



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates)

THURSDAY, 25 MAY 2006

CANBERRA

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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION

COMMITTEE

Thursday, 25 May 2006

Members: Senator Heffernan (*Chair*), Senator McEwen (*Deputy Chair*), Senators Ferris, Milne, Nash and Sterle

Senators in attendance: Senators Adams, Ferris, Heffernan, Hogg, McEwen, O'Brien, Siewert, Stephens and Webber

Committee met at 9.01 am

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO

Consideration resumed from 24 May 2006

In Attendance

Senator Abetz, Minister for Fisheries, Forestry and Conservation

Department of Agriculture, Fisheries and Forestry

Departmental Executive

Ms Joanna Hewitt, Secretary

Mr Don Banfield, Deputy Secretary

Mr Peter Yuile, Deputy Secretary

Mr Daryl Quinlivan, Deputy Secretary

Management Services Division

Mr Allan Gaukroger, Acting Chief Operating Officer, Management Services

Mr Glenn Elphick, Budget Manager, Corporate Finance

Ms Julie Hicks, General Manager, Human Resources

Mr Gary Leifheit, Chief Information Officer

Corporate Policy Division

Mr Allen Grant, Executive Manager, Corporate Policy Division

Mr Craig Penney, General Manager, Corporate Policy and Governance

Ms Nicola Hinder, General Manager, Parliamentary and Media

Food and Agriculture [including Wheat Export Authority and Grains Research and Development Corporation]

Mr David Mortimer Executive Manager, Food and Agriculture Division

Mr Richard Souness, General Manager, Food Policy and Safety Branch

Mr Russell Phillips, General Manager, Wheat, Sugar and Crops Branch

Mr Simon Murnane, General Manager, Meat, Wool and Dairy Branch

Mr Tim Besley, Chairman, Wheat Export Authority

Mr Glen Taylor, Chief Executive Officer, Wheat Export Authority

Mr Terry Enright, Chair, Grains Research and Development Corporation

Mr Peter Reading, Chief Executive Officer, Grains Research and Development Corporation
Mr Michael Ryan, Wine Policy Section

Biosecurity Australia

Mr John Cahill, Chief Executive
Dr Bill Roberts, Principal Scientist, Plant Biosecurity
Dr Mike Nunn, Principal Scientist, Animal Biosecurity
Dr Robyn Martin, General Manager, Animal Biosecurity Branch
Ms Louise van Meurs, General Manager, Plant Biosecurity Branch
Mr Stephen Prothero, General Manager, Biosecurity Development and Communications Branch

International Division

Mr Paul Morris, Executive Manager
Mr Bruce Bowen, Acting Chief International Agricultural Adviser
Dr Sarah Kahn, Technical Market Access Specialist
Dr David Williamson, General Manager, International Technical Branch
Ms Nicola Gordon-Smith, General Manager, International Trade Branch

Product Integrity, Animal [including aquatic animal] and Plant Health

Mr Steve McCutcheon, Executive Manager, Product Integrity, Animal and Plant Health
Mr Bob Biddle, Deputy Chief Veterinary Officer, Office of the Chief Veterinary Officer
Ms Lois Ransom, Chief Plant Protection Officer, Office of the Chief Plant Protection Officer
Ms Sally Standen, General Manager, Animal and Plant Health Policy
Mr Bill Magee, General Manager, Product Integrity and Safety
Dr Joe Smith, Chief Executive Officer, Australian Pesticides and Veterinary Medicines Authority [APVMA]

Australian Quarantine and Inspection Service

Mr Greg Read, Executive Manager, Exports and Animal Programs
Ms Jenni Gordon, Executive Manager, Quarantine and Plant Programs
Dr Andy Carroll, National Manager, Border
Ms Cathy Cox, General Manager, Business Strategy Branch
Dr Narelle Clegg, National Manager, Animal Programs
Mr Peter Liehne, National Manager, Plant Programs
Mr Mark Schipp, General Manager, Technical Standards Branch
Mr Robert Murphy, National Manager, Cargo Management and Shipping
Mr Tim Carlton, National Manager, Food Exports Branch

Australian Bureau of Agriculture and Resource Economics

Dr Brian Fisher, Executive Manager
Dr Stephen Beare, Chief Economist
Dr Terry Sheales, Chief Commodity Analyst

Bureau of Rural Sciences

Dr Cliff Samson, Executive Director, BRS
Dr Colin Grant, Deputy Executive Director, BRS
Dr Kim Ritman, General Manager, Climate, Land and Water Branch
Dr Stephen Bygrave, General Manager, Fisheries, Forestry and Social Sciences Branch

Rural Policy and Innovation

Mr Ian Thompson, Executive Manager, Rural Policy and Innovation
Mr Matt Koval, General Manager, Drought and Exceptional Circumstances
Ms Melanie O'Flynn, General Manager, Research and Innovation
Mr Ross Dalton, General Manager, Farm Help and Counselling

Fisheries and Forestry

Mr Glenn Hurry, Executive Manager, Fisheries and Forestry
Mr John Talbot, Section Manager, Fisheries Structural Adjustment
Mr Tony Bartlett, General Manager, Forest Industries
Mr Russell James, General Manager, Fisheries and Marine Environment
Mr Richard McLoughlin, Managing Director, AFMA
Dr Nick Rayns, Executive Manager Fisheries, AFMA
Mr Paul Murphy, General Manager Operations, AFMA

Natural Resource Management

Mr Tom Aldred, Executive Manager, Natural Resource Management Division
Mr Gerry Smith, General Manager, Australian Government Natural Resource Management Team
Mr Mike Lee, General Manager, Australian Government Natural Resource Management Team
Ms Heather Tomlinson, General Manager, Land Management and Climate Change
Mr Simon Smalley, General Manager, NRM Water and Murray-Darling Basin
Mr Rod Shaw, General Manager, Landcare and Sustainable Production

CHAIR (Senator Heffernan)—I declare open this public meeting of the Senate Rural and Regional Affairs Legislation Committee. The committee will continue its consideration of 2006-07 estimates for the Department of Agriculture, Fisheries and Forestry. As I stated yesterday, answers to questions on notice and additional information should be received by the committee no later than Thursday, 13 July 2006. I also remind officers of the Senate's resolutions relating to the expenditure of public funds and claims of commercial-confidence.

[9.02 am]

Biosecurity Australia

CHAIR—If Biosecurity have anything catastrophic to say before we go to questions, now is your big chance. Would you like to make an opening statement?

Mr Cahill—No, I have no statement to make.

Senator O'BRIEN—I understand that in Budget Paper No. 2 there is a funding allocation of \$16 million over four years to enhance Australia's protection, of which \$10 million goes to the department and \$6 million to Biosecurity Australia. Can you give me an explanation of how that money will be spent?

Mr Cahill—The Biosecurity Australia element of that is \$1.5 million each year and there are essentially three components to that. The first is to provide additional funding to undertake increased on-ground assessments of proposals from other countries to export commodities to Australia. The second element is to improve some of the systems and processes that we use to

undertake risk assessments and share information between the various elements within the Department of Agriculture, Fisheries and Forestry in relation to the quarantine policy development processes and implementation operational arrangements. The third element is to improve our capacity to undertake the policy development work and the monitoring and review.

Senator O'BRIEN—How many people will you employ with that money?

Mr Cahill—It will employ approximately 10 additional staff. The breakdown of the \$1.5 million is about \$870,000 on salaries and about \$630,000 on other costs.

Senator O'BRIEN—What of the \$10 million that goes to the department?

Mr Cahill—The balance of that funding measure goes into the Product Integrity, Animal and Plant Health Division of the department.

Ms Hewitt—That is essentially a continuation of funding that we have previously had because some of the previous funds had reached their sunset. So it was a refunding at broadly similar levels for the Product Integrity, Animal and Plant Health Division.

Senator O'BRIEN—So that is effectively just supplementation?

Ms Hewitt—Yes. There is additional avian influenza funding, but I think that might be identified separately.

Mr Cahill—It is a separate measure.

Senator O'BRIEN—There seems to be a question as to whether this is simply extending the life of the enhanced animal health infrastructure program. Is that a fair way of describing this?

Mr McCutcheon—I am sorry, Senator. I missed your question in transit from upstairs. Could you repeat the question and I will do my best to answer it.

Senator O'BRIEN—There is \$16 million in Budget Paper No. 2, with \$6 million of that to Biosecurity Australia and \$10 million to the department. We have discovered that that is going to Product Integrity, Animal and Plant Health. We understand that that is supplementing a program that had not received the ongoing funding it needed. I am asking is that the enhancing animal health and infrastructure program?

Mr McCutcheon—That is correct. The \$10 million component of the \$16 million in that program is a renewal of what was originally called enhancing animal health infrastructure. That program was established after the foot-and-mouth disease outbreak in the UK in 2001. The funds from that program were used to set up the emergency risk management unit, which has run a couple of simulations, and to do a whole range of other activities. The renewal of \$10 million will be used to continue that work in the animal health area but will also be extended to start increasing the capacity for the plant sector to prepare for and respond to emergencies.

Senator O'BRIEN—What has been the budget for this program so far?

Mr McCutcheon—The total amount to date was \$10 million in this budget—

Senator O'BRIEN—Is that over four years?

Mr McCutcheon—That is correct.

Senator O'BRIEN—What was it in the past?

Mr McCutcheon—\$10 million.

Senator O'BRIEN—So it is extending the life, doubling the life, and doubling the funding?

Mr McCutcheon—That is correct. As I said, it is a renewal of the funding program.

Senator O'BRIEN—Is there a reference to the funding in the PBS? Can you refer me to the appropriate point in the PBS.

Mr Cahill—The Biosecurity Australia element of that is on page 171.

Senator O'BRIEN—Okay. That is the easy one.

Mr McCutcheon—It is certainly referenced on page 25 in the table there on agency budget statements. It is the item, Biosecurity—enhancing Australia's protection. You will see the \$2.5 million over four years there.

Senator O'BRIEN—It is all departmental funding.

Mr McCutcheon—That is correct.

Senator O'BRIEN—How many staff are now employed in that program? Presumably it will simply continue in that form.

Mr McCutcheon—That is correct. It funds approximately eight staff.

Senator O'BRIEN—\$2.5 million to fund eight staff.

Mr McCutcheon—It is not just for funding eight staff. There are a range of other activities which the program funds. It is going to fund, for example, the appointment of a coordinator for BioSIRT, which is a national apparatus for gathering and storing information on Australia's health status. That was an initiative that arose out of Exercise Minotaur. Some of that money will be used to encourage younger veterinarians to enter into pathology careers and those sorts of things, so expanding the skills base. There will be the development of an accredited national reference diagnostic system for key emergency plant pests. There will be work done on further disease modelling on disease transmission both in the animal and plant health spheres. Some of the money will be used for regional capacity building, surveillance, diagnosis and emergency preparedness. That is all pre-border activity. That is really the summary of the additional items.

Senator O'BRIEN—Can you give me some indications of the amount of money for each of those initiatives that you just described.

Mr McCutcheon—I cannot give those to you at the moment. We are in the process of developing our work program. A number of elements of this particular expenditure will be developed in consultation with states and territories and so we will have a fully developed proposal some time in the next few months.

Senator O'BRIEN—How much is required to sustain the eight staff, out of that \$2.5 million.

Mr McCutcheon—Approximately \$800,000 to \$900,000 per annum.

Senator O'BRIEN—The \$6 million does not add to existing programs either. Does it continue existing programs?

Mr Cahill—No, it is additional money. It does add to existing programs.

Senator O'BRIEN—It is additional money. It is not new programs; it adds to existing programs.

Mr Cahill—There are some additional activities being undertaken with that money. It is new money, so it is additional to the budget that BA had previously.

Senator O'BRIEN—I understand that. It is clear that it is additional money. I am trying to find out whether it is simply boosting your existing task capacity or whether you are picking up new tasks with it.

Mr Cahill—It is a combination of building on some of the policy development review activities that we presently undertake. It is giving us additional capacity to do some of that work. But there are some new things we are doing with the money, including improvements to some of our systems and processes as well as enhancing our capacity to undertake on-ground assessments of proposals from other countries to export to Australia.

Senator O'BRIEN—Does that mean you are picking up people with new skills or additional skilled people or looking for skill sets where there are deficiencies at the moment?

Mr Cahill—I would expect that the staff we would be employing for these tasks would have similar skill sets to those we have at present. The funding is not just for staff salaries. There is consultancy funding to get specialist expertise to, for example, improve some of our information technology systems to manage the information better.

Senator O'BRIEN—I was going to ask whether the system improvement was IT systems improvement. Clearly, it is.

Mr Cahill—Yes, it is.

Senator O'BRIEN—How much is being set aside for information technology system improvements?

Mr Cahill—The estimate we have built into that money is in the order of \$300,000.

Senator O'BRIEN—Per annum?

Mr Cahill—Yes. That is obviously to employ some contractors to define the scope of the work and build some systems around that.

Senator O'BRIEN—Are you going to go to tender for the contract or do you have someone in mind for a consultant or contractor?

Mr Cahill—We have not made that decision. We may use some contractors that have been used previously. We will need to judge the task and proceed accordingly.

Senator O'BRIEN—Was there a detailed plan when you bid for the funds or was it just a windfall?

Mr Cahill—We put up a proposal which, as I said, had three components to it, and that was one of them. It was a broad description of the system improvements we needed to make. Part of the task now is to develop a detailed project plan and scope that out properly.

Senator O'BRIEN—Perhaps we could have on notice the details of the system improvements you are expecting to fund out of this initiative just to get an idea of the work you are undertaking.

Mr Cahill—I am happy to take that on notice.

Senator O'BRIEN—At the last hearings you told us that the import risk assessment for uncooked chicken meat would be completed in the first part of 2006. We are nearly halfway through the year. Where is this assessment up to?

Mr Cahill—It is getting very close. I am still optimistic that we will hit the midyear target.

Senator O'BRIEN—Where exactly are we at? Is a document about to be announced by the minister?

Mr Cahill—The process is that a draft IRA report will be issued and I would expect that to occur shortly. That would then be open to consultation and comment by stakeholders for the usual period of 60 days.

Senator O'BRIEN—I understand that last time you were editing the document and subjecting it to an internal review process. What has that process entailed?

Mr Cahill—It involves some peer review, substantial investment in quality control editing—those sorts of things that you would expect to be attached to a document of that kind.

Senator O'BRIEN—Who did the internal review?

Mr Cahill—It is still continuing. Biosecurity Australia is doing that work in conjunction with the IRA team.

Senator O'BRIEN—Has the minister been advised on this assessment? Clearly, if it is being edited, you know what it says.

Mr Cahill—No, we have not released the document at all.

Senator O'BRIEN—So the minister has not received a draft copy?

Mr Cahill—No.

Senator O'BRIEN—Have there been no consultations to date in relation to this final internal review editing process? Is all in-house, is it?

Mr Cahill—The chicken meat IRA has been under way for a very long period of time, so there has been quite extensive consultation through the process in the normal way. We have reached a point in the development of the draft where it is essentially an internal process within Biosecurity Australia to finalise the draft and issue it for public consideration.

Senator O'BRIEN—Essentially or completely? That is my question. It is all in-house and with the panel at the moment, is it?

Mr Cahill—The IRA team is involved, and that includes external members.

Senator O'BRIEN—Yes, but apart from that there is no-one external?

Mr Cahill—The processes of quality control and editorial work and so on—making sure that the document is in good shape for public scrutiny—includes getting legal advice as well. So that is coming externally as well as internally—internally within the government, that is. So they are the processes that we are following.

Senator O'BRIEN—In the lead-up to this stage, you expect that there would have been extensive consultation, and that is what you have intimated in your earlier answers. Is it possible to get a document which sets out that process and advises who has actually been consulted to date?

Mr Cahill—We can provide you with advice on notice of the process that we have used to develop the draft report to date and the consultation attached to that. That could help.

Senator O'BRIEN—You would have some recital of that in your document in any case at this stage, wouldn't you?

Mr Cahill—I have not seen the current draft, so I cannot say that with certainty, but I would imagine the executive summary of the report would contain some description of the process that has been followed, yes.

Senator O'BRIEN—Who is on the import risk assessment panel?

Mr Cahill—I have recently announced a change to that panel following some consultation with stakeholders. The panel now comprises Dr Mike Nunn, who is the Principal Scientist, Animal Biosecurity, within Biosecurity Australia; Professor Peter Coloe from the Royal Melbourne Institute of Technology; Dr Andrew Turner, who is a consultant in avian diseases and exotic disease control; Dr Paul Gilchrist, who is a consultant in avian and viral diseases; and Dr Robyn Martin, who is the General Manager of Animal Biosecurity within Biosecurity Australia. So there are two Biosecurity Australia senior executives on that panel as well as three eminent persons from outside Biosecurity Australia.

Senator O'BRIEN—Where are Dr Turner and Dr Gilchrist based?

Mr Cahill—Dr Turner is based in Victoria. As to where Dr Gilchrist is based, I would have to take that on notice.

Senator O'BRIEN—According to the schedule on your website, the current assessment process has been under way since December 1998, and that follows the early work on the importation of chicken meat. So, in one form or another, this assessment process has been going on for many years. Why has the process been so elongated?

Mr Cahill—As you know, a number of the IRAs that Biosecurity Australia has been undertaking have been on the books for many years. This is one of what I describe as the 'legacy' IRAs, which really ought to have been completed sooner. We are putting energy and effort into trying to finalise those and get the draft reports out. I cannot explain in detail—because I was not there—why this has taken so many years. What I do know is that, as IRAs commence and evolve, all sorts of processes intervene. There is a need to seek information from exporting countries and that often takes a considerable time. The consultative processes often take a considerable time. As you know, it is also the case that, for a number of IRAs, we have issued more than one draft report—we have reissued draft reports. We are looking to be

more disciplined in our approach to these matters in the future, but it has not been unusual for significant import risk analyses to take a fairly lengthy time to finalise.

Senator O'BRIEN—It is interesting that you use the words 'more disciplined'. Does that mean there has been a degree of ill-discipline in the way this has been conducted?

Mr Cahill—No, I am not saying that. What I am saying is that, in trying to ensure that all the interested parties and stakeholders in the process contribute in a timely and effective way to that process, we are looking to make sure that happens more effectively in the future. I am not suggesting it is a case of ill-discipline on the part of Biosecurity Australia or its predecessors. It is really, in part, the nature of the process we have had.

Senator O'BRIEN—It is a very difficult area, isn't it?

Mr Cahill—Yes, that is right.

Senator O'BRIEN—There are certainly great risks for the domestic industry with avian disease and now public health as well.

Mr Cahill—We recognise that it is a very serious, significant and complex set of issues that require thorough analysis, yes.

Senator O'BRIEN—Is it fair to say that, with recent developments, the issue has become even more complex?

Mr Cahill—Recent developments probably have added to the complexity. There are certainly issues that have contributed to the time line as well, such as diseases that have emerged more actively in parts of the world. These are important matters that need to be taken proper account of.

Senator O'BRIEN—Someone looking from the outside at the time this process has taken would be making the assumption that, if this were easy, you would have worked it out by now—that, if there were not very significant problems, it would have been resolved by now. You have dismissed the extrapolation from your earlier answer that somehow it is just a lack of discipline that has made this a long process. There may be some time lines involved, but the issue is complex and difficult enough to require probably a greater effort than many other important risk assessments that have been carried out by the panel.

Mr Cahill—There are significant and complex issues, yes, and that certainly added to the time required to do the analysis.

Senator O'BRIEN—The banana import risk assessment has been proceeding for some time. Where is it up to now?

Mr Cahill—I think I suggested at the last hearing of this committee that we expected to issue a revised draft report in the first half of the year. But I qualified that by saying that relied on having all the necessary information to finalise the draft report. I am still hopeful that we will issue that report in the next few months. There has been a bit of slippage beyond my forecast of midyear, but I would expect it in the second half of the year.

Senator O'BRIEN—I think you told us your timetable depended on getting all the information required from the Philippines. You told us last time that you did not have the

necessary processes in place to visit the Philippines and gather the information. Has that visit taken place or is there still a plan to undertake such a visit?

Mr Cahill—No, that visit has not taken place, so we are proceeding on the basis of the information that we presently have.

Senator O'BRIEN—Are you saying it is not going to be possible to do it?

Mr Cahill—Not before the revised draft report is issued.

Senator O'BRIEN—Is it appropriate to proceed in the absence of that on-the-ground information?

Mr Cahill—We have of course undertaken visits to the Philippines, and we have been provided with substantial information by the proposed exporting country. But we were seeking to get further information through a visit which we have not been able to proceed with. That means, in using the information we have available to us at the current time, we need to continue to make very conservative assumptions about that information.

Senator O'BRIEN—You have not been able to proceed with the visit you want to make. Is that because the Philippines authorities are not cooperating?

Mr Cahill—The Philippines was not prepared to host a further visit this time. As I said, we have undertaken visits previously and have had substantial information provided. We will proceed on the basis of what they have presently supplied.

Senator FERRIS—Is your visit to the Philippines on an issue like this dependent on the Philippines agreeing that you can go there?

Mr Cahill—We would expect the Philippines to host that visit. If we need to visit farms and so on, they would need to be involved in arranging it.

Senator FERRIS—I am just concerned that, if you believed there was a high-priority need for a visit and the government of the country was not prepared to host you, would you then not be able to go or would you have a discretionary attitude towards that? Let's be blunt about it: would it be the case that a country could block your visit if it wanted to and you would not have the legal authority to make the visit under those circumstances?

Mr Cahill—Any visit to a country would need to be undertaken with that country's cooperation. If they put forward a proposal to export product to Australia which, in effect, they were not able to support through fact-finding visits or whatever reasonable request that we might make, then clearly that would affect our ability to make a fully informed judgment about those matters.

Senator FERRIS—This is of course a very sensitive issue between the Philippines and Australia—not just on the banana question but from a wider trading perspective. I am just concerned, I suppose, that Australia's biosecurity personnel should be able to get access to a country if they believe they need to. Is it consequent, then, on the fact that they would not host a visit, that there can be no resolution of the IRA?

Mr Cahill—That is certainly one option that could have been considered, but our view was and is that we have sufficient information to produce a draft report that will be available for comment.

CHAIR—You would also need to understand the culture of the community that you are going to investigate. Obviously, without being specific, some of those communities are controlled by the industry that you would be inspecting, who, in turn, control the employees to the point where they control the villages they come from and can issue all sorts of threats—if you know what I am saying in code here. You would have to be cognisant of that.

Senator FERRIS—I suppose the issue in principle that I am trying to get to is that, when a country proposes to export a product, you still have the authority to go into that country to look at the industry and you are not dependent on the country authorising your entry. But I suppose if you take the consequences of that decision to their endpoint, you could not explore the IRA to a point where you could release it.

Mr Cahill—It would not necessarily prevent the releasing of a report, though it may significantly influence what the report says.

Senator FERRIS—If it were a country where there was a complex range of issues, as there is in the banana industry in the Philippines, it would surely be difficult to bring out a multidimensional IRA which encompassed all those issues without actually inspecting the plants.

Mr Cahill—I do not disagree with that in principle. As I indicated to Senator O'Brien, there have been quite a number of visits since we started and substantial information has been provided. That does provide the platform for producing a report. As you know, we have previously put out draft reports on bananas, and this is a revised draft report. So it is not as if we are starting from the beginning on this report.

Senator FERRIS—I suppose is just an interesting point in principle.

Mr Cahill—I understand.

Senator HOGG—When was your last visit?

Mr Cahill—I think I would have to take that on notice.

Senator HOGG—I am just wondering if that has a bearing on the reluctance to accept you back now.

Mr Cahill—I do not know. I am happy to take that on notice, but I think it was probably about 15 months or so ago.

Senator HOGG—So it was a reasonable time ago. Have the circumstances changed in that period?

Mr Cahill—Again I think the answer is that I do not know, and that is one of the things—

Senator HOGG—So if you do not know it therefore becomes reasonable for you to want to find out if the circumstances have changed.

Mr Cahill—I think the purpose of our proposed visit was to really help clarify some information and understandings, rather than to reflect on any significant change in circumstances as such. But the bottom line is that, if we were able to visit to do what we wanted to do, that would have helped the completion of the draft report.

Senator O'BRIEN—Is this a legacy IRA as well?

Mr Cahill—Yes, it is.

Senator O'BRIEN—What are the other legacy IRAs?

Mr Cahill—The legacy IRAs that remain are apples, bananas, chicken meat and prawns.

Senator SIEWERT—I understand there is a third draft of the apples IRA. Where is that up to?

Mr Cahill—The revised draft of the IRA report was released on 1 December last year. That was put out for an extended comment period of 120 days, which closed at the end of March. We have received in response to that 40 submissions from stakeholders and we are considering those at the present time.

Senator O'BRIEN—Sorry, how many submissions were there?

Mr Cahill—40.

Senator O'BRIEN—What is the process from now?

Mr Cahill—On what?

Senator O'BRIEN—Apples.

Mr Cahill—We now look at the stakeholder comments and prepare a final draft report. We intend to have some further discussions with major stakeholders that have made submissions. Those will occur in the next couple of weeks.

Senator O'BRIEN—Will they be one-to-one meetings with those who have made submissions?

Mr Cahill—Not all of them but the major ones, yes. We will produce a final report which will then be reviewed by the Eminent Scientists Group. The Eminent Scientists Group's task is to ensure that stakeholder comments have been properly taken into account in the preparation of the final report. Having completed that process, we will then issue a final draft which is open to appeal for 30 days following that.

Senator FERRIS—Do you have any idea when that final draft is likely to be released? In other words, how long do you expect the stakeholder consultation to take? Can you tell me whether South Australia is regarded as a major stakeholder?

Mr Cahill—I think I have indicated that we expect to finalise the report by the end of the calendar year.

Senator FERRIS—Is that the report that allows the 30 days?

Mr Cahill—I expect to be able to get to a recommendation for a policy determination by the director of quarantine by the end of the calendar year.

Senator SIEWERT—So that is for all the consultations?

Mr Cahill—Yes, all of those will be completed.

Senator FERRIS—And as for South Australia being a major stakeholder?

Mr Cahill—I do not know whether South Australia made a submission. I will ask Dr Roberts, who is the chair of that committee, to answer that.

Senator FERRIS—The South Australian industry would believe they are.

Dr Roberts—I am the Principal Scientist, Plant Biosecurity, with Biosecurity Australia and I also chair the apple import risk analysis panel. The South Australian government and the South Australian industry have both provided a submission. As for the process, the meetings that we are having with individual stakeholders are to clarify issues raised in their submissions. A number of submissions are very clear and there are no issues that we believe require additional discussion face to face, and in those cases we are not having meetings with those stakeholders. We are meeting with, for example, the South Australian industry, which has obviously had a fair bit of input into the APAL submission. In fact, the person that coordinated the APAL submission is South Australia based and involved with the South Australian industry. I suppose the short answer or the long answer is that South Australian industry have had a large degree of input and we are meeting with APAL to discuss their issues in considerable detail. I would think they are pretty well covered.

Senator SIEWERT—I presume you would be doing the same thing with Western Australia.

Senator FERRIS—Every state will come in now!

Senator Abetz—And Tasmania, or your big stakeholders.

Senator FERRIS—You are a big stakeholder.

Dr Roberts—As I said, while we believe the comments and the submissions are very clear, we feel there is no need to meet with stakeholders. Meetings are initiated by us to clarify issues. We are not considering it as an additional opportunity to provide new information. They had 120 days, which was double the normal consultation period, to prepare their submissions. We did meet with some of them before the end of that consultation period to see whether they wanted to have a discussion and clarify issues. Where their submissions are very clear, where the issues are clearly laid out and where there is no uncertainty in our minds about what they are saying, we are not meeting with them. APAL's submission is 419 pages long. Not surprisingly, some areas are unclear to us, so we are going back to clarify those areas with them. In many cases, though, the submissions are very clear.

Senator FERRIS—You recall, of course—and it was probably before your time in that position—that there was a bit of a sorry history of consultation with stakeholder groups on this issue. I know I speak for the South Australian industry when I say they regard this matter as crucial, and we will be watching very closely to ensure that they have their views adequately represented. Some of you who were around this issue in past years—Senator O'Brien, me and I think Senator Heffernan—have had very strong representations from apple growers in your states in relation to industry and stakeholder consultations. I am reassured by what you have said—

Senator Abetz—You can add Senator Calvert to the list as well.

Senator FERRIS—It goes back a very long way. In fact, this committee visited New Zealand. I think Senator O'Brien and I are the only two remaining members of the committee who visited New Zealand and met with the industry groups there. We got a very clear idea from them as to their view on the importation of New Zealand apples.

Mr Cahill—As I have mentioned, the role of the Eminent Scientists Group, which is an addition to the process since the last reports, is not to be underestimated. It stands alone or separate from Biosecurity Australia's role and its primary task is to ensure that stakeholders' comments have been properly taken into account.

Senator FERRIS—I do not think that Senator O'Brien or I will ever forget the lynching we got from the then Minister for Foreign Affairs, Phil Goff, about how this was about much more than the importation of apples.

Senator O'BRIEN—I do not think I was as impressed by it as you were, Senator!

Senator FERRIS—It was pretty clear that they regarded it as much more important than apples.

Ms Hewitt—I might just add at this point that we have lost one of the key members of our Eminent Scientists Group. Jim Peacock has been appointed, as you probably appreciate, as Australia's Chief Scientist. We have chosen two successor appointments, particularly mindful of the need for them to have a strong capability on the plant health side.

Senator FERRIS—I can understand that it takes two scientists to replace Jim Peacock.

Ms Hewitt—Exactly; that is my thought. As Director of Quarantine, I have found the contribution scientists make enormously valuable and so we will be putting a lot of emphasis on that. We hope to be in a position—

Senator FERRIS—Thanks for that assurance, Ms Hewitt.

Senator O'BRIEN—We have done apples.

Senator Abetz—What is our next choice of fruit?

Senator O'BRIEN—Mangoes. At the last hearings I raised the issue of mango imports from Taiwan. In December last year, Biosecurity issued a draft paper on the importation of mangoes, and this was treated as an extension of existing arrangements for the importation of mangoes from the Philippines. It was not a separate IRA but a review because of the similarities with pests and diseases in the Philippines, as I understand it. Is that a correct understanding?

Mr Cahill—That is correct. We are proceeding with that as a review of existing policy.

Senator O'BRIEN—Where is the process up to at this stage?

Ms van Meurs—The consultation period has finished and there have been a number of comments, which we are looking at, with regard to the extension of policing.

Senator O'BRIEN—What is the next stage in the process? Where do you go from here?

Ms van Meurs—We are looking at the comments provided by stakeholders and I am looking to make sure that those comments are taken into account. We are going to Taiwan in the next couple of weeks to look at the vapour heat treatment plants and the orchard arrangements. Then we will finalise the draft and put out advice for a policy determination.

Senator O'BRIEN—Is that an appealable process?

Mr Cahill—The policy development process is not appealable. Permit decisions that are issued as a consequence of policy determinations are challengeable.

Senator O'BRIEN—If this issue had been in the original determination it would have been appealable. When the original IRA decision was taken it would have been appealable, wouldn't it?

Mr Cahill—The full IRA process allows for appeals on limited grounds. The quality of the science and the process attached to that scientific analysis is the same in a policy review as with a full IRA. Indeed, the reports that are produced at the end of policy reviews look pretty similar to those that are produced with full IRAs; they are often quite a substantial body of work. But the policy review process does not provide formal mechanisms of appeal as does the IRA process.

Senator O'BRIEN—Isn't that an anomaly given that, if this subject matter had been dealt with in the original IRA, there would have been, however limited, a right of appeal?

Mr Cahill—For a full IRA process there are essentially two points off appeal: the composition of the IRA panel and the scope of the issues to be canvassed. These things are appealable early on in the process under the IRA handbook. There are also two grounds for appeal at the penultimate step just prior to the policy determination being made: firstly, that there has been a significant departure from process; and, secondly, that significant information has not been taken into account. The consultation process still exists under both streams. We consult with stakeholders about the policy proposal and the science that sits behind that, but there is no formal mechanism of appeal.

Senator O'BRIEN—I think we have established that. I am just asking how you would justify this not being appealable given that, if the same material had been dealt with in the original IRA, there would have been some grounds for appeal. Is it a process you have inherited? Has Biosecurity Australia thought about the inequity of that situation? Are there any proposals to change it? How would you go about initiating that, if there were a need for change, and who could do it?

Mr Cahill—The IRA process, as you know, is quite complex and we are giving consideration to what improvements might be made to that process. There are difficulties, I suppose, that are presented by the different approaches to policy reviews and IRAs. Again, that is part of the consideration that we are giving to the process as a whole—is there a better way to do this? So the answer to your question is yes, it is a process that has existed for some time. My view is that I am not sure that stakeholders are particularly disadvantaged under the policy review as compared with before the IRAs.

Senator O'BRIEN—Is this a similar process to that for the admission of Brazilian beef in that there is already an IRA but it was effectively an administrative process to make a decision about the admission of that beef?

Mr Cahill—The review of that policy on beef that affected the importation of beef from Brazil was done as a policy review, yes. That is right. But it is worth saying that the policy review that occurred at that time actually tightened conditions that existed under the IRA that had been completed.

Senator O'BRIEN—I am sure you know that the senator sitting at the table was very dissatisfied about that.

CHAIR—You don't want me to start, do you?

Senator O'BRIEN—Look, you will be provoked at all sorts of times, so we may as well bowl it up to you now.

Mr Cahill—I will try not to be provocative.

CHAIR—Obviously that was the point Senator Ferris was making. We have got to go and have a bloody look. That mob over there are a bloody disgrace—

Senator FERRIS—I was making the point in principle about access to—

CHAIR—Some mob in Europe say it is all right on hearsay of—

Senator Abetz—I think Senator Ferris was making the point very well without the use of the word 'bloody'.

CHAIR—Sorry.

Senator O'BRIEN—It might have been appropriate with beef anyway.

Ms Hewitt—I will just mention, because I think you, Chair, were absent briefly when Biosecurity Australia's additional budget funding was discussed—

CHAIR—I picked that up.

Ms Hewitt—You picked up the on-ground audit?

CHAIR—I have been very quiet. I picked that up. But I would be interested to know where we are up to with the importation of beef and blood products from countries that have BSE, but we will deal with that in due course.

Senator O'BRIEN—We will come to that in a minute. Are there protocols in place governing the importation of taro from Fiji, China or elsewhere?

Mr Cahill—Yes, there are.

Senator O'BRIEN—Has there been an import risk assessment or is there a proposal to conduct one?

Ms van Meurs—The current conditions for imports of taro from a number of countries, including those that you mentioned, are based on an assessment done some time ago. We are looking at reviewing those conditions. We have recently reviewed the conditions for the smaller taro. The conditions at the moment are that they have to be non-propagable. It has come to our attention through some industry consultation that the smaller taro is probably actually propagable, so we are obviously concerned about that and what sort of potential diseases could enter via their being propagable. We have advised and asked AQIS to rescind their import permits for those smaller taros, which they have done.

Senator O'BRIEN—What is a smaller taro? Is it a variety or is it just a size?

Ms van Meurs—It is a particular variety.

Senator O'BRIEN—Is it intended to conduct an import risk assessment or are we waiting for someone to request that?

Mr Cahill—We are not conducting an IRA as such. We are constantly reviewing existing policy and conditions as information comes to us on issues and as pest and disease conditions change in exporting countries. So it is a fairly constant process in that sense.

Senator O'BRIEN—So the protocol for taro from every country is changed in the sense that it will no longer be possible to import the smaller taro varieties.

Mr Cahill—I think they are only coming from a couple of countries.

Ms van Meurs—That is true, but the protocol applies to all countries. They are not omitted from any country and AQIS has taken back the permits for those smaller varieties.

Senator O'BRIEN—Have there been requests from other countries to export taro to Australia?

Ms van Meurs—Not that I am aware of.

Senator O'BRIEN—On the subject of BSE, at the last hearings Dr Murray was talking about a consultant's report on the cost of a BSE outbreak in Australia. He offered to make a copy of the report available to the committee. Was one supplied?

Mr McCutcheon—It was my understanding that that report had been provided, but I will take that on notice and check. There certainly was no problem with it being provided.

Senator O'BRIEN—Thank you. Do you know when it was supplied? Was it recently?

Mr McCutcheon—I would have thought soon after the last hearings, in February. I can check on that. As I said, there were no problems with the report being supplied.

Senator O'BRIEN—That is fine.

Ms Hewitt—We might try to check of that during the course of the morning.

Senator O'BRIEN—I am sure the secretariat will inform me that it has been received and somehow it has slipped my attention. At the last hearings we also discussed the issue of stone fruit exports into Taiwan. The minister put out a media release on 20 January about this issue. You would recall that he said in that statement that Australia had been advised by the Taiwanese that Taiwan would only accept fruit from Tasmania and the Riverland in South Australia on the basis of their freedom from fruit fly. He said this was 'deeply disappointing' for growers outside these two regions and that he was pursuing the matter with:

... utmost urgency in an endeavour to restore comprehensive access for Australia's fruit industry to the Taiwan market.

There were media reports that this protocol would cost Australian growers about \$90 million. Is that a reasonable estimate?

Mr Cahill—The issue of horticulture exports to Taiwan has involved substantial effort on technical issues by Biosecurity Australia and also by the department as a whole and the Department of Foreign Affairs and Trade. Mr Morris may be able to assist.

Mr Morris—The estimate of \$90 million was made by industry, and I think it goes beyond the value of the actual exports to Taiwan. The value of total horticultural exports to Taiwan was more in the order of \$38 million in 2004, including about \$22 million worth of fresh fruits. Not all of that fruit has been prevented from export to Taiwan. As you are aware, there

is access to Taiwan from fruit fly free areas in Tasmania and the Riverland, and there are also protocols which apply to table grapes, citrus and kiwifruit which enable some trade to occur in those items. I understand that the industry estimate includes some value of the potential impact on prices domestically as a result of the loss of trade, which is why their estimate might be higher. We have not estimated the numbers in quite that way.

Senator O'BRIEN—So the demonstrable loss is the \$38 million, is it?

Mr Morris—That is the total value of horticultural exports.

Senator O'BRIEN—With Tasmania and South Australia still being able to export, that would reduce that.

Mr Morris—Plus the kiwifruit, table grapes and citrus from the mainland as well.

Senator O'BRIEN—I think this change came into effect after a trade protocol lapsed on 31 December and 7,000 tonnes of nectarines, peaches, plums and cherries were stranded. Mr Morris, you told us last time that unless a new protocol was put in place other fruits would be affected, that the change was announced by the Taiwanese in April last year and that Australian officials had been working to get a new protocol in place since then. As a delegation was due to head to Taiwan just after our last estimates, can you tell us what was the outcome of the discussions that took place with the Taiwanese?

Mr Morris—We did visit immediately after the last estimates. The visitors included representatives from both Biosecurity Australia and our international division. The main purpose of that visit was really to clarify the information that the Taiwanese would require in order to establish a protocol to re-establish the trade. We had very useful discussions with the Taiwanese to determine what their requirements would be and the main thing was really additional research in terms of cold disinfestation treatments for stone fruit and cherries. So subsequent to the meeting we have been working very closely with industry to put in place research which would enable the relevant information that the Taiwanese require to be provided. I should also mention we had a representative from the cherry industry come along with us on that visit as well.

Senator O'BRIEN—You mentioned the issue of cold disinfestation research. As I am not sure what that means, would you elaborate on how that issue impacted on our trade?

Mr Morris—I would be pleased to but as I am an economist I might turn to my scientific experts.

Ms van Meurs—Cold disinfestation is to ensure that the fruit is free of fruit fly. We are working on research with the New South Wales department of agriculture on the Queensland fruit fly and with the Western Australian department of agriculture on the Mediterranean fruit fly. The cold treatment is there to ensure that we will not export to a country a particular fly that then establishes itself and spreads.

Senator O'BRIEN—Was there a change? Were we not doing that? I was not clear as to whether some research had shown that perhaps it was not as effective as was thought.

Ms van Meurs—As for our exports to the Taiwanese market, the Taiwanese have been more concerned about the Queensland fruit fly than the Mediterranean fruit fly, so we were able to certify, if we had inspected the product, that we believed it was free of Queensland

fruit fly. The change is that they have upgraded their quarantine system, they are concerned about Queensland fruit fly and now they require a cold treatment, at what we call 'probit 9', which is a quite high level of security, to allow the fruit to be free of fruit fly.

Senator O'BRIEN—Does that mean that very cold temperatures would damage the fruit?

Ms van Meurs—It could mean that but we have been working very closely with the industry to make sure that the research that is undertaken is adequate for the quality of the fruit as well. The industry group is chaired by David Minnis, who is from the Australian Horticultural Exporters Association. He liaises with us and with the industry to ensure that the research work that is going on ensures the quality of the fruit as well.

Senator O'BRIEN—What are the cost implications?

Ms van Meurs—For the market that was pre 31 December, the fruit had to be treated anyway for Mediterranean fruit fly, so I would imagine the cost to the industry, although I am not sure of the actual dollar figure, to be similar for exports of horticultural product. In fact, it might even be better because the temperatures that they are looking at in New South Wales are actually a lot higher; therefore, the quality of the product should be better.

Senator O'BRIEN—Mr Morris, you also referred to direct contact between Minister McGauran and his Taiwanese counterpart on this matter. Can you confirm that Mr McGauran, or his office, received a brief on this issue soon after he became minister in July last year?

Mr Morris—There was certainly a lot of consultation with his office over the period after he became minister. I am not aware of a brief going up afterwards. It may have come from BA, but there was not one from ID as far as I am aware immediately after he became minister in July last year. Certainly over that period between July and December there was a lot of consultation with his office and, as I think I said last time, the minister became very actively involved, particularly in December when we were trying to pursue the issue strongly with the Taiwanese government.

Senator O'BRIEN—So there would have been several briefings from the time he became minister until the problem manifested itself?

Mr Morris—As I said, the consultation was more directly with the office and we were talking with his staff very regularly on the issue.

Senator O'BRIEN—When did Mr McGauran first make contact with his Taiwanese counterpart to try to resolve the matter?

Mr Morris—The first direct contact was around 9 December, I think. Although, because of the particularly sensitive relationship that we have with Taiwan, that contact was actually via the Australian Commerce and Industry Office, which is our post in Taipei. As you may be aware, there is some sensitivity in the contact of cabinet ministers with their Taiwanese counterparts.

Senator O'BRIEN—So the first contact was indirect. Did you say it was through the embassy in Taipei?

Mr Morris—Our representative's office in Taipei. There was a letter sent by our minister to the head of the office there asking him to contact what is known as the chair of the Council of Agriculture.

Senator O'BRIEN—I think you told us that you first became aware of the intentions of the Taiwanese in April last year, that you provided the Taiwanese authorities with a draft protocol in July—12 weeks after you became aware of the problem—and that the protocol was developed with Taiwanese authorities. Is that a correct understanding?

Mr Morris—Yes. Biosecurity Australia provided a draft protocol to Taiwan in July last year.

Senator O'BRIEN—You told us last time that the draft protocol was also developed in consultation with the Australian industry. Can you take us through those negotiations or discussions that Biosecurity Australia had with the Australian growers?

Ms van Meurs—There were numerous telephone hook-ups with the industry on the development of the protocol. We did not send the protocol until the industry had agreed that it was a protocol that they thought was adequate. There were numerous consultations on that particular protocol.

Senator O'BRIEN—Who was involved from the industry?

Ms van Meurs—I would have to take that on notice, but there were stone fruit growers, cherry growers and grape growers. I think at one point we had 20 to 25 growers on the line. We had the AHEA, departments of agriculture and researchers on the line. It depends again on which telephone hook-up you are referring to. We had numerous telephone hook-ups over that period. I will have to take that on notice and get back to you.

Senator O'BRIEN—I would appreciate it if you would. BA sent another draft protocol to the Taiwanese in November last year. I assume there was ongoing contact with your Taiwanese counterparts in the development of the second version of the protocol.

Mr Morris—Yes. The second version was sent following some liaising with them between July and November on the original draft. We were really quite concerned about the delays from the Taiwanese trying to finalise the protocol, so we sent a second version in November just prior to a visit so that we could try to give further impetus from our end to them coming to a decision on a new protocol.

Senator O'BRIEN—What does the arrangement put forward by the Taiwanese—based on the USDA schedules—on 12 January this year entail and why could it not operate here?

Ms van Meurs—The protocol put forward by Australia went to what the Taiwanese call the QAC—the Quarantine Advisory Committee—which we understand is a group of eminent scientists from both inside and outside BAPH. They were concerned about the research information that we had provided. The only research information we provided that they thought related to a particular schedule was the USDA schedule and they chose to accept that particular USDA schedule.

Senator O'BRIEN—Why was that protocol not acceptable here?

Ms van Meurs—The USDA schedule is quite a difficult schedule to meet. The temperature range is lower than what was agreed in the past with Taiwan. The citrus industry has sent exports to Japan under that temperature regime over a number of decades, so they are saying they are able to meet those conditions. But a lot of exporters who used to export to Taiwan find that regime very difficult to meet because of the lower temperatures that are required. There is more likelihood that a container might spike—in other words, go above the temperature regime—and be rejected by the Taiwanese.

Senator O'BRIEN—Is that essentially the difference between what we proposed and what they wanted?

Ms van Meurs—Yes. Essentially, we wanted a higher temperature regime and both pre-export and in-transit treatment. For export, at the moment, treatment is in transit and under that lower temperature regime.

Senator O'BRIEN—What order of temperature are we talking about?

Ms van Meurs—It was 2.2 degrees Celsius. I think it has dropped back to around zero degrees. It might be a little higher than that. I would have to take that on notice. The time span in transit from Australia to Taiwan is different, so it also affects how you can ship the product.

Senator O'BRIEN—Perhaps you could give us those differences on notice. Could you give us an update on the prawn import risk assessment?

Mr Cahill—I have recently announced a new chair of the team for that import risk analysis: Dr Mike Nunn, Principal Scientist, Animal Biosecurity, Biosecurity Australia. The IRA team is continuing its work. I cannot give a precise date as to when we might release a draft report. As I have indicated, it is in the 'legacy' IRA category, and we are giving some effort to trying to complete that as soon as we can.

Senator O'BRIEN—When did this one start?

Mr Cahill—In 1996.

Senator SIEWERT—Are you aware of the resolution that went through the Legislative Council in WA recently? The debate started on 12 April, but I could not tell you when it finally went through. The resolution was:

That this house request the Australian government to recognise and formally acknowledge the prerogatives of Western Australia to determine regional freedom from pests and diseases on a scientific basis.

The original proposal included the words 'consistent with the obligations of the World Trade Organisation agreement on the application of sanitary and phytosanitary measures', but that last bit eventually got dropped off. Are you aware of that resolution? Has that been transmitted to the department yet?

Mr Cahill—I can only speak for Biosecurity Australia. I have not, as I recall, received any advice conveying that resolution to me and I was not aware of the specific resolution. I am aware of the interests of states in claiming regional freedom, and those matters are taken into account now.

Senator SIEWERT—They are taken into account even though they are not part of the MOU?

Mr Cahill—Yes, they are. If there is demonstrated scientific support and evidence for the claim of regional freedom, that matter is certainly taken into account. An illustration of that is in relation to the export of stone fruit from New Zealand to Australia, excluding Western Australia at the present time.

Senator SIEWERT—Is consideration being given to renegotiating the 1995 MOU?

Mr Cahill—Not with Biosecurity Australia, but it is perhaps not for me to speak about that. I am not aware of any action to review or rewrite that MOU.

Senator SIEWERT—Are you aware of any states requesting that the MOU be redone to consider regional differences?

Mr Cahill—Not to my knowledge.

Mr Yuile—I am not aware of any such approach.

Senator SIEWERT—Do you believe that it would be better to include regional differences as part of the MOU, or do you consider that regional differences are adequately covered at the moment?

Mr Cahill—My view is that regional freedom issues are already a legitimate part of the way in which risk assessments are undertaken and part of the consultative processes that go on between Biosecurity Australia and the states in relation to import proposals and export proposals.

ACTING CHAIR—I thank the officers at the table for their cooperation this morning. It is always a complex range of issues that get raised and I thank you for your answers today.

Proceedings suspended from 10.25 am to 10.46 am

Senator O'BRIEN—During the last hearings, I asked some questions about the role of the department in the development of a free trade agreement with China. I want to know whether the department has done any work on the implications of such an agreement for this portfolio since the committee last met.

Mr Morris—Mr Burns answered the questions you posed last time and, as it happens, he is actually in Beijing at the moment in the next round of negotiations that are going on with the Chinese. I pass on his apologies. At this stage, there has not been any further formal work done along those lines.

CHAIR—With the free trade agreement, would there be any consideration of currency valuations? This could be a very lopsided deal if one country or the other decided to play with the currency.

Mr Morris—I should say, I suppose, that Department of Foreign Affairs and Trade has the lead on the FTA but, as far as I am aware, currency considerations would not come into the FTA directly because you have fluctuations up and down over time.

CHAIR—Especially if you have one currency that is not open to the market and one that is. It could be a serious issue in the future—probably an unintended consequence, like the Snowy Hydro sale.

Senator Abetz—Who raised that?

CHAIR—No-one, but I hope it is on the record. I guess the wisdom of DFAT and everyone else ought to give consideration to the imbalance between the capacity of one partner to import and the capacity of the other partner to export. If there is some sort of artificial hold on the currency, maybe part of the FTA ought to be that China ought to throw its currency open to the world.

Mr Morris—I guess that would be part of the more general components of the FTA rather than the ag chapter directly. It is probably something that we should not comment on.

CHAIR—I think that someone out there ought to be making a note of it and giving consideration to what it all means.

Senator O'BRIEN—The scoping study that claimed benefits for sectors of the Australian economy has not been expanded upon.

Mr Morris—Not that I am aware of. I think that was done prior to the FTA being commenced, and it has not been added to as far as I am aware at this point.

Senator O'BRIEN—Which agricultural industries would be expected to be positively affected by a free trade agreement with the People's Republic of China?

Mr Morris—I would have to refer back to that study directly to get the information. I would have thought, off the top of my head, that if we can see a reduction in import barriers in industries where there are protective measures in place—for example, the wool industry, where there a tariff remains in place for exports of wool to China—that would see a direct benefit to them. But in terms of the actual detail, the scoping study and the specific tariffs, we would have to provide further information outside of this hearing.

Senator O'BRIEN—Which agricultural industries would be expected to be negatively affected by a full free trade agreement?

Mr Morris—We would hope that, overall, all agricultural industries would be positively affected, given that the aim of a free trade agreement is actually to reduce barriers below those that are currently in place. As you are aware, Australia has very low barriers already, so the removal of the remaining barriers, in principle, should have a relatively low effect in terms of the increase in exports to Australia. Again, we can provide more detail from the scoping study which covered those issues.

Senator O'BRIEN—Ms Hewitt, you told us last time that you were active in consultations under way with a wide range of industry groups in the sector. Can you provide us with more detail of that consultative process? Who has been consulted, how and what is happening with the information that has been generated by the consultative process?

Ms Hewitt—I apologise, as Mr Morris has already done, for not having our key expert here. Mr Craig Burns is leading the department's work, along with the DFAT team, on the FTA exercise, but I am conscious from conversations I have had with him that he has been

doing quite a lot both in Canberra and in travelling around the country consulting with various agricultural groups about the FTA initiative. I would like to be able to give you that information on the spot, but I would have to take it on notice and get back to you. It is just an awkward coincidence of timing that he is up in China in this round right at the moment.

Mr Morris—There is a lead agricultural negotiator for DFAT and we tend to do the consultations with industry in conjunction with DFAT. There is a process of talking to all the major industry sectors, which obviously covers the meat sector, horticulture, wool, grains and so forth. All of those sectors are involved in one way or another in the consultation processes.

Senator O'BRIEN—Mr Burns is doing all the consultation, is he?

Mr Morris—No, as I said, he is working with the Department of Foreign Affairs and Trade. He is doing it in conjunction with them, not on his own.

Ms Hewitt—And with the collaboration of some colleagues in the international division of the department. I have had some personal contact with the wool industry, and they have a very high interest in developments and opportunities there. I should mention that there is a major conference to be held in Beijing with the participation, as I understand it, of a number of agricultural industry representatives. I think it is scheduled for September. Is that right, Paul?

Mr Morris—That is right.

Ms Hewitt—That would be to take Australian issues forward directly and engage with Chinese counterparts to tease out some of the opportunities and issues that we want to bring to the table as the FTA negotiation progresses. But I would back the judgment you have just had from Mr Morris that, broadly speaking for the agricultural sector, which is already very trade exposed, we have very limited remaining border protection elements even in the sectors which struggle a bit against import competition in Australia, like some parts of horticulture. So, from an Australian point of view in agriculture, the ledger is a very positively oriented one. There is a lot more to gain than any risk that would arise from the very marginal additional reduction in barriers on our side.

Senator O'BRIEN—What is the balance of trade in horticulture products between the countries at the moment?

Mr Morris—I think we might have to take those specific numbers on notice. I know there is trade in both directions, though. I do not have the specific numbers. Citrus is obviously one of our major ones going over there at the moment. I think we do import things like garlic and pears from China at the moment, but I will see if we can get the specific numbers for you on notice.

Senator O'BRIEN—Thank you for that.

Senator Abetz—Just out of interest, are those pears tested for chemicals?

Ms Hewitt—For food safety?

Senator Abetz—Yes, for chemicals. There is some suggestion that they might have high levels of mercury or something. Have we tested for those?

Ms Hewitt—We will ask Peter Yuile to explain the broad process of how that testing operates. We have done quite a bit of work on that.

Senator ABETZ—I am sorry to intervene here. It is just a matter of interest. In my state there are large plantations of garlic, going down Cressy way, put in by an Australian company. They are having issues with Chinese imports, so that is why I ask.

Senator O'BRIEN—You see it regularly in the supermarket. It is now being labelled as being Chinese.

Ms Hewitt—That is right. Peter will tell us of the testing arrangements.

Mr Yuile—For imported food the standards are established by Food Standards Australia New Zealand.

Senator Abetz—Yes, but do we test the garlic on a regular basis?

Mr Yuile—Each of the foods is categorised into three groups. There is a risk group, an active surveillance group and a random surveillance group. They have associated with them specific numbers of tests per consignment. In the case of risk foods, if 20 consecutive tests prove that they meet our standards, then it comes down from 100 per cent to, say, 25 per cent. I will check the numbers for you. There is a sequence and it is based on risk categorisation by Food Standards Australia New Zealand. In addition, Minister McGauran established a surveying process. We did some horticultural surveying work last year and we will be doing it again this year. The results from that are fed back in turn to FSANZ to help them in their assessments in defining their risk categorisations.

Ms Hewitt—Peter, would you elaborate a little further in the sense that we often see some quite dramatic press headlines on this subject.

Senator Abetz—Chinese peanuts or Vietnamese cashews—I forget what it was—was another one on which issues have been raised

Mr Yuile—It is true to say that to this point the results that we have found, from our imports survey work and indeed our work under the imported food standards act, are that the imported products are comparable to if not better than our own, because they have to comply with the Australian standard.

Ms Hewitt—So, in short, we have not found any evidence of disturbing findings as to the imports from China.

Mr Yuile—And indeed in the case of a recent Western Australian report it was found that the imported product came up very well compared to the domestic product.

Senator Abetz—I am sorry about that intervention.

Ms Hewitt—I think it is an important issue to have on the agenda because sometimes we do see alarming press material that seems to be a bit at odds with the facts as reflected in this. It is not just from our regular sampling. We went to the trouble of doing some additional sampling last year in response to community concerns and that has produced reassuring results.

Mr Yuile—We will be doing the same thing with seafood this year.

Senator O'BRIEN—As for the consultative process, I think you have confirmed that DFAT is the lead agency on the consultation with industry generally, including the agricultural and horticultural industries.

Mr Morris—That is right but we are actively involved in that.

Senator O'BRIEN—Last time you referred to a number of seminars that had taken place with industry groups and a number of seminars that were scheduled. Is that seminar process ongoing or has it been completed?

Mr Morris—The consultation process is ongoing. There were a series of seminars that were being held but consultation with industry will occur right up until the end of the negotiations. As you are possibly aware, quite often, as part of these negotiations, industry representatives will actually travel with delegations to China so they can be consulted at the margins of the negotiations. So there is obviously a lot of interest in China, being our third largest market and possibly increasing in the rankings in the future. There is a lot of interest from industry in that and they are very actively involved in the discussions.

Senator O'BRIEN—So the seminars are ongoing?

Ms Gordon-Smith—They are ongoing.

Mr Morris—The seminars are ongoing, yes.

Senator O'BRIEN—Is it possible to get a list of the seminars conducted and those that are planned?

Mr Morris—That should not be any problem at all, so we will take that on notice.

Senator O'BRIEN—Thank you. How would you describe the consultative process apart from the seminars?

Mr Morris—I think it is fair to say that the industries involved have a very strong and active interest in it and have no hesitation in getting on the telephone and calling us if they have any issues they wish to raise. We have regular contact with most of these industry groups in any case—on a broad range of issues, not just on China. So we are very familiar with many of the people involved and, as I said, I am sure that will continue throughout the process.

Senator O'BRIEN—It seems very informal. Is that a fair way to describe it—that, apart from the seminars, there is ongoing contact and it is an issue raised in discussions rather than a program of specific consultations?

Ms Gordon-Smith—Prior to commencement of the FTA negotiations, the Department of Foreign Affairs and Trade ran a formal process calling for public submissions. That was a fairly extensive and wide-ranging process and, as I say, a formal one.

Senator O'BRIEN—That has concluded, has it?

Ms Gordon-Smith—It has.

Senator O'BRIEN—Can you confirm that a second policy officer from this department has been appointed to the embassy in Beijing?

Mr Morris—Yes. We appointed a second officer. I think he started at the beginning of April this year.

Senator O'BRIEN—Why was that decision taken?

Mr Morris—The decision was taken as part of the additional posts that were funded under the International Food and Agricultural Service program. At the time, we reviewed where

Australia's interests would be best served globally and we established new positions in three countries. One was in India, in New Delhi, and one was to service the ASEAN region, and that person is based in Bangkok. Then we decided, because of the increasing importance of China as a trading partner and the ongoing negotiations on the free trade agreement, that there would be value in having a policy person in Beijing to support the technical person, who had been there for some time. So that was the basis of that decision.

Senator O'BRIEN—I understand that on page 85 of Budget Paper No. 2 there is an item that identifies the provision of \$5.5 million over four years to help improve technical cooperation with China in agriculture. Minister, you put out a press release on this matter on 3 April.

Senator Abetz—Sorry, I was not concentrating.

Ms Hewitt—This is the technical cooperation program with China—the \$5.5 million, Minister.

Senator Abetz—I think that was the day I signed something.

Ms Hewitt—Indeed.

Senator Abetz—Yes, it was a heady day.

Senator O'BRIEN—What did you sign?

Senator Abetz—A document!

Senator O'BRIEN—Right.

Ms Hewitt—It was during the visit of Premier Wen. It is a bilateral program for technical agricultural cooperation between the two countries. We now have the work to do between both parties to decide on the priorities and the way in which those funds will be spent most effectively. So that is continuing work, but we hope soon to be able to have some broad agreement on the key priorities.

Senator O'BRIEN—I guess I am making the assumption there will be demonstration projects in China.

Ms Hewitt—Not necessarily demonstration projects. We are working closely with our colleagues in AusAid and others—I think ACIAR have an involvement as well—to try to make sure that the funds can be expended to best advantage. In contemporary best practice technical cooperation work, demonstration projects are not necessarily seen as the most effective way to achieve results, but we will have a very open discussion between the two countries to work out what the most important priorities are. Obviously, the development advantages for China are a very important factor to be taken into account in how we settle the list, but we will also be looking from an Australian point of view to make sure the cooperation projects make sense for both countries. Correct me, Paul, if I am not right, but we do not yet have a detailed agreement on precisely what will be agreed on as the projects.

Mr Morris—We will be working with the agency's administrative secretary, along with the Department of Foreign Affairs and Trade. The Department of the Environment and Heritage will be involved in those discussions as well.

Senator O'BRIEN—It is a blank sheet at the moment.

Ms Hewitt—We have some ideas and I am sure the Chinese side have as well, but we need to work this out and mutually agree on the list of priorities.

Senator O'BRIEN—I will refresh your memory about the minister's press release.

Senator Abetz—I have it in front of me now.

Senator O'BRIEN—It says:

The programme is expected to involve a number of major projects in each of its four years, with grasslands management and dairy already identified as early priorities.

Is that decided or is that press release—

Ms Hewitt—I think both countries have agreed that these are important areas for both sides, but there will be scope within the \$5.5 million to do more than that. The exact way in which the dairy and grasslands management work is finalised is still to be agreed. We have to make sure that the projects make sense from Chinese development perspectives and also that they play to areas where we have expertise and skills and interests. That is how we do it.

Mr Abbott—As I recall, they have certain concerns about their native grasslands as well.

Ms Hewitt—That is right—animal pastures.

Senator O'BRIEN—They certainly have a dust problem. Is it too early to say what number of projects there will be? Have you earmarked a notional amount of dollars per project?

Ms Hewitt—I do not think we have got to that stage yet. We would certainly be prepared—

Senator Abetz—We did say 'expected'. That is the expectation, but we are not committing ourselves to a particular number.

Ms Hewitt—I think by the time we next meet in estimates we would expect to have some significant progress to report to you, Senator O'Brien.

Senator O'BRIEN—How much of that money is for the administration of departments and how much for the programs on the ground?

Ms Hewitt—I do not think we could give you an answer to that either until we determine precisely what sorts of project we are going to settle on and how they are to be managed.

Mr Morris—It is all the minister's money so that—

Ms Hewitt—Yes, but I thought the question related to how much of it would be spent on funding our own staff to do things.

Mr Morris—Being the minister's money though, I think it is all project related.

Senator O'BRIEN—So it is not available to fund departmental staff; is that what you are saying?

Senator Abetz—Can we take that on notice and clarify it for you?

Senator O'BRIEN—I am happy for it to be—

Ms Hewitt—We are at a bit of a disadvantage today in not having our key China experts with us.

Mr Morris—I am sorry. I beg your pardon. There may be two positions under it. We will confirm that on notice. My colleagues just clarified that for me. We will clarify that further for you and give you a specific breakdown.

Senator O'BRIEN—On the process of agreeing to projects, you obviously want to work through these things not only via your own expertise but with the Chinese authorities. Do have a time line for when you expect things to start happening?

Mr Morris—The money extends over four years. It is a bit back-loaded, so there is \$1 million in the first couple of years and then it increases a bit in the latter years, so we will phase the projects in that way. That also recognises the fact that often it takes a little time to get these programs up and running and established. That is why there is a slightly lower amount in the first year. We anticipate that there certainly will be work done very soon on establishing the guidelines and the projects under them. Then we will have a clearer idea about how that is all going to be phased out.

Senator O'BRIEN—Thank you. I do not think I have any further questions at this stage.

Senator Abetz—If you discover any, you can always put them on notice.

Senator O'BRIEN—I always can.

[11.12 am]

CHAIR—We now move to output 5: Product integrity—animal and plant health.

Senator O'BRIEN—Could someone update the committee on how the NLIS is rolling out?

Mr McCutcheon—Certainly. Are you talking about NLIS in general or for specific species? I can give you an update on cattle, sheep and pigs, if that would be of use.

Senator O'BRIEN—Some general facts would be useful. I was going to ask for detail on pigs specifically, but it would probably be good if the committee had an idea in the broad as to how NLIS is rolling out.

Mr McCutcheon—In the cattle sector, the implementation of NLIS has been under way for some years now and is pretty well advanced. A number of states are now moving to abolish tail tags, so the main source of identification will be the NLIS tags. It is an evolving program and that is part of its development—so it is a case of industry and government getting on with it. In respect of sheep, that program implementation commenced on 1 January this year. That is significantly less—it is not an electronic identification system, for a start; it is basically plastic ear tags and movement documentations or national vendor declarations are used. Again, all states are moving towards implementing that. There have been some issues in respect of exemptions of certain categories of livestock under that system, and the industry has been working with government to look at reviewing those exemptions by 1 July next year and then doing an overall review of the implementation of the program in 2008.

CHAIR—Is movement direct to the abattoir going to be reviewed?

Mr McCutcheon—Yes. That will be reviewed in July next year, primarily because that will be after the first period of lambing and they will have some statistics to measure. The last one was on NLIS pigs. This is very much in the embryonic stages. The government has

committed money out of the NLIS program to assist the industry to commence the process of developing a system. It is several years behind sheep and cattle at the moment.

Senator O'BRIEN—At the last hearings you provided the committee with some detail of the roll out of the cattle NLIS implementation. At that stage, \$2 million had been committed to Victoria, \$3.02 million had been allocated to New South Wales and \$954,400 had been allocated to Western Australia. You told us that proposals from the other three states and the Northern Territory were under consideration. Where are Tasmania, South Australia, Queensland and the Northern Territory up to?

Mr McCutcheon—The government has approved \$5.303 million in funding for Queensland, \$665,550 for South Australia and \$780,000 for the Northern Territory. At the time of the last hearings, Tasmania had not put forward a submission. That submission has been received within the recent days. That will be assessed by the review committee and we are hopeful that the government will be able to allocate funding to that state before the end of this financial year.

Senator O'BRIEN—I want to ask some questions in relation to the 'Exercise Eleusis '05 evaluation report key findings', dated 5 February. This important report seems to indicate that Australian jurisdictions are reasonably well prepared for dealing with an outbreak of avian influenza, but there are some specific recommendations I want to touch on. Recommendation 2 says that exercises should remain a priority in ongoing preparedness for emergency disease control. That raises the question: what plans are there for further exercises to ensure our preparedness is continuously improved?

Mr McCutcheon—We have a rolling program of exercises. The two major exercises have been the foot and mouth disease simulation, Exercise Minotaur, and the more recent avian influenza simulation, Exercise Eleusis. There have been a number of state-specific exercises. In fact, Exercise Wild West, which was designed to test Western Australia's capacity to deal with a foot and mouth disease outbreak, was held in Western Australia last week. The focus has been very much on livestock. However, we are now turning our attention to the plant sector. Now that we have a plant cost-sharing deed in place, we will be work with Plant Health Australia and others to look at a simulation for a plant sector or a group of plant sectors where there may be one common pest or disease.

CHAIR—Have we done some more work on zoning?

Mr McCutcheon—I might refer that to the deputy chief veterinary officer.

CHAIR—I understand the difficulty and sensitivity of this exercise. What a zone can be was ably demonstrated in Brazil. It is a bit of a difficulty. I do not know how you stop a pig from crossing a line overnight. Do we have any idea?

Mr Biddle—Zoning was not a feature of Exercise Eleusis, which was just completed. As we discussed at previous estimates hearings, zoning was a side issue in Exercise Minotaur, but additional work has not been done in relation to foot and mouth disease or other animal diseases in relation to exercising issues of zoning in Australia. Of course, zoning is a cross-cutting issue. The area of freedom from disease, plants and animals is an important SPS consideration which would be taken into consideration in a range of routine deliberations by various areas of the department. Obviously, the standards that attach to determining zones,

their current disease status or disease freedom and their measures to ensure the security of those arrangements would be aspects that are constantly in play.

CHAIR—And fast lines of communication. There was a spectacular demonstration of a zonal failure in the citrus canker thing, which I realise was a completely different model. We really want to be on our money if we are going to create a zone in the context of a foot and mouth outbreak.

Senator O'BRIEN—Going on, recommendation 3 says: 'Australia should provide guidance on the design and management of exercises for developing countries to test their capacity to control an outbreak of avian influenza.' What has happened on that one?

Mr McCutcheon—There is not a lot to report on that one, although the department has been actively involved in some of the initiatives that are happening under international bodies, such as APEC, in managing programs for AI prevention and response around the world. In fact, we have been part of a process within some of those international organisations such as WHO and OIE where they are going to go ahead with a simulation exercise that we can contribute some expertise to.

Ms Hewitt—It might also be worth hearing from Peter Yuile on some of the surveillance activity. At this point, would it be useful for you to hear about the new funding for some enhanced avian influenza monitoring and surveillance activity? I do not know whether we are crossing lines here but, if you are concerned about the avian influenza issue per se—

Senator O'BRIEN—I do not have an objection if that is going to be helpful to the committee.

CHAIR—Go for your life.

Mr Yuile—As you know, Senator, one of the initiatives in the budget just brought down was for \$44.1 million over three years to address avian influenza issues. That funding largely comes to AQIS—\$32 million—but the balance is with our colleagues in the Product Integrity, Animal and Plant Health Division. The work largely covers additional resources at the border. To put it in context, it really reflects the risk management approach that we need to take to this, like every other issue, in the quarantine area, so it involves pre-border, border and post-border funding. It covers funds for staff at airports and sea ports and for additional survey work in our Northern Australian Quarantine Strategy. It also involves capacity building funding for our near neighbours and also, on the domestic front, additional work in relation to risk management, domestic awareness and testing arrangements, which is part of Mr McCutcheon's division's activities. It covers the full quarantine continuum.

Senator O'BRIEN—How much of the funding is for our near neighbours?

Mr Yuile—That is within the envelope that you have, I think, Steve.

Senator O'BRIEN—Is how much we are going to provide our near neighbours specified?

Mr McCutcheon—Not specifically. I think we have put aside some money for what we call regional capacity building, which is pre-border work, but we will need to work with other agencies who are actively involved in funding those activities, such as AusAID, to ensure that we are spending in an area that is going to be complementing what they are doing.

Mr Yuile—As for some of the things that we have done already, we have been working with Indonesia, for example, on rapid diagnostic testing so that they have got the capacity to diagnose quickly and get those results through to us. We are doing similar work with our colleagues in Papua New Guinea. Sometimes it can be as simple as helping them with communication equipment in remote areas so they can do the diagnostics and get the results back to their quarantine authorities and us.

Ms Hewitt—We continue to be concerned that there are some continuing and possibly even heightened risks in what we are seeing about disease status reporting. In parts of Indonesia it is really still a major challenge to make progress. We have seen more encouraging results recently from Thailand and Vietnam, where our cooperation activities internationally have been under way for a longer period of time. I understand that Gardner Murray, our chief vet, has just this week been reappointed at an OIE meeting as president of the regional commission for South-East Asia. We are using our involvement in that OIE regional network to enhance the level of engagement we have got with counterpart countries, not just in FMD but also increasingly in avian influenza surveillance and better practice activities.

Senator O'BRIEN—With the Indonesian problem what capacity is there?

Ms Hewitt—It has a very large, very diverse geography, and poultry plays a pretty important part in subsistence village life. Just making those changes is really quite a challenge.

Mr Yuile—There is the capacity of the Indonesian quarantine service and its site inspection arrangements. We have had people up there working with those authorities just to help them plan the disposition of their resources. They are trying to assist them to identify where the biggest risks might be and therefore where they might deploy those resources. It is not necessarily major dollars but it does take time and expertise to try to help build those resources in Indonesia and elsewhere.

Ms Hewitt—Certainly from our own assessment we see work in that area as being really high on the list of priorities for protection, support and risk management from an Australian point of view.

Senator O'BRIEN—Is there work being done on migratory bird patterns, trying to target species from particular parts of the world?

Ms Hewitt—Bob could probably speak to that.

Mr Biddle—With the department of the environment, specific research is under way and to be continued with regard to patterns of bird migration and local travel, particularly in the Torres Strait area, which is an important potential pathway. The range of species involved is an important consideration as well. So those are aspects that the government has directed funds towards.

Senator O'BRIEN—Can you elaborate on what sorts of funds have been directed towards that?

Mr Biddle—The specific studies involving migration patterns are administered by the Department of the Environment and Heritage. I guess they are best placed to identify the funding attached to those projects. That is, of course, work distinct from the surveillance work

that is undertaken in Australia into migratory and resident wild birds, which this department has a number of projects in.

Senator O'BRIEN—Where is the main surveillance taking place?

Mr Biddle—One of the major projects is operated by AQIS under the NAQS funding. That covers the northern parts of the Australian continent. There is also some work offshore, as we have been hearing about, in Papua New Guinea, Timor Leste and Indonesia, so there is a wide scope of work there. Work is also being undertaken in the southern parts of Australia, in collaboration with state governments. Some species such as shearwaters migrate directly to some parts of Australia and they are monitored. Shore birds are also targets in some sites in southern Australia, as are wild duck populations, which are of course not migratory and are locally nomadic. There is a variety of targets that are monitored for evidence of changes in patterns as to the influenza viruses that may be associated with those populations.

Mr Yuile—Senator, if it would be helpful I will ask Jenni Gordon to give you an outline of what our plans are for the NAQS survey work.

Ms Gordon—As you would appreciate, out of the budget this year we got additional funding for very specific avian influenza activities. That funding is going to be allocated across a range of our programs, so we have additional intervention resources to go into our airports and our seaports and additional resources to go into the NAQS program. With the NAQS program the primary activity will be to engage in additional surveys in the areas where we believe there are likely to be the most risks from the migratory bird patterns. Our scientists work closely with the product integrity area of the department and the department of the environment to identify where those birds might be and the particular times of the year when those surveys ought to take place, because then you are most likely to be able to get early identification of a change in disease status.

We are also working closely with Indigenous communities around Australia's northern borders to enable us to get early identification of any changes in bird health—information that might enable us to identify early and intervene quickly if in fact there are indications that there are sick birds with a changing health status in particular areas where the Indigenous communities are most likely to make those observations.

The other thing that we got funding for is additional public relations activities to alert people to the particular risks that they need to be alert to so that we are in a position to get early advice. Travellers coming through airports or communities up in Northern Australia know to alert us so that we can have scientists go out and have a look at the concerns that have been raised.

Senator O'BRIEN—Thank you for that.

CHAIR—Mr Yuile, the manager of the farm that had the citrus canker did not know what citrus canker looked like until he saw it on something that was in the pocket of a plane seat and said to himself, 'Oh, I've got a bit of that at home.' That is how he discovered it, through a public education program.

Mr Yuile—There is public awareness money, for example, in our allocation and on the NAQS side there is the same sort of thing: small publications which are in the pockets of

aeroplane seats and in cruise vessels and elsewhere. They give simple descriptors as to some of those key pest and disease risks—as to flies and so on—as well as helping people to understand in the case of the Torres Strait, for example, about movement across the protected zone and the special quarantine zones. It is not a huge amount of money but it is very well targeted and well spent.

Senator ADAMS—As I come from Western Australia, I am pretty keen to know about what happens in our state, especially up north. Is there an education pack going through schools?

Mr Yuile—We do work like that. For example, we have community liaison officers in Cairns—as we are talking about the Cairns to Broome sweep—and in the case of Broome we have an Indigenous liaison officer there who spends time in those northern communities, particularly in the Kimberley. Part of his work is working with schools, doing demonstrations, giving talks, sharing material and getting the kids to in fact be alert to the various issues that we are talking about.

Senator ADAMS—Is it the same with community newspapers and things like those?

Mr Yuile—There are a couple of things and it is interesting that different things work differently in different states. We have wall planners and calendars, as well as other sorts of material like those, to try to raise awareness and alert people to the issues.

Senator ADAMS—What about community radio?

Mr Yuile—Yes, we are doing regular ABC radio through our vet in Broome and our liaison officer in Broome. We have got a small team in Bamaga covering the northern peninsula area on the Queensland side. Its members are regularly doing radio.

Senator ADAMS—We have new commercial radio, Spirit Radio, with Liam Bartlett now up in the Kimberley. Liam is an investigative journalist, so perhaps it would be worth getting him to do something on this.

Mr Yuile—Thanks. We will follow that up.

CHAIR—Do we have a program to alert people to this? If people are in an illegal fishing boat and decide to sneak ashore and camp on the beach and bring the dog or whatever they have aboard, do we have a program to alert those remote communities if we see someone with a boat?

Mr Yuile—Yes, we do. That is what we are doing.

Ms Hewitt—There is also some additional funding in the budget for that program.

Senator Abetz—For fisheries.

Mr Yuile—There is an explicit element of the illegal foreign fishing package.

Senator Abetz—There is a \$6.9 million allocation—

CHAIR—Are you blowing your own trumpet?

Senator Abetz—No, the government's trumpet—to assist Indigenous communities around the northern coastline for exactly that purpose.

Mr Yuile—And it is building on previous work. The NAQS program over the last 15 years has done a huge amount of work in those northern Indigenous communities. I think it is fair to say they have established a terrific set of relationships. I was recently up in Nhulunbuy and in that Arnhem Land area, and whether it is the Dhimurru rangers or others they are very well connected. When we go out on surveys, not only do the Indigenous people guide us into the country that is theirs but they are also helping and working with our vets doing post-mortem examinations, taking blood, learning how to do all those things and working with us when our vets do surveys. That is a crucial part of what we have to do, and they know who to call if they see something unusual.

As the minister said in relation to this year's budget allocation, that is explicitly money not only for rapid response from a biosecurity point of view, so we can get the vets in quickly if there is an identified illegal vessel onshore, but for being able to survey areas. We have some money to do an additional 10 surveys over the coming year in those areas which are identified as high risk and, additionally, for engaging with the Indigenous communities and the rangers across the north to build on the capability and the relationship that we have now for that continuing monitoring and surveillance. It is a constant challenge. The job is never over.

Senator O'BRIEN—Going back to the recommendations: recommendation 4 deals with ensuring that there are enough highly trained staff to effectively deal with an outbreak. It goes on to call for the development of a national system of accessing resources from outside the state and federal bureaucracies. This recommendation is very similar, it seems, to one of the Exercise Minotaur recommendations. Can someone tell us what progress has been made on putting in place a system to ensure we have enough trained people to deal with an outbreak of an exotic disease no matter where it occurs in the country?

Mr McCutcheon—I will make a few comments and perhaps Mr Biddle might be able to add to that. This is a work in progress. You quite rightly referred to a similar recommendation coming out of Minotaur. That essentially reflects a challenge that we have in making sure we have adequately trained and skilled staff working through not just our department but state and territory departments and even within industry. So I think Exercise Eleusis reinforced the need for us to keep working on that and looking at different ways of doing it. I mentioned earlier this morning, for example, that some funding out of our enhancing biosecurity package will be allocated to people with veterinary skills to become specialists in pathology and those sorts of things. So we are looking at ways of building that skills base and having a sustainable basis.

Mr Biddle—I think the other important set of initiatives is about maintaining reserves of trained people who are familiar with the framework for emergency responses that we use in this country. The two initiatives we have spoken about before are the Australian Veterinary Reserve and the rapid response team. The rapid response team was deployed in Exercise Wild West, which we have just heard about. The Veterinary Reserve is now to its planned strength of 100 veterinarians around the country who are able to be mobilised in the event that their numbers are required at local disease control centres in different parts of the country. That reserve is being maintained. Another important element of ensuring technical competence is the training of people to accredited standards. A large program of work is being discharged by Animal Health Australia, which accredits veterinarians. They accredit training courses for

these purposes and they accredit other classes of emergency response personnel for particular roles.

The other great surge capacity we have is access to an international pool of people. We have an international agreement involving New Zealand, the United States, Canada, the United Kingdom and Ireland. The countries that participate agree to lend skilled staff to each other in the event that they experience a particular large-scale emergency event that requires particular classes of expertise. So we do have planned surge capacity, but it is built on a base of trying to be as self-sufficient as we can through training various categories of people, particularly at the state government level, who are the primary responders. But we have top-up mechanisms, such as the rapid response team, which give a bit more clout to our ready preparedness.

Senator O'BRIEN—Would you describe that as a work in progress or are we there already?

Mr Biddle—Yes, I would. It is a constant obligation of the Commonwealth government and the state and territory governments of this country to keep a pool of trained emergency response personnel who are able to deal with plant emergencies, animal emergencies and various other classes of emergencies.

Senator O'BRIEN—How successful is the Veterinary Reserve initiative?

Mr Biddle—It has been very popular with the private profession. We had a large number of applications and, as I said, we have been able to train up individuals to our designed capacity of 100. We are now moving into a maintenance phase.

Senator ADAMS—Do you advertise and, if so, how often? What process do you use to get people?

Mr Biddle—We certainly advertise, particularly through the Australian Veterinary Association, which has been very helpful in making the profession at large aware of the opportunities in this area. We have a large reserve list of people who can be called upon to be trained up to be accredited for the Vet Reserve.

Senator ADAMS—The reason I asked is that, in the little community that I come from, right down in the Great Southern in Western Australia, we have seven vets who have married and are really not practising any more. They would be the sorts of people who are still very active in the community. Other than your magazine, do you work through the veterinary schools?

Mr Biddle—It is mainly done through general advertisement in the professional magazines. As I said, the Australian Veterinary Association has been very helpful in assisting us to bring this matter to the attention of this profession.

Senator O'BRIEN—Recommendation 5 calls for reviews of the roles and governance of the key agriculture and health committees responsible for dealing with an outbreak. Have those reviews taken place?

McCutcheon—Not just yet, but they will be. It is normal practice after we run these major simulations that we look at how those committees performed. The other thing we need to factor into the review is the fact that there is now a national emergency protocol, which was

signed off by COAG in February this year. We need to make sure that the processes under the agriculture portfolio are well linked with the health portfolio in respect of something like a zoonotic disease outbreak, but more importantly that they are linked into the national arrangements as well. When you get an emergency of this scale it is, essentially, first minister agencies that become heavily involved in coordinating the respective jurisdictional responses.

Senator O'BRIEN—So when will these reviews take place?

McCutcheon—I do not think a time line has been set yet. The report has only just been finalised and cleared by the ministerial council and released. So work will commence under the Primary Industries Ministerial Council umbrella to start developing review programs or implementation plans as the case may be.

Senator O'BRIEN—Is there an understanding as to whether the reviews would be conducted by the departments and agencies or would external reviewers be engaged?

McCutcheon—It would be my expectation they would be conducted by the relevant committees, and further up the line. As I said, it sits under the Primary Industries Ministerial Council, so it may well be the standing committee or the primary industries health committee that would sign for that.

Senator O'BRIEN—Recommendation 6 says that trigger points for the activation of a national, whole-of-government response should be confirmed to ensure that 'sectoral, jurisdictional and national plans integrate with the National Emergency Protocol'. Is that work in progress? Has it been done yet?

McCutcheon—Yes, it is. Again, that relates to the previous recommendation of making sure we have an integrated emergency response framework.

Senator O'BRIEN—What about the recommendation for a 'real-time, single national information recording, sharing and access system' to be developed?

McCutcheon—Yes. That project has been under way now for a couple of years. It is being managed by the New South Wales Department of Primary Industries. Its name is BIOSIRT. When implemented it will provide national access to response information, integrating data from all jurisdictions. The availability of such a system is a high priority; however, it has been a rather difficult exercise to move from the conceptual mode to having something in practice. We hope that we will have the design features finalised by the end of 2006, and then we can move on to developing the model itself.

Senator O'BRIEN—From reactions around the table you seem to have understated the difficulty of establishing it.

McCutcheon—Yes. This issue of information management during an emergency is not a new one. When we started on the journey of developing a model to address that, many government agencies in the agricultural area saw it as an opportunity to address some longstanding gaps in the available generation and storage of information. So it has grown.

Senator O'BRIEN—Are you saying there is pent-up demand?

McCutcheon—The agriculture sectors know what they need, the agriculture agencies have a clear view, but when you have to marry that with the IT sector to try to develop a model that will fulfil our demands it is a rather tricky exercise.

Mr Yuile—Not to mention the compatibility across jurisdictions.

McCutcheon—Yes.

Senator O'BRIEN—So you are thinking that it will probably be worked through to the conceptual stage by the end of the year, and you hope then that you will have a viable target framework for the program?

McCutcheon—That is correct. By the end of the year we hope to be ready to get to the stage of running a pilot exercise. But, as I said, it is being managed by the New South Wales Department of Primary Industries. Our department is a contributor to that process, both in a development sense and in a funding sense.

Senator O'BRIEN—So it will be some time before there is any likelihood of this system being operational across the nation.

McCutcheon—I would expect so.

Senator O'BRIEN—If you have not got beyond a pilot program going from some time early next year, are we talking about 2008 and beyond?

McCutcheon—I think that would be a reasonable assumption.

Mr Biddle—It is of course important to remember that the individual jurisdictions, and the Commonwealth for that matter, do have existing systems. What we are trying to do is integrate those existing systems to meet the demands that have been identified by these exercises. It is not that we have a blank page or are unprepared, but we want to have a more contemporary and better system.

Senator O'BRIEN—I am simply looking at the recommendation of what is called for and getting an understanding about how progress is being made towards it. I certainly was not trying to suggest that there was no information. I think what this had indicated is that there is information held in a variety of forms in different places around the country, and compiling that and having a framework that will allow it to be accessed compatibly across the nation is perhaps a bigger task than the recommendation makers envisaged when they made the recommendation.

Mr McCutcheon—I think that is a fair comment, and certainly we would not underestimate the size of this project. It is quite significant.

Senator O'BRIEN—Does that mean it is going to take more in the way of resources than may have been expected initially?

Mr McCutcheon—At this stage we are confident it will remain within the sorts of parameters that we had originally estimated but, again, as things have been added on to this model, I guess it would be fair to say that we might have to look at additional funding. But we are doing this one step at a time.

Senator O'BRIEN—Recommendation 9 calls for an immediate education campaign, which I think you talked about earlier, with regard to the differences between avian influenza in birds and a human pandemic. So that is under way, is it?

Mr McCutcheon—That is correct, yes.

Senator O'BRIEN—What is the time span for that campaign? Has one been set?

Mr McCutcheon—I do not have the specific details of the campaign. That would be worked through with the poultry industry and with Animal Health Australia and others. But I do not think it will be a case of just having the campaign and that is it. It will be a series of rolling programs.

Senator O'BRIEN—Recommendation 10 is about the membership of the existing national communications network being broadened and also access to information being provided specifically to non-English-speaking groups. What progress has been made on that?

Mr McCutcheon—In respect of the latter point on non-English-speaking background groups, there has been a fair bit of work done by the department in the last two years in that area in a general biosecurity sense, and that has gone down particularly well with non-English-speaking background farmers and others involved in the industry. So we are hoping to build on that program and target something specifically on avian influenza. Again, that work has already commenced and will be a major part of the campaign.

Senator O'BRIEN—Has a mechanism for mobilising communication staff been established?

Mr McCutcheon—We do have a national communication network established. One of the outcomes of Exercise Eleusis was that that worked particularly well in an agricultural sense, but in the case of dealing with something like avian influenza we need to bring in other communications experts, particularly from the health sector. So that is something that we will be working on with the Department of Health and Ageing to build onto the national communication network itself.

Senator O'BRIEN—Recommendation 12 talks about AUSVETPLAN and its manuals being kept up to date, which is similar to a recommendation in the Minotaur report.

Mr Biddle—The Animal Health Committee in particular has been looking at the mechanisms that are used to update AUSVETPLAN. There is a quite extensive consultation framework in place that obtains comment from industry and state and territory governments in particular. The idea is to try and streamline those necessary processes by categorising amendments as minor or major so that the more minor machinery amendments can go through quicker and the plan can be updated more frequently but in smaller bites. But the major, more policy related issues that are contained in the plan for responses to specific diseases would still have the broad consultation. So in my view it is a way of working faster and smarter without marginalising the interests of stakeholders.

Senator O'BRIEN—Again, with recommendation 13 there are echoes of Minotaur with calls for a national resource coordination plan to be finalised and tested.

Mr McCutcheon—It is an extension of what came out on Minotaur in the sense that we are dealing again with a zoonotic disease. We will be doing some work with the Department

of Health and Ageing in progressing that recommendation. Clearly, it will be part of the national planning that is under way for pandemic influenza.

Senator O'BRIEN—Importantly, a review of national health and agricultural guidelines on occupational health and safety is recommended. Has that started?

Mr McCutcheon—It has not started yet, but that is work that will be commenced with the Department of Health and Ageing. It really is in their area of responsibility but—

Senator O'BRIEN—So they have not started it yet.

Mr McCutcheon—Not to my knowledge and, in fairness to them, they are actually working on a simulation later this year on the pandemic side. But they were part of the steering committee that developed and ran Exercise Eleusis and the post exercise work that will follow from that.

Senator O'BRIEN—It has been suggested that emergency operation centres be reviewed. I am wondering, especially with respect to the Commonwealth's own emergency operation centres, what action has been taken with regard to that recommendation.

Mr McCutcheon—We do have an emergency operations room within the building in which we are located now. Yesterday the secretary mentioned that we were moving to new accommodation next year. Again, we have used that opportunity to put in a purpose-built emergency management facility there.

Senator O'BRIEN—Presumably the states have their own.

Mr McCutcheon—They do. For example, I have been to the New South Wales one. They have quite a comprehensive emergency control centre.

Senator O'BRIEN—Do you know if they are taking action on that recommendation as well?

Mr McCutcheon—Not specifically, no, but all states are geared to run emergencies with their purpose-built or specifically identified facilities. They unfortunately get plenty of regular use.

Senator O'BRIEN—Thank you for that. I do not have any further questions for this area.

ACTING CHAIR (Senator Adams)—As there are no questions from anyone else, thank you very much for appearing today. We will now go on to AQIS.

[12.00 pm]

Australian Quarantine and Inspection Service

Senator O'BRIEN—At the last hearings you told us that AQIS handles 8,000 to 9,000 import permit applications each year. Approximately how many of those applications become permits?

Mr Yuile—We will have to check the record, but I think we handle more like 18,000 import permits. The biologicals unit, which may have been where the questions were directed, handles in the order of 8,000 per year.

Ms Gordon—We issue somewhere between 18,000 and 19,000 import permits a year.

Senator O'BRIEN—And is the life of a permit two years generally?

Ms Gordon—It depends very much on the particular requirements that go to the inherent risk of the product. We have moved to a system of issuing import permits for a longer period of time. Of course if, within that period of time, the scientific advice from Biosecurity Australia changes, we might change the conditions and reissue permits. In some cases we issue a once-off permit for a specific purpose. If you want more detail about how many are issued for a longer period of time, we would have to take it on notice and come back to you.

Senator O'BRIEN—If you would, thank you.

Mr Yuile—Is there something in particular?

Senator O'BRIEN—It seems there are many thousands of permits out there in the system operating at the same time. That would be correct, would it not?

Mr Yuile—Yes, there are many out there. They may not be accessed all the time.

Senator O'BRIEN—Are the majority of permits for two years?

Ms Gordon—I think it is probably fair to say that, but I would have to check the data and come back and confirm it to you. Our preference is to issue permits for the longest possible period of time, consistent with managing the risks, because it provides stability in the trade and some certainty for the importers themselves.

Senator O'BRIEN—So you are saying that now you have an opportunity to vary a permit if additional new information arises that changes the risk?

Mr Yuile—I think that has always been the case. I do not think that is new.

Ms Gordon—There is a provision in the Quarantine Act that allows us to either cancel or vary the conditions on an import permit if the assessment of the risk of the product changes.

Senator O'BRIEN—So that has been an ongoing condition or limitation on permits in the review process?

Ms Gordon—Yes.

Senator O'BRIEN—I think you told us last time that your people in the biologicals area were streamlining and tightening their administrative procedures significantly. Do you have more detail on that process?

Mr Yuile—We would be happy to. I will invite Dr Clegg, who is in charge of that unit, to give you an outline of that. It has been around some systems. As a general rule across the organisation, all areas are looking at how to streamline or improve their systems and their services, and this is one of those areas. It is a complex area, given the nature of the applications that come in, and it is equally important that we have good systems in place. Dr Clegg and her team have been working on that.

Dr Clegg—We have been reviewing our processes for assessing applications, and that was something that we obviously needed to do in light of the Marnic CDDA claim. But, before that had begun, we had recognised that we did not have the standard procedures that we were advising staff of down as tightly as we might have wanted—for example, how did we make sure that new staff knew how to process an application, when should they refer information to

Biosecurity Australia and when should they seek advice from other people within the department. I think it was because we had a number of staff in the unit who had been there for many years, they all knew how it worked, but it was not recorded.

Senator O'BRIEN—So this involved a documentation of the process rather than a change to the process?

Dr Clegg—Yes, it is a documentation of the processes that we need to be following. On top of that, this year we are moving into quality assurance.

Mr Yuile—We have a couple of areas of the service that have ISO accreditation. Where that makes sense for us in business terms and also gives some reassurance to our clients, particularly where we are asking them to look at quality assurance systems, we considered it was important that we apply the same rules to ourselves. The documentation, the manuals and the continuous improvement need to be built in because, as Dr Clegg said, in some instances, like in every agency in the service, there is a lot of pressure on staff—and movement—and we need to build in for continuity and for that training and settling in so that people are able to slip into a job and have the documentation that enables them to move on with that task.

Senator O'BRIEN—So there are new manuals for staff.

Mr Yuile—Building manuals, I think is the way to look at it.

Dr Clegg—The way that we were updating the manuals has changed. All of the instructions for how you assess a product were there, but we did not have all the details that we might have wanted in there about when you need to refer things and when you do not need to refer things. For example, the advice on ICON for a lot of commodities is quite clear. We do not need to replicate that in our work procedure, but as a starting point we do need to look at ICON, what the conditions are and the way in which we manage the updates.

Mr Yuile—ICON is the import conditions database.

Dr Clegg—For example, when new information comes to us from Biosecurity Australia, it is about how we make sure we capture it and have it in our work instructions and how we make sure that it is put on the import conditions database.

Senator O'BRIEN—Is it correct to say that procedures were put in place that required Biosecurity Australia to be contacted in relation to all permit applications where existing import conditions did not exist?

Dr Clegg—That is what we were doing in 2004. That was part of the review of our work practices.

Senator O'BRIEN—So you are talking about doing more than that?

Dr Clegg—I guess it is, because this year we are moving towards looking at how we now turn this into an ISO accredited process.

Senator O'BRIEN—What would be involved in achieving that ISO accreditation?

Dr Clegg—It is looking at the way we manage the review of our practices. It is looking at the way we conduct internal audits to make sure that our staff are following those procedures and getting an independent auditor to come in from time to time and see that we are indeed doing that. I think it is easy to have procedures and to believe they are being followed, but

then you find that maybe one or two of them are not being followed. So an internal audit process for critical activities makes sense to me, and an external audit on top of that for these sorts of activities also makes good sense.

Mr Yuile—If what sits behind your question is whether it is value for money, one of the issues that we always have to assess is whether the investment is worth the return. That is part of the assessment in thinking about whether we do go to ISO accreditation in different areas.

Senator O'BRIEN—What sort of investment are we talking about?

Mr Yuile—Investment in people's time and in the preparation of manuals, and if you engage an external consultant you have to pay for them. We are not talking masses and we would have to do it within the program. So that is what I mean by just weighing the costs and benefits and making sure that it is worth while.

Senator O'BRIEN—Did these changed arrangements lead to the review of the Marnic permits?

Dr Clegg—Yes, I guess in a way they did lead to a review of the Marnic permit. Prior to instituting those procedures, it would have been possible for the Marnic permit, when they applied to update their competent authority, not to be referred around. But, in another sense, if we did not have a listed competent authority we would have had to go to Biosecurity to ask the question. But we asked more than that. We asked questions about a product that had already been sent. Another application had gone to Biosecurity and the assessor had received advice back which was different from the permit that Marnic already had. That is why, when Marnic put in their application to update the competent authority, the assessor had the advice back from BA about the other importer. She noted that and raised the question with them: 'You've given me this advice but I see that we have a permit out here with a different set of conditions. Is this appropriate?'

Senator O'BRIEN—Would it be fair to say that prior to April 2004 the arrangement for contact between AQIS and Biosecurity about permit applications was an informal consultation process?

Dr Clegg—It varied. On brand-new things—in particular, microorganisms—we had a well-established practice of sending around minutes about particular applications. On other things it would be a very minor variation in the nature of the import, so you might ask them through an email or ring them for advice. We worked very closely together—we were around the corner—so we had a lot of direct officer contact which took a number of forms.

Mr Yuile—There is obviously ongoing improvement in our systems around the organisation. Not just in the case of import permits, but also for our broader coordination of quarantine policies and procedures, we have put in place a coordination group which involves senior executives from Biosecurity Australia and senior people from the Product Integrity Division as well as our International Division—I am thinking more broadly than just import permits—to capture changes in animal disease status internationally and looking at how that is feeding into our systems and also to make sure there is appropriate liaison and coordination between Biosecurity, Product Integrity and us with respect to import permits which might be out there but which have not been actioned. When permits are actioned for the first time, and there has been a lapse of time, we look at whether there have been changes in disease status or

other conditions which would warrant us reviewing them. So we have put in place some arrangements to tighten coordination around the organisation. I think it is an evolving issue. My colleague John Cahill and I regularly talk about the broader systems and the systems of communication between us and Biosecurity Australia. I think it is worth giving you that bit of context.

Senator O'BRIEN—Was the consultation process initiated by Biosecurity Australia as informal as the AQIS to Biosecurity contact?

Mr Yuile—I am not sure what you mean.

Senator O'BRIEN—I am not sure whether Biosecurity would initiate advice to you about things they had discovered—where they may have been informally consulted about something and something had changed.

Mr Yuile—We are formalising our communications on a whole range of issues. On taro, for example, which you raised this morning, some work had been done within Biosecurity Australia and they communicated to us that, as a result of that work, they considered that there needed to be a change in the import arrangements for a certain variety of taro. We will need to have further consultation about how the assessment work is done to see whether those conditions remain appropriate or whether there needs to be an adjustment. So those things are being formalised.

I think it is also a product of a fact we have talked about before—that is, a lot of the specialist working within Biosecurity Australia, AQIS and, indeed, Product Integrity were working in the one organisation only a few years ago, so there is a lot of confidence and competence between the organisations. But, as a result of organisational changes, we need to make sure that we keep that formalised.

Senator O'BRIEN—So after the organisation split it was less formal until April or mid-2004 between the two organisations?

Mr Yuile—I was not there, but I would not characterise it as being informal.

Senator O'BRIEN—I said 'less formal'.

Mr Yuile—Yes. I am not sure about that. I would need to ask others who were involved during that time.

Ms Gordon—I guess it depends on definitions of formality, but we in AQIS have always traditionally relied on Biosecurity Australia or the organisational units that manage the scientific assessments to provide us with formal advice in writing about changed assessments of biosecurity risks and quarantine risks. Indeed, on the basis of that formal advice, we would change what we call the ICON case, the conditions that are in the database. I think the issues of informality that have been discussed are in relation to when we get an application for an import permit and, as Dr Clegg said, they are not a set of conditions that immediately are able to be applied or that mean there are questions that need to be raised. We would ask Biosecurity Australia for advice on that. I think we are now moving to a much more formal system for managing the form of request, but it would have always have been in writing. Nonetheless, quite likely there would be—and there will go on being—a range of conversations that could be described as informal when further clarity is sought or when the

AQIS officer or the Biosecurity Australia officer really wants to fully understand the information that is there or to fill out some of the answers that might be provided. It would not be accurate to say that we did not have a formal system. I think what we are talking about now, particularly with the two organisations being more formally separated, is a means of actually much more formally, perhaps through an IT system, exchanging our information so that we have a much better database record of requests that are made and responses that are provided to us regarding the conditions that we might apply to import permits.

Senator O'BRIEN—Was the time line for the changeover April 2004?

Ms Gordon—There was certainly work being done in the way that the biologicals unit was seeking information from Biosecurity Australia, and that was certainly around the issues that came up in the context of the decisions around the Marnic case. There have been a range of drivers for identifying the best processes and procedures for getting advice from Biosecurity Australia. One was, of course, the separation of Biosecurity Australia from AQIS and the formalisation of that. We have certainly spent some time looking at the implications of the Australian Pork Ltd case and what that told us about our understanding of the application of conditions under the Quarantine Act and then discussing the implications of that process with Biosecurity Australia so that we better understood and refined the way we accessed the scientific advice and the way we applied that in putting conditions on import permits.

Senator O'BRIEN—In relation to permits issued before April 2004, was there an automatic review process of those permits to test them against the new procedures?

Dr Clegg—When the Marnic case came to light and because it was a fairly dramatic incident for us, we advised our executive director and we were asked to look at any other areas where we may have done this. We reviewed the sorts of commodities that we usually receive for laboratory materials and for foods. The worms for bait permit was one of the small number of permits that we receive that are almost unique. We do not get many applications for that sort of product for that end use. So we looked at anything that we could see that might have been outside the ordinary—all of the permits that we had for laboratory materials and foods, those products where we had existing import risk analyses. Ninety-five per cent of our work would come straight off current conditions from Biosecurity Australia. So there were not a lot of them, but in the best way we could we reviewed what we had done of late that could have been like this—in other words, was there anything else out there?

Senator O'BRIEN—Were any others reviewed or revoked?

Dr Clegg—There were not any others reviewed or revoked. That does not mean we do not keep looking for those things, trying to find out if there is anything else left. The permits we issue last for two years.

Senator O'BRIEN—Mostly but not always?

Dr Clegg—Shorter than that but they never go longer. Two years is our maximum.

Mr Yuile—This is on the biological side.

Dr Clegg—It is everything generally. There is nothing for more than two years.

Senator O'BRIEN—So the pre-April 2004 permits have all expired by now?

Dr Clegg—Yes.

Senator O'BRIEN—Do you review those that you thought might be in the more unusual categories?

Dr Clegg—We had a list of all the applications when they came in. We went through that list looking and asking: 'Anything here? Can anyone remember anything odd?' We were trying to find other examples where we could have done something. 'Were there any more?'—that was a big question for us.

Senator O'BRIEN—So how many would you have had to review if there were thousands that would have been outstanding?

Dr Clegg—A small percentage, because it is coming down to those that are not food and those that are not laboratory material and those that are not veterinary therapeutics. A lot get excluded because the conditions already exist and are fixed and people would not make an error with those ones. It is about the ones that are outside that. I could not give you an exact number.

Senator O'BRIEN—So what was this process? Was there a team to do this or just an individual?

Dr Clegg—It was not as systematic as that. I could not say that we did it as systematically as that.

Senator O'BRIEN—I thought you were saying that with the Marnic thing people got together and thought: 'What have we done? Where have we done it? What should we look at?'

Dr Clegg—We did get together and do that, but we did not form a separate team to do a complete review of all those things. Within our work groups, we went through what we had done, whether we could think of anything else, whether there were any other things out there and whether we knew of anything like this.

Senator O'BRIEN—So at the end of that process were you satisfied that there were no matters which posed a quarantine risk that had slipped through?

Dr Clegg—As satisfied as we could be, yes.

Senator O'BRIEN—Were you satisfied that the process was systematic enough to discover them?

Dr Clegg—I think the process that we went through was as useful as we could make it given the number of commodities that we were looking at—a very small number of odd and unusual permits. Those sorts of permits stick in the assessors' minds. Most of the time you are looking at cheese or ham or other meat or casings or micro-organisms or culture media. They are the common things that you see. It is the ones that are not like that that people remember, so all of the people in the assessing area—

Senator O'BRIEN—So you tested what people could remember?

Dr Clegg—We have got our database as well.

Mr Yuile—I think—certainly since I have been here in this position and from talking with Dr Clegg and her team—that clearly they have reviewed the databases as to where permits turn over, given that is an opportunity to review. The team itself—and others—at an earlier stage were looking at the unusual cases and drawing those together. More recently, they have certainly been bringing a greater clarity and system to the future activity in reviewing, assessing and, where appropriate and necessary, seeking advice from Biosecurity Australia. So I think what we are talking about is a series of actions over a period of time to further tighten and to further systematise the arrangements.

Senator O'BRIEN—If I understand you correctly, teams were alerted to carry out some sort of review of existing permits in areas beyond the ordinary. Did a memo, an email or something go out, or was this a verbal instruction?

Dr Clegg—No, these were discussions that we were having in the area that were ongoing whilst we were basically dealing with the fall-out from the decision that we had made on Marnic. It caused a lot of discussion within the unit about how we had done this, what we should have done, what were the reasons for giving this permit and the management of the records. All of that was heavily discussed within the work group to try and work out what could we do about this to stop it happening again and whether there were any other things that we knew about that could have happened like that. We did not come up with any.

Senator O'BRIEN—How many work groups are we talking about?

Dr Clegg—Just one; it is only the one area.

Ms Gordon—It might be helpful if I explain the organisational structure for the issuing of import permits. We have a number of work groups that deal with specific products around plant imports, biologicals imports, live animal imports and other products, which might be tyres or logs or a variety of other commercial products, that will come into the country. The group that was dealing with the applications for worms, the Marnic case, would have been within the biologicals unit. Each of the other work groups would be following similar sorts of procedures in taking applications and assessing import permits. We are now trying to develop an IT system that will enable officers to deal much more systematically and consistently with the way that they receive an application for an import permit and that will take them through in a computer-aided assistance fashion the sorts of steps that they need to go through to consider whether in fact to grant an import permit with or without conditions and the sorts of issues that they need to take into account in making those decisions.

Dr Clegg—The other thing is that the biologicals unit is the area that does the majority of import risk analyses and brings a number of conditions together. You do not just look on the ICON database and see one condition, for example, as you would for bringing in pig meat. If you are going to bring in pig meat from the United States, there is a standard set of conditions that apply to that. If you are bringing in marine worms for bait, there are no conditions. The people within that unit are there to assess such applications, and they are in that one spot. If you are in plant programs, you are generally assessing applications where there are existing IRAs. It is the same with live animals: there is no room to move. If we do not have an IRA for pet guinea pigs, there is nothing we can do for that; it is going to be a rejection. But in biologicals a lot of other import risk analyses, conditions and history of imports are used to

develop import conditions for permits. I guess it was that atmosphere within the unit that was one of the factors.

Senator O'BRIEN—So it was not an issue that arose in relation to plant imports or animal product imports?

Dr Clegg—No.

Senator O'BRIEN—I am interested in what 'biologicals' means.

Dr Clegg—It is probably everything else. It is everything that is not a live animal; it is the dead bits—the dead bits of animals and plants.

Senator O'BRIEN—The non-edible dead bits?

Dr Clegg—Yes. It is human tissue, cells, bodies, vaccines and medicines. All sorts of things come through.

Senator O'BRIEN—How many items of that nature would that unit process a year?

Dr Clegg—There are about 9,000 permit applications. A large number of those will be conditions where we have nice, concrete information. Dairy products is a good example: there are your conditions—away you go. But other things come in, and it was writing down the work processes for those other bits that we were trying to capture in 2003-04.

Senator O'BRIEN—Did Biosecurity Australia seek legal advice about how a changed approach to assessing permit applications and the implications for existing permit holders might be dealt with?

Ms Gordon—I believe Dr Clegg can answer that specifically in relation to the review of the conditions that the Marnic case provided. But, since the Australian Pork Ltd case, we have got quite specific legal advice on the actual process of the consideration of an import permit, the issues we need to take into account and the order in which we need to take those issues into account. That is the basic process we are now trying to underpin and support through the development of an IT system so that we can be confident that officers do turn their minds appropriately to the issues they need to consider and that, when they make a decision, they take into account the advice from Biosecurity Australia considered in the other issues they might have to think about before they make a decision to grant a permit, refuse a permit or impose particulate conditions.

Senator O'BRIEN—Is there any reason why this committee could not see that advice?

Ms Hewitt—Could we reflect on that? We would want to review that carefully.

Senator O'BRIEN—Has Biosecurity Australia notified permit holders about the differing approach?

Ms Gordon—The relationship between AQIS and Biosecurity Australia in terms of applications for import permits is that Biosecurity Australia has responsibility for identifying the quarantine risks that might be—

Senator O'BRIEN—Perhaps I should have asked if AQIS had done it.

Ms Gordon—Essentially, the process for making a decision on an import permit has not changed. Where we do not have clear conditions or where an application might raise different

issues—because of where the product comes from or because it is a slightly different form of the products—we would seek the advice of Biosecurity Australia. It is just that, over the last couple of years, for a variety of reasons, we have been trying to refine our understanding of what we need to do and the approach we need to take. You have heard some of the concerns we had about the way we handled the application for Marnic worms. We obviously had to turn our minds very closely to look at the decision of the court in terms of the outcomes of the pig meat decision.

Mr Yuile—They are internal issues, I think.

Ms Hewitt—They are internal process questions that do not bear significantly on AQIS's dealings with its clients.

Ms Gordon—That is quite right. We are just trying to ensure that we formalise our relationship with Biosecurity Australia to ensure that we take advice into account very specifically and very formally and that there is a good process record as to how we have taken that advice into account.

Senator O'BRIEN—Would there have been permit holders who ran the same risk Marnic did at that point of the review—permit holders for whom, if you looked at their documentation, you would say, 'We should have done X or Y here'?

Mr Yuile—It is pretty hard to answer a hypothetical question like that.

Senator O'BRIEN—It was not quite hypothetical. I said, 'Were there'—meaning: can you identify them?

Mr Yuile—I think Dr Clegg has indicated that, in the review that took place, there were no other products so identified.

Senator O'BRIEN—Is it fair to say that every one that was reviewed ran the risk?

Mr Yuile—All I can say is that clearly, in reviewing those permits, if there were a need for further advice from Biosecurity Australia, then I guess we would have sought it. But, as to what the consequence of that would be, I cannot speculate. It might have been fine.

Senator O'BRIEN—You did not simply wait for permits to be renewed; you reviewed them on your own initiative because of the Marnic situation?

Dr Clegg—We went through a process of trying to think about and identify any other applications that could have been in the same situation as Marnic. We asked whether we had any cases where we had not referred applications to BA—which we knew about, which we should have and which were out there.

Ms Hewitt—That also needs to be seen against the context of regular activity that would take place if there has been new work along the likes of the taro situation or a change in international disease status. It is not as though a permit that is issued remains valid and remains in place if we have any reason from elsewhere in the organisation to be concerned about changing conditions or changed knowledge. That is a continuing additional input to the permit process.

Senator O'BRIEN—This is an environment where there has been a problem about a particular series of permits. I am seeking to understand if you actually went back and

identified any permits that you thought you needed to review? How thorough was that process? How many did you review, if any?

Mr Yuile—The nature of the work within our organisation—and, indeed, within other parts of the organisation—is that you are continuously looking at what you have learnt from the experience and then reviewing. What Dr Clegg said is that, as people looked at this particular case, they took that into account and did do a review. They reviewed all those cases that were perhaps other than the more usual cases and took what they had learnt into the renewal of permits when permits were turned over. Beyond that, they have continued to build their systems and they will continue to do that every time. As Ms Gordon said, in the light of the APL case you would not be surprised to hear that that caused us to have another look at our decision-making processes to ensure that the contemplative process in coming to a decision is properly recorded. You can do that in a way that is meaningful, given the range of products and the range of decisions that we are expected to make on a regular basis.

Senator O'BRIEN—I am not sure if you reviewed permits; you reviewed lists, from what you said.

Dr Clegg—We reviewed what they had been assessing and what permits we knew of. It is amazing what the delegates signing the permits can remember about permits that have crossed their desks. All I can say to you is that the unusual ones stand out. It is one of the disappointing things with Marnic, in a way.

Senator O'BRIEN—But no-one can remember Marnic.

Dr Clegg—There is no paper record. It is not that people cannot remember, but I cannot produce documents to show what those processes were. That is the lack; that is one of the problems.

Senator O'BRIEN—And Marnic produces a whole series.

Dr Clegg—I know.

Ms Gordon—It might be helpful also to advise you that we do have a particular IT database of permits issued and product that comes across the border in response to the presentation of those import permits. One of the issues that Dr Clegg mentioned yesterday was that, with the filing process that we have behind it on the procedure that was gone through to issue that permit, some of them would be classified under the nature of the product and some of them would be classified under the name of the importer. So, when you have unusual applications and you might have had to access a range of different scientific advices for import conditions, it can sometimes be more difficult to actually track through all of the appropriate import permits that you might need to look at to ensure that you are taking into account all the issues that present. But, for the vast bulk of the import permits that we issue, if we were required to go back and do a search to identify import permits issued for bringing in particular plant products, we would be able to do our search in terms of the name of that particular product and we would be able to identify all permits.

Senator O'BRIEN—If you knew what the thing was.

Ms Gordon—Yes, if we knew what the thing was. Alternatively, we could do a search on a particular period of time. It is really about how precise our classification systems are.

Senator O'BRIEN—Unless you had a category in your relational database that said 'Is this risky?' you are not going to be able to call up a list of the riskier applications. You could call up those that you knew were riskier by name. That is the nature of a relational database.

Ms Gordon—Precisely. Its effectiveness depends upon the nature of the way in which the data is filed and the key words that are used. Once you get into areas that perhaps present a different category of risk or that you have to look at differently, often you have to talk to the people who have been involved in that and ask them to think about other ways to search the database to access the information that you require.

Senator O'BRIEN—Did you feel any need to tell classes of permit holders that their permits might be reviewed?

Dr Clegg—No, we did not.

Mr Yuile—In a sense, every import permit holder knows that that is part of the business if there is a sudden change in knowledge.

Senator O'BRIEN—Yes, but this is a change in process as well.

Mr Yuile—It is an internal process, as opposed to the relationship with a client.

Senator O'BRIEN—I am not sure that that would stand up legally. I have advice that suggests that it would not, but I am no expert on those matters.

Ms Gordon—I am not aware of that advice. In this particular circumstance, we would advise clients if we thought the import permits that they held were subject to change because we had a different set of advices.

Senator O'BRIEN—But not subject to review?

Ms Gordon—No, not necessarily, because you would have to determine that there were particular grounds for changing the conditions on the import permit or perhaps cancelling the import permit. In these particular circumstances, you might look at a wide range of permits and be quite satisfied that there was no need to change the conditions or to take any other action about the permit itself.

Senator O'BRIEN—So in this case there was no review of permits but there was a discussion about whether anyone could identify any of these types of applications that might have gone through, and no-one could identify any?

Dr Clegg—No-one could identify any that had been managed in that way. The thing with that was that advice was not sought. The biggest issue was that advice was not sought and should have been sought.

Senator O'BRIEN—Would self-identification by someone who had done something be an admission of fault, if they remembered that they did not do something that they probably should have?

Dr Clegg—I think with Marnic there were several officers involved over a long period of time. They were being rung up prior to the actual application coming in, so there was the sense that the information did not need to be referred. That is only my speculation, and I guess I should not be speculating.

Senator O'BRIEN—In a sense, it is my speculation about asking people to review what they have done and to identify where there has been a breakdown. I am not sure how people would respond to that, whether you would get the best response that you could.

Dr Clegg—I can speak for all of the people there: nobody would want a Marnic to occur again. For us it is a big failure, and we do not like that.

Senator O'BRIEN—I can understand that. The question that exercises my mind is that, if it was taken that way, would people really want to review something and perhaps have to act in relation to a permit that had been issued in a similar way to the Marnic permit when the action on Marnic brought consequences?

Dr Clegg—We would have preferred to have known as soon as possible rather than later. I think that was the whole emphasis for us. One of the issues was that Marnic had been issued a permit in April 2003—

Senator O'BRIEN—There were a series of—

Ms Hewitt—In relation to the Marnic case, the reasons that it came to light was that people did not hesitate, once they had receipt of information they knew involved a risk, to take a decision that obviously was going to have some consequences. I think the culture of the organisation is such that people take very seriously their responsibilities and obligations to get the quarantine outcomes as close to correct as they possible can. If that means that there is an organisational cost that has to be carried, that is the lesser cost compared with a breach in performance.

Senator O'BRIEN—Let me put another view that some might hold: that if you make contact with another organisation about a matter and you find there is a risk you have not interpreted, then not only do you know there is a potential problem but someone else does—so you really do need to act on it. Where you have made contact with Biosecurity Australia and they say, 'These products shouldn't come in under these conditions; they should come in under those conditions,' then it is not as if that is a decision sitting alone with no other human input, because there is someone else who knows. In saying that, I am not reflecting on any member staff; I am just talking about the human condition.

Mr Yuile—I think you are right, although I was not there at the time. From my contact with the staff since I have been with the organisation, I know that clearly there were efforts made to review. There was an external interest from senior managers as well as the commitment of the staff themselves. They are a highly committed and highly professional group, and they had as much interest in ensuring they did that review comprehensively. You are quite right: of course external scrutiny can be helpful. Also, both you and I can probably think of instances where external scrutiny might not have helped in some cases. I think what the secretary has said about the culture of the area is very important. We continue to cultivate that.

Senator O'BRIEN—Was all of this internal or did people in your section go beyond?

Dr Clegg—It was all internal. We were reporting about what we were doing to our executive director, to the branch manager, about what actions we were taking. It was not something that we did not inform the rest of the department about.

Senator O'BRIEN—Was the minister informed?

Dr Clegg—Yes, I believe so.

Senator O'BRIEN—And the approach that was being taken was endorsed by the minister?

Dr Clegg—I think we just asked him to note what we were doing, what had happened and what actions we were taking.

Senator O'BRIEN—There has been talk of legal advice in relation to the court case. Was that the only legal advice that was pertinent to this that the department was acting on?

Ms Gordon—That legal advice was, as you would expect, after the court case decision came down. We all read it in some detail and sought advice to ensure that we understood properly what the decision of the court was and what implications that might have for the way we did our business. It did not change the way we did our business. In fact, the court endorsed the decision-making processes that we had. But in the light of that we have sought, as Mr Yuile was saying, to build that into our learnings and build that into our thinking about how we continue to develop our processes to ensure that the decisions that we take are properly supported, that we properly take into account the various issues that we have to consider. It was helpful, against the background of having had a situation like the Marnic case, to use the learnings that came out of that and to bring them together in terms of: what are the next steps that as an organisation we need to take to support the people who are taking decisions on import permits and make sure that we have got good records and have followed through on appropriate advice from Biosecurity Australia in our systems?

Senator O'BRIEN—I was wondering if there is other legal advice perhaps related to the Marnic matter that you were acting on as well.

Dr Clegg—In terms of what we were doing after that, no. It was just about the administrative law principles of recording a decision properly and keeping good records; it was all about that. But that had started in fact before Marnic was detected. We had begun this project of looking at how we did our work procedures as to if we were giving people enough information before the issue with Marnic actually came to light, because it was the second application that was referred under the new procedures. So we could see that—thankfully—it was working, but it was more that we knew in advance that we needed to be a little bit more descriptive in what our activities should be.

Senator O'BRIEN—Subsequently, other than the legal advice in the pork case, has any other legal advice been sought about the processes being observed under the legislation in the administration of applications for permits?

Mr Yuile—No.

Senator O'BRIEN—So, in summary, the action taken was a discussion within the team that processed the biological applications, which led to an understanding among staff. How many staff were in that team?

Dr Clegg—There are 13.

Senator O'BRIEN—The discussion led to an understanding among those staff that they would consider the matters and the permits and applications they had processed—

Mr Yuile—And review the databases.

Senator O'BRIEN—and they would review the databases and see whether they could call to mind any application that involved issues where unusual items were processed, and then try to call to mind whether they had undertaken the appropriate processes in conducting inquiries about the risk?

Dr Clegg—Yes. In relation to the application sheets for the permits, the applicant gives us an application and we put a cover sheet on the top of that application. The discussion was also about whether we were using that sheet appropriately, because there is a section that asks whether it is a standard condition from ICON, what you are recommending and why. That was a lot of the discussion: 'We have this system, are we following this? This is why it is here.'

Mr Yuile—As I understand it, the summary is that there was clearly an internal review of both the experience of the individual assessors and the databases and information recorded. There was then a process of reviewing the systems to ensure that we took the learning from one experience and eliminated that for future activity, and that included individual discussions, the systematic review of databases and taking that information into any renewal processes for import permits. I think that is what we are talking about. Subsequently, as Ms Gordon said, there has been another case in which our decision making was upheld. Prudently, as you would expect, the outcomes and experience of that case were reviewed and taken into our ongoing improvement. As an observer coming in and trying to understand what has happened, that is my summary of it.

Senator O'BRIEN—I had expected to be told that there had been some manual entry or some systematic response, that there was documentation and a process followed, particularly if there was a claim of defective administration afoot, with others potentially there depending on what was found. I suppose that finding other things might have been unpalatable for some people. Some might suggest that some people would have preferred things to run and hope that nothing happened.

Mr Yuile—That is one possibility.

Senator O'BRIEN—That is why I had expected to be told that there was some form of directive about the process and some desire for assurances.

Mr Yuile—I think my predecessor did seek that. I think that is what Dr Clegg was saying: the executive director at the time took a direct interest in reviewing the situation.

Senator O'BRIEN—Yes. I thought that some documentation might have elaborated that more than a discussion in a team. I do not know what the director did with the team.

Mr Yuile—I do not know either.

Dr Clegg—We provided the director with advice on what we had done, and on what processes had changed in the unit, because that was her very question to us. She asked, 'What have you done to prevent this?' I was able to give her advice on the amendments to the procedures that have been going on in the biologicals unit to pick up this sort of thing and

where we intended to go with that as we got closer to moving to an ISO system. It is the audit by outsiders that is perhaps the most useful in these circumstances, because there is a team of people working closely together and the ability to notice whether something has been missed is not that good. It is better to have an outsider come and have a look at what you are doing. That is why we are moving things to get them as close as we possibly can before we bring in a consultant for the really critical activities we do in that unit where things could go wrong.

Senator O'BRIEN—Is that the advice the minister would have seen as well—the 'report', if I can put it that way?

Dr Clegg—I do not know that we ever gave the minister that information, but we gave the executive director a minute along those lines.

Senator O'BRIEN—Can the committee have a copy of that?

Ms Hewitt—That is something we would have to take on notice.

Mr Yuile—As we said yesterday, there is also a process going on with respect to the consideration of the 'defective administration' claim, so I guess we have to have an eye to that as well.

Senator O'BRIEN—It is relevant to that, is it?

Mr Yuile—I do not know; I have not seen it. I am just observing that fact.

Senator O'BRIEN—I think you said the minister was advised.

Mr Yuile—I think Dr Clegg said there must have been a note that noted the circumstances of this claim.

Senator O'BRIEN—I am interested to know whether there was any intervention at all from the minister. I think you are saying no. I think you are saying the director wanted to be kept informed of the process rather than being hands-on and saying this and that should happen. Is that a fair summary of what you have told us?

Dr Clegg—I think that is a fair summary. I think she expected us to correct the errors we had made. I think she thought that what we were doing was a way of addressing the problem we had with Marnic. She wanted to be kept informed.

Senator O'BRIEN—Can you tell me what inspection regime AQIS uses for shipments of taro? It is a root vegetable.

Mr Liehne—All shipments of taro are required to be topped and tailed so that the growing shoots at the top of the tuber are removed. AQIS inspects all shipments arriving in Australia to ensure that they meet all the import conditions. If they meet the import conditions, they are released.

Senator O'BRIEN—Is it a 100 per cent inspection?

Mr Liehne—One hundred per cent of consignments are looked at. Normally, the sampling regime looks at about 600 units. It is a standard sampling regime based on a statistical capacity to ensure that the consignment as a whole meets requirements.

Senator O'BRIEN—We were told that the small variety is no longer permitted because, even though it was topped and tailed, it still had the potential to be grown.

Mr Liehne—Biosecurity Australia have provided us with advice that there is a concern of that nature and have asked that the importation of that particular product be curtailed. As a result, we have cancelled the import permits for taro and reissued them with a specific exclusion for that variety of taro. We have amended the public advice on the import conditions database so that all importers are well aware of that. There are about 20 importers of taro who have current permits. All of those have been contacted by phone to let them know of the change and that their permits will be reissued in the new form.

Senator O'BRIEN—Does that mean that, as we have been importing this variety, it is possible that it could have been propagated?

Mr Liehne—That is possible. The way that the permits are issued are for species of taro. We do not go beyond the species down to the variety. With the advice that was provided to us by BA, we have now amended our permits to take into account that that particular variety is of concern and is no longer a permitted import.

Senator O'BRIEN—Are there records to show which shipments of that variety have come into the country?

Mr Liehne—We cannot detect that from our records. As I said, the records go to taro at the species level, not to the variety.

Senator Abetz—Have you exhausted your questions on taro?

Senator O'BRIEN—Yes.

Proceedings suspended from 1.01 pm to 2.02 pm

Senator O'BRIEN—Are you aware of any proposals to import potatoes from Libya into Australia, Western Australia in particular?

Mr Yuile—Whether there have been?

Senator O'BRIEN—Yes. Are there any such proposals?

Mr Liehne—Fresh potatoes are a prohibited import into Australia, so no.

Senator O'BRIEN—So not only have there not been but there could not be?

Mr Yuile—I think the point is that they are a prohibited import. So, even if someone were contemplating it, they cannot do it.

CHAIR—Obviously, Senator O'Brien, if you have knowledge of that—

Senator O'BRIEN—I would tell you. I think you had better go and see Mr Prosser. He claims a document was tabled in the federal parliament that showed the West Australian government had agreed to potato imports from Libya.

Mr Yuile—I cannot comment on what the Western Australian government may or may not have agreed to.

Senator O'BRIEN—Has Mr Prosser written to AQIS about this matter?

Mr Yuile—He has not written to me, if that is the question.

Senator O'BRIEN—Perhaps you could check whether he has written to AQIS and let us know.

Mr Yuile—Certainly. When was that document tabled or statement made?

Senator O'BRIEN—I will double-check the date. It is from an article published in the *West Australian*, but the page I have does not reflect the date. Having reviewed my brief and other questions, I will now put on notice any additional questions, which will be few, if any. Thank you for your attendance.

Mr Yuile—Thanks very much, Senator.

[2.05 p.m.]

Department of Agriculture, Fisheries and Forestry

Mr Banfield—Mr Chair, while our colleagues from Rural Policy and Innovation are joining us at the table, could I come back to a couple of questions that Senator O'Brien asked in Food and Agriculture yesterday. I have some answers which I am happy to give orally and/or table, if required. Senator O'Brien asked a couple of questions about the figures in tables 2.3 and 2.7 in respect of the wool industry and why there is a difference in the numbers between those two tables. The short answer is that one of those numbers, the number in table 2.7, actually includes for wool the government matching contribution.

Senator O'Brien also asked a question about the Australian Meat and Livestock Corporation Act and the attribution of five, I think it was, separate lines, whereas there was a figure on a one-line basis in relation to the Wool Services Privatisation Act. The answer is—and I am happy to give you this in writing—that in the case of the Australian Meat and Livestock Corporation Act those individual line items refer to particular sections of the Meat and Livestock Corporation Act, whereas in the case of the Wool Services Privatisation Act the payment of levy revenue and government matching funds is covered by only one section of the act.

Another issue Senator O'Brien raised in the discussion last night related to Q vacs. You will recall there was a discussion last night about the prioritisation of the remaining Q vacs supplies. I have now got, and again I am happy to table, an indicative list of the people who received Q vacs based on a lower priority, mid-priority and highest priority category. In very brief terms, the highest priority of course goes to the likes of abattoir workers. The mid-priority includes special risk groups outside of the abattoirs, including people like veterinarians, veterinary students, laboratory personnel, shearing teams et cetera. The lowest priority relates to agricultural communities on a state-by-state basis in descending order. Hopefully that will answer the questions you had. If you want any further details, I am happy to provide further elaboration either now or on notice.

Senator O'BRIEN—Thank you.

CHAIR—Mr Thompson, are you able to answer any questions on rural policy that involves Snowy Hydro?

Mr Thompson—No.

CHAIR—You are very fortunate.

Mr Thompson—I am not involved in Snowy Hydro.

CHAIR—I am going to go hunting at Snowy Hydro.

Senator Abetz—Can we move on to the next topic?

Senator O'BRIEN—Is the department working on or giving any consideration to restructuring packages for the egg industry?

Ms Hewitt—That would probably be a Food and Agriculture matter, but if you could just let me have the question again.

Senator O'BRIEN—I am interested to know whether there are any plans for restructuring arrangements supported by, administered by or involving the federal government for the egg industry, given some of the difficulties that the industry has been in.

Ms Hewitt—I will ask my colleagues to elaborate, but I think not. There was an issue considered at the last Primary Industries Ministerial Council—not for the first time. The issue has been before the PIMC on a number of occasions. But a definitive decision was taken at the recent meeting, that is the April meeting, that there would not be any government involvement at either state or federal level in an adjustment package. There was a request that was triggered by the impending deadlines for the decision taken at an earlier time to move to larger cage sizes for hens. In view of that and the pressures on the industry, there had been a request to government for an assistance package. But that has now been definitively ruled out. You will find the reference to that in the communique of the Primary Industries Ministerial Council meeting from April. I think there is a reference in the communique making that very clear.

Mr Banfield—Rationalisation for that decision also by state and Commonwealth ministers was in large part because the decision had been taken definitively back in I think 2000, so there had been Almost eight years where producers could and should have been moving to introduce the new cage sizes. So that was certainly a consideration of ministers.

Senator O'BRIEN—In table 2.5 on page 29 of the current PBS the forecast expenditure for AAA Farm Help for this financial year is \$11.2 million. The forecast in last year's PBS at table 2.5 on page 19 was \$42.5 million. The estimate for the next financial year is \$24.9 million. As I understand it, it is funding that covers income support, the provision of a re-establishment grant if a farmer decides to leave the land, training and assistance for gaining financial advice. Is that right?

Mr Thompson—Yes, that is correct.

Senator O'BRIEN—The numbers seem to bounce around each year, but the fluctuations are substantial. Has the department looked at the administration of this program to see why there is such a low take-up against forecasts?

Mr Thompson—We constantly look at the estimates for this program. As you are aware, they do bounce around. It is a demand driven program. One thing that we have found is it is targeting broadly many of the same client group as exceptional circumstances. We have certainly seen a pattern where, as income support for exceptional circumstances goes up, people accessing Farm Help goes down. The other factor that has impacted on Farm Help in recent years has been the availability of tailored packages, such as those through the sugar package, whereby people took an exit grant from that which was more attractive than the exit grant available under Farm Help. So we do look at the estimates. But, being demand driven

and there being other factors impacting on farmers' decisions to stay or leave the industry, there is some variability in the estimates.

Senator O'BRIEN—What do you actually base the forecasts on? How are the numbers in the budget actually calculated?

Mr Thompson—A range of factors are taken into account. To work out how many are roughly in a group, the key things that are taken into account are the numbers of farmers in particular industries or across Australia at a particular time, their financial performance and their equity levels. Then some judgments are made about pressures that may be on the industry, forthcoming climatic conditions or other factors which may impact on the financial position of farmers. That is drawn from ABS and ABARE type data on farm financial performance. Then a judgment is put across it in terms of past performance, past accessing of programs. So a degree of judgment is applied. It is not a perfectly calculated number.

Senator O'BRIEN—Is it the department's judgment?

Mr Thompson—Yes, the department calculates those estimates.

Senator O'BRIEN—Do you seek specific material from rural counsellors and the like to help you arrive at that?

Mr Thompson—As I said, the quantitative information we seek is data from things like the ABARE farm survey, ABARE forecasts and forecasts of the forthcoming climate conditions. The qualitative information we do obtain is things like information we are getting from rural financial counsellors and information we get from industry groups about pressures on their industry and where issues might be emerging. In most of those cases there is not quantitative information; it is more 'industry X in region Y can be expected to be experiencing some difficulty'.

Senator O'BRIEN—You make assessments on how many re-establishment grants are going to be sought?

Mr Thompson—That is a very difficult one to make an accurate assessment on. Yes, we do have to make an assessment to calculate the number. A re-establishment grant is, as the guidelines provide, \$50,000. So an assessment is made. But, as I said, it has elements of judgment about it and many factors affect farmers' decisions to leave the land. So that one in particular can vary.

Senator O'BRIEN—In the \$24.9 million for the coming financial year, how much have you provided for the re-establishment grant?

Mr Thompson—Within this budget we have currently estimated \$7 million for re-establishment grants.

Senator O'BRIEN—What about income support?

Mr Thompson—Income support we have estimated at \$14.56 million.

Senator O'BRIEN—How much funding for training and how much for financial advice?

Mr Thompson—The financial advice is \$2.5 million and the training is \$0.9 million.

Senator O'BRIEN—There is also a significant variation in the forecast take-up of interim support payments for droughted farmers from last year's PBS—table 2.5, on page 19. The forecast for this financial year, in the same table on page 29, is in the other direction. So that means there was an underestimate in last year's PBS. Is there some reason that one aspect of the drought support package would go in one direction and the other part would go in the other?

Mr Thompson—There is, in that interim income support is provided while decisions about exceptional circumstances are being made. If you have a deteriorating drought situation which perhaps was not expected to be as bad, the exceptional circumstances payment for income support will go up and the interim one will go down. So there is interaction between all of those numbers. Matt Koval can run through those, if you like. It is complicated, and, again, the drought assistance is demand driven. At the time the estimates are made and then revised at additional estimates, we are taking into account what we estimate the drought conditions might be. So when new areas come in the numbers do change.

Senator O'BRIEN—When we look at these figures we should say: 'This is the expectation almost of the impact of drought, for example. From one year to another we think it is going to be worse than or better than a particular year'?

Mr Thompson—If the drought numbers are taken in aggregate—the income support, the interim income support and the interest rate subsidy—there is a sort of broad indication that if the numbers are going up we are anticipating either a worsening of drought conditions or for some reason an increase in the number of people who will be accessing the assistance. Sometimes there is a lag as people access the assistance. At that point in time if the numbers are going down in aggregate, because of the interplay between the elements—we are not experts at predicting the weather much beyond a few months at best, and droughts come and droughts go—we are anticipating an improving condition.

Senator O'BRIEN—That is what the numbers suggest at the moment?

Mr Koval—If I can perhaps elaborate a bit further on Mr Thompson's response: we get funded on an application-by-application or declaration-by-declaration basis. So the \$4.277 million last year represented interim income support for two areas, which were in Victoria. They were the Mallee North Wimmera and the Murray irrigated dairy producers in Victoria. They were declared in June 2005. So the money would have been appropriated for 2005-06, which is why, if you like, there is the rundown to 511 and 521. The 521 represents a current EC application we have with us at the moment, which is the mixed Murray irrigators of New South Wales. It is the amount of interim income support we expect to pay next financial year to producers in that part of New South Wales. The funding in the PBS represents the areas we currently have declared, either full EC or prima facie, and our commitments we estimate are likely to fall in the 2006-07 financial year.

Senator O'BRIEN—Table 2.6 in this year's PBS relates to Appropriation Bill (No. 2). Funding for what is called regional assistance is estimated to be zero for the year; however, the forecast expenditure for this program in last year's PBS was \$700,000. Why the difference?

Mr Thompson—Which page of the PBS?

Senator O'BRIEN—It is table 2.6 on page 31.

Mr Thompson—The original estimated expenditure last year in the PBS was \$700,000. Then it was rephased because of delays in the delivery of some of those projects; hence the appropriation for this financial year.

Senator O'BRIEN—So it is just rephased into 2006-07?

Mr Thompson—It is rephased into 2006-07 from 2005-06.

Senator O'BRIEN—You are expecting more expenditure than you expected for 2005-06?

Mr Thompson—Yes, we are now because we are finalising those programs.

Senator O'BRIEN—You are expecting a substantial reduction in EC payments?

Mr Koval—For next financial year?

Senator O'BRIEN—Yes.

Mr Koval—That is a reflection of the number of EC declared areas we have at the moment. They are due to cease support over the next financial year. We have a review process whereby we go and review them. If an extension of EC is deemed to be warranted, we then seek additional funding through the additional estimates process.

Senator O'BRIEN—But the current estimate is as reflected—

Mr Koval—Is \$100 million for the next financial year.

Senator O'BRIEN—In November last year Mr Murnane confirmed for the committee that the minister is required to table a statement that he is satisfied that Dairy Australia is fully compliant with the terms of its statutory funding agreement. The act requires such a statement be tabled as soon as possible after the AGM, which took place on 25 November last year. A statement was tabled in October last year, but that was for the year ending June 2004. So it was 12 months late in effect. Can you tell me whether the statement for 2004-05, specifically required to be tabled as soon as practicable after the holding of an annual general meeting, has now been tabled?

Mr Thompson—Yes, both Dairy Australia's annual report and Dairy Australia's compliance report have been tabled.

Senator O'BRIEN—When were they tabled?

Mr Thompson—The annual report was on 28 February. The compliance report was on 22 May.

Senator O'BRIEN—How did that comply with the requirement to be tabled as soon as practicable?

Mr Thompson—To complete these reports, Dairy Australia is required to or does undertake some consultation with the company, get some legal advice and also consult with the minister and the department to ensure that the information being provided in them is adequate.

Senator O'BRIEN—They do that after they present it to the AGM?

Mr Thompson—It is only the matters of detail. There is some finetuning to ensure that it is adequate.

Senator O'BRIEN—Apparently it takes the people who do the checking and finetuning of it an awfully long time to do it. Can you find out how long that takes? It just seems an incredible amount of time for the material from the AGM to be checked off and in a state to be tabled in the parliament.

Mr Thompson—I would have to take that on notice. I am not familiar with the detail of that. But they do some consultation. Then they provide it to the department. Then it is prepared and printed for tabling in the parliament. As to the time and detail, I will have to take that on notice.

Senator O'BRIEN—Can you detail the work the department did to prepare the statement that Dairy Australia is fully compliant with the terms of its statutory funding agreement?

Mr Thompson—The process involves Dairy Australia producing a compliance agreement. Then the minister has to accept that compliance agreement and other reports from Dairy Australia to be able to give assurances that it is meeting all the requirements of the statutory funding agreement. So it picks up other elements such as audit reports. So the department has to do some work on that so that the minister can get a full picture of the performance of that corporation under its statutory funding agreement.

Senator O'BRIEN—Who prepares the audit report?

Mr Thompson—Like all corporations, the corporation prepare their own audit report.

Senator O'BRIEN—That is the audit report that goes to the annual general meeting, I take it?

Mr Thompson—Again, I have not seen the one that goes to the annual general meeting, but I would assume that an audit report is an audit report and the one we would receive from them would be the same as the one that went to the annual general meeting.

Senator O'BRIEN—When did the department get the audit report?

Ms O'Flynn— I do not have that information in front of me at the moment. We would have to take that question on notice.

Senator O'BRIEN—What does the minister have to do to satisfy himself that Dairy Australia is fully compliant? Is that work the department has to do for him?

Mr Thompson—The minister, when tabling the compliance report, reports to parliament that on the information provided to him he is satisfied that the company have met their funding commitments under the agreement. The audit report reports on the financial report and the compliance report reports on the range of other activities that they undertake and that the payments we have made to them have been used for the purposes for which they were made, that the dairy service levy that is provided to the corporations in those reports is the same as the dairy service levy that we believe we have paid. So there is a degree of reconciliation of numbers and statements. As the minister is making that statement to parliament, a degree of checking goes on to just make sure that he is in a position to report accurately.

Senator O'BRIEN—Who does the checking?

Mr Thompson—The department does that checking and provides advice to the minister on that—

Senator O'BRIEN—Basically, the minister gets advice from the department after it has done the checking and preparatory work; is that how it works?

Mr Thompson—The minister receives a note from the department to the effect that the report has been received and in the department's opinion the material they have examined in it demonstrates that the corporation has met its conditions under the contract. It is advice on contract performance. Then the minister takes his decision on that basis.

Senator O'BRIEN—How long did it take the department to prepare that advice for the minister after he had received the auditor reports from the company?

Mr Thompson—I do not have those dates.

Senator O'BRIEN—Will you take it on notice?

Mr Thompson—I can take it on notice.

Senator O'BRIEN—I take it that the time that elapses from that time until tabling is a matter for the minister and the minister's responsibility?

Mr Thompson—In part, yes. There is the time it takes to prepare material to be in a form for tabling. Again, I am not sure of the details in this particular case, but sometimes it can take some days, and then tabling something when parliament is sitting—

Senator O'BRIEN—Sure.

Mr Thompson—So you can lose three or four days organising a tabling day.

Senator O'BRIEN—Once the department sends the material to the minister's office, is that it for the department, unless the minister calls for other assistance?

Mr Thompson—In that particular year, yes, though we do maintain the normal sort of oversight of a contract and maintain relationships with corporations.

Senator O'BRIEN—Mr Koval, going back to the EC issue, perhaps you can give us an update on the situation of exceptional circumstances declared areas.

Mr Koval—An update in—

Senator O'BRIEN—In what they have got to run, any outstanding applications.

Mr Koval—We have only one application that we are still assessing at the moment, and that is the mixed Murray irrigators in New South Wales. We have so far received 88 applications, and that is the only outstanding application. Sixty-five of them are declared. I do have a list of all current exceptional circumstances declarations and their assistance end date. I can table that, if that is of interest to you.

Senator O'BRIEN—That would be very useful; thank you very much for that. Do you keep statistics by area on how much assistance flows to each of those declared areas?

Mr Koval—We keep statistics on the level of assistance paid for most of the measures. Some measures we cannot get broken down on a region-by-region basis, things such as health

care card, youth allowance and administration cost. But certainly we do keep statistics on the level of income support and interest rate subsidies, and on the numbers of applicants.

Senator O'BRIEN—Can we get those as well, please?

Mr Koval—Of current areas?

Senator O'BRIEN—Yes, please.

Mr Koval—Yes.

Senator O'BRIEN—That table, I take it, will show us the areas that have come in and those that have gone out, if any, over the 12-month period?

Mr Koval—I can do it for all areas where they are currently declared or have since ceased, if you like.

Senator O'BRIEN—That would be even better.

Mr Koval—Yes.

Senator O'BRIEN—I do not have any more on this area.

ACTING CHAIR (Senator Adams)—Thank you very much for your attendance. We now call Fisheries and Forestry.

[2.38 p.m.]

Senator O'BRIEN—What steps has Australia taken in international fora to address the issues raised in the 2005 AFFA report on the changing nature of high seas fishing, how flags of convenience provide cover for illegal, unreported and unregulated fishing?

Mr Hurry—We actually started this shooting match in the world on illegal fishing in about 1999 in the Food and Agriculture Organisation in Rome. We have been fairly active in pursuing 100 fishing in quite a number of international fora around the world since that time using the committee on fisheries in the Food and Agriculture Organisation and using the UN General Assembly to move this forward. Earlier this year the High Seas Task Force, of which Australia was a prominent member, brought down its final report. There are about nine recommendations in that report. The ones that Australia is moving forward to support with the US, Canada, New Zealand and other parties who are members of the task force include developing a monitoring, control and surveillance network that shares publicly available data amongst countries who are actively involved in and keen to pursue illegal fishing around the oceans of the world, but also concentrating on the actual trade of fish product around the world. With New Zealand, we are looking at pulling together a paper on trying to build a high seas database which will give us a vehicle to record the names, the registration and the ownership that we know of of illegal fishing vessels around the world. We are putting in some funding with Canada to review regional fisheries management organisations in an attempt to try to strengthen their mandate and make them more workable than they are at the moment.

Also in that final report from the High Seas Task Force are recommendations on strengthening or better promoting, I guess, flag state controls and having better flag state arrangements but, probably more importantly, trying to tighten up on ports controls so we get a better understanding of the actual trading of product and what is being transhipped. There

are also recommendations on transshipment vessels and sort of trying to better understand the transshipment mechanisms that work on the high seas.

We also work fairly extensively in the regional fisheries management organisations, particularly in the Western and Central Pacific Fisheries Commission, the southern bluefin tuna commission and also the Indian Ocean Tuna Commission, of which we are members, and in CCAMLR, the Commission for the Conservation of Antarctic Marine Living Resources, which is based in Tasmania. We work fairly strongly in those commissions to try to promote better fishing practices but also stronger monitoring, control and surveillance approaches. On top of that, we work bilaterally with countries like PNG, New Zealand and Indonesia, where we can, to try to get some changes to fishing practice that might be beneficial to us.

Senator O'BRIEN—I may have missed it. Did you mention the March High Seas Task Force meeting in Paris?

Mr Hurry—That was the one I referred to which had the outcomes in it that we are moving forward with the other members.

Senator O'BRIEN—Can I go to the package of measures announced in the budget to address the problem of foreign illegal fishing off Northern Australia. On page 25 of the PBS, table 2.2, under 'Expense measures', quarantine management and boat destruction funding for next year is \$9.7 million, funding for 2007-08 is \$10 million and for 2008-09 it drops to \$7.9 million. Why is there a drop in that year?

Mr McLoughlin—The reason that the costs drop is that the capital works program will have finished, and it represents the operating costs of just the vessel destruction at that time.

Senator O'BRIEN—So 2008-09 is just vessel destruction costs, is it?

Mr McLoughlin—That is right. The operating costs of burning boats.

Senator O'BRIEN—What are the capital costs in 2006-07 and 2007-08?

Mr McLoughlin—2007-08 is \$6.732 million. The 2006-07 period will be used for negotiating access to land to build the facilities in Torres Strait, Weipa, Gove, Darwin and Broome. We will continue with the current temporary facilities we have at present for destroying vessels while we negotiate access to land and go through procurement processes to start building in 2007-08. So in the package that has just been announced there are no explicit capital works in that year.

Senator O'BRIEN—In 2007-08, what is the capital expenditure amount?

Mr McLoughlin—\$6.732 million.

Senator O'BRIEN—In 2006-07, what is the capital amount?

Mr McLoughlin—For investigations and prosecutions?

Senator O'BRIEN—The expense measure in table 2.2 of the budget.

Mr McLoughlin—For 2006-07, the capital works funds there are for the additional office space for additional fisheries officers in Darwin. Once those staff are on board, we then move to the building of the boat destruction facilities at Darwin, Weipa and Broome in 2007-08.

Senator O'BRIEN—So there is no capital expenditure in 2006-07?

Mr McLoughlin—Yes, there is, but it was part of previous budget decisions last financial year.

Senator O'BRIEN—In that figure of \$9.7 million there is no capital expenditure?

Mr McLoughlin—That is correct, yes.

Senator Abetz—Just bear with us, Senator. I might have a faulty memory on this. I thought there was.

Mr McLoughlin—Sorry for the delay. Just to clarify: the \$9.7 million is operating costs to build on budget commitments that have been made previously. The capital works start in 2007-08, as indicated in the capital measures at the base of page 25.

Senator O'BRIEN—So there is capital expenditure in 2008-09.

Senator Abetz—As I understand it, and I am sure Mr McLoughlin will correct me, there is capital expenditure this year but that is in relation to funds that have previously been allocated. I think Weipa would be one of those, Horn Island—somewhere up there in Queensland, Senator Hogg.

Senator HOGG—I would expect something better than that from you.

Senator Abetz—No. It is a very big place for a fellow coming from Tasmania.

Senator WEBBER—All of Australia is big—

Senator Abetz—I know it is. I have been going around it.

Mr McLoughlin—Five sites have been coming across three separate years: this year Torres Strait, on Horn Island, and then commencing in 2007-08 in Broome, Darwin and Weipa, and then moving to Gove in the following year, just in a phased roll-out program of the capital works.

Senator O'BRIEN—I presume the figures in those columns are cumulative—for example, the expense measures and the capital measures total the total expenditure.

Mr McLoughlin—Yes. But, understanding that, the money goes in a couple of different directions: partly to DAFF for DAFF measures, including quarantine; and to AFMA for essentially operational expenses.

Senator O'BRIEN—What are the administered expenses in 2006-07 of \$8.479 million, given that there is no capital expenditure on quarantine risk management and boat destruction?

Mr McLoughlin—The \$8.479 million is essentially the vessel destruction that we are currently undertaking. It is essentially the operating costs for the current vessel destruction.

Senator O'BRIEN—You are paying someone to do it?

Mr McLoughlin—Yes. That is mainly contracted—

Senator O'BRIEN—It is costing us nearly \$8.5 million to destroy boats in the coming financial year?

Mr McLoughlin—That is correct.

Senator O'BRIEN—In 2007-08, destroying boats is expected to cost us \$8.7 million?

Mr McLoughlin—That is correct.

Senator O'BRIEN—The year after that it will cost us \$6.6 million to destroy boats?

Mr McLoughlin—That is correct.

Senator O'BRIEN—So we are predicting a significant reduction in the number of boats destroyed in 2008-09?

Mr McLoughlin—No, it reflects our budgeting around the increased efficiency of having built these new vessel destruction facilities. So that will be run under longer term contracts rather than the shorter term contracts we have at present with the temporary facilities. It is just looking to build in operational efficiencies from the more formal—

Senator O'BRIEN—It might be more accurate to say that the cost of destruction of boats, including capital, in 2006-07 would be \$8.479 million but that in 2007-08 capital and administered expenses combined take it up over \$15 million?

Mr McLoughlin—That is correct.

Senator O'BRIEN—Then it is a bit over \$16 million in 2008-09?

Mr McLoughlin—That is correct. Then the capital works by then are completed, and it is just operating after that.

Senator O'BRIEN—Then it becomes \$19 million?

Mr McLoughlin—I need to explain that \$19 million. That is a potentially confusing number. The current funding that we have for foreign compliance operations, including vessel destruction that was subject to previous budget announcements, finishes in the 2008-09 financial year. This new funding takes the operating costs of vessel destruction, apprehensions and the quarantine measures through into 2009-10. It provides that fourth year. So the difference, which is approximately \$13 million, is in fact the operating cost across all the five sites that otherwise was not carried forward past the 2007-08 financial year.

Senator O'BRIEN—Could you run that past me again?

Mr McLoughlin—That difference of \$13 million in the \$6 million in 2008-09, for example, for operating vessel destruction and quarantining rising to \$19 million in 2009-10 represents the additional funding that has been provided to us that was not previously carried forward in the forward estimates from previous budget announcements. The current funding that we have runs for four years through to 2008-09. That \$13 million of expenses across all the vessel destruction and quarantine sites has been added to the \$6 million predicted costs for 2009-10. The \$13 million and the \$6 million make up the \$19 million.

Senator O'BRIEN—Why? Are we going to need that?

Mr McLoughlin—The current costings that we have—

Senator O'BRIEN—Are we predicting a need for that or is it just parked there?

Mr McLoughlin—No, we are predicting that that is what it will—

Senator O'BRIEN—We will destroy three times as many boats or more because we are more efficient?

Mr McLoughlin—The \$13 million represents the base level funding that we need. What is in this budget statement reflects the additional funds, not the current all-up funds for AFMA for vessel destruction, which is approximately \$13 million per year.

Senator O'BRIEN—What will we spend it on in that year?

Mr McLoughlin—As indicated, it is in the three broad areas of contribution to the Joint Offshore Protection Command and our role there of \$600,000; investigations and prosecutions of \$3.6 million; and the total cost of vessel apprehension and destruction for AFMA's role and the quarantine measures associated with that across the five sites in the north is \$19 million in that year.

Senator O'BRIEN—We should add \$13 million, roughly, to the 2006-07, 2007-08 and 2008-09 figures, should we, because that has already been appropriated?

Mr McLoughlin—That is correct.

Senator O'BRIEN—Would that be in administered expenses or departmental outputs?

Mr McLoughlin—Yes, it would be administered because it is funding provided to AFMA, the Australian Fisheries Management Authority.

Senator O'BRIEN—Do we add something like \$13 million to each of those administered expenses numbers to get the total appropriation?

Mr McLoughlin—It is a bit less this year.

Senator O'BRIEN—What is the number this coming financial year?

Mr McLoughlin—In looking at last year's budget figures, I will need to refer to my colleagues here. Perhaps I could take on notice briefly that question about the total provided for last year. That funding for this current financial year and forward was \$11.8 million—for this current financial year.

Senator O'BRIEN—It becomes \$20.279 million, does it? You said this current financial year?

Mr McLoughlin—Yes.

Senator O'BRIEN—What about 2006-07?

Mr McLoughlin—\$9.1 million.

Senator O'BRIEN—\$17.5 million, roughly. 2007-08?

Mr McLoughlin—\$8.5 million.

Senator O'BRIEN—It is about \$17.1 million in total, combining it with the additional measure?

Mr McLoughlin—That is correct.

Senator O'BRIEN—And 2008-09?

Mr McLoughlin—\$8.7 million.

Senator O'BRIEN—The combined total is about \$15.3 million? Combining that with the \$6.61 million in table 2.2—

Mr McLoughlin—I wonder whether a better way to go would be for us to provide you with a table of the two previous budget announcements about foreign compliance spending plus the additional one.

Senator O'BRIEN—I would prefer it if you told me what you actually had to spend. If you have to provide me a table, I should not have to extrapolate, surely.

Ms Hewitt—We have a table that sets out a little more clearly the successive tranches of funding.

Senator O'BRIEN—I am happy to have that if you can supply it now.

Ms Hewitt—Sometimes the constraints of the document do not help us get that across to you.

Mr McLoughlin—I now have those numbers handed to me. For 2004-05, it was \$10.9 million. For 2005-06, the current year, it was \$19.128 million, when we take into account all of the previous funding announcements.

Senator O'BRIEN—Is that including departmental outputs?

Mr McLoughlin—No, this is the total for AFMA for foreign compliance, including southern operations. That is something we cannot afford to lose sight of here. For 2006-07, it is \$33.67 million. For 2007-08, it is \$37.71 million. For 2008-09, it is \$38.5 million. For 2009-10, it is \$28.99 million. They are all of the previous and current budget measures for both northern and southern foreign compliance operations.

Senator O'BRIEN—When we break it down into that measure—quarantine, risk management and boat destruction—are those the numbers you just gave me? I would have thought that they are not.

Mr Quinlivan—There is another part of the picture which will not be in that table, and that is the departmental funding, which goes to the policy group in the department and to AQIS. In this table the headings of quarantine, risk management and boat destruction are a good example. It does not distinguish between the two.

Mr Hurry—There are three allocations to funding for northern illegal fisheries management in those two tables that I just gave you. That announced on 31 January 2005 is the first one. The second one is 11 October 2005. On the separate page is the announcement in the budget. I tried to do these for ease of explanation as much as anything. The top one is under DAFF, which is us. This is what is coming to the department. They are the four areas of funding into the department. The next ones are the basic services to be provided by AFMA under the funding. The other ones are the funding that has gone to AQIS to provide services through AQIS. The only thing I do not think they do is actually total up all three of them. But they are the raw figures. I trust I have not made any mistakes in providing them.

Senator O'BRIEN—There is different terminology—vessel destruction, vessel disposal. Does that mean the same thing?

Mr McLoughlin—Yes.

Mr Hurry—The vessel disposal facilities are building the actual pads and the facilities to destroy the boats on. Vessel destruction is actually the cost of contracting people to destroy them.

Senator O'BRIEN—Again, you have increased vessel disposal over the period of \$25.94 million. Then you have the vessel destruction number announced on 31 January 2005 and a vessel destruction increase announced on 11 October 2005. If I add those three numbers together, will I get a total number or will I have to find another number as well?

Mr Hurry—If it helps, Senator, it might be easier if we pulled these together as a composite table for you, if you like, and take it on notice and provide the figures that way.

Senator O'BRIEN—If that system does not give me the number then, please, yes.

Mr Hurry—Yes.

Senator O'BRIEN—Presumably the vessel destruction number that was announced on 31 January is a base figure, or would that have been added to an existing figure?

Mr Hurry—We were already destroying boats. We have boat destruction operations principally in Darwin. We are now destroying boats at Gove. The idea, as we move forward, is to build boat destruction facilities at Weipa, at Horn Island in the Torres Strait and at Broome so that we have five pads and we can destroy in those five areas. Building the pads is all part of this program. As you get more and more vessels in, the cost of destroying the vessels goes up sequentially with the amount of vessels that you arrest. That is what is reflected in these figures. It is both the construction of the facility and the numbers of boats that are being destroyed in the process.

Senator O'BRIEN—The figures are indicating that by 2008-09 there will be a reduction in the cost of vessel disposal.

Mr Hurry—By that time we should have all the facilities constructed and in place. The actual construction costs will be gone and then we will be into operating the facilities, and that will be a lower cost than continuing to build.

Senator O'BRIEN—Do you have an estimate of the number of vessels built into these costs?

Mr McLoughlin—Yes, we have. Based on the current funding and the number of apprehensions last year, which was approximately 300 vessels apprehended and destroyed, with the additional funding we are predicting that we will be able to approximately double that.

Senator O'BRIEN—This funding is predicated on approximate doubling of the 300?

Mr McLoughlin—That is correct.

Senator O'BRIEN—For each of the coming four years?

Mr McLoughlin—Yes, that is correct.

Mr Hurry—That is not doubling each year. That is doubling to 700.

Senator O'BRIEN—About 600 vessels a year.

Mr Hurry—Yes, 600 to 700 a year.

Senator O'BRIEN—How much is set aside for investigations and how much is set aside for prosecutions over the out years?

Mr Hurry—In the table, the bottom line under AFMA has a table of \$17.37 million, and that includes extensions to the Darwin office.

Mr McLoughlin—Over the four years.

Senator O'BRIEN—If you take out the extensions to the Darwin office, how much is set aside for each of those two items, investigations and prosecutions, in each of those four years?

Mr McLoughlin—The extra money for the Darwin office is \$1.861 million, as indicated in the capital measures column for 2007. For the four years it is approximately \$4.46 million in 2006-07, \$3.8 million in 2007-08, \$3.5 million in 2008-09 and \$3.6 million in 2009-10. So it is approximately between \$4.5 million and \$3.5 million in each of the four years, in that range.

Senator O'BRIEN—You have just combined investigations and prosecutions in the one item?

Mr McLoughlin—That is correct, yes.

Senator O'BRIEN—Who does the prosecutions?

Mr McLoughlin—It is a combination of senior fisheries officers working with the Director of Public Prosecutions.

Senator O'BRIEN—What is JOPC staffing?

Mr Hurry—That is to put staffing in the joint operation control centre that looks at the management of the operational part of the illegal fishing approach in north Australia. Both AQIS and AFMA have been invited to put staff in there, given that the concentration of that group at the moment is on illegal fishing. The cost of the staff is to provide basically an AFMA officer 24 hours a day to that facility.

Senator O'BRIEN—I note that applications for round 2 grants from the Recreational Fishing Community Grants program closed at the end of March. What is happening with the assessing of those applications?

Mr Hurry—We got 100 grants in. They have been assessed. We expect a decision on them towards the end of the month.

Senator O'BRIEN—Does that mean the announcement will be towards the end of the month?

Mr Hurry—I would hope so, but I am happy to take guidance on this issue.

Senator Abetz—I think I saw a brief in relation to that in very recent times. There is something in it for Tasmania.

Senator O'BRIEN—I note from the web site that, of 166 applications received in round 1, 71 were successful. I understand that a panel assessed the applications and made recommendations to the minister. Can you tell me whether any projects were recommended by the panel and not approved by the minister?

Mr Hurry—I cannot off hand, but I am happy to take that on notice and provide that information to you.

Senator Abetz—We will take that on notice.

Senator O'BRIEN—Could you tell me whether the minister approved any projects against recommendations of the panel? If so, can you tell me which projects?

Senator Abetz—We can take that as well.

Mr Hurry—We can take that on notice for you as well, Senator.

Senator O'BRIEN—The web site invites persons or groups interested in applying for round 3 funding to register their interests. I take it that is the 100 applications. You said 'grants', but I take it you meant applications.

Mr Hurry—There were two rounds. The idea of having the two rounds—

Senator Abetz—Round 3 is coming up.

Mr Hurry—Yes, it is coming up shortly.

Senator O'BRIEN—You are now assessing the round 2 applications?

Mr Hurry—Yes, the 100 that we have in that we are assessing at the moment.

Senator O'BRIEN—When will round 3 open?

Mr Hurry—The recommendation is that we open it in June.

Senator Abetz—Very shortly. I would imagine in the next month or so.

Senator O'BRIEN—In last year's PBS there was a forecast expenditure of \$4.7 million for this financial year. This is in relation to recreational fishing grants. Then it was revised in this year's PBS to just \$2 million.

Mr Hurry—That is correct. It reflects more the nature of the way we fund the grants. You provide some funding up front but, because of the length of time it takes to complete the grant, you are actually holding most of the \$4.7 million. You need to rephrase it and carry it forward into the following year to pay on completion of the project. We have rephased it.

The funding for the first 71 projects was \$2.64 million. There will be another block of projects funded out of this second round that are effectively funded out of the first year of operation of the project. But, because most will not be completed and some of them will not be started until the following financial year, that money has been rephased over the following years. It is not that it has been taken and used for anything else. It has been used for this funding, but it just reflects the nature of the way that we fund our projects.

Senator O'BRIEN—Will the full \$15 million be spent over the three-year period or will that roll over?

Mr Hurry—It will probably be more a four-year period by the time we actually tidy up those that are funded in year 3, and some of it could go a bit further. It is \$4.7 million a year. There is \$300,000 a year taken off as administrative costs for the staff to actually run the program, do the advertising and fund the role of the panelling and doing the assessments.

Senator O'BRIEN—How many staff are employed with that money?

Mr Hurry—There are two employed under funding from this. We have another one or one and a half staff, I think, out of my area working on this as well. There are four staff working on it at the moment.

Senator O'BRIEN—You put on an extra one or one and a half staff?

Mr Hurry—No, we just reassigned some that we had. It is a busy program. We will be dealing with a lot of fairly small grants in this and a lot of them will be spread around the country. While we rely on the panelling part, we need to check some of them as we go along.

Senator O'BRIEN—Have other administrative funds been reduced or are you just using part of that money to pay for some of your other administrative costs?

Mr Hurry—No, the \$300,000 is used on this project. We put some of our own money out of the core funding for the group towards it as well.

Senator O'BRIEN—The two additional staff are paid for out of this, but the one and a half staff in your area are not paid for at all out of this?

Mr Hurry—I forget how the actual break-up of it works. I take some additional funding out of my core funding to put other staff in there to make sure this is rolled out on time.

Senator O'BRIEN—In last year's budget the government announced a \$3 million program to support the scientific research program of the Commission for the Conservation of Southern Bluefin Tuna. Who is managing the program and who is doing the work?

Mr Hurry—We manage the program out of our area. Work is undertaken by the Bureau of Rural Sciences. I think there are contracts to CSIRO in this one, but I could get you a breakdown of them.

Senator O'BRIEN—Thank you. Where is the program up to?

Mr Hurry—I would have to check what we actually funded this year. We try to fund work in this that supports the work of the external panel in the southern bluefin tuna commission, which is a group of expert scientists who are guiding the science in the commission.

Senator O'BRIEN—Have any findings or results been released as yet?

Mr Hurry—These three years are a roll-on of previous work that we have done on science in the commission. I do not know whether any direct results have come out of this, but I can check, Senator, and let you know. It is a fairly open program. We run it, the work we do through the management advisory committee of the southern bluefin tuna commission. I will check and see what is out and available.

Senator O'BRIEN—If you would, I would appreciate that. How much was spent in 2005-06?

Mr Hurry—Again, I will need to check.

Senator O'BRIEN—How much do you expect to spend in 2006-07?

Mr Hurry—I expect us to spend fairly much all of it on science that underpins this fishery. We use an amount of it on tagging. We run quite extensive tagging programs with juvenile fish out of the Great Australian Bight. We have used it for pop-up tags in the fishery. They are satellite based tags that you put on fish. The fish swim around, then they pop up and the tags

send the information about where the fish have swum and how far up and down the water column they have been. The tags give us a better idea of movements of fish. We have funded that. We fund some of the acoustic survey work for the fishery out of the money. So there is a range of sort of scientific work that we do that tries to improve our basic understanding of this as a stock. I expect we will spend most of next year's money on science.

Senator O'BRIEN—On 9 October last year Minister Ian Macdonald announced that \$480,000 would be made available from the AAA program to fund a seafood industry partnership project. Who is running this project?

Mr Hurry—I will need to take the question on notice. I am not sure.

Mr Quinlivan—That program is run by the Rural Policy and Innovation division, who have been and gone. We will get them to answer that question. Did you have questions of detail apart from who was actually running it?

Senator O'BRIEN—I did, but I will put those on notice. Mr McLoughlin, the other day someone asked me whether you are from Victoria and whether you are related to Ray and Stewart McLoughlin, who are in the fish boat and seafood business.

Mr McLoughlin—I have spent some time in Victoria and, no, I am not related to those people.

Senator O'BRIEN—On 10 May you told ABC Radio that funding in the budget would provide for somewhere between 600 and 700 vessels to be apprehended each year. That means you expect them all to be destroyed; is that right?

Mr McLoughlin—As I indicated earlier, on the basis of the existing funding that we have, approximately 300 vessels were apprehended and destroyed last year. The additional funding is essentially a doubling of that. Our expectation is that we will go close to somewhere between 600 and 700 vessels at the current rate of apprehension. The additional funding from our operational perspective is essentially a doubling of the effort, and that is what is reflected in the figures.

Senator Abetz—For what it is worth, I think this calendar year we are already up to about 165.

Senator O'BRIEN—How many boats were apprehended last calendar year?

Mr McLoughlin—280.

Senator O'BRIEN—For the whole year?

Mr McLoughlin—Yes, that is correct. Sorry, 281. I am forgetting our toothfish pirate vessel in Hobart at present.

Senator O'BRIEN—How many boats had their gear and fish stocks confiscated last year?

Mr McLoughlin—A total of 327.

Senator O'BRIEN—How many boats found in Australian waters received a warning?

Mr McLoughlin—I do not believe we provide warnings. Either they receive a legislative forfeiture, which is the confiscation of all of their fishing gear and catch, or we apprehend

them and bring them back. Legislative forfeitures are a warning of sorts, but a severe one in that their gear and catch are confiscated.

Senator O'BRIEN—We know there were 13,000 sightings last year. We do not know how many double sightings.

Senator Abetz—In fact, we do not know how many double sightings, nor do we know how many treble and quadruple sightings there are. But, suffice to say, the number of sightings is far too many. Even if you were to divide it by four or divide it by six, it would mean that there were still far too many illegal fishing vessels in our waters.

Senator O'BRIEN—I think 608 vessels, unless there was a double-up, were either apprehended or subject to confiscation. How many gear and fish stock confiscations have there been so far this year?

Mr McLoughlin—47.

Senator O'BRIEN—That is to which date?

Mr McLoughlin—Eighteen May.

Senator O'BRIEN—It is not dramatically different from that which occurred in 2005 in aggregate for the amount of time through the year, if you aggregate those figures.

Senator Abetz—Is that legislative forfeitures?

Senator O'BRIEN—It is apprehensions or gear and fish stock forfeitures. The two numbers that I asked for were 212 so far this year, in slightly over a third of the year, and 608 for the whole year combining those two numbers last year. It is probably line ball in aggregate. In other words, you are apprehending more than you are applying forfeiture to now.

Senator Abetz—Yes.

Senator O'BRIEN—But the number intercepted seems to be about the same.

Senator Abetz—But the Mr Bigs who fund these operations will feel the sting a lot more in their hip pocket when their boat and gear are confiscated as opposed to only their gear being confiscated.

Senator O'BRIEN—I am just wondering whether that means that, despite additional effort, we are still intercepting the same number of boats. Is that how I should understand that, Mr Hurry?

Senator Abetz—Let us see how the figures pan out.

Mr McLoughlin—We are operating with the funds that were provided for this financial year last year. That is the current level of effort that we can apply. The budget announcements recently commenced that funding for the 2006-07 financial year, when we are expecting to increase it substantially.

Mr Hurry—Under this current regime where we are arresting a lot more boats and bringing them in, we are effectively taking a lot more boats off the water. We are bringing them in, we are prosecuting them and we are destroying a lot more vessels.

Senator Abetz—It hurts the Mr Bigs a lot more if you take their vessels off them as well, and it makes it less attractive for the crew.

Senator O'BRIEN—So Mr O'Connor's criticism of the catch and release policy was right? That is what you are telling me. Now that you are actually apprehending them and bringing them in, it is a bigger penalty and it is going to be more effective.

Senator Abetz—It always stands to reason—and I do not think you would actually have to be Einstein or a rocket scientist to work it out—that legislative forfeiture is a lesser penalty than confiscating somebody's boat as well.

Senator O'BRIEN—The point is you did not work it out before.

Senator Abetz—When you have limited resources, you have to be prudent as to how you exercise the apprehensions. We also learnt that, with the legislative forfeitures, after a while the fishers became a bit smart and had stashes hidden elsewhere. They just went to get more equipment and kept fishing. They no longer had to go back from whence they came to restock their equipment and come back to Australia. Once they got smarter, we got tougher.

Senator O'BRIEN—We could put all sorts of spin on it but, if the headcount is any indication at all, there has been a growth apparently in the number of vessels fishing illegally in our waters. Minister, you are saying that the new policy of apprehension will be a greater deterrent, and it probably will be.

I simply make the point that Mr O'Connor criticised the previous approach as one of catch and release. The figures we have just been given show there were more boats that had gear and fish stocks confiscated than were apprehended in the last calendar year. I think you are telling us that you have changed that approach, Minister; that a much higher number of boats will be apprehended rather than have their gear confiscated because it has been necessary to ramp up the—

Senator Abetz—The law enforcement agencies undoubtedly make a judgment call on each occasion, given the resource et cetera that might be available.

Senator O'BRIEN—So it is their decision, not a government decision?

Senator Abetz—If one boat, for example, comes across three illegal fishing boats, the chances are it can catch one, apprehend it and watch the other two go over the horizon. Therefore, it might be worthwhile to undertake a legislative forfeiture on two of them and apprehend one. That way you cause the most financial damage on the Mr Bigs who are behind this operation. Just because the numbers are slightly different should not necessarily excite you to any certain conclusions.

Senator O'BRIEN—The suggestion is there will be an around-the-clock chopper operating by July.

Senator Abetz—There will be a rapid response, but it will not necessarily be a chopper. The funds for that are intended to be for the chartering of helicopters. As you might imagine, if we had a helicopter at Weipa and we got a call from Broome—and this is where I do know about the distances around Australia, Senator Webber—it would not be very effective to call the chopper from Weipa to try to do something in Broome. As I understand it, we are trying to

access the availability of helicopters to charter at short notice so that it can be a genuinely rapid response.

Senator WEBBER—How many choppers are we going to get for \$24.9 million?

Mr Hurry—The original plan was to put a chopper in Darwin, and that is what we largely did the costing on. But, as we have investigated it further, as Senator Abetz has said, it may be more practical to work choppers on a charter arrangement, depending on whether we are running into the most trouble around the coast at the time. Running choppers out of Cairns or Broome or Darwin opens up a number of avenues and gives you a bit more flexibility, but there needs to be a bit more discussion with Customs before we finalise our arrangement.

Senator Abetz—The availability of choppers commercially may become such a problem that it militates against us being able to charter at short notice. We will have to explore that and develop it as it goes.

Senator HOGG—You are not going to buy the Sea Sprites?

Senator WEBBER—There is another department looking to offload them.

Senator HOGG—They want to sell them.

Senator WEBBER—You can get them cheap.

Senator Abetz—Some people suggested we should get the *Manoora* and the *Kanimbla*.

Senator HOGG—I thought the Sea Sprites were going cheaply, Minister.

Senator Abetz—I remember that acquisition and how much we had to pay.

Senator HOGG—Go and buy the Sea Sprites.

Senator Abetz—I think you ought be at the Defence estimates committee, Senator Hogg.

Senator O'BRIEN—How many hours of flying are factored into that \$24.9 million?

Mr Hurry—From memory it was 1,400 hours, but I would have to check.

Senator Abetz—This is going to be a Customs helicopter, as I understand it. They will have more of the detail. Do we have it?

Mr Hurry—No, we do not, Senator. It is an issue that Customs are working up.

Senator Abetz—Has Customs been and gone at the legal and constitutional affairs committee? If it has, we are happy to take the question on notice and flick pass it.

Senator O'BRIEN—It would be interesting to know how many hours per year will be available under this measure. I have no idea what it costs to charter a helicopter, presumably with a pilot.

Senator Abetz—Presumably with a pilot, yes. I do not think we have drone helicopters yet, have we?

Senator O'BRIEN—You might supply your own pilot, but I doubt it.

Senator Abetz—As I understand it, with helicopters there is quite a cost in just starting up. If you land and start, that is a substantial cost as opposed to just flying. If you want to fly for

an hour but have three or four stops in between, there is quite an extra cost associated with a start-up. I think they are relatively round figures; let us put it that way.

Senator HOGG—Is the purpose of the helicopter reconnaissance or interception or both?

Mr Hurry—No, it is to react to sightings of vessels that are in close to the coast that we can actually get to but that are in remote areas in north Australia.

Senator O'BRIEN—It is an over land thing rather than an over water thing? You are not going to winch people down to boats in the water?

Mr Hurry—I would have to check with Customs, but I think the understanding was that it would land in the vicinity of these boats. If it landed on beaches or up creeks in north Australia, we would have access to these boats; whereas, by the time we get to them by traditional means, they are long gone. At least this gives us a chance to actually get out there and interact—

Senator Abetz—That has been one of the frustrations of some Indigenous communities that would find or come across boats in mangroves or up rivers or streams or inlets. By the time they made a call and we then approached it by traditional means, mainly by boat, the boats would be long gone again. If they make a call and we can get a helicopter there—hence the rapid response terminology given to it—we hopefully will be able to secure the site and look at it for quarantine and other purposes.

Senator O'BRIEN—With the funding for investigations and prosecutions, how many prosecutions would we expect per year?

Mr McLoughlin—It would be again a simple doubling of the current numbers. I am just looking up the tables here. For 2005 we charged 384 people with fisheries offences—that was based on 2,200 people apprehended—the difference being we tend to charge the skippers and the fishing masters. The crews are very poor villagers and there is limited capacity for them to deal with fines and penalties. We would be expecting, on that basis, to be simply doubling that number approximately, so taking it up to the 750 or 800 mark.

Senator Abetz—The important point Mr McLoughlin makes is that it is an approximate figure. I would not want us to be here in 12 months time and you do the mathematical calculation and say that we have failed the benchmark because we did not exactly get the doubling. It is a round figure. The purpose of course is to stop them coming into our waters. The best news of all would be if there were no prosecutions because nobody were in our waters, but I think that might be still some time off.

Senator O'BRIEN—What is the rate of success with prosecutions to convictions? Is it 100 per cent, 95 per cent?

Mr McLoughlin—It is very high. It is certainly greater than 95 per cent.

Senator O'BRIEN—What sorts of grounds do people get off on—if you apprehend them out at sea, you cannot prove they were in the waters or something?

Senator Abetz—There is a celebrated West Australian case that I do not think anybody really knows, other than the jury, as to why they got off.

Mr McLoughlin—That was an Antarctic toothfish pirate—

Senator Abetz—Yes.

Senator O'BRIEN—Apprehended near South Africa, as I recall it.

Senator Abetz—Yes. There were two trials in relation to that.

Mr McLoughlin—The only case I can recall, although I am happy to check for you, is where a magistrate in a Darwin court dismissed the charges against an Indonesian crew. The Indonesian crew that were apprehended came from a particular ethnic group within Indonesia, essentially Indonesian gypsy marine people who spoke their own dialect. There was cause for concern that they may not have understood the Bahasa Indonesian cards that we provided as they were apprehended. There was enough doubt, in the absence of absolute proof, that they could speak Bahasa Indonesian as opposed to their own language. The magistrate declined to accept the charges and they were let off. That is the only case I can think of.

Senator O'BRIEN—I am not sure about in other cities, but certainly the *Adelaide Advertiser* has run campaigns on rates of penalty.

Senator Abetz—I think \$5 fines are not acceptable. The Commonwealth Director of Public Prosecutions is appealing that decision. So we will see what a higher jurisdiction says about that.

Senator O'BRIEN—What is the cost to this department for the provision of transitional accommodation facilities?

Mr McLoughlin—Senator, you are referring to the transitional accommodation for Torres Strait?

Senator O'BRIEN—Yes.

Mr McLoughlin—The additional funds that were provided for Horn Island—which was to move from accommodating a limited number of people for a short period to accommodating double the number of people—are in the capital measures.

Senator O'BRIEN—\$32.5 million over four years for construction and operation; is that the number?

Mr McLoughlin—Yes.

Mr Hurry—If you go back to those two tables, Senator O'Brien, the \$32.5 million is in the top one. In the announcement on 11 October 2005—and Richard might correct me—a further \$5 million was provided to increase the capacity of Horn Island to detain up to 40 people for 36 hours instead of 24 hours.

Senator O'BRIEN—In the budget measures there was \$3.21 million over four years. In the revised detention arrangements announced on 11 October there was \$5 million over four years. Then in the 31 January 2005 announcement there was \$32.5 million over four years. We aggregate those forward to get the cost over four years—is that right?

Mr McLoughlin—There have been three separate budget announcements about the Horn Island facility as we have upgraded and increased the capacity of that facility. There were the January 2005 statements, as indicated by Mr Hurry, then the most recent announcements of \$655,000 for the additional stay period and the additional people, and a further \$836,000

annually for additional operating expenses. The construction of the expanded facility for Horn Island will total \$2.831 million with an annual operating cost of \$4.095 million.

Senator O'BRIEN—How many illegal fishers are expected to be moved through those Horn Island facilities annually?

Mr McLoughlin—We cannot predict that because we do not know how many vessels will be apprehended in the far eastern waters. It depends on where the vessels are apprehended. Typically, we tend to see type 3 shark boats out of West Irian, in that part of the world. They may well be taken, depending on where they are apprehended, to Gove, Weipa or Horn Island. It is an operational matter depending on the patterns of movements of the vessels themselves.

Senator O'BRIEN—You are expanding the capacity of the facility on Horn Island?

Mr McLoughlin—There is no facility there at the present time.

Senator O'BRIEN—Are you building a new one?

Mr McLoughlin—We are building a new one; that is correct.

Senator O'BRIEN—What was the situation before? They were in the jail?

Mr McLoughlin—We held them variously in the jail on Thursday Island or on one occasion in a school gym—completely inadequate facilities both from a health perspective and from a security perspective, hence we are building this facility. It is important to note that in fact AFMA is now no longer involved in essentially the holding of illegal foreign fishers. They are being transported by Customs directly to an immigration detention facility.

Senator O'BRIEN—Why has AFMA got the funds for the facility then?

Mr McLoughlin—We undertook to build this facility to hold apprehended illegal foreign fishers when we were looking at holding people on boats or on land for short periods. Given that we have commenced that project, despite the fact that arrangements have changed, we will just keep going with the building of that facility given that we have the contracts let.

Senator O'BRIEN—What will be the maximum capacity of the Horn Island facility?

Mr McLoughlin—Around 40 people at any one time. The facility under the current contracts is for 20 people. With the most recent funding announcement, that is being expanded to 40 people.

Senator O'BRIEN—How many staff were employed at the joint offshore protection command centre in Canberra before the budget measure was announced?

Mr McLoughlin—None. The new funding provides for five staff, which will mean that one is available around the clock.

Senator O'BRIEN—I go to the additional funding for enhanced regional engagement referred to on page 83 of Budget Paper No. 2. What is the ministerial-level regional illegal fishing initiative?

Mr Hurry—There is money provided for the ministers in the South-East Asian countries that are most impacted by illegal fishing to come together and hopefully on a regular basis to try to work up some proposals to deal with it. This is not an issue that affects only Australia from Indonesia. There is also significant illegal fishing inside the Indonesian zone from

Filipino fleets and fleets from other countries. There are also problems in Filipino waters. There will be problems in Malaysian waters. We thought that, in an attempt to get a broader resolution of this issue in South-East Asia, if we could bring the ministers together then we could potentially find agreement on a number of issues to deal with it. The first meeting is expected to be held in early 2007.

Senator O'BRIEN—Which ministers will be involved?

Mr Hurry—Senator Abetz may like to correct me, but I would imagine the fisheries ministers from Australia, Malaysia, Philippines, Indonesia—it depends on whether they want to come or not—and the Customs ministers and their counterparts, given that we are all involved in this together. It is seen very much as a cooperative regional initiative.

Senator O'BRIEN—It is all about illegal fishing and nothing else?

Mr Hurry—It is about illegal fishing. It is a problem for all of us in that area.

Senator O'BRIEN—Are you able to give me details of the planned overseas information campaign to educate foreign fishers?

Mr Hurry—Not in detail. The basic concept of it is to better inform people inside Indonesia of the problems and the potential penalties within Australia, and to run an education and media campaign that alerts the people to what is likely to happen and the actions that are likely to be taken in Australia, so that they are better informed when they consider—

Senator O'BRIEN—Do you know what medium will be used, given that there are significant illiteracy problems with some of the communities?

Mr Hurry—My understanding of this—and I am happy to check this for you, Senator—is that there are media inside Indonesia who are being consulted on how to develop this as a program. Also, there have been port visits undertaken by embassy officials. As part of this process, DAFF will locate an officer in Jakarta who will work not only on AQIS and biosecurity issues but also fairly extensively on illegal fishing issues across the Indonesian archipelago.

Senator O'BRIEN—What is the actual budget for the information campaign and how long is it to run?

Mr Hurry—The one in the budget is \$1.2 million over the next four years. There is \$300,000 a year for 2006-07, 2007-08, 2008-09 and 2009-10. On top of that, there is the \$200,000 that has been allocated for the regional ministerial-level forums. Funding has also been allocated to the counsellor position in Jakarta. So they all come together, basically, as one information package that helps to better inform and tries to deal with this issue inside Indonesia.

Senator O'BRIEN—The funding allocation to assist Indigenous communities referred to on page 84 of Budget Paper No. 2 indicates there is a total of \$6.9 million over four years. Part of the funding will go to AQIS for sample analysis and to provide technical support and training. Can you give me a full breakdown of those funds?

Mr Hurry—Mr Murphy is here and probably can. What we have tried to do with this program is build on an existing AQIS program for Indigenous engagement that is currently in

place in north Australia that uses a concept of having Aboriginal liaison officers recruited by AQIS work out of Broome, Darwin and hopefully Cairns and interact with communities across the top of north Australia. We actually purchase a service from them to do monitoring of AQIS and biosecurity, but also monitoring any illegal vessel activity.

The general feeling is we need to build this as a network and get the training and the capacity in the people on the ground to deal effectively with the issue. You will note in that funding that there is an increase in the following year, because the plan is to review this after it has been in place for 12 months and, if we can improve it, to improve it and try to build some more capacity in those communities to help us deal with these issues.

Senator O'BRIEN—How will the assistance going to Aboriginal communities to support sea rangers be described?

Dr Carroll—We will be using that money as was described. It is to capacity build and to work with the local Aboriginal communities to address the biosecurity risks that are inherent with those vessels if they land. Much of the money will be going to the local communities to assist us in our work of doing surveys—to report strange occurrences to us: if they find insects up there that they would not expect, if they find insect pests, if they find weeds that they would not expect, if they find strange behaviours or deaths or disease symptoms in animals that they would not expect, to report those to us and to assist us to go out and investigate those. We will be building their capacity so that they can assist us while we are actually doing the survey work as well. The money is not specifically for them to go looking for vessels at sea. It is for them to address the biosecurity risks that are inherent with the vessels operating in that area.

Senator O'BRIEN—How many communities are budgeted for?

Dr Carroll—We have identified 27 communities overall that we will be dealing with, but we will not be dealing with all of those communities every year. It will be based partly on the relative risk in the area where those communities are. It will be based on what specific work we need done with those communities and the capacity of those communities to do that work. As I said, 27 communities will be worked with over a four-year period. Some of those communities might do a lot of work for us each year. Some of those communities may do only a bit of work for us in one of those years. It will be a risk based decision.

Senator O'BRIEN—Can you provide us with a list of those communities?

Dr Carroll—We should be able to do that, yes.

Senator O'BRIEN—How much is actually for AQIS to do analysis work?

Dr Carroll—The sample analysis is \$100,000 per year for the whole four years. That is to get analysed what we find when we are doing our surveys. Also, the intention is that samples will be then collected for us by the Aboriginal communities themselves and to analyse those samples to get them identified.

Senator WEBBER—How long do you think it will take to establish this new program?

Dr Carroll—It is actually building off work we already do. We have a close relationship with the communities now. We already do pest and disease surveys in their area. This will be a

significant ramping up and also a focus on what are the specific threats that might be associated with foreign fishing vessels.

Senator WEBBER—I notice the minister's press release says it will be reviewed within 12 months. I am hoping there will be something to review. How will that review take place?

Dr Carroll—We will be seeing what happens. We will be looking at the success of the program and where we can build on the successes of the program. We are beginning work now on engaging those communities. We will be ramping that up. It is envisaged that in the second full year of the program we will be in a position to get even more work done, particularly as during the first year we will have already built capacity in many of the communities to do that work for us. Obviously we will be able to engage them more in doing that work.

Senator Abetz—For what it is worth, Senator Webber, when I was on a flight from Broome to Darwin some Indigenous people from the Kimberley area, including an elder, introduced themselves. They were flying to Nhulunbuy or Gove and meeting with people from the Torres Strait Islands to develop how they might be able to undertake the work that is anticipated in this budget announcement. They were very excited by it and were very hot off the mark in starting to discuss the issues and how they can benefit from that and be of real benefit to the whole country. That is why I have every confidence that within 12 months we will be able to have a bit of an idea as to how things are going.

Senator WEBBER—I think it is a good idea. We have discussed this before, Minister, about using Indigenous communities. I just want to make sure that we have a fully functioning program up and running to review it, with perhaps a view to expanding it.

Senator Abetz—I was surprised at meeting these people on the aeroplane.

Senator WEBBER—The people of the Kimberley are very well informed.

Senator O'BRIEN—They do fly quite often.

Senator Abetz—Yes.

Senator WEBBER—It is the only way to get around.

Senator Abetz—It was a fortuitous coincidence that I could hear first-hand from an Aboriginal elder and an executive officer of the Kimberley group.

Senator WEBBER—Perhaps Senator Adams can convince you to visit more often. Then you will hear more things first hand.

Senator Abetz—I would like to visit more often, but it is people like Senator Hogg who want me to go to Queensland.

ACTING CHAIR (Senator Ferris)—This is a very interesting exchange, but I think we should move on with questions.

Senator Abetz—I will visit South Australia as well. There we go.

ACTING CHAIR—We have five minutes before the tea break.

Senator O'BRIEN—Perhaps in that time we can get a breakdown of where within Australian waters illegal foreign fishers have been caught or sighted—that is, whether it is

within the state or territory waters, Commonwealth territorial waters or the broader exclusive economic zone. I ask this because yesterday the minister announced new penalties for those actually caught within the Australian territorial waters—the three- to 12-mile zone—and I am trying to get an idea of the potential impact of those changes.

Senator Abetz—The potential impact of those changes are not necessarily fully known at this stage. But one would hope that, with the support of Indigenous groups plus the rapid response helicopter service, we might be able to get a few more people within the zone where we do have the legal capacity to imprison people for illegal fishing. I did see a press release from a certain opposition spokesman sort of questioning why it was so limited. It is a pity he did not remember that a previous Labor government ratified the UNCLOS, the United Nations Convention on the Law of the Seas, which unfortunately specifically prohibits the imprisonment of people caught illegally fishing outside the 12 nautical mile zone. That is the reason for that restriction. What benefit it will be, I do not know. I would have thought that, with the new ranger activity and the rapid response group, the opportunity for more prosecutions within that area will increase, but it remains to be seen.

Senator O'BRIEN—Do we know how many sightings there were within the three- to 12-mile zone last year?

Senator Abetz—I would imagine Coastwatch would have that.

Mr McLoughlin—That is data that is held by Coastwatch. We respond to that on the sightings data that they provide for us and ask for responses on every occasion.

Senator O'BRIEN—It is Customs?

Mr McLoughlin—That is Customs. Coastwatch has that data.

Senator Abetz—I have just been advised, for what it is worth, that those who got that hefty \$5 penalty courtesy of a South Australian magistrate were caught within the 12 nautical mile zone. That is one lot. We will try to find out for you from Coastwatch how many sightings there were.

Senator O'BRIEN—And within the three-mile zone?

Senator Abetz—That is the state zone. That is up to the various states and territories.

Senator O'BRIEN—Presumably Coastwatch would not ignore them. How many were seen?

Senator Abetz—Seen as opposed to prosecuted?

Mr Hurry—Coastwatch should have that data. We can provide it as a package.

Senator O'BRIEN—As a proportion, do we have any idea how many get that close and how many are merely in the EEZ?

Mr McLoughlin—I do not have that data with me. There are many more vessels apprehended outside the three- to 12-mile zone than are apprehended inside of it.

Senator Abetz—Of course, our aim would be to reduce that number within the 12 nautical mile zone as much as possible.

Senator O'BRIEN—Where there are apprehensions, I take it it is known at which point they are apprehended, and we would know now how many would be apprehended in those zones?

Mr McLoughlin—That is correct. Yes, we would.

Senator O'BRIEN—Could we get those figures on notice?

Mr McLoughlin—I will take that on notice.

Senator O'BRIEN—Within three miles and three to 12 miles?

Mr McLoughlin—Yes.

Senator O'BRIEN—And outside that. Could we get the same figures for administrative seizure?

Mr McLoughlin—For the 2005 year?

Senator O'BRIEN—Yes.

Mr McLoughlin—Okay.

Proceedings suspended from 4.00 pm to 4.17 pm

ACTING CHAIR—I believe Senator Webber has further questions.

Senator WEBBER—Thank you, Senator Ferris. I was wondering if someone could tell me the status of the joint WA-NT government strategy on illegal fishing that was forwarded to the Prime Minister and the minister earlier this year?

Mr Hurry—We met with the Western Australian, NT and Queensland officials in Canberra about a month ago and had a discussion about a number of things. It was a useful meeting inasmuch as it fleshed out the areas of common interest. One of the initial issues that they wanted agreement on was that we would work to double the number of apprehensions and then do some joint work on what became an effective economic incentive to prevent future illegal fishing occurring. We worked through a range of legislative issues.

They were keen to make sure that we worked as hard as we could to limit the amount of vessels that came into the territorial sea. We talked about the deployment of boats around the coast. Customs have advised that they will look at operating an ACV as much as possible in the Kimberley region, which would help in Broome. We ran through a range of issues that we had in common and we have agreed to meet again on 6 and 7 June in Canberra, post budget, to work out what else we need to move forward. I think it has been a useful discussion and it is a good start to future relationships with the states and the NT.

Senator WEBBER—Does the Commonwealth yet have a view about which bits of the strategy it wants to adopt?

Mr Hurry—I do not have a copy of the strategy with me, but there are a number of things on the front of it about the provision of vessels and funding to the states. There are a number of things in the back, about seven issues, that relate to legislation and management of detainees that we were all in general agreement on. When we come back for further discussions in early June there will be some more discussion on the issues of boats and things. If you take all the rhetoric out of this, it looks easy, but it is not. There is a set of legislative

rules, occupational health and safety concerns and issues as to training and what sort of certificates people need to hold in order to operate vessels that need to be considered before you could go anywhere near some of this. The only message I can give you is that there is genuine common interest between the parties in moving it forward and making it a good outcome. We will continue to talk. I do not know whether Minister Abetz wants to add to that.

Senator Abetz—I would generally agree with that. It would be fair to say that the chances are that the Western Australian and Northern Territory governments would have wanted us to put more into, let us say, the ranger program, and I can understand that. I suppose our assessment was that, by the time the fishing boats are on our coastline, they have come through 200 nautical miles and, if you have a limited bucket of money, where should you be putting that money? I think I described it on Darwin radio as: ‘Do you put a fence on top of the cliff or do you put an ambulance at the bottom?’ We have tried to put a fence further out, with more money for apprehensions prior to them entering the coastal areas. Whether that works or not remains to be seen.

I can understand that the state and territory governments are interested in a more enhanced ranger program. The idea of the ranger program was one that I thought had a lot of merit. Just as an example, we are working behind the scenes on a few resource sharing or assistance programs to the states and the territory in certain areas, which I do not think we should discuss too much at this stage because nothing may come of it. But I think we are getting down the track to getting some agreement. Clearly, we have not adopted completely all that they wanted, but some ideas have been accepted.

Senator WEBBER—Does the Commonwealth have a view about how to protect the rights, livelihoods and investment of regionally based Australian fishers who are licensed to take tropical sharks and other species in the AFZ?

Senator Abetz—What do you mean by do we have a view? Of course they should be protected.

Senator WEBBER—We are facing some issues with the illegal catch.

Senator Abetz—You could ask me: does the Commonwealth have a view about petrol stations being protected from having their takings robbed? I would say: yes, we do, that is an issue of law enforcement et cetera. The same with fishermen: it is the role of government, and in this case the vast majority of that responsibility falls on the Commonwealth government, and we take that responsibility very seriously.

Senator WEBBER—Does the federal government propose to do anything in the event of the tropical shark fishery collapsing?

Mr Hurry—Mr McLoughlin might want to comment on this as well. Which shark fishery are you referring to? Are you referring to the Western Australian in-shore shark fishery?

Senator WEBBER—I certainly am.

Mr Hurry—I will hand over to Richard McLoughlin.

Mr McLoughlin—Senator, there are two levels we need to think about in terms of the consideration of management of shark stocks in the north. The shark stocks are shared across four jurisdictions in the north—the Commonwealth, two states and the NT. Those shark

fisheries are managed under state and territory laws and the reporting and management of those shark stocks is by the states and the NT at present. It is in joint authority mode with the Commonwealth.

It is important to note in terms of the status of the shark stocks off Western Australia that the evidence from the Western Australian Fisheries Department is that the major decline in the shark stocks in the north-west of Western Australia can be attributed to Western Australian fishermen in the late 1990s and the first two or three years of this decade. We saw very substantial declines in both catch rates and additional fishing effort, to the point where in about 2002-03 the Western Australian department started warning fishermen that their excess catches would lead to closures and reductions. That is spelt out very comprehensively in the latest Western Australian Department of Fisheries report on their fish stocks. The emergence of significant illegal fishing since about 2001, particularly in the last two years or so on the North West Shelf, follows on from the significant declines in the status of those shark stocks attributable to Western Australian fisheries.

Senator Abetz—So it was a little bit naughty of Minister John Ford to be talking in the terms that he did, especially immediately after we had announced what I think most people accepted was a substantial package.

Mr McLoughlin—I have a copy of that report with me and I am happy to organise a copy of the relevant pages for you today, Senator, if you would like to take them with you.

Senator WEBBER—That is fine, thank you. What position will the Commonwealth take on Australian fisheries that are currently registered for export as sustainable under the EPBC Act when resource sustainability is being threatened by illegal foreign fishing?

Mr McLoughlin—That is a matter we have taken up with the Department of the Environment and Heritage, who are responsible for the export approvals. I have specifically raised that issue on behalf of the fisheries directors from the two states, the NT and the Commonwealth, and DEH have told me that they will take that on notice and get back to us. It is an issue. We are managing the stocks in Australian waters sustainably, by all measures, particularly DEH's measures, given that they have given export approval, and they are deemed sustainable with the current approvals. As to how we might account for the illegal take, which is another matter, they have taken that on notice. I do not have a response from them as yet.

Senator WEBBER—Does the department have any information on the total catch by illegal foreign fishing vessels of endangered and protected species, such as dolphins, turtles and dugongs?

Mr McLoughlin—Senator, I have to say we do not. It is highly likely that the main species of shark that are being targeted by the illegal vessels are the same ones being taken by Australian vessels. There is a range of projects under way. In fact, AFMA is currently funding CSIRO to do some work to provide us with the tools that we can use to identify, for example, the fish and the shark fins that we seize off the apprehended vessels. That project is running at present. We have a range of these sorts of initiatives under way to be able to scale up the sightings data, the apprehensions data and the types of sharks that are being caught, to give us some indication of what is happening.

Senator WEBBER—Can you outline what proportion of the total expenditure relates to the costs incurred after illegal fishing vessels are detained, as compared with the amount expended on apprehending the vessels at sea?

Mr McLoughlin—We will have to take that on notice.

Senator WEBBER—That is fine. I am relaxed about that.

Mr McLoughlin—There are different agencies. Customs and Defence do the apprehending and AFMA does the prosecutions and vessel destruction, so the budgets are in separate portfolios—individually.

Senator Abetz—Albeit it would be fair to say that there is a substantial cost in prosecuting. We in this country happen to believe in the rule of law and even if you are an illegal foreign fisher you are entitled to such things as the presumption of innocence or whatever. Therefore, there are some quite substantial costs in what is called the downstream processing of those that are apprehended.

Senator O'BRIEN—A forestry term.

Senator Abetz—Downstream processing is a forestry term as well.

Senator WEBBER—It is a mining term.

Senator Abetz—Every now and then it is put to me that we should just shoot these boats out of the water, and all sorts of wonderful ideas. But at the end of the day, if you happen to believe in the rule of law, there are costs associated with it. I think the cool heads in the community will accept and acknowledge that there will be a substantial cost. Some \$4.8 million over four years has been allocated to the Attorney-General's Department for the provision of legal aid, just as an example; and there are many Australians who would like the benefit of legal aid. If we can get rid of the scourge, that would be the best thing, then we would free up money in legal aid and all sorts of other areas as well.

Senator WEBBER—Indeed. Minister, if these new measures that you have announced result in increased apprehension rates over and above what has been estimated, are you going to seek some additional funding to continue that through the financial year?

Senator Abetz—You betcha!

Senator WEBBER—Or are you going to stop once the money has run out and then resume hostilities on 1 July the next year?

ACTING CHAIR—When you have finished with your provocative adjectives and assertions, perhaps the minister can answer.

Senator WEBBER—No, we are on the same wavelength on this one.

Senator Abetz—You betcha. But, of course, I cannot promise that I will be successful. I think the joint approach to developing this that we took, as ministers—Senator Ellison and me in particular, with Defence, Immigration et cetera—was successful on this occasion. The Treasurer, of course, now knows about all these things because I took him to burn one of these boats in Darwin. He now has a bit of an understanding, especially having seen the two Chinese trawlers in the Darwin harbour.

Senator O'BRIEN—You are saying you just can't trust Senator Minchin?

Senator Abetz—Of course you can trust Senator Minchin. He is a senator; it goes without saying.

ACTING CHAIR—I am enjoying this exchange, but I wonder what it has to do with the budget estimates.

Senator O'BRIEN—It has lots.

Senator WEBBER—It has plenty to do with it.

Senator Abetz—I think that is a fair chastisement, Acting Chair.

ACTING CHAIR—I am just conscious that it is 4.30 pm and we will be sitting here until 11 o'clock, so I would like to make sure that we make the best use of the time.

Senator WEBBER—I note that almost as much money is being spent on training measures for officers of the Commonwealth to address the risks associated with boarding foreign fishing vessels. What are the risks as far as the Commonwealth sees them?

Senator Abetz—I think there were some shown in recent times. Unfortunately, some of the vessels are now deliberately avoiding apprehension by putting poles outside the boats and towing ropes in the water, so that you cannot apprehend them from the blunt end of the boat, whatever that is called—

Mr Hurry—The stern.

Senator Abetz—The stern. That has been the normal way of boarding. They have got wise to that and they have been throwing things at our officers. Samurai swords have been seen. Unfortunately, it is becoming more potentially violent, so training is necessary. Just as an aside, and without being too political about it, when the Northern Territory government suggested that we should train the Indigenous communities to undertake apprehensions as well, that was something that we as a government, with respect, thought required specialist training. Therefore, it would have required a huge cost in training throughout all the Indigenous communities if we were to get them to undertake these sorts of apprehensions, given the dangers that are involved. There are some very real dangers involved, Senator Webber, as you quite rightly point out.

Senator WEBBER—Indeed. Has the department given any consideration to or taken any steps towards working with other agencies, like AusAID, to address the issues of local work creation in Indonesia, to encourage people to stay at home?

Senator Abetz—That is part of the package as well—through the Department of Foreign Affairs and Trade, is it?

Mr Hurry—AusAID.

Senator Abetz—Do you have the details?

Mr Hurry—I do not have the figures on that, Senator Webber. Can I take that on notice? We started work some years ago on a project in Roti, I think it was, that was funded through DEH, and we worked with AusAID to try to build some alternative livelihood projects. They will work in some areas of Indonesia. But in others, where this is a well-organised shark

finning activity, you cannot build the base of income from these types of projects to make people stay away from illegal fishing. You have quite a resource of unemployed labour who are quite happy to do some trips on boats into the Australian zone. It is one of the planks of this approach that will end up being a useful alternative source of income for Indonesian fishermen, but it is not the answer in itself.

Senator WEBBER—Indeed. I turn to matters to do with the Southern Ocean armed patrols. In the budget press release last year on 10 May, the then minister for fisheries and the minister for customs said that \$217.2 million was being made available to fund armed patrols in the Southern Ocean from May this year until September 2010. This included funding for patrols by the *Oceanic Viking*. I note reports that the *Oceanic Viking* has been involved in some activities in our northern waters in recent times. How are these activities being funded?

Mr McLoughlin—*Oceanic Viking* is run by Customs—but I will chance my arm here. The *Oceanic Viking* is a chartered vessel that is owned by P&O. It was due for servicing in Singapore for an annual refit, and on its way to Singapore the vessel was diverted up the Australian east coast. The resources were found to provide for a period of patrol time in Northern Australia to support Operation Clearwater II, which was run at the end of last year to support northern compliance operations. It assisted greatly in Operation Clearwater and then proceeded on up to Singapore for its annual refit.

Senator WEBBER—Was additional funding provided to allow it to do the northern waters work or did that come out of the original \$217.2 million?

Mr Hurry—That was out of the original funding.

Mr McLoughlin—My understanding is that it was out of the original funding, but it was Customs that was provided with those funds rather than AFMA.

Senator WEBBER—If it came out of the original \$217.2 million, it would seem that, in effect, we are spending less on securing our southern fisheries than we were aiming to?

Mr Hurry—No, Senator. The boat had to go through to Singapore for a refit, anyway. It was going to Singapore and we used it in one of the extensive operations in Northern Australia on its way through.

Senator WEBBER—But there is still an initial cost?

Mr Hurry—There is a daily operating cost on the water for it, yes.

Senator WEBBER—Can you tell me—feel free to take it on notice, because you will have to check with Customs—how much additional cost that was for the work?

Mr Hurry—The northern one? Can we take that on notice?

Senator WEBBER—Yes, absolutely. The fisheries structural adjustment package, as I recall it, was announced last December by the previous minister. As at February, it was proposed that some \$109 million was to be spent in this financial year. The two components you identified were the business exit tender and the second part of the program was assistance for business planning. At that point you expected to spend \$104 million on exits and \$5 million on business assistance. The forecast expenditure in this year's PBS for the fishing

structural package is just \$1.2 million. What have you spent to date on each of these components of the package?

Mr Talbot—In terms of the fisheries structural adjustment package, yes, we have moved substantial moneys to next financial year. In terms of what we have spent so far of the \$1.2 million, I do not have the figure here, but it is only a very small amount. That is the business planning assistance amount. We expect most of the claims to come in to us during June. The number of claims that has come in so far has been very small.

Senator WEBBER—That would account for the shifting of the money?

Mr Talbot—Yes. Originally, when we planned the structural adjustment program, we had substantial moneys in this financial year to pay for the business exit tender, the business planning assistance and also some skipper and crew and onshore. Most of the components were moved to the next financial year. The only moneys that remain in this financial year are for business planning assistance. We expect, with the tenders closing in June, that most of the claims will be made in June.

Senator WEBBER—When we last met, Mr James told us that the final shape of the tender process would be used to allocate exit funding, but that had not been agreed by the minister. I assume that is all sorted out now and the tender process is going well?

Mr Talbot—The tender document has gone out. We ran a series of 14 port visits, which are specified in the tender document. We have also set up a help desk to assist people with queries that they have. Once the tender has closed, we will be evaluating the tenders that come in.

Senator WEBBER—What plans does the department have to manage any tensions that this process may create within the fishing community? At the last hearings we talked about planned port meetings, once the detail of the tender process was finalised. It was mentioned that there would be 17 or 18 of these meetings. In fact, the minister was going to take advice on whether or not he should attend.

Senator Abetz—My hunch at the time is what I went with, and that is that I did not attend. I think there were 14—is that right?

Mr Talbot—There were 14 port visits. To decide on the number of port visits, we took advice from industry associations as to which ports we should visit. They recommended that we reduce the number to those specific ports that are stated in the tender document.

Senator O'BRIEN—Which ones missed out?

Senator Abetz—It depends on how many ports there are around the country.

Senator O'BRIEN—From the original list.

Mr Talbot—I would have to take that on notice. One of the ports that missed out in the end was Sydney, for example. The industry preferred to have the sessions in other places. I do know that one of the other ones was Fremantle. You are testing my memory here. There was also one in Tasmania that industry decided on—St Helens.

Senator O'BRIEN—I know why that was. That is where former Minister Tuckey invited one of the fishermen out.

Senator Abetz—You can make that assertion—

Senator O'BRIEN—I think it is true.

Senator Abetz—but at the end of the day it was decided it would be more central to have it in Launceston, and for north-west coast fishers and St Helens fishers to meet in Launceston.

Senator WEBBER—Minister, you decided not to go on the basis of advice you received, did you?

Senator Abetz—There is a very good question—whether I formally received advice on that. I took a decision that potentially it would not be helpful if I did go along. They were technical meetings, and if I went to one it may be seen potentially as favouritism in going to a particular meeting. I got reports from each of the meetings, including the atmospherics of those meetings, as to whether they were cool or heated, and as to what the issues were. I followed up on some of the issues, like the taxation rulings, to ensure that they came out in a relatively timely manner.

Senator WEBBER—When we last met, Mr Talbot, you advised us that the department was still working out the detail of the grants scheme for financial planning assistance. Can you update us on the progress of that?

Mr Talbot—I certainly can, Senator. The details of the business planning assistance were finalised at the time the business tender package was finalised. All eligible fishing concession holders received a copy of the business exit assistance tender and advice on the business advice assistance. They received information on the skipper and crew assistance, application forms for the tender process and an application form for the reimbursement of business advice assistance.

Senator WEBBER—Last time you advised that you were still working out the detail for exit grants for fishers adversely impacted on by marine protected areas. Where is that process up to?

Mr James—The announcement of the marine protected areas by Senator Ian Campbell recently was the result of quite close cooperation and work with the fishing industry and other parties. The outcome of that announcement meant that the impacts on the fishing industry were much smaller than was the case with the initial announcement in December last year. The government is still determining how it will deal with the impact of marine protected areas on fishers, as part of this package. We are expecting an announcement to be made in the next few days.

Senator WEBBER—Will that announcement also tell us how the package will work in terms of assistance for skippers and crew?

Mr Talbot—We announced information for skippers and crew when we sent out the tender documentation.

Senator WEBBER—Is that finalised; that is it?

Mr Talbot—Yes. The information on skippers and crew was sent out with the tender document. That was the business advice document, and there was one for skippers and crew in the package that was similar to it. I will try to find it in my notes. This went out with the

tender package as well. It was information for skippers and crew. It tells which skippers and crew will be entitled to assistance.

The concept behind the skippers and crew aspect is that one of the things raised in our industry consultations with owners of fishing concessions was that they wanted their business arrangements kept private until they had made a decision regarding participation in the tender and also finding out whether or not they were successful. The concept is that we will work on assistance for skippers and crew once the owners of fishing concessions know whether or not they have been successful in the tender process.

Senator Abetz—Going back to the marine protected area, in the south-east area the impact now is more than 90 per cent less than originally anticipated by the boundaries that were announced or suggested in December. So the impact has been substantially reduced by over 90 per cent. The fishing industry is relatively happy with that. Can I put on record my thanks to Senator Richard Colbeck, who did a lot of liaison work between the fishing industry and my office and Minister Campbell's office to help achieve that outcome, together with the Tasmanian Aquaculture and Fisheries Institute.

Senator WEBBER—Thank you for that. Going back to what you were saying before, Mr Talbot, I was under the impression that the announcement is expected in the next few days.

Mr Talbot—On skippers and crew?

Senator WEBBER—Yes, by the minister.

Senator Abetz—No.

Mr James—I mentioned the announcement on marine protected areas and how those impacts will be dealt with in the package in the next few days.

Senator WEBBER—Sorry, yes. We jumped around a bit. Who is going to announce it?

Mr James—It will be part of—

Senator WEBBER—Our friend Minister Abetz over there, or Minister Campbell?

Mr Talbot—I think the easiest way to describe this is that there will be a number of pieces of information that we will be sending out to fishers in the next few days, as adjuncts to the tender document—further information that will be useful to them. One of these will be the MPAs. We will see if the minister wants to issue a press release at the same time, to assist in alerting people to these issues.

Senator O'BRIEN—Which minister?

Mr Talbot—Our minister, Minister Abetz.

Senator WEBBER—What about the detail for the fishing communities grants? Where is that part of the package up to?

Mr Talbot—With respect to the fisheries community grants, there will be some announcements in the next few days about that.

Senator WEBBER—By the minister?

Mr Talbot—By Senator Abetz. I guess it still follows a lot of the principles that we have mentioned, and which I think Mr James mentioned before. We are looking at projects that will

provide economic benefit and create or enhance employment opportunities in impacted communities. One of the things we have to do, once the business exit tender process is finished, is a very brief socioeconomic study, to work out where the impacts of the business exit tender have occurred, and also to look at things like the resilience of communities. We will also be looking at working with ACCs under DOTARS to assist us with this process, and we will look at the best projects that can assist these communities. That is very briefly it, in a nutshell.

Senator Abetz—I suppose it is like a rolling program, because you cannot make decisions until you know which fishers have actually exited or are going to exit. Then you have to find out what the impact is going to be on the onshore businesses and then what the impact is going to be on the community. The same with the skippers and crew: we cannot necessarily do anything with them until we know which boats are taken out.

Senator WEBBER—During the last hearings we were advised that the head of Coastwatch, Rear Admiral Crane, was planning a meeting with his counterpart in Indonesia to map out a way for the two surveillance agencies to cooperate. Is anyone aware whether that meeting took place and, if so, what was the outcome?

Senator Abetz—Was that in these estimates or in that of Customs?

Senator WEBBER—It was in these estimates.

Mr Hurry—Back in February.

Senator WEBBER—It certainly was. Mr Quinlivan told us about it.

Mr Hurry—We will have to take that on notice.

Senator WEBBER—At the same time there was reference to discussions between Mr Downer, then Minister Macdonald and the Indonesian ministers, just before Christmas, where it was agreed that ways of cooperating on enforcement measures should be investigated. Where is the enforcement cooperation between the two countries up to, or do you want to take that on notice, too?

Mr Quinlivan—Most of it was part of those conversations envisaged between our Coastwatch and their Defence agencies. We will get a report on that for you.

Senator WEBBER—At the same time you talked about the bilateral fisheries forum scheduled to take place last December. You said that you were planning that it would happen before June this year. Where are we at with that?

Mr Hurry—Senator, there is a ministerial forum that is planned to be held, and before that there would be an officer-level forum on fisheries cooperation with Indonesia. It is planned for June this year.

Senator WEBBER—Is the officers forum planned for June this year?

Mr Hurry—Both. One is a forerunner to the other.

Senator WEBBER—Both are planned for June this year?

Mr Hurry—Yes.

Senator WEBBER—Has the joint Indonesian-Australian study into illegal fishing in our region commenced?

Mr Hurry—As far as I understand, Senator, it has. I would have to take that on notice and come back to you.

Senator WEBBER—Perhaps you could also take on notice who is doing the work on it and what the time line for the project is.

Mr Hurry—I am happy to do that.

Mr Quinlivan—It is being done—not the actual contract but the organisation of the task—by the embassy in Jakarta, by our Foreign Affairs officials. It is not actually our project.

Senator WEBBER—Okay. I know we had discussions about it last time. Although I was here for it, I did not take part in it. During the last hearings there were also some questions about an evaluation of the Eden adjustment package. We were told that the evaluation had started and that the department had advertised for a consultant to do the work. Has that consultant now been engaged?

Mr Hurry—Yes, the consultant has been engaged and the work is due to be completed by the end of June.

Senator WEBBER—I presume that work will be in the form of a report. Will that be able to be made available to the committee when it is completed?

Mr Hurry—Can we consider that and come back to you, Senator? Can we take that on notice?

Senator WEBBER—Yes, you certainly can take it on notice. Perhaps you could also take on notice the value of the consultancy.

Mr Hurry—If you bear with me until we get to forestry, I can probably find that in my notes and give you the details of it. I am happy to do that.

Senator WEBBER—Indeed. You will be pleased to know I am getting towards the end of this section; not as pleased as Senator Heffernan, by the looks of it! Can you tell me whether or not the Boydtown hotel is open for business?

Mr Hurry—I am only too pleased to tell you, Senator, that the Boydtown hotel is open for business.

Senator WEBBER—When did it open?

Mr Hurry—It opened two days before Easter this year.

Senator WEBBER—Excellent.

Honourable senator interjecting—

Mr Hurry—It is. We thought that you might ask that question, Senator, and I got one of my people to ring yesterday and make inquiries as to whether they could book accommodation. They were assured that they could, and for a small amount more they could have a continental breakfast included with that, and a good time. So I trust that it is open and that it is going well.

Senator WEBBER—The \$451,000 for the kitchen is being put to good use then—

Mr Hurry—It would appear so, Senator.

Senator WEBBER—if we can provide them with a continental breakfast when they book their accommodation. Can you tell me when that money was paid to the company?

Mr Hurry—I would have to take that on notice, Senator. I am not sure what the time of finalisation of the grants was, but I am happy to take that on notice and provide you with the information.

Senator WEBBER—Okay. Within that program were there milestones that had to be met and periodic inspections undertaken?

Mr Hurry—It may be in my notes on forests, Senator Webber. I am happy to have a look then.

Senator WEBBER—You can take it on notice, and perhaps take on notice whether those milestones were met.

Mr Hurry—Okay.

Senator WEBBER—And when the inspections took place and what flowed from them.

Mr Hurry—Yes.

Senator WEBBER—I have just one final series of questions. On 30 August last year, then Minister Macdonald issued a press release saying that some \$40.3 million had been paid out to fishers and others affected by the changes to the Great Barrier Reef Marine Park RAP and said that the cut-off date for applications for assistance was 31 December 2005. Has this program now been finalised?

Mr Hurry—The program is run by the Department of the Environment And Heritage. I understood there was a series of questions to DEH on that program today.

Senator WEBBER—Things got interesting today there.

Mr Hurry—If there are any specific issues you want answered, we could take them on notice and come back to you.

Senator WEBBER—I just figured you might know something about it, seeing he was then the minister for fisheries when he was announcing those things.

Senator Abetz—I think he was trying to alert fishers to it but he was not administering it. Is that right?

Mr Quinlivan—Yes.

Senator WEBBER—The questions about how much money, licence buy-outs and all the rest of it go to Environment?

Senator Abetz—Yes. I think he had a special interest. As a Queensland senator, he would have wanted to make sure that his local constituents were aware of that scheme.

Senator WEBBER—He seems to have a lot less conflict with the Great Barrier Reef Marine Park Authority now he is no longer the minister for fisheries, judging by the nice

questions he was asking that agency during estimates. One final question: do fishers fishing on the Barrier Reef have access to assistance under the Securing our Fishing Future package?

Mr Hurry—No, they are mostly state managed fisheries on the Great Barrier Reef. The east coast fishery that is a priority target in this package is the eastern tuna and billfish fishery, and they largely fish outside the GBR waters. Coming back to Senator O'Brien's question on the seafood partnership program, I received some information during the break. The program cost is \$480,000 and its objective is to assist the Commonwealth fishing industry to address the issues that it will face over the next five to 10 years and to facilitate the industry in becoming more sustainable, competitive and profitable. It included three elements: understanding the social and cultural impediments to change, supply chain analysis and fish skills, which included business, marketing and management, and training skills.

Senator O'BRIEN—Do you know who was running it?

Mr Hurry—Yes. A contract for the provision of project management services for the seafood partnerships project was executed with Ridge Partners on 29 March 2006. There was a steering committee in place that included the Australian Seafood Industry Council, Seafood Services Australia, the Commonwealth Fisheries Association, the Fisheries Research and Development Corporation, the Master Fish Merchants Association and the South East Trawl Fishing Industry Association. Now to the projects: the project steering committee for project 1 should be addressing a proposal from the Bureau of Rural Sciences, but there is no clear indication of whether the three projects all went to Ridge Partners or whether they were split between different contractors. I could find that out for you.

Senator O'BRIEN—Okay. I take it not much work has been done to date.

Mr Hurry—I know no more than what is in the short brief I have here. If you would like any more detailed information, we can take it—

Senator O'BRIEN—Would you table the document you are reading from?

Mr Hurry—Yes.

Senator O'BRIEN—And we will put questions on notice if there are matters arising that we cannot address now. Thank you.

Senator SIEWERT—I have a range of questions. I would like to return to the subject of sharks. Can I conclude from your earlier answer that the Commonwealth does not have any management of shark fisheries?

Mr McLoughlin—That is not correct. In the north of Australia there are three entities that manage the fisheries, called joint authorities. The fisheries are managed jointly by the Commonwealth and the adjacent state or the Northern Territory. But they are managed—and this is very important—under state or Territory law. There is an annual meeting, mainly involving senior officials but ministers are involved as well, to review the fisheries management for the preceding year and to agree on measures for the coming year. In northern Australia that includes the shark fisheries of northern Australia. In the south of Australia the Commonwealth manages the shark fisheries, particularly around southern and south-eastern Australia.

Senator SIEWERT—That is what I understood, but I was a bit confused by your earlier answer because it is not really fair to just say it is a responsibility of the states if shark numbers are declining.

Mr McLoughlin—The states set the catch limits and do the licensing and the like.

Senator SIEWERT—Does the Commonwealth have any influence on that?

Mr McLoughlin—Yes. The environmental assessment is done through the EPBC Act and DEH for certifying those fisheries as sustainable or not.

Mr Quinlivan—But, importantly, that postdates the collapse in the fishery.

Mr McLoughlin—Yes, indeed.

Mr Quinlivan—So the damage was done before that legislation was enacted.

Senator SIEWERT—I asked a question last estimates of Environment about sharks and I am going to be asking some more when I go back. In answer to one of my questions, where I asked, ‘Is there concern about the apparent decline in shark numbers?’ the department said yes. Then when I asked, ‘Has the National Plan of Action for the Conservation and Management of Sharks been reviewed,’ they said no. I am wondering: are you aware of any moves to review that, or do you think it is a good idea that that be reviewed?

Mr Hurry—The national plan of action for sharks is basically a living document and I understand there is a working group that has been involved in getting the plan of action in place. I will check for you, but I thought that was an ongoing process of working with the states to continue to develop better practices of managing shark fisheries. I did not think it was a document that you just put in place and let stand and then reviewed at some future point in time. I understood it was a more interactive process, if you like, as we manage sharks. But I will check that and make sure that I have got that right.

Senator SIEWERT—I would appreciate that, because that is not how I have understood it in the past. But, if that is the case, it is much better. I understood it was announced that there was money in the new budget being put into studies of species that are threatened by illegal fishing—sharks being included, I presume. Can you remind me—I know I saw a media release about this—how much money is being put into that?

Mr McLoughlin—While I am finding the details, the Australian Fisheries Management Authority has commissioned some research that will start to give us a better picture of what the illegal take might be of, for example, fin fish such as red snappers or sharks. But there are essentially three activities under way in conjunction with CSIRO, the Australian Institute of Marine Science and state agencies. The first one is on field methods for identifying shark fins so that we can start to ascertain from seized fins what sharks are being taken and in what numbers. There is another project that is as yet proposed, but we are discussing it with Coastwatch, and that is about the analysis of, for example, sightings data so that we can start to relate the number of vessels we are seeing with what we are apprehending. We will start to be able to integrate that data set.

The third project, which is proposed and in the development stage—again with CSIRO and the Australian Institute of Marine Science—is on the potential ecosystem impacts of the IUU fishing in the north. That is in conjunction with Australian fish operations as well. That relates

to the total mortality of fish and shark stocks in the north. So there is a level of research under way to improve the analysis of what is going on in the north and to move from what has essentially been the response phase to this illegal fishing over last two years to the analysis phase. This will start to give us some predictive capacity around what is going on up there with the shark stock.

Senator SIEWERT—How do you tell what is illegal and what is not in the market? Is there a way?

Mr McLoughlin—Good question. Essentially, under Australian law and the national plan of action, shark finning is effectively banned in Australia unless it is within rules, and there are state fisheries and the Commonwealth fishery in the south where in fact you can land sharks, but it has to be whole trunks so we understand the total weight of sharks that is being landed. The fins can be removed at that point and sold along with the flesh—for example, into food markets. When you get to the retail end of the game it is almost impossible, and the retail end of the shark fin market is really Asia, and China in particular. It is nearly impossible to determine whether those fins have come from illegal or legal sources when you get to that point. In Australia it is a very strictly controlled operation.

Senator SIEWERT—How do I know when I walk around the corner from my office and see shark fin in the window that it is legit?

Mr McLoughlin—I think the first thing that you would be able to determine is whether it is Australian sourced shark fin or whether it has been imported. If it is imported, we probably do not know where it has come from. If it is Australian shark fin then it is almost certainly possible to track back where it came from and determine whether it was a legal fishery or not.

Senator SIEWERT—How do I know if it is Australian if I am going to buy it? Not that I am, by the way! Can I just put that on the record.

Senator Abetz—I was going to say!

Mr McLoughlin—Like any food product, the retailer should be able to tell you where it has come from. If there are suspicions that it has been illegally taken certainly we would like to know about it because we will pass on that report to local fisheries offices.

Senator SIEWERT—Are you looking at trade measures to help with the issue of illegal fishing? Have you looked into them, are you still considering them and, if so, what are they?

Mr Hurry—For sharks?

Senator SIEWERT—For any illegal fishing, sharks being a key example.

Mr Hurry—I am not aware of any trade certification processes in place for sharks, but we do have a trade certification system in place for patagonian toothfish and southern bluefin tuna. There is for on bigeye tuna that is in place through the International Commission for the Conservation of Atlantic Tunas. Around the world there are a number of trade certification schemes in place. I guess they vary depending on the rigour of the scheme, but they are seen as a good start to be able to attract products and, under a trade certification scheme, a product is supposed to have documentation with it. This has been particularly useful for us in the US on a couple of occasions with the Lacey Act and patagonian toothfish where action has been able to be taken on specific shipments of toothfish in the US and against the importers. I think

that as time goes by we will see more and more of these schemes and we will see more rigour in them.

Senator SIEWERT—Would there be a possibility of doing one for sharks?

Mr Hurry—It is probably possible, but that is a difficult one given the market, where it is being sold into China and Hong Kong and whether the markets would absorb it if it was illegal anyway. In theory, yes, it is possible. We have got them working on other species but it is probably a large fishery once you get into oceanic sharks.

Senator SIEWERT—I also understand that there was money in the announcement for working with Indonesia on aid and community based projects to try to prevent people from illegally fishing. Has there been a decision on what they are? I am aware that there are some that are ongoing. Has there been any decision on what are going to be the new projects or is that money being allocated and that decision to be made?

Mr Hurry—I undertook with Senator O'Brien to come back to him with some more information on that.

Senator SIEWERT—Sorry. That was probably when I was—

Mr Hurry—It might have been Senator Webber.

Senator WEBBER—Yes.

Senator SIEWERT—Can I move on to deep sea trawling. I have quite a few questions. Some of these you might need to take on notice; I am aware of that. In 2004-05, as I understand it, there were about five Australian vessels that were undertaking deep sea trawling.

Mr Hurry—There would not have been any more than that. I would be a bit surprised if it was five, but around that number would be right.

Senator SIEWERT—That was in 2004-05. Can you tell me what those figures are now?

Mr Hurry—I do not think it would have changed very much for deep ocean trawling. We have vessels trawling for patagonian toothfish off Heard and McDonald Islands. There is a bit of fishing on the Indian Ocean ridges on the way back by those vessels. I think that is about all.

Mr McLoughlin—That is correct.

Senator SIEWERT—So you do not think there would have been any change since then?

Mr Hurry—No.

Mr McLoughlin—I think the number has reduced to three vessels, but I can confirm that.

Senator SIEWERT—Do you know what the catch was?

Mr McLoughlin—We certainly record what catches come in. We have observers on those vessels as well, so they are very well monitored operations. I do not have those figures with me. I cannot provide those figure if there are less than five vessels because of confidentiality issues around identifying which boats have been fishing where and have caught what. We try and merge that.

Senator SIEWERT—If there are more than three, can you give it to me?

Mr Hurry—No. It has to be more than five for us to give you the data.

Senator SIEWERT—Can you check if there was? If there was, can I have that information and also the bycatch figures, please.

Mr McLoughlin—Yes.

Senator SIEWERT—Do you have any ideas about the future of the industry in Australia—where it is going?

Mr Hurry—No, but it is a discussion we probably need to have with industry. I guess it is one that we do talk to them about at times, but deep sea trawling is a legitimate industry and there are only a handful of us in the world who are very good at it: the Namibians, us, the New Zealanders and the Newfoundlanders. We are good at deep sea trawling. We probably pioneered some of it here in Australia. I think we trawl very well. We trawl in the Heard and McDonald Islands area because we see it as a better way of avoiding bycatch in that fishery and it is a legitimate method of fishing. We see the Southern Ocean as our ocean. It may well become another industry for us, but there are costs associated with this, and the cost of oil going up will probably limit the amount of deep sea trawling that is done in the future anyway. But, when Australia deep sea trawls, we do it under fairly strict regulations. As Richard mentioned, we have observers on our vessels and we intend to keep them there.

Senator SIEWERT—I will come back to the damage that is caused. I am not casting aspersions on Australian fishers but New Zealand claims—and you will have seen the photos around—that massive corals are coming up from boats that are claiming they are doing it in an appropriate, sustainable manner. You will have seen that orange coral postcard that Greenpeace is showing. That is taken from a boat that was supposedly doing it properly. I think there is some dispute over whether it is being done in a non-damaging manner.

Mr Hurry—I still do not see the mileage in paying the costs for the high sea trawling and then trying to hang a net on the bottom when nets cost \$200,000 each.

Senator SIEWERT—Sorry, I did not hear you.

Mr Hurry—Trawl nets are very expensive things and you do not want to tear the bottoms out of them and you do not want to hang them up on beds of coral and lose them. Modern trawling is fairly well organised. You have got cameras on your nets, you know where to place your fish trawls. I think it is a bit like prawn farming in Asia in the old days: it was a pretty ordinary process, probably, but you learn as you go along. I would think that modern trawling was a fairly responsible way of conducting business. But I know those postcards are around. I have seen the ones of the weddings and the shark fins all over the brides as well. There is a whole range of them around. I am sure they do not accurately reflect what the Australian trawl or other industries do. I am happy that the postcards are there but I am also happy that we are a serious and responsible industry in Australia—and we would intend as regulators to keep it that way.

Senator SIEWERT—The point at the moment with the campaign is to get as strong regulations and as good practice across the globe as we can.

Mr Hurry—We would be more than happy that our practices were accepted across the globe as being a benchmark for high seas trawling.

Senator SIEWERT—Do you have any figures on the economic value of that particular fishery at the moment?

Mr Hurry—No. As Richard said, they are bound up in the stats and the limited amount of vessels that we have got, but we would be happy to provide you with whatever data we have got. It would be caught up in the ABARE publications on Australian fisheries each year, and I am reasonably sure some of this information is available. We would be happy to share it with you.

Mr McLoughlin—I can say that we have aggregated the catch in value data across the whole Heard and McDonald Islands fishery, as one of our Antarctic fisheries, and it is about \$30 million per annum.

Senator SIEWERT—Thanks. Do you have any data on monitoring the impact of the Australian fishery?

Mr McLoughlin—Very substantial and extensive data. We put two observers on every boat that goes into the Heard and McDonald Islands fishery and the Macquarie Island fishery, in addition to those Australian boats that fish in CCAMLR territory. We record catch and bycatch data routinely on every trip. We have a management advisory committee with the Department of the Environment and Heritage and conservation NGO members on that. As Mr Hurry has indicated, it is almost certainly the most closely monitored high seas fishery in the world, and the costs of that monitoring are met by the industry participants, not the taxpayer.

Senator SIEWERT—Can that information be provided?

Mr McLoughlin—I think there is a substantial amount of information that is already in the public domain, and we are happy to provide that which is there.

Senator SIEWERT—I am trying to follow up some questions that have been asked before. I refer to one of the questions that were asked last year, and I can provide the details to you if you need them. The answer to question No. 1183 was:

... all Australian fishing vessels fishing on the high seas are required to meet a range of regulations in line with the United Nations Fish Stocks Agreement. These include: mandated use of ... integrated computer vessel monitoring—

gear, being the stuff that we have been talking about, data—

a ban on the use of driftnets; implementation of a range of bycatch measures ... logbooks ...

How do you know that there is no under-reporting of catches? Is that because you have got people on the boats?

Mr McLoughlin—That is correct.

Senator SIEWERT—So you do not believe it is possible to under-report catch at all?

Mr McLoughlin—We also monitor at unloading as well, but we have observers on board who are monitoring the catch on a daily basis. In fact, it is on an around the clock basis.

Senator SIEWERT—I have asked questions before about the United Nations General Assembly process, so I wish to follow this matter up. As you are aware, there are provisions for urgent measures in the resolution that came out of that assembly. What measures is Australia taking as part of that?

Mr McLoughlin—It was ‘urgent measures on a case-by-case basis’, and I do not think there is a justifiable case-by-case basis against the Australian fishing industry—and there is an UNGA meeting on at the moment. To us this issue of high-seas bottom trawling has always had a bit of a question to it. I do not see where banning high-seas bottom trawling gets at the fundamental problem of trying to improve broader oceans governance to make sure that the law as it is developed applies.

Senator SIEWERT—You would be aware that at the moment the call is not for a ban. The call is for a moratorium while we get international regulations in place, and that is what the UN process is about. Not every nation is as rigorous as Australia is on this issue.

Mr Hurry—Why do we get caught up in these types of things? We are a responsible trawling nation. As Richard said, we monitor our fishing activity, we monitor our unloading, we are responsible and we would be more than happy if our standards were adopted around the world as good trawling practice on the high seas.

Senator Abetz—Why would you punish Australia and Australian activities?

Senator SIEWERT—Because we are looking to Australia’s ocean leadership to get the moratorium in place while we get in place regulations and a regulatory system that enable fisheries to be adequately managed everywhere.

Senator Abetz—But then you would punish those that are behaving responsibly.

Mr McLoughlin—I can give an example. As I indicated earlier, Australian flagged vessels go down to the Southern Ocean fishery to catch fish legally under quotas provided for Australia from CCAMLR. When those vessels get down there, they meet vessels flagged to Belize, Russia, Cambodia, Panama and a whole range of other countries that in fact have no quota given to them by CCAMLR. They are flagged to countries that are not signatories to CCAMLR yet they are still fishing down there. They are not fishing with any of the controls that the Australian vessels are, they are not meeting any of the costs that the Australian vessels are and in fact there is a significant price disparity around what those vessels can produce fish for compared to that of the Australian boats, yet they sell the same product into the same markets, thus putting Australian companies at a disadvantage.

As Mr Hurry says, and I have been in fisheries management a long time, the great source of frustration here is that under the current world rules—and those are what are being discussed at the UN this week—countries do not have to sign up to these agreements but they can still send their vessels there fishing. It is the governance arrangements that have to be dealt with first if we are going to have effective fisheries management around high seas, seamounts and trawling activities and other destructive fishing activities as they might be defined for a particular type of habitat. Getting the governance issues right and fixing up those loopholes really has to be the primary task and from there, once you have the governance powers to do a good job so that countries do not ignore the rules, then you can move on to the appropriate measures for the circumstances.

Senator SIEWERT—So the approach that Australia is taking is to focus on governance?

Mr Hurry—As I said to Senator O'Brien earlier, we actually started this push on illegal fishing internationally, in 1998 or 1999, and we have been one of the key players in it ever since. We do not intend to drop our intensity on it until we have finished it. Dealing with illegal fishing is part of dealing with governance. In some of the broader ocean management documents that we have got in front of us, bottom trawling is a very small subset of fishing activity on the world's oceans. Fixing up the governance and the holes in the laws of the sea, being able to get at things like beneficial ownership of vessels and being able to prove a genuine link between a vessel and its flag so that you can force flag states to take control are all part of the types of things we have been dealing with and trying to deal with effectively around the globe for seven or eight years. It is a difficult issue.

Senator SIEWERT—I was trying to refine my question in terms of governance. When you are participating in discussions that are specifically around deep sea fishing and deep sea trawling, are you specifically focussing on governance?

Mr Hurry—Very much so. We think the nub of the problem is to try and improve the broader governance issues in the world's oceans.

Senator SIEWERT—It is my understanding that you are also involved in the discussions on developing an approach to regional management in the Pacific.

Mr Hurry—There are three lots of discussions in the Pacific. There is the forum fisheries agency, there is the Western and Central Pacific Fisheries Commission and there are currently discussions with New Zealand, Chile and Peru over the development of the South-West Pacific nation agreement, which would look principally at trawl fisheries.

Senator SIEWERT—So the approach being taken there is 'let's look at governance'?

Mr Hurry—You have to have in place a regime under which you can build a management arrangement for your fisheries. If you want to ban or eliminate an activity, or put in place a marine national park on the high seas, you have to have a legal framework; you have to be able to do surveillance and you have to be able to enforce it. You do not want to build an enclave for illegal fishing activity. You have to have rules that apply equally to everybody who is fishing on the high seas. That is the type of approach we are taking more broadly. That is why we want to build this southern oceans agreement—so we have a regional fisheries management arrangement in place that is agreed to and ratified by a number of countries. That gives us a legal arrangement under which we can take action against irresponsible countries. That is what we are aiming for and that seems to be the general approach taken by Australia, Peru and others who want to fish in this fishery.

Senator SIEWERT—My understanding is that there have been a couple of meetings. Is that correct?

Mr Hurry—There was an initial meeting which was a discussion about how we move forward. The main meeting was held in New Zealand last year and the second meeting is intended to be in Australia in, I think, November.

Senator SIEWERT—I appreciate that these things take a long time to negotiate. What is the time frame for the development of these arrangements?

Mr Hurry—In practical terms, three to five years is probably the type of framework we are working in. The western and central Pacific convention, which is the latest convention we have developed, took a long time to get in place. But that dealt with all the Pacific island countries and about 27 countries all up. I think this one is shorter. There is a bit of a model for this one in a couple of the African agreements: the south-west Indian Ocean agreement and SEAFO, which is the arrangement in the southern part of the Atlantic Ocean. The text for both of those conventions is probably applicable to the one we are trying to build in the south-west Pacific Ocean, and some of the players are the same. So I think it will be a shorter process to get the convention agreed. Then it depends on whether we just have an agreement that the countries are parties to under which we meet at our own cost every year and discuss how we are going in managing the fishery. That will be dictated in part by the size of the fishery. Alternatively, we might look at what we have done in some of the other commissions. We can build a commission headquarters and staff it with scientists and compliance officers. The final approach we take is usually dependent on the size of the fishery and the number of countries involved.

Senator SIEWERT—That is all I wanted to ask on deep sea fishing. I have a couple of questions around billfish and striped marlin. As I understand it, two things are going on with striped marlin and billfish at the moment. The first is that BRS is doing a review of the sharing arrangements between commercial fisheries and recreational fisheries.

Mr Hurry—Yes.

Senator SIEWERT—When is that expected to be finalised?

Senator Abetz—Relatively soon; let us say that.

Senator SIEWERT—That is what I understood. I was just trying to get a more precise date.

Senator Abetz—I am not sure of the exact date.

Senator SIEWERT—The second is about sharing tuna resources—and that is a Western and Central Pacific Tuna Commission report. Is that correct?

Mr Hurry—The South Pacific Commission, based in Noumea, does a lot of work on it. It is basically the scientific adviser to the Western and Central Pacific Fisheries Commission. It focuses mainly on four stocks—big-eye tuna, yellowfin tuna, skipjack tuna and albacore—and provides science to the commission on the status of those stocks. The commission members themselves make a decision on whether the overall catch in the fishery needs to be reduced. It is largely a new commission and its first meeting was last year, but BRS and CSIRO, as Australian scientific bodies dealing in marine fisheries, both provide advice to that commission and work with the commission on a reasonably regular basis.

Senator SIEWERT—When is the work being done there expected to be finalised?

Mr Hurry—The scientific meeting for the western and central Pacific will take place in the Philippines in August this year, so I imagine any work that is to be fed into this year's discussions on the science of those stocks will be completed by that time. But I am unsure what specific work BRS is doing on tuna to contribute to that meeting. We will check that with BRS and advise you.

Senator SIEWERT—That would be good.

Mr James—The study that BRS is doing is looking at the interaction between the commercial and recreational take of striped marlin off the coast of New South Wales.

Senator SIEWERT—I have received a number of letters about it, but I do not know how much of an issue it really is. I am also aware that there have been ongoing issues in different fisheries between recreational fishers and commercial fishers on the east coast.

Mr Hurry—Part of this process is to try and resolve the issue of resource sharing between the parties and put it on a more permanent basis, as we have with the western tuna and billfish fishery in Western Australia.

Senator Abetz—There is always creative tension, I suppose, between the professional and recreational fishers. I understand one of my predecessors had issues in Western Australia in relation to certain matters where those parties just could not get themselves together. I think it was Minister Parer.

Mr Hurry—No, Minister Macdonald.

Senator Abetz—He had to make a decision in relation to—

Mr Hurry—Tuna and related fish species, such as blue and black marlin, in the west—

Senator Abetz—Yes, it was Senator Parer.

Mr Hurry—It went to recreational fishing. I think part of that arrangement was that striped marlin stayed as a commercial and shared species.

Senator Abetz—But, of course, people have now forgotten that agreement and are reopening the discussions. These things are always dynamic; you can never nail them down forever. That is why further studies are being undertaken.

Mr McLoughlin—In fact, that original decision led to the commercial take of blue and black marlin being banned in legislation in Australia. Only the striped marlin, a more common species, was allowed to be taken commercially. To my mind, the debate that was generated earlier this year, which AFMA has certainly been involved with, seemed to result from a patch of striped marlin that turned up off Bermagui through to Ulladulla. There were quite high catch rates there for about 10 days only, and then the fish disappeared again—only about 45 tonnes was taken across the fishery, but it occurred in a short period. A number of recreational vessels were in the area at the same time that these striped marlin were coming aboard. We got a range of letters and phone calls about that catch, and we investigated them with fisheries officers in those ports as well as at the Sydney market to make sure that nothing illegal was coming onshore, and there was not. So there was a short period of high catch rates of striped marlin, but numbers returned to the background level that the fishermen were expecting.

Senator SIEWERT—My understanding is that there was an allocation of \$220 million to the eastern tuna and billfish fishery but as yet decisions have not been made. I understand from the previous discussion—

Senator Abetz—That is one of the targeted fisheries, isn't it?

Mr Talbot—The \$220 million relates to the Securing our Fishing Future package. The breakdown of that is \$150 million for business exit tender, of which the eastern tuna and billfish fishery is one of the four target fisheries.

Senator SIEWERT—That is what I was after. What percentage of that has been allocated to that fishery?

Senator Abetz—We do not allocate percentages, because as soon as you do that you give the game away.

Senator SIEWERT—So at the moment that is just one of the fisheries and that is it.

Mr Talbot—That is correct.

Senator Abetz—Is there any more trawling?

Senator SIEWERT—I will just check my list. I have a few more minor questions, but I shall put them on notice.

Senator ADAMS—I was fortunate enough several weeks ago to visit the fish markets in Tokyo. I was absolutely stunned, as was the rest of the delegation, at the numbers of fish available, knowing that those markets go on every day. I do not know where these fish came from; they had labels from all over the world. How can we monitor those fish stocks? Is there any way that Australia can look at where the fish come from, or monitor it? The numbers were just incredible, and for those of you who have been there I guess you feel the same. Firstly, can we keep going like this and not deplete our fish stocks? Secondly, where are those fish coming from? That really worries me.

Mr Hurry—There are three major fish markets in the world: the European Community, the United States and Japan. Japan is a major fish market. The fish in the Japanese fish market comes in daily. They come in from all round the world. Some of it comes in by boat and some of it comes in on planes. In the larger fisheries commissions in the world, and for species that there are some good controls over, there is monitoring of the catch. As I mentioned to the senator earlier, there is a catch documentation scheme associated with some of the species that come onto those markets. For those that are of interest to Australia and are taken up as part of the commissions that Australia is a member of we do monitor and make sure that there are controls in place. But, as I noted, it is difficult. As Mr McLoughlin said, there are countries that are responsible and license their fishermen to fish on the high seas, and there are flag of convenience vessels fishing out there that may or may not be providing fish to those markets. It is an issue of concern to us, and we work hard inside the commissions of which we are a member to make sure there is proper monitoring and accountability for catch species sold. But that is a huge market and it is difficult to monitor.

Mr McLoughlin—Mr Hurry is dead right. From another perspective, where you have markets like the Tsukiji market that you visited, you also have relatively advanced nations that do engage in at least a reasonable level of record keeping. So if you were to spend the time you could probably start to get a handle on how much fish and from where they come. But there are places that worry us a great deal more in the forums in which we talk about IEU fishing and overfishing in particular. For example, in China, where they do not have equivalent markets, the record keeping is completely inadequate and fish is landed from all

over the world into 20, 30 or 40 ports, and you will never find out how much fish is going there. We are aware that China has an enormous demand for seafood, and the demand is growing. So the ability to be able to track where fish is coming from and how much is going into the Chinese market, for example, or into the African or South American markets for that matter, is much more problematic than those major markets in Tokyo, the European Union or the US.

Senator ADAMS—It was just an observation as to whether we can keep this up and whether the supplies still be there in 20 years time. That is really why I asked the question.

Mr McLoughlin—That goes to the governance issue that we raised earlier.

Senator Abetz—I hope you had a breakfast of raw fish while you were there.

Senator ADAMS—It was wonderful. Our hosts were absolutely wonderful but—

Senator Abetz—But they did not force that upon you.

ACTING CHAIR (Senator Ferris)—I understand that there are no further questions on fisheries and forestry. That being the case, I thank the officers at the table for their cooperation this afternoon. I now call the officers for Natural Resource Management, section 13.

[5.41 pm]

Natural Resource Management

ACTING CHAIR—I welcome the officers to the table.

Senator McEWEN—I would like to take you to table 2.5 on page 29 of this year's PBS which is headed Funding for the National Landcare Program. It is estimated for 2005-06 to be \$7.9 million. In last year's PBS, the forecast number was \$10.2 million. Can you explain why that forecast has been reduced please?

Mr Aldred—The reduction is comprised of a couple of moves. At additional estimates there was \$2 million that was transferred from bill 1, which is the national component of the Landcare Program, to bill 2 as payments to the states. It remained within the National Landcare Program but it was simply removed from the national component to state based projects. The remaining 300,000 is a rephasing, which you can see in table 2.4 on page 28. There is a movement of 300,000, which is a rephasing into next financial year, so that we are able to run a further round of innovation grant projects.

Senator McEWEN—What kind of projects will they be?

Mr Aldred—They are projects that look at innovations in natural resource management that are, if you like, field tested and proven. The intent is to try and increase uptake and adoption of those sorts of innovations more broadly. It may be things such as different ways of minimising tillage, fertiliser application, all of those sorts of things.

Senator McEWEN—So that money may or may not be taken up?

Mr Aldred—We would expect it to be taken up. Part of the reason for the move was that there is reasonable demand for those sorts of programs. We fully expect it to be taken up.

Senator McEWEN—For natural resources output 1, in total there is about a 16 per cent cut in the level of expenditure forecast in last year's PBS to be spent in 2005-06 compared with the forecast in this year's PBS. Can you explain why there is such a significant shortfall?

Mr Aldred—I do not know the specific details of the 16 per cent, but are you talking about bill 1 programs?

Senator McEWEN—The total for output 1.

Mr Aldred—Are we discussing administered expenses? We have Appropriation Bill (No. 1) which is—

Senator McEWEN—The administered expenses.

Mr Aldred—If you are saying there is a reduction in last year's level of expenditure compared to this year, there have been a couple of moves, including the moves that I have just described in the National Landcare Program. There has also been a move within the National Action Plan for Salinity and Water Quality. The change there concerns largely a program of salinity mapping and water monitoring that involved negotiations with some of our state counterparts to secure funding to undertake that project. That has taken a little while. More scientific work was required before we were able to get on with flying and so on so that we maximise the utility of the activities. Again, that sort of funding has been rephased into future years.

Senator McEWEN—The National Action Plan for Salinity and Water Quality was supposed to commence in April last year. Is that the one?

Mr Aldred—Certainly, the mapping project and the initial work would have commenced last year. The sorts of things that already have been done include a series of workshops with catchments to work out the most appropriate places to do the salinity mapping work and those sorts of things.

Senator McEWEN—Can I go to the estimated administrative expenditure under Appropriation Bill (No. 2). In last year's PBS, the forecast expenditure for the Living Murray initiative for this financial year was \$25 million, and the revised amount in the 2005-06 PBS is just \$2.5 million, which seems a significant difference. Can you explain that underspend?

Mr Aldred—The allocation in the 2005-06 budget was based on estimated payments to state governments once Living Murray projects had been brought through the formal processes of the Living Murray initiative. We were expecting four projects to come forward, and to date only one has come forward from Victoria. We are still awaiting the second from Victoria and we have not yet seen anything from New South Wales.

Senator HOGG—Is the figure of \$55 million in this budget estimate correct?

Mr Aldred—Yes.

Senator HOGG—Does that include the money out of 2005-06?

Mr Aldred—It includes a proportion of the funds from 2005-06. Again, I take you back to page 28. Under the Living Murray initiative you will see a figure of \$10,226,000. That component of the underspend, if you like, has been rephased into 2006-07 and the remainder has been rephased into 2007-08, which will not necessarily show up here.

Senator HOGG—No, it does not show up here.

Mr Aldred—So it is \$10 million—

Senator HOGG—What about the other \$45 million?

Mr Aldred—plus the initial year's allocation of the \$500 million of additional funds that the government has made available to contribute to the Murray-Darling Basin Commission.

Senator HOGG—So you are saying the first down payment of that \$500 million is in that \$55 million. Is that correct?

Mr Aldred—That is where the expense has been listed.

Senator HOGG—So \$10 million of that, you are saying—in round figures—is out of the 2005-06 budget?

Mr Aldred—Yes.

Senator HOGG—And \$45 million is out of that commitment of \$500 million?

Mr Smalley—The original profile for the Living Murray initiative had \$45 million, I think it was, for the 2006-07 financial year, so that is where that is from. That was year 2.

Senator HOGG—That is year 2. I am with you now. I was just trying to see how it was made up.

Senator STEPHENS—You anticipated projects from New South Wales and Victoria and you have one project from Victoria, I presume formally submitted. Are there other projects that you are anticipating coming forward?

Mr Aldred—Yes. Mr Smalley can give you details of the four projects.

Senator STEPHENS—If you could.

Mr Smalley—Four projects were approved in November 2004 by the Murray-Darling Basin Ministerial Council, and those four are: a project to recover 145 gigalitres of water in the Goulburn Murray; a project to recover 24 gigalitres from decommissioning a structure called Lake Mokoan—that is also in Victoria; a project to recover nine gigalitres of water in New South Wales from innovative market based approaches; and a project to recover 62 gigalitres in New South Wales from a range of infrastructure type measures improving the efficiency of a range of irrigation areas and wetland structures. So all those four have been approved, but thus far only Victoria has come forward with an investment plan and a contract that the Australian government could sign onto and start making payments on.

Senator STEPHENS—Are you in negotiations with the New South Wales government about those two projects?

Mr Smalley—We are waiting for those investment proposals to come forward to us. I believe that we are very close to getting the project for the 62-gigalitre investment, but we have not seen much sign of the nine-gigalitre project, although we are informed that we should have that during this calendar year. The same would be fair to say about the Lake Mokoan project in Victoria. We are anticipating their investment proposal this calendar year.

Senator STEPHENS—Is the fact that those four projects are not under way delaying you in achieving your targets, or was that incorporated into your plan?

Mr Smalley—Not completely. For instance, New South Wales have actually commenced, and there was a public announcement I think earlier this week of the Darling anabranch proposal, which is part of the 62-gigalitre proposal that they have. So they have gotten on with the work for that so that the water can be recovered, but they have not yet made it open for us to be able to negotiate the contract around our investment in that.

Senator STEPHENS—Have they done other things in the infrastructure improvement as well?

Mr Smalley—They have. I believe they have been working on some of those other measures, and many of these infrastructure projects require a lot of design, engineering and contracting to be done. They have been getting on with those things, I believe.

Senator McEWEN—Which one is the Victorian project that has not come to fruition? Is that the 145- or the 24-gigalitre project?

Mr Smalley—It is the 24-gigalitre project. The Lake Mokoan project is the one that has yet to come forward to us and, again, Victoria has been continuing to work on elements of the design and a variety of negotiations with stakeholders that are affected around that Lake Mokoan proposal.

Senator McEWEN—Mr Aldred, I think you told me the \$500 million announced in this budget would be going to the Murray-Darling Basin Commission—is that right.

Mr Aldred—That is right. And thank you to Mr Smalley for correcting my error.

Senator McEWEN—According to Budget Paper No. 2 that \$500 million will be expended over five years as project milestones are completed. Can you expand on that a bit? What milestones and what projects are being referred to there?

Mr Aldred—I will let Mr Smalley deal with that. The profile of the funds—the estimated profile—is at page 25 of the portfolio budget statement.

Mr Smalley—The profile of funds is also in the portfolio supplementary budget estimates report on page 88. That also gives a statement of what the measure is for. It includes that the funding will allow the commission to accelerate its capital works program to undertake projects under the Living Murray Environmental Works and Measures Program, which is to make sure we make the most efficient use of the water that we do recover for the Living Murray initiative. It is also to add some capacity to make sure that we do reach the 500 gigalitres nominal target that we are seeking to achieve with the Living Murray initiative. We have a process to go through with the commission and all our partners in it to redefine the business plan for the five-year period. It will be through that process that we actually develop the fine detail of what the milestones will be. We may well see in future years in the budget statements and additional estimates papers some rephrasing of the fiscal impact to match the milestones that will be formulated through the business planning process that we will go through with the commission. We have made some nominal estimations at this stage based on the information we had from the previous business plan of the commission but, given that they had to downscale work to meet the budget that was agreed with jurisdictions prior to the Commonwealth's \$500 million injection they will need time to ramp up and revise their business planning.

Senator McEWEN—What was the size of the MDBC's capital works program before this?

Mr Smalley—I could not tell you specifically what their capital works program would be but the ministerial council in September 2005 had agreed that the budget for the commission would be \$92 million of contributions from all the jurisdictions. If they were to implement all decisions by the time frames that had been agreed they needed on average over the next five years approximately \$130 million. So there was quite a gap there that this \$500 million is helping to address amongst other things.

Senator McEWEN—Can you tell me what funding has been set aside for environmental works and measures prior to this latest injection of money?

Mr Smalley—I could not tell you the specific number that would have been set aside within that \$92 million budget, but I think it would be reasonable that we could get that information.

Mr Aldred—We can take on notice the split between capital works and the environmental works and measures program.

Senator McEWEN—So is there an eight-year program of capital works in 2003-11? Is that what I am to understand? So there was an original funding allocation of \$150 million?

Mr Smalley—Yes. There was a decision to have an environmental works and measures program that paralleled the development of the Living Murray initiative, to ensure that the water that is in the system is used most effectively. That was \$150 million and was originally over a seven-year period. But because of the lack of contributions from other jurisdictions the time frame on that was going to blow out to, I think 15 years, so what the Commonwealth is seeking to do is to bring that back into line with the original decision and have it completed over the seven years.

Senator McEWEN—So there will be more projects up front rather than stretching it out over longer periods?

Mr Smalley—That is right. Some of the costs of those projects, given price rises in oil, pipes and those kinds of things, have also increased and therefore the original estimates for \$150 million may well be substantially under as well.

Senator HOGG—So what is the likely blow-out? Is there some feel for where that \$150 million might go?

Mr Smalley—No, I could not give you precise details on that. That will be subject to the business-planning process that we are now commencing with the commission office.

Senator McEWEN—Can you give us an assessment of the first three years of the Living Murray initiative now that it has three years under its belt?

Mr Smalley—Clearly, we have had four projects that got us 240 gegalitres out of the target that we were anticipating of up to 500 gegalitres, so in approved projects we are almost halfway there. But the projects have not been coming forth subsequent to those original four and we have been learning about the reasons for why those projects have not been coming forward. We are also looking to find new ways of finding water within the systems, such as

those projects that have been brought forward to the ministerial council by South Australia—which were announced last week—and also by New South Wales.

Senator McEWEN—I refer to those projects that will hopefully deliver the 250 gigalitres. Are further details on those available on your website or somewhere? Otherwise, can you provide us with more details?

Mr Smalley—I can certainly provide you with a one-pager that describes those projects in that much detail and tells you where the components of the water are coming from and the costs that are agreed for those proposals at this stage. Thus far it is only 240 gigalitres, to be correct about that. I think all of these projects would be easily found on the Murray-Darling Basin Commission's website as well, so it is public information.

Senator McEWEN—I have information here that there were two projects across the basin in the first years, so I presume those are two of those four projects. When did they first come about: early in the piece or in the latter part?

Mr Smalley—All of these projects were approved at the same time in the Murray-Darling Basin Ministerial Council meeting of November 2004.

Senator McEWEN—So the Living Murray initiative commenced in mid-2002 through a decision of the Murray-Darling Basin Ministerial Council and then there was a COAG decision in 2003 that led to the investment of the \$500 million to address overallocation of water in the Murray-Darling Basin—is that right?

Mr Smalley—I think the dates would be that the Living Murray initiative was agreed by the Murray-Darling Basin Ministerial Council in November 2003, and then COAG signed an intergovernmental agreement on 25 June 2004 which made the commitment of dollars and the commitment to the process formal.

Mr Aldred—I would add that the commitment is to recover up to 500 gigalitres of water for the environment, not necessarily to address overallocation per se.

Senator McEWEN—So, of the 500 gigalitres, one of the projects has been finalised. Has there been any water environmental flow restored to the Murray yet?

Mr Smalley—No. The first of these proposals will return 120 gigalitres by 1 July 2007—that is, the Goulburn Murray water recovery proposal. That said, we have already been working on the development of environmental watering plans for the basin in toto and for each of the icon sites. This year we used that environmental watering plan to bring together water from a variety of sources, including the joint government enterprise efforts, which was 19 gigalitres, and some Victorian water, to water the Barmah-Millewa Forest and some other river red gum sites this year. That had substantial success, including very large breeding events for fish and birds.

Senator McEWEN—Do you have any costings for the amounts spent on the environmental flows that have been restored to date?

Mr Smalley—Through the Living Murray initiative?

Senator McEWEN—Yes.

Mr Smalley—Of the \$500 million agreed under that intergovernmental agreement for the Living Murray initiative, the Commonwealth has not expended any funds, although we do expect to expend those funds that are outlined in the budget documents, which is the \$2.484 million. We expect to expend that this financial year. What state governments may have expended we could not give you information about at this stage.

Senator McEWEN—I would like to turn back to the National Action Plan for Salinity and Water Quality. I understand that work started on that last year. When is that meant to conclude?

Mr Aldred—Senator, if you are referring specifically to the salinity mapping and water quality monitoring expenses provided for in bill No. 1, if you look at page 31 of the PBS you will see there that the great bulk of the National Action Plan for Salinity and Water Quality payments goes through bill No. 2 as payments to regional groups and through the states. You will notice, for example, the estimated expenses of \$160 million.

Senator McEWEN—A number of components to the plan were noted in last year's PBS, and they include: evaluation of the biodiversity outcomes of regional investment; evaluation of the significant invasive species—weeds—outcomes of regional investment; evaluation of the current governance arrangements to support regional investment; evaluation of the salinity outcomes of regional investment; and evaluation of the sustainable agriculture outcomes of regional investment. Can you give me some advice about each of those?

Mr Aldred—The evaluations you are referring to are the evaluations done across the Natural Heritage Trust and the National Action Plan for Salinity and Water Quality. Last year, the Natural Heritage Trust ministerial board approved 10 evaluations, a number of which are included in those you have referred to. Eight of those evaluations have been completed and are up on the web, and two others, in relation to coasts and the facilitator network, are due in July.

Senator McEWEN—Due in July this year?

Mr Aldred—That is correct.

Senator McEWEN—Who did the evaluations? Did you say it was the Natural Heritage Trust?

Mr Aldred—The evaluations were undertaken by a range of consultants under the guidance of steering committees that comprised Commonwealth officers and representatives from state governments, regional governments and, in some cases, bodies such as the Natural Heritage Trust Advisory Committee.

Senator McEWEN—The budget estimate for administrative expenses funding to the National Action Plan for Salinity and Water Quality in last year's PBS was estimated to be \$7.8 million. In this year's PBS, that forecast was reduced to \$1.9 million. Can you explain the \$5.9 million difference?

Mr Aldred—Yes. That is the shift. When you asked about the 16 per cent reduction, I mentioned the salinity mapping and water quality monitoring project. That is the one I referred to in that instance. It has been slightly slower than expected but we are trying to get

better scientific advice before we actually engage in the more expensive job of doing aerial flight.

Senator McEWEN—The carryover of funds for this program in table 2.4 on page 28 is \$3.05 million—is that correct?

Mr Aldred—That is correct.

Senator McEWEN—Why is that different?

Mr Aldred—The funds that are not expected to be utilised this year are an amount of \$5,991,000. That would be the difference between the \$7.8 million and the \$1.903 million you referred to. Of that, the \$3.056 million has been rephased across into next year and the remainder into 2006-07. We have basically just pushed it out over the next two financial years, which reflects when we expect to get the works done.

Senator McEWEN—In the PBS for 2003-04, there was no funding for the NAP for that year as funds had been moved to Appropriation Bill (No. 2). In the following year, there was funding identified in Appropriation Bill (No. 1) of \$4.6 million. Can you explain how that worked?

Mr Aldred—The original appropriations for the first few years of the national action plan were all to bill No. 1. In 2003-04, the bulk of the funds were appropriated to bill No. 2 because of the shift to payments through the states in accordance with our bilateral agreements. Could you repeat the figure in 2003-04?

Mr Smith—I can answer that question. The \$4.6 million you referred to relates to the government's national public information campaign that was conducted in 2004. The national action plan expenditure for that was \$4.6 million.

Senator HOGG—So the amount allocated was fully expended?

Mr Smith—It has not been fully expended.

Senator HOGG—How much?

Mr Smith—There is still \$94,000 to be spent this financial year, 2005-06. In fact, some of that has been spent. We are probably down to about \$60,000 at the moment.

Senator McEWEN—Still on the information campaign?

Mr Smith—It is related to national communications. You might remember the Together Let's Give Our Land a Hand campaign. The bulk of that money went on that campaign and the remainder of the money, particularly the \$94,000 that I am talking about this year, is being spent on other national activities—for instance, the national action plan website or Australian government sponsorship of a major national conference.

Senator McEWEN—That brings us to funding for 2005-06. The national action plan originally focused on 21 priority regions. Is that still the case?

Mr Aldred—The national action plan funding is for 21 priority regions, yes.

Senator McEWEN—I presume that information is available on your website?

Mr Aldred—Yes, the 21 regions are identified on the website.

CHAIR—These days, within those regions, do you try and get away from the confetti approach, where you throw this confetti up in the air and it just blows anywhere?

Mr Aldred—Absolutely. The fundamental design principle of the regional approach was that regional groups and communities would develop integrated natural resource management plans and use those as the basis for investment that would achieve landscape-scale change.

CHAIR—Pardon me for interrupting. How long have you been going for? Three days?

Senator HOGG—Go on!

Senator Abetz—Now you have forgotten your question.

CHAIR—You've bugged up my question! I will come back to it.

Senator McEWEN—While Senator Heffernan is dealing with his memory lapse—

Senator Abetz—At least he knows your name, Senator McEwen! We were talking about memory lapses—that is all.

Senator McEWEN—I have been waiting all day for that one.

Senator STEPHENS—He has the name written in front of him.

Senator Abetz—Kim Beazley had certain difficulties. That is all. I am being very subtle.

Senator STEPHENS—As a brick.

Senator McEWEN—The national action plan officially commenced in December 2000 with the signing of the intergovernmental agreement, and then there were individual agreements signed with each of the states. Is that correct?

Mr Aldred—That is correct.

Senator McEWEN—So the program has been running for five years, roughly?

Mr Aldred—Yes.

Senator McEWEN—What was the original life of the program?

Mr Aldred—Seven years.

Senator McEWEN—It is going to conclude in two years, then? Is that right?

Mr Aldred—There was an extension of one year. That allowed us to match up some of the funding profiles that the other jurisdictions had appropriated through their treasuries.

CHAIR—Was that \$1.2 billion?

Mr Aldred—It was \$1.4 billion, fifty-fifty. So there was \$700 million from the Australian government.

CHAIR—I remember my question. My question is about the plantation 2020 vision and where you can plant in that. Obviously I have a view, which is probably different to that of the minister for logs, about where you should do that and how much you should intercept—

Senator Abetz—You are not part of my portfolio responsibilities!

CHAIR—certainly in terms of the 38 per cent of the run-off from the two per cent of the Murray-Darling Basin, which is pretty strategic. Do you have any view that we could

persuade people by way of a tender process or whatever to use some of that national action plan money to relocate forests into areas where we can get a salinity credit as well as a forest? Do you know what I am talking about?

Mr Aldred—I do. There are a number of different processes that go on with this. But certainly with the national action plan what we are trying to do—for example, through the salinity-mapping work that is funded through bill No. 1—is to get a more precise location for salt stores and salt movement that would allow us to more precisely define where we put interventions such as trees in the landscape or do other sorts of work.

CHAIR—So there could be a supplement to the forest because it would not mature as quickly. These people over here look very worried with me asking questions; I will not ask any more.

Senator McEWEN—We are used to your idiosyncratic chairing style! With respect to the evaluation of the 21 regions that was undertaken last year, did they look at each of the 21 regions?

Mr Aldred—The regional model commenced with the national action plan and the 21 priority regions. When the Natural Heritage Trust was subsequently extended a couple of years later, the regional model was extended to cover the whole of the country, so we now have 56 regions which cover the whole continent. We have implemented that approach across the nation. Twenty-one of those 56 are national action plan priority regions, but all 56 are able to access Natural Heritage Trust funding. The evaluations used a range of different techniques, given there were 10 evaluations run by different consultants and so on. The particular terms of reference or things that they were trying to check out determined the nature of the activities under the evaluation: who they spoke to, who they assessed and so on.

Senator McEWEN—Are the outcomes of the evaluations available?

Mr Aldred—Yes. Eight of the 10 are on the web site. We would be happy to provide the web address to the secretariat and, once the other two—which are due in July—have been considered by ministers, we would expect those to go up alongside the other eight.

Senator McEWEN—Each of the evaluations deals with the area of sustainable agricultural outcomes from the regional investment?

Mr Aldred—Or biodiversity outcomes, salinity outcomes and so on. I can provide a list of the 10 if you do not have it.

Senator McEWEN—That would be good; thank you. Can you provide an overall assessment of how the NAP is travelling?

Mr Aldred—Out of the 10 evaluations, as well as a range of other feedback and evaluations that we have done, I would characterise it as travelling pretty well. At times it was a bit of a rocky road implementing the regional model in the first couple of years and so some community groups found it difficult to move into the regional model. Now that it is starting to mature and embed across the country, the feedback is highly supportive of that model. As with any program there are a range of things that are raised and suggestions for improvement but, in a general sense I would say, ‘Steady as she goes; don’t go and change the whole thing on us again.’

Senator McEWEN—The evaluations will deal with recommendations about improvements or pitfalls?

Mr Aldred—Each of the evaluations has a range of recommendations. We have some working groups going through each of the evaluations and drawing together the sorts of responses that ministers may wish to consider, and we will provide advice to ministers.

Senator McEWEN—So would you say the nation's investment of some \$530 million has been money well spent?

Mr Aldred—Absolutely.

Senator STEPHENS—I have a question. Mr Smalley, I am reading through my notes that I made as you were answering some questions. I understand that you said that no water has yet been returned as environmental flows to the Murray but that you are expecting the first water to be returned on 1 July 2007. Is that right?

Mr Smalley—That is correct.

Senator STEPHENS—You said no money had been spent by the Commonwealth but you were expecting \$2.484 million to be spent this year. Is that right?

Mr Smalley—That is correct.

Mr Quinlivan—But it is important to add that there is not a relationship between those two because we are not driving the development of the projects which will deliver the water.

Senator STEPHENS—I appreciate that point, but I just wanted to be quite clear as to what I had written here.

Senator SIEWERT—I want to pick up where we just left off: the evaluations. I have been looking at these but I must admit not in detail yet as they are quite comprehensive. Some of the recommendations could be applied now and, obviously, some of them apply to NAP2 and NHT3. Are you going to be making any amendments to the programs in respect of the ones that can be implemented now?

Mr Aldred—I would expect so. As I said a little while ago, we have got some internal working groups that are trawling through and analysing them. Part of that will involve what are the things that we can actually do now, as part of continuous improvement in the last couple of years of the current funding appropriation, and what are the sorts of things that we would need to pick up in the sense of any future arrangements.

Senator SIEWERT—I am aware of the Keogh report, which, as I understand it, has not been released publicly—unless it was released very recently.

Mr Aldred—No, it has not been.

Senator SIEWERT—I was told previously that there was not a plan at that stage to release it publicly but that they would consider it. Is it likely to be released?

Mr Aldred—That is a matter for ministers. At this stage they have determined not to release it at the moment. It was an activity that they commissioned directly and I guess they are treating it as in confidence at this stage.

Senator SIEWERT—I am not trying to compromise you as to an answer, but how are the working groups working in relation to that report? I do not want you to breach confidentiality but I am interested to know how whatever is in that report is being dealt with. Is it being dealt with by the internal committees as well?

Mr Aldred—It will be and is. Certainly we are comparing the feedback through the Keogh review as well as the evaluations, as well as feedback directly to the Natural Resource Management Ministerial Council via a community forum that is held once a year with the chairs of each of the CMAs—and that happened last April—as well as the sorts of things that come up through Senate and House committees that you would be aware of.

Senator SIEWERT—That was going to be my next question.

Mr Aldred—There are quite a number of sources of quite detailed information and recommendations and approaches across a whole spectrum of those sorts of reporting mechanisms that will feed into our future consideration.

Senator SIEWERT—Is there a plan to have a further round of consultations about the next step or it will it just be an announcement?

Mr Aldred—There has been no specific decision about further consultations. There has not been a decision that there will not be or that there will be. There is a lot of consistency across the feedback that has been provided to the government and I would characterise it as having been a reasonably exhaustive consultation to this stage.

Senator SIEWERT—I must admit I have not been through all the reports in a lot of detail yet but what I have seen so far looks very good. It does seem to be consistent and a lot of the stuff people have been saying for quite a significant time. The committee is interested in hearing how the government is responding to it. As I said, some of it has been said a number of times before. I am wondering whether the next version is actually going to go out to people to let them see what is happening.

Mr Aldred—I cannot advise you whether it will or will not.

Senator SIEWERT—Is there going to be some consideration around what I know as the salinity investment framework—but other people do not—in terms of targeted investment? You will be aware, and I know Mr Smalley is aware, of the concepts—salinity investment and targeted investment.

Mr Aldred—Are you referring to SIF3?

Senator SIEWERT—Yes.

Mr Aldred—Mr Smith and I have had some discussions with Dave Pannell, and you might be aware that it is being piloted or workshopped through a couple of the regions in Victoria.

Senator SIEWERT—Is this through the CRC project?

Mr Aldred—That is right. One of the key parts that we are looking at at the moment, not necessarily for future arrangements, is how we can best target investment in the regional arrangements. A lot of regions are in exactly the same boat. They are saying, ‘We have the plans and the investment strategy, and we are really moving forward.’ The next stage is to say:

how can we be more precise in the nature of the interventions in investments we make? So SIF is one of those sorts of tools.

Senator SIEWERT—The other thing I noticed in my quick look at, particularly, the salinity one was monitoring and evaluation, again. It still seems to be an ongoing problem. What are you doing about that?

Mr Aldred—It is an ongoing challenge, there is no doubt about that. One of the things that we perhaps have not done as well as we might is that we have not told the story of the results of monitoring and evaluation. If you look across the range of things that we have been doing across the programs and with the regions there is some reasonable monitoring and evaluation going on, but we have not necessarily been as good as we might have been at writing it up and starting to tell the stories of the shifts. Again, there are a range of things that we are looking at through different projects with the National Land and Water Resources Audit and Land and Water Australia and in discussions with the states about how we can better share information and make existing information more readily available. There is plenty of work to do. We have probably been more focused on it in the last year or two than we may have been in the early days.

Senator SIEWERT—I would like to ask a few specific questions about the actual process and the strategic reserve funding. I understand the Western Australian process pretty well—or I think I do if it has not changed that much over the last year or two. How does the strategic reserve work nationally? What is the percentage of money and how is it allocated?

Mr Aldred—In terms of the national action plan, there is no strategic reserve because all the \$700 million was allocated across states. If we want to make any national level expenditure through the national action plan then we trot around to each of the steering committees and try to get each of the steering committees to agree to invest. They have done that. I have mentioned the salinity mapping before. That was a slightly difficult one, but jurisdictions readily engaged in funding the market based instruments program. That is the national action plan. The Natural Heritage Trust is appropriated to the environment committee.

Senator SIEWERT—I will be over there later.

Mr Aldred—In terms of the description of how the Natural Heritage Trust is managed, it may be more appropriate to deal with that there, unless one of my joint team colleagues wants to intervene.

Mr Smith—In some of the states we have come to an agreement between the Commonwealth and the state to set up a strategic reserve. There is a small amount of funding that is used across the state for activities that might come up, if you like, out of the blue. For instance, perhaps a major disaster has occurred that has NRM consequences and rather than taking off some of the money that has already been allocated if we have put aside some cash then we can often use that for a major disaster or for some initiative that has not been thought of that might come to the fore in the future.

We also used that money when, for instance, we asked the regional bodies if they would like to nominate some major activities that perhaps cut across their regions or that filled gaps in investment strategies that we have. The money differs in each jurisdiction and sometimes

the rules and arrangements differ, because it is horses for courses. In one of the states that I deal with, for instance, in South Australia, there is a small amount of money in the NAP as well as the trust.

Senator SIEWERT—Is there a national pot of strategic reserve as well? I understand that various states have them. Is there a national one as well?

Mr Aldred—There is a national component within the Natural Heritage Trust. I think I would prefer it if you addressed that in the environment committee just because you will probably get a more complete answer. If that is not satisfactory, I am quite happy to take questions on notice.

Senator SIEWERT—I will ask there and if they cannot answer I will come back with some questions on notice. I think that is all my questions for the moment. If I have any more I will put them on notice.

CHAIR—We have got one question left.

Senator STEPHENS—And it is a question for the minister. It is on output 2; it is about the Country Women's Association Emergency Drought Aid Fund. I wonder if anyone can tell us where that is up to. There is \$3 million in that fund for this year. It is used as part of emergency assistance to distressed families in drought and other extenuating circumstances, but there is nothing there for next year.

Senator Abetz—There is a good question.

Senator STEPHENS—And we are still desperately in drought.

Senator Abetz—That we are.

CHAIR—Would you like to take that on notice?

Mr Quinlivan—Yes, we will need to.

CHAIR—Obviously the climate thing is coming back to where we were when that decision was taken. I thank everybody for their patience, their dry humour, their cups of tea and everything else. I will see you all here, hopefully, in good health, the next time we meet for estimates in a few months time. I also thank the linesmen, the ball boys and the people up there behind the glass.

Committee adjourned at 6.40 pm