet-Jenkins—We suspended registrations and issued new warnings in relation to the chemical. We have done that on two occasions and those registrations continue to be suspended. The suspension allows continued use but in a restricted fashion. More recently, we have taken some uses away. As we have gone along and found evidence that has concerned it, we have actually acted on that. It is just that the publication of the very final report for public consultation and finalising the report is still ongoing.

Senator XENOPHON—Could you give an approximate time line as to when the final report will be published in relation to this?

Dr Bennet-Jenkins—I would say it is imminent—in the next six months, if not earlier.

Senator XENOPHON—So before the next estimates the report should be out, which is three or four months away?

Dr Bennet-Jenkins—We expect it to be out, yes.

Senator XENOPHON—Thank you.

Senator BACK—I just wonder if you could give me some idea: if a manufacturer wanted to vary the acceptable conditions for the use of a vaccine, how would they go about that? For example, I am thinking of a vaccine which at the moment has a 21-day interval between a primary dose and a booster dose. If, upon their own work, they came to the realisation or the belief that they could shorten that interval, what process would they go through to have that accepted by your organisation?

Dr Bennet-Jenkins—They would submit an application for a variation to the existing registration, with their supporting data, and we would look at that submission and advise them what components we would need to assess. The efficacy and safety, I would presume, would be the primary components that we would look at. We would review that data and make a decision based on the robustness of the data.

Senator BACK—If they wanted to vary it to the extent of getting licence or acceptance for just one dose only, for a shorter period of coverage, they would presumably present the same data to you, would they, and give an indicator?

Dr Bennet-Jenkins—Yes, and put their argument to us and their justification for why they believe that change is justified. We would look at it in the first instance. If we do not have the expertise in-house, we would send it out to a relevant expert in the field to give us advice.

Senator BACK—Within Australia or outside Australia?

Dr Bennet-Jenkins—Usually within Australia, but we have used overseas persons when necessary.

Senator BACK—The time frame for such an exercise would probably be contingent on the quality of the information they gave you.

Dr Bennet-Jenkins—And the size of the job and the complexity of the job. I would not be able to provide comment on that.

Senator BACK—No, just in general terms. Typically, is it months?

Dr Bennet-Jenkins—It is, typically, for variations. They can vary between, say, five and probably 13 months, but it would probably be more around the five- to eight-month time frame for that type of application.

CHAIR—There are no further questions for APVMA. I thank you very much, officers, and call RIRDC.

[9.52 pm]

Rural Industries Research and Development Corporation

CHAIR—I welcome officers from Rural Industries Research and Development Corporation.

Senator NASH—I will ask some questions around the Productivity Commission report.

Senator Ludwig—Draft.

Senator NASH—Draft, sorry. It is a bit like the guide to the plan for the plan for the basin, isn't it? The court of King Caractacus.

Senator Ludwig—You said that, not I.

Senator NASH—I am stealing it from a journalist. Sorry, the draft Productivity Commission report. I am trying to get an understanding of what they have put forward within that report that would, if implemented, affect the way RIRDC operates. What impact would that have? With what they are putting forward, is there crossover or double-up with how RIRDC actually operates now?

Senator Ludwig—It becomes a little hypothetical in part, because until such time as—

Senator NASH—Okay, I will rephrase it. What is the RIRDC's response to date to the draft report?

Senator Ludwig—Excellent question.

Senator NASH—Thank you, Minister.

Mr Burns—Along with, I think, all the other R&D corporations we will be putting in a further submission to the draft report highlighting those areas of the draft that we think are particularly relevant to our operations. There are a lot of things in the report that we would support in terms of the principles around R&D. The fact that there is an underlying support for the R&D model and the history of that is all positive stuff.

There are a couple of recommendations in particular which would impact on our work, and of course the recommendations around reductions in government matching would have a slight impact, but probably the bigger impact is a recommendation to create a new R&D corporation which would be called Rural Research Australia. It logically, reading through the draft, would acquire some of the activities that are currently undertaken by RIRDC.

The draft report does, of course, say that the exact details of what might go across need to be worked through, through the further submission process and further discussions, and obviously at the end of the day that is a decision for government, but there are some things that are recommended to go across—a lot of the public good things that we currently do that would logically go to the other organisation—so we would be building an argument in our submission that RIRDC is already established to do largely public-good work and that would be a position that we would take.

Senator NASH—I would hazard a guess that you would say the job you are doing is entirely appropriate and does not need to be changed, but I will not ask you to comment on that, and I think it is probably quite a good assumption. As the minister said, we cannot do hypotheticals. Perhaps, Minister, this one might be better for you to comment on in light of that. I think it is in the third chapter that the report goes on to talk about:

A range of other arguments for government intervention have also been advanced, including to promote food security, support regional development, compensate for disadvantageous trade conditions, foster infant industries and develop value-adding supply chains.

That all sounds pretty good to me. It then goes on to say:

However, for various reasons, these arguments do not provide sufficient—or possibly even good—grounds for intervention.

That seems to be a bit in contrast to the Primary Industries and Energy Research and Development Act, which goes on to talk about the objectives, about increasing the economic, environmental and social benefits, and so on. I am sure you know what it is, Minister. They just seem to be in contrast with the draft report saying that those types of things are not good grounds for intervention and yet, under the act itself, it is those types of things that they say should be done. Without sounding like I am trying to stick up for RIRDC here, there seems to be a real contradiction in the two things. I would be interested to know how perhaps the minister might see those two things sitting. They seem to be in direct contrast.

Senator Ludwig—I would prefer to wait for the final plan—report, I should say. It's getting late.

Senator NASH—Report, draft, the thingy—until we get the final thingy.

Mr Burns—February 2011. I am sure you have read the draft Productivity Commission's report. One of the issues is that it goes through a whole range of issues and it tends to weigh some issues and balance one against another, so I was keen to see where they effectively landed. What I have been saying to industry, though, is that it is a once in a lifetime opportunity to get their act together, to provide submissions to the Productivity Commission about the structure, about some of the issues raised in the draft PC report, about issues that go to balancing public good against private good, and about the particular issue you raise there, demonstrating the value of the research that government is investing in.

Clearly, what the draft Productivity Commission report also outlined was the significant investment by government in RDCs in Australia as compared to other industries outside of agriculture, but—correct me if I am wrong—they did also make the point that it was valuable and it did provide a justification for that increased funding and, of course, they went on to make other findings about that as well, which I will not go to.

The strength of the RDCs has been demonstrated through the draft Productivity Commission's report, and that is encouraging, but I think it is now incumbent upon the RDCs, and particularly the stakeholders in the

RDCs, to take the next step in the submission to the Productivity Commission draft report, particularly about those issues that they have mentioned, and I think particularly about the research that the PC has looked into, about the various issues you have mentioned such as the infant industries argument—some of those—and about lifting productivity. Ultimately it is about ensuring that we do continue to strive for improvements in productivity, increasing productive capacity in our rural area, and we do not, as government, undertake to pay for what we would call industry's responsibilities in providing private good.

Senator NASH—True. Thank you. We shall look forward to talking with you about it at the estimates in February. But, on that point, nor do we want to see a shift going on to industry for a financial responsibility that, in the public good, should remain with the government.

Senator Ludwig—That is where it is really incumbent upon stakeholders to ensure that the submissions they make to the Productivity Commission manage to convey an accurate picture about public good and private good, about the adaptive research that is undertaken by the RDCs and used for industry, and also about the blue-sky research that RDCs can contribute to.

Senator NASH—I would hope that you would be able to reassure the committee, though, that any potential changes would not result in an overall reduction in the quantum of government funding going to research and development?

Senator Ludwig—It is an excellent question. I am going to wait for the Productivity Commission's report before I make any announcements in this area.

Senator NASH—And I shall wait for your excellent answer, at that point in time, that will reassure this committee there will be not one dollar dropped off the research and development budget! Thanks, Minister. Thanks, Chair.

CHAIR—Thank you, Senator Nash. As there are no further questions of RIRDC, we thank the representatives very much.

[10.01 pm]

Meat and Livestock Australia

CHAIR—Welcome, gentlemen. Being mindful of the time of the evening, we will go straight to questions.

Senator BACK—Thank you very much for the opportunity, gentlemen, and thank you for appearing. My line of questions relates to the live sheep and cattle export trade. I am pleased to commend the minister for his strong stance in recent days on the continuation of the trade. You are aware of threats to the trade and I just wonder what action is being taken at MLA level to ensure a continuation of the live export trade for both sheep and cattle.

Mr Palmer—Thanks, Senator. May I also commend you and Senator Colbeck and others, who have also put your shoulder to the wheel on this, and echo our appreciation for the recent remarks from the minister. Live exports are an incredibly important component of the trade from Australia. Australia ships meat to about 106 markets around the world, about \$100 million every week in beef and \$20 million in sheepmeat, and some of our customers like it chilled and fresh, some of them like it warm and fresh. So it is a market demand and it is one that Australia is in the unique position to be able to serve and satisfy. Our concentration of effort, of course, is largely around the sheep trade into the Middle East and cattle trade into Indonesia. There are other markets, but they are the areas of great concentration.

Through MLA and LiveCorp, the industry—and with government funds through the research dollar—has put in an enormous effort around animal welfare, stock trading, animal handling in Indonesia. We have assisted in excess of 100 abattoirs in Indonesia with better slaughtering facilities and stockmen-training programs. We have worked at the feedlot level and right the way through into the abattoirs around stockmen training, better animal welfare and better treatment of the animals. Having fortunately had a trip to Indonesia not so long ago, I know the quality of the cattle and the quality of the feeding programs and the quality when they go to slaughter is just outstanding. Some of those northern cattle look a real picture after 100 days on feed. The industry has done a good job and there is still more to go.

Indonesia in particular has its own fragile nature, and we need to be very mindful of the politics and the trade and do stuff down here sensitively, keeping sensitivities as to the relationship in what is—I think if you add all the boxed beef and live cattle together in Indonesia—now probably our third-largest destination for beef. To have an Islamic community right on our doorstep with a beef-eating preference is a fabulous opportunity. We have seen our boxed beef grow to about 60,000 or 70,000 tonnes a year in Indonesia. I am not

sure what the final number will be because there are some issues around permits. Then, additionally, the same thing is being done in the Middle East with handling programs, stock training and stock management as to how you move sheep. Merino sheep are different from a Somali goat, so they need to be treated differently. So the industry, through both LiveCorp and ourselves, has made a pretty big investment and it is making some ground. It is one that you never stop working on, because the issue of welfare and society's values have got to be catered for and we have got to be cognisant of it all.

Senator BACK—I would just reflect on what has been largely unproductive conflict in the last couple of weeks, particularly with meat processors and those representing those who work in the meat industry, and I agree with you that all of our interests are best served by expanding all of these markets, not one component of them. What action has been or is being taken to try and engage with those other parties associated with beef and sheepmeat, to be able to perhaps come to a more sensible and long-term position, rather than be seen to be in conflict in the public arena?

Mr Palmer—That is a good question, because there is tension, but every now and then there is a good initiative. More recently, the minister for primary industry in Queensland hosted a gathering of live exporters and meat processors and a lot of good came out of it, with quite a clear action plan that needed to be done. So through the Red Meat Advisory Council, through elements of our own company, all the state farm organisations—there have been no amount of meetings and gatherings—I think right now the tension is not as pronounced as it has been, but there have been times when there has been tension, and I admit to that. More does need to be done in getting the people around the same table and working out how we progress this. But the live trade overall is not dissimilar to previous years: the competition for livestock is no more or less fierce. It just seems that, for reasons I cannot explain, the tension has been a little more pronounced perhaps in the last year—not so bad now, but in the last year it has been—and, yes, we have to do more to get them around the same table.

Senator BACK—Would you agree that we need to get more information out to the wider community? If you look at, for example, cattle in Queensland and if you reflect on the proportions that have gone to slaughter as opposed to those that have gone to live export, the proportions have remained very similar—the proportion to live export is incredibly low—and, where there has been a change in equilibrium, it has been, in my view, due to poor seasons. These assertions that animals going for live export in some way are adversely impacting on those being slaughtered are wrong, and I wonder how this information can be released more openly and widely to that sector of the community that is concerned about them?

Mr Palmer—I do not have a clear answer, other than that it is pretty well known amongst the industry circles as to the volumes of cattle moving out of various ports. I think, if I can be a little candid, when live exports moved more to the eastern seaboard probably the tension rose a little more. Cattle out of the Territory and Kimberley and the Pilbara is an anticipated and an expected line of trade; the business is geared around live exports. So I guess when live export numbers start to shift out of North Queensland the tension starts to rise. But the numbers, as I recall, coming out of North Queensland at the moment are not as great as they have been in previous years, so they are not at their historical highs.

Senator BACK—They are not.

Mr Palmer—And that needs to be better understood and the information made more available.

Senator BACK—Turning to the sheep, the reality is that in Western Australia sheep numbers have dropped off simply because farmers have not been able to get the return per hectare from sheep production. If the sheep are not available then they are not available for slaughter or for export and, if the number of sheep continues to decline in Western Australia, we will be importing sheepmeat from somewhere else fairly soon. I am appreciative of the work that the organisation is doing.

Mr Palmer—We would like to echo our appreciation of the comments of Senator Back and Senator Colbeck that have been in the press of late, in getting behind the live export business. It is a very important part of our programs. Senator Nash too, I am awfully sorry.

Senator NASH—That is quite all right, Mr Palmer.

Mr Palmer—It is interesting; the demographics of the sheep flock are changing enormously. It was not that many years ago that we had 180 million sheep and today we have 70 million, but our land tonnage is higher, so it is shifting. The demographics have shifted somewhat from a wool flock—not entirely, naturally—to meat-producing sheep, and that of course creates changes in the flow of animals. So your older animals—wethers and culls et cetera that might have gone live—are now more likely to be processed as lambs.

CHAIR—Yes, and the minister has stressed more than once today how important the live trade industry is to Australia. Thank you, Mr Palmer.

Senator COLBECK—Being a better season, is there a cohort who are actually hanging onto their animals to rebuild their stocks at the moment? Is that a factor, particularly on the east coast where there are people who, having run their stocks down over the drought, are looking to rebuild a little bit?

Mr Palmer—Surveys continue to show that the farmer ambition is to build their numbers, most definitely.

Senator COLBECK—And that would have an impact on the throughput and availability for both live trade and abattoir?

Mr Palmer—Yes. How people survey and how they act can often be quite different. Surveys are very aspirational and there is a pent-up demand definitely to build numbers and build stock. I may have to take it on notice just to get the flow of slaughtered animals going forward at the moment, but our lamb tonnage over the last three years is right up there with record numbers, but that is more a reflection that the demographics of the flock are changing. There is no doubt that there are a lot of people moving into crossbred or meatsheep varieties and that is evidenced. The demand for merinos, the demand for good breeding stock, at the moment is quite high and it is driven by the current state of the market and a tremendous season on the east coast.

Senator NASH—Has MLA done any work into the potential impacts of reduced water allocations across the basin on the meat industry, or are you planning to?

Mr Palmer—Through the Murray-Darling Basin?

Senator NASH—Yes, the Murray-Darling Basin. I was interested to know if MLA were taking into account any potential impacts down the track on the meat and livestock industry if we do move to a situation where water in the basin has decreased. I am happy for you to take it on notice, if you like.

Dr Johnson—We do not have any current work, nor have we looked at it recently. You would realise that, with the water allocations the way they have been in the last few years, there has not been a lot of water around for any sort of agriculture and certainly not for finishing livestock.

Senator NASH—But that is very different from it being permanently removed.

Dr Johnson—Sure, but livestock production will always be marginal for irrigation, and that is the way it is trending and has trended. I am talking about meat rather than dairy. On the figures I can recall, I think livestock production generally is about 13 per cent of irrigation, so it is quite small. There is quite a lot of difficulty in teasing out dairy versus meat, but the trend has been for a long time that there is less and less meat production coming off irrigated pasture.

CHAIR—If there are no more questions, thank you very much, Mr Palmer and Dr Johnson.

[10.15 pm]

Australian Wine and Brandy Corporation

CHAIR—I welcome officers for the Australian Wine and Brandy Corporation.

Senator XENOPHON—Good evening to the AWBC. The AWBC's website states that one of the organisation's core responsibilities includes maintaining the integrity of Australia's wine labels and winemaking practices. Can the AWBC explain how they fulfil this responsibility in relation to counterfeited wine of Australian labels in overseas markets?

Mr Guy—Yes. The AWBC's prime responsibility is to ensure the quality and integrity of Australian wine that is exported, and we do that through a variety of mechanisms—principally through controlling the export of wine from Australia by requiring that exports are only conducted by licensed exporters, that each wine that is proposed for export is tasted to ensure its quality before it can be exported and also to ensure the safety of Australian wine by ensuring that the wines comply with the Australian food standards code.

In terms of the integrity of Australian wine, principally we have regard to the provenance of wine. We ensure that any claims made on behalf of the provenance of Australian wine can be justified; for example, if a wine is presented as coming from a particular region—say, the Barossa Valley—that in fact the wine does come from that region; if it is presented as being made from a particular grape variety, such as shiraz, that such a claim can be justified, and similarly with vintage.

Senator XENOPHON—Mr Guy, these are all very worthy and necessary controls in order to ensure that Australian wine that is marketed overseas fulfils the representations made about it, but if I can go to where it

appears that non-Australian wines are labelled as Australian wines—in other words, the counterfeiting of Australian labels—what role does the AWBC have in relation to that? A number of winemakers have told me of the enormous damage caused to the Austrian wine industry in 1985 when contaminated wine labelled in Austria was discovered in Germany. Apparently the Austrian wine industry is only now recovering from the damage caused to it as a result of people having serious health effects.

Mr Guy—I am familiar with the Austrian wine scandal of 1985. That was not a counterfeiting issue per se; that was a clear case of Austrian wine producers using an illegal wine additive. In fact, they were using diethylene glycol, otherwise known as antifreeze, in order to sweeten the wine. It is true that the levels of Austrian wine exported—

Senator XENOPHON—Sorry, I should have clarified that—in the sense that, if a wine is tainted, it can cause enormous damage to an industry, and that includes if it purports to be from a particular area when in fact it is not.

Mr Guy—In addition to the controls I outlined previously, you might not be aware but close to half of the wine that leaves Australia leaves in bulk form rather than packaged form. It does not go in bottles or casks or some other form of package; it goes in bulk. Here there is clearly an increased risk of contamination, of substitution of different wine for Australian wine and of quality degradation. Hence, we have introduced controls on the export of bulk wine that go beyond what any other country does. In China and elsewhere, any facility that proposes to package Australian wine must be approved by the Wine and Brandy Corporation before they can receive that.

Senator XENOPHON—Because time is limited, can we just go to the issue of counterfeiting. We have already had a long discussion, I think when I was driving back from the southern Flinders Ranges.

Mr Guy—Yes.

Senator XENOPHON—We had a long and, I thought, constructive discussion in relation to this issue. There is one allegation of a counterfeiting case that has caused me a lot of concern and that relates to the Flinders Run winery in South Australia. I was contacted by Emanuel Skorpos. His family runs that winery. It has won a number of awards. It has been highly recommended in terms of the quality of that wine. In the middle of this year I received communication from him that the AWBC was notified in June of this year of counterfeit wines in China bearing the Flinders Run label. Apparently the ‘R’ of the registered trademark was the wrong way around; otherwise, it was a pretty good facsimile of that wine, bearing a fake Flinders Run label. You were notified by Nick Bartman of the Wine Protection Group. It is a private company which makes its money out of being based overseas and notifying winemakers around the world.

Mr Guy—I think that group is very much at a start-up stage. I am not aware that they actually have any members at the moment.

Senator XENOPHON—But the issue there is that on 1 July Mr Bartman of the Wine Protection Group notified Mr Skorpos of Flinders Run. He says that he notified AWBC. He took photos of these wine bottles with the dodgy labels with the ‘R’ the wrong way around, which alerted him to the problem, and sent them through to the Australian Wine and Brandy Corporation to notify them that this could potentially be a fake Australian wine. Does the AWBC agree that it was notified around that time?

Mr Guy—We certainly do not deny that.

Senator XENOPHON—What I do not quite understand is that at no stage did you notify Mr Skorpos of Flinders Run of that, until he notified you.

Mr Guy—In the intervening period we had considerable contact with Mr Bartman, both by email and by telephone conversation, in an attempt to gain further evidence as to in fact what this allegation constituted. I know for the producer it might not make a difference, but our response to such an allegation depends very much on whether the wine that is in those allegedly counterfeit bottles is in fact Australian wine, Chinese wine or wine from some other country. It might not make much difference to the person who believes their trademark or their intellectual property is being infringed, but in terms of our response it very much makes a difference whether it is Australian wine that is being presented with a different trademark or whether that is Chinese wine.

Senator XENOPHON—But, Mr Guy, section 7 of the act says:

The functions of the Corporation are:

(a) to promote and control the export of grape products from Australia;

(b) to encourage and promote the consumption and sale of grape products both in Australia and overseas;

Mr Guy—Yes.

Senator XENOPHON—If there is a prima facie case of at least the label being dodgy, surely that would alert you to issues of integrity at least in respect of the label and potentially that it could be a counterfeit wine.

Mr Guy—Frankly, if that was Australian wine and the vintage, the variety and the region that are declared on that label are consistent with the wine that is in the bottle, I do not think there is a role for the corporation in terms of the trademark infringement.

Senator XENOPHON—But the ‘R’ for the registered trademark was the wrong way around.

Mr Guy—That certainly was not brought to our attention and we certainly did not see that from the photograph.

Senator XENOPHON—I have seen the bottles in relation to that.

Mr Guy—For several months now we have been attempting to obtain the labels, the wine or, in the absence of that hard evidence, at least details of where we can obtain these samples of allegedly counterfeit wine and have yet to receive that information. We have repeatedly asked for that.

Senator XENOPHON—Is it because, though, you did not even bother to contact Mr Skorpos at Flinders Run? The Wine Protection Group may be a fledgling organisation or business, but I do not think there are issues as to its credibility, in that I think that it is well known at various wine trade shows overseas—and in France as well. Wouldn’t it be reasonable to notify a winemaker that an allegation has been made?

Mr Guy—Not necessarily.

Senator XENOPHON—Why not?

Mr Guy—There are times when people are surprised to discover wine with their labels in overseas markets. They say, ‘We haven’t exported that wine. That must be counterfeit.’ All that is evidence of is parallel exporting. It is not unusual for people to be surprised to find their products in export destinations.

Senator XENOPHON—But Mr Skorpos does not export his wine in bulk. He only exports it in bottles. It is not sold in bulk form, so it cannot be rebottled.

Mr Guy—But we had no reason to believe that that wine had been exported in bulk and bottled in China.

Senator XENOPHON—Maybe I am missing something here. If there has been an allegation that appears, on the face of it, to be credible of counterfeiting of an Australian wine, given the statutory functions of the AWBC wouldn’t it have been reasonable to at least advise the proprietors of that company that this allegation has been made? Then they could take it up with the person that has made the allegation to follow that up, at least.

Mr Guy—Again I would say not necessarily. It would depend on our investigation of the allegation. Once we knew the circumstances, then possibly we would refer the matter to the producer.

Senator XENOPHON—So the general rule is that if an allegation has been made of potential counterfeiting the winemaker will not necessarily be the wiser?

Mr Guy—That is quite possible.

Senator XENOPHON—Is there a review of that policy? Perhaps I could ask Mr Cheesman. Do you stand by that policy, Mr Cheesman?

Mr Cheesman—I think in the particular case that you are referring to there was a process of qualifying both Mr Bartman and his investigation business and attempting to investigate the allegation that had been made with respect to Mr Skorpos’s brand. I think too—Mr Guy’s point before—that one of the key aspects of our investigation that needs to be resolved is whether the wine is Australian or Chinese, because that then influences what the next steps of our investigation are, and we have been unable to get the cooperation to achieve that.

Senator XENOPHON—I know that we are having a meeting, I think on 8 November. Mr Skorpos will be there and I will be there, so I am hoping it will be a constructive meeting. But isn’t it reasonable to at least notify the wine producer, even in a qualified form, saying, ‘We’ve had this allegation from this person and we can’t verify whether it’s reasonable or not. We don’t have the resources,’ or, ‘We’re not inclined to investigate it further, but we thought you should know about it’? Isn’t that a reasonable thing to put to a wine producer in this country?

Mr Cheesman—If an allegation is made we would investigate it fully. We would not take a stance if we did not have the resources to investigate it.

Senator XENOPHON—Sure. But if I am a winemaker and it appears that, on the face of it, there is a bottle of my wine product that seems to be a counterfeit, I reckon I would want to know about it, to at least see the veracity or otherwise of that allegation. If you are there to represent the integrity of the wine industry, surely it is not unreasonable to at least notify winemakers that there is a potential problem out there?

Mr Cheesman—I think, as I keep coming back to, if we perform our preliminary investigation and get an understanding of what the allegation or the potential issue is, we would then communicate with the stakeholder. But in the particular example we are talking about we have not been able to extend our investigation.

Senator XENOPHON—Sorry, Mr Guy. Perhaps I could put this to both of you. Isn't there a flaw in that logic? You are saying you need to perform your initial investigation. Wouldn't it be reasonable to perform your initial investigation by contacting the winemaker that may be the subject of a counterfeiting scam?

Mr Guy—There is no breach—

Senator XENOPHON—I think the chair just said, 'Sounds fair.' Is that on the record, Mr Chair?

CHAIR—It is now.

Mr Guy—It might sound fair, but there is no breach of the Wine and Brandy Corporation Act, which is what we administer, provided the provenance of the wine is correctly displayed. If that is Australian wine, the fact that there is a trademark breach, albeit with the trademark logo incorrectly displayed, is not a matter for the corporation.

Senator XENOPHON—If it happens to be a counterfeit product and that counterfeit product includes some inferior wine—whether it is Chinese or some other wine or, God forbid, a tainted wine—that could have huge implications for the Australian wine industry, couldn't it?

Mr Guy—Theoretically yes, but there has been no suggestion that that wine has any health and safety implications or, in fact, quality implications.

Senator XENOPHON—Don't you manage the risk, though?

Mr Guy—There is a risk with the export of any product that can be consumed.

Senator XENOPHON—But there could be a greater risk if somebody is counterfeiting an Australian wine.

Mr Guy—Possibly, and, because of the greater risk associated with bulk exports, we control that. In fact, we are quite constrained by our act in precisely what information we can divulge to other parties—information that we gather through our functions.

Senator XENOPHON—Minister, does the government have a view in terms of the integrity of the labelling of Australian products and the issue of counterfeiting and is it concerned, given what it has heard tonight? As I understand it, the corporation says they are constrained by the legislation. Is that something that the government will be looking at?

Senator Ludwig—What I would rather do is try to resolve one of the first problems that seems to be available. Are you able to assist the Wine and Brandy Corporation in obtaining a bottle of this particular wine?

Senator XENOPHON—I am happy to, and we have a meeting on 8 November.

Senator Ludwig—Let us see what happens from that first.

Senator XENOPHON—But, Minister, do you see—

Senator Ludwig—It is a hypothetical question.

Senator XENOPHON—No, I am going to ask you a question that is not hypothetical.

Senator Ludwig—It is at this point in time.

Senator XENOPHON—In terms of general principles, if there is an allegation—

Senator Ludwig—We have not ascertained the facts in this matter. I am not going to speculate on something about which I do not know the facts.

Senator XENOPHON—Something that is not the subject of speculation is this: the Wine Protection Group—a private entity—contacts the Australian Wine and Brandy Corporation sometime in June saying that there is a label, Flinders Run wines, that appears to be counterfeit. The corporation does not contact the

winemaker. It is only when the winemaker is contacted by the Wine Protection Group direct that he becomes aware of this, and the winemaker in turn goes to China and sees that—

Senator Ludwig—Yes, I understand the question.

Senator XENOPHON—That is not hypothetical, though.

Senator Ludwig—The Wine and Brandy Corporation has answered that question.

Senator XENOPHON—But do you have concerns about that?

Senator Ludwig—It is not a matter of whether I have concerns about that. The Wine and Brandy Corporation has answered your question in respect of it.

Senator XENOPHON—Do you think it is reasonable?

Senator Ludwig—It is not a case of asking me to subjectively view something without having all of the facts before me. What I would be keen to do is to find out all of the facts, and then I could have a proper assessment of it. What you are asking me to do is to speculate based on what we are now having—a dialogue between you, the media and the Wine and Brandy Corporation.

Senator XENOPHON—I will not take it any further, Minister. I thank the corporation—

Senator Ludwig—I think you should take it further. I do not think you should leave it at this point.

Senator XENOPHON—No, at 10.35 on a Wednesday night I will not take it further, but I am looking forward to having a good discussion during the break.

Senator Ludwig—I am hopeful that at some point the department will be able to provide a brief in respect of this issue. I think it is an issue that does need a little further information.

Senator XENOPHON—We should discuss it—maybe not over a glass of red, though.

CHAIR—I thank the officers from the Australian Wine and Brandy Corporation, and now call Australian Wool Innovation.

Senator NASH—Can you give us a bit of an update of where you are at at the moment with AWI's recent developments. How long have you now been in this role, Mr McCullough?

Mr McCullough—I was appointed acting CEO on 9 March and on 21 May, just before the last Senate estimates, I was appointed to the full-time CEO position.

Senator NASH—I understand in that time you have also been responsible for some new wool marketing strategies. You might like to outline those as well.

Mr McCullough—We did touch on a few things at the last Senate estimates gathering on 24 May. At that point we had the statutory funding agreement well under negotiation. That was signed off on 29 June by the minister and delivered to us on 1 July. We were a long way through writing a strategic plan for the next three years, and that has been completed as well. An operating plan out of the back of the strategic plan has been written and delivered to government. Behind that, of course, comes an org chart of the company and what resources we might need to deliver that strategic plan. We also had a Productivity Commission submission due on 25 June, and that was done.

We appointed an advertising agency on 7 July, a company called Euro RSCG based in London, to have them move on one of the marketing strategies. We have two other marketing strategies in place in the Northern Hemisphere for their full winter selling season, which is currently on. One is a program with the Prince of Wales as the patron, and you may have seen some media last week where we grassed over Savile Row and ran sheep as a stunt to draw attention and profile the fibre and the logo. The other program is a gold woolmark program, which is an umbrella project that we are delivering into China, with high-end, tailored Italian and UK based retail brands. Those three marketing strategies are under way and being delivered right now in the Northern Hemisphere. We visited the National Retail Federation in Washington DC and the British Retail Consortium on 9 September to brief them on developments of the company.

We are currently going through a one-year-on review of performance, which was called for as part of the three-year review of performance delivered last year. That will be finished in the next few months and will be an appendix to our next Productivity Commission submission.

We can report that the company fiscally is in very good shape. We posted a surplus for the 2009-10 year. Licensee sales are up 100 on this time last year. Out of the org chart changes made, we have made some

redundancies in the Northern Hemisphere. We have taken out the second layer of the company, which is the regional managers' roles, and also closed down a testing laboratory in Italy. So there has been a bit on.

Senator NASH—That sounds like an understatement! In terms of those marketing strategies, how are you planning on measuring their success?

Mr McCullough—There are four ways that we measure any of our projects. We measure marketing reach, of course, and the value of that marketing. With a case such as Savile Row last week, you would measure how far that went and who it went to, and of course it is editorial media, which is far more highly valued than advertorials or advertisements. We always work with partners, so we can then measure the dollar contribution that they might make or the in-kind contribution that they might make. Significantly, if you are working with a retail partner, you can always measure their retail sales.

Senator NASH—That all sounds great. On the other hand, what would you say your greatest challenge is over the next 12 months?

Mr McCullough—We have had to really hotfoot it this year and make sure those key documents were in place. Even though we are rolling out three significant marketing strategies, we are already thinking about the full winter selling season for next year and how we can expand those. We have to market our product year in, year out and this is the first significant marketing program for wool in the Northern Hemisphere in the last 14 years. Even prior to that the wool industry delved into marketing. For example, it might have done an advertising campaign on television and then got out of it for the next three years and then got back in. So we have got to have some consistency in our marketing strategy and profile the Australian wool fibre year in, year out.

Senator NASH—Mr Merriman, how would you see AWI sitting now compared to 12 months ago? In your view, where are you now compared to where you were then?

Mr Merriman—If we go back to two years ago we had a situation where, at the expected rate of income and expenditure, the company would have been broke in 2011. So the main thing that has happened is that this board and the staff have reined in the costs. We have taken \$25 million out of a \$70 million spend and now we have money to go and do these marketing projects. So that has been the main change in the last two years.

Senator NASH—How many staff have you got working at AWI?

Mr McCullough—We have 129 as of yesterday.

Senator NASH—How many of those are domestic?

Mr McCullough—Forty-three.

Senator NASH—In how many other countries are the rest?

Mr McCullough—Twenty-six.

Senator NASH—Very good. What is the average length of tenure of some of your overseas staff, or does it vary?

Mr McCullough—To be honest, I have not looked at that, but we had one staff member who celebrated his 40th year the other day and we have another one that has 37 years up. We have a lass in London that has got 20 years up. We have a lot of staff that have been with the wool industry for significant amounts of time, including back in the IWS days.

Mr Merriman—We got a history when we acquired Woolmark; we got people who were with Woolmark that came across.

Senator NASH—They are still there. Interesting, isn't it? Very interesting.

Mr Merriman—Yes.

Senator NASH—In terms of the last financial year, what was your operating budget?

Mr McCullough—Our turnover, our income stream last financial year was \$55 million.

Senator NASH—What percentage of that would you say went to marketing in the last financial year and how will that differ, if at all potentially, in this financial year?

Mr McCullough—In the 2009-10 year we posted quite a surplus. There was some preoccupation there and there was some reining in of costs that were done in that year, so we had a surplus. In a normal business that is called a profit, but in our business it is called a surplus. That goes into our cash reserves. Last year we did a

modest amount of marketing, probably only about \$1.2 million worth. This year we will do in excess of \$12 million.

Mr Merriman—All of our marketing, our whole business, is based on the WoolPoll result in which growers voted for a 70 to 30 split between off farm and on farm. So Stuart and the staff have embedded that through the strategic plan and the operational plan.

Senator NASH—Thank you very much, Chair.

CHAIR—Thank you, Senator Nash. Thank you, Mr Merriman and Mr McCullough. It is good to have a happy story. Well done!

Senator NASH—Exactly. We might try and get you a little further up the list next estimates. You always seem to be here very late.

CHAIR—No. We might give you next time off.

Mr Merriman—Thank you.

CHAIR—Just on that, Mr McCullough, thank you for the briefings you did offer prior to estimates. I took you up on that offer and I appreciate that. Sorry, did I cut you off, Senator Back?

Senator BACK—No. I was going to ask what expenditure was on research but perhaps I can put that on notice and get some idea from you as to the expenditure and the projects into which AWI expended funds on wool research, but with time constrained I would be happy for you to provide it on notice.

Mr McCullough—Okay.

CHAIR—Thanks, Senator Back. Thank you, gentlemen. I now call the lucky last, the Grains Research and Development Corporation.

[10.45 pm]

Grains Research and Development Corporation

CHAIR—Welcome, gentlemen. How did we end up having you last? Did we put you up early in the list last time?

Mr Perrett—I had meetings in Canberra all day today.

CHAIR—So it is not our fault?

Mr Perrett—It is not your fault. We needed to be on in the evening.

CHAIR—Mr Perrett, I am very happy to hear that. Welcome, and to you too, Mr Reading.

Mr Reading—Thank you, Chairman.

CHAIR—Questions, Senator Nash.

Senator NASH—Thank you, Chair. I do reassure you that if you do not have meetings next time, Mr Perrett, we will try and get you further up the list.

Mr Perrett—Thank you.

Senator NASH—I really wanted to talk to you, as we have with some of the others, about this issue of the Productivity Commission draft report and what your response to that has been—whether you have put in a submission—and get your response to that today.

Mr Perrett—We will be putting in a submission to the Productivity Commission. We have not drafted that as yet. We have a large number of areas where we do agree with the recommendations of the Productivity Commission. But, obviously the main recommendation that we think is flawed would be where they purport to remove some of the funding which goes directly to the RDCs for the two areas that we would look at, which is government priorities and on-farm priorities, or our producer priorities. We would suggest that the government and producers get very good value from the money that they spend with GRDC and a lot of our impact analysis has shown that. A wide range of projects have been reviewed, both independently and also within GRDC, and we will continue to do that to satisfy ourselves as a board that we are getting value for the money that we invest.

There is a lot of discussion about public good, how you measure that, how you do not. Clearly, I have a view that you do get efficiencies where you invest in on-farm productivity that has a spin-off for public good and we certainly look to do a lot of that. If you look at a lot of the environmental work that we have done, there are certainly some significant public benefits. If you look at increasing productivity across the grains

industry, there are certainly some major spin-offs for rural and regional Australia, but also the broader Australian economy.

Senator NASH—I would certainly agree with you there. On that public good, linking it across now to the Murray-Darling Basin plan guide and potentially there being less water to utilise in the basin, are you doing any work around utilising less water in terms of increased productivity and, if so, what are you doing in that space?

Mr Perrett—We have significant investments in what we would specify as water use efficiency in response to the—

Senator NASH—Thank you. It is very late in the day. That is exactly the term I was after. Sorry, go on.

Mr Perrett—Mr Reading can touch on that.

Mr Reading—We already spend specifically in that area about \$4 million a year right across the board.

Senator NASH—Yes.

Mr Reading—Also, what is efficiency? We have done all the work in measuring the base: what farmers are getting now; the theoretical maximum in terms of millimetres of water per kilogram of grain produced. Seventy per cent of our work is somehow related to water use efficiency, whether it is genetics, whether it be farming practices.

Senator NASH—That would seem to be a very good reason to retain GRDC as they are, I would think. Anyway, I am obviously terribly worried, Dr O'Connell, seeing some of this funding just disappear out the door. Can you perhaps provide to the committee—I know you say about 70 per cent of the work—information on the work that you are doing on that water use efficiency, or certainly direct us to where it is obviously publicly available? If you could just alert the committee to that, because that is probably one of the key areas at the moment that we really need to look at—where the work is being done, where we can increase the productivity through water use efficiency, which we have been saying for some time now is the most appropriate way of doing it.

Mr Reading—We are happy to do that and also, as we have mentioned in previous discussions, the advances that have already been made—and the one we always quote is Western Australia. If you look at figures in 1969, the average in-season rainfall was 152 millimetres per season and the average yield was 400 kilos, and track that fast to 2006 and the average in-season rainfall has declined to 110 millimetres and the average yield now is over 990 kilos there. This has been ongoing for a long time and it is absolutely critical. The things that have contributed to that have been farming practices, in terms of minimum and reduced tillage et cetera, and now increasingly genetics are starting to play a role.

Senator NASH—Absolutely. Smart farmers. How many staff do you have in GRDC?

Mr Reading—Our establishment number is 54. We currently have 51.

Senator NASH—Across what range of areas do they operate?

Mr Reading—We have lines of business, and our key lines of business are farming practices, varieties, new grain products, communication and capacity building. Across that in the matrix we have our enabling functions which are corporate strategy and program support, and the admin functions, IT, HR et cetera.

Senator NASH—What would you see as your greatest challenges over the next 12 months? You are smiling, Mr Perrett.

Mr Perrett—There are always challenges and ways to—

Senator NASH—I mean that quite seriously. It is one thing to discuss where organisations such as yours are going well, but it is also very useful for the committee to understand what you see as challenges and what can be done to, I guess, meet those challenges.

Mr Perrett—Over the last 18 months or two years or more our managing director has been working very closely with the PISC agencies to put together a national R&D plan for the grains industry. That plan has been accepted by the PISC agencies and that is very pleasing to see. But it cannot be just an accepted plan; a lot of work will be needed over the next 12 months, two years, to continue to drive that, to implement that plan, to make sure we get the benefits that can flow from that. That is one of the major challenges for the GRDC—to work with the other agencies and make sure that that plan does deliver the benefits that would appear to accrue from the initial plan. That is one of the areas we will be working on.

Mr Reading—On that one, I think we have all put a lot of work into that. I think it can really set RD&E in this country off on some very exciting collaboration and cooperation together, and it is really about whether we have got the guts to do it. Another related issue is that obviously we have done a lot of work with ABARE on understanding why productivity has been declining—and that is a critical one.

Senator NASH—What form will that take, in terms of understanding? Will there be a report? Will there be a series of papers?

Mr Reading—Yes. We have done a lot of work in the past on understanding how productivity grew in the industry. The grains industry was the stand-out case. If you look at the average over the last 40 years, it has grown at 2.3 per cent per annum. However, when you look at it in the eighties and nineties, it was growing at about four per cent, and since then it has been growing at a much lower rate; it has averaged about 0.9 per cent. When you look at the factors, we know what drove it: the flowthrough of the impacts of the green revolution, grass herbicides, the development of farming practices. More critically, we know why it has turned down.

Obviously, the eighties and nineties were relatively wet decades; the last decade has been a very dry one. Obviously, there have been flowthrough impacts. One of things that ABARE has shown is in terms of public R&D investment, a critical one, and others with near-term technologies. We have had a lot of the easy wins. We are now facing much more complicated issues such as drought and frost and we are also waiting for the impact of the new biotechnologies as they come through.

So we understand it. Now the whole idea is to focus, as the chairman mentioned, through the national RD&E strategy, on really identifying and pulling our act together across the agencies and departments, and driving productivity. We have an ambitious plan in the national RD&E strategy of within 10 years growing at 2.5 per cent per annum, which we need to be doing because growers' terms of trade are declining at two per cent real per year.

Senator NASH—Good to see you have lost none of your enthusiasm, Mr Reading, for this.

Mr Reading—Thank you.

Senator NASH—In terms of productivity, though, is there a point at which you will hit a ceiling because farmers simply cannot get any more efficient within the current available practices? Then something new will come along so it will step up again. I am thinking about what you were saying about going to minimum tillage and all those sorts of things. So when, on farm, you have moved to that point, you have taken advantage of all the available chemicals and everything else, is there a point where farmers simply cannot do anything else to improve the efficiency at that same incline that you would obviously have at the initial point?

Mr Perrett—There is so much that we need to learn and understand. There is so much technology that we have not thought of yet that will assist us.

Senator NASH—This is my point. Until that comes on stream—

Mr Perrett—If we look at some of the work that we are doing with soils, looking at subsoil constraints, we are continually learning more; we are continually learning ways in which we can improve. If I look at my own property, the increases we are having in varieties, looking at some of the new varieties that are coming through, there are gradual improvements all the time. I do not see a big massive jump that is going to happen tomorrow, but I see gradual improvements all the time. As we bring new technologies on, we will see gradual improvements.

That is what we have to work on. It is not one fix; it is putting together a package, a myriad of things. It is the varieties; it is the farming practices; it is disease resistance. It is putting all those sorts of things into the mix and making sure that we get the balance right. The really important thing is making sure that we get the information out to the farmers and making sure they have the skills and the technologies to take advantage of all of those things. That is absolutely critical in our work.

Senator NASH—That was my next question. How do you see at the moment the GRDC's collaboration and communication with the farming community, because it is obviously a two-way street?

Mr Perrett—I see it as very good. I see it as improving continually. We have had some issues in the past where we have seen an emergence of what we call the 'grower groups'—farming systems groups where growers are coming together. Our communication could have been better there, but it is an evolving world where we have seen extension offices from the state departments declining in the services that are provided there, so we are seeing others, such as the private consultants and the grower groups, stepping into the gap.

We have done a lot of work recently. Our manager of practices Steve Thomas has just put out a paper, which has been exceptionally well received by those grower groups, on how we can relate to them better, how we can assist them better, and how we can utilise their expertise to deliver some of that knowledge to farm groups. Once again, we do not do everything perfectly, but we are looking at where we are making mistakes—or where we can improve things, I should say—to make sure that we do it better in the future.

Senator NASH—Thank you.

CHAIR—Gentlemen, thank you very much.

Mr Reading—Could I make one final comment?

CHAIR—Yes, Mr Reading.

Mr Reading—It is with mixed blessings or mixed emotions—I will not say which ones they are—that this will be my last Senate estimates since being brought in—I guess, dragged in—originally for a thing called ‘single vision’. It is a pity Senator O’Brien is not here—I would like to thank him personally. I would also like to thank, obviously, Senator Colbeck in his term as parliamentary secretary, Senator Sterle, and Senator Nash for one of the things we thought was an excellent suggestion which she supported. When we were having lots of discussions about plant breeding we recommended having another session with the committee and I think that was excellent in terms of being able to provide much more detailed information on specific subjects. Thanks very much.

CHAIR—Thank you, Mr Reading. To quote a Monty Python line, I could say, ‘You lucky, lucky ...’ but I will not. On behalf of the committee, we do wish you well in your future endeavours.

Mr Reading—Thank you.

Senator COLBECK—We were just saying what an effective and good manager of one of the RDCs you have been. So you have just turned the end of the day down for us actually. All the best, but sorry to see you go. Absolutely.

Dr O’Connell—Chair, we said we would try and table answers to questions that we have got. We have got seven here. Also, clarification for Senator Nash: we had said we understood that the peer review of the ABARE work was on the MDBA website. It is not. We will now see if we can get it provided to you.

Senator NASH—Thank you.

CHAIR—That is great, Dr O’Connell. Thank you and your officers for today. Minister, thank you very much. To the secretariat and her team, thank you kindly. Broadcasting and Hansard, once again a fantastic job; thank you very much. That concludes today’s hearing. The committee now stands adjourned.

Committee adjourned at 10.58 pm