



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

Consideration of Budget Estimates

TUESDAY, 28 MAY 2002

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SENATE
RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION
COMMITTEE
Tuesday, 28 May 2002

Members: Senator Crane (*Chair*), Senator Buckland (*Deputy Chair*), Senators Cherry, Colbeck, Ferris and O'Brien

Senators in attendance: Senators Allison, Buckland, Colbeck, Crane, Ferris, McLucas, Murphy and O'Brien

Committee met at 9.02 a.m.

AGRICULTURE, FISHERIES AND FORESTRY PORTFOLIO

Consideration resumed from 27 May 2002.

In Attendance

Senator Ian Macdonald, Minister for Forestry and Conservation

Senator Troeth, Parliamentary Secretary to the Minister for Agriculture, Fisheries and Forestry

Departmental

Mr Michael Taylor, Secretary

Mr Bernie Wonder, Deputy Secretary

Management Services and Corporate Governance

Mr David Banham, Acting Chief Operating Officer

Mr Allan Gaukroger, Chief Finance Officer

Mr Peter Moore, Manager, Budgets

Ms Julie Hicks, General Manager, Portfolio Coordination and Communication

Industry Development

Mr Don Banfield, Executive Manager

Agricultural Industries

Dr Cliff Samson, General Manager, Field Crops

Mr Paul Sutton, General Manager, Meat, Wool and Dairy

Mr Greg Williamson, Manager, Wool and Dairy

Mr Roland Pittar, Manager, Meat and Livestock

Mr John Walter, Chairman, Wheat Export Authority

Mr Glen Taylor, Wheat Export Authority

Mr Rod Wellington, Executive Officer, Wheat Export Authority

Food

Ms Bev Clarke, Executive Manager

Mr David Mortimer, General Manager, Food Industry Policy

Market Access and Biosecurity

Mr Simon Hearn, Executive Manager

Dr Dennis Gebbie, General Manager, Trade Policy

Dr David Banks, General Manager, Animal Biosecurity
Dr Brian Stynes, General Manager, Plant Biosecurity
Ms Mary Harwood, Executive Manager, Biosecurity Australia

Product Integrity, Animal (including aquatic animal) and Plant Health

Dr Bob Biddle, Deputy Chief Veterinary Officer
Dr Mike Nunn, Manager, Animal Health Science
Dr Eva-Maria Bernoth, Manager Aquatic Animal Health
Mr Tim Roseby, Chair, FMD Taskforce
Mr Troy Cousins, Residues and Standards
Mr Dean Merrilees, General Manager, Animal and Plant Health Policy
Mr Bill Roberts, Executive Manager, Office of the Chief Plant Protection Officer
Mr Mike Cole, Office of the Chief Plant Protection Officer
Mr Steve McCutcheon, General Manager, Product Safety and Integrity
Dr Graeme Hamilton, Director, Australian Plague Locust Commission
Dr Graeme Evans, Principal Research Scientist, Office of the Chief Plant Protection Office
Dr Peter Miller, Acting Director, NRS
Ms Alison Turner, Chief Executive Officer, NRA
Mr Joe Smith, Executive Manager, Registration, NRA
Mr Peter Raphael, Executive Manager, Review and Compliance, NRA
Mr Andre Mayne, Manager, Agricultural and Veterinary Chemicals

AQIS

Ms Meryl Stanton, Executive Director
Mr Greg Read, Executive Manager, Exports and Corporate Group
Mr John Cahill, Executive Manager, Quarantine Group
Ms Jenni Gordon, National Manager, Animal and Plant Programs/Quarantine
Mr Tim Carlton, General Manager, Exports, Finance and Information Strategy
Ms Cathy Cox, General Manager, People and Planning Strategy/Exports
Mr Steve Bailey, National Manager, Food Services Group/Exports
Dr Ann McDonald, General Manager, Market Maintenance/Export
Dr Andy Carroll, National Manager, Cargo Management/Quarantine
Mr Bob Furphy, National Manager, Border/Quarantine

Innovation and Rural Policy and Programs

Mr Don Banfield, Executive Manager
Mr Paul Morris, Executive Manager
Mr Brian Jones, General Manager, Science and Economic Policy
Mr Michael Wilson, Rural Support and Adjustment
Dr Andrew Pearson, Project Manager, Science Policy/Biotechnology Projects
Ms Annette Sugden, Project Manager, Farm Innovation Program
Mr David Ingham, Project Manager, Economic and Tax Policy
Ms Edna Sharpe, Resource Manager, IOE
Ms Carolyn Page, Rural Support and Adjustment

ABARE

Dr Brian Fisher, Executive Director
Ms Annette Blyton, Corporate Manager

BRS

Dr Peter O'Brien, Executive Director
Dr Derek Staples, Deputy Executive Director
Ms Melanie Fisher, Senior Executive Manager
Mr Ron Levers, Program Leader, Executive and Business Manager
Mr Ben Loudon, Planning Manager, Planning and Liaison

Industry Development**Fisheries and Forestry**

Mr Daryl Quinlivan, Executive Manager
Mr Glenn Hurry, General Manager, Fisheries
Mr Mike Macnamara, General Manager, Forests
Mr John Talbot, General Manager, Fisheries and Forestry
Mr David Calvert, Acting General Manager, FISAP
Mr Frank Meere, AFMA
Mr Les Roberts, AFMA

Natural Resources and Access Management

Mr Ian Thompson, Executive Manager
Mr Mike Lee, Executive Coordinator, State and Regional Negotiations
Mr Charles Willcocks, General Manager, Landcare and Regional Capacity
Mr Volker Aeuckens, Manager, Water Policy and Reform
Mr Tom Aldred, General Manager, NRM Assessment and Regional Action
Mr David Calvert, Acting General Manager, Greenhouse
Mr Gerry Smith, Manager, NRM Strategies

CHAIR—I declare open this public meeting of the Senate Rural and Regional Affairs and Transport Legislation Committee. The committee will continue its consideration of the 2002-03 budget 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 Friday, 12 July 2002. Welcome, everybody.

Senator O'BRIEN—Mr Merrilees, quite late last night we were talking about the rural vet service scholarships. Can you run through exactly what is planned? I think we may have got some numbers wrong last night. I just wanted to make sure we got the right information on the record. How is that proposed to work? What actually is decided? What is yet to be decided?

Mr Merrilees—The government has made a decision to provide \$2 million over the next five years to help boost rural veterinary services. There are two key aspects of that. One is, as I mentioned last night, a review of rural veterinary services that is due to commence in the next week or two and will run through to October. The \$2 million will be available to address the outcomes of that review. Also, as part of the announcement, the government has indicated that it will provide five scholarships through the Australian Quarantine Inspection Service, and the details of those scholarships are still being developed.

Senator O'BRIEN—So is that five per year over five years or just five starting now and running for five years?

Mr Merrilees—They will not start this year. They are more likely to start in the 2003 academic year.

Senator O'BRIEN—Is it five people each year?

Mr Roseby—I direct that question at AQIS. They are running this program and they are looking at the details.

Ms Stanton—We are in the process of working out what the detail will be for those scholarships. We have not yet got the detail in terms of what the selection criteria will be or even which years of the five-year course that those scholarships will cover. As you pointed out last night, it is a five-year course. Our inclination is that these would be scholarships that would be for the last year or two of the veterinary course, but we are in the process of working out those details in consultation with stakeholders, including the veterinary schools. We want their advice on the best way to select these people in a way that will be sustainable to meet the government's objectives—one of which is to ensure that we have got some extra veterinary capability for large animal veterinary work. So we are really at a very preliminary stage. It is being given a high priority at the moment, and the detail should be worked out in the next couple of months, ready, as Mr Merrilees said, for the 2003 academic year.

Senator O'BRIEN—So at this stage we do not know which year it will apply to or how many?

Ms Stanton—Other than it will be five—

Senator O'BRIEN—Five people?

Ms Stanton—Yes.

Senator O'BRIEN—We do not know whether it will apply to any particular year or any multiples of years?

Ms Stanton—That is right.

Mr Wonder—I think Ms Stanton did indicate that we would anticipate that it would start in 2003, as did Mr Merrilees.

Senator O'BRIEN—I am talking about the years of tuition per student.

Mr Wonder—Sorry.

Senator O'BRIEN—Do we know whether it will be for more than one batch of five students?

Ms Stanton—It will clearly be for more than one batch of five students. Again, the detail needs to be worked out, but we are talking more than one batch of five students.

Senator O'BRIEN—When did AQIS start to work on the detail?

Ms Stanton—We really started to work on the detail immediately following the budget announcement. It is really the last month that we have been setting out a program, as I say, to consult with stakeholders and experts in the area to make sure that we end up with a program that meets the government's objectives.

Senator O'BRIEN—Mr Wonder, was any other part of the department working on this matter before the budget?

Mr Wonder—Not that I am aware of.

Senator O'BRIEN—Were you as surprised as everyone else as to what was in the budget?

Mr Wonder—I was not surprised.

Senator O'BRIEN—You weren't?

Mr Wonder—Why am I supposed to be surprised?

Senator O'BRIEN—I do not know. I thought that someone might have actually been working on the detail of this prior to the budget announcement.

Mr Wonder—The government made its announcement in the budget. I am not surprised by it.

Senator O'BRIEN—I want to ask some questions about the BSE issue. During the last hearings Dr Murray identified a number of issues related to BSE that were to be addressed. He said that the AusVet plan for foot and mouth disease was also being revised. Can someone update the committee on where that FMD revision is up to?

Dr Biddle—The revision to the AusVet plan, for the BSE part of that plan, has proceeded, and the draft has been considered by the Special Expert Committee on TSEs, an independent scientific advisory group. Their comments are being taken into consideration, as the next phase of that drafting process unfolds, with the stakeholders of this department and its client groups. That process is perhaps akin to having a continually improving draft, because of the pace of change in knowledge about the disease and strategies for its control. So the plan is more refined than it was. We have had a longstanding plan, it has been through a significant iteration, it has received independent review and the department is acting on those comments.

Senator O'BRIEN—As I recall it, this is being undertaken by the states and territories in conjunction with the Commonwealth.

Dr Biddle—Yes. There is a broadly based drafting group convened by Animal Health Australia.

Senator O'BRIEN—In relation to BSE, Dr Murray posed a number of questions. What action needs to be taken if BSE is found on a farm, particularly in relation to cohorts and feed history? How do we assess risk in a farm? Do we need to slaughter the whole farm? Do we need to slaughter the feed cohort that might have moved to another farm? He identified surveillance as another issue: how do we manage surveillance in relation to BSE?

Dr Biddle—In terms of a disease response on the occurrence of a case, the particular circumstances which underlie that case would be carefully evaluated, the likely exposure source would be attempted to be defined through epidemiological investigations and the strategy that would deal with the identified risk factors would then unfold within the framework of the draft AusVet plan chapter for BSE. It would be done through the Consultative Committee on Emergency Animal Diseases, involving consultation with the members of that committee, who comprise the chief veterinary officers of the states and territories and specific industry representatives for the affected industry—in this case, the cattle industry. That plan would be discharged and the response would be tailored to the findings as the disease event was investigated in the field. It is likely that cohort animals would need to be destroyed, but that would depend, as I said earlier, on the exact history of the event.

In terms of surveillance for the disease, which I think was the second part of your question, the arrangements would be modified to verify that the assumptions made in the control of the disease event were accurate. That is specifically that there was not further spread of the disease in the animal population. The exact extent of the additional surveillance that would be undertaken would again depend on the history of the events, the regionalisation and other factors of that nature. Those are the general principles that would be followed to validate approaches in the disease response and to help assure markets and consumers in this country.

All actions that would be taken in this regard would be in liaison with health authorities because of the nature of the disease, and we would attempt to apply an appropriate strategy to give the highest levels of assurance about disease containment and control.

We of course have an ongoing surveillance program in routine, normal times, which is conducted to the requisite international standard. We take samples from neurological cases that meet a certain definition in the cattle population and the sheep population, and that gives us a high degree of surety that the country continues to be free of both BSE and scrapie.

Senator O'BRIEN—So the review is an ongoing one. It does not have a particular time frame?

Dr Biddle—The review of the AusVet plan that I think your initial question touched upon is advancing in a defined process. We have had a major revision of the plan and have received detailed comments from an independent scientific advisory committee. The next draft is under preparation, using the drafting group convened by Animal Health Australia, and we would expect a more refined draft to emerge later this year, perhaps October or thereabouts.

Senator O'BRIEN—My question is this: is there an end point before you start again, or is it just continuous?

Dr Biddle—It is very much ongoing. At the stage of October we would hope to have a very advanced and refined plan, but if the international standard changes or the legislation of our major trading partners changes we may have to revisit elements of that plan. That is why we tend to describe it in this sort of environment as a dynamic draft.

Senator O'BRIEN—To go to page 58 of the PBS, which talks about enhancing animal health infrastructure: can you provide the committee with precise details of how and where that money will be spent?

Mr Roseby—In the process of reviewing arrangements in Australia for managing emergency diseases we have had a very careful look at the capabilities and requirements of various areas. Most important among those are the capability of our scientists, our epidemiologists and technicians who have to make the analysis, do surveillance, do diagnosis and what have you. The government took the decision, against that background, that maintenance and enhancement of this area was something that was very important. The moneys that have been set aside in the budget for this purpose are really designed to make sure that we have ably qualified people, with young people coming through as well, and also the infrastructure that they need to be able to operate. That is what that program is designed for.

Senator O'BRIEN—That is a general outline. Are there any specifics at this stage?

Mr Roseby—We are in the process of identifying people that we need for certain jobs, and we have a reasonable idea of what is necessary there; we are looking at infrastructure support in terms of diagnosis and of communications networking and how people need to operate with those particular skills. Full details are not available at this stage but it is well advanced. We have a pretty good idea of what is necessary.

We are talking about the numbers of people in specialised jobs. We need to define those jobs and then we would need to go through a selection process for people. We also have a reasonable idea of the infrastructure support that is necessary. But in terms of presenting precise details and signing off on that, we are not at that stage.

Senator O'BRIEN—So the department will be employing these people you are talking about?

Mr Roseby—A large number of these people that will be employed will be employed within the department. This is a process that I think state governments are going through as well, in terms of that supporting infrastructure with people and so on, Senator.

Senator O'BRIEN—How many people do you envisage engaging?

Mr Roseby—Overall, somewhere between six and 11 people will be involved in the work we have got envisaged under this program.

Senator O'BRIEN—Obviously, well-qualified people if they are going to engage in—

Mr Roseby—Certainly, yes.

Senator O'BRIEN—this epidemiological resource and diagnostic capability work?

Mr Roseby—Yes, they will need to be well-qualified people and succession planning is part of all this. People age and we have to make sure that there are young people coming through the system for the future that have the experience and skills provided to them by the more senior, experienced operators. It is a succession planning exercise as well. The other point I would make is that if you are going to get a major outbreak of foot-and-mouth disease, or something along those lines, you need a second and third XI—if I can put it that way—because it will be prolonged and you cannot have one person carrying the whole load throughout. There needs to be some depth in the capability of response.

Senator O'BRIEN—When do you envisage that the whole package will be clear and able to be set out for someone to look at and say, 'Yes, I understand where we are going to spend \$2½ million a year'?

Mr Roseby—I would say that we would be able to present the details of what we are doing to the next hearings—if not earlier.

Senator O'BRIEN—In general terms, it is about engaging a work force substantially within the department with specialist skills, possibly veterinary, to work in those epidemiological and diagnostic areas?

Mr Roseby—Yes. There is also infrastructure support as well: do we have the capacity we need for enabling people to make diagnoses and the equipment that they need in order to be able to make professional judgments? In other words, there are programs, there are epidemiological models, and there is a whole range of tools that these people use which are not inexpensive.

Senator O'BRIEN—So are you talking about the purchasing or acquiring of equipment—some diagnostic tools?

Mr Roseby—Yes, there will be things like diagnostic tools as well. And we are talking about information systems that allow people to rapidly transmit information between the experts so they can make a rapid diagnosis. It is issues such as those that we are meant to address.

Senator O'BRIEN—Have you any idea of the geographical location or spread of these resources?

Mr Roseby—A large number will be based in AFFA. That is where our national disease control headquarters would be in the event of any outbreak and that is where those skills would be required. The department is engaged in a range of ongoing work. I initially touched

on BSE earlier where there is an enormous amount of work going on satisfying the requirements of overseas countries—and that is for a range of diseases, but at this point in time particularly BSE—and our preparedness for dealing with a foot-and-mouth disease outbreak, should it occur. The skills that are required for that, while they might be located in Canberra, are actually applied to solve problems that are national problems.

Senator O'BRIEN—What is the current staffing in this national disease control centre?

Mr Roseby—The national disease control centre would be just one of many operations if there were a major emergency. This is where coordination across jurisdictions and the Commonwealth would take place. It is where there is capability to assist any combat state with scientific advice and it is also where we formulate responses to threats to our overseas markets. The whole aim of the exercise of combating disease is to be able to get our animals or our animal products back into the market.

Senator O'BRIEN—This national disease control centre is located in AFFA?

Mr Roseby—Yes.

Senator O'BRIEN—How many people are dedicated to that or is it something that is staffed on a needs basis?

Mr Roseby—It is staffed on an as needed basis. For example, in the recent incident in Victoria with Newcastle disease there would have been, say, from time to time, 10 to 12 people involved. If on the other hand we were looking at an outbreak of foot-and-mouth disease, the emergency response area could be looking at anywhere between 60 and 80 people at a time.

Senator O'BRIEN—Is there a dedicated area?

Mr Roseby—There is a dedicated area in the department for emergency management: a floor in the department dedicated for the emergency, should one occur. There is an AFFA emergency management plan, which has recently been updated. I believe we provided a copy to you following the last estimates hearing.

Senator O'BRIEN—In relation to ovine Johne's disease, what is the state of play with regard to the general availability of the GUDAIR vaccine? I think it has just been registered by NRA. How, when and where will it be available, and at what cost?

Mr Merrilees—You are correct that the vaccine has recently been registered by NRA. Its distribution now is the subject of decisions by state chief veterinary officers. However, the national veterinary committee considered this issue in April and has agreed that the vaccine will be available on an unrestricted basis in the residual areas and on a conditional basis in control areas, but the availability of the vaccine is subject to the decisions of state chief veterinary officers. In terms of the cost, I believe it is around \$1.60 to \$1.70 a dose.

Senator O'BRIEN—You say it will be subject to state veterinary officers' decisions. Do you think there is going to be unrestricted usage in residual areas?

Mr Merrilees—Yes, which is the high prevalence areas.

Senator O'BRIEN—How will the restriction in other areas apply?

Mr Merrilees—That will be the subject of decisions within each state. But in a national sense we have what are called standard definitions and rules, which provide guidance to each particular state's CVO. The critical issue there is the extent to which the trade in vaccinated animals, particularly interstate trade, is permitted. There is a tendency for each state to try to

have an availability and use of vaccine such that it is not only for the aid and control of the disease but also consistent with meeting those standard rules and definitions, which help facilitate interstate trade.

Senator O'BRIEN—Is there intended to be a requirement to identify vaccinated sheep?

Mr Merrilees—Yes. My understanding is that they will be required to be identified by a three-hole ear punch. That will enable them to be identified when they go to slaughter.

CHAIR—Will vaccinated sheep still be required to remain in the restricted areas as far as sale is concerned for breeding purposes?

Mr Merrilees—The details in terms of the movement and market assurance for vaccinates are still being developed. It went to a technical advisory group of the national veterinary committee earlier this month, and there is currently a paper out to a veterinary committee to determine the details of that.

CHAIR—If that has not been developed, I am not quite certain how you can establish rules to needle within a restricted area only. At the end of the day, if they are going to be allowed out of restricted areas for purposes other than slaughter, you might as well have the vaccination available to anybody, because those stock that have been vaccinated are going to be able to move out. I think that is the key, or one of the keys, to the whole thing.

Mr Merrilees—That is precisely what is being looked at the moment: the movement of vaccinated sheep, whether they be for slaughter or for breeding purposes, between the various different control zones.

CHAIR—Commercially, if they are allowed to move out of the area, there is going to be a significant advantage—for breeding purposes and purposes other than slaughter—to producers in those areas, but if they are not going to move out, why bother to vaccinate?

Mr Merrilees—It is not just a trade issue, of course. There is a disease control on-farm and there is considerable value in vaccinating on-farm in terms of reducing the mortality levels and, of course, the shedding and prevalence of the disease over time on-farm.

CHAIR—Have you examined the evidence that we collected in our report on Johne's disease where I do not recall any producer putting it other than an 8, 9, tenth degree problem? There are far more serious things like worms, pulpy kidney et cetera, that they consider to be a much worse problem. Unless there is some commercial advantage to them, I am just wondering what their uptake will be. Has there been any survey to establish that with producers themselves?

Mr Merrilees—Decisions that individual producers make, of course, are up to them in terms of whether they vaccinate, in particular, on-farm control strategy.

CHAIR—I understand that.

Mr Merrilees—I think all I would say is that anecdotally there has been considerable interest, as you have pointed out, in the use of vaccine. We would expect that initially there will be considerable take-up in the use of vaccine, particularly in infected and high prevalence areas, because it provides a major on-farm tool to start to address control of the disease.

CHAIR—That is if they can sell them as breeders. I do not think we were given any evidence—and I can be corrected on this—that indicated there was any deaths before they were about six years old or noticeable impact, to put it another way, rather than deaths.

Senator O'BRIEN—In some places there were.

Mr Merrilees—The disease is a relatively slow moving and evolving disease. It tends to manifest itself in terms of mortalities later in the life cycle. I think we are starting to get more evidence that suggests that the mortality rates where it is left untreated and unchecked, if you like, are significantly higher than the original anecdotal evidence suggested which was viewed as insignificant. Perhaps in the past some of the sheep that have been culled, for other suspect reasons, may in fact—in some flocks—have been attributable to OJD in its early stages.

CHAIR—Senator O'Brien just made the point that there were some areas that were at least 6 years old but that it tended to be at the end of the life cycle of sheep.

Mr Merrilees—It tends to be, that is correct. But, as the level of infection of a flock gains hold, that can in fact manifest itself in earlier mortality.

CHAIR—Are all states involved in deciding the movement of stock? Is it going to be consistent in Australia? Or is it going to be a state by state?

Mr Merrilees—The standard definitions and rules for in this case ovine Johne's disease are agreed by the National Veterinary Committee. They provide guidance and it is up to each state to both contribute to the decision making and determine the extent to which they will implement them in their own jurisdiction. Generally, there is a high level of compliance across Australia with those standard rules and definitions.

CHAIR—I am sure you are aware that there was a lot of anger particularly between Victoria and New South Wales over the fact that they were operating under quite different guidelines, standards, rules—whatever word you want to use. I have a couple of general questions for clarification because I am a little confused about the role of DNE or productivity integrity and AQIS? I see that Mr Dean Merrilees is from Animal and Plant Health Policy, Bill Roberts, Executive Manager, from Office of the Chief Plant Protection Officer. Then we go down and see Ms Jenni Gordon, National Manager, Animal and Plant Programs/Quarantine.

Mr Wonder—Where are you reading from, Senator?

CHAIR—From the witness list. Sorry—I should have identified it. How are you drawing the line between the responsibilities of biosecurity and the responsibilities of AQIS? I note here there is a much stronger emphasis on AQIS with regard to exports.

Mr Wonder—I am not sure what list you have. The witness list I have in front of me has, for example, Jenni Gordon listed under AQIS, not under Product Integrity, Animal and Plant Health.

CHAIR—Is yours right or is mine right?

Mr Wonder—I am sure mine is right.

CHAIR—Maybe I could hand this list up to the table.

Mr Wonder—It is just a point of confusion. Obviously there are two lists floating around.

CHAIR—As I was saying, you have General Manager, Animal and Plant Health Policy, under Product Integrity.

Mr Wonder—Who are you referring to there?

CHAIR—Mr Dean Merrilees. I am just trying to sort out where the demarcation line is.

Mr Wonder—The essential difference is that Mr Merrilees is involved, under Product Integrity, Animal and Plant Health, in developing animal and plant health policy, as opposed to being involved, under AQIS, in the service delivery role and the provision of services, which is the Animal and Plant Program. So it is a policy/program split that is indicated between those officers.

CHAIR—Does the same apply to Mr Roberts and Mr Cole?

Mr Wonder—Mr Roberts is described in the program as being in the Office of the Chief Plant Protection Officer. Mr Cole is in the Product Integrity output as well and is Mr Roberts's deputy.

CHAIR—Who is responsible for managing the recent outbreak of Newcastle disease in Victoria? Is that a biosecurity matter or an AQIS matter?

Mr Merrilees—That is a product integrity matter. Product integrity is primarily concerned with post-border issues—with the addition of international standard setting of course.

CHAIR—So they would be operating internally, within Australia?

Mr Merrilees—Domestic animal and plant health policy and international animal and plant health standards—and of course emergency preparedness in response, which is the post-border area—are primarily the focus within product integrity.

CHAIR—That being the case, I have a couple of questions with regard to the outbreak of Newcastle disease in Victoria. What stage is that at and are there satisfactory arrangements in place between the Commonwealth and Victoria, integrated with the various states, as far as the management of that outbreak is concerned?

Dr Biddle—I will attempt to answer that question. The response, upon the confirmed diagnosis of Newcastle disease in a flock of layer hens located on a property near Meredith in Victoria, was taken under the newly agreed national cost sharing arrangements. A disease eradication plan was agreed and approved for cost sharing purposes by the committees established at the national level, which involves state participation. That work has been agreed and has now proceeded to the extent where some quarter of a million birds on the infected property have been destroyed and disposed of. The cleaning and disinfection stage of the response has been commenced. At the same time, epidemiological investigations into the possible spread of the disease and where the disease may have come from have unfolded and are continuing in accordance with the standard sort of approach to these events.

So I guess the short answer is that the new arrangements have worked well on this occasion. Every indication to date is that the disease outbreak has been contained. I would also add that, in reaching its decision to invoke cost sharing, the principal committee involved—which included industry members—made the funding conditional upon reaching agreement on appropriate medium-term activities for disease surveillance and vaccination to guard against the risk of further occurrences of this disease. A major component of activity, which is occurring alongside but separate from the emergency response, is the work to define these new national policies for Newcastle disease surveillance and vaccination.

CHAIR—Are all states cooperating in that?

Dr Biddle—Yes.

CHAIR—Is it restricted to one property or is there more than one property?

Dr Biddle—It is one property. There have been no traces found in all the investigations conducted to date.

CHAIR—I am not familiar with the area—maybe there are no properties—but are there chicken farmers within close proximity?

Dr Biddle—Yes. There are two zones controlled around the outbreak farm: one within a five kilometre radius and a further zone within a 10 kilometre radius. In outer zone, where surveillance activities are conducted intensively there are a number of farms. I do not have the figure immediately in front of me but it is not a large number. The surveillance activities have been particularly directed to ensure that there has been no spread of disease to those flocks.

CHAIR—What about the nearby ones—what is happening to the chickens there? Are they being destroyed as well or are they just being managed?

Dr Biddle—In the two zones I described, there have been a small number of backyard flocks with a small number of birds. Where there has been a movement of spent hens from the facility to those backyard flocks then those flocks have been destroyed. But that is a small number of birds.

CHAIR—How long do the chickens in that category, which I describe as for domestic and personal use, have to be in quarantine before animals can be taken back on?

Dr Biddle—That would be determined by the Victorian authorities under the circumstances, but it would be subject to the completion of a satisfactory clean-up of the site. Usually restocking is possible within, say, a month. It just depends on the progress of working through the various steps.

CHAIR—Is it correct that the strain has been identified as being the same as that at Mangrove Mountain?

Dr Biddle—The same or very similar, yes.

CHAIR—Is there any indication at all as to how it got there?

Dr Biddle—No, the tracing and investigations that I described earlier have not as yet disclosed how the virus was introduced to this farm. But investigations are not exhausted yet. At this stage, the involvement of people as passive carriers of the virus is a likely lead, but that has not been confirmed or excluded at this stage.

CHAIR—At what stage is the consideration of the use of a vaccine for Newcastle disease—is that developing or not developing? I was asked a question the other day and it was said that producers had been told that there was serious consideration that they were going to start vaccinating chickens in New South Wales and/or Victoria. Can you inform us as to what stage that is at—whether it is a rumour or likely to happen?

Dr Biddle—As I described before, there are active national considerations about a change in direction of vaccine policy and approaches to surveillance for this disease. In Victoria vaccination had not previously been practised actively and there has been a decision taken within that jurisdiction to allow access, under permit conditions, to currently available vaccines—either live vaccines for certain classes of birds or attenuated vaccines for caged birds. There is the opportunity now for the industry in Victoria, outside the control areas that I described before, to obtain a permit to vaccinate their birds. We understand that there has been quite a considerable degree of interest from the industry in pursuing that option.

CHAIR—What about the other states? Once again, I had representations from a group of producers in Western Australia who want to remain vaccine free. If vaccinations start there, they want to still be able to produce their chickens and eggs in a clean area—‘clean and green’ is the actual line. Is it likely to be quarantined to areas where there is concern about Newcastle disease so that the other areas that are clean will be allowed to continue without them having to access the vaccine?

Mr Biddle—This is an area of active national debate, in the process, as I described before, of discussing the medium-term move to improve surveillance and vaccination strategies. The extent to which agreement might be reached with industry and stakeholders to apply concerted vaccination strategies and what geographic area they might cover is work in progress, and where that might come out is not clear. Of course, vaccination represents a cost to production and there must be clear benefits to its use, and those are considerations that would no doubt be driving industry thinking. Both the meat production industry and the egg production industry, are actively involved in this process. I think, with the policy decision that has been made to get an outcome in this area, that we will see a decision later this year which enjoys the substantial agreement of all concerned parties. But, in terms of whether WA or Queensland is part of it, it is too early to say.

CHAIR—The issue was also raised with me by a group of growers in South Australia, so I do not want you think it was just Western Australia. South Australia and Western Australia made the two approaches that I have had and asked me to raise it here today. What would you anticipate if we accept or start widely using the newcastle disease vaccine? Is that likely to create a flood of applicants for imported chicken meat into Australia? Under the current arrangements with infectious bursal disease and newcastle disease, we have been fairly strong in terms of our position with imports.

Mr Biddle—I think the people engaged professionally in the import risk assessment process would make a better call on that issue than I could, but I agree with the parties had approached you that it would represent a change and it may lead to a build-up in pressure from applicants we have not seen. It may be possible to sustain a position that there are diseases of concern other than newcastle disease that might go into the decision making under conditions for any IRA that might emerge in this area, say, for chicken meat. I really think it is the experts that are engaged in the IRA processes that might be able to give a better opinion on that.

CHAIR—Are there officers here who deal with that?

Mr Biddle—Dr Banks is here.

Dr Banks—Could you repeat the question so that I am absolutely sure of the content?

CHAIR—The basic question was: if we start using newcastle disease vaccine widely in Australia, what is your anticipated outcome of the likelihood of a significant number of requests for the import of chicken meat into Australia, bearing in mind that we are one of the few countries around the world that does not vaccinate?

Dr Banks—Obviously, I cannot anticipate the outcome of the risk analysis on fresh chicken meat imports. However, the disease which is, at the moment, the greatest concern with regard to the introduction of disease is infectious bursal disease and, if any requirements were imposed for that disease, they would probably cover newcastle disease as well. At this stage, I am not convinced that vaccination would have a dramatic effect on access requests for chicken meat.

CHAIR—Thanks for that. As there are no further questions, we will move to AQIS. Thank you to all of the officers at the table.

[9.50 a.m.]

Australian Quarantine and Inspection Service

Senator McLUCAS—I want to follow up some questions that I asked at last estimates about marine pest incursions in Trinity Inlet. I asked questions about the green-lipped mussel infestation in Trinity Inlet. Could I get an update on where we are at with that incursion and the eradication program?

Ms Stanton—In terms of the incursion, that is a question that we would need to refer back to Product Integrity. In terms of a series of questions that you may have on marine pests, this is something that is dealt with largely—as we explained last time—in our policy area. Their program is on a little later. Perhaps you could repeat the question, and Dr Nunn may be able to help.

Dr Nunn—As we discussed last time, the incursion was confirmed in Cairns and a program was put in place with some cost shared funds provided jointly by the Commonwealth and states to support what we call a scoping phase of the investigation. That scoping phase has proceeded well, and there were 135 vessels in the area that was quarantined. The vast majority of those have been inspected. There have been delays to some of them because of difficulties in contacting owners, and there is a small number yet to be put onto the slipways. Dive surveillance has been proceeding in the area of risk throughout the period, and there has been only one further detection of a mussel in that time. The dive surveillance was to have been concluded last week but, due to turbidity of the water, it has not been possible to complete that survey. We are optimistic that things are going as well as we might have expected at this stage. There are, however, still a few vessels to be slipped and checked for antifouling.

Senator McLUCAS—Do you know how many?

Dr Nunn—A total of 11 vessels remain to be slipped, out of the 135 that were present in the quarantine area.

Senator McLUCAS—I understand that the problem with those is the difficulty of locating the owners.

Dr Nunn—That is the major problem.

Senator McLUCAS—Do you have any power within your brief to act without the owners knowing that you want to slip their vessel?

Dr Nunn—I do not believe we have under the Commonwealth powers at this stage. The states have been looking at that, and there is a range of liability issues in terms of officers going onto vessels when an owner or a representative is not present. I think that is being looked at actively, but they have not found a solution, to my knowledge.

Senator McLUCAS—What is the total cost of the establishment of the quarantine zone and the slipping—all the works that we have done?

Dr Nunn—The cost that has been cost-shared is \$50,000. There have been additional costs, for which I do not have details, by the Queensland agencies involved. At this stage, they have not been able to provide those costs. They are costs in kind in terms of allocating

resources from different agencies. There are a number of agencies in the response, and we do not yet have their costings.

Senator McLUCAS—So the costings from the Commonwealth will come in under \$50,000 but there have been additional costs from the state? Is that what you are telling me?

Dr Nunn—Yes. There have been costs from the state of Queensland, which we have not yet got details of. The costs-shared part of the response, which was agreed between the Commonwealth and the states, is a total of \$50,000, of which the Commonwealth will pay half.

Senator McLUCAS—The Commonwealth will pay half of that amount. It has been very cheap.

Dr Nunn—That is for the scoping stage. We anticipate that once the surveillance is completed, which I mentioned should have been completed this week, Queensland may well come forward with a proposal for further ongoing surveillance or other activities they would like to undertake. They have not yet presented that to the committee.

Senator McLUCAS—And that is to CCIMPE?

Dr Nunn—Yes.

Senator McLUCAS—Thank you for that. In answer to question No. 4, I was advised that DIMA was requested to expedite the slipping and treatment of the FV *Wing Sang* 108 and its removal. I was subsequently advised in that answer that there was a window of opportunity to get the vessel slipped between 9 and 13 July. I understand that the *Wing Sang* was not slipped in that period. Can you tell me why?

Dr Nunn—I think we have different numbers to questions here.

Senator McLUCAS—Mine says 'F:AQIS question 04, output F AQIS quarantine and exports'.

Mr Wonder—What is the topic?

Senator McLUCAS—The topic is 'marine pest incursions'.

Dr Nunn—To clarify, we have a question 9, 'output F marine pest incursions'. Perhaps you are referring to 9[4].

Senator McLUCAS—Mine is printed differently.

Dr Nunn—I regret that I will have to take that question on notice and get back to you because I am not 100 per cent sure of the precise reasons. I would not want to advise incorrectly.

Senator McLUCAS—Can I get an explanation as to why it was not slipped at that time and what the implications may have been for us not catching that window of opportunity. I want to turn now to the issue of the task force report on the prevention and management of marine pest incursions. I want to thank the department for their extensive answers to the questions last time. When we spoke at estimates last time, I was advised that responsibility for checking hulls does not rest with AQIS but with the state or territory authority. Is that the case?

Mr Wonder—Senator, we are a bit compromised in terms of answering your question, in the sense that the policy aspects of marine pest incursions are handled in our fisheries area and I have just asked for an officer from the fisheries area to come up from the department to

the hearing. The split we have in terms of responsibilities for handling marine pest incursions is a little complicated, in that AQIS's involvement relates to service delivery, and our product integrity people, where Dr Nunn is from, relates to the animal health—fish health—science aspects and the emergency disease response aspects. So we are just having a little bit of trouble fielding the people to answer the breadth of your questions. We apologise for that. We are in your hands, but we could either get an officer on fisheries to the table as soon as we possibly can, or we could leave this to be handled under the fisheries and forestry part of the hearing, later today.

Senator McLUCAS—Won't we be in the same position then, where half of us are not here?

Mr Wonder—We will make sure that we have the group of officers. So, if we are covering the science and the emergency response and the policy aspects, we will make sure we have a group of officers that can handle all your questions.

Senator McLUCAS—Let me explain where my questions will go, and then we can work out who the right person would be.

Mr Wonder—Okay. That would be very useful.

Senator McLUCAS—I want to talk about the task force report; I want to find out where we are up to with the recommendations on that report. There were a series of costings that were part of that report and a projected work plan. It is all to do with the Commonwealth's role in managing pre-border and post-border incursions of marine pests that come into our country on the hulls of vessels.

Mr Wonder—Primarily, particularly in the latter part, that relates to our expertise in our fisheries policy area. But we will make sure that at the time we also have other people from the product integrity and from AQIS available so that we can answer all your questions in one sitting.

Senator McLUCAS—Okay. I think that means I am on later. Thank you, Mr Wonder.

CHAIR—Are those officers going to come up now, or are they coming on the program later?

Mr Wonder—I think we have agreed that we are going to hold it over to the fisheries and forestry component, because the prime part of Senator McLucas's questions relates to Commonwealth role and policy matters. But I think we are also aware that they relate to service delivery and science related matters—it is hard to divorce them all, as I am sure you will appreciate—so, if the committee is comfortable, Senator, we will take it in the fisheries and forestry section of the hearing, later in the day.

CHAIR—Which part of the program does fisheries and forestry come under?

Mr Wonder—Towards the end.

CHAIR—Thank you. Senator O'Brien.

Senator O'BRIEN—I will preface my question with some comments so you understand where I am coming from. In the indigenous affairs ministerial statement, under the heading 'AFFA Portfolio', there is a list of programs that support indigenous Australians. The first two references are to the Northern Australian Quarantine Service. I want to know exactly how this program supports indigenous Australians, what the total employment for this program is and how many indigenous people are employed.

Ms Stanton—Senator, I will answer briefly, and in terms of the precise numbers and so on we may well have someone at the table who can answer that question. I personally cannot.

The North Australian Quarantine Strategy contributes to indigenous communities in two main ways. One way, as you have just indicated, is by employing indigenous Australians. The second way, though, is about the work that we do with those communities on quarantine, in terms of an iterative, mutually advantageous process in which we work with those communities to identify and prevent the introduction of pests and diseases that would be of danger to Australia. As you would know, the northern part of Australia is particularly vulnerable because of sparse population and because of the pests and diseases which our northern neighbours have but which we do not have in Australia. We work very much with communities, some of them quite remote, to make sure that they understand what the risks are to Australia. Indeed, we have found them very willing and very enthusiastic to assist in prevention and also to alert us if unusual things come to their attention. As I say, it is a mutually beneficial relationship that we have with many indigenous communities across the north of Australia.

Returning to the question of employment of indigenous people, I think Mr Cahill has those figures.

Mr Cahill—The NAQS program employs about 60 staff throughout northern Australia. A large number of those staff are located in the Torres Strait, where almost all of them are indigenous Australians—Torres Strait Islanders. We also have Aboriginal staff employed; for example, in Darwin we have an Aboriginal liaison officer. So we work very closely with the communities, both in the direct employment of people in those communities and in working with them in terms of protecting their environment and their way of life.

Senator O'BRIEN—What tasks are the indigenous people employed upon?

Mr Cahill—As quarantine officers.

Senator O'BRIEN—We have got two bundles of money—for the current financial year, estimated actual, \$100,000, and for the budget year 2002-03, \$100,000—for an Aboriginal communications strategy. What exactly does that entail? How is the \$100,000 spent there?

Ms Stanton—I will ask Mr Murphy, who is responsible for the program, to answer the detailed questions.

Mr Murphy—The NAQS program has employed an Aboriginal liaison officer in Darwin, and he is supported by some publicity material and some other resources. The \$100,000 incorporates his time and costs, and the support facilities provided to him in that important role as Aboriginal liaison officer in the Northern Territory. We also employ about 22 Torres Strait Islanders and a couple of Aboriginal people in the Torres Strait and the northern peninsula area.

Senator O'BRIEN—The second amount of money on the NAQS program, under the sub-heading 'Pest and disease monitoring and surveillance in public awareness activities, Torres Strait and Cape York', has \$2.2 million estimated this year and \$2.2 million budgeted next year.

Mr Murphy—Those costs are for the 22, or perhaps 24, Torres Strait Islanders and Aboriginals in the Torres Strait and the northern peninsula area, who are, as Mr Cahill mentioned, employed as quarantine officers on each of the islands across the Torres Strait—on Thursday Island and in Bamaga at the top of the cape.

Senator O'BRIEN—So that \$2.2 million is responsible for employing somewhere between 22 and 24 Aboriginal or Torres Strait Islander people?

Mr Murphy—That is right. The \$100,000 employs one Aboriginal liaison officer plus support for him.

Senator O'BRIEN—When you say 'plus support', is that an office and a car?

Mr Murphy—That is right, and there is also some publicity material and support provided as well.

Senator O'BRIEN—Where do I find that money in the PBS?

Mr Murphy—It is under the NAQS program.

Ms Stanton—There has been additional money in the budget to the Northern Australian Quarantine Strategy. That is shown on page 64 of the PBS. However, nowhere in the PBS separately identifies the entire Northern Australian Quarantine Strategy. That is part of the overall AQIS price.

Mr Wonder—It is part of the departmental appropriation, rather than administrative—

Ms Stanton—Yes.

Senator O'BRIEN—So this money comes from AFFA's bit of money, not Mr Ruddock's portfolio?

Ms Stanton—That is correct.

Mr Wonder—It is part of the departmental appropriation. Because the point is that, whilst it is of a program nature, it is within the control of the department and is therefore a departmental appropriation.

Senator O'BRIEN—So the purpose of the identification by the indigenous affairs ministerial statement is to identify that these amounts of money are being spent on employing indigenous members of the community? Perhaps you do not know the answer to that.

Ms Stanton—Obviously, in putting together that statement we answered questions that were asked, and that included providing the information that was asked for in the way in which it has been presented in the indigenous statement.

Senator O'BRIEN—They are very precise amounts of money: \$100,000 and \$2.2 million year by year. Is that the actual cost or is that an estimate?

Mr Cahill—The total cost of the program is about \$9.5 million. I do not know precisely what question was put to us in putting together the ministerial statement, but we presume that the amounts that are identified there relate directly to the employment of indigenous Australians, as was mentioned. So, it is not the totality of the Northern Australian Quarantine Strategy, but it is the component that relates to it.

Senator O'BRIEN—I understand that. I am just saying that they are very nice round figures. Do you have a budget for those amounts for those people? Is that what it actually costs, or is that a guesstimate?

Mr Cahill—I would think that is an estimate. The columns are headed, 'Estimated Actual' and 'Budget Estimate', so they would be estimates. Within the NAQS program itself there would be budgets set for the particular components of the program, but I am not certain whether it is broken up in the way in which it has been for the ministerial statement. We would need to come back to you on that.

Senator O'BRIEN—Okay. If you could.

CHAIR—I think you should have a look at that and come back to us with a more precise answer. I do not think that it is a good idea to have on the record that you think it is an estimate.

Senator O'BRIEN—It is on the record.

CHAIR—I know it is, but you will create a situation where you create more questions for yourself.

Mr Cahill—Senator, it is an estimate. It is headed, on page 34 of the document, as, '2002-03 Budget Estimate'.

CHAIR—Thank you. I was not looking at it, but the answer was, 'I think it is an estimate.' It is not a good position for estimates.

Mr Wonder—It is an estimate. We can confirm that.

Senator O'BRIEN—According to the ministerial statement I am looking at, the Agriculture Advancing Australia indigenous public relations campaign is estimated at \$46,929. So there probably is a little bit more precision in that estimate than the round figures that I am talking about.

Mr Wonder—Some estimates are more precise than others.

Senator O'BRIEN—That is right, and I am trying to find out how precise this estimate is.

Ms Stanton—We will take that on notice.

Senator O'BRIEN—Perhaps you can itemise the actual cost for those two areas for me. On the same area, and indeed the same page of the PBS that you referred me to, Ms Stanton, additional funding for the Northern Australia Quarantine Strategy, which is \$4.7 million in 2005-06, is to reinforce the government's position that that strategy will be funded for at least another four years, as I understand it.

Ms Stanton—That is correct. The total funding for this particular program equates to about \$7 million a year and that will now continue through to 2005-06.

Senator O'BRIEN—So there was an existing \$3.3 million—

Ms Stanton—There is an existing amount in the base. That is right.

Senator O'BRIEN—Was it envisaged that it would end in 2005-06?

Ms Stanton—It was funded until the end of 2004-05 and partially funded for 2005-06. Now it is fully funded for 2005-06.

Senator O'BRIEN—Why was it partially funded? That implies that it was going to end at a particular time in that period.

Ms Stanton—I will stand corrected on this, but my understanding is that there was some original base funding that goes back quite a long way. After the Nairn review in 1996, that funding was supplemented—that is how we get to the figure of about \$7 million a year. The base funding, which was very close to \$3 million, and then funding as a result of the quarantine review, which was an extra amount that is very close to \$4 million, brings the total to about \$7 million.

Senator O'BRIEN—So this is the only change since the last budget?

Ms Stanton—That is right.

Senator O'BRIEN—With the performance indicators that are on page 65, what is the benchmark for intervention levels at the border for the Northern Australia Quarantine Strategy and the extent that the strategy has met those benchmarks over this and the previous two years?

Ms Stanton—I will defer to my colleagues on that.

Mr Murphy—The intervention figure that we are working on is 100 per cent of people moving from the Torres Strait to the mainland. We are currently working on establishing and effecting this benchmark and looking at the experience we are gaining from other aspects of the international border to see whether they are appropriate for this circumstance. The program is still working on that particular aspect of its performance.

Senator O'BRIEN—So we do not know whether the strategy has met benchmarks over the previous couple of years or this year?

Mr Murphy—It had not previously had that benchmark of effectiveness but, as I said, we are looking to the experience we are gaining from the international border to look at whether they are effective for this particular program as well.

Senator O'BRIEN—What about the provision of effective export services as measured by a number of options? What is the benchmark for those strategies? Is this new? Has this been assessed over the last three years?

Mr Cahill—That is not NAQS specific. Those performance indicators on page 65 are not NAQS specific—they relate to AQIS as a whole.

Mr Wonder—They are indicators for the outputs.

Senator O'BRIEN—So they are not relevant to NAQS at all.

Mr Cahill—No.

Mr Murphy—Not the export ones, no.

Senator O'BRIEN—What is happening with regard to Meat Safety Enhancement Program and the United States?

Ms Stanton—We do not have anything substantive to add since the reply we gave you at the last committee hearing. We are still talking with our international colleagues, including those in the US, about the acceptability to them of the MSEP. There have been no further developments since we were at the hearing in February.

Senator O'BRIEN—How many times have you met with US officials about it?

Ms Stanton—There have been several meetings in that time but not specifically to deal with that issue—that issue has been dealt with amongst other issues. There have been a number of international meetings that Mr Read has attended, for example. It is a matter really of working away on it—we do not expect that there is going to be rapid progress on this issue.

Senator O'BRIEN—Is it fair to say you have raised it a number of times and have made no progress?

Ms Stanton—We have raised it a number of times. I will get Mr Read to comment on the progress.

Mr Read—My comments will be a reflection of the last time the question was asked. It is a program that we are continually presenting in the international forums that we patronage, both through the international standard setting and through the various bilateral arrangements

that we attend. At present, the US has informed us that they will, as a country, accept MSEP. The difficulty from the Australian side is to take up that program in isolation with the US. As you would appreciate most of our export plants are multicountry listed—as they need to be—which means that you have to get more than one or two markets actually signing onto the program. But around the world there is a growing interest in the acceptance of reliance on quality systems and the devolution of inspection services and so forth. We are continuing to progress that strategy in the various forums that we are represented in.

Senator O'BRIEN—At the last hearings we were advised that the US might possibly accept a modified version of the program, which I think required a government vet to be on site at all times.

Mr Read—That is the status still.

Senator O'BRIEN—Is that the system that you are trying to convince others to accept?

Mr Read—That will probably evolve as the benchmark for MSEP, which will mean an official government vet be present on those plants and an inspection officer. That is essentially the model at this stage that we are taking to the various other international markets and seeking their endorsement to sign up to that particular approach. Of course, we can be more flexible than that model presents, but you really are bound by the international acceptance of what they require in those systems.

Senator O'BRIEN—How long have we been at this point in advancing the MSEP?

Mr Read—At this point?

Senator O'BRIEN—Where we are now. When did we get here and how long has it taken us?

Mr Read—My understanding is that with the US it is a reasonably recent acceptance—probably within the last year to year and a half. We presently now have very encouraging signs from other markets—Taiwan and some of the other South-East Asian countries that are important markets for us. I might have mentioned before that we now have a reconstituted codex committee for meat and poultry hygiene. That particular committee, which has been reconstituted for the review of the codex meat standard will significantly advance our negotiations on this issue because as soon as you raise an international standard and get an international agreement to it that standard reflects, somewhat, we believe, the content of the MSEP program. It then gives you a better base line to go back to those international markets with, as opposed to what the present standard is that is currently in place. As we see it, it is a slow, drawn out process and I would not expect that we would probably progress the adoption of MSEP under the next four or five years at the earliest.

Senator O'BRIEN—Thanks for that. I want to ask about quarantine arrangements at airports, particularly the enhancement of them as part of the large package of measures put in place some time ago. How is that going?

Mr Cahill—The program is going fairly well. The target is to achieve at least 81 per cent intervention at airports nationally. We believe that we are currently achieving that target. The objective was to get there by the end of June this year. Some of that has been achieved on the back of temporary arrangements that have had to be put in place while infrastructure developments have been completed at the international airports. Some of those have been completed, particularly Sydney and Brisbane, and some of them are yet to be completed. There is some further work we still need to do in Melbourne and Adelaide.

Senator O'BRIEN—Last time there was a problem in Melbourne. When you say there is further work to do, what exactly do you have to do there?

Mr Cahill—At the moment, Melbourne airport has engaged consultants to do some further scoping of the work that needs to be undertaken within the terminal. We expect to have the outcome of that fairly shortly, and then the border agencies will be in a position to discuss that further with the airport and with the Department of Transport and Regional Services as to how we can give effect to that.

Senator O'BRIEN—So we do not know when that will be resolved would be the answer to the question?

Mr Cahill—The expectation is that the consultants will report within the next couple of weeks, and I would hope we would be in a position to make some decision quickly after that. In the meantime, we are still achieving the intervention target at Melbourne airport.

Senator O'BRIEN—Is this part of the program on budget, under budget or over budget?

Mr Cahill—The program, as a whole, is under budget for the airports. The reason for that is that the deployment of the full resources has not been able to be completed while the infrastructure changes to the terminals are still being made. There has been some under expenditure as a result of that. In terms of the infrastructure developments, the commitment there was a provisional amount of \$19.4 million. Most of that is committed to the airports that have completed the developments already, or those that are under way or almost under way. Some additional funding will be required to complete the work at Melbourne.

Senator O'BRIEN—How much additional funding?

Mr Cahill—That is part of the scoping work that the consultants are doing now.

Senator O'BRIEN—What about the x-ray machines—the announced increase was 49 and as at December you were up to 28?

Mr Cahill—At the moment I think we have got 48 of those x-rays deployed. The expectation though is that we will probably end up having slightly more than we originally budgeted for as we can squeeze them into the spaces that are available—they are a very valuable tool, but that is basically on target at the moment, yes.

Senator O'BRIEN—And detector dogs?

Mr Cahill—At the last hearings, we had a base of 33. I think we have now got roughly another 30 teams on deck. The target was to achieve 98 or thereabouts by the end of the calendar year and we expect to have that number of dogs trained probably early next year so we will be up to about 98 dogs. We will not have those fully deployed until we have completed the infrastructure changes, especially at the mail centres where there is some major work still to be done.

Proceedings suspended from 10.25 a.m. to 10.50 a.m.

CHAIR—Welcome back.

Senator O'BRIEN—Mr Cahill, what is the schedule for the mail exchange reconfiguration work?

Mr Cahill—We put in place, with Australia Post and Customs, interim arrangements to achieve the intervention levels, and we believe that we are achieving very high intervention levels across most category classes of mail. The major infrastructure work, particularly in Sydney and Melbourne, is likely to take at least a further 12 months to complete. Australia

Post are working very hard to identify suitable sites and/or buildings that they can use to do that, but it is quite major changes that they still need to undertake to put permanent arrangements in place.

Senator O'BRIEN—What screening level are you achieving at the moment?

Mr Cahill—We believe that we are achieving 100 per cent intervention at the international mail service. That intervention level does bounce around a bit, so we believe it is not a sustainable number until we do have those infrastructure changes in place.

Senator O'BRIEN—You are achieving 100 per cent but it bounces around a bit—I do not follow that.

Mr Cahill—Depending upon the volume coming through, we are not achieving 100 per cent on a sustainable basis. We are at various points achieving 100 per cent intervention, but we are not achieving that on a sustainable basis.

Senator O'BRIEN—What is the fluctuation range?

Mr Cahill—It is about 10 per cent. It is mostly in relation to letter class mail. In other categories of mail, we are achieving consistently close to 100 per cent.

Senator O'BRIEN—You told us earlier that you have not got your detector dog force up to the mark for the mail exchanges yet.

Mr Cahill—That is correct.

Senator O'BRIEN—So the method of screening is less effective than you would like?

Mr Cahill—It is less effective than we would like. We have deployed additional dogs into the mail service, we have additional X-ray equipment, and we have additional staff in the mail centres. But it is less than ideal working circumstances for the equipment, the staff and the dogs, so the effectiveness levels are not as high as we would like.

Senator O'BRIEN—An article appeared on 8 May in the *Adelaide Advertiser* headed 'Air passengers pay \$1 million—for nothing.' A copy was provided to the department by my office. The article claims that international passengers have to queue for long periods in a confined space for quarantine checks. There are also concerns expressed by the South Australian Farmers Federation about the integrity of the quarantine arrangement. When we discussed this matter in February, the only problem seemed to be in Melbourne. You did mention Adelaide this morning but you did not back in February—I did not ask about Adelaide, so I had better improve my research. According to the manager of regulations and planning at Adelaide Airport, 'the Federal government has spent nothing on improving the facilities.' Is that true?

Mr Cahill—We put additional resources into Adelaide Airport, so there is additional staff and so on. We are achieving the target intervention level at Adelaide Airport, but it is certainly less than ideal operating circumstances for us, the border agencies generally, for the airport and for the passengers.

Senator O'BRIEN—How long has it been less than satisfactory?

Mr Cahill—The intervention levels were progressively increased after the decisions last year by the government so, in terms of passenger facilitation and queuing, it has been a difficult circumstance for probably about eight months.

Senator O'BRIEN—So it was like that back in February?

Mr Cahill—Yes, it would have been. It varies. The baggage hall area is a relatively small area so, if you get a number of aircraft landing simultaneously or close to simultaneously, the number of passengers coming through the baggage hall quickly exceeds the capacity of the terminal. Partly that is due to the pre-existing limitations of the terminal, but also the increased quarantine intervention where we are looking at more passengers has added to that problem.

Senator O'BRIEN—The airport manager said that the airport was concerned about both safety and service levels. According to the article, the federal government actually owns the building. Am I correct in saying that the airport owners are being asked to pay for some of the building's extensions to accommodate the enhanced quarantine arrangements?

Mr Cahill—No, that is not correct. To the extent that there are modifications required to the terminal for the increased quarantine intervention, the Commonwealth has agreed to pay the reasonable costs associated with that. The airport operators have had in mind for quite some time the development of a single integrated terminal, and that has complicated their ability to commit to works that needed to be undertaken in the existing terminal.

Senator O'BRIEN—But that plan died a bit with Ansett, didn't it?

Mr Cahill—In this morning's *Adelaide Advertiser*, there is a report headed 'Modern airport a step closer' and, where it is reported that Qantas has pledged to have new passenger terminal facilities, including airbridges, installed at Adelaide Airport very shortly, the managing director of Adelaide Airport is recorded as still encouraging Qantas to participate in the larger development that has been proposed. As at this morning, it seems that that is not quite dead, and that has been part of the difficulty in reaching a resolution with Adelaide Airport.

Senator O'BRIEN—Sounds like it is having CPR, but that is about it.

Mr Cahill—It sounds like it, yes.

Senator O'BRIEN—The funding for the enhanced border protection arrangements was in the 2000-01 budget. When was funding first available to upgrade the Adelaide Airport facility?

Mr Cahill—That was available at the same time as the other airports. I think it was appropriated to the Department of Transport and Regional Services in this financial year.

Senator O'BRIEN—Okay, so there is no dispute about who is going to pay for the extension of the facility.

Mr Cahill—The question is to what extent the changes to the terminal are attributable to increased quarantine intervention, as compared with the pre-existing shortcomings of the terminal that need to be improved—for example, the baggage carousel which, I understand, the airport at some point wanted to replace, and whether that was attributable to quarantine intervention arrangements or something else.

At one point, the airport wanted to extend the terminal by 25 metres, which I think is probably about a third increase on the existing capacity. The border agencies thought that that was excessive when looking at which of our operational requirements were reasonably attributable to increased quarantine intervention. Back in February we thought we had an understanding with Adelaide Airport of the way forward, but that unravelled a little bit as they persisted with a desire to have a larger development funded by the Commonwealth. That was probably related to the uncertainty about the single integrated terminal.

The Department of Transport and Regional Services wrote to Adelaide Airport last week, affirming that the Commonwealth was prepared to fund the changes that are required for increased quarantine intervention, which we believe will not cost more than half a million dollars.

Senator O'BRIEN—And that was always budgeted for?

Mr Cahill—Yes.

Senator O'BRIEN—So you always expected to have to pay for that.

Mr Cahill—We always expected to have to pay for that, yes.

Senator O'BRIEN—But it was not agreed back in February?

Mr Cahill—We thought we had an understanding of what was to be undertaken. I think Adelaide Airport had proposed a two-stage development, and we agreed that stage 1 would be what was required for increased quarantine intervention. We were prepared to fund that. Subsequently Adelaide Airport did not want to proceed with stage 1 unless there was a commitment to the full development. That is where it became a bit stuck for a while, but hopefully that was unravelled last week with the letter to the airport.

Senator O'BRIEN—How long will there continue to be significant delays in passenger movements and a genuine concern about quarantine integrity at the airport?

Mr Cahill—The report in the paper this morning suggests that there is still a possibility of a larger development, so we will certainly need to talk to Adelaide Airport about the synergies of that with the increased quarantine intervention.

Senator O'BRIEN—So the solution is some time away, if that happens?

Mr Cahill—All I can say is that we would need to talk to Adelaide Airport again based on this latest report.

Senator O'BRIEN—Are you going to extend the facility now if they are going to build an entirely new facility?

Mr Cahill—We do not know that they are going to build an entirely new facility or extend the existing facility. We actually do not know what they have now got in mind.

Senator O'BRIEN—I am asking you the question, however, having planned to extend the facility and the possibility that it is going to be an entirely new terminal.

Mr Cahill—At the end of the day, what we would like to do is make the quarantine arrangements as effective as we can. Depending on the time line for any further development, we would like to ensure some redevelopment of the existing terminal as quickly as possible. So we would be pressing for that. We have committed that we can fund that up to half a million dollars. We believe that is what is required for the existing terminal to achieve the quarantine intervention and effectiveness targets on a sustainable basis.

Senator O'BRIEN—What impact are the current arrangements having on the security, as a border protection regime?

Mr Cahill—As I mentioned earlier, we are achieving over 80 per cent intervention. The effectiveness levels are probably in the order of 60 per cent to 70 per cent. That is up from about 39 per cent prior to the increased quarantine intervention arrangements. The cost of that is in the queueing. There are delays. Part of that is because of the high levels of intervention,

but part of it is in the hands of Adelaide Airport in terms of the scheduling of aircraft and how many people they drop into the terminal at any one time.

Senator O'BRIEN—I think it is the airlines that drop them in, isn't it?

Mr Cahill—I mean in terms of Adelaide Airport's control over the scheduling and when the aircraft land.

Senator O'BRIEN—We are talking about internationals?

Mr Cahill—Yes. They have some flexibility with that.

Senator O'BRIEN—I suppose they have a little bit. How does that airport's performance rate with others?

Mr Cahill—The intervention and effectiveness is comparable to some of the other international airports. The queuing is longer at peak times than you would find, for example, at Brisbane—and possibly even Sydney now.

Senator O'BRIEN—When you say the intervention is comparable with some other airports, does that mean it is in the lower level, or the middle or the upper level?

Mr Cahill—It is in the mid-80s, I think—80 to 85 per cent intervention, something of that order. That is consistent with the national figure. We do get fluctuations across all the airports at peak times. Some airports are achieving higher levels of intervention, closer to 90 per cent, on a reasonably consistent basis now.

Senator O'BRIEN—So there is room for improvement?

Mr Cahill—There is room for improvement, yes.

Senator O'BRIEN—It is not the weakest link. It is one of the weaker links, is it?

Mr Cahill—Yes.

Senator O'BRIEN—The World Cup is being held in Korea next month, with a recent foot-and-mouth disease crisis being experienced by that country. What extra precautions are being taken by AQIS to ensure that Australians returning from Korea do not bring foot-and-mouth disease with them?

Ms Stanton—Perhaps I could start the answer to that. Because of the increased intervention levels that we have had over the last 12 months, those high levels of intervention that will apply to those people returning from Korea will, additionally, make sure that we have identified and targeted flights returning from there. So there will certainly be 100 per cent intervention on those. In addition to that, we have on 24 May put ads in the sporting sections of most national papers, directed particularly to those travelling to South Korea for the World Cup and indicating what they can expect on their return and how they can help us in terms of what they bring back to Australia. The short answer is that the increased quarantine intervention overall captures that group of travellers, as it does all groups of travellers; we will have special attention to make sure that we target planes returning directly or indirectly from there; and we have done some extra advertising.

Senator O'BRIEN—What is the funding allocated to this special task?

Ms Stanton—There has not been any particular extra funding allocated, because it is part of our normal operations. This is what we would do if there had been an FMD outbreak anywhere. It is not as if it is particular funding other than for the advertising, to which we

allocated somewhere in the vicinity of \$18,000. That simply has come from our normal appropriation, our normal public relations budget.

CHAIR—That concludes the questions for AQIS, so thank you very much. We now go to output 2, Innovation and rural policy and programs.

Senator O'BRIEN—Can you confirm that the budget contains funding of \$264,000 for what is described as Women's Industry Network Seafood Community? I think it is part of the AAA package.

Mr Wilson—It does.

Senator O'BRIEN—This is the one that is described as follows:

Casting the net—

who dreamed that up?

to skill seafood women—identify and remove the barriers preventing the full participation of women in the seafood industry.

Could you tell me more about it?

Mr Wilson—Yes, Senator, I can do that. It is being operated by the Women's Industry Network Seafood Community. It was a FarmBis Australia project. As you may recall, there are 24 of those projects, which are about pilot testing business management training techniques. The idea of that is to identify impediments and develop techniques that can feed into the FarmBis Commonwealth-state component at some time in the future.

This project was about identifying the skill gaps and addressing the barriers that are preventing full participation of women in the seafood industry. It involves a number of workshops across the states. They have developed a training package and those workshops have been held in South Australia, Queensland and Tasmania, and techniques are being tested through that approach.

Senator O'BRIEN—So how much is set aside to run the workshops?

Mr Wilson—I do not have that information with me. I need to get back to you on that.

Senator O'BRIEN—Okay. If you can give me how the \$264,000 is to be expended, I would appreciate that.

Mr Wilson—Yes.

Senator O'BRIEN—In the women's budget statement there is a reference to funding for a new national rural women's secretariat, at \$450,000 over three years. Where is that secretariat to be located? Is it in the department?

Mr Banfield—No. That is being coordinated through the Office of the Status of Women.

Senator O'BRIEN—Do you know how the money will be spent?

Mr Banfield—In broad terms, the intention is to fund a secretariat to coordinate the views of women in rural and regional Australia. I do not have the precise details because, as I say, that is funded and managed through the Office of the Status of Women.

Senator O'BRIEN—Did you say 'coordinate the views'?

Mr Banfield—Yes. It is on a wide range of issues. Basically, there will be a number of organisations to coordinate the views of the rural women's organisations and rural women generally.

Senator O'BRIEN—I am still struggling to understand what you mean by 'coordinate the views'.

Mr Banfield—It is to provide input into government, obviously, and to ascertain the views of rural and regional women on a range of issues. It is not to be agriculture specific, in that sense. We still have our women in rural industries area, which we run and fund. This is to coordinate their views on a range of other things, for example health and education, that sort of thing.

Senator O'BRIEN—So this \$450,000 does not appear in the PBS anywhere?

Mr Banfield—No. We might be talking at cross-purposes. I am talking about a secretariat which is funded and organised by the Office of the Status of Women. We have an industry leadership program which does provide support for women in rural industries, but our project is separate from the initiatives of the OSW.

Mr Wonder—The Department of the Prime Minister and Cabinet is the appropriate one.

Senator O'BRIEN—So that is where that \$450,000 figure would appear. There is also reference in the women's budget statement to the funding of non-government women's organisations in rural organisations. Is that in your portfolio area?

Mr Banfield—Yes, it is.

Senator O'BRIEN—Where do I find that in the PBS?

Mr Banfield—You will find it under the category of industry leadership, Senator. If you turn to page 96 in the PBS, halfway down the page you will see 'Industry Leadership—Women and Young People in Rural Industries'.

Senator O'BRIEN—It is \$524,000, down from \$648,000.

Mr Banfield—That is correct.

Senator O'BRIEN—That is completely separate from the \$450,000 we were talking about earlier?

Mr Banfield—Yes.

Senator O'BRIEN—Apart from the \$264,000 for the Women's Industry Network Seafood Community, is there any other money in the budget for women involved in the fishing industry?

Mr Banfield—I would probably have to take that on notice. Mr Wilson referred earlier to a project which is being funded and administered under the national component of FarmBis, so there is a range of funding possibilities. I would just have to take it on notice to give you a consolidated answer.

Senator O'BRIEN—Okay. What role is the government playing in the delegation to the International Rural Women's Conference in Spain? I understand Senator Troeth will, in fact, be leading the delegation.

Mr Banfield—Yes, there is to be the third rural women's congress in Spain in early October this year. It is a very high priority with our rural women's organisations. There has been a lot of interest in it. We are expecting that somewhere in excess of 100 Australian women will attend. The Commonwealth's initiative in this congress is designed to build on the work and the commitment of rural women and particularly rural women's organisations. Senator Troeth has recently, as you may be aware, announced a proposal that the

Commonwealth will assist with the funding of a high-level delegation to coordinate the involvement of rural women and to ensure that, in a national sense, the delegation has a focused and businesslike presence in Spain.

Senator O'BRIEN—What does the funding of a high-level delegation to organise this entail?

Mr Banfield—Effectively, it entails three things. We have budgeted for \$80,000, which would comprise \$40,000 for support for the presidents of the four major national rural women's non-government organisations.

Senator O'BRIEN—Who are they?

Mr Banfield—The Australian Women in Agriculture, the CWA, the Foundation for Australian Agricultural Women and the Women's Industry Network Seafood Community. The Commonwealth has offered to fund up to \$10,000 to facilitate the participation of the presidents of those four organisations. We have budgeted \$10,000 for a workshop, which we are proposing to hold in Canberra before the conference, to brief members—particularly the high-level delegation—but also more generally Australian participants on issues of trade policy and those kinds of things. We have also budgeted \$30,000 for a coordinator to liaise with the presidents of the NGOs and to coordinate arrangements with the organisers in Spain.

Senator O'BRIEN—You have allocated \$10,000 for a workshop in Canberra. How many women are you expecting will attend that workshop?

Mr Banfield—It will involve what we are loosely calling the high-level delegation. They will attend for a two- or three-day workshop to be briefed about Australia's agricultural policy, our trade policy and the kinds of issues that they might be confronted with when they get to Spain. There will be the delegation—the composition is not finalised—but we are talking about 10 or 12 people. In addition to that, we will be preparing material to be distributed to every Australian attendee at that congress to provide short briefing notes on Australian policy areas that are likely to come up while they are in Spain.

Senator O'BRIEN—Who made the decision on how the funding was allocated?

Mr Banfield—I am not sure what you mean.

Senator O'BRIEN—You selected the president of four organisations to be funded, did you not?

Mr Banfield—Ultimately, it is a government decision and the government decided that the four NGOs would be funded. I might add that we only have four national rural NGOs so we are not discriminating in any way. We are funding each of the presidents of the four national NGOs.

Senator O'BRIEN—How many people applied for funding?

Mr Banfield—Do you mean in relation to the offer—

Senator O'BRIEN—In relation to the offer to attend.

Mr Banfield—There was no formal call for applications or expressions of interest in that sense. It was a decision recognising that we had four national rural women's NGOs and the government offered to fund the presidents of each organisation.

Senator O'BRIEN—How many requests for funding were there?

Mr Banfield—The rural women's organisations themselves have been liaising with government over the last 12 months or so, seeking support for their participation in Spain. This package of measures, which Senator Troeth announced recently, was the government's response to that.

Senator O'BRIEN—What are the conditions on that funding?

Mr Banfield—Very much the usual conditions that would apply to non-government organisations that would be members of a national delegation. I should say again that this is about coordinating the involvement of our rural womens NGOs. But in general terms there will be some accountability requirements in terms of the commitment of the expenditure. We have asked each of the presidents to provide us with a report on their return. We would hope and expect that the presidents, on return, would also share their learning with us in more detail. There are two other general conditions in relation to the conduct of the delegation. The first is that we have asked that each of the presidents should clear any press releases that they might care to make in Spain with the head of the Australian delegation. We have also asked them not to make any statements which are contrary to Australian national policy. Those conditions are normal conditions for the funding of NGOs.

Senator O'BRIEN—Is that a contractual obligation or do you ask for undertakings?

Mr Banfield—We would hope that we could do it in a less than formal contractual way. We are proposing a letter to the presidents setting out the issues and our expectations.

Senator O'BRIEN—This conference and its predecessors had been built around open and free discussion, I thought. Does this make the high level delegation effectively a government delegation?

Mr Banfield—The composition is yet to be finalised. It will be wider than the Commonwealth government.

Senator O'BRIEN—They are encouraged not to make any statements in Spain contrary to Australian government policy.

Mr Banfield—Not as a member of the Australian delegation. We are asking that, whilst they are in Spain as a member of the Australian delegation, they do not make statements contrary to our national position on key issues.

Senator MURPHY—What happens if they do?

Mr Banfield—In terms of sanctions, I am not sure that we have actually thought about that. We firmly believe that this will not be an issue. We have spoken at length to the presidents on this issue and we have no reason to be at all concerned that this will be an issue.

Senator Troeth—This is being done in a total spirit of goodwill. Obviously members of the high level delegation will be participating in workshops and other discussion arenas. They will be making their comments like any other member of the delegation.

Senator O'BRIEN—What happens if you disagree with the press release they want to put out?

Senator Troeth—I expect I would be reiterating comments that we have made to them before they leave Australia.

Senator O'BRIEN—What does that mean: 'Don't do it; you are being naughty!'

Senator Troeth—No. Mr Banfield has indicated that we will be asking them to avoid commenting in a negative way on Australian policy. As we have stated, that will be a general rule. It is normal practice for outgoing delegations.

Senator O'BRIEN—That was my point: it has become a government delegation. Those four presidents effectively become a government delegation at that conference, not presidents of their organisation.

Senator Troeth—They are being sponsored to go to Spain because they are the presidents of their particular organisations.

Senator O'BRIEN—I understand that. In terms of the conditions that are being imposed, in the context of this conference having been built around open and free discussion, these four women will effectively be constrained in how they operate and what they can say by these arrangements. That may or may not be a good thing.

Senator Troeth—I do not necessarily see it as a form of constraint. When I announced this to the four presidents, they welcomed the government's initiative and I have had no negative feedback of any description on this issue. There is no compulsion to attend. If they did not like the government's offer to them they were at liberty to not accept it.

Senator O'BRIEN—I did not think you had them manacled and brought up to sign their passport application. We will leave that there. I think the point I have tried to make is that these women now have two hats to wear and the potential for conflict, particularly with the clearance of public comment, is something that is new to these sorts of arrangements at this type of conference. Nevertheless, at the last hearing we were talking about the review of counselling services and the aim to increase the flexibility in the delivery of these services. Mr Wilson, I think you told us there had been discussions with the states and other stakeholders and the counsellors themselves and I want to find out where it is all up to.

Mr Wilson—I was referring then to the discussions that took place during 2001 with states and counsellors in relation to the BRS report—the review of the Rural Financial Counselling Service. Discussions continued in relation to the possible reforms to the service resulting from that review. I can bring you up to date on where we are at with all of that. I referred last time to a new contract that was used in 2001-02 and that is in place. It picks up some administrative efficiencies that were not in place before. We are in the process of developing a new resource manual which is basically a set of assistance guidelines for communities and counsellors to assist them in their work. A new administrative database was launched in December which will give us a much better handle on figures and stats in relation to the counselling service. In the new program that we hope to start on 1 November there will be provision for the improved skill levels and service evaluation, both to assist us and to assist counsellors to continue to improve and apply best practice.

There is a model for the new program that was announced by Senator Troeth in March at the counsellors' national conference in Perth. It comprises three elements. The first is very similar to the program that was under way before—a community based component for rural financial counselling projects. That is the component that employs the counsellors to get out and provide information on the rural finance service. The second component entails some short-term industry projects that can be developed by communities or by industries to assist in an adjustment process where there is a particular issue, generally lasting about 12 months, where there is a need for greater awareness and financial advice to help farmers to make

decisions about their future. So there is a component there that is short-term in-and-out in particular industries.

The third component is a relief and remote component where we will probably have a pool of counsellors—and we are developing that now—of retired private or our own rural financial counsellors that would be available to pick up in emergency situations where recruitment is under way for a counsellor or where a counsellor has had to take leave such as sick leave or whatever. There is also a remote component that, if there are areas of Australia not covered by the new service, enables us to pick up clients and get them to a service where that is needed. That could be through a voucher system, which we use for farm help at the moment, or some other means.

Senator O'BRIEN—All of this has been discussed with the states?

Mr Wilson—It has been discussed with the states. We meet fairly regularly with the states, and we have discussed it with the state counselling organisations, with the national counselling organisations and with industry groups.

Senator O'BRIEN—Mr Banfield, you told us in February that the review of the Rural Financial Counselling Service was in its latter stages and you expected the government to make some decisions in the following two to three months. You also said that counsellors had been advised that they would be given reasonable notice of any change that might be made.

Mr Banfield—Yes.

Senator O'BRIEN—The announcement at the conference was about the notification?

Mr Banfield—Yes, it was. The government has also indicated that the new arrangements would not come into force until 1 November. The changes that Mr Wilson has outlined relate to the outcome of the review, and the government has indicated that, to ensure reasonable notice, new arrangements would not come into force until 1 November.

Senator O'BRIEN—What was the actual expenditure on counselling services for the current financial year and what is budgeted for the coming financial year?

Mr Wilson—The expected expenditure in 2001-02 is \$5.25 million. The expected expenditure on counselling services themselves in 2002-03 and 2003-04 is \$5.4 million in each of those years.

Senator O'BRIEN—We are not looking at \$17.4 million over three years; we are looking at \$16.05 million over three years?

Mr Wilson—It is slightly less than \$17.4 million, as a result of a slight underspend this financial year.

Mr Banfield—It is worth making the point that the \$17.4 million also includes departmental expenses to run the program, so you need to factor in the departmental expenses.

Senator O'BRIEN—What are the expected departmental expenses over the period of three years?

Mr Wilson—In terms of those two references to \$5.8 million in the two out years, I referred to \$5.4 million and that will be \$5.8 million with the administrative expenses included. I should say that the \$5.25 million expected expenditure this year does not include administrative expenditure either.

Senator O'BRIEN—Can you confirm that the cost sharing between the Commonwealth, the states and the local communities remains the same?

Mr Wilson—This year it has. Basically it is 50 per cent Commonwealth, 25 per cent state and 25 per cent community—in cash and in-kind in the case of community. At this stage, we are expecting that that will be the case in future years, but it is subject to the community's negotiation with the states in the application process.

Senator O'BRIEN—There was a story on *Country Hour* in January this year about the closure of the Riverland Rural Counselling Service because it lost federal funding. It appears there was a review of that particular counsellor. Is that the case?

Mr Wilson—Yes. The situation there was that the counselling service had approached the state government indicating that it was having some problems and the state government approached us. By agreement with the counselling service, we paid for—with the counselling service itself—a consultant to investigate the issues that it was facing. In the meantime, again with dialogue with the service itself, we wrote to the service formally asking whether it could meet the contractual obligations in our deed of agreement. At a meeting in December the service decided, having looked at our letter and looked at the report of the consultant, that it could not meet the contractual obligations—and it was a unanimous decision of the committee—and it asked us to close the service or to cease payments from 31 December 2001 and so cease the contract from that date.

Senator O'BRIEN—What was the problem with meeting your requirements?

Mr Wilson—The problems—they are being investigated now by the liquidator and administrator—largely related to the capacity to meet our accountability requirements, such as where the funding has been spent, client numbers and those sorts of things.

Senator O'BRIEN—At the last hearing, Mr Wilson, you advised that the department expected increased usage of the programs under the AAA package over time. What is the most up-to-date data on the usage of the programs and can you provide details of your assessment of the effectiveness of the expenditure of \$6 million on advertising over the period leading up to the last election?

Mr Banfield—I might lead off on that. That is quite a detailed question and I need to take some time to give you an answer. We have a fairly comprehensive evaluation strategy in relation to the AAA package, as I have indicated at previous hearings. It essentially comprises three elements. The first component is the baseline and longitudinal sampling of attitudes, skills and behaviours—that is the solutions marketing research that we have talked about. The second component is the consideration of the effectiveness of the programs in relation to the overarching objectives of the AAA package. The third element is an evaluation of the individual program elements themselves.

We are shortly to do the third of these solutions surveys. We hope to commission that shortly, for that to be held in July, to give us some data on the changes in producers' attitudes and uptake of skills under the five key areas that were identified. So that is at the broad level, in the package as a whole. We also have in place pretty comprehensive monitoring and evaluation strategies for each of the programs. I could go through some of those if you wish but, as I say, there is half a dozen programs. Do you want me to proceed on that?

Senator O'BRIEN—Have you got a document that you can table?

Mr Banfield—No, not as such. I can give you the highlights if that helps.

Senator O'BRIEN—That will do for starters.

Mr Banfield—I will hit the high points, so to speak. Under the FarmBis Commonwealth-state component, we undertook a mid-term evaluation at the end of FarmBis 1. We have annual follow-up surveys of producers' attitudes in response to the training that they undertake under FarmBis. We have undertaken a survey of industry organisations to assess their views about the awareness of training and their satisfaction. There are a range of other evaluations under Commonwealth-state FarmBis.

FarmBis National is funded as a series of discrete projects, so the evaluation of each of the projects would take place within the project. There are 24 or 25 current projects, so I will not go through those. There was an interim evaluation of the Farm Innovation Program done in October 2001—again, quite a positive evaluation. Under Farm Help, there was a mid-term review of the Farm Family Restart Scheme in March 2000. We are undertaking another review of Farm Help, which is currently under way and will report shortly in terms of the effectiveness of the enhancements that we made to the original Farm Family Restart Scheme. We have also initiated a survey of recipients of Farm Help Support to assess their satisfaction with the level of support. I am pleased to say that something like 87 per cent of them have indicated that the income support component in particular was very helpful in helping them manage through a difficult period.

We have spoken at length about AAA communications in previous hearings, and we have given you a copy of the Woolcott research—we took on notice a question about that last time—to assess that. Mr Wilson has already given you a flavour of the Rural Financial Counselling Service. We are undertaking an evaluation of the effectiveness of Farm Management Deposits. I just point out in passing that the Farm Management Deposits are far exceeding our expectations. There is over a billion dollars in FMDs at the present time so that looks to be tracking very, very well.

Senator O'BRIEN—Can you break that down by state?

Mr Banfield—I am sure we can. Mr Morris might want to pick it up from here.

Mr Morris—I think we can break that down by state. I am not sure if I have got the figures in front of me at the moment. It might be best if we take that on notice and come back to you with the exact numbers.

Senator O'BRIEN—Is there any sectoral information?

Mr Morris—Yes. We also have it by industry, as well as by state, so we can provide those sets of information.

Senator O'BRIEN—Thanks for that.

Mr Banfield—The point of my intervention, Senator, was to say that there is a lot of evaluation and a lot of effectiveness indicators in place across the package to assess the effectiveness of it.

Senator O'BRIEN—I think there has been a question asked of the NFF in relation to what might follow the AAA program and I understand the deadline for that input is September. Who else has been asked to comment in relation to that?

Mr Banfield—There is nothing unusual about that. We would normally start to think midway through a package about looking to the out years as to what might follow on or be developed from it. So we are intending to start to do some work on that in terms of AAA over the coming months, and obviously we will consult with the key stakeholders—the NFF being a critical one of those.

Senator O'BRIEN—I was not necessarily being critical of you asking them; I am asking who else you have asked.

Mr Banfield—We have certainly spoken in broad terms to the NFF and we have indicated our intentions to some of our other stakeholders—I cannot give you a precise list; I suspect it will evolve as we start going through the process. For example, we intend to seek the views of the rural womens organisations, as a case in point, on the issues there.

Senator O'BRIEN—Will this consideration process be open to all stakeholders? Is it public, semi-public, entirely private, designed to lead into the budget next year?

Mr Banfield—We have not set up a very formal process to do this. It is simply that, as I say, midway through we are starting to think about what, if anything, might follow from AAA and to do some developmental work. We will consult with our key stakeholders to seek their views as part of that process.

Senator O'BRIEN—In the indigenous affairs ministerial statement there is reference to a number of programs under the 'AAA' heading. A number of these programs have had their funding cut completely. Can I go through those and get advice as to why they have been closed down? Firstly, there is the AAA FarmBis departmental indigenous consultancy and communication campaign. What did that program actually do and why was it cut out?

Mr Morris—I refer to footnote 7 there which refers to one-off funding for particular activities. The departmental indigenous consultancy and communication campaign was a consultancy that was provided to Howard Partners, who produced brochures and posters which were used to advertise FarmBis to indigenous communities and people, trying to pick up the level of information being provided to those communities. So that was one of consultancy to develop those materials, and those materials are being distributed as part of the normal communications program for the FarmBis program.

Let me skip to the FarmBis funding for indigenous sponsorship—the Australian Rural Leadership Program. Again, that was funded from the national component of FarmBis. There was a grant provided to a Robert Watson, who is a participant in that program for this year. Initially, it was going to be a one-off grant, but the secretary recently indicated that he would like to see that funded again for next year. So we are currently looking at options as to how that might be funded again for the coming financial year. At the time this document was prepared, there had not been a commitment to extend that, but the secretary recently indicated that he would like to extend that.

Senator O'BRIEN—Over what period was the Howard Partners consultancy and communication campaign conducted?

Mr Morris—I might ask Mr Wilson whether he has the details on that particular consultancy.

Mr Wilson—This is a reference to the brochure, poster and the \$32,000? That was carried out in 2001-02, and was completed.

Senator O'BRIEN—Over what period in 2001-02?

Mr Wilson—I think it might have been over several months, but it did take a while because some consultation took place—but over a six-month period within that financial year.

Senator O'BRIEN—What was Howard Partners task?

Mr Wilson—It was to develop a brochure and a poster. In fact, I have a copy here, which I am certainly happy to table. They were to consult with aboriginal people to see what information needs they had in relation to engaging them in the FarmBis program, and then to produce a brochure in response to that—and a poster, I understand.

Senator O'BRIEN—How was that distributed?

Mr Wilson—It was distributed through the normal AAA processes, certainly, but beyond that I would have to take that on notice. I am not 100 per cent sure whether there was special distribution to indigenous people.

Senator O'BRIEN—How many copies were made?

Mr Wilson—I would have to take that on notice, too.

Senator O'BRIEN—What consultation was there with the state governments about this aspect of the program?

Mr Wilson—Again, I would have to take that on notice. But you would be aware that there are state planning groups in each state and in the Northern Territory under FarmBis, and they all would have been involved in this process.

Senator O'BRIEN—Thank you. Mr Banfield, you mentioned the Farm Help program. On page 96 of the PBS, in appendix 2, the estimated expenditure for Farm Help is set at \$24.97 million. The equivalent numbers in the PBS last year, on page 30, are that the actual for the year before was \$38.7 million and the budgeted estimate was \$40.2 million. You are now budgeting for \$29.845 million, a significant fall in expenditure in this program area. I guess you will tell me that is consistent with a production from \$40 million to \$24 million in actual expenditure over the budget year. Why are we experiencing this? Why is it so different from your forecast expenditure?

Mr Banfield—The original estimates for Farm Help were developed some considerable time ago. They were best estimates at the time and funded accordingly. I should make the point that Farm Help is a demand driven program. It is made available and paid on the basis of those who are entitled and satisfy the eligibility criteria, so it is totally demand driven. In that sense it is responsive to general seasonal conditions, and I am pleased to say that, because seasonal conditions generally across Australia have been pretty good, there has been less call on Farm Help and we have adjusted our estimates down accordingly. I make the point, though, that, because it is demand driven, if those estimates again prove to be incorrect the government will fund what is required to ensure those who are entitled receive their benefits.

Senator O'BRIEN—What happened to the \$15 million-odd that was not expended out of this year's budget?

Mr Banfield—That is just an underspend, Senator.

Senator O'BRIEN—Does that carry forward?

Mr Banfield—No. It is not normal procedure to carry forward demand driven programs. They are funded by the government on an as needs basis.

Senator O'BRIEN—Where does the money go? Does it go back to consolidated revenue, or somewhere else in the department?

Mr Banfield—Consolidated revenue.

CHAIR—Do you have any figures on how much of that \$15 million saving was a direct result of the incredible turnaround in Western Australia? We went from unbelievable drought

to the best season that many people had ever had, in the space of four months. Have you got any figures on that? You can take it on notice. I would be interested to know.

Mr Banfield—I might be able to help you at a general level. If I do not get to the detail you want, I am happy to take it on notice and come back to you. In Farm Help, until 31 March there were 31 recipients of income support. So it was quite a low number in WA. I could do the comparison, but it is 31 out of 817 as at the end of March and they were from Western Australia. So I suspect the answer to your question is as you might think.

CHAIR—In July they were anticipating 500 or something like that.

Senator O'BRIEN—Can you tell us how many people, by state and the total, are currently in receipt of Farm Help?

Mr Banfield—Yes, I can. It was 817 as at 31 March: New South Wales, 114; Queensland, 311; Victoria, 275; Tasmania, nine; South Australia, 74; Western Australia, 31; and the Northern Territory, three.

Senator O'BRIEN—So the number last December was 772. It is a pretty small change.

Mr Banfield—That is correct. It has come down, though. It was 1,200 to 1,300 not so long ago.

CHAIR—You will probably have to take this one on notice. In terms of the additional areas declared for the exceptional circumstances in Western Australia—the eastern wheat belt—what are the anticipated estimates for Farm Help in that new region?

Mr Banfield—I will take it on notice. I am not sure that it will be easy to give you a figure there. We need to consult with Centrelink, who administer it in the west. We will do our best, but I do not think it will be easy to get definitive figures for you, based on expectations.

CHAIR—Thank you.

Senator O'BRIEN—The Agricultural Development Partnerships program was announced on 22 May last year, and I asked some questions about it in February. As at May 2001, there was a funding allocation of \$26.4 million over four years. Based on the PBS figure at page 96, expenditure for 2001-02 is only \$700,000. How do we explain the \$700,000? What has that money been spent on?

Mr Wilson—The expected expenditure is on the beginnings of an ADP project. It has not been expended yet, and may well be an underspend at the beginning of this financial year.

Senator O'BRIEN—Does any money out of this program go into administration?

Mr Banfield—Yes.

Mr Wonder—Sorry, the money that is identified in bill 1 is for the administered item. If there were to be any money that went for departmental administration, it would be in our departmental estimates.

Senator O'BRIEN—Where would I find that, or is it just subsumed into the figures?

Mr Wonder—It is just consumed in the figure for the output.

Senator O'BRIEN—Last year's PBS figure for 2001-02 was \$3.2 million, and it is sounding like all of that will carry forward into the subsequent years of the program. Is that right?

Mr Banfield—No. We advised in the previous hearing that the difference between the \$3.2 million and the \$700,000 was \$2.5 million, which was transferred for other priorities in the portfolio. We had previously advised the Senate of that.

Mr Wonder—It is on page 48 of the additional estimates for 2001-02, which you were referring to yesterday, in the first line under output 3.

Senator O'BRIEN—Does that mean the \$2.5 million that was transferred elsewhere comes out of the \$26.4 million?

Mr Banfield—Yes.

Senator O'BRIEN—It is now a \$23.9 million over four years program?

Mr Banfield—It is actually a bit less than that, because in the current PBS, as you would be aware, \$1.2 million is also being used as an offset for increased scientific research for southern bluefin tuna.

Senator O'BRIEN—So it is down to \$22.7 million?

Mr Banfield—Yes. You are including departmental expenses in all of that, and you need to net departmental expenses out.

Senator O'BRIEN—Okay. How much should we net out?

Mr Banfield—What is currently available, including the \$700,000 in 2001-02, is \$21.165 million.

Senator O'BRIEN—If the \$700,000 is not spent this year, will that stay in?

Mr Banfield—No.

Senator O'BRIEN—It does not sound like it is going to stay in, does it, Mr Wilson?

Mr Banfield—Let me say that we would make a request to carry that forward as part of a rephasing in additional estimates, but that is a decision that the government will need to make at the time.

Mr Wonder—The government has not taken a decision about how the \$700,000 will perhaps be spent in 2001-02.

[12.07 p.m.]

National Registration Authority

CHAIR—Welcome to officers of the National Registration Authority.

Senator O'BRIEN—The first question I want to ask is about a chemical known as Bayticol, which was withdrawn from use on 31 March this year. I understand that it will be illegal to hold stocks from 31 August. When did the authority decide to ban the use of Bayticol?

Dr Turner—The authority did not decide to ban the chemical. The chemical was being reviewed by the NRA and we did have some concerns about it. The decision to take it off the market was made by the company.

Senator O'BRIEN—Would it be true to say that it would be illegal to hold stocks from 31 August?

Mr Raphael—Yes, that is correct. The company, as Ms Turner has explained, asked to withdraw the chemical from the market, and we cancelled the registration at their request,

effective 31 March. At that time we issued instructions for them to do a recall of the product, which means that it will be illegal to hold stocks after the end of August. In the meantime, it is illegal to use or sell the product.

Senator O'BRIEN—Okay. So you can have it but you cannot sell it or use it. This was not at the initiative of the NRA? Did the NRA suggest the action the company took?

Mr Raphael—No, the NRA announced a review of the product in December in the *NRA Gazette* under our section 31 reconsideration of the registration of the product. We did that following discussions with the company over most of 2001, because we were concerned that the use of the product as prescribed on the label was likely to lead to unacceptable residues in cattle treated with the product, particularly residues that would exceed the residue levels allowed by some of our major beef trading partners and live cattle trading partners.

So we were going to review the product and we announced that generally in our gazette in December. Towards the end of December, we completed a draft review report, which we provided to the company. On consideration of that draft review report, they decided to withdraw the product.

Senator O'BRIEN—How was the chemical showing up in MRL studies?

Mr Raphael—The NRS would be able to give you more data on that, but I believe there was something like many hundreds—I have a figure in mind of about 700—detections of the chemical over a period of about eight years in the NRS studies. There was a small number of detections that went over the Australian MRL but of course, because there is no MRL in places like the US and Canada, any detection at all would be a breach in the US and Canada.

Dr Turner—There have been 908 detections of the chemical over 10 years from 36,451 samples collected—under the NRS—and there have been 11 detections above the Australian MRL.

Senator O'BRIEN—Is there an alternative treatment?

Mr Raphael—There are many alternative treatments for cattle tick, which was the main use of the product. There are fewer alternative treatments for paralysis tick, and some use of the product—in northern New South Wales in particular—was aimed against paralysis tick. The product was a pour-on—that is, simply poured onto the animal's back—and that certainly made it an easier and more convenient treatment for farmers to administer than many of the alternatives. Nevertheless, our advice from the agriculture departments in the states most affected—Queensland, New South Wales and, to some extent, the Northern Territory—was that there were plenty of alternatives although some of them would require reverting to dip technology for cattle such as for the treatment of cattle prior to live export.

Senator O'BRIEN—I want to follow up on some comments made by the former NRA chair Professor Ben Selinger who was reported in the *Canberra Times* on 8 May on the recycling of industrial waste in fertilisers. Professor Selinger said there was a problem because there is a gap in the regulatory responsibility, which means that no-one is keeping an eye on this industry. Those comments followed reports earlier that week about the possibility of heavy metals in fertilisers. He said that the NRA realised there was a problem some time ago but they also realised that the NRA had no control over it. When did the issue first come to the attention of the NRA and what action was taken?

Dr Turner—Certainly in the five years that I have been CEO, I have not been aware that the matter has come to our attention. Possibly he is referring to something that happened prior to my time, when he was chairman, so I could not comment on that.

Senator O'BRIEN—If such a problem had been identified in the past, what should the NRA do with it?

Dr Turner—The NRA does not have any jurisdiction over that so presumably that would be a matter for AFFA or the relevant body to consider.

Senator O'BRIEN—Would you communicate that to AFFA in some way.

Dr Turner—What would I communicate?

Senator O'BRIEN—That there was a problem which was beyond your jurisdiction and which appeared to fall between the cracks, as it were, and that no-one seemed to be responsible for dealing with.

Dr Turner—If something came to our attention and I did not think anyone else was aware of it, I would certainly pass that information on to the relevant body.

Mr Wonder—As I recall, we had a discussion yesterday about hazardous waste. Officers were at the table at that time and answered a number of questions you asked in this regard.

Senator O'BRIEN—I am not sure if Professor Selinger's comments were directed to the department at all. Certainly, they were directed at the NRA so I thought it would be appropriate to raise those issues with the NRA to ascertain how the NRA would function in those circumstances. What you are saying is that the NRA should have directed them to the department, because the department had some responsibility.

Mr Wonder—The issues that are being canvassed here—and, as I recall, we discussed yesterday—were principally the responsibility of Environment Australia in terms of imported hazardous waste, if we are referring to the same issues. I think there would be answers on the record already dealing with those matters, not in respect of Professor Selinger's comments in particular but in the broader context.

Senator O'BRIEN—I would like the committee to be advised of where the NRA review on the use of 1080 is at.

Mr Raphael—We announced in December that we were planning to announce a review of 1080 during 2002. In our December announcement we called for submissions as to what the scope of our review should be and what issues we should address. We collected a huge number of submissions; I think there were more than 250, which is quite a surprising input. We are studying those now and, as we indicated in December, we are preparing a scoping paper about the review. Our best endeavours indicate that that will be available to us next month, or perhaps in July if it takes a little longer, and at that point we will announce the formal review and indicate what the scope of the review will be. So that will happen in June or perhaps July.

Senator O'BRIEN—What criteria would the NRA apply in deciding whether 1080 could continue to be used for the purposes for which it is now used?

CHAIR—Just adding to that question, can you take us through the terms of reference under which you are operating?

Mr Raphael—Yes.

CHAIR—Thank you.

Mr Raphael—We have a wide range of criteria in our legislation that we have to be satisfied about. They go to the health effects on humans who might use the product or might be otherwise exposed to it; environmental effects; effects on Australia's trade; occupational health and safety; and the efficacy of the products and their effects on the crops or animals they are used on. In the case of the 1080 review, we have indicated that our concerns that led us to put it under review are primarily environmental and go to the effect of 1080 baiting on non-target animals. So we expect that the review will concentrate largely on that, but it may also be necessary to consider some OH&S issues for those handling the baits and so on. As I say, that is why we called for submissions as to scope: to see what issues were concerning people. Because 1080 is clearly effective, we do not expect it to go to efficacy, but there are issues of humane concern about its use.

Dr Turner—I should point out that the criteria we use to review the chemicals are set out in our legislation. We use the same criteria both for new chemicals and for chemicals we review that are already on the market.

Senator O'BRIEN—Obviously it is a bait which is extensively used to target carnivores—and some herbivore species, depending on the application—and targeting carnivores depends on the baiting methodology rather than the poison itself.

Mr Raphael—Yes.

Senator O'BRIEN—As opposed to its use, for example, in Tasmania for the fox incursion, if I could put it that way now that Senator Murphy is not here. I am just trying to understand, in an environmental sense, how you would focus on uses in those circumstances. What issues need to be addressed which will lead you to the appropriate conclusions?

Dr Turner—In dealing with that we have to be satisfied at the end of the day that the product can be used without causing a significant effect on the environment. So we will consult, as we always do, with Environment Australia, and they will have a role in reviewing that data to see whether the product can be managed in a way that does not produce any adverse effects on the environment. We will be very much guided by their advice on that matter.

Senator O'BRIEN—Yes, and that is an interesting test. If you use it to manage herbivores in a forestry or regrowth area, such as it is used in Tasmania, if you do not control the herbivore you restrict the growth of the trees. Which environmental outcome do you focus on in those circumstances?

Dr Turner—Our legislation does not allow us to balance the benefits of a chemical against the adverse impacts. If the answer were—and I am not saying it would be—that it could not be used in a way that was safe environmentally, we would have no choice but to restrict that use. The other thing I point out is that when we do a review we come out with a draft report, which will we certainly do for this product. The draft report will raise all the issues and again give people an opportunity to comment on all the matters that we have looked at in the report, so there will be other opportunities for people to input.

Senator O'BRIEN—When was the last review of 1080 performed?

Mr Raphael—There has never been a review under the legislation. There have been some individual state reviews by other authorities mainly going to the method of use and whether the method of use was such as to minimise off-target damage and such like.

Senator O'BRIEN—Have you any idea of the quantity of that substance used in Australia?

Mr Raphael—I do not have it with me, and I am sure the quantity used will be part of our consideration. When we put out our draft report, we will give some indication of that. We accept that it is very widely used compared to other such vertebrate pest baits. It is the most popular and widely used one.

Senator O'BRIEN—Which other countries use 1080?

Mr Raphael—Very few use it. I think it has very small use in the US and almost no use in other major countries like ours.

Senator O'BRIEN—What alternatives are there to 1080?

Mr Raphael—Pindone is an alternative. We have just completed a review of Pindone. It continues in use with some clarification of the use instructions. Again, the issue with Pindone is minimising non-target animal damage and Pindone will continue in use. Strychnine was used for this purpose in the past but it is hardly used at all now. There are very few uses for that.

CHAIR—What does Pindone control?

Mr Raphael—Pindone is a general vertebrate poison, so once you get the animal to take the bait, Pindone will kill the animal in an appropriate dose.

CHAIR—Yes, but what does it control—rabbits, foxes?

Mr Raphael—It is registered quite widely for pest animals.

CHAIR—I do not want to be pedantic, but I have never heard of it. What is it used to control—rabbits and foxes?

Mr Raphael—Yes, certainly Pindone is used for rabbits and foxes, but on notice I could give the exact listings of what pests are registered for control by Pindone.

CHAIR—Please do.

Senator O'BRIEN—Is it widely used?

Mr Raphael—Not nearly as widely used as 1080. It is primarily used against rabbits incidentally.

Senator O'BRIEN—So it is suitable for herbivore, carnivore—

Mr Raphael—Yes.

Senator O'BRIEN—The same target range as 1080?

Mr Raphael—Yes. It is a highly toxic vertebrate poison, so long as you can devise a bait which the animal will take, then the animal will take the poison and it will die. There are a number of other anticoagulant poisons used too which can be used as vermin animal baits. They are widely used already as rat baits or mouse baits but they could be extended to other animal baits.

Senator O'BRIEN—With the same problems?

Mr Raphael—Yes, of course.

Senator O'BRIEN—What differentiates 1080 from Pindone?

Mr Raphael—Probably its extent of use, and in many people's minds, judging from the submissions we have had, it is a more inhumane mode of killing than Pindone—it causes more suffering to the target animal.

CHAIR—What about cost?

Mr Raphael—Cost is not one of the criteria that we are allowed to take into account.

CHAIR—I might ask a couple of other questions. The first one is: how are the commercial aspects for farmers and pastoralists in the control of foxes and rabbits in particular covered in the terms of reference in the guidelines when you are dealing with that particular problem in so much of Australia?

Mr Raphael—As Dr Turner commented earlier, our legislation does not provide for us to take into account the commercial benefits of the product. We simply have to be satisfied it is effective and then satisfied it does no undue harm to health, environment et cetera.

CHAIR—In your terms of reference, is there any consideration of the commercial aspects?

Mr Raphael—None.

CHAIR—That worries me. The second question—I think it is very similar to Senator O'Brien's—relates to the environmental advantage with the rejuvenation of a number of species that were on the endangered list. I am referring in particular to the south-west forests of Western Australia and the place where 1080 has been of significant benefit in getting rid of virtually all the foxes and cats, to the point where animals that had not been sighted for 80 years are now reappearing. You can now go through the list of endangered animals in the south-west and see the difference from about five years ago. Senator Hill, as minister for the environment, made an announcement recently that an animal had been taken off the endangered list for the first time. I think that there are in the order of five other species—I can be corrected on that—that will be taken off the endangered species list within the next 10 years, providing the authorities who do this work have access to a product of the nature of 1080—I would suggest. Along the whole of the south coast of Western Australia, the control of rabbits and foxes through baiting is very significant both commercially and in terms of species of native animals. How is that dealt with in the terms of reference of the review?

Dr Turner—Senator, I think you are probably leaping ahead. We have only started the review, so we are yet to consider the sorts of aspects that you have mentioned.

CHAIR—I asked: 'How is that particular issue dealt with in your terms of reference?' Or is it not?

Dr Turner—The legislation does not allow the NRA to consider the benefits of a product against whether it can be used safely environmentally. Environment Australia would provide us with advice, and that advice has to be considered in the context of our legislation. I would not be in a position to say how they might judge those issues at this point in time.

CHAIR—1080 has been around for a long time; it has been used extensively. What was the catalyst for this inquiry to be brought on?

Mr Raphael—The product has been listed for review since the NRA was formed in 1995. At the time the NRA was formed, our legislation included this provision for reviewing existing chemicals. In consultation with the other agencies that advise us—the health department, the environment department, the occupational health authorities and the states—we developed an initial list. We also sought public input at that stage as to what chemicals people were concerned about and thought needed review. From that, a list of about 80

chemicals were distilled out, and 1080 was one of those. We obviously worked through that list gradually, dealing as we could with the chemicals. 1080's time came after we completed the Pindone review, which is a similar product but not as widely used, to address these environmental concerns.

CHAIR—In terms of the issues that both Senator O'Brien and I have raised, in particular the commercial aspects, I am old enough to remember the rabbit plagues, for example. We had only one product. The calici virus has failed in Western Australia—it never really got started. Myxomatosis is very spasmodic. The thought of going back to using strychnine for baiting rabbits and foxes is something that would be very horrific to me. So I would urge that these issues are put on the table from a commercial and an environmental point of view.

Senator COLBECK—To what extent will historical information and previous investigations be taken into account by the process you are embarking on now? Senator Crane has just mentioned that 1080 has been around for a long time, and obviously there should be a fair stack of data based around it. It has been mentioned that there have been several reviews done by state organisations. To what extent will they be taken into account?

Dr Turner—They certainly are. When we do the review we take all available information, and if a product has been used in Australia for a long period of time, generally in a safe way, it would be an unusual outcome that we would end up banning such a product. Generally, the NRA has, in its reviews, banned products in the past, but a much more likely outcome for products is that we end up putting on more restrictions to help us manage the risks that have been identified during the review. So while I do not want to pre-empt the outcome, because that would not be appropriate—we still have to collect all the information—it would be fair to say that a likely outcome would be that it would be possible for us to establish some methods, if we do identify risks that are not adequately managed, to manage these risks.

Senator COLBECK—In those management processes that might be recommended, to what extent are the issues that Senator Crane has been mentioning—the commercial aspects—taken into account at that level?

Dr Turner—The commercial, per se, are not, but if we recognised there was a need for the product and if it were possible, for example, to use the product in a way which did not produce a risk to the environment, we would be keen to see that option fully explored.

Mr Raphael—An example might be judged from the outcome of the pindone review where, as a result of identifying these risks of non-target animal damage, the label instructions for the pindone products have been tightened up, all of the states and the environmental authorities have had a look at those label instructions and decided they are workable, and the environmental people have decided that, provided those instructions are followed, the risk of non-target animal damage is very small and acceptable. That is, if you like, a model of what might be an outcome in the 1080 case.

Dr Turner—We are happy to provide the senators with all the relevant documentation as we go through the review, if you wish.

CHAIR—I would be interested in the terms of reference and how you are setting it up, as a starting point.

Senator O'Brien—No doubt we will come back to that. What is the timetable for the review?

Mr Raphael—As I said, we hope to announce the formal terms of the review next month or July. We are then required to allow a period of call-in of any additional data. We have had quite a bit of data submitted to us under the scoping call-in. When we get that data, we then have to send it to advising agencies for evaluation—Environment Australia in this case and others, perhaps state governments. We then prepare a draft report which goes out, after our board has approved it, for public consultation. I think about the earliest one would expect to see a possible draft report for 1080 would be March or April next year.

Senator O'Brien—How long is that out for comment?

Mr Raphael—Again we judge a period that will enable people to absorb it and comment on it. If it is a complicated matter, we might well allow two months for comment. If it is a simpler matter, we might reduce that to one month or three weeks—usually two months.

CHAIR—Are you collecting information on how farmers and pastoralists or the APB actually apply it?

Mr Raphael—Yes, indeed. Many pest boards have made submissions to us under the scoping study and have sent us elaborate detail on the precautions that they apply and the methods they use to minimise non-target animal damage. That has already come to us as part of the scoping study and it will be taken into account, both in determining the scope and in the ultimate review.

Senator O'Brien—Is pindone available to be used around Australia?

Mr Raphael—Yes. It is registered in all states. It comes in two forms. There is a concentrate product, which is the poison itself, and then there are ready-made baits. The concentrate product is restricted. That is, you have to be specially trained to buy it, because it is quite risky, even to the person handling it. The ready-made baits are not restricted and are essentially available over the counter. That is pindone.

CHAIR—One of the great things about 1080 is that if you are using it with rabbits, you have only got to run the plough over it to get rid of it. The second thing is that, with 1080, when you get the baits, with commonsense, which most people on the land have, you put it out and you can keep track of the bait very easily. If it is not picked up the first night, you go out and collect it.

Mr Raphael—Yes. Keeping track of baits and collecting untaken baits is a very important measure in controlling the off-target damage. That is acknowledged.

CHAIR—People will do it because, if they do not, they lose their sheepdogs. That is a pretty good incentive to administer it in a sensible manner.

Mr Raphael—I agree.

CHAIR—Anyhow, we have voiced our interest—if can I put it that way.

Dr Turner—It has been noted too.

CHAIR—I would like to go to another issue relevant to you, and that is the process by which a chemical, particularly a cropping chemical, is phased out and a new one comes in to replace it. You are probably aware of the case that I am talking about—I will not mention any names. There was one recently where a particular company in Western Australia had not sold all of the chemical they had in store when the phase-out date finished. There was an extension made, so I am not complaining about what happened, but are there guidelines which can be circulated to business in circumstances such as these?

Dr Turner—I am not exactly sure which chemical you are talking about, so I will talk in general terms. It depends on who makes a decision to take a chemical off the market. If the NRA makes a decision to take a chemical off the market—

CHAIR—This is the case.

Dr Turner—That the NRA has made the decision?

CHAIR—Yes.

Dr Turner—It would depend on how that decision was made and on what grounds. If, for example, it were a particularly dangerous chemical then the board would actually ask for recall of the chemical. Occasionally there have been instances where the safest way of disposing of the chemical is to allow its continued use. So you would really have to look at each chemical to see what the decision was and why the phase-out processes were put in place and what the basis for them was.

CHAIR—This was a better and safer chemical replacing one that had been used for some time. The phase-out process was used, but there was a period given by which stores had to clear their stocks. I will get you the details and give them to you privately. I would prefer not to mention names here.

Dr Turner—Maybe we could get some more details and respond to you. Would that be a better way of dealing with it?

CHAIR—I just want to get the guidelines so that, when the issue is raised, I can hand them out to people. This case was resolved—there was an extension of time—so I am not criticising you or saying that you did not do the right thing. But it would be handy for people like us to be able to put that information out and have it a little more widespread, because a total misunderstanding came up—people were told certain things that were not accurate and this caused a lot of heat, if you like.

Senator O'BRIEN—The Gudair vaccine has received approval. What limitations have been placed on its use by the NRA?

Mr Raphael—It was registered in the middle of April and the only restriction on it is that its use be in accordance with the rules laid down by the chief veterinary officers in each state.

Senator O'BRIEN—Is that the normal restriction? When I say 'normal', I mean is that a common restriction of use—that is, subject to someone else's direction as to where or how it can be used?

Mr Raphael—Not particularly. It comes about occasionally in vaccines where you are dealing with diseases that are subject to the national management plan. We are trying to do our part in the process and we recognise that the VETCOM group has a role to play in overall disease management, so we make sure our registration is compatible with their needs. Vaccines are the most common example.

Senator O'BRIEN—Will that necessarily mean we will be importing vaccine, or will it be manufactured here?

Mr Raphael—The Gudair vaccine is manufactured in Spain and imported by the registrant, which is CSL. As far as we are aware, they have no plans to manufacture it here.

Senator O'BRIEN—So there is no limitation on importation?

Dr Turner—That would have to be approved by AQIS, because it is an importation of a biological substance.

Senator O'BRIEN—That is all I have got for the NRA. Thanks for coming back. Sorry for the inconvenience.

CHAIR—That concludes our questions. Thank you.

[12.39 p.m.]

CHAIR—We now return to output 2, Innovation and rural policy and programs.

Senator O'BRIEN—We were talking about the Agricultural Development Partnerships program. Mr Truss wrote to the states last July advising them of the nature of the program. He invited the states to come back to him with ideas or suggestions about the program. That is correct, isn't it?

Mr Wilson—That is right.

Senator O'BRIEN—He raised the matter in July at ARMCANZ. There has been some consultation at officials level, but according to your evidence in February, at that time there had only been responses from two or three states. You told us, Mr Wilson, the draft guidelines were ready to go out to the states. That was back in February. On what date did the guidelines go to the states?

Mr Wilson—They were cleared by Minister Truss before they went to the states, and they were circulated at officials level on 9 April 2002.

Senator O'BRIEN—How many responses have there been?

Mr Wilson—None so far.

Senator O'BRIEN—I suppose that is to be expected; they have only had them for a month and a half. Are there proposed or ongoing informal negotiations at an official level to agree on the final form of the guidelines?

Mr Wilson—Yes. In fact, we have been speaking with the states. We will continue to do that until they are generally happy and then make any suggested changes and put them back to the minister.

Senator O'BRIEN—So the process is that you have achieved draft guidelines, they have been sent to the states and are under negotiation, and there are no agreements at this stage on the guidelines.

Mr Wilson—That is right.

Senator O'BRIEN—Can I draw your attention to a media release from the member for Maranoa, Bruce Scott, dated 24 May. That release announces funding of \$4 million to \$6 million over three years for an organisation called the Western Darling Downs Solutions Group. It says:

The Darling Downs will be the first region to receive funding under the ADP Programme.

He then says that the funding is subject to agreement from the state government. Is it possible for a project to get under way when there are, in fact, no agreed guidelines with the state on how the project will occur?

Mr Wilson—No, it would not generally be possible. The media release that I have suggests that Mr Scott has in-principle support for proceeding with the program should the state agree to fund it fifty-fifty. So I think, at this stage, that is the level of offer. I must say, my press release does not appear to announce that that is a first program or that it is a program that will be supported.

Senator O'BRIEN—In the fifth paragraph it says:

The Darling Downs will be the first region to receive funding under the ADP Programme.

I am happy to show you my press release.

Mr Wilson—I am sorry but I have not got that in my press release. I did not realise that was in there. I have got a different one.

Senator O'BRIEN—What is the date on yours?

Mr Wilson—It is 24 May.

Mr Banfield—We might invoke Mr Wonder's earlier remarks and say we prefer ours.

Senator O'BRIEN—So what does 'in-principle support' mean? Does it mean the minister has said, 'I like your project'? Do you know what it means?

Mr Wilson—Yes, I do. This project was one that the minister included in his letter to Queensland in July. He mentioned that as one that he felt had merit. I take it from these press releases that the minister is trying to move the process forward.

Senator O'BRIEN—The development partnerships program was announced in last year's budget, in May. The Commonwealth has circulated draft guidelines on 9 April. Are these draft guidelines public documents or are they confidential subject to negotiation?

Mr Wilson—That is how I would classify them.

Senator O'BRIEN—At this stage we have somewhere between 20.465 and 21.165 available, depending on what happens to that \$700,000. That would mean that this project would need somewhere between 20 per cent and 30 per cent, in rough terms, of the funding available under this project. Does that mean that that would be all Queensland would get?

Mr Wilson—Again, that depends on the merit of the projects that come forward, and I think we mentioned to you last time that we have not allocated the funding across states. It does depend on the number and quality of projects that come forward from each of the states.

Senator O'BRIEN—There is no allocation of funds by state; there is no agreement reached with the states that they will dollar-for-dollar fund to a certain amount?

Mr Wilson—There has been no agreement with any state on the dollar-for-dollar funding at this stage and no notional allocation across states either.

Senator O'BRIEN—So it could all go to Queensland consistent with the current structure of the program?

Mr Wilson—That is most unlikely.

Senator O'BRIEN—I would have thought so.

Mr Banfield—Senator, it is also worth making the point that the \$4 million to \$6 million is on the presumption that that would be shared by the federal and state governments. So your 30 per cent figure is out by a factor of two. It is basically half of that.

Senator O'BRIEN—We are still talking about draft guidelines; I presume this announcement fits somewhat within the draft guidelines that have been circulated?

Mr Wilson—From what we know of the Darling Downs area, it would fit the draft guidelines broadly. We would need to look at the proposal that was put forward at the time, of course. I should say also that we have attended a public meeting in relation to this project—in

fact that was where the Western Downs Solutions Group was developed. So we have been in dialogue with this community as a result of their recent EC applications.

Senator O'BRIEN—There are four dot points in the press release. Is that the type of activity that this program could be applied to?

Mr Wilson—Yes, generally. They are similar to the activities I outlined at our last committee hearing.

Senator O'BRIEN—What work has the department done in relation to this project in terms of being able to understand what is proposed?

Mr Wilson—At this stage, we have been involved with that community in relation to EC, as I mentioned a moment ago and, from that point of view, we have certainly got some knowledge of the area and of work that has been done by NRAC. I mentioned that I attended a public meeting where the Western Downs Solutions Group was formed. I left that meeting with an offer on the table for myself and a state officer to meet with that group to explain ADP to see whether that community was interested in it. That was in the process of letting communities that were having difficulties know that there may be some support programs that could be of help.

Senator O'BRIEN—Is it a requirement under this program that the funding be dollar for dollar?

Mr Wilson—Yes, with the states.

Senator O'BRIEN—So, to the extent that the Queensland government is prepared to fund this project, it will be funded by the Commonwealth?

Mr Wilson—Yes, from the press release, I would say that is the case.

Senator O'BRIEN—I guess I am seeking guidance as to how the program works. Mr Scott is the member for Maranoa. He is a member of the government; he is not a minister of the government.

Mr Wonder—What is your question, Senator?

Senator O'BRIEN—I wanted to have it clear that the extent to which this proposed project would be funded is limited by the extent to which, not just the Commonwealth puts forward, but what the state is prepared to put forward. It is, strictly speaking, a dollar for dollar project and it will not be funded on any other basis. Is that how I should understand it?

Mr Banfield—It is worth making the point here that the design of ADPs has been deliberately done to be a partnership program. So the guidelines are broad in their construct and we look for a lot of the drive and suggestions, as to the specifics, to come from the local community itself. It is not as if we are trying to be evasive here, it is just that we would be looking to work with a community for them to determine what they need, given the circumstances that they are in and where they want to position their community, and for us to look at that in terms of the guidelines which are, as I said, relatively broad. We are not talking about a program like Farm Help where there are very clear eligibility criteria. We are talking about a partnership program between the Commonwealth, the state and, importantly, the local community to help them determine what they need and to position themselves for that.

Mr Wonder—But, to go to the heart of your question, fifty-fifty matching funding between the Commonwealth and the state is envisaged.

Senator O'BRIEN—I understand that. Mr Scott has made his announcement that it will be the first region to receive funding under the ADP program. But is that irrespective of fifty-fifty? If Mr Palaszczuk says, 'I am sorry, but we cannot fund it this year because there are so many other demands from the Commonwealth for matching funding' is it capable of being funded under the Commonwealth's guidelines for the operation of this program?

Mr Wonder—Looking at the press release, the language Mr Scott uses is that 'depending on local need, \$4 million to \$6 million over three years could be allocated to the area', and this amount would be shared between the federal and state governments. He refers, as well, to the in-principle nature of the support. The thinking that I get from the press release is that, if this progressed as envisaged, it would be a shared program between the Commonwealth and the states and it would total some \$4 million to \$6 million over three years.

Mr Wilson—I am basing my responses on the paragraph that refers to the ADP program being conditional upon a partnership agreement with the state government.

Senator O'BRIEN—I understand the state government has its own programs through its own rural adjustment authority, so it may well be saying, 'We have got our own programs; we do not have any money to put into this Commonwealth program.' I am trying to find out whether there is the capacity for the Commonwealth to fund this 100 per cent.

Mr Banfield—I have two brief comments. What Mr Wonder and Mr Wilson have indicated is that, under the current arrangements, fifty-fifty funding is required from the state and there would need to be some change to those guidelines were the Queensland government not in a position to fund that. The second point is that the Queensland government and the Queensland minister in particular have been concerned about the situation in that area for some considerable time and have been calling for support and assistance. From a Commonwealth point of view, we would expect that the Queensland government's consideration of that would take place against that background.

Senator O'BRIEN—My understanding of what the Queensland government was saying, or at least the spokesperson for the minister, was that they understood the ADP program would fund industry restructuring initiatives, not provide direct assistance to primary produces. Is that right?

Mr Wilson—They may have said that.

Senator O'BRIEN—I am asking whether they are right, if they have said that.

Mr Wilson—The ADP is flexible enough, as Mr Banfield was saying, to pick up on-farm works, if that were necessary.

Senator O'BRIEN—The spokesperson was reported as saying, 'The Queensland government already has programs in place that are working, programs such as pipes through the Queensland Rural Adjustment Authority. We do not hold back funds from our budget to prop up a year-old federal government program that has no guidelines and no assured funding.'

Mr Wonder—What is the question, Senator?

Senator O'BRIEN—The question is: if the Queensland government is not funding this, is it possible that it will be the first ADP program to receive funding?

Mr Wonder—As far as I am aware, we have had no advice from the Queensland government that they are not prepared to fund this project. I would not like to speculate any further.

Senator O'BRIEN—But it is conditional on their dollar for dollar contribution?

Mr Wonder—Yes. As I said, it is envisaged that this will be a fifty-fifty funded program.

Senator O'BRIEN—During the last hearings—and I am now talking about structural adjustment packages—Mr Sutton referred to some work that you, Mr Wonder, were involved in, which looked at the development of principles that would guide the development of structural adjustment packages. I want to find out what has happened to that process: where are we up to; who was involved in the work to develop the general principles for adjustment packages?

Mr Wonder—This was from the last *Hansard*?

Senator O'BRIEN—Yes, Mr Sutton's comments near the top of page 52.

Mr Wonder—What is your question?

Senator O'BRIEN—Where is the process up to; who is involved in the work to develop the general principles for adjustment packages?

Mr Wilson—That was an issue in relation to a number of industry packages that have been developed over the last 12 to 18 months. Several other senior officers and I put our heads together and said that when these occur we might be able to do better in terms of having some information about measures that have been operating in AFFA programs. The facts are that these officers are often involved in dairy, sugar or whatever it may be, but not involved in delivery of programs on an ongoing basis. We thought we should see whether we can pull some information together on an informal and internal basis so that, when these things come forward, officers are not caught short with not knowing contact officers, not having information. Some work has been done on that and at this stage it is an informal process. Officers at my level know where we can seek that information—who are the contact officers—and proceed from there. I think that is what Mr Sutton was referring to.

Senator O'BRIEN—Is this an internal departmental thing or has it gone to the minister?

Mr Wilson—No, it is an internal, departmental thing.

Senator O'BRIEN—Is it possible for the committee to have a copy of the outcomes of that work? I assume you would need to get the agreement of Mr Truss, but I would appreciate it if you could follow that through and let me know.

Mr Wilson—There is no document at this stage, and we were not envisaging having a document. It was more a case of an officer being across the contact points and the range of measures that are contained in AFFA programs, so that it was just an efficient process in future when these things came up. There is no document per se, although there is probably something on someone's computer somewhere that helps them out. I should say an officer has some information on a computer, including contact officers and what have you.

Senator O'BRIEN—We will leave it there for the moment.

Proceedings suspended from 1.00 p.m. to 2.04 p.m.

CHAIR—I welcome Senator Ian Macdonald and officers back to the table.

Senator O'BRIEN—I am going to ask questions about Skilling Farmers For The Future. Firstly, at page 96 in appendix 2, the PBS advises that expenditure through the Skilling Farmers for the Future program is \$3.107 million for this financial year. The number in last year's PBS was \$10.388 million, which is a massive shortfall, and this program has obviously been raided to cover gaps elsewhere in the budget. Why the shortfall in this program?

Mr Banfield—Your assessment of the numbers is correct: it is indeed \$3.107 million estimated actual expenditure for 2001-02. You need to deduct \$641,000 from that, though, which is transferred to support our initiatives in women and young people. That was what the FarmBis national component was set up to do. There is also a transfer of \$50,000 to fund the Australian Seeds Authority. The remainder represents an underspend. I make the point that the timing of the election—in November last year—has obviously had an impact on our capacity to commit those funds. There was quite a hiatus built around the election period last year.

Senator O'BRIEN—So we are committing to expend over \$10 million, roughly—even if you take out the \$700,000 you have committed elsewhere, it is \$9.6 million or \$9.7 million. We actually spent \$2.4 million. The election campaign was five weeks long.

Mr Banfield—I will not go into the details of it, because I do not recall the precise timing of it, but in the lead-up to, during and immediately after the election campaign, there was clearly a gap where the commitment of funds and the approval of projects under the FarmBis national component did not occur. That is in large part the reason for the underexpenditure there.

Senator O'BRIEN—I go to page 98 of the PBS. The Skilling Farmers for the Future, states, which is \$15.913 million. That is exactly the same number as in the PBS for last year.

Mr Banfield—Yes, Senator.

Senator O'BRIEN—And it is \$28.4 million for the coming year.

Mr Banfield—That is correct.

Senator O'BRIEN—Could you explain to me why the first number has collapsed, but the second number—the states number—has remained the same?

Mr Banfield—Under the national component, they are basically approved projects—approved by the Commonwealth minister. In the lead-up to the election, the minister did not continue the approval of projects, for obvious reasons.

Senator O'BRIEN—No, they are not that obvious to me. What are the reasons?

Mr Banfield—Once you enter the caretaker period, obviously those kinds of decisions were not taken.

Senator O'BRIEN—But they have been taken in other campaigns. Decisions have been taken to spend money, approaches have been made to the opposition shadow minister and agreements have been made that money could be allocated to programs. Exceptional circumstances is merely one example.

Mr Banfield—In this instance, the minister did not take decisions around the period of the election. The difference with the Commonwealth-state component is that it is covered by bilateral agreements that we have with each of the states which commit the funding expenditure. That was all done well in advance of the electoral cycle.

Senator O'BRIEN—So theirs was planned, and these were dependent upon ongoing decisions by Minister Truss?

Mr Banfield—The approval of projects under the national component is based around individual projects which the Commonwealth minister approves, based on calls for applications.

Senator O'BRIEN—How many applications have been considered since the election was concluded and the minister was sworn in?

Mr Banfield—Two rounds have been called and decisions have been announced, and a third round was called, but no decisions have been made on that round.

Senator O'BRIEN—Following the election, when was any decision taken to approve a project? What was the earliest date a decision was taken to approve a project?

Mr Banfield—Sorry, I might be unclear. Two rounds were approved. A round was approved, from memory, in April last year. I think you referred to that earlier this morning. A second round was approved in February this year. A third call for applications has occurred, but no decisions have been taken on any projects under that third round.

Senator O'BRIEN—So what would normally have happened between April and February? How many rounds would have been the subject of an approval process? How many applications have been sitting there since the April 2001 round for approval or otherwise?

Mr Banfield—They are done in discrete rounds. So a round was announced, advertised and applications received. They were considered and the minister took a decision.

Senator O'BRIEN—So there was a deliberate decision not to advertise until some time leading up to the February round?

Mr Banfield—Round 3 was announced in February in my recollection—Mr Wilson will correct me if I am wrong.

Mr Wilson—Yes, that is correct. Round 3 was advertised January 12 to January 19 2002.

Senator O'BRIEN—So round 3 was advertised 12 to 19 January and was given the tick in February?

Mr Banfield—No, no decisions have been taken under round 3.

Senator O'BRIEN—I see. When was round 3 advertised. This is the one that was ticked in February, isn't it?

Mr Wilson—It was advertised in July 2001.

Senator O'BRIEN—And when was round 1, the April round, advertised?

Mr Banfield—I have not got the date here.

Mr Wilson—I think you have got me there Senator.

Mr Banfield—My recollection is that it was in the latter part of the preceding year.

Senator O'BRIEN—What is the process following advertisement? What period of time do people have to apply?

Mr Wilson—My recollection is that it is a couple of months to apply. With the first round straight applications came in; with the second and third rounds, applicants put in an expression of interest. That went through a first round once we had spoken to them about getting through the first filter. We will have to take that on notice. But my recollection is that there were a couple of months in that first section and then probably a month or so in the second.

Mr Banfield—Senator, it is worth making the point that the cheque is not posted when the decision is taken. There is a process which needs to follow that up for finalisation of contractual arrangements and payments are made against milestones delivered in the projects. That is a complicating factor in terms of time.

Senator O'BRIEN—So what value of projects were approved in April 2001?

Mr Banfield—About \$2 million.

Senator O'BRIEN—A substantial amount of that money would have been paid over in the current financial year. Is that right?

Mr Wilson—Yes.

Mr Banfield—I cannot give you the exact figure, but certainly some of it would have been against milestones in each of the projects.

Senator O'BRIEN—Okay.

Mr Banfield—Some would be paid next year as well.

Senator O'BRIEN—When did the applications close for the round advertised in July 2001?

Mr Wilson—I have not got information on that. I am sorry.

Senator O'BRIEN—Can you get it?

Mr Wilson—Yes, of course.

Senator O'BRIEN—When did consideration of those applications commence within the department?

Mr Banfield—We will take that on notice in terms of the precise detail. A public call for applications was advertised in the newspaper.

Senator O'BRIEN—In July?

Mr Banfield—In each of the rounds there were public calls.

Senator O'BRIEN—How do the states do theirs?

Mr Banfield—We are talking about two completely different components. With the national component the Commonwealth calls for applications and funds projects across industry sectors aimed at improving the learning capability of industries and so forth. The Commonwealth-state component provides subsidies to individual farmers to undertake training. The Commonwealth-state component is funded fifty-fifty with the states and—with the exception of Victoria—is funded on the basis of a three-year agreement with the states where we agree to put in a certain amount of dollars and they do the same.

Senator O'BRIEN—How much money has gone from this program into the National Food Industry Strategy?

Mr Banfield—Are you referring to FarmBis national or to the Commonwealth-state component?

Senator O'BRIEN—Let us deal with each of the components.

Mr Banfield—I can give you the figures: \$1.9 million was transferred out of the national component to the Food Industry Strategy in 2002-03. In the Commonwealth-state component, \$3 million was transferred out in 2001-02; \$3.5 million is being transferred out in 2002-03; and \$5.8 million will be transferred out in 2003-04.

Senator O'BRIEN—So the program that is on track is losing \$12.3 million, and the program that is well behind is losing \$1.9 million?

Mr Banfield—Your arithmetic is probably better than mine. I will not challenge the arithmetic; I have not done it. But, under the Commonwealth-state component, there will be

sufficient funds in that allocation to cover our commitments with the states. I mentioned that we have funding arrangements with the states which we will be able to fully meet.

Senator O'BRIEN—The FarmBis national program budget estimate for 2002-03 is \$3.396 million. Is money coming out of the forward estimates in relation to that amount?

Mr Banfield—Before I answer, can I just add one figure that I missed. Out of the national component, \$5.3 million is also transferred out in 2003-04 for the Food Industry Strategy. So the total out of the national component transferred to the Food Industry Strategy is \$7.2 million. I think I have given you all the numbers in respect of 9.3 plus \$3 million for the development of the next agenda. I just wanted to correct the record.

Senator O'BRIEN—What was the out year figure for Action Farmers for the Future for the year 2002-03?

Mr Banfield—National?

Senator O'BRIEN—Yes.

Mr Banfield—That is in the PBS. It is 3.396.

Senator O'BRIEN—What was it originally, when the program was established?

Mr Banfield—Originally in the program it was 11.5.

Senator O'BRIEN—So the money has already gone out of that?

Mr Banfield—Yes. As I indicated, some of the money was for food. There was also, as you will recall from a discussion at a previous estimates, \$5.8 million for rural financial counselling services.

Senator O'BRIEN—The program was pulverised basically. It was produced from much more substantial figures than what it is now. What assessments have been done on the impact of the cuts to the Farmbis program? It has been raided almost every budget, hasn't it?

Mr Banfield—I might make a couple of remarks because we addressed some of these questions, you would recall, Senator, in the hearing yesterday. The first comment is that, in respect of a state component of FarmBis, we should bear in mind that funding on page 98 of the PBS indicates that funding will increase from \$15.9 million in 2001-02—that is the estimated actual outcome—to \$28.4 million in 2002-03.

Senator O'BRIEN—Surely we will be forgiven for not holding our breath that you will spend that amount?

Mr Wonder—I am indicating what the budget estimate is, Senator. The second point I made—to repeat what I said yesterday and as Mr Banfield has confirmed a moment ago—is that we have been able to secure funding to match all of the proposed funding by the states. We have found, as I indicated yesterday, having done that, having matched all the funding—we still aspired to a high level of activity when the program was first announced—that the states have been unable to come up with levels of activity to match the Commonwealth's proposed level of funding. So under the arrangements we could not have spent more on a fifty-fifty arrangement, and some of those funds that the government thought were best deployed are still in the portfolio via the national food industry program.

Senator O'BRIEN—So where the Commonwealth alone was spending the money, the level of cuts has—

Mr Wonder—I was talking about the Commonwealth-state component.

Senator O'BRIEN—Yes, I understand you were. How much money in the Commonwealth-state arrangements have the states had to find, to match the Commonwealth, to date?

Mr Banfield—They match us dollar for dollar.

Senator O'BRIEN—How much has been spent on that Commonwealth-state section of the program?

Mr Wilson—The program over three years is \$75.020 million Commonwealth funding and \$150.476 million total funding.

Senator O'BRIEN—So the states have had to find over \$75 million to make that program work to the level the Commonwealth proposes?

Mr Wilson—That is right. They come forward with bids and we match those bids.

Senator O'BRIEN—How much is now going to be committed to the FarmBis national program, over its life?

Mr Wilson—The figure I have here is \$8.82 million.

Senator O'BRIEN—That is to fund discrete projects approved only by the Commonwealth?

Mr Banfield—That is correct.

Senator O'BRIEN—Has there been an assessment of the performance of this program against the indicators outlined on page 44 of the PBS?

Mr Banfield—Are you talking about FarmBis Commonwealth savings?

Senator O'BRIEN—Skilling Farmers for the Future—that is the Commonwealth part of the program, I take it.

Mr Banfield—I just need to regroup here. We are talking about the Commonwealth component. There are a series of 24 or 25 individual projects that are funded under that, and each of those projects has evaluation criteria and evaluation requirements built into it. So it is not possible to give you a broad brush answer. But each of those projects will be evaluated. In some cases it is too early to make any definitive statement about the individual projects.

Senator O'BRIEN—What work is being done on assessing the awareness of the program among stakeholders?

Mr Banfield—Commonwealth-state?

Senator O'BRIEN—Yes.

Mr Banfield—We do that through a variety of means. The solutions research I mentioned would pick up awareness of AAA, including FarmBis. We have done a survey of industry organisations, which Roy Morgan undertook for us, on awareness of and satisfaction with FarmBis from an industry organisation point of view. We also undertake an annual follow-up survey of participants who undertake training to assess their satisfaction with it. I have to say that satisfaction ratings are in the mid-90s, so it is travelling very well with participants.

Senator O'BRIEN—The next dot point refers to the level of support for the program among shareholders. What is the difference between stakeholders and shareholders? Is that the states?

Mr Banfield—I am taking that to mean the states.

Senator O'BRIEN—The next dot point refers to the level of satisfaction with pilot activities. Are there still pilot schemes running as part of the FarmBis program?

Mr Wilson—This is the FarmBis national component. The pilots you are referring to are the 24 projects that Mr Banfield has mentioned several times, plus the AgShow program, which is another separate \$2 million program.

Senator O'BRIEN—One of the performance indicators on page 44 is:

Level of uptake of newly developed activities under the Commonwealth/State FarmBis program.

What does that refer to?

Mr Wilson—I take it that refers to the interest in the two rounds that Mr Banfield talked about and, once approved, the level of uptake of those projects.

Mr Banfield—Just adding to that, some of these projects are designed to assess whether additional training activities should be developed and funded, and it refers to that as well for some of the individual projects. You talked this morning about the seafood community one. If that project were to result in a recommendation for some additional training activity for women in seafood, that would be the kind of thing this indicator is talking about.

Senator O'BRIEN—In relation to the issue of drought and the emerging drought conditions, there appears to be increasing evidence that we are heading into an El Nino effect. Has the department done any work on this issue? Are you monitoring trends, for example?

Mr Wilson—Yes, we do. We do not get into the business of prediction, as you can imagine, and EC applications are of course the responsibility of the states. But, as you say, we monitor trends. I guess this could be described in three ways. First, we are in constant dialogue with our state counterparts—state officials—and, if an emerging seasonal condition is becoming evident, they are in contact with us, and we with them, fairly early in the piece. Second, we subscribe to a number of publications that come our way from the climate centre in Queensland and from the Bureau of Meteorology. There are four or five that cover El Nino and a number of other publications that cover weather patterns and so on. Third, the Bureau of Resource Sciences keeps a monitoring brief on emerging conditions around Australia. We, along with the BRS, brief the minister on a regular basis as these come forward.

Senator O'BRIEN—Can you give me an update on the regions currently the subject of exceptional circumstances declarations, and how long the declarations have to run?

Mr Banfield—The areas currently in receipt of exceptional circumstances are an area in the northern wheat belt region of Western Australia, which was declared on 7 March 2002; an area in the eastern Darling Downs region of south-east Queensland, which was declared on 22 August 2001—these declarations last for two years, as you know, so that expires on 21 August 2003; two zones, called zones C and D, in the south-eastern wheat belt region of WA, which were declared on 2 August 2001; and another area in the south-eastern region of the Western Australian wheat belt, which was declared on 2 February 2001. As you would be aware, we still have a declaration in the Southern Midlands municipality in Tasmania, which was declared on 27 November. The original area in Tasmania expired, I think, in the last few days. They are the areas that are currently in receipt of exceptional circumstances.

Senator O'BRIEN—When was the application from the Queensland government for an extension of the EC declarations of the drought affected shires of Murilla and Taroom in the south-west first lodged? I believe it was sometime in September. Is that right?

Mr Wilson—That is right. It was on 19 September.

Senator O'BRIEN—When was the application assessed, and when did the recommendation go to Minister Truss?

Mr Wilson—Minister Truss referred the application to NRAC on 5 October 2001, after we had requested some additional information from QDPI. My recollection was that the recommendation from NRAC to the minister was late in December—about the 20th, I think—and he announced it on 3 January 2002.

Senator O'BRIEN—What was that recommendation to the minister?

Mr Wilson—The minister's announcement was that he rejected the application.

Senator O'BRIEN—Is that what NRAC found—that the application should be rejected?

Mr Banfield—That is correct.

Senator O'BRIEN—Did NRAC actually visit the regions concerned?

Mr Banfield—No. My recollection is that they had visited the original area. This was put forward as an annex to the original area, and was done on the basis of desktop, with input from Queensland authorities.

Senator O'BRIEN—So it was their decision not to go there?

Mr Banfield—That is correct.

Senator O'BRIEN—In relation to the EC reforms proposed, in an article that appeared in the Western Australian *Countryman* newspaper on 9 May, the WA agriculture minister, Kim Chance, was reported as saying that the proposal put to the states by Mr Truss in Hobart earlier this month was a 'take it or lose' drought exceptional circumstances offer. Is that correct?

Mr Banfield—No. What happened is that Minister Truss put some proposals—which in many senses reflected work which we had been doing between Commonwealth and state officials—to ministers in Hobart. There was in-principle agreement to the thrust of the recommendations. The issue of the Commonwealth-state funding responsibilities has yet to be finalised.

Senator O'BRIEN—So what happens to the current DEC area of approved applications? Do they continue to be funded as now?

Mr Banfield—That would be our expectation, yes. Any new arrangements would not be retrospective.

Senator O'BRIEN—What happens with proposals regarding new areas? How are they treated?

Mr Banfield—That is an issue that will need to be considered by the minister. The minister has made an offer on behalf of the Commonwealth which would have joint decision making and a range of other enhancements to improve the operation of exceptional circumstances. The Commonwealth's position is that the states should agree to fifty-fifty funding of the farm business support component. As it currently stands, that agreement has not been forthcoming. It is a matter for the minister to consider, in the light of responses that he will get from the states.

Senator O'BRIEN—You cannot tell me what the status would be of an application that might be made tomorrow?

Mr Banfield—No. That clearly would be a decision for Minister Truss.

Senator O'BRIEN—I know there were a range of changes to DEC put forward by officials. Will some of those changes be put in place in the short term or is it a package which is dependent on the states agreeing to the dollar-for-dollar proposal?

Mr Banfield—I will just make a point of correction: it is not actually DEC; it is exceptional circumstances, so it does include things other than drought. Minister Truss in Hobart put forward a package of offers to the states in terms of enhancements to the scheme. As I indicated, these would include joint decision making with the states, buffer zones and the option for farmers to move to a grant based system, to cover interest rate subsidies as well as other issues. That was put forward by Minister Truss on the basis that the states would agree to fund fifty-fifty the farm business support component.

Senator O'BRIEN—So it is a package?

Mr Banfield—That is my understanding.

Senator O'BRIEN—Could you check that and confirm that on notice?

Mr Banfield—I will certainly take that up with Minister Truss.

Senator O'BRIEN—In relation to the Commonwealth flood assistance package, we had discussions last time and Dr Samson gave us some numbers on applications and approvals. Have you got the final numbers there for income support, interest subsidy, replanting grant and fodder/pasture grant?

Mr Banfield—Are you talking about floods here?

Senator O'BRIEN—Yes.

Mr Banfield—I cannot help you out if it is floods.

Mr Wonder—Dr Samson was with us yesterday.

Senator O'BRIEN—We did deal with some of that yesterday.

Mr Wonder—Yes, we did.

Senator O'BRIEN—If there is anything that I need to ask in that area, I will put it on notice.

Senator MURPHY—I want to ask some questions with regard to output 2. I am particularly interested in the project manager of economic and tax policy. You might just explain to me what that person does in that part of your innovation and rural policy.

Mr Wonder—What page are you on?

Senator MURPHY—It is page 37. The output objective says:

To promote a profitable, competitive and sustainable business environment for portfolio industries through the development of integrated policies and programs ...

And further down it says:

It is also critical that the interests of these industries are factored into the development of future wider microeconomic reforms and regulatory arrangements.

Under the 'key areas of activity', it continues:

... ensuring portfolio industry perspectives are taken into account in developing domestic innovation, science and technology strategies and programs;

... providing economic policy advice on a range of economic, taxation, legal and regulatory and other rural issues ...

Mr Wonder—I can start and my colleagues, Mr Morris and Mr Jones, may wish to add to it but, in summary, I would say that we have a modest capacity in the portfolio to factor in the sorts of impacts on portfolio industries of policy that is developed elsewhere in the government. We are able to provide Mr Truss, and indeed Senator Ian Macdonald and Senator Troeth, with advice in that regard. They are able to feed into government policy decisions the sort of information we are able to bring to bear. We work and rely on our cooperation and links with other portfolio agencies in the Commonwealth but, in essence, we are very conscious that our portfolio industries are impacted on by much more than just portfolio policy—they are impacted upon by intersectoral policy and by macro-economic conditions. Being major exporters, as they are, international conditions and the like are of major importance to our portfolio industries.

Senator MURPHY—What I am particularly interested in is what work you do in respect of taxation and taxation policy.

Mr Morris—It is a range of issues. Basically, for any issues that arise that might have an impact on the farm sector, we will on occasion provide briefing to the minister or ministers and the parliamentary secretary on those relevant issues and how they might impact on the farm sector. That area also had responsibility for delivering the GST education program that we were running a couple of years ago, so some of the work that they do now has flowed on from that earlier work as well.

Senator MURPHY—Do you have any communication with the tax office, for instance, with regard to taxation policies that might be applied in the managed investments area?

Mr Morris—We do. When issues are raised with us that we feel we need to raise with the ATO or Treasury, then we will take those up on behalf of portfolio positions on those particular issues.

Senator MURPHY—The reason I ask the question is that, in the managed investments area, there has been a substantial number of investments promoted through prospectus based companies in the agribusiness area. Given that they are primarily driven from the point of view of tax deductability on the part of the investor, I am interested in what role you have with regard to the development in that area. I think the wine industry at the moment is a prime example of what can happen. There has been plenty of experience in the past where, at some point in time, there is some compensation or a structural adjustment program in a whole range of rural industries, sometimes borne out of the fact that there has been an overdevelopment. I am curious as to your role here—and whether or not you have any role and what that is—and how you see the future in respect of some other industries, like the olive industry, for instance.

Mr Morris—I might ask Mr Ingham, who has come to the table and who manages that area, to provide a more specific answer, but I should note that Treasury and the Australian Taxation Office have the responsibility for this area in general and any role that we would have would be in influencing what they do as opposed to having a direct role ourselves.

Mr Ingham—I agree with Paul that our role is mainly monitoring what is happening with these tax effective schemes. The policy is developed and implemented by Treasury and the ATO, so we just monitor developments and brief the minister on developments.

Senator MURPHY—It just seems to me that, given the responsibility of the agency as a whole to act in the interests, as it says in output 2, of the national development of primary industry in this country, your role is somewhat insignificant—far less significant than I thought it might have been.

Mr Morris—As I said, we would make representations in respect of issues raised with us, where the minister believes it appropriate to do so, with ATO or Treasury. We monitor those situations. Where we believe there is going to be an adverse impact on our portfolio industries and there is an issue that can be taken up with other agencies, then we will do that.

Senator MURPHY—Have you made any representation to the tax office or Treasury with regard to the managed investments industry?

Mr Ingham—We have had some involvement in the government's response to the Senate Economics References Committee's reports which have recently been finalised. The government is in the process of responding to that report and we have been involved, to some extent, in that government response.

Senator MURPHY—I am not so much asking a question about that report and/or a response to it. In a general sense, listening to what you say—your description of output activities and your output objective—I am just wondering how, from a departmental point of view, you are actually going about achieving those, particularly in providing, say, economic policy advice on a range of economic, taxation, legal, regulatory and other rural issues. Also, you say that it is critical that the interests of these industries are factored into the development of 'future, wider microeconomic reforms and regulatory arrangements'.

Mr Wonder—As you say, Senator, that is a general question. There are several mechanisms whereby we would be involved. First of all, the ATO and the Treasury, in its policy development processes, would frequently liaise, through the interdepartmental committee mechanisms, with various departments, and that would be a common device for seeking AFFA input into the development of policy. Secondly and importantly, as I indicated earlier, in the cabinet consideration of policy development our small area in the department is able to provide our ministers with advice in respect of how alternative policy options would impact on portfolio industries, so that our minister is well equipped to participate in such conversations. Finally, in terms of the relationship with other stakeholders after policy is developed, such as the example Mr Morris mentioned in the context of GST, the area has played some role in communicating to our portfolio industries what the content of government policy is and how it is expected to impact. Those are the three key roles that I would see.

Senator MURPHY—Yes, I understand, certainly with regard to the latter part of what you have just described. But taking, for instance, the 12-month rule for the forest plantation industry, what role did you play in the government's decision to change from the 13-month rule for the plantation industry back to a 12-month rule for the plantation industry?

Mr Wonder—I would prefer to take that question in the forestry part of the hearings, because I know that my colleagues from that area would be able to give you a detailed response to that question. I have not been personally involved in it, but I know that they have been quite involved, and I want to make sure I have satisfied your question.

Senator MURPHY—Just from a taxation policy point of view, then—

Mr Wonder—We handle, I should say, from our forests area.

Senator MURPHY—You might be able to answer this. In an overarching sense, has the department looked at the impact of the 13-month rule and the possibility of the same requirements or the same circumstances occurring in other rural industry sectors, other agribusiness industries?

Mr Wonder—I know that in the context of the forest one, in particular, our relevant staff were involved, did have some input.

Senator MURPHY—Was there any discussion within Mr Ingham's—

Senator Ian Macdonald—These are really matters for government policy, Senator. Some people have made approaches to me about olives, for example—as no doubt they have made to you—but I am not aware that any work on those others has proceeded too far. If it had, it would probably be being done more specifically in the Treasurer's office, I would have thought, rather than in this portfolio. It is really a tax matter. Certainly, as the forestry department, we had an interest, but again the portfolio responsibility was with the Treasurer.

Senator MURPHY—I understand that, with respect to a decision on whether or not there would be any change made to the taxation system, the Treasury is obviously the place for that. But in the PBS it says that this department has a role with regard to taxation. It very clearly says, in the first description of output objectives:

It is also critical that the interests of these industries are factored into the development of future wider microeconomic reforms and regulatory arrangements.

I am interested in what this department is doing with regard to looking at the problems that may confront industries like, for instance, the olive industry, the truffle industry or the plantation industry. What role is this department playing? We have a person here who is supposed to be the project manager for economic and tax policy; I am hopeful that they are doing a bit more than looking at a response to a Senate Economics References Committee report. I would have hoped that they would have been looking at some of the industries.

Senator Ian Macdonald—I am sure that they would be doing that.

Senator MURPHY—I am interested in terms of the debacle that we currently have—albeit partly due to nature—in the grape industry, where you have 70,000 tonnes possibly going to be dumped or sold at significantly lower prices than otherwise, which will cause a lot of people in that industry to go broke. At some point in time, that will probably cause a government to take the decision that we need some sort of bail-out mechanism. That is what interests me in terms of policy development from an agricultural point of view.

Senator Ian Macdonald—Again, this is not specifically answering your question—and I think this would have happened before I came—but the government is aware, as I think all of us have been for some time, with the huge increase in plantings in the grape industry, that there had to come a time when the market was oversupplied. I do not know whether they have done work on that. I suspect that someone would have looked at that in years gone by.

Senator O'BRIEN—ABARE did. Dr Fisher has been saying it for about four years, as I recall.

Senator Ian Macdonald—Yes, that is right.

Senator MURPHY—At the end of the day, if you say that this particular area of the department has a responsibility, I am going to try to understand what it is doing in that respect.

Senator Ian Macdonald—I will go back to my silence and ask someone who might be able to answer.

Mr Wonder—I indicated in my initial answer that we have a modest capability. I would not want you to think that we have teams of people running around on this matter. We have a

modest capability that covers a whole range of areas of broader policy relevant to portfolio industries, including the area of taxation. With respect to those various areas, the sorts of activities that these people are undertaking include liaising with the Australian Taxation Office and Treasury with regard to anything of a taxation nature that may be considered by the government. I do not have specific examples that I want to provide to you, but, in general terms, that would be the case. Similarly, at the same time they would be providing advice to ministers about economic conditions and how they impact on portfolio industries beyond the immediate agricultural, forestry or fisheries environments or markets that they operate in. These sorts of matters are the broader considerations—be they interest rates, exchange rates or whatever—that impact very fundamentally on portfolio industry competitive positions.

Senator MURPHY—Thank you for that, but I would be interested in getting a more specific answer.

Mr Wonder—We can provide you with that detail on notice.

Senator MURPHY—I am just curious as to whether or not there ought to be a better process.

Mr Wonder—We will spell out the work program in a bit more detail for you.

Senator MURPHY—Thank you. I would appreciate that.

Senator O'BRIEN—I want to ask about the Douglas Shire ethanol project which attracted \$2.35 million from AFFA, \$5 million from the Greenhouse Gas Abatement Program and \$25.3 million was to come from the Mossman Central Mill and other private interests. You have advised me that because of delays in the project AFFA funds may not be needed until the next financial year. You identify those delays as project requirements and securing funding arrangements that have led to delays in meeting legislative requirements associated with the project, including environmental approvals. Can we have some more detail on those delay reasons that you give?

Mr Wonder—You can. The officer concerned will be here at the time of the forests and fisheries part of the hearing.

Senator O'BRIEN—What about the Australian Seeds Authority?

Mr Wonder—Questions with the Australian Seeds Authority should have been with Dr Samson yesterday.

Senator O'BRIEN—I will put them on notice. What about multiperil crop insurance?

Mr Wonder—That is certainly this program.

Senator O'BRIEN—Is the department doing any work on this issue or providing any resources, financial or otherwise, for work to be done on this issue?

Mr Banfield—No.

Senator O'BRIEN—It is a dead proposal, I take it?

Mr Banfield—We have gone through a process and satisfied ourselves that this was not commercially viable. You are aware that Western Australia are undertaking some work, and we will assess the outcome of that with interest but, at this point in time, we are not doing any work.

Senator O'BRIEN—What about the Farm Innovation program?

Mr Wonder—Yes, the officers are here for that.

Senator O'BRIEN—On page 96 of the PBS, appendix 2, in the table under output 2, you advise that the Farm Innovation Program is the key to success. Expected expenditure for this financial year is \$6.6 million and in the equivalent table in the 2000-01 PBS the amount was \$10.7 million. How many grants have been approved so far this year? What was the funding for each grant? When was each grant approved?

Mr Morris—There are actually two rounds of grant approvals made during the 2001-02 year out of a total of four for the program as a whole. The first round announced this year, which was round 3 of the program, was for 36 rural businesses that received \$3.4 million in total grant funding. The second set of approvals was on 19 April 2002, in which 33 rural businesses were given up to \$3.5 million in Farm Innovation Program funding.

Senator O'BRIEN—Was it only ever intended that there be two rounds?

Mr Morris—For this year, that is correct. For the whole program, it was intended that there would be four rounds and there were four rounds for the program as a whole.

Senator O'BRIEN—I take it that it was intended initially that this year's funding would be \$10.7 million? Why the change?

Mr Morris—With the \$10.7 million, we reported in additional estimates earlier in the year that \$500,000 would be diverted to other programs. That left a total of \$10.2 million in potential grants to be allocated. Of that money, some money was to pay for grants which were actually approved in the previous financial year because we actually pay the grants on completion of milestones, rather than up front. Once you approve a grant round in a particular year, the actual flow of funding may extend into future years. That is why there seems to be somewhat of a mismatch between the amount of grants approved and the actual funding spent in a particular year because there is a flowover effect.

At the moment, we are expecting to spend about \$6.6 million of the \$10.2 million that was granted, and the remaining funds would represent an underspend for this financial year. There is a further about \$3.6 million that are actually due for funding for next year, which is a flow-on consequence of the grants approved this year. The minister is currently considering how the funding for those additional grants might be made up. I might add that he has made a commitment that all grant commitments will be met under the program.

Senator O'BRIEN—So you have to effectively get permission to keep the underspend or you will have to find it somewhere else?

Mr Morris—That is one option. The other option is—as with other programs—to seek the possibility of using underspends from other programs to pay for this program and, to the extent that that would have to be done, then that would be reported in additional estimates, next year.

Mr Wonder—This year.

Mr Morris—I meant next financial year.

Senator O'BRIEN—I have finished with this program.

[3.02 p.m.]

ABARE

CHAIR—Thank you. It is a good note to end on. We will now move to ABARE. Welcome back, Dr Fisher. Do you have anyone accompanying you?

Dr Fisher—No, other than my colleagues here.

Mr Wonder—We have got a very complete team here.

Senator O'BRIEN—Dr Fisher, the Westpac National Farmers Federation rural commodity index fell by three per cent in May. That was the third month in a row that it has registered a fall. According to that report, the US farm bill dragged down world prices for cotton and sugar, which was compounded by a rising Australian dollar. Are you aware of this index and report?

Dr Fisher—Yes, I am aware of the index. I think the notion that the US farm bill has been dragging down cotton and sugar prices is perhaps not a reference to the new farm bill, but some of the emergency packages that exist under the existing farm bill. You might recall that at Outlook we indicated that cotton and sugar prices would continue to be low. That has certainly been the case over the last three months and we think those low prices will persist into next financial year.

Senator O'BRIEN—According to the report, world cotton prices dropped 9.5 per cent in US dollar terms as soon as it was clear that the US farm bill would go through. Clearly, once there is a fall in US cotton prices or prices for US farmers, production goes up and the price usually goes down, doesn't it?

Dr Fisher—Yes, that is correct. What I was saying before was that the emergency packages under the current farm bill are part of what has been doing damage in the cotton and sugar industries up to date. Basically, what the new farm bill does is to institutionalise those current arrangements and also add some counter-cyclical measures such that farmers in the United States are even more insulated in future from world prices. So the new bill will be much worse, potentially, than the current bill. But there was also some rather unfortunate policy embedded in the current bill which has been having some implications for those commodities.

Senator O'BRIEN—Does that mean that, in your terms, we are getting a whammy out of the old bill and then when the new bill comes in it will be worse?

Dr Fisher—That is correct. Since 1998 we have had emergency packages introduced on top of the current FAIR Act, and then once the new arrangements come into place formally—from, I think, September this year—we will see extra counter-cyclical measures put in place. I can give you some numbers in terms of the amounts of money that have been spent. For the 10 years to the end of 2001, something of the order of \$136 billion that had been spent in the US farm program. That compares with an estimate of \$180 billion that might be spent under the new arrangements when they come into place, over a 10-year period.

So what is happening is that the new farm legislation in the United States commits more taxpayers' money to the support of farmers in the US, plus it institutionalises those emergency packages. And it puts in place some extra counter-cyclical arrangements that further insulate farmers in the US. So they will basically be supported and more protected from seeing international commodity prices, therefore they will just continue to produce willy-nilly. That will drive up world production, drive down world prices and drive up the variability of prices. This is bad news for Australian farmers.

Senator O'BRIEN—What are the main commodities affected?

Dr Fisher—The farm program crops in the old bill were wheat, feed grains, rice and cotton, and soya beans have been added in the new bill. Sugar and dairy are also major commodities; they have their own special arrangements under the US farm legislation. In addition to that there are significant programs for peanuts, chickpeas, lentils and dried peas. It

is our intention to publish our first assessment of the implications of the new arrangements in the June issue of *Australian Commodities*, which we will release on 24 June.

Senator O'BRIEN—So we would have to expect that, subject to climatic conditions, US production levels of these commodities will increase?

Dr Fisher—That would be my expectation.

Senator O'BRIEN—Apart from Australia, which nations will be worst affected, are you aware?

Dr Fisher—I think that, as was discussed here yesterday by Dr Hearn, the countries that will be most affected are the countries in the Cairns Group—basically the traditionally low supporting, export oriented countries in the Southern Hemisphere.

Senator O'BRIEN—Thanks for that. I want to ask about the US beef quota. Has ABARE done any work on models that have been considered in relation to the allocation of that quota?

Dr Fisher—No. Our work has been solely to do with the market, market expectations and the economic statistics underlying what is happening in the market.

Senator O'BRIEN—What does ABARE see happening to the export trend of beef out of Australia to the US?

Dr Fisher—Basically, our expectation is that, as I indicated yesterday, production in Australia is expected to rise. Given the reduction in demand that we have seen in Japan, we would expect to see exports diverted towards North America and, therefore, pressure on that market.

Senator Ian Macdonald—Has the actual quota been reached in the past?

Senator O'BRIEN—Four times, hasn't it?

Senator Ian Macdonald—We have not reached our quote for some time past, but obviously we will this year.

Senator O'BRIEN—My advice is that we have actually hit quota on about four occasions in the last decade.

Mr Wonder—Mr Sutton gave some evidence in that regard yesterday.

CHAIR—We have hit quota without exceeding it.

Senator O'BRIEN—No, we exceeded it last year.

CHAIR—No, in the last decade. Last year we did; that is public knowledge. We are on the borderline. It did not cause a problem in the past, whereas this one has.

Senator O'BRIEN—What happened last year? Didn't some of the exports from last year go into bond, but now they count into this year's? So, if we do that again this year, we will be looking at a much bigger amount going into bond for the following year—if that is the way it occurs. There have been suggestions that we will reach quota any time from August to December. I would have thought that October is the most likely month. Has ABARE got a view on that?

Dr Fisher—At this stage, we are not speculating on that.

Senator Ian Macdonald—Do you need this information to hurry your committee's hearing into beef quotas?

Senator O'BRIEN—I think it might assist. We have already set a very expeditious program. Minister, you are welcome to attend and see how efficient we are.

Senator Ian Macdonald—When is it?

Senator O'BRIEN—I do not think we have formalised it, but we are planning to start the Monday of the next fortnight of sittings and to conclude it in that week.

CHAIR—We agreed on the Monday, and we agreed to continue on Thursday night if necessary. We have to have a formal motion, but the process has been agreed to amongst committee members. In terms of the question, if exporters behave as they did last year when there was a premium in the US and exports were put into bond, it will be the same this year if another market goes up. Exporters will sell their product in another market rather than wait three or four months for their money. So it will be driven by the market.

Senator O'BRIEN—Which other markets are likely to absorb Australian product?

Dr Fisher—The industry has been very innovative in attempting to shift product in the past. I would expect that they would continue to be innovative.

Senator O'BRIEN—They have been. We are exploring a whole range of markets, in as much as we can. China would be good if we had the protocols worked out—but we have not. What proportion of our exports now go to the United States?

Dr Fisher—I would have to take that question on notice. I do not have the numbers with me.

Senator O'BRIEN—It is probably easier for the department to give me that figure.

Mr Wonder—I do not have a figure. Mr Sutton gave evidence yesterday that the US market was about the same size as the Japanese market.

Senator O'BRIEN—But there are other markets that have been building up as well which will depress the value in both of those markets relative to the total.

Mr Wonder—We could certainly clarify that on notice.

Senator O'BRIEN—The department will not doubt appear before the Senate inquiry. If we can have the information then rather than put it through this hearing, that would be fine.

Mr Wonder—That will be fine. We will do that.

Senator O'BRIEN—I understand that in February you forecast a near record winter crop of wheat of 36.9 million tonnes. Has there been anything to change ABARE's mind in relation to that forecast?

Dr Fisher—That is winter grains rather than wheat.

Senator O'BRIEN—Sorry, yes.

Dr Fisher—We will release our next crop report on 11 June. That will be our formal release date for the next assessment. That date is designed so that we have the most recent planning information and can make some assessment of the start of the season. That is the next most reliable time we will be able to give you an update on that information.

Senator O'BRIEN—The March Woolmark survey was very pessimistic, painting a gloomy picture for processors in Australia, Europe and Asia, particularly for cotton. That survey found that in Western Europe and Australia orders to early stage processors in the

March quarter were at the lowest level recorded. How does ABARE see the near future for the cotton industry?

Dr Fisher—In the case of the cotton industry, we are quite pessimistic, as I indicated earlier. We are expecting prices of less than 50c a pound in the market for 2002-03. There is really nothing in the wind at the moment that would make us change that assessment. Basically, economic growth is only recovering very slowly. We expect world growth to be not much different this calendar year from what it was last calendar year. We do not really expect to see strong recovery around the world, building up at the end of this calendar year into next calendar year, with demand down and the sort of supply that we have in the world cotton market. We do not think that cotton prices are going to recover quickly.

Senator O'BRIEN—How important is the appreciation of the Australian dollar? I know that you are revising your assumptions upward. It has appreciated by probably 10 per cent.

Dr Fisher—A change in our assumption for the US dollar has direct implications for earnings for cotton growers in Australian dollars. But in the case of the cotton industry there has been strong forward marketing and hedging—

Senator O'BRIEN—I have read about some of that.

Dr Fisher—in foreign exchange markets. So the impact on individuals will depend quite strongly on what they have done with respect to their hedging strategies rather than on what is in the current spot market.

Senator O'BRIEN—There was article in the *Financial Review* last Friday, I think—

Dr Fisher—I believe it was last weekend or last Friday, and it outlined some of the potential difficulties that some operators were facing.

Senator O'BRIEN—Some have not faced them; they have run away apparently, according to what I was reading. They have actually hit the wall and are financially insolvent. They got out by selling their farms and went east. So some of those hedging arrangements have already gone bad. You were talking about them as if they could save some of the farmers.

Dr Fisher—No, all I am saying is that we are not able to comment on the private arrangements of individuals in industries because we do not know them. It is not possible for us to know exactly what the income effects of some of these arrangements will be on farms. We can only make a more aggregate forecast about the export earnings for Australia as a whole in cases like this.

Senator O'BRIEN—So where they have hedged on price they will probably do all right; where they have hedged on the dollar they are not doing very well.

Dr Fisher—Of course, it depends on what they locked in.

Senator O'BRIEN—What the bid was.

[3.21 p.m.]

Bureau of Rural Sciences

Senator O'BRIEN—On page 25 of the PBS under the heading 'Departmental appropriations, output 8' the estimated actual outcome for scientific advice that is given is \$3.892 million. In the same table last year the PBS showed a number of \$4.968 million. Can you explain the difference in these numbers?

Dr O'Brien—I will ask Ron Levers to address that question.

Mr Levers—The figures you note there show a change in the portfolio additional estimates statement. There was a decrease of \$1.1 million due to less corporate overhead being assigned to scientific advice. So on page 9 of the additional estimates, you will see the revised figure, which is in line very close to the PBS figure for this year.

Senator O'BRIEN—So there was over \$1 million taken from a fairly small budget to start with.

Mr Levers—It is a distribution of overheads. They are costs that the management services area distribute across all the outputs. It is just a change of methodology in that they assign them to different outputs. It is not necessarily a decrease in the appropriation.

Senator O'BRIEN—And that would be the same for the budget estimate 2002-03 where it is \$3.847 million?

Mr Levers—Basically, there is a small change there.

Senator O'BRIEN—It is nothing to do with resourcing of BRS?

Mr Levers—No.

Senator O'BRIEN—It is just a paper figure?

Mr Levers—It is a distribution of the corporate overheads.

Senator O'BRIEN—Page 68 of the PBS advises that BRS provides databases and information services for a number of programs. Those lists include the National Action Plan for Salinity and Water Quality. Can you tell me what information the BRS has compiled in relation to this program?

Dr O'Brien—BRS supports the departmental activities under the NAP in a range of areas. I guess the most prominent amongst these is in terms of salinity risk mapping where there are agreements with the state to conduct those programs. But we also bring together a range of social and other biophysical information—forest and vegetation databases, soil, ground water, surface water—in providing advice to support AFFA's work in the NAP.

Senator O'BRIEN—Is that information publicly available?

Dr O'Brien—Much of that information is publicly available through our web site and through the data library. Some information is not yet publicly available because it has been recently collected and analysed.

Senator O'BRIEN—So, in other words, there is no information that falls outside that description that you have just given us?

Dr O'Brien—The ultimate availability of all information that is collected is actually a policy issue. The NAP management board will be considering data access policy in the near future.

Senator O'BRIEN—Who is the NAP management board?

Mr Wonder—The NAP management board is a group made up of three departments principally in terms of deputy secretaries—me, my colleague Mr Stephen Hunter from Environment Australia, and First Assistant Secretary from the Department of the Prime Minister and Cabinet, Dr James Horne. We make up the NAP board of management that Dr O'Brien just referred to. We are essentially a management group that takes responsibility for coordinating what needs to be done around the Commonwealth with respect to implementing the National Action Plan for Salinity and Water Quality. We also include on that group other

Commonwealth agencies, including the Department of Transport and Regional Services and the Australian Greenhouse Office. So basically it is a network, an implementation group at senior level to pursue our NAP related interests.

Senator O'BRIEN—In relation to the BRS data—if I can call it that—this body apparently has to agree to it being made public. Is there a policy that has been established by this body on that?

Mr Wonder—I do not think there is a policy that I could refer to or make available in terms of something that is documented. I think what Dr O'Brien is referring to is that the work they are doing under the auspices of the NAP is basically as a provider of completing the service provision for salinity mapping and the like. They are providing a product to the board of management with the outputs that they produce. Dr O'Brien is basically indicating that the board of management will have to make some decisions about how it wants to see that made more widely available. In general, we would be wanting to make it as widely available as possible, although we are implementing these things in conjunction with our state partners and we would be very cognisant of how they wanted such information to be made available as well. As you would appreciate, some of this information will be very sensitive for land-holders.

Senator O'BRIEN—Would the states be guaranteed the right to see the information?

Mr Wonder—The information is actually undertaken in conjunction with the states.

Senator O'BRIEN—They would be able to see the information?

Mr Wonder—Yes. It is information that they have agreed would be collected.

Senator O'BRIEN—The National Oceans Policy is another program. Is that, likewise, information which is collected and will be put on the web site subject to some other management constraint?

Dr O'Brien—Dr Staples can tell you about our work in relation to oceans policy.

Dr Staples—Most of the work for the National Oceans Policy has been for marine planning. We have provided them assessments of human uses—fisheries and non-fisheries. That is derived information from the databases, such as the fisheries database, that other agencies hold.

Senator O'BRIEN—There is no new work planned?

Dr Staples—The analysis, the assessment and the mapping is the work that is going on.

Senator Ian Macdonald—There is a very good publication which they did and which I launched. I do not think you were there. You were invited and I do not think you were there, but you should get that. It is marvellous.

Senator O'BRIEN—When was the launch?

Senator Ian Macdonald—A couple of sittings ago.

Senator O'BRIEN—A couple of sittings ago?

Senator Ian Macdonald—In March. It is a very good publication and you are welcome to it.

Senator O'BRIEN—I do not think I was able to get out of my office with the number of people coming to see me. It was something to do with government policy, but I do not know what it was now. Is any of the derivative work that BRS does on your web site?

Dr Staples—It has been published in hard copy, and we are trying to put it into an online mapping web site form for the future. It has been distributed through the National Oceans Office.

Senator Ian Macdonald—It was done on commission from the National Oceans Office. I suppose they actually own it. I think they have it on the web site.

Dr Staples—Yes.

Dr O'Brien—The National Oceans Office contributed to that work, as did the department. It ranges across fisheries information so, for the first time, you can look at a map there, say, around Tasmania and see where fish are taken and what their value is on the ocean. It also brings together information about coastal communities and their dependence on the marine environment. It is a basis for planning decisions where you have resource conflicts or where you are interested in understanding how changing resource access might have an impact on coastal communities.

Senator O'BRIEN—What about aquaculture? Is that contained in it?

Dr O'Brien—It does not contain information on aquaculture, to my knowledge.

Senator O'BRIEN—That is very good. After this week I will probably get a chance to look at it. In relation to regional forest agreements, does BRS also do work, collect information and have it on its web site?

Dr O'Brien—The BRS does work to support the RFA monitoring unit in AFFA. We are involved in some of the scientific assessments that support five-yearly reviews, as tasked by the department.

Senator O'BRIEN—Does it just go to the department?

Dr O'Brien—Yes.

Senator O'BRIEN—Presumably it is also shared with the relevant states?

Senator Ian Macdonald—I do not know that they have ever asked for it. Some of the work is looking at some of the miscreant states and what they have been doing and have not been involving the Commonwealth when they should have been. I imagine it depends on what particular item—

Senator O'BRIEN—It was discussed in relation to a five-year review.

Senator Ian Macdonald—In Tasmania?

Senator O'BRIEN—Yes.

Senator Ian Macdonald—You are doing work on that, are you?

Dr O'Brien—Yes.

Senator Ian Macdonald—That certainly will be, because the review is a joint Commonwealth-state one. We have asked BRS to do certain things and that will all certainly be made available. They are also doing work, I think, at the government's request, on the Victorian forestry regime which we will be using in our talks with the Victorians and offering them things. But it is not being done as a matter of course with them.

Senator O'BRIEN—Was BRS involved in the due diligence process on the original regional forest agreement with Victoria?

Dr O'Brien—BRS was involved in the scientific assessments of production leading up to the regional forest agreement in Victoria, yes.

Senator O'Brien—That was its role in each of the forest agreements? Did BRS have that role for each of the regional forest agreements?

Dr O'Brien—Yes, we did.

Senator O'Brien—I do not have any more questions for BRS.

[3.36 p.m.]

CHAIR—We will move on to industry development, fisheries and forestry.

Senator O'Brien—Mr Wonder, who answers the Douglas Shire ethanol project question?

Mr Wonder—I thought you were going to ask that immediately. It is Mr Calvert. He has asked—if you would not mind and it will follow directly on from this—if we could deal with that in natural resource management because some colleagues that will turn up for the natural resource management part of the hearing will also be relevant to that. I apologise for that.

Senator O'Brien—I want to ask about FISAP rephasing. I believe that the Forestry Industry Development Assistance Program for south-western Western Australia is contained in the FISAP funding. The minister, Senator Macdonald, was previously advised that the FIDWA allocation for 2001-02 was \$3.016 million and that the expected expenditure for the period was \$500,000. How do you explain the difference of \$2½ million? Is this some new accounting treatment of grants?

Mr Calvert—The estimate reflects the fact that, while the Commonwealth has put in place an industry development assistance program, we have not been able to progress that program sufficiently in the absence of jarrah allocation details from the state government. At this point, while we have received expressions of interest and the like under that program, we have not yet proceeded to issue any grants.

Senator O'Brien—What do they need to provide you with?

Mr Calvert—An indication of the resource that they would have available to them to enable forests or jarrah based projects to proceed.

Senator O'Brien—I presume that jarrah exists in old growth forests, does it?

Mr Calvert—The timber that we would be looking at facilitating projects for would be those outside old growth forests.

Senator O'Brien—So FIDWA is a program run directly by the Commonwealth. What is the relevance of the state's involvement? It does not have an involvement. It is purely a Commonwealth program.

Senator Ian Macdonald—Perhaps I can explain it more succinctly. The industry development is providing money to mills and entities to upgrade their facilities to value add, to do better things, to create jobs. Until the Western Australian government say what resource is available to particular mills, no-one really knows what they want to upgrade or how they can upgrade because they do not know what timber they are going to get. It is as simple as that.

Senator O'BRIEN—Does the 2002-03 PBS carry a provision for the previously committed \$15 million industry assistance package for the timber industry in the south-west of Western Australia?

Mr Calvert—It reflects an allowance for expenditure in WA.

Senator O'BRIEN—How much?

Mr Calvert—Of the order of \$6 million.

Senator O'BRIEN—What happened to the \$9 million dollars?

Mr Calvert—The actual figure is \$6,345,000. At this stage, the \$15 million is a notional allocation to WA based on a commitment set out in the regional forest agreement. The Commonwealth can fulfil that obligation at any time over the life of that regional forest agreement.

Senator O'BRIEN—So did it appear in last year's PBS?

Mr Calvert—The \$15 million? No.

Senator O'BRIEN—But in this year's, \$6.345 million?

Mr Calvert—The PBS broad tables do not specifically allocate it to WA, but that is the allocation we have notionally made at this point.

Senator O'BRIEN—What is the Commonwealth's intention in relation to implementing this funding? Is it intending to do it on its own or to administer a joint industry fund with the Western Australian state government?

Senator Ian Macdonald—We are trying to work out whether there will be any resource that will leave any viable native forest industry in the south-west of Western Australia. Until we are advised of the resource allocations, we cannot really make any decisions.

Senator O'BRIEN—I understand that you are saying you want some certainty about the resource that is available to justify what you are spending. I am asking whether it is intended that that will be a Commonwealth administered or a jointly administered project.

Senator Ian Macdonald—My predecessor announced about a year ago that it would be a Commonwealth only program.

Senator O'BRIEN—Yes, but that was your predecessor. I give you more credit than your predecessor.

Senator Ian Macdonald—You should not. My predecessor was an excellent minister who did a number of very good things in the portfolio. But I am finding it difficult to come to any decision because I do not know what resource allocations are going to be made available. Until that happens, I am not quite sure what we can do. Until the Western Australian government indicate where they are going and whether there will be a viable industry that is worth putting industry development money into, it is very difficult for me to come to any conclusion. I have advised the Western Australians of this. I am keen to work with anyone who can promote a sustainable forest industry in the south-west of Western Australia. I will do everything possible to make sure there is an industry still there at the end of the day. Unfortunately, the decisions in that regard are not really the Commonwealth's.

Senator O'BRIEN—I thought that the program, underpinned by the regional forests agreement legislation, was to hand back to the states the management of their forests.

Senator Ian Macdonald—I do not think that has ever been different, has it? I have never been aware that the Commonwealth had any control over the forests as such.

Senator O'BRIEN—It is just that the implication of your previous statement about wanting to be certain about resources in a state forest led me to a different view—perhaps wrongly.

Senator Ian Macdonald—What I am saying is that the state makes the decision. It is constitutionally the only one that can make the decision on the resource available—subject, I might say, to whatever rights we might have under the RFA, which successive Western Australian governments have breached. But, in the normal course of events, it is a state responsibility; they allocate the resource. But until I am satisfied that there is a resource that will enable a viable industry in the south-west, there is not really much decision making I can do. I have got to wait for the state to make the decision. Once they have done that, we will then see how we can help. We have \$15 million allocated under the previous arrangements to do that. But, as I say, until I see that there is a future for the industry, I cannot make decisions on that.

Senator O'BRIEN—Money is notionally allocated in the out years, is it?

Senator Ian Macdonald—I think what Mr Calvert was saying is that there is an allocation of money for the structural adjustment packages Australia wide. Internally, we have allocated it to various places. But we are having the same trouble with the Victorians. We have made certain indications of grants there, but if the particular sawmills to which we have allocated some money are not going to get any resource—they are not going to have any timber to cut—there is no sense in us putting any money in to upgrade their mill. So we have just got to work that through as the year progresses.

Senator O'BRIEN—Yes, it is all about sustainable resource management. Obviously the assessment of available forest in Victoria when the RFA was signed was wrong.

Senator Ian Macdonald—The RFAs themselves indicated that there was a paucity of proper data. But, without necessarily going into it in full, I still think the decisions made by the Victorian government in its most recent pronouncements are not based upon a proper assessment of what data there is available.

Senator O'BRIEN—That is the advice you have received, is it?

Senator Ian Macdonald—Yes.

Senator O'BRIEN—Do you intend to share that advice with the Victorian government?

Senator Ian Macdonald—We are in constant contact, by letter and otherwise, with the Victorian government and we have proposed a couple of things to them to try to get to a resolution of the issue. The Commonwealth's interest in these issues is to create a sustainable, viable industry in Victoria and Western Australia—as is happening, as I always say, in Tasmania and, at the moment, New South Wales. I wish that the governments of Western Australia and Victoria were taking the same approach to these issues as I regularly praise the Tasmanian government for doing.

Senator O'BRIEN—I go back to the FIDWA assistance. I understand that expressions of interest for assistance were due on 19 October last year. How many were received?

Mr Calvert—Thirty expressions of interest were received.

Senator O'BRIEN—How many have gone on to a part B application?

Mr Calvert—We only undertook a preliminary assessment of those applications, pending resolution of the state resource matter.

Senator O'BRIEN—So there has been no expenditure in relation to any of those applications?

Mr Calvert—There has been none in relation to those applications.

Senator O'BRIEN—Could you supply the committee with a list of enterprises that have applied, showing how much they have sought and how many jobs were to be created over the period of one to five years?

Mr Calvert—I am looking to the minister; I would seek permission. The usual practice for FISAP programs is that we release some detail of successful applicants, and that is with the permission of the applicants at the time a grant offer is made. It is not usual practice for us to release information on applicants. In this case, in particular, a number of those applicants will already have exited the industry.

Senator Ian Macdonald—I was going to say that I would take it on notice to get advice, but I have just got the advice from Mr Calvert. So the answer would be no, at this stage, for the reason Mr Calvert has mentioned, which can broadly be said to be, as he described, commercial confidentiality.

Senator O'BRIEN—How many grants are ongoing? In other words, how many entities still exist?

Mr Calvert—There were no grants offered under the—

Senator O'BRIEN—I am sorry; I should say how many applications.

Mr Calvert—At this stage, until we have a basis on which to move, we have not progressed those applications beyond a preliminary assessment. As the minister has outlined, there have been some initial discussions between ministers, and there may be follow-up discussions between officials at a later date.

Senator Ian Macdonald—To answer your question on how many of the applicants are still in business, it is a moving feast. We are aware of a couple that are no longer in business, but we do not have data to give upgrades on that.

Senator O'BRIEN—The answer to Senate question on notice No. 143 gives a breakdown of FISAP package funding applications in New South Wales, Victoria and Western Australia.

Mr Calvert—At this point, I could give you an update of our estimated expenditure for fiscal year 2001-02. In New South Wales, our estimate is \$6.231 million; in Victoria, \$7.965 million; in Queensland, \$2.189 million; and, in Western Australia, the only expenditure has been that \$5,000 previously referred to.

Senator O'BRIEN—The answer to question 143 said that the estimated expenditure in New South Wales was to be \$9.185 million for 2001-02. You are saying it is \$6.235 million.

Mr Calvert—I said \$6.231 million.

Senator O'BRIEN—Sorry, \$6.231. Why the difference? The answer must be quite recent, because the question was asked on 28 February this year.

Mr Calvert—The estimate reflected our best estimates at that time as to how much expenditure may be outlaid on industry development grants. There has been some delay in the finalisation of that assessment, but we are hopeful and have made some provision for

payments in June for industry development assistance. Also, within those estimates there was provision for payments to Boral, and there have been delays in the roll-out of their projects.

Senator O'BRIEN—Senator Macdonald in that answer advised that the budget allocation for New South Wales for 2001-02 was \$33.007 million, incorporating a carryover of unspent funds from 2000-01. So, of that, we spent \$6.231 million—have I got the right numbers there?

Mr Calvert—Yes, that is our estimate to this point.

Senator O'BRIEN—Yet the budget allocation for Victoria was \$7.76 million, including a carryover of funds from the previous year. The actual expenditure is \$7.965 million, so you have exceeded it.

Mr Calvert—That is right.

Senator O'BRIEN—Where did that money come from? Was that taken from the New South Wales allocation or brought forward from the out years?

Mr Calvert—It is a transfer from another state, a notional allocation.

Senator O'BRIEN—Which state? Queensland or Western Australia?

Mr Calvert—New South Wales.

Senator O'BRIEN—I am sure they will be pleased to hear that!

Mr Wonder—I think I should qualify that by saying, as Mr Calvert did earlier, that the Commonwealth's undertakings for this program extend over a number of years. We are not suggesting via the answer Mr Calvert has just given that, for some reason, we have walked away from our obligations.

Mr Calvert—That is quite correct. We have successfully re-profiled expenditure from 2001-02 to 2002-03.

Senator O'BRIEN—I accept what you are saying. The alternative interpretation was available on your answer.

Mr Wonder—I think I have clarified that.

Senator O'BRIEN—I am just saying that I perhaps took it in a different way to the one which you may have intended.

Proceedings suspended from 3.59 p.m. to 4.16 p.m.

Senator McLUCAS—At last estimates we were talking about the checking of vessels' hulls and who has the responsibility for the checking on entry into Australian waters. I remember Mr Carroll saying that, essentially, it was a state responsibility. Reading what has happened since then, I have got to say, I am somewhat confused. Can you confirm that that is, in fact, where the delineation occurs?

Mr Quinlivan—Perhaps I can just give you a little bit of context for this whole issue of marine pests, because I think it is important to understand the individual cases. The one which I think you are most interested in is the mussels in Trinity Inlet. There is a whole range of sources for possible introduction of marine pests into Australian waters. They include ballast water and hull fouling, as the task force report that I have heard you refer to focuses on. But there are also the fishing industry, the live fish trade, the aquaculture industry, marine engineering, commercial fishing and floating debris—there are a whole series of vectors on

which marine pests can be introduced into Australian waters and then translocated around the Australian coastline.

There is constitutionally a fairly clear delineation of responsibilities. The Commonwealth has responsibility at the national border for marine pests, just as it does for all other quarantine matters. Once goods, pests or whatever pass through the national border, whatever happens to them and their movement around Australia domestically after that point is constitutionally a state government responsibility.

There is various Commonwealth and state law that supports that allocation of constitutional responsibilities and there are some gaps. For instance, the Quarantine Act gives AQIS the powers to control ballast water on incoming international vessels, but it does not give it a specific power to regulate hulls or hull fouling on international vessels. I do not think there are any gaps post border because it is all picked up by state environment law of one kind or another and the nature of that will vary quite a bit from state to state. The basic authorities are pretty straightforward, but how individual cases are handled and who has responsibility for particular activities is often not so clear in practice.

Senator McLUCAS—Thank you for that background.

Mr Quinlivan—The other important bit of context is that, as you know, there was this major policy development exercise in 1989—the task force report—which, in hindsight, was unduly optimistic in envisaging what could be done. It was not done with sufficient regard to the costs of prevention and management activity and it was not grounded sufficiently in the realities of what tools we have to manage ballast water and hull fouling and so on. However well developed your legal authorities and policy instruments might be, the actual management tools for handling these things are quite limited.

Since that piece of work was done, people have been grappling with how we implement those things that are doable in that report. There has been very large investment of effort, probably with fairly patchy results. There have been some good initiatives in some areas and in others the outcomes that were envisaged in the task force report have not been realised. For the most part, that is not for want of trying. Commonwealth and state ministers have indicated that this is again a priority for governments. The Commonwealth-state officials' interaction on this issue is going to commence again in a more serious way. In fact, there is a meeting on 12 June between Commonwealth and state officials to do this. I think it will be a far more realistic exercise this time because it will be done with the benefit of 12 months knowledge about what is possible. We have had a national ballast water regime in place for nearly a year now and there has been quite a bit of work in Northern Australia on the handling of hull fouling. We will coming at the work with a more realistic perspective and a lot of knowledge that we did not have when the task force report was done in 1999.

Senator Ian Macdonald—There is a cost sharing, isn't there?

Mr Quinlivan—One of the deficiencies is cost sharing. We have, as you are probably aware, a very robust cost sharing arrangement for terrestrial pests now. There is a big exercise under way to try to develop a cost sharing arrangement for plants. For marine pests, there is an interim arrangement in place, which I think expires at the end of 2002-03, which provides for shared fifty-fifty funding for any emergency measures that have to be implemented and I think is capped at \$5 million.

Senator McLUCAS—Is it \$5 million from the Commonwealth or \$5 million as a total?

Mr Nunn—It is \$5 million in total, I believe.

Senator McLUCAS—\$2.5 million each.

Mr Quinlivan—That is my understanding. The costs in the case of most emergencies will be incurred by the state agency which is undertaking the work on the ground.

Senator Ian Macdonald—Just to clarify that—for my benefit as well as Senator McLucas's—once you are through the border, the only Commonwealth involvement is paying half the cost of the relevant state initiative taken to deal with the incursion. Is that right?

Mr Quinlivan—That is the only legal or financial involvement, but there is continuing policy and scientific support for activities post border through implementing emergency measures.

Senator McLUCAS—I find it interesting that we talk about crossing the border in terms of marine pests on hulls of vessels. There is no way that you can inspect the whole vessel at the border.

Mr Quinlivan—We do not have any means of inspecting large incoming commercial vessels, no. As I understand, there are good arrangements that are working quite well for inspecting the hulls of vessels coming into Darwin Harbour, for instance, because the NT government is putting in a lot of effort in the wake of the black-striped mussel experience. It has made it a very high priority and has quite a good regime in place. I think Western Australia is working towards such a regime, and the other states are a fair way behind that, as I understand.

Senator McLUCAS—Regarding that Northern Territory experience, you are saying that the Northern Territory government is putting money in to inspect the hulls of vessels for black-striped mussels. Is the Commonwealth paying for any of that?

Mr Quinlivan—Not to my knowledge.

Senator McLUCAS—I am following the rationale that you gave earlier, that the Commonwealth has constitutional responsibility for the border and that sort of pre-border event. Given that you cannot be at the border, I would suggest that the work that the Northern Territory is doing in the harbour is the first opportunity that the border is able to be inspected.

Mr Quinlivan—The Commonwealth itself is not exercising its constitutional authority to inspect the hulls of vessels coming into Darwin Harbour but, reflecting the risk of various vessels coming into Darwin Harbour and our involvement in the entry of some of those vessels—I think this is done through Immigration, Defence and probably the Fisheries Management Authority—we have protocols with the Northern Territory government to support the inspection of hulls of vessels coming in with illegal immigrants and apprehended fishing vessels and the like.

Senator McLUCAS—Are you inspecting the hulls of those vessels?

Mr Quinlivan—The Northern Territory government does the inspection, and there is a protocol with the relevant Commonwealth authority—I have just mentioned what they are. I am not sure what the nature of the financial contribution is, but there is some contribution to the cost of inspecting those hulls. For the rest—recreational vessels, fishing vessels and so on—the Northern Territory government is doing that work in its own right.

Senator McLUCAS—So they are doing, essentially, a risk analysis of where that vessel may have been. How do they get that information?

Mr Quinlivan—I do not have detailed knowledge of what their decision making processes are, but logic tells you that they would need to have some sort of risk analysis in place because it is not possible to inspect all vessels, obviously.

Senator McLUCAS—No.

Mr Quinlivan—That is one of the reasons why there are these protocols with the immigration department and so on to inspect incoming illegal vessels with illegal immigrants et cetera, because there is a perceived risk associated with those particular vessels.

Senator McLUCAS—Regarding your earlier comments about the status and the optimism of the report that we were referring to, what is the status of this document now—both the report and the action plan?

Mr Quinlivan—It is a policy document, developed by Commonwealth and state officials. It was accepted by three ministerial councils, and a variety of organisations and groups have been working on implementing parts of it since 1999, with varying levels of success for the reasons I mentioned earlier. There is a group called NIMPCG—can you spell out the proper name, Dr Nunn?

Dr Nunn—It is the National Imported Marine Pests Coordinating Group, NIMPCG, which is the body of officials looking at the policy level of all the aspects of the national task force report.

Mr Quinlivan—Excuse me for not recalling the name, but the main Commonwealth and state officials and representatives of Environment Australia are on that body. There were also some shipping industry representatives on it. AQIS has been developing and implementing a decision support system for management of ballast water on incoming international vessels. As I mentioned earlier, there is quite a bit of collaborative work going on in Northern Australia on management of hulls.

Senator McLUCAS—Born out of need.

Mr Quinlivan—Indeed.

Senator McLUCAS—The document outlines the priority for all vessel vectors—that is, ballast water and hull fouling. Who made the decision to say, ‘We will do ballast water now and hull fouling later’?

Dr Carroll—It was not so much a basis of deciding which to do first on a risk but a basis on which to do first on what we could do something with. For ballast water, we had a tool that we could use, which was mid-ocean exchange. Because ballast water is taken up in tanks and those tanks keep an integrity on the way across, we could develop the decision support system which we would alert people to if they were going to discharge high risk ballast water on arrival in a port in Australia. Because those tools could be readily developed, they were readily developed, whereas the same tool kit does not exist for hull fouling. That work is still ongoing.

Senator McLUCAS—It says in this document that the Commonwealth, through AFFA and AQIS, should be the lead agency for preventing the introduction and translocation of introduced marine species. It seems very much at odds with the evidence that was given at the last estimates about the states having responsibility for hull fouling. I found that quite confusing in the whole process.

Mr Quinlivan—I think the report is quite simplistic in the way it presents the roles of individual jurisdictions and organisations and in what it envisages they can actually deliver in

practice. It is a pity that, immediately after that report was developed, it was not given more of a reality check before it was accepted by the ministerial councils. I guess that is really what has been happening by necessity since then, as various organisations like AQIS have worked hard to try to implement their part of it.

Senator McLUCAS—It has been to three ministerial council meetings and those ministerial councils have accepted the report on each occasion?

Mr Quinlivan—They have, yes.

Senator McLUCAS—Have we not reported to the councils that there was something wrong with the report?

Senator O'BRIEN—Is it the same council?

Mr Quinlivan—There are three separate ministerial councils: the Environment Ministers Council, the Transport Ministers Council and what was then called the Agriculture Ministers Council.

Senator McLUCAS—Have we reported to those ministerial councils that something is amiss and that we need to revamp the report?

Mr Quinlivan—That is exactly what we are doing now. As I mentioned earlier, there will be a significant process with Commonwealth and state officials over the next few months, and we are expecting to take something to the next meeting of the natural resource ministers council in November this year.

Senator McLUCAS—So it has taken us three years to work out that it is too ambitious?

Mr Quinlivan—No. I think that has probably been fairly clear to people for a little while, but quite reasonably they have got on diligently with their various bits of it and have been trying quite hard to make the national arrangements work and to figure out how it is that you can implement the sorts of things that were envisaged in the report.

Senator McLUCAS—I have to say that the ballast water work has been quite successful. From my neck of the woods, if the hull fouling had been done in that time frame, as proposed in the task force report, it would have prevented potential damage to one waterway which I am aware of. I am not aware of many, but there are a lot around Australia. I know that Darwin has had a lot of trouble as well. Turning to the action plan that is part of that document, it is quite clear what the programs were. There were very clear time frames attributed to each piece of work. Once again, it is dated December 1999. It is called 'draft'. So is that still a draft plan? What is the status of that plan at the moment?

Mr Quinlivan—Can you take me to the specific page?

Senator McLUCAS—It is appendix G of the final report of the Joint SCC/SCFA National Taskforce on the Prevention and Management of Marine Pest Incursions.

Mr Quinlivan—My understanding is that the committee we talked about earlier—NIMPCG—has since then developed an action plan, which I do not think has gone to ministers yet, but it will as part of the process that I mentioned earlier. It will therefore supersede the draft document here and will reflect in a more realistic way what all the various people now involved think is possible, doable and affordable.

Senator McLUCAS—I suppose you cannot tell me this, but does it go to the issue of hull fouling?

Mr Quinlivan—It certainly does, because ballast water and hull fouling are the two principal vectors that this whole process is targeting. I think one of the important things the committee has done is commission some research projects. It would have done those 12 or 18 months ago and some of those will be completed quite soon. They will allow people to make the sorts of risk judgments that are necessary to have any sort of sensible action plan. This particular one was done without sufficient facts to make judgments about relative risk and where to target effort and so on. The research that has been done subsequently will allow that or, at least, a much improved version of it.

Senator McLUCAS—There were costs attributed to what it would cost to deliver these arrangements and strategies, so I dare say you are telling me that departmental people have not put a bid through their processes internally to acquire those moneys, given there was not confidence in the earlier document. Is that right?

Mr Quinlivan—There have been no substantial bids for resources. There has been a substantial investment by AQIS in the form of Andy's ballast water team, in the development of the decision support system, and in supporting the research that has been done by CSIRO in Hobart. Also, at the policy end, there has been a substantial investment of effort. Hopefully, the product of all those will be sufficient information to develop tools in a program for which we can then seek funding to implement. But the sorts of numbers that are mentioned in this report were really quite indicative and, as I said earlier, were done pretty much without reference to enough knowledge about risk, what actually needed to be done and what tools were available to address the problem.

Senator McLUCAS—I am surprised this has sat on the web site all this time given that there is no confidence in the document.

Mr Quinlivan—It is a major piece of work. It was—and still is—the—

Senator McLUCAS—Sorry, I am not trying to make a point. I just am surprised.

Mr Quinlivan—It still is an important document.

Mr Wonder—I think it represents where things had got to. Notwithstanding the points that Mr Quinlivan makes, it is where things were up to, and now we are three years down the track and we are taking stock, and it is going back to the Commonwealth and the states.

Senator McLUCAS—Can I go to the decision support system again. I understand that the ballast water work has been completed. Have we got a decision support system for hull fouling to this point in time?

Dr Carroll—It is even debatable whether a decision support system would be an appropriate tool for hull fouling. As I mentioned, with ballast water you take it up in a discrete port and it stays as a fairly discrete unit and you can then look at discharging it. With hull fouling, the vessel may have been in seven different ports before it gets to your port. It is not a discrete life cycle where you take ballast water in and you discharge ballast water. The tools that you might use for hull fouling may well not be those tools and, in fact, probably would not be those tools that you would use for ballast water control. The decision support system was one to look at where you took on the ballast water and hence any bugs that might have been in the ballast water, and then looks at the risk if you discharge that ballast water in different ports in Australia. Hull fouling is not discrete where you pick up all your hull fouling at one point, bring it in and discharge it somewhere. Hull fouling is accumulated on a vessel so you would have to have a lot more information.

My general feeling is that the decision support system may not be the ideal system, or even applicable, to hull fouling. It might be, but at this stage there are doubts on whether it would be applicable. Until we know which tools we actually need to mitigate risks of hull fouling on international vessels, it is not considered worth while to develop the DSS to look on hull fouling organisms. They are far more complex than ballast water—infinately more complex.

Senator McLUCAS—Is a decision support system another set of words for a risk assessment model or a risk assessment system?

Dr Carroll—It is in many ways. It actually comes out with a decision. It contains data on particular ports, both overseas and in Australia. A master coming into Australia can dial directly into the decision support system from the vessel and enter where they picked up ballast water in various tanks because they do not pick up all their ballast water tanks at the one point. Before they would be allowed to discharge that ballast water in Australia, the decision support system would have to yield that this is a low risk thing for them to do.

Senator McLUCAS—I think I understand. It is a computerised system that is accessed by the master of the vessel?

Dr Carroll—Yes.

Senator McLUCAS—I understand that now. Thank you. It is more than simply just a paper risk assessment?

Dr Carroll—Yes. It is a complex system.

Senator McLUCAS—But you could establish something similar and, essentially, you could do a risk assessment—given that the vessel has been to X ports in the last 12 months, the life cycle of the species is known. You could come up with some analysis. Are you telling me that you cannot do it?

Dr Carroll—Basically, yes. It is easier for us to establish where people have taken on ballast water than necessarily to track back every port and we would need the data for all those ports and the hull fouling organisms. We do not have the base sets of data—that is my understanding—at this stage. As I said, with ballast water, you take it up somewhere and discharge it somewhere else. With hull fouling, you accumulate it and, if it is going to release, it also depends on life cycles et cetera for when those particular organisms might be able to spread from the hull in the vessel as well. The hull fouling is many factors more complicated than ballast water is. Also, for ballast water, we have something we can do. If you come up with a high risk decision from the DSS, you do a mid-ocean exchange in which you pump out all your ballast water and fill it up with deep ocean water which cannot carry those organisms. We do not have any tools on what to do for hull fouling. There are no ready tools for that.

Mr Quinlivan—My layperson's answer to the question would be no, because the very vessels that pose the highest risk are those that would have not enough information to do the sort of analysis that Andy has just been talking about. The smaller vessels hopping around the coast and moving between ports immediately to our north and so on are exactly the sorts of vessels for which there might be very poor records about where they have been, when and so on. I find it very hard to see how it could work.

Dr Carroll—They do not have the access. When we are looking at ballast water we are looking at large vessels. We are looking at cargo vessels primarily, as Daryl just said. It is more likely the higher risk vessels, with regard to hull fouling, would be smaller vessels and

they do not have the ability to link into a DSS in the same way that a major cargo carrier would.

Senator McLUCAS—I will leave the documents at that point. Has AQIS or anyone done any analysis of the cost of the incursion of the Asian green mussel or the Caribbean tube worm in Trinity Inlet?

Dr Nunn—Those costs have not yet been finalised.

Senator McLUCAS—I am not talking about the cost of eradication but the ongoing cost in the case of Caribbean tube worm. Hopefully there will be no more further cost with the Asian green mussel, thank goodness. Do we know what it potentially could cost the harbour?

Dr Nunn—No, we do not know those costs at this stage. It has not been very long since the organisms have been there. I think people are still getting to understand how often, for example, boats might need to be antifouled more frequently than they were before. I suspect it will be some time before anyone can get real data on which some costings can be based.

Senator McLUCAS—Have Caribbean tube worm been located at any of the other ports of call in that North Queensland region to this point?

Dr Nunn—Not to my knowledge in North Queensland. When it was found in Cairns, we went back through records of material from other port surveys. Certainly, we know that it was in Darwin before the incursion in Cairns. There was a prior report on a vessel in Hobart in 1998 as well.

Senator McLUCAS—Is it the role of AFFA or AQIS to understand what the cost of Caribbean tube worm might be to the port of Cairns?

Mr Quinlivan—The Cairns Port Authority would be the people best placed to do that analysis.

Senator McLUCAS—I understand there was some survey work done in the Torres Strait harbour recently. Did we come up with anything untoward in that?

Dr Nunn—I am aware of the survey. I am not sure that all of the results are in. On those surveys they collect large amounts of different types of organisms and it takes a long time for a taxonomist to go through them. So far we have had no reports of anything of concern being found in those ports.

Senator McLUCAS—Thank you very much. I appreciate your time.

[4.47 p.m.]

Senator ALLISON—I have some fisheries questions. Could I ask about the Patagonian Antarctic tooth fish? As you would be aware, they are under severe pressure from illegal, unregulated and unreported fishing in the Southern Ocean. I am wondering what the department's attitude—and perhaps your attitude too, Minister—to listing those fish under the CITES process?

Mr Quinlivan—The principal priority of the people who are proposing the listing of the tooth fish is more sustainable management of the fishery in the Southern Ocean. In an ordinary situation you should be relying on fisheries management techniques to deal with the problem, including the management of illegal fishing and also use, in the case of an international fishery like this one, the regional fisheries management organisation that is in place. In this case, it is CCAMLR. However, in this case, there does seem to be a systematic or fundamental problem with the way CCAMLR operates. The reporting of Patagonian tooth

fish does seem to show a pattern of large numbers of fish being caught in areas where there are not known to be a lot of fish. That does point to a problem that the fisheries organisation has not been able to deal with. To the extent that a CITES listing is able to help with that, you would have to look very closely at it. Whether it will satisfy the criteria and get up is another question.

Senator ALLISON—So the department is currently considering whether to support it?

Mr Quinlivan—Listing is a matter for the CITES organisation itself. It would take a recommendation from Australia, made by the environment minister. Before he does that, he would consult with his colleagues. He is currently consulting with Senator Ian Macdonald on the matter. The point I am really making is that we have an open mind on it. If it can contribute to solving the problem, we will support it, although it is quite an unorthodox way to go about solving the problem. I am not so sure of the chances of success.

Senator ALLISON—The chances of a successful listing, or of protecting the species?

Mr Quinlivan—The chances of a successful listing.

Senator ALLISON—Nonetheless, the Minister for the Environment and Heritage is waiting for your advice as to whether you think this is appropriate. Is that correct?

Mr Quinlivan—I think he is waiting for advice from a number of people he is consulting with.

Senator ALLISON—And your advice has not yet been finalised?

Senator Ian Macdonald—No. I have indicated publicly that I have an open mind about it and am prepared to look at anything that might help overcome the situation. There is a whole range of measures in place to try to stamp out illegal trade, ranging from diplomacy to on-the-water arrest and all places in between. The advice I get is that it is going to be very difficult to get it up in the CITES procedures. Dr Kemp has written to me about it. I am discussing it with people in my portfolio area—the fishermen and various conservation groups. We will eventually have a view to put to Dr Kemp and he will then put the Australian view, as I understand. I think there is an attempt to have Australia co-sponsor the motion.

Mr Quinlivan—My understanding is that the next meeting of CITES is in November, and that they are looking for any proposed listings by the middle of June. I assume that the environment minister will be making up his mind quite soon.

Senator ALLISON—Minister, you mentioned conservation groups and others you have spoken with. Is it possible to give some indication of the fishing industry's view on CITES listing proposals?

Senator Ian Macdonald—One fishing company which has a very significant interest down there has supported it, but I think the Australian Seafood Industry Council are consulting their members. I am not sure whether they have come to a conclusion. Certainly, Austral Fisheries—who have the licences down there—are supportive. They have been publicly supportive of that. But the Australian Seafood Industry Council, which is the peak body of fishermen, are embarked upon their own consultation process at the moment. For what it is worth—and do not take this as gospel—my understanding is that not many people are too worried about the toothfish. What some of the fishing industry is a little concerned about is whether this is a precedent for other things which will then impact more aggressively on the commercial fishing industry, when there are other and better ways of managing the fishery.

Senator ALLISON—Is it your view that that fear of setting a precedent is significant?

Senator Ian Macdonald—As I say, one of the major fishing groups in Australia is quite happy with it—that is, Austral Fisheries. ASIC are consulting. They have not come out straightaway and said no. Everyone is trying to look at it sensibly to see how they can help. In the end result, everyone opposes illegal fishing and everyone is determined to get rid of it; it is just a question of which is the best way of doing it and how you can do it reasonably and effectively.

Mr Quinlivan—I guess the key point is that CITES is about regulating trade. If there is a problem with the fishery, it is far preferable wherever you can to directly address the problem in the fishery by managing the fishery properly. That is probably the key point the fishing industry would make. You would only use trade measures as a last resort.

Senator ALLISON—But, given the distance from population centres and from Australia in particular, that poses a difficult problem for surveillance, doesn't it?

Mr Quinlivan—That is right.

Senator ALLISON—You might argue that those were the circumstances which suggested we should take whatever means might work. The minister mentioned precedent; are there any other downsides to listing that you could imagine?

Senator Ian Macdonald—There is the issue that my advice is that it is unlikely to get up anyhow. That is only an opinion of what the international community might determine. Mr Quinlivan mentioned the issue that fisheries management should be controlled by fisheries management methods rather than by trade measures. Although this is a CITES Appendix II listing, the original CITES was more about the issue of saving endangered species rather than managing a fishery.

The other issue that needs to be taken into account is that CCAMLR has a similar sort of catch documentation scheme which does the same thing as CITES listing, but there are not quite as many people signed on for CCAMLR. There is a view that perhaps CCAMLR should get a better result from its procedures, which are more directly related, than putting it onto the CITES listing. I repeat that everyone is fairly ambivalent about it. We all want to get to the right result; it is just a question of which is the best way to do it.

Senator ALLISON—Thank you, Minister. What funding has been provided in this current budget for implementation of those by-catch action plans?

Mr Meere—The Australian Fisheries Management Authority does not have a specific allocation of funding for by-catch action plans. They are part of the broader management of Commonwealth fisheries. The actions that are in place for the by-catch action plan are funded with the normal management levies that come from the commercial sector and Commonwealth funds.

Senator ALLISON—Is there a team of people working on by-catch plan implementation? How many staff would that be?

Mr Meere—The important thing is that this is part of day-to-day management for each of our fisheries. I cannot tell you by fishery how many people are involved, but the by-catch action plans are in place for 11 fisheries. Two are being reviewed at the moment: the northern prawn fishery, which has been in place for two years and is now ready for review; and the Torres Strait prawn fishery. Nine other fishery by-catch action plans were put in place in May last year and are having periodic six-monthly updates in terms of their progress. It really

comes down to the fact that the actions involved there are part and parcel of day-to-day management. That is the way we are handling them.

Senator ALLISON—How many officers altogether would be involved in these plans?

Mr Meere—The best advice to give you is that in AFMA we have three branches and the fisheries branch has 44 staff. Their job is developing and implementing management arrangements for Commonwealth fisheries. That is part of their day-to-day work.

Senator ALLISON—What did they do previously that they have had to give up in order to implement the by-catch plan?

Mr Meere—There is a whole range of new pressures, particularly in the environment area with the EPBC Act. Again, that is part and parcel of the delivery of Commonwealth fisheries. We have increased the staffing in the fisheries branch quite considerably over the last few years to accommodate increasing requirements for both by-catch action plans and new strategic assessment requirements under the Environment Protection and Biodiversity Conservation Act.

Senator ALLISON—The action plans have been criticised as being ineffective. How do you respond to that, and what measures do you have in place for enforcement, compliance and implementation?

Mr Meere—I think the important thing is to view the action plans as very much a first step. We have gone from having no tangible issues to address in a lot of management arrangements, to now having tangible measures which are designed to reduce by-catch. In that context, there is criticism that they are not going far enough in the first step. But the important thing, from our perspective, is that what they are doing is very much introducing and developing the concept and trying to get significant buy-on from the commercial fishing industry, so that we actually work with the industry to develop new and better ways of minimising by-catch in each of the fisheries.

Senator ALLISON—Does that suggest that there is no compliance or enforcement put in place?

Mr Meere—No. Again, they are part and parcel of Commonwealth fisheries management arrangements. If there is a specific requirement—for example, having a turtle exclusion device in the northern prawn fishery—then it is obviously part of the conditions in the management plan and in the statutory fishing right that is issued to the fisher, and noncompliance would be a matter for prosecution. So, yes, there are compliance arrangements. That would be one of the things that a fisheries officer would check when he was checking compliance with the broader suite of Commonwealth fisheries management arrangements.

Senator ALLISON—So it would be the responsibility of each of those 44 officers to look after compliance in their own area? I am not sure how you divide up the tasks.

Mr Meere—No. In fact the officers in AFMA are the policy development and implementation officers. We subcontract to the states to perform our hands-on field service compliance tasks.

Senator ALLISON—Did you say that you subcontract to the state governments?

Mr Meere—The state governments' fisheries agencies provide those services to us or, in some case, the police do. In Tasmania and in the Northern Territory the police service provides those services for us.

Senator ALLISON—And a charge is made to the Commonwealth for that compliance?

Mr Meere—It is.

Senator ALLISON—What was the payment made?

Mr Meere—Again, I do not have the specific figures for compliance, but it is part and parcel of the broader compliance costs that we incur.

Senator ALLISON—There has also been criticism that there is no independent observer program as part of each by-catch action plan implementation. Can you indicate why this has not taken place and suggest whether, in subsequent stages, it will? Just what role do you see for observers in this process?

Mr Meere—I think the important thing that we are seeking to do is to develop and have implemented fisheries independent data collection. That can take the form of many sources. It does not just come from an observer program; that is one source of fisheries independent data. An at sea survey would be another source of fisheries independent data. The important thing is that we are developing a data acquisition and management plan, one element of which will be observer services. In fact, we are now providing a much greater level of observer services than we have ever done across Commonwealth fisheries, and that is helping us develop independent data sets for fisheries management purposes. The point is that it is one part of a broader suite of tools that we might use to acquire that data. In its own right, having an observer service is not a panacea.

Senator ALLISON—I think I understand that, but I did not quite catch what you said there about the role of independent observers in the future. I recognise that they are not the only answer and that there are other measures, like your surveys.

Mr Meere—What I am trying to explain is just that: observer services do provide a useful tool and we are using them more.

Senator ALLISON—You are using them more.

Mr Meere—That is right.

Senator ALLISON—Can you indicate how much you have used them thus far, and when you will start using them more and in what circumstances?

Mr Meere—They are used across a number of fisheries at the moment. We also use a separate integrated scientific monitoring program across the southern fisheries in Australia: the south-east trawl fishery, the non-trawl fishery and the Great Australian Bight trawl fishery. That is run independently as a separate source of data but with exactly the same result. It is an independent source of data, with scientists going on board vessels.

Senator ALLISON—But it is not an independent observer?

Mr Meere—Yes, it is. They are provided by research agencies in that case. The Marine and Freshwater Institute in Victoria provides the service for us. If it would be useful, I could give you the number of observer days that we provided last year and the number we have provided this year if you wanted to get some idea. I do not have those at hand, but I am happy to take that on notice if that would help you.

Senator ALLISON—Thank you. You may also want to take on notice the question about the measures that are being introduced to ensure that the impacts of fishing on threatened species are better understood and therefore reduced. Is it possible to provide information for each of the threatened species and marine protected species in Commonwealth fisheries?

Mr Meere—If I have a list of those I could do that. Do you have species in mind, or are you just saying in general?

Senator ALLISON—In general and specifically, if there is a list and it is not too hard to access that.

Mr Meere—We are happy to do that. We will have to get that from Environment Australia to answer your question.

Senator ALLISON—How is research and development for improving by-catch reduction technologies and methods going? What sort of funding is being provided for that method?

Mr Meere—I will get Mr Roberts to give you a brief outline of one of the key projects we have been running in the south-east trawl fishery.

Mr Roberts—There are a number of projects in a range of fisheries that are designed to address by-catch reduction. A lot of work has been done already in the northern prawn fishery—NPF. In the south-east trawl fishery, MAFRI—the Victorian research agency—has been doing work on mesh size in nets to exclude smaller fish. There has been some work done there. In the by-catch action plans, in general, it is identified as a priority to identify the sort of work that needs to be done.

Senator ALLISON—Does the department fund any of this work? Do you have a set program for a range of fisheries?

Mr Meere—We fund as per our capacity. We have very limited research funds. AFMA, under its own control, has \$1 million under the AFMA research fund. We have industry specific levies that are raised through the industry levy to actually fund management initiated research as targeted by the specific fishery. We have been funding the MAFRI work, and it is quite innovative in so far as it is looking at providing us with a range of information that might mean that, for different areas and for different fish species, we would require different gear in order to maximise the escape capability for juvenile fish and to minimise by-catch. There are a range of things coming through which we will have to then assess and develop into management tools, if you like, and put them into place.

Mr Wonder—I am told that there is additional research funding by AFFA in this area as well.

Mr Quinlivan—It is a bit broader than that. There are research projects undertaken directly by the department through the Bureau of Rural Sciences, commissioned by the department and undertaken by external parties on special cases like sharks and so on. Then there is work that is commissioned and funded by the Fisheries Research and Development Corporation. I cannot just give you a list off the cuff, but there is a lot of work done in this area, all of it directed to better management and better decision making, as Frank has said.

Senator ALLISON—Is there a lot more work to be done? Where would you say we were in the scheme of things, in terms of getting the best technology?

Senator Ian Macdonald—Someone can answer that, but if you are interested in this, Senator, I would almost ask AFMA if they could prepare a presentation. There may be some other parliamentarians who would also be interested. I say this only because we have gone a long way, but sometimes different ones of us in the parliament, depending on where our interests lie, get advice from people that are perhaps not always 100 per cent accurate—sometimes not deliberately but just through lack of knowledge.

People in the fishing industry do not like by-catch, because if they can do without by-catch it is much easier for them to fish. They do not have to waste time sorting out the good from the bad. They have been very cooperative over the years with all of the agencies trying to do things, even though they do not always agree with the methods and sometimes have a different view on how it would better be done, and argue with the scientists on that. By and large the fishing industry has been very cooperative and very much involved in all of this, for two reasons. They do not want to catch stuff they do not need, because they understand the sustainability issue. Secondly, it costs them more money when they have to sort through things. Do not be misled that the industry itself is not supportive.

A lot of work is being done by AFMA and by all the research organisations that are mentioned, so there is quite a lot happening. Someone might care to guess where we are on a scale of one to 10, 10 being perfect and one being nothing. I do not know that you can do much better than that. But, as I say, if you were interested—you can let us know later, and the committee might be interested too—AFMA might prepare, say, an hour's seminar on what we do, how we do it and who pays for it. A lot of it is paid for by the industry, through levies and other things.

Senator ALLISON—I am interested in a briefing. However, the reason I am here asking these questions is that we did put them on notice and got not very fulsome answers the first time round. This is a very important area and worth pursuing, which is why I am asking the questions.

Senator Ian Macdonald—Perhaps in questions on notice you could write certain things, but that is why, as I understand you are genuinely interested, I am just suggesting that, because there is a lot of work going on, rather than our trying to answer it here, either the committee or my office could arrange for a presentation to be made.

Senator ALLISON—I will do that, Minister.

Senator Ian Macdonald—I might come along myself and learn a little bit more as well. Is such a presentation possible?

Mr Meere—It is certainly possible, Minister. I would be happy to arrange that if there is a demand. Could I just mention that, as I explained in my early comments, this is a new area that we really are coming to terms with. So we are at the beginning of a journey, in terms of best practice and moving on.

One of the things that we have done—a considerable project which will be of the order of in excess of \$600,000—is to commission the CSIRO to do specific research on ecological risk assessment of target, non-target or by-product, and by-catch species, in all of our fisheries. They have just started work on that now, and they will be doing it over a period of two years. That will provide us with very useful information on where we really need to target our effort, to actually get results in terms of the questions that I think you are trying to get to the heart of: how we are going and what have been the tangible results. It is a bit early for me to be able to give you a definitive statement about how we are going, but I think this research—which we are quite enthusiastic and excited about—will give us much better guidance about where we need to target our efforts and what we need to do to try and manage that by-catch.

As the minister said, our experience in the northern prawn fishery with the adoption of both turtle exclusion devices and by-catch reduction devices has been that, after some initial apprehension by industry, they have been warmly welcomed. It is making life easier for

people in the industry, and it is meaning that they are doing the right thing in relation to the by-catch problems that they were experiencing.

Senator ALLISON—Is the CSIRO project being funded by the department?

Mr Meere—It is being funded by AFMA.

Senator ALLISON—When is it due to be completed?

Mr Meere—I think it is two years. It has just started, so we are some time off.

Senator ALLISON—Will this assist in developing specific performance indicators for by-catch reduction targets?

Mr Meere—I believe it will. It will be part of, firstly, identifying the specific species we have got to look at, and then identifying them with further work.

Senator ALLISON—So the by-catch action plans do not actually have these targets in them as yet?

Mr Meere—Not in many cases. They would have in relation to turtles in the northern prawn fishery, but that would be an exception rather than the rule, I suspect.

Senator ALLISON—Could you explain how the retention and sale of by-catch fits in to the assessment or the figures regarding by-catch. Is it the case that, if they are sold on, they are not actually counted as by-product?

Mr Meere—The difficulty in answering your question is that it is horses for courses, depending on the fishery. A trawl fishery will obviously always have many more species which might be regarded as target and by-product species and less that might be by-catch species, whereas another fishery, where you are targeting the target species much more specifically, might have much less by-product and by-catch. Regarding the figures, I am not sure what is counted in terms of value. At the moment what is sold shows up as the value of the fishery. I do not know that I can elaborate on that. Is that what you had in mind or not?

Senator ALLISON—Yes, thanks. Will you make an assessment of new target by-product species before their retention and sale? How significant do you think is this element of the question of what is by-product and what is—

Mr Meere—It is very difficult, because without the data that we get from commercial fishing often the research cannot take place to determine whether they are being sustainably fished or not. So it is chicken and egg. If you said, 'We have found a new species that we are now going to call a by-product species, because there is a commercial value in landing and selling that species', without fishing taking place it is unlikely—unless you have a lot of money to spend and some time to do that—that you are going to be able to get the data you need to make some initial assessment of the sustainability of that stock. So, while what you have suggested is possible, I would suggest that in most cases it is very difficult for us to do that for two reasons: firstly, the timing, and, secondly, the availability of the funds to be able to do that for each of the species that might be determined to be by-product rather than targeted.

Senator ALLISON—There is another factor, isn't there? That is the ecological assessment. Presumably CSIRO will tell you what that is as part of this project.

Mr Meere—The risk assessment process, yes.

Senator ALLISON—How many non-processing boats were operating in the south-east trawl fishery in 1999, 2000 and 2001?

Mr Meere—I cannot answer that off the top of my head. Are you talking about the whole fishery or the blue grenadier section of the fishery?

Senator Ian Macdonald—Can you just explain the difference?

Mr Meere—By and large, the south-east trawl fishery does not have processing capacity. They are boats that are referred to in the industry as ‘wet boats’. They go out and catch the catch and bring it in fresh or chilled for sale. In the blue grenadier section of the fishery, which operates in the winter months off western Tasmania, there are a number of processing boats—two, from memory—that have been brought in just to target the available catch there. They process on board and freeze the catch. They have different requirements to the ‘wet boats’ which operate elsewhere in the fishery. Is that the area you are interested in—which is the blue grenadier fishery—or is it the whole fishery?

Senator ALLISON—It is the non-processing boats.

Mr Meere—I will take that on notice and get the exact number for you. So it is the non-processing boats for the whole of the south-east trawl fishery for 1999, 2000 and 2001?

Senator ALLISON—Yes. How many reported deaths of seals, albatross and other threatened species have there been under the ISMP in the blue grenadier section of the south-eastern trawl fishery since its inception?

Mr Meere—I do not have an answer to that. The figures that we have provided on notice do not include the processing boats. I do not have the figures for the processing boats, so I would have to get them for you.

Senator ALLISON—Regarding funding provided for the National Action Plan for Sharks, or NAPS, I think you have indicated that \$100,000 has been used to develop the NAPS. Is it possible to indicate what the budget will be for implementation of that plan of action?

Mr Meere—I think that is one for the department.

Mr Quinlivan—The shark plan is not completed yet, so I am not in a position to answer your question. As I understand it, the plan will be completed in August after some public consultations which are currently under way. That is a question for later in the year.

Senator ALLISON—If it is finished in August, doesn’t that mean you will be implementing it in this coming financial year?

Mr Quinlivan—I do not know what the implementation program is nor whether responsibilities for implementing various parts of the plan and, therefore, whether any funding liabilities might arise. I just do not have that information. I can make sure that we provide you with all the information that is available when the plan is released in August.

Senator ALLISON—Good. That is all for me.

Mr Meere—Senator, can I just clarify one of my responses? It was in relation to domestic compliance. I now have the figure in front of me. You asked about domestic compliance. AFMA in the portfolio budget statements have identified domestic compliance at \$5.129 million for the coming financial year. It is on page 116.

Just to go back to the question that you asked in relation to the integrated scientific monitoring program and blue grenadier fishery, the question on notice did ask specifically for the program. The program does not extend to processing boats, but I understand from your question that you now want the figures in relation to processing boats. Is that right?

Senator ALLISON—No, non-processing.

Mr Meere—Well, the figures that were given on notice, which were in response to question 16, relate to deaths of seals, albatrosses and threatened species. There were zero seal and albatross deaths in 1999; three seal and zero albatross deaths in 2000, and four seal and zero albatross deaths in 2001.

Senator ALLISON—Thank you.

Senator O'BRIEN—I want to ask some questions about the ACIL review of management advisory committees. Last time Mr Meere advised that the AFMA board had picked up all but two of the recommendations and then provided me with an answer on notice that advised that there was a schedule for the implementation, but that you were not prepared to provide it to the Senate until the recommendations had been fully considered by the management advisory committee. I assume this review was commissioned by the AFMA board in October 2000. Is that right?

Mr Meere—That is correct. We do have a schedule which actually shows that progress has been pretty substantial against all the recommendations. I thought I had provided material which would have given you that answer. To my surprise, when I reviewed that today, I saw that it has not been provided to you. The major recommendations have been implemented and there is work at hand right now to deal with some of the key areas still to be developed which include the induction of trainee programs for MAC members which we are currently working on, interpretation of legislative objectives, formal corporate governance statements for MAC, and consistent fees for MAC chairs and sitting fees for MAC members. They seem to be the main areas where we still have some more work to do.

Senator O'BRIEN—Can we have a copy of the schedule?

Mr Meere—I am happy to provide you with a copy of the schedule.

Senator O'BRIEN—Thank you. If that can be tabled now it saves going through the on notice process. Have all the recommendations regarding aspects of MAC operation and support been considered and actioned?

Mr Meere—You have got my only copy but I will talk from the top of my head. I think they have mostly been actioned. I think the key one was the one I mentioned which is the induction training and ongoing development for MAC members and we are conscious that that is an important element in terms of the MACs to make sure they are fully aware of their roles, responsibilities and obligations and also that they are aware of their role in relation to the AFMA board and their advisory nature.

Senator O'BRIEN—As I understand it, one of the reasons the whole process was kicked off was concern about the selection process for MAC members. Would it be fair to say that a number of new members have been appointed since the ACIL report was provided to the AFMA board?

Mr Meere—Yes, that is correct but that is one of the areas in which we have moved and have developed calls for nominations and formal selection processes which involve a written report and nominations then to the AFMA board.

Senator O'BRIEN—Another problem identified was the role and performance of chairs and executive officers. What were the perceived problems and can you summarise what ACIL's advice was?

Mr Meere—The problems were, I think, centred on an unclear understanding of the role and the purpose of both the chair and the executive officer. To that end we have redrafted and

in fact we will have ready to go to the board a draft fisheries management paper No. 1 which is the management advisory committee's paper which sets out roles and responsibilities. In addition to that, on Friday 7 June we will be having a MAC chairs meeting which is being convened by the AFMA chair and we will be running through a number of these areas from the ACIL report to highlight the changes and the expectations, if you like, on MAC chairs and EOs.

Senator O'BRIEN—I understand that the MACs received a copy of the ACIL report in January last year. Is that right?

Mr Meere—We did circulate the report and asked for comment, yes.

Senator O'BRIEN—How often do the MACs meet?

Mr Meere—It varies from MAC to MAC. The larger MACs meet three to four times a year, the small ones, once a year.

Senator O'BRIEN—So there would have been at least one, probably two, MAC meetings since that document was sent out of each of the MACs?

Mr Meere—I would have thought so. Even the smaller ones would have had one in that time.

Senator O'BRIEN—I also want to ask about the strategic assessments that are required under the EPBC Act. You told us two have been forwarded to the Minister for the Environment covering the Heard and McDonald Island fishery and the Bass Strait scallop fishery. What has happened in relation to both of those assessments?

Mr Meere—I am pleased to report that we have been told by the Minister for the Environment that the Heard and McDonald Island fishery has been strategically assessed and accredited under the EPBC Act in a letter dated 30 April. I have moved and, as authorised by the AFMA board, determined the plan of management and it has now been gazetted. The plan, along with the strategic assessment, will be tabled in parliament, I understand, in the near future. On scallops, we are still in discussion with Environment Australia but we expect to have an outcome on that in the next few weeks.

Senator O'BRIEN—You also advised you were working on three tuna fisheries. What is happening there?

Mr Meere—In terms of the strategic assessment?

Senator O'BRIEN—Yes.

Mr Meere—We are paralleling new management plans, a review of the southern bluefin tuna fishery plan and new management plans for the eastern, southern and western tuna fisheries. Hand in hand they have strategic assessments being prepared. Both the management plans and the strategic assessments are to go to the AFMA board in July for approval for public release for the public comment phase. That is the next step for those. After that phase we will collect the public comments and revise both the plans and the strategic assessments as necessary and then they will be submitted to the Minister for the Environment again for accreditation.

Senator O'BRIEN—So this whole process is scheduled to be completed by 2005 with the key export fisheries to be completed by 2003?

Mr Meere—That is correct.

Senator O'BRIEN—Is that achievable?

Mr Meere—We have a timetable which we believe we can stick to. As I think I mentioned last time, we will certainly be aiming to provide Environment Australia and the Minister for the Environment with our strategic assessment reports in time for Environment Australia to provide him with advice and have them signed off before December next year, yes.

Senator O'BRIEN—Following up the Heard and McDonald Island fishery issue and the CCAMLR consideration, I understand CCAMLR estimates that 80 per cent of the Patagonian tooth fish sold on the world market is illegally obtained.

Mr Meere—I have not heard a figure of that high. I do not know whether Mr Quinlivan has any—

Mr Quinlivan—No, I think the number is considerably smaller than that. It is probably in the order of 50 per cent, but perhaps we could take that on notice. You are quoting somebody else. We can confirm that for you.

Senator O'BRIEN—I guess I am quoting a news service off a web site so it may or may not be right. It is quoting CCAMLR.

Mr Quinlivan—CCAMLR do formal assessments of the level of illegal fishing because they calculate the total allowable catch for sustainable management of the fishery, deduct the estimated illegal catch and the remainder is available for legitimate fishers. So they actually do formal estimates and we can chase that up for you.

Senator O'BRIEN—According to this site, on 28 March the US National Oceanographic and Atmospheric Administration and the US State Department put poachers on notice that the US was strictly enforcing import regulations and cooperating with the international community to prevent overfishing of the species, describing them as Chilean sea bass, which is Patagonian tooth fish.

Mr Quinlivan—That is right, yes.

Senator O'BRIEN—The news site refers to press releases from those US bodies and states:

... illegal poaching of Chilean sea bass threatens the Commission's (CCAMLR) conservation attempts.

The non-stop pace of illegal fishing virtually guarantees that the entire species will collapse in less than five years unless we take immediate action —

That is as stated by a US delegate to CCAMLR, Beth Clark. She further says:

Last year alone—with regulations in place—nearly 40,000 tons of Chilean sea bass were illegally fished in waters around Antarctica.

What would be the effect of the listing of that fish—however described—on the International Convention for Trade in Endangered Species?

Senator Ian Macdonald—What was the question?

Senator O'BRIEN—What would be the effect?

Senator Ian Macdonald—On the CITES listing?

Senator O'BRIEN—Yes, of a CITES listing on trade in that fish?

Mr Quinlivan—There are a variety of views and I am not really in a position to say which is the more reliable view. Some people say it will make quite an impact. Others say that the trade in illegal tooth fish is lucrative and has so far found its way around most of the

impediments thrown up before it and will continue to do that. I am really not able to answer your question.

Senator O'BRIEN—There is only one other fish listed under CITES, isn't there?

Mr Quinlivan—I do not know.

Senator Ian Macdonald—There are syngnathids and some of those—

Mr Quinlivan—Beluga is listed.

Senator Ian Macdonald—What do they call them? Not eating fish; they are like syngnathids. Aquarium fish! Quite a few aquarium fish have been proposed; they have not been listed yet, I am told. So perhaps you are right. Which one do you have?

Senator O'BRIEN—Beluga, the source of black caviar.

Mr Meere—I think that is right. I recall that having been listed because of the sale of caviar, but I am not aware of anything else in the commercial fish area, and that is one of the issues that I think we are trying to come to terms with.

Senator O'BRIEN—So, in terms of our policing our fishery in Heard and Macquarie Island, what is the extent of the resource we have committed to that?

Mr Quinlivan—The current program provides \$4 million a year to AFMA to the end of 2002-03 for a surveillance program which is augmented by ADF operations down to that region when the opportunity arises—and, as you know, there has been a series of apprehensions over recent times. That program runs out at the end of 2002-03, and the government is currently considering what sort of program might replace it.

Senator O'BRIEN—It is a very expensive task because of the distance, isn't it?

Mr Quinlivan—It is very complicated, risky and expensive because of the logistics: the distance involved, the conditions down there, the remoteness, problems with backup if anything goes wrong.

Senator O'BRIEN—I have heard there are up to about 12 specialised boats that fish those waters illegally.

Mr Quinlivan—There are boats that are regularly fishing in that region—not necessarily in the Australian EZ down there, but fishing for toothfish in the southern oceans, yes, that is right. I do not know whether it is a dozen or just what the number is but there are certainly fishing activities dedicated to the southern oceans toothfish.

Senator O'BRIEN—What is happening with the Commonwealth fisheries policy review? I understand that the department has provided a draft and recommendations, and they were being considered as to how they might be proceeded with.

Senator Ian Macdonald—We are hopeful of making a further statement in relation to the new Commonwealth fisheries policy later in this calendar year.

Senator O'BRIEN—How long have you had the department's draft?

Senator Ian Macdonald—In fact, I do not think I have even got it yet.

Senator O'BRIEN—Mr Quinlivan said you did, in February.

Senator Ian Macdonald—I did get it yesterday. I have not read it yet.

Senator O'BRIEN—The mail is slow here!

Senator Ian Macdonald—We want to be thorough and certain. The last one has been in place for 13 years or something, so we want to make sure that we have updated Commonwealth fisheries to take into account modern technology and different approaches and ecologically or ecosystem based fisheries management. We are erring on the side of caution, but there is a program in place to go to the sustainable environment committee of cabinet, then to cabinet, and there is hopefully a statement to be made later in the calendar year.

Senator O'BRIEN—So it is a fair way off; there is a fair bit of work to do.

Senator Ian Macdonald—They are relative terms. It is progressing.

Senator O'BRIEN—It has advanced more than it did under Minister Tuckey?

Senator Ian Macdonald—I would not say that either.

Senator O'BRIEN—Don't sell yourself short.

Senator Ian Macdonald—Mr Tuckey did a very good job and started the process rolling. He got to a certain area and the election intervened.

Senator O'BRIEN—How far did he get travelling around the ports of Australia with his own version?

Senator Ian Macdonald—He got a lot of useful information, a lot of useful input which I am sure would be very useful as we go towards a final policy.

Senator O'BRIEN—So you still junked all of the work of the industry?

Senator Ian Macdonald—Not at all.

Senator O'BRIEN—I thought he threw that out.

Senator Ian Macdonald—We did not accept 100 per cent of the recommendations. Some of them have been accepted and, in fact, already implemented. Some we do not agree with; some we do agree with. I think that was Mr Tuckey's position as well.

Senator O'BRIEN—You surprise me. Closure of Rockingham Bay was something I wanted to ask some questions about. What role did AFMA and the department have in the process of assessing whether there was a need to put in place a management regime for this area that led to its closure? You know where it is?

Mr Meere—I think it is in Queensland and it is under state jurisdiction. AFMA had no input at all in the process and, in fact, I was not aware of it.

Mr Quinlivan—I think GBRMPA did it.

Mr Meere—It probably did, yes.

Mr Quinlivan—And the department also had no involvement in the decision.

Senator O'BRIEN—So there was no consultation about that from GBRMPA?

Mr Quinlivan—Not to my knowledge.

Senator O'BRIEN—So no involvement in any of the processes relating to GBRMPA's action? On page 96 of the PBS, appendix 2, the expected funding for fisheries resource research is \$2.039 million. A slightly larger amount was estimated in the 2001-02 PBS of \$2.89 million. Why has the expected level of expenditure dropped?

Mr Quinlivan—The research fund varies from year to year. It is derived from a calculation of the gross value of production in Commonwealth fisheries at 0.25 per cent of that, and there are certain sums deducted. There is \$1 million, or thereabouts, deducted for part of AFMA's budget and then what is left is a sum available to the department which explains the variation from year to year. The original estimate for 2001-02 would have been \$2.189 million. There was \$150,000 this year that we did not expect to spend, because of some projects that were commissioned that straddle years, and \$150,000 has been rephased in to next year. So next year's number would have been larger anyway but it is further increased by \$150,000 rephased from this year.

Senator O'BRIEN—Page 49 of the PBS identifies additional funding for scientific research into bluefin tuna. Can you give the committee an update into the state of this fishery?

Mr Quinlivan—The state of the fishery?

Senator O'BRIEN—Or fishing, or species fishing or however you want to describe it.

Mr Quinlivan—It is managed by the Commission for the Conservation of the Southern Bluefin Tuna. It has been a big year for the commission because some major nations who catch the species have joined the commission and have become a part of the management arrangements for the fisheries in Taiwan and Korea. There has been significantly increased engagement with Indonesia on the management of the species, which is critically important because the spawning grounds are in Indonesia. Effective management of the species in its spawning grounds at its spawning time is very important. The commission has engaged a panel of expert scientists. I do not have their names, but I can provide them if you wish. I think there are five scientists. They have commenced a major program of research into the species and its management. In fact, the program which you have just referred to is the Australian contribution to funding the work of that panel. All the other member countries are also contributing. The most recent assessment of the position of the species is that it is stable: it is neither growing nor declining. This is not satisfactory because the management objectives for the fishery are that it should be growing, and this research program will be a major contribution to achieving the management measures and improving the prospects of the species.

Senator O'BRIEN—Are we still lacking a detailed understanding of the level of the stocks?

Mr Quinlivan—You never have a perfect understanding of the fish stocks. This is a particularly complicated one because it is a highly migratory species and not a lot is known about its spawning activity. By international standards, I would say—and there might be others here who can comment—that it is a fairly well understood and managed fishery, despite its vulnerable status.

Senator O'BRIEN—I want to ask AFMA some questions about the role they play in the apprehension and detention of illegal fishermen. Where is this work mainly focused? I assume it is Northern Australia.

Mr Meere—That is correct. Traditionally, the work has been almost entirely northern Australia, with the apprehensions from 1997-on for illegal fishers in the Heard and McDonald Islands. We have also had activity in Fremantle as a result of boats being brought back to Australia. There have been five boats in total there. In Northern Australia, it is primarily illegal Indonesian fishing that we are dealing with.

Senator O'BRIEN—What exactly is AFMA's role there?

Mr Meere—In conjunction with Coastwatch and the agencies that provide surface response—that is, the ADF and Customs—we arrange for identification, interception and, where necessary, for those vessels to be brought to Australia for prosecution action.

Senator O'BRIEN—What I want to get clear is where AFMA's role in this matter ends and where Customs' or Immigration's cuts in.

Mr Meere—I think the situation is that AFMA's role continues right through a caretaking period in relation to the crew that might be detained and prosecuted. We are responsible for those fishers while they are in detention. Once the outcome of the prosecution process is known, Immigration then handles repatriation of the crew et cetera.

Senator O'BRIEN—I presume you have to hold them on your vessels?

Mr Meere—We have two broad facilities. We have a facility at Willie Creek, just north of Broome, which provides both on-vessel and onshore facilities for them. In Darwin, we have only an on-water facility, which is essentially that they are held in Darwin harbour and provided with caretaker facilities and so forth and brought to shore periodically for exercise and other activities, including medical or other visits that might be required.

Senator O'BRIEN—How do you manage them when they are in Darwin? How do you deal with them, keep them on the vessels and service them?

Mr Meere—We have a contractor who does that on our behalf. They provide regular visits to the vessels including with food and other requirements. They maintain the security arrangements for the vessels et cetera.

Senator O'BRIEN—Who is the contractor involved and what are the costs of the contract?

Mr Meere—The contractor is Kerrawang Pty Ltd trading as Barefoot Marine. I do not have exact details of the cost, but I could provide you with them. It varies, and it is obviously dependent on the level of activity that we have. The greater the level of activity the higher the amount of money that is paid to the contractor as a result.

Senator O'BRIEN—It is a sort of fee for service?

Mr Meere—And dependent on the level of activity. If there is only one boat it is a flag fall plus the cost of victualling one boat. If there are 20 boats there it is a quantum increase, which accounts for the scale plus a daily rate per person for looking after the crew. I can provide that information on notice for you.

Senator O'BRIEN—Okay. Could you give me the information by contractor and by year?

Mr Meere—Yes. Do you want it just for Darwin or do you want it also for Broome as well?

Senator O'BRIEN—For Broome as well, please. How is this cost being met by AFMA?

Mr Meere—The cost is met out of general government appropriations. AFMA receives a single line appropriation for its government activities, as part of the AFFA portfolio, and it is funded from the total of that single line.

Senator O'BRIEN—There is no special allocation to deal with this role?

Mr Meere—No. There used to be a separate allocation which provided us with a flexible arrangement, whereby if demand increased we could come back and seek some additional

funding for the increased demand but we do not have that facility any more. That is causing some difficulty, particularly where there are increasing costs.

Senator O'BRIEN—These costs are different from detection and apprehension?

Mr Meere—We do not provide the apprehension costs directly. They are provided by Customs and ADF when they are doing patrol work on behalf of government. The only costs we incur there are obviously having a fisheries officer on board those boats, which we do fund. Yes, they are different. These were called apprehension and prosecution costs in the past, and were covered separately.

Senator O'BRIEN—How many fishermen have been placed in AFMA's care over the last couple of years?

Mr Meere—It varies and, again, I do not have the figures in front of me. In the north it could be in excess of 100 boats in a busy year. It is sometimes less, but it really depends on the facilities available, in terms of actually apprehending fishers. We are also using a facility provided in an amendment to the Fisheries Management Act, which enables us to actually turn fishermen around and just seize their catch and gear rather than bringing them in. Looking at year-on-year figures is not really conclusive in terms of the trends—it does vary. Again, I could give you some figures for the last few years if that would be of assistance.

Senator O'BRIEN—Yes, thank you very much for that.

Senator Ian Macdonald—I was up there last week and there were only five people on a boat so we went out to have a talk with them. They were very happy there and would prefer to be there than on the land. As a matter of course, they usually ship most of the crew home on the first available flight and the prosecution is mainly for the recidivists, of which there were two there last week. The rest were going home in the next couple of days.

Senator O'BRIEN—How long had they been there before they were sent home?

Senator Ian Macdonald—This lot were apprehended over near Thursday Island, and they were actually flown over to Darwin because we do not have facilities on Thursday Island. They had only been there a couple of days—from Sunday night and we were there Tuesday. Most of them were going home on Thursday and the other couple were going to court.

Senator O'BRIEN—I want to discuss the Eden Regional Adjustment Package which we discussed in February and you provided on notice a list of recipients, how much they received and how many jobs were proposed to be created within the first year of each enterprise. In May 2001 there was some *Hansard* material that was provided and I just wanted to see if you could update that table. It is headed 'Taken from Questions on Notice May 2001, question 5, *Hansard* page 15 with additional information from AFFA web site.'

Mr Calvert—To this point there have been no changes to the total level of grants approved and the estimated jobs created remains in place, in the sense that the estimate of jobs created is for the first year of the project and that does vary depending on the actual project completion date. However, we have recently written to each of the grant recipients and asked for an update on progress with the projects, and we are trying to tie that in so that we will have that information on a common basis. But we do not have a complete update at this point. Even then you would appreciate that some of these projects have only recently been completed, so the first year of their project operation will not have been reached.

Senator O'BRIEN—I note from a previous answer that all enterprises except for Boydtown, Goldbat quality boat supplies, Coolangubra Farm and Aussie Recreational Vehicles were estimated to have submitted a final report by now. Has that occurred?

Mr Calvert—We have not received final reports for all others yet and that was the primary purpose of writing to the grant recipients to chase those reports.

Senator O'BRIEN—Has direct contact been made? Has someone got on the telephone and asked for them?

Mr Calvert—Yes, some of the companies certainly have been approached directly.

Senator O'BRIEN—Do you have any likely reporting dates as a result of that contact?

Mr Calvert—Various promises have been made of reports within the next fortnight and we will follow up those that we do not receive information from.

Senator O'BRIEN—Are those reports going to be made public?

Mr Calvert—That again would be a matter for the ministers to determine. The basic information they are reporting, though, is the confirmation that the grant was expended in the manner for which the grant was offered, an estimate of job creation for the first year of the project and a forecast for the first five years. So that sort of information has otherwise been made available in media releases and the like.

Senator Ian Macdonald—I would not expect that there would be any reason why we would not make it available.

Senator O'BRIEN—In terms of job creation which was just touched on, I note that the Pieman from the Snowy River received nearly a million dollars to create 46 jobs in year 1. Has that target been achieved?

Mr Calvert—The actual premises only opened in November-December. We are aware that to date they have created 23 jobs—and I should mention that they are direct jobs. There was obviously a considerable number of jobs created in the construction of those premises. It is quite a landmark premise in Eden now.

Senator O'BRIEN—I did not think that the jobs by year 1 figure would encompass construction.

Mr Calvert—No, the construction jobs are in addition to those. That number I quoted was purely the direct employment associated with that enterprise.

Senator O'BRIEN—Boydtown, \$451,000-odd, predicted 43 jobs in year 1. Do you know how many have eventuated?

Mr Calvert—There have been delays with that project and we do not have an estimate of the number of jobs created thus far. To this point, not much progress has been made on that project.

Senator O'BRIEN—The work on the hotel has not been done?

Mr Calvert—Work on the hotel has commenced, but the project itself, we understand, will be on a greater scale than first envisaged and that has required additional approvals from the council.

Senator O'BRIEN—No additional grant money?

Mr Calvert—They have received \$17,000—of that order—towards minor works associated with the wider project.

Senator O'BRIEN—In addition to the \$451,000?

Mr Calvert—No, that was the first payment towards that \$451,000. There is \$435,000-odd remaining to be paid on their grant.

Senator O'BRIEN—So we are a fair way off getting an outcome there?

Mr Calvert—We were otherwise estimating the end of October 2002. It may be beyond that date. We again have approached the company for an update.

Senator O'BRIEN—Have the 10 cadetships at Wilmott Forest eventuated?

Mr Calvert—Yes, they have.

Senator O'BRIEN—According to the answer we received, the prediction is 181 jobs at year 5. Is the department confident that the Eden Regional Adjustment Program will deliver the full 181 jobs?

Mr Calvert—I would be more comfortable in making any sort of prediction once we have received the reports from the companies as to employment in the first year and an update from them. Thus far, investment levels have certainly exceeded the original project proposals. From that perspective, we certainly have grounds for optimism. To clarify, the advice we provided to you in that response was an estimate in the first year of 146, so that is the initial focus of our inquiries to the companies.

Senator O'BRIEN—One hundred and forty six jobs.

Mr Calvert—For the first year, but I know you are talking about year 5.

Senator O'BRIEN—Does that include construction?

Mr Wonder—One hundred and forty six is the number—

Senator O'BRIEN—Sorry, yes, down the bottom of that page. It is fairly hefty expenditure for those jobs if a lot of them last only one year. That is why I asked about the five-year target. In terms of the cost of job creation and the application process, you previously advised that 45 applications were received and we know 14 were approved. Looking at the 14 that were approved, I note that the average cost of job creation at year 5 is \$17,664.82. Analysing each enterprise in the same way—expenditure divided by number of jobs—the average cost of creating jobs varies markedly. There is the Eden Performance Centre, with a cost per job of more than \$63,000, and the Goldbat project, with a cost per job of more than \$53,000.

Mr Wonder—That is in the first year, Senator. In that Goldbat one, you have presumably obtained that figure by simply dividing \$145,000 by eight. Is that correct?

Senator O'BRIEN—Yes.

Mr Wonder—The actual project was the refitting of a fishing vessel to operate out of Eden. In fact, that capital expenditure may have employment related with it for the foreseeable future, rather than just one year.

Senator O'BRIEN—If there are fish to catch.

Mr Wonder—We have made that assumption.

Senator O'BRIEN—Yes, we have.

Mr Wonder—But that is not really the point of your question, surely?

Senator O'BRIEN—No. I am saying that, if you are making decisions about the allocation of funds to a project, is not the cost per job relevant to whether you approve the project?

Mr Wonder—I am not saying it is irrelevant; I am making the point that jobs may be associated with that capital expenditure for many years.

Senator O'BRIEN—Yes, I suppose if the Boydtown project gets up, you would think that \$10,500 per job, for 43 jobs—if they are achieved—would have just as much chance of success over the long term as a fishing vessel.

Mr Calvert—It is probably worth looking at the objectives of ERAP. They were primarily to stimulate investment in the Eden region and to create long-term employment. To that effect, the guidelines did not set any target for employment creation; the guidelines looked to applicants to demonstrate their capacity to fund at least 50 per cent of any project. They were also requested to set out any employment creation as a consequence of the project. The guidelines did not, in that sense, specify jobs targets. I guess the approach that you have outlined would also penalise the more capital intensive projects.

One of the examples you have given is the Eden Performance Centre. That vessel is set up for recreational diving, fishing and whale watching. There we would look at flow-on effects for the tourism sector and the like. We understand that there is an excess of demand at times for the current vessels in that area, so that vessel enhances the attraction of Eden for tourists. Certainly, jobs were a critical factor in the assessment process, but they were not the sole factor. The factors I have outlined were reflected in the guidelines.

Senator O'BRIEN—Was that factor—the longevity of the jobs, which you mentioned—part of the methodology of approving the projects?

Mr Calvert—The primary methodology for approving projects was to establish eligibility against the criteria. The criteria related to capacity to fund a project. As I said, the objective was also to create jobs.

Senator O'BRIEN—Can you assure the committee that other projects had inferior chances of providing secure jobs for the future and/or were more expensive, in terms of average cost per job created—that is, in the 31 out of the 45 who did not get approvals?

Mr Calvert—The projects that were approved were those that were deemed to be viable projects or prospects and, at the same time, created jobs. Those not funded were either deemed ineligible or, for whatever reason, it was not established that that project would proceed, bearing in mind that the proponents had to fund at least half the cost of any project. The ERAP grant is paid retrospectively, so it is a reimbursement of costs actually incurred. There was an assessment made that a number of applications just would not see projects coming out of it.

Senator O'BRIEN—That is a general answer. I am just asking you for a specific answer. Can you assure the committee that there were not projects that were not approved that met the criteria—that is, they could come up with 50 per cent of the money and their average cost per job index was lower than some of the ones that succeeded here?

Mr Calvert—As I said earlier, that was not necessarily the methodology applied in the decision making process.

Senator O'BRIEN—So there may be some?

Mr Calvert—There may be but, at the end of the day, the assessment was made that some of those projects would not come to fruition and, therefore, they were not recommended for funding.

Senator O'BRIEN—Who made the assessment of the likelihood of the project coming to fruition or not?

Mr Calvert—Ultimately, Mr Tuckey and Senator Macdonald made those decisions on the basis of advice put to them by their respective departments. It was also advice by the findings of the advisory committee.

Senator O'BRIEN—Are you able to supply the committee with the 45 applications and the assessment documentation so that we can understand the assessment process?

Mr Calvert—Consistent with the answer I gave earlier in relation to the Western Australian program, it would be inconsistent with our approach to our programs.

Senator O'BRIEN—What about a list of the projects set out in a way that we have them in relation to those which succeeded?

Senator Ian Macdonald—Are you trying to find out whether the cost per job creation was better in some of the others?

Senator O'BRIEN—Yes. I am looking at the process of approval. I have asked for an assurance that projects that failed did not have a better average cost per job ratio than some of the ones that succeeded and/or that they did not have a better employment outcome and relatively comparable cost per job ratio than ones that succeeded.

Senator Ian Macdonald—What we will look at doing is perhaps, not mentioning names, but giving you numbers one to 45.

Senator O'BRIEN—I already have 14 names.

Senator Ian Macdonald—How many?

Senator O'BRIEN—There were 45 and 14 succeeded.

Senator Ian Macdonald—They were one to 45. You have the first 14 and we can just number them without saying who they are perhaps. You can do a calculation that you have done on the first year, which it has already been pointed out is not necessarily a good way of doing it because it could be a large capital cost in the first year—it will go on for many years. If we did that, it would be with the qualification that that was not at all the sole criterion. We could do that exercise, for what it is worth. Could we do that?

Mr Calvert—Yes, it certainly would be possible as a mathematical exercise. There are some projects, I understand, that did not identify, or the secretariat was unable to establish, job projections so they were deemed ineligible.

Mr Wonder—To build on the minister's point, we would need to be very careful to put the caveat, as the minister suggested, that this was not necessarily the sole criterion for the success of a project. In fact, I just clarified with Mr Calvert that the eligibility criteria relating to the approval of projects were subject to guidelines for the program, and I am sure those guidelines would be broader than just that simple criterion.

Senator Ian Macdonald—I have no independent recollection of this, so do not take this as gospel, but I understand what Mr Calvert has said from his recollection of some of the assessments is that, although the cost per job would be very small, it was probably of such an extent that there was no prospect of it ever succeeding, in the opinion of the committee that

originally dealt with them or the departmental officials who supervised and double-checked these assessments.

Senator O'BRIEN—Is it possible to get a brief description of the project, without naming the company?

Senator Ian Macdonald—I understand what you are looking for. We will take the question on notice and see what we can provide to you that might be useful but, at the same time, not disclose things that should not be disclosed for privacy and other reasons. We might even be able to give a one-line reason why each one of the second group was not selected—for example, others were better, there was no chance of succeeding or other factors in the guidelines. Without promising miracles, let us take it on notice and we will see what we can provide you with that might be useful.

Senator O'BRIEN—On page 96 of the PBS, appendix 2, under the subheading 'Output 3: Industry development', that table advises that you expect to spend \$3.205 million on the FISAP program this financial year.

Mr Quinlivan—Do you mean \$3.2 million, Senator? Are we looking at the same thing?

Senator O'BRIEN—Yes, \$3.205 million. The equivalent number in last year's PBS was \$6.799 million, so you are more than cutting that figure in half. What has happened?

Mr Calvert—The expenditure associated with that Appropriation Bill (No. 1) appropriation is primarily directed at the Industry Development Assistance Program which the Commonwealth runs in Queensland. The \$6.799 million estimate included provision for direct payments to companies in other states and we have not utilised that expenditure. As I say, the primary outlays associated with that Appropriation Bill (No. 1) appropriation are related to the Queensland Industry Development Assistance Program.

Senator O'BRIEN—It has not been spent?

Mr Calvert—The moneys that will be spent will be associated with that program and a small outlay in Western Australia associated with the direct Commonwealth program there.

Mr Quinlivan—The entry for 2003-03 of \$507,000 is unspent moneys from this year rephased into next year.

Senator O'BRIEN—If we go to Appropriation Bill (No. 2) at page 98, the relevant number is \$15.741 million, but the equivalent number in last year's paper was \$43.53 million. In other words, \$43.53 million was expected, but now you are expecting to spend only \$15.741 million.

Mr Calvert—That is correct.

Senator O'BRIEN—Obviously, a lot of money is carried forward to next financial year.

Mr Calvert—Yes, we have looked to reprofile \$27.089 million, which takes the 2002-03 appropriation to \$46.883 million.

Senator O'BRIEN—What is the state expenditure profile of that \$46.883 million?

Mr Quinlivan—This really goes to the discussion we were having right at the start.

Senator O'BRIEN—Surely you have something in mind now, to come up with that figure.

Mr Calvert—They are purely nominal figures, as we said before.

Senator O'BRIEN—What are they?

Mr Calvert—At this stage, we have allowed around \$34 million for New South Wales, \$6.5 million for Victoria and \$6.3 million for Western Australia. Again, I advised earlier that we would certainly be putting advice to the minister in relation to those allocations and having regard to future developments in the different programs. Earlier, we touched on delays in Western Australia and similar delays in Victoria, so it makes it very difficult to forecast expenditure.

Senator O'BRIEN—On page 51, performance indicators for the FISAP program state that the test is:

Number of businesses and employees assisted and extent of new investment in forest industries.

Has the department tested this program against those benchmarks?

Mr Calvert—They are the key requirements of any milestone reporting from grant recipients. The number of businesses assisted is reasonably easy to calculate—certainly for new grants. The number of employees assisted primarily relates to the worker assistance program, and you would appreciate that those programs in Victoria and New South Wales are jointly administered. The state secretariats primarily administer those aspects of the programs. In Victoria there is a service provider doing the actual onground work associated with the worker assistance program.

Senator O'BRIEN—So the answer is no; you have not tested them?

Mr Calvert—We have information and, for example, in Victoria the relevant committee advising the respective state and Commonwealth minister is informed on a regular basis of the number of businesses assisted and the number of workers assisted.

Senator O'BRIEN—So there is no collation of that information, or is it so disconnected from the totality that it would not give you a reliable picture?

Mr Calvert—No, we certainly have that information. That information is provided to ministers. As I said, the reports are joint reports on behalf of the officials committees in the respective states.

Senator O'BRIEN—Can the parliament have that information?

Senator Ian Macdonald—Which information?

Mr Wonder—The performance information on FISAP.

Mr Quinlivan—I would have thought that this program is a monte for an ANAO efficiency audit somewhere towards its end, because of the nature of it and the difficulties in implementation. We have not been able to do a proper implementational audit so far.

Senator O'BRIEN—I am asking that if what you had was worth while showing to the minister is it worth while showing it to the parliament?

Mr Quinlivan—The information we have is on the successful applicants and what they have done, so I think the same answer as we gave you in relation to the Eden program probably should apply—logically it is the same situation.

Senator Ian Macdonald—Are you wanting the ones that did not get the grant?

Senator O'BRIEN—No, I am talking about the number of businesses and employees assisted and the extent of new investment in the forest industries being the benchmark.

Senator Ian Macdonald—Every time we issue the grant I issue press releases giving all that information so I am sure it will all be there, and we will try and collate that for you.

Senator O'BRIEN—While we are on page 51, and going back to page 50, I note that the benchmark for the Eden Regional Adjustment Package reads:

Number of ... jobs created and the amount of private sector investment leveraged in the Eden region as direct result of ERAP.

So the numbers we have been talking about are actually your benchmarks, aren't they?

Mr Calvert—Yes, that is right, and that goes to the twin objectives of the program I referred to earlier.

Senator O'BRIEN—I thought I heard some questioning of whether these were relevant issues in judging the program.

Mr Quinlivan—Jobs was not the only criterion.

Senator Ian Macdonald—It was not the jobs created you were talking about; it was the—as I understood it—cost of creating them.

Senator O'BRIEN—It was the relative value of the jobs created. If you look at the words here they say, 'number of jobs created' and 'amount of private sector investment leveraged in the Eden region as direct result of ERAP', so 'Could you have done better?' is a question that needs to be asked. How are you benchmarking it? 'We have got these jobs, therefore we succeeded'—or—'Could we have done better?'

Senator Ian Macdonald—Assessments have to be made. Obviously, the projects in all grant programs are those that the assessing authorities, whoever they might be, think have the best way of getting to the result which, as you rightly point out, is the creation of jobs and investment—in Eden, in that case—or creation of jobs and investment in the forest industries in the FISAP area.

Mr Wonder—The operative word, which I think you left out of your description, Senator, is 'new'. The 'number of new jobs created' is the performance indicator, and attributable to this Eden Rural Adjustment Package vis-a-vis what would have been there without the package.

Senator O'BRIEN—I think 'new jobs' and 'jobs' means the same thing, doesn't it?

Mr Wonder—I beg to differ. It is attributable to the program is what the 'new' means.

Senator O'BRIEN—I am ready to go to the item on natural resource management.

CHAIR—So you have completed forestry?

Senator O'BRIEN—As far as I know, yes.

Proceedings suspended from 6.30 p.m. to 7.30 p.m.

ACTING CHAIR (Senator Colbeck)—Welcome back. We now move to output 1, natural resources access and management.

Senator O'BRIEN—The first question is: who knows about the Douglas Shire ethanol project?

Mr Wonder—I am pleased to indicate, Senator, that Mr Calvert will be happy to answer your questions.

Senator O'BRIEN—We started this before and I was saying this project attracted \$2.35 million from AFFA, \$5 million for the Greenhouse Gas Abatement Program and some \$25.3 million was to come from Mossman Central Mill and other private interests. Question 2

says that because of delays in the project AFFA funds may not be needed until next financial year. You identify those delays as project requirements and securing funding arrangements that have led to delays in meeting legislative requirements associated with the project, including environmental approvals. Can we get some more detail of these problems?

Mr Calvert—I should say up-front that this particular project is actually administered by the Australian Greenhouse Office which has responsibility for the Greenhouse Gas Abatement Program. I can give you an overview of some of the issues, but any detailed response I would suggest the Australian Greenhouse Office would be best placed to provide.

Senator O'BRIEN—What is the \$2.35 million that AFFA is providing?

Mr Calvert—It is part of the overall funding contribution. The \$2.35 million is triggered by milestones 2 and 3 of that project.

Senator O'BRIEN—What are the project requirements you refer to in the minister's answer?

Mr Calvert—These relate to milestone 1 primarily, which the Greenhouse Office would provide a detailed answer on. There is a range of relevant environmental and planning approvals, as with any development process in any area, I would imagine. It is an expansion of a plant. There is purchase of lands for forestry activities and the like, but my understanding is that the environmental and planning approvals relate primarily to the expansion or the development of a plant in the shire.

Senator O'BRIEN—What is the nature of problems with the funding arrangements?

Mr Calvert—Again, I can only speculate that that is funding on the part of the proponent, given it is a \$34 million project and the government is contributing roughly 20 per cent towards it.

Senator O'BRIEN—Can you give me some detail of the problems with the environmental approvals? To what extent were they foreseeable?

Mr Calvert—I am not in a position to comment on that, I am afraid, Senator.

Senator O'BRIEN—The written answer you have given me advised that AFFA had participated in the interdepartmental committee on the Greenhouse Gas Abatement Program. That is question 3, agricultural industries. Given the assessment processes the project had worked through, I would have thought AFFA would be aware of them.

Mr Calvert—Certainly the involvement of AFFA at those stages was in relation to the assessment of a range of projects under round 1 of the Greenhouse Gas Abatement Program. The questions you are addressing now relate to the implementation of the project and, as I said, the Australian Greenhouse Office has signed a deed of agreement with the project proponent. It is administering that project.

Senator O'BRIEN—When does the AFFA money kick in?

Mr Calvert—It kicks in once the proponent has met its milestone requirements under milestones 2 and 3. The AFFA components are partial payments, or payment towards some of the components of milestones 2 and 3, so there are broad—

Senator O'BRIEN—Can you remind me what they are?

Mr Calvert—Milestone 2 relates to the integrated projects and environmental management plan, the actual long-term contractual arrangements associated with the ethanol plant, the completion of the design and specs for the construction of the plant, the completion of a

report identifying the types and quantities of feedstocks required to meet the ethanol supply commitments of sweet sorghum, which this is related to, and the farm forestry project. They are to have secured at least 100 hectares for farm forestry plantings at that time. That is milestone 2. Milestone 3 relates to the farm forestry project and there is a requirement for the proponents to have secured a third-party investor for the farm forestry project. That is in the third milestone.

Senator O'BRIEN—Is there a requirement for the farm forestry project to be on existing farm property?

Mr Calvert—I am not aware of a requirement, but I am aware that it was proposed to be on marginal agricultural land.

Senator O'BRIEN—I understand the ministers have looked at the project and it had met the stage 1 tests and passed that level. Is that right?

Mr Calvert—The project was certainly one of a number of round 1 projects that were considered by the ministerial council on greenhouse.

Senator O'BRIEN—And approved?

Mr Calvert—The project was announced in April 2001.

Senator O'BRIEN—Can you give the committee the list of projects that satisfied stage 1 tests and went to ministers, at this point, including details of each project, location costs and proponent?

Mr Calvert—I guess there we are crossing into areas that are covered by the Australian Greenhouse Office. Certainly AFFA was consulted on a range of those projects. I would have to take advice as to whether it was more appropriate for the Greenhouse Office to provide that information, given this portfolio and that Minister Truss was only one of a number of ministers consulted at that time. As I say, I would have to take that on advice, given AFFA's involvement and that we are not the project managers.

Senator O'BRIEN—If you can take advice, and I will put a series of questions on notice both to Environment Australia and AFFA and we can sort out who answers them. I was led to believe that this area was something you could deal with today. I asked initial questions; I did not outline all of the questions, but I was told that I should ask the questions here. I am finding now I am being told I should ask the questions in another estimates.

Mr Wonder—Senator, in respect of our interest in it, we do have a financial interest in it. There are resources in our portfolio estimates relating to this project. I felt at the time when I answered your question that we may have some detailed questions relating to the estimates that are in our PBS. We did not actually get into a discussion as to whether, in fact, it was also covered elsewhere. But, as you can see, there is a significant sum of money that will be made available for this project by the portfolio when certain milestones are triggered.

Senator O'BRIEN—Yes, I understand that but I would have assumed that you would be familiar with the project, having the financial commitment to it, but that is not appearing to be the case so let's not flog a dead horse. On page 96 of the PBS, under output 1 there is an item, contribution to salinity mitigation. Can you tell me what the \$3.233 million estimated actual expenditure this financial year was expended upon?

Mr Thompson—That figure is for works by the Murray-Darling Basin Commission largely undertaken through River Murray Water related to salinity mitigation, the structures on the Murray that contribute to its operation for salinity and other purposes, and some of the

other structures on the river, such as the fish passage operated by the same organisation. It is the Commonwealth's broadly one-quarter share of those activities.

Senator O'BRIEN—So that was known at the start of the financial year and that is what has been spent?

Mr Thompson—The Commission estimates are determined in about March of each year and so there can be some variation, because the Commonwealth budget has often started to settle a little before those estimates are able to be built in, but we know those numbers roughly in March of each year.

Senator O'BRIEN—Is the \$3.309 million for next year a known number as well?

Mr Thompson—That is a number that also comes from the Murray-Darling Basin Commission's forward estimates. That is their estimate of our quarter share of their likely expenditure next year. Commission estimates are reviewed over the year, so that number may change.

Senator O'BRIEN—Can I go to the next item on the list, the Great Artesian Basin sustainability initiative. The estimated expenditure at the beginning of the budget year, through the 2001-02 PBS, was \$365,000, estimated expenditure \$215,000. Anticipated expenditure from Appropriation Bill (No. 2) on page 98 has funding for the states at \$5.375 million. The same number in last year's PBS was \$7.426 million. Is there a relationship between the underspend in both areas?

Mr Thompson—No. One is the capital expenditure associated with capping bores in the Great Artesian Basin, and the smaller number is the cost of operating the Great Artesian Basin Consultative Council, plus some costs associated with evaluation of the initiative itself.

Senator O'BRIEN—So you are looking at spending more than double in the coming financial year on the sustainability initiative?

Mr Thompson—In Appropriation Bill (No. 1)?

Senator O'BRIEN—Yes.

Mr Thompson—Yes. The \$365,000 was an estimate that included the Commonwealth contribution to the costs of the consultative council, paying our share of their salaries and sitting fees and accommodation and that sort of thing, plus a research project to evaluate the effectiveness of some elements of the program. The costs of the consultative council were coming out lower than anticipated and that accounted for some of the under-expenditure, but it is expected to pick up next year when they are fully staffed. The other exercise on the evaluation was deferred while further design work on an effective evaluation was put in place, so we expect to spend that money in the 2002-03 financial year.

Senator O'BRIEN—And the larger figure in Appropriation Bill (No. 2) is about capping bores, I think you said.

Mr Thompson—It is about capping bores. The Commonwealth with the states and industry shares in the cost of capping and piping uncontrolled bores in the Great Artesian Basin, and that is their capital contribution to the cost.

Senator O'BRIEN—You estimated \$7.426 million; you spent \$5.375 million this year, and you are estimating \$7.694 million next year.

Mr Thompson—Yes.

Senator O'BRIEN—You have an underspend but you—

Mr Thompson—The underspend arose from delayed implementation of the program and we expect that to be able to be picked up in the future. We were not able to spend at the rate we expected to be able to in Queensland.

Senator Ian Macdonald—It is a program that requires a commitment by the landowner, himself or herself, and so to a degree it depends on who applies for it and when they apply. I think that is right, isn't it?

Mr Thompson—Yes.

Senator Ian Macdonald—It varies in each state but the landowner is required to put in around 40 per cent and the state government and the federal government put in the rest, so it is an application based program. It depends on who applies and when they apply.

Senator O'BRIEN—I guess that is my point entirely: if your experience is that you cannot achieve that level of acceptance, albeit it may be because of a late start, you are confident that \$7.694 million is closer to the right figure than—

Mr Thompson—We are. There were two other elements that contributed to the delays. One, there were consultations with Queensland continuing about the size of the landholder contribution to be made to the activity, and there was a question over the extent to which Queensland would provide funds to match the Commonwealth contribution, and we could only proceed at the rate at which those two matters were met. We believe that they have now been resolved and things should be able to proceed on schedule next year.

Senator Ian Macdonald—Put in a different way, the Queensland government did not have allocated the sort of money we hoped they would have available for it.

Senator O'BRIEN—I note there is a plan to undertake a mid-term review of this program. Who is going to do it and what are the terms of reference likely to be?

Mr Thompson—The terms of reference and the arrangements for whom I do it have not been settled as yet. For a program that is jointly shared with the states, the normal approach would be to develop the terms of reference jointly with the other funders and go to a panel of likely tenderers to conduct the review.

Senator O'BRIEN—What guidance will there be from the passage on page 35 of the PBS?

Mr Thompson—I think you are referring to the planned evaluation of the Great Artesian Basin that we have scheduled to start in July. What we have there are the sorts of broad objectives of the assessment of the program against its progress in achieving pressure reductions and the way it operates. As I was saying, the detail of that has not been settled as yet.

Senator O'BRIEN—How many bores have been capped so far under the program?

Mr Thompson—I think I would have to take that on notice, Senator. It is a number that we would have. I am told it is 25, Senator.

Senator O'BRIEN—25?

Mr Thompson—This year.

Senator O'BRIEN—This calendar year or financial year?

Mr Thompson—This financial year.

Senator O'BRIEN—So 25 bores, and we have funded the states to the tune of \$5.375 million. What is the average cost of capping a bore?

Mr Thompson—I am not sure of the average cost at the present time. I would not like to say there is an average cost. When I was familiar with some more of the detail of this program the actual cost varied considerably from \$5,000 to \$10,000 to \$20,000 and above. Because of the depth of the bore and the pressure, it is a fairly expensive activity. Some of them can be higher.

Senator O'BRIEN—The figure that jumps to mind, 25 at a cost of \$5 million, is about \$200,000 a bore.

Mr Thompson—Included in that is the cost of the bore capped, our contribution to the replacement of bore drains with reticulation systems as well. They probably make up around half the cost of each project.

Senator O'BRIEN—Can you give us details of the cost of each project and the contribution from the Commonwealth and state?

Mr Thompson—Yes, we could do that.

Senator Ian Macdonald—There is an interesting statistic about this pure, fresh, pristine water from the Great Artesian Basin. We waste as much in a day as Brisbane city uses in a week. It is amazing. We have pure, fresh, pristine water in a fairly dry part of Australia, yet through these bores that were sunk a century ago, in some instances, it is just being wasted. That is why the capping program and the piping program are so very important. I had not realised until I became involved in it.

Senator O'BRIEN—It would be interesting to know what it costs and what the projects involve and to understand how many bores, on that average, we can expect will be dealt with in this program.

Mr Thompson—We can do that. I do not have the numbers with me but those projections are included in the strategic plan for the initiative.

Senator O'BRIEN—Okay. Going to the review booklet, I take it it will start in July, or will it be later?

Mr Thompson—The review of the initiative itself?

Senator O'BRIEN—Yes, mid-term review.

Mr Thompson—We are certainly still planning to undertake the mid-term review in the next financial year.

Senator O'BRIEN—That is a long period. Will it start in July, as the PBS suggests, or do you think now it will be delayed because of delays in the project?

Mr Thompson—I do not think the delays in the project would need to delay it significantly. There has been significant expenditure in other states and sufficient expenditure in Queensland to still make a review a sensible exercise. I would not like to commit that it will start in July but that is our target date, so we will be expecting to start it around July.

Senator O'BRIEN—Thanks for that. For the National Action Plan for Salinity and Water Quality, the estimated expenditure for this year in the last PBS was \$56.471 million. The estimated actual was \$22.071 million. I assume the explanation for the significant underspend was problems in negotiating the details with the states. Is that right?

Mr Thompson—Yes, Senator.

Senator O'BRIEN—Can you give me a breakdown of exactly where that \$22.071 million has been or is being spent?

Mr Thompson—Yes, we can. Mr Aldred is best placed to answer that.

Mr Aldred—Senator, you ask by state?

Senator O'BRIEN—That is fine, yes.

Mr Aldred—Our expectation is in the order of \$6.2 million in South Australia, \$8.7 million in Victoria, \$3.3 million in Queensland, \$3.0 million in New South Wales and relatively little in Western Australia, Tasmania and the Northern Territory. We have not broken up the specific figures across those states.

Mr Thompson—The reason for the apparent underspend, in addition to the difficulties with finalising negotiations with the states or the protracted nature of some of those negotiations, has been that those original estimates for the national action plan were put in place some time ago. They were put in place before we had the opportunity to discuss with the states or get indications from regions as to a likely cash flow. These estimates, we believe, are now getting closer to the reality of the expenditure and may result in a ramping up of the program with a lower start to a higher mid-term expenditure.

Senator O'BRIEN—As I understand it, you consider the money spent, from the Commonwealth's point of view, as soon as it is transferred to the states.

Mr Thompson—That is from the Commonwealth expenditure point of view, when the money is transferred to the states we have spent it.

Senator O'BRIEN—What arrangements have to be in place before you transfer the funds?

Mr Thompson—The money is advanced to what we term 'the glass jar' by the Commonwealth, which is the shared funding pool between the Commonwealth and the states. It is an accounting mechanism to say now the money is there, roughly quarterly in advance, in accordance with a funding schedule, the money is advanced to the regions who are undertaking the expenditure on a fairly similar basis on the receipt of satisfactory progress reports. There is some money in advance and then further moneys flow.

Senator O'BRIEN—So \$6.2 million hasn't been sent to South Australia yet? Is that what you are saying? I am trying to understand what you are saying about this 'glass jar' and holding and paying a bit.

Mr Aldred—The whole of the \$6.2 million has not been sent to South Australia as yet.

Senator O'BRIEN—How much of that is the Commonwealth still holding?

Mr Aldred—In the order of around \$700,000. About \$5.5 million has been transferred to South Australia.

Senator O'BRIEN—What about Victoria?

Mr Aldred—At the present stage \$2.8 million has been transferred to Victoria.

Senator O'BRIEN—And \$5.9 million is still held.

Mr Aldred—A further \$2.7 million is due to be transferred relatively shortly.

Senator O'BRIEN—What has to happen before that transfer occurs?

Mr Aldred—It has to be approved by the joint Commonwealth-state steering committee.

Senator O'BRIEN—Is that a formality?

Mr Aldred—Effectively. At the moment there is a recommendation before the steering committee that it take effect.

Mr Wonder—My understanding is that the state money also contributing to these projects would not be committed until the same Commonwealth-state steering committee had said that milestone had been reached, whatever it might be. It is a joint approach.

Senator O'BRIEN—I am sure that is the case. I am sure the states, having been dragged to the point of agreements and arguing about what money was new and what was not, are not going to lightly put their money forward if you are not going to. What about the Queensland \$3.3 million? How much of that is still held by the Commonwealth?

Mr Aldred—There has been \$1.3 million transferred, Senator.

Senator O'BRIEN—That is \$2 million still held?

Mr Aldred—The \$2 million is still with us.

Senator O'BRIEN—New South Wales?

Mr Aldred—We have not transferred any funds to New South Wales at this stage. New South Wales have only recently signed the bilateral agreement, which is a prerequisite.

Senator O'BRIEN—Am I correct in thinking there has been some sort of salinity mapping project?

Mr Aldred—The other \$800,000 is broadly across Tasmania, Western Australia and the Northern Territory. We anticipated that there may be a call on funds in those states this financial year.

Senator O'BRIEN—So \$0.8 million goes to Western Australia, Tasmania and the Northern Territory?

Mr Aldred—Yes.

Senator O'BRIEN—How much of that has actually gone?

Mr Aldred—There has not been any of that transferred.

Senator O'BRIEN—In terms of the money transferred, how much of that has actually been expended on projects?

Mr Aldred—I have not got each of those figures with me, Senator. I would have to take that on notice.

Senator O'BRIEN—Thank you, if you would. So the arrangement that has to be in place before you transfer the funds is that a transfer has got to be agreed to by the Commonwealth-state steering committee?

Mr Lee—I could add also that the Commonwealth minister has approved the transfer of the funds out of the Commonwealth into the state on the recommendation of the steering committee.

Senator O'BRIEN—So it goes to the steering committee and then goes to the minister and then the money goes, if both have approved it.

Mr Lee—That is correct.

Senator O'BRIEN—Is there a set benchmark that is applied to whether the money is sent or not? Do all the details need to be locked in or can funding be allocated and transferred and then details agreed at some later time? What are the riding instructions?

Mr Aldred—There is an agreement, including a schedule for payments, that pertains to each of the projects that are approved and the schedule governs the transfer of funds.

Senator O'BRIEN—Is that a public document?

Mr Aldred—They have not been, Senator.

Mr Thompson—The project description and the schedule of payments associated with that project are not public documents, in the sense we do not put them on the web site or anything of that sort, but I do not think they are secret documents, in that the steering groups—both Commonwealth and state—have seen them and the regional group concerned is also familiar with them.

Senator O'BRIEN—I take it there are a number of these documents relating to various projects.

Mr Thompson—Yes.

Senator O'BRIEN—Can they be supplied to the committee?

Mr Thompson—Yes.

Senator O'BRIEN—Thank you. According to the PBS on page 88, total funding for the national action plan for 2002-03 is set at \$100.6 million. Will the \$12 million-odd not spent from 2001-02—or whatever is left of the \$12 million-odd that actually has not been transferred to the states—be added to that amount?

Mr Thompson—In 2001-02?

Senator O'BRIEN—Yes.

Mr Thompson—Sorry, I was confusing years because of where we are. We believe, on current estimates, we have transferred an amount of money to the states. We have a payment schedule which would see us spending most of that \$22 million this financial year. We have only had New South Wales recently sign the bilateral and that is the state with the largest allocation under the action plan and with a well-developed infrastructure in place. We believe there is a very good chance of actually spending the full \$22 million this financial year, so we would not need to bring it forward.

Senator O'BRIEN—But only \$3 million of the \$22 million is New South Wales.

Mr Wonder—Mr Thompson's comments are about all of the states.

Mr Thompson—Yes, all of the states.

Senator O'BRIEN—Yes.

Mr Thompson—What I am saying is that at this stage of the year we have a reasonable expectation of spending all the money this financial year. If we need to look at carrying it forward, it would be a decision that would have to be examined in the revised estimates process. I could not say whether we would be able to carry it forward or not, but our expectation at this stage is that we will be spending that money.

Senator O'BRIEN—In the event that any of it is not spent, the question that follows for me is: is that added to the \$100.6 million that is specified on page 88 of the PBS as being total funding for the NAP for 2002-03?

Mr Thompson—That is subject to government agreement on whether money can be carried forward from one year to the next. If that agreement was obtained, yes, I think we would be adding it into that financial year—not moving it too far out—but perhaps we would look at the schedules and it may be better placed in another financial year.

Senator O'BRIEN—Of that \$100.6 million, AFFA is down to spend \$94 million. \$2 million will go to EA for running costs. Where does the other \$4.6 million go in this coming financial year?

Mr Aldred—Of the \$100.6 million, \$94 million is administered items and \$6.6 million is for departmental items, of which \$2 million will be transferred under section 31 to Environment Australia.

Senator O'BRIEN—So the other \$4.6 million is for AFFA?

Mr Thompson—It remains in AFFA.

Mr Aldred—The remaining is departmental expenses within AFFA.

Senator O'BRIEN—On 8 June last year, the Deputy Prime Minister, Mr Anderson, announced that the federal government would contribute \$40 million over 10 years towards restructuring relating to retiring Namoi Valley groundwater. This was in response to the Namoi Valley Groundwater Task Force's recommendation of a total package of around \$120 million. In Mr Anderson's statement of 8 June 2001, he makes it pretty clear that the Namoi promises were conditional upon the New South Wales government contributing \$40 million and industry contributing \$40 million. I understand it did not go ahead because New South Wales would not contribute \$40 million. I assume, from the answer to a question on notice No. 3618 supplied by AFFA through the minister, that AFFA has had some involvement in this process to date. Is that right?

Mr Thompson—Yes, we were involved in the process as observers or advisers to the Namoi task force.

Senator O'BRIEN—How much did the industry have ready to contribute at the time?

Mr Thompson—I do not know what the industry actually had ready to contribute. The Namoi task force report, from a task force which included industry and community representatives, envisaged a program for joint Commonwealth, state and local or industry contributions, with an industry or local contribution amounting to \$41.5 million.

Senator O'BRIEN—You do not know whether they actually had it?

Mr Thompson—I could not say that the industry had ready cash, but that is what the local task force envisaged was a fair share by the regional industry.

Senator O'BRIEN—In the light of the current foreign exchange hedging crisis being suffered by the cotton industry, particularly in the Namoi region, how does that affect your estimation of their ability to contribute?

Mr Thompson—As I said, I could not be definitive about what estimate they were able to contribute last year. Similarly, I would not be in a position to be able to say what they might be able to contribute now, but certainly the financial situation in the cotton industry is tighter now than it was this time last year.

Senator O'BRIEN—It is unlikely, isn't it, that the industry would be in a strong position to contribute a third of the cost of the project now?

Mr Thompson—As I said, it would be hard for me to say because I do not know the individual economics or finances of industry in the region, but I think they would be in a more difficult financial situation. Certainly, if they had an ability to contribute some amount last year, their capacity to contribute this year would be impaired.

Senator O'BRIEN—In answer to the question on notice No. 3618 in Senate *Hansard* of 9 August last year, Senator Alston advised, in relation to the Namoi promise:

Any Commonwealth funding will be from existing programs. Details will not be finalised until the New South Wales Government commits to a response to the Task Force report.

There is no mention in the answer of any industry or grower contribution, but I understand that the New South Wales government offered to contribute \$15 million over three years. Is that right?

Mr Thompson—Yes. We have seen advice from the New South Wales government that they had agreement to provide \$15 million to fund a structural adjustment package in the region.

Senator O'BRIEN—Well, for this project. It is a line item in the New South Wales government budget, isn't it?

Mr Thompson—I am not sure if it is a line item in the New South Wales budget, but I have certainly seen correspondence from a New South Wales minister to the Commonwealth proposing that. I have no doubt the \$15 million is there. It is not tied directly to the Namoi task force report. As I said, the Namoi task force report envisaged a number of elements. This \$15 million was tied to a structural adjustment package and did not envisage any industry contribution. So it is related; it is trying to address the same problem.

Senator O'BRIEN—If the industry was prepared to put up \$40 million and the New South Wales government was prepared to put up \$5 million a year over three years, then somehow the federal government over 10 years was going to find \$4 million a year, or some configuration to achieve \$40 million over 10 years.

Mr Thompson—Minister Anderson suggested that the Commonwealth would pay \$40 million over 10 years to meet the task force recommendation for a range of things, including structural adjustment and industry packages and water buybacks—a range of measures.

Senator O'BRIEN—Is it the case that AFFA has not made any assessment of where the Commonwealth funding might come from in the light of a definite offer from the New South Wales of \$15 million?

Mr Thompson—I am not aware of any detailed determination of where such money might come from. When Minister Anderson made the announcement for the \$40 million in the first place, he said it would come from a range of existing programs. As far as I am aware there has been no determination about which programs that might come from.

Senator O'BRIEN—Was there no discussion with AFFA about which programs might be available?

Mr Thompson—There was informal discussion between officials as to what programs such funding could be sourced from. There is a range of programs across the Commonwealth

and within AFFA there is the Natural Heritage Trust. The Namoi is within a national action plan region. Within the Department of Transport and Regional Services, they also have regional programs. In the structural adjustment area AFFA has AAA packages which perhaps could be of assistance in the training and industry adjustment elements of a response.

Senator O'BRIEN—How many catchments are there in New South Wales that are to be attended to under the national action plan?

Mr Lee—There are seven NAP regions and nine catchment management boards. The Commonwealth aggregated the Namoi—Gwydir and the Lachlan—Murrumbidgee, but we will be proceeding with nine catchment bodies and nine catchment blueprints.

Senator O'BRIEN—What is the New South Wales component of NAP's Commonwealth contribution of \$700 million?

Mr Lee—It is \$198 million.

Senator O'BRIEN—Obviously Murray-Darling is going to take a big slab of that, is it not?

Mr Lee—Yes, Senator. All the catchments are in the Murray-Darling Basin. There are none on the coast.

Senator O'BRIEN—What is the status of Minister Anderson's Namoi promise for \$40 million? Is that a dead offer?

Mr Thompson—No, I do not think it is a dead offer. That would have to be pursued with Minister Anderson. But in terms of Commonwealth funding for the Namoi and their issues, as I said, we are at the moment working with New South Wales on investment strategies for Natural Heritage Trust and national action plan funding for New South Wales catchments.

Senator O'BRIEN—I see. Would that project fit within the Natural Heritage Trust?

Mr Thompson—The various elements of the package, in that they relate to water allocation, water management and industry adjustment as a result of changes to water allocations, fit both within the Natural Heritage Trust and the national action plan. As I said, some of the structural adjustment elements of it also fit within the broader AAA package.

Senator O'BRIEN—In terms of marketing activities in support of the national action plan, it appears that there has been research undertaken that shows there are many audiences. Who has done the pre-campaign research upon which the campaign will be designed?

Mr Thompson—The firm of Woolcott Research—I think that is its name—has done some preliminary market research.

Senator O'BRIEN—Of AAA package fame.

Mr Thompson—Yes, they were the same firm who did the AAA package.

Senator O'BRIEN—And doing very well.

Mr Thompson—Some of the issues in relation to the AAA package and salinity action are similar in terms of impediments to communicating with rural audiences and that sort of thing.

Senator O'BRIEN—Was there a tendering process to select research areas?

Mr Thompson—There was not a tendering process in this case.

Senator O'BRIEN—How much money is involved in this research project?

Mr Thompson—Mr Aldred will correct me if I am wrong, but I think it is \$73,000.

Senator O'BRIEN—Has the committee received a copy of their market research report?

Mr Thompson—It is not normal to circulate complete market research reports. I would have to seek clearance from the minister to do that. Copies of the summary of the report and a presentation on the market research was provided to the working group, including state officials who were working on it. I may be able to provide some information, Senator, but I would like to seek the advice of the minister on that.

Senator O'BRIEN—Where does that \$73,000 come from: the department's \$4.6 million or the NAP project fund in general?

Mr Thompson—The department's \$4.6 million.

[8.29 p.m.]

Senator O'BRIEN—The proposed national marketing campaign has a number of tasks, among them to raise awareness about the salinity threat and to motivate key target audiences to participate in them. It is a pretty job to motivate people to change their behaviour. When is it scheduled to start and what is its duration?

Mr Thompson—It has not been scheduled to start as yet. The program is proposed to be developed jointly with the states. Agreement on a program is currently being considered by the states, or was considered at the ministerial council meeting in Hobart. Some further work on what a program might look like is still under way, so I cannot tell you when it is scheduled to start, or what its scheduled duration is as yet.

Senator O'BRIEN—When is it envisaged that that will be decided?

Mr Thompson—The ministerial council meeting agreed that the Commonwealth would develop and implement a national communication strategy. It would bring back the proposal to the ministerial council for their consideration at its next meeting.

Senator O'BRIEN—When is the next meeting—October?

Mr Thompson—Yes, October.

Senator O'BRIEN—No start until probably late in the year, or the new year?

Mr Thompson—It could be dealt with out of session. There is that possibility. I do not have the resolutions in front of me. If we can complete it early, and get early state agreement out of session, a start date could be earlier than that.

Senator O'BRIEN—How much of the NAP program will be allocated to the marketing campaign?

Mr Thompson—That has not been agreed or decided as yet, Senator. The communication strategy comprises the awareness raising and communicating and raising information, plus it involves the transfer of information at the regional and the national level. We have not reached agreement with the states on a quantum for that.

Senator O'BRIEN—Will that money come out of the department's funds or the NAP program funds?

Mr Thompson—We envisage it coming out of the NAP program funds.

Senator O'BRIEN—Is there a benchmark figure that you would look at as indicative of what such a marketing campaign might cost?

Mr Thompson—A benchmark figure that we discussed with the states for this sort of campaign is around \$7 million, which is the sort of proportion of a total program that has been applied in relation to other similar activities.

Senator O'BRIEN—Is that \$7 million state and federal or \$7 million federal and \$7 million state?

Mr Aldred—That would be \$7 million from the Commonwealth's proportion of funds. It is about one per cent of the total program contribution.

Senator O'BRIEN—Does that require matching from the states?

Mr Thompson—What we envisage is that the Commonwealth would provide that amount of money for a national campaign. There is also a need for communication at the state and regional level. There would be similar expenditure on a range of communication or information activities at that level as well, so matching would be of that sort.

Senator O'BRIEN—Would they be different campaigns or associated campaigns and nationally coordinated?

Mr Thompson—Certainly nationally coordinated—similar messages and those sorts of things. But as a national campaign one might use different media and a different level of content. At the state and regional level content would start to be tailored very closely to the issues and problems of that region and be delivered by different mechanisms and different media.

Senator O'BRIEN—Over what period of time would this campaign be run?

Mr Thompson—Without having reached agreement with the states on that, we would envisage that communication on the national action plan is something that needs to continue throughout the action plan itself, particularly at the regional level where projects are being developed, measures are being implemented and there is a need to keep those regions informed about what is going on within their region. That would take place over the life of the program. The national campaign of raising awareness and motivating people may occur intermittently over the life of the program but does not have to have the same level of on-ground intensity.

Senator O'BRIEN—Will we be two years into the program before we start advertising, give or take a month or two?

Mr Thompson—If that is to be part of the program, advertising could occur sometime down the track. In a sense, the ideal time for advertising is after we have agreements with the states and regional plans in place that people developing activities can turn to and be motivated to participate in. In relation to other activities associated with a national campaign, we have produced some material in the format of brochures with common messages. With the states we have developed and circulated material to inform regions. It is for those regions to inform their communities about what the action plan is about. That stuff has been out and about now for some six to nine months.

Mr Wonder—In addition, ministers have announced details of projects as they have been funded as well. There have been a number of press releases in that regard.

Senator O'BRIEN—They are pretty cheap, aren't they?

Mr Wonder—I imagine they are quite cheap but they are quite effective, Senator.

Senator O'BRIEN—I did not say they were not; I was comparing the cost of a press release to a \$7 million campaign.

Mr Wonder—I think you have made that point before, Senator.

Senator O'BRIEN—Yes, I have, in letters and those sorts of things. I am interested in the timetabling of the \$7 million campaign—whether it is going to be front-end loaded and you are going to start it and how long it is going to continue.

Mr Wonder—I understand.

Mr Thompson—The timing that we discussed with the states on the need for a national campaign is after we have bilateral agreements and when we have something for the community to turn to when they see an advertisement or they see promotions in newspapers or the like, that there is a regional planning process in place that the campaign is addressing.

Senator O'BRIEN—I see. Is advertising a project in this way conditional upon agreement from all of the participants?

Mr Thompson—The proposal that the ministerial council asked for was for the Commonwealth to develop a national campaign with its various elements identified, and that the other participants would consider that. It would go back to the ministerial council for their consideration.

Senator O'BRIEN—Sure.

Mr Thompson—If it is to draw on state money or to draw on money that is part of the 'glass jar', we would require agreement from the other jurisdictions.

Senator O'BRIEN—I understand that, but when you are talking about the 'glass jar' and the \$700 million that goes into this 'glass jar' from the Commonwealth and you are talking about the money that is going into the 'glass jar' from the states, presumably there has to be agreement for one or the other party to decide to spend some of that money out of the 'glass jar' on a promotional project as against on-the-ground activities. Is that right?

Mr Thompson—Yes, Senator.

Senator O'BRIEN—So if the states say no, the Commonwealth won't spend \$7 million?

Mr Thompson—No, we will not be able to spend \$7 million out of the national action plan.

Senator O'BRIEN—With the AAA program, the placement of ads was recommended by Mitchell Media and approved by the ministerial committee on government communication. Is the process going to be the same for the NAP, presumably subject to our last conversation?

Mr Thompson—It would have to be subject to our last conversation. Also, we would not have developed the detail but our understanding is, for the Commonwealth to place advertisements, we do have to go through the Commonwealth's advertising agency and get approval from the ministerial council. I believe we would have to follow that process.

Senator O'BRIEN—Is there any plan for a weighting of expenditure by the Commonwealth across the various arms of the media?

Mr Thompson—We have not developed that level of detail and we would be looking at the market research to assess which media were likely to be most effective in conveying the message.

Senator O'BRIEN—You have not got any research on that at the moment?

Mr Thompson—The original Woolcott research provided some information in that regard but not of the sort of detail that would be needed to actually implement the campaign. It was preliminary research to develop the elements of the campaign.

Senator O'BRIEN—Is there a target group for the media campaign?

Mr Thompson—There is a range of target groups for communications.

[8.41 p.m.]

Senator O'BRIEN—Is it relevant where the bulk of water usage is located as to where the campaign is targeted?

Mr Thompson—It is relevant but it is not the only consideration. As I think you flagged as well earlier, any campaign has a number of purposes. One is to inform people about the existence of the program. That would be necessary for those people who can actually participate. Another is to motivate participants, and motivating to participate would cover people in the region, as well as people in other regions who would build up the feeling of a national commitment as well. It would not be just targeted at rural people in national action plan regions but messages may well be different for people in different regions, because there are people who are not in those regions.

Senator O'BRIEN—Do you know what the percentage of water use is in rural areas and industries as opposed to city and metropolitan use?

Mr Thompson—My recollection of the figure that was in the latest national land and water resources assessment was 80 per cent of water is used in rural areas and 20 per cent in urban areas for domestic and industry purposes.

Senator O'BRIEN—Would that be the sort of weighting you would expect with any campaign—direct your campaign to where the majority of water usage occurs?

Mr Thompson—As I said earlier, I do not think we would weight it just to where water usage occurs. We would weight it towards where the message we are trying to convey would have most effect. Certainly I believe there should be a weighting towards those rural and urban populations which are part of the national action plan or related to catchments or who depend on them, so it would cover metropolitan audiences such as Adelaide and Canberra and Toowoomba, which are clearly part and parcel of or dependent on action plan regions, and that I believe would be the bulk of it, but if we are also about motivating a whole community to see the national action plan as something that people should be working towards, we would also have some resources going into non—NAP urban areas, some of the metropolitans, for example.

Senator O'BRIEN—So Sydney, Melbourne?

Mr Thompson—There could well be a case for extending some communications into those areas. The press and other coverage of the problems of salinity and water quality are covered in those regions, and to be able to inform those audiences about what was being done and what was available and what progress is being made would have some importance, but the weighting of the resources would be done on the basis of what was expected to be the benefit of conveying messages to different people in terms of outcomes.

Senator O'BRIEN—The February edition of *Land and Waters News* has an article 'New NRM committee structure gets under way', and stated that:

Consideration has been given to the establishment of a Working Group on Structural Change—compensation and adjustment, which would be chaired by Bernie Wonder.

Mr Wonder—That is correct, Senator.

Senator O'BRIEN—I understand that that working group was to report to the programs committee which in turn reports to the standing committee. Did the chair or the working group eventuate?

Mr Wonder—The group has been created with membership from the Commonwealth and the states but the program committee, which is meeting later this week, will consider at the forthcoming meeting the future of the group. The reason for that is that, since the initial establishment of the structural adjustment group, the Standing Committee on Natural Resource Management has created a further group which arose for a number of reasons but principally it is a group of CEOs working with standing committee agencies, and that working group, the standing committee CEO working group, amongst other things, is preparing a report which is destined to be considered at the senior officials meeting for COAG prior to the next COAG meeting. And you will recall, Senator, at the last COAG meeting the Prime Minister and premiers agreed—I do not have the exact words in front of me—to look at opportunities and impediments relating to water property rights. I could get you the exact words if you wanted them. But in any event on that particular topic, the standing committee CEOs work group is going to prepare some work for the senior officials meeting prior to the actual COAG meeting.

Against that background a judgment has been made on my part. This is a personal judgment, and it is something to be considered at the program committee later this week, but really the work of the structural adjustment group should await the outcome of this CEO's working group activity, and conduct it in the light of their work and indeed the consideration of it by the COAG senior officials. If they see the work fit to then pass it on to COAG. I am sorry to be so long-winded, but that is the chain of events—the group has been created. In summary, it would not be appropriate in my view to meet until this other work has been completed, and that view and indeed other views, if there are other views, will be discussed at the programs committee meeting later this week.

Senator O'BRIEN—Who is on this CEO task group on water property rights?

Mr Wonder—The CEOs working group is essentially the CEOs of the Standing Committee on Natural Resource Management Agencies. It includes from the Commonwealth Mr Michael Taylor, Secretary of AFFA. It is chaired by the Victorian secretary of the Department of Natural Resources and Environment, Ms Chloe Munro, and it has similar such people on it from the state natural resource and sometimes primary production related agencies as well.

Mr Thompson—We could give you the full list if you like.

Senator O'BRIEN—Thanks very much, I would appreciate that. Has that CEO working group issued a work plan?

Mr Aeuckens—It has not issued a work plan as such but it has agreed to a plan which at its last meeting would have it produce a report for senior officials, the COAG report that Mr Wonder referred to, by the end of July, and then it would report to the NRM ministerial council on any issues which might arise from that report at its next meeting in October. So that is its basic work plan.

Senator O'BRIEN—Mr Wonder, I take it the working group is in abeyance until after that?

Mr Wonder—As I said, Senator, that proposal is a personal one from me as chair of that working group and I am going to have that proposal discussed at the programs committee later this week, and the result of that proposal will be known following the committee meeting.

[8.51 p.m.]

Senator O'BRIEN—Thank you. Going back to the NAP, I understand all participating states and territories have signed the bilateral agreements with the Commonwealth in relation to the NAP, so Western Australia is now in?

Mr Thompson—Western Australia has signed the intergovernmental agreement. They have not yet negotiated a bilateral. The ACT has not negotiated a bilateral but has signed the IGA, and the Northern Territory has signed the IGA but not finalised a bilateral, so there are three bilaterals still outstanding.

Senator O'BRIEN—The issue of compensation to assist farmers to adjust where property rights are diminished is a big issue. It is recognised by the minister in his policy launch on 3 November 2001 and also by industry bodies such as the NFF. Does the Commonwealth maintain that property rights compensation is a funding issue for the states?

Mr Thompson—The Commonwealth position, and it is reflected in the bilateral, is that compensation derives from the property rights issued by the states and that compensation is a state responsibility. The intergovernmental agreement, though, does provide that the Commonwealth may be prepared to consider compensation or structural adjustment assistance above and beyond the national action plan.

Senator O'BRIEN—Do you know why—as far as my advice goes, anyway—that only in the New South Wales and Queensland versions of the bilateral agreements does a clause confirming state responsibility for compensation occur?

Mr Thompson—That is correct. Those states sought to have that clause included. It is to some extent a matter for them as to why they included it, because the intergovernmental agreement does include the clause, and the same clause has been reflected in the bilateral. It has presentation benefits, but it could be argued from a legal point of view that it is already covered by the intergovernmental agreement. The same clause on compensation essentially applies to all the states that sign the intergovernmental agreement, whether it is in the bilateral or not, because the intergovernmental agreement sits on top of the bilaterals.

Mr Wonder—Clause 47 of the IGA is the relevant clause.

Mr Thompson—It repeats the clause.

Senator O'BRIEN—Has AFFA been instructed to carry out any analysis on the likely impact of this in terms of distorting potential cross-jurisdictional water markets?

Mr Thompson—No. But, as we have indicated, because the same clause appears in the intergovernmental agreement, all states are being treated equally in terms of Commonwealth access to any structural adjustment or other assistance that might be associated with property right change.

Senator O'BRIEN—You do not see the potential for the different treatment of growers' entitlements to property rights adjustment compensation, depending on the state in which they reside?

Mr Thompson—From the point of view of anything that the Commonwealth has placed in the IGA or the bilateral, no. However, the property rights that are issued in each state are issued under their constitutional responsibility in those areas. The property rights do vary in terms of description and information, et cetera, from state to state, and they are the issues that people work through when they are looking at issues of interstate trade in water.

Senator O'BRIEN—Has AFFA carried out any analysis in terms of the ability of states to be able to fund these payments?

Mr Thompson—No.

Senator O'BRIEN—Do you have any idea of the sort of money that might be involved?

Mr Wonder—The money involved for what?

Senator O'BRIEN—Water property rights, for example.

Mr Wonder—One has to know what it is that you might be changing. We do not know what the proposal is, so we do not have anything to base a—

Senator O'BRIEN—It would not be the first time you have made suppositions to analyse potential costs to see what the potential for a project to succeed might be.

Mr Wonder—I understand your point. But we have not, and we do not have any particular proposals to cost.

Senator O'BRIEN—So the department's view is that all states are committed to deal with compensation for property rights in the same way, is that right?

Mr Thompson—All the states have committed under the intergovernmental agreement—I do not have the clause in front of me—to a number of measures to better define property rights through a property rights arrangement, to recognise those property rights. As I said before, the nature of the legislation under which those property rights are enacted varies from state to state, and so how the states deal with compensation arising from their legislation and when compensation arises from their legislation do differ from state to state.

Senator O'BRIEN—Is there potential for different treatment of growers' entitlements to property right adjustment compensation, depending on the state in which they reside?

Mr Wonder—There is, Senator, because the legislation varies by state and the nature, therefore, of the infringement of the property right would vary and the compensation, which is a state responsibility, as reflected in clause 47 of the IGA which the states have signed, would also vary.

Senator O'BRIEN—There could be distorting potential across jurisdictional water markets.

Mr Wonder—I do not think it would be right to call it 'distorting', Senator. I do not understand why you are using that word. I am saying that the nature of the infringement of the property right will vary across the different jurisdictions because of differences in the nature of the legislation across jurisdictions.

Senator O'BRIEN—I think the jury is out on whether there will be distorting or not, if it occurs.

ACTING CHAIR—Senator O'Brien, it is almost 9 o'clock. Do you have many more questions, or are we going to take a break, as scheduled?

Senator O'BRIEN—We might as well take a break as scheduled.

Proceedings suspended from 8.58 p.m. to 9.16 p.m.

ACTING CHAIR (Senator Ferris)—We will continue with our questioning from Senator O'Brien. Can I just say, Mr Wonder, I did have some questions to put on notice about the national salinity action plan, but I am afraid I just could not locate them this evening, so if it is all right with you I will put them in tomorrow morning.

Mr Wonder—Certainly, Senator.

ACTING CHAIR—Thank you very much.

Senator O'BRIEN—Given what will obviously be delays and rephrasing in the national action plan program, and given the public investment and intellectual rigour that went into the national land and water resources audit, is it fair to say that the timing and funding of the national action plan was a schedule based on scientific imperatives?

Mr Thompson—The schedule in terms of seeking to take action now to address salinity and water quality had a scientific imperative under it that action now can prevent further costs. The actual scheduling of the expenditure at a detailed level is more based on estimates of when projects can be developed than a detailed analysis of when and where the outcomes might be achieved. That is not possible at this early stage.

Senator O'BRIEN—Has an estimate been made about how far behind schedule the plan is?

Mr Thompson—In terms of the delayed expenditure I think we have made that fairly plain. In terms of timing of when regional plans will be in place there may have been some delay, but we are still anticipating regional plans being in place, or the majority of them, in the major regions this calendar year. We do not anticipate a significant on-ground delay in finalising those plans, other than the time it has taken to finalise the bilaterals, so perhaps we are some months behind schedule.

Senator O'BRIEN—So it was always envisaged that action on the ground would not get under way until something near two years—

Mr Thompson—No, we envisaged it would have taken some 12 months, or nine months perhaps, to get the first suite of priority projects on the ground, and then allowing regions perhaps another three to six months to have plans that were capable of being accredited and to start funding on-ground action on the basis of accredited plans. Rough estimates were that it probably would have taken 12 to 18 months from first announcement.

Mr Wonder—It would be fair to say as well, Senator, that an important point to bear in mind is that when the action plan was announced it was always envisaged that we had to go through a couple of very important steps prior to eliciting the regional plans. They were firstly, the preparation of the intergovernmental agreement—which is an important document in its own right in terms of what obligations each of the signatories is taking on—and, secondly, reflecting those obligations in the Commonwealth-state bilateral documentation. I do not know whether you are familiar with that. They are all on the web, each of the bilaterals. They go into some quite detailed undertakings by the states with respect to their implementation of the IGA in their jurisdiction. I talk, of course, in respect of various land and water aspects related to salinity and water quality. It was always envisaged that it was

going to take us some time, not a great, lengthy time, but a significant time to work that through because that would be part of the context for which the regional management plans were operating.

Senator O'BRIEN—But a lot less time than the funding profile and the budget for the program envisaged?

Mr Wonder—Certainly. A lot less time than the entire length of the seven-year national action plan, yes.

Senator O'BRIEN—Yes.

Mr Wonder—As I think Mr Thompson indicated earlier, with the exception of three jurisdictions—of which one, Western Australia, has just signed the intergovernmental agreement in the last couple of days, and the others are the ACT and the Northern Territory—all of the states now have signed their bilaterals. As I say, they are quite detailed documents regarding their implementation of the IGA.

Senator O'BRIEN—Yes. The amount of money actually out there in projects by the end of the financial year will be negligible in terms of the size of the project.

Mr Wonder—No, I do not think it is fair to say it will be negligible. I think Mr Aldred has indicated before that it will be significant. It is certainly a relatively small proportion of the entire \$700 million—I accept that—but the point I am trying to make is that the action plan consists of more than just getting dollars spent on the ground. It is also about getting the fundamental arrangements governing salinity and water quality correct.

Senator O'BRIEN—Sure. I guess the point is that somewhere between one and two per cent of the funds will be committed, and probably a lot less than that will actually be filtering into projects on the ground by the end of the financial year, whether you have sent the cheques or not.

Mr Wonder—Excuse me, one per cent would be \$7 million, Senator.

Senator O'BRIEN—Yes. You have sent out \$9.6 million and some of that is quite recent.

Mr Wonder—I beg your pardon?

Senator O'BRIEN—You have sent out \$9.6 million so far.

Mr Wonder—I think Mr Thompson answered a question earlier that \$22.4 million he expected to see spent in 2001-02. I do not see how that translates into one per cent.

Senator O'BRIEN—In cheques sent out?

Mr Thompson—We do not have the details of how much money is transferred out of the glass jar into regional projects.

Senator O'BRIEN—No.

Mr Thompson—From what I understand, from the discussions I have had with the states that I am most familiar with, there is not a long delay, particularly at this stage of the program, between the money going into the glass jar and the regions being in a position to spend it. They are informed informally of where projects are up to, so some of the preliminary work has taken place. In states like South Australia and Victoria we are feeding money into established regional groups that are ready to move quickly. While I could not confirm whether \$18 million or \$20 million of the \$22 million will be within the region by the end of the

financial year, my estimate is that a good proportion of it will be transferred out of the glass jar into regional projects and that there will not be a large delay.

Senator O'BRIEN—\$9.6 million has gone, so if you assume that every cent of that has gone into projects now—which I think is probably unlikely—you have got 35 or 36 days or something to transmit the rest. Then it goes into the glass jar—as you describe it—and then it is going to have to get out into projects and onto the ground. I suspect it is not going to happen in that 35-odd days until the end of the financial year. Is that a fair comment?

Mr Wonder—We will be able to reflect on that, Senator, at the next hearing.

Senator O'BRIEN—We will.

Mr Wonder—I cannot see there is much point in saying much more.

Senator O'BRIEN—You are just querying the one to two per cent. One per cent is \$7 million, two per cent is \$14 million.

Mr Wonder—Yes, and I am also reflecting on the answer that Mr Thompson gave you in terms of our expected expenditure in 2001-02.

Mr Thompson—My estimate would be that our expenditure of money on the ground by the state and the Commonwealth this financial year will be closer to the two per cent than the one per cent, if not a little bit above the two per cent, that is all.

Senator O'BRIEN—Okay.

Senator Ian Macdonald—It is all pedantic, isn't it? You expect you are going to send that; you think they will not. Where does this take us?

Senator O'BRIEN—I think it takes us to the question of what the priority was, what the importance of the plan was in terms of the spending profile that was set out. Was it based on some scientific necessity, or just what was doable?

Mr Thompson—The trigger for the action plan was based on scientific necessity. The scheduling of activities was based on a combination of what makes good sense and what is doable.

But, as Mr Wonder pointed out, equally important as money on the ground is getting the framework in place so that the money is going to activities that are strategic, and that there is a framework in place around the expenditure of that money to ensure the institutional arrangements, in terms of vegetation management plans or land use management plans or the like, are there to ensure that the money is not going to a cause that is going to be undone by some other factor in the future.

Senator O'BRIEN—We will revisit it next time. I will leave it for now, Mr Wonder. The intergovernmental agreement for the national action plan project provided for the development of standards on salinity, water quality and associated water to be in place by December 2001 and for further national standards for national resource management, including biodiversity, to be developed by December 2002. I understand the framework for national resource management standards and targets due December 2001 have been road-tested for feasibility. I think that is the term that has been used. How has this been done?

Mr Thompson—The standards and targets are the areas of resource management that are seen as most critical to achieving outcomes in natural resource management and the work has been accelerated on salinity and water quality targets and standards in terms of the management measures. What the road-testing meant was the broad framework for what a

salinity target might look like and how it might be developed, in terms of volumes of water or concentrations or tonnages of salt, and how it might be expressed on the ground. The preliminary work done by officials was taken to a region that was well advanced in handling salinity and water quality and put to the region at a forum—and that was in Shepparton in Victoria—and the people were asked, ‘Are you able to provide information that might align with these sorts of approaches? Do you have this sort of information? Can you collect it at a reasonable cost and would it inform you in your project planning?’ It was further refined as a consequence of that feedback. There was also a national forum where other people’s views were brought in as to what might be doable and workable in that area.

Senator O’BRIEN—Who was at the national forum?

Mr Thompson—I do not have a list of all the people at the national forum, but there were Commonwealth and state officials, representatives of catchment management organisations, the Murray-Darling Basin Commission, the Murray-Darling CAC and members of the science fraternity.

Senator O’BRIEN—Are you able to supply the road-tested natural resource management standards and targets to the committee?

Mr Thompson—The standards and targets, as developed for salinity and water quality, were endorsed by the ministerial council in Hobart. We can provide those standards and targets.

Senator O’BRIEN—Thank you. Is it expected that the second set of standards due December 2002 will be ready on time?

Mr Thompson—The standards for biodiversity?

Senator O’BRIEN—Yes, they include biodiversity.

Mr Thompson—After the salinity and water quality ones, the ones that are being given most priority are the biodiversity ones. We probably can make a December target on those.

Senator O’BRIEN—We have all heard from time to time discussion about best practice standards for governance principles in relation to natural resource management. Is it a set of governing principles that sets out the administration of the Natural Heritage Trust and its associated programs as setting and meeting of targets?

Mr Thompson—I did not quite catch what you were saying in terms of the Natural Heritage Trust. The best practice governance principles and standards is now a separate process to the standards and targets for biophysical outcomes. Perhaps you could repeat the second part of your question.

Senator O’BRIEN—Are they the sorts of governing principles that are set out for the administration of the Natural Heritage Trust and its associated programs—that is, the setting and meeting of targets?

Mr Thompson—The best practice governance principles are, I think, from what you are saying there, really a level above that. We are talking about developing agreed principles applying to the processes and systems that lead to decisions relevant to natural resource management. Yes, they might apply to programs, but they also would apply to what might be incorporated in legislation, planning, regulation or community development type activities. They are the sorts of things like ensuring that integrated approaches are taken to natural resource management; that there is a strategic approach taken to natural resource management which takes into account the role of incentives and policy framework; that, where a legislative

basis is necessary to achieve outcomes, there is legislation in there. They are high-level things like that; principles that might say, if you are proposing to implement planning processes, there are opportunities for public consultation; that there is transparency in there; that scientific principles are being applied. It is to get agreement at that high level.

Senator O'BRIEN—So it is critical that these best practice standards for governance are in place?

Mr Thompson—In many senses. If we looked at the action plan itself, it contains a suite of those things, when it talks about addressing government policy and programs, so it is not critical that they are in place. It would be a way of enabling people to better understand and articulate the design and construction of programs and policies in a way such that they could be compared between jurisdictions. The sorts of things that are already around, such as national frameworks for vegetation management or national approaches to better dryland salinity—the sorts of documents that are already approved by ministerial councils—contain a lot of these principles at perhaps a more detailed level.

Senator O'BRIEN—How relevant will that structure be, given the potential role for ANAO in regular monitoring of natural resource management type programs?

Mr Thompson—The ANAO, I have no doubt, will regularly monitor the national action plan and the Natural Heritage Trust. Their last review expressed a very strong interest in interim outcomes for natural resource management, because many of the final on-ground outcomes for natural resource management—changes in salinity or water quality—do take some time to come into effect. And their recent audit of the NHT was very strong on the need for intermediate outcomes and the intermediate outcomes often fall into two areas. One is that appropriate management measures are in place, which good science or good administration or government suggests will lead to the sorts of changes that we are seeking or, alternatively, there are leading indicators that the practices that might lead to better natural resource management are in place. I would have thought the sorts of principles that would be developed under this framework would provide a guide or be similar to some of the areas in which we might be seeking intermediate outcomes for our programs.

Senator O'BRIEN—I understand that the integrated catchment plans and regional natural resource management plans are to be based on, amongst other things, scientific analysis of natural resource conditions. Who will be doing that analysis?

Mr Thompson—The accreditation of plans will be undertaken jointly by the Commonwealth and the respective funding state and they will draw upon the necessary scientific, economic and social advice, if that is necessary. In the case of AFFA, we would be drawing upon CSIRO, BRS and ABARE.

Senator O'BRIEN—Will the cost of obtaining that advice be part of the national action plan funding profile?

Mr Thompson—In some cases, it may be something that the state and the Commonwealth agree they need external advice on. In other cases—for example, some of the BRS and ABARE advices—it is part of the \$4.6 million, for example, that we have as departmental costs for the action plan.

Senator O'BRIEN—I am wondering certainly what ABARE will provide in relation to a scientific analysis of natural resource conditions.

Mr Thompson—ABARE would not provide scientific advice but they do have some work which takes scientific advice and applies it in an economic framework which enables costs and benefits to be traded off.

Senator O'BRIEN—Obviously the social and economic impacts of a plan are important to the ultimate working of that plan, to the livelihoods of those living and working in the area as well, so who will be doing the social and economic analysis?

Mr Thompson—As I suggested earlier, we would be drawing on the resources of AFFA, BRS and ABARE who certainly would be assisting with any economic analysis. BRS do have a social science unit that has particular skills in this area.

Senator O'BRIEN—What about independent consultants?

Mr Thompson—If there was a need for independent consultants, yes.

Mr Aldred—The work in developing the integrated plans will be undertaken by the regional groups. They are being provided with resources to engage external consultants and so on in doing that work. Both Commonwealth and state government officials are working with the regions, so we expect the plans will be pretty good before they come to the governments for formal accreditation, in any case.

Senator O'BRIEN—Could somebody explain to me the method used and the period of time used to select the 21 priority regions to be funded under the NAP?

Mr Aldred—Yes, Senator. We looked at a range of factors, including information on major occurrence of salt in the landscape and areas that were likely to contribute to high-salinity loads into streams. The developments were indicative as a basis for discussion with the states and, as the original action plan document indicated, we put up a range of areas that we would then discuss, and confirm the regions and the boundaries with additional state information and state input.

Senator O'BRIEN—So there was a process of consultation with each participating state and territory government in the selection of these priority regions, was there?

Mr Aldred—Through the bilateral agreement negotiation process, Senator.

Senator O'BRIEN—How did that work? You sent them out a draft and they tried to change it. Is that what happened?

Mr Aldred—The original action plan document included a list of indicative regions. We provided an indicative map to each of the states and territories showing the outlines of the regions. In most cases, the states took those boundaries and looked at more detailed information that they held and came back to us and said whether they thought they were appropriate or where they should be changed.

Senator Ian Macdonald—We did go through this last estimates, and we also took questions on notice. We have answered all of this in answer to a question of notice. I do not want to curtail you, but time is moving on and we are going over old ground.

Senator O'BRIEN—Would you supply to the committee copies of the initial proposal by the Commonwealth in relation to the areas and the final prescription?

Mr Aldred—Yes, we can do that.

Senator O'BRIEN—Thank you. On 22 May Minister Kemp was quoted in the *Adelaide Advertiser* as saying:

In relation to salinity projects, the Commonwealth is prepared to fund projects beyond the budget estimates. That is our best estimate of the rate at which regional plans will be coming through.

That is certainly not going to happen this year. Is that an indication of what is envisaged next year?

Mr Thompson—We would not know what was in Minister Kemp's mind when he said that. The funding that we have at our disposal at the present time would be limited to the budget estimates but, as we have discussed earlier about over- and under-expenditure, there are processes under the budget system where, if there is a demand that is unable to be met, there is the capacity to go to additional estimates and ask for a reprofiling of the funds. I presume that is what Minister Kemp was meaning. He would not let estimates stand in the way of delivering projects on the ground.

Senator O'BRIEN—I take it there was no consultation with the department about that sort of commitment.

Mr Thompson—There was no consultation with our department. Again, we really cannot comment on Minister Kemp.

Mr Wonder—I think the question would need to go to Minister Kemp as to who he consulted with. We cannot answer that.

Senator O'BRIEN—That is true, although you could tell me whether he consulted with you.

Mr Wonder—He may have consulted with our minister, but I am not aware of whether he did or not.

Senator O'BRIEN—Perhaps you can take that on notice so at least that part of it can be answered. In relation to the Natural Heritage Trust, extension and fund matching, I believe there is an outstanding issue from Hobart in relation to the extension, that the states and territories do not accept the Commonwealth requirement for new and additional funding for all regional and some state level national investments. Is it correct that it was agreed that that would be resolved at a government to government level?

Mr Thompson—It was the decision of the ministerial council that there be further discussions on the cash matching at a government to government level.

Senator O'BRIEN—Has there been any progress on those negotiations to date?

Mr Thompson—There was a meeting of what is called the NHT working group, which consists of officials who are responsible for further pursuing some of the detail of the NHT2 last week.

Senator O'BRIEN—Is this lack of agreement about funding integral to when there will be commencement of programs administered by the department under NHT extension, or administered by another department, if that be the case?

Mr Thompson—The timetable for NHT2 really starts in September when NHT1 funding runs out. At this stage we are broadly on schedule for having necessary arrangements in place to be able to continue the elements of the NHT2.

Senator O'BRIEN—No doubt that is an issue we will see how we are travelling on later in the year. Going to page 32 of the PBS, the incentives for environmental management systems in agriculture, is there a budgeted number for this program? There isn't a budgeted number for this program because it would appear in the PBS, wouldn't it?

Mr Thompson—The budgeted amount does not appear in the PBS because it is to be funded from within the existing resources of the Natural Heritage Trust.

Mr Wonder—There is \$25 million mentioned in the first line under the explanation on page 32.

Senator O'BRIEN—Can you give the committee some idea of the sorts of systems which will attract funding through this program?

Mr Thompson—The details of that program are still being developed. The sorts of systems that would be supported are the range of environmental management systems that could be put in place to improve industry's performance in terms of natural resource management or to assist in meeting market demand or complying with certain environmental management requirements. There is quite a range of activities in the primary industry sector which could fall into that broad characterisation.

Senator O'BRIEN—Mr Wonder, is that \$25 million spread over the four years set out in the table on page 32?

Mr Wonder—I refer the question to my colleague.

Mr Thompson—It is spread over five years.

Senator O'BRIEN—Thank you. Have I missed something?

Mr Thompson—All that you have missed is that there is only four years of estimates in the budget.

Senator O'BRIEN—I have not missed that it is not specifically stated in the document somewhere, have I?

Mr Thompson—It may be stated somewhere in the text. It may have been stated in some of the media associated with the announcement.

Senator Ian Macdonald—Senator, if I can just refer you to Mr Truss's budget statement released on budget night—this booklet. On page 5 it will tell you all you need to know about the state environmental management systems.

Senator O'BRIEN—I doubt that, but it might tell me this number. Is that what you are telling me?

Senator Ian Macdonald—It does say \$25 million over five years. It tells you what it might be spent on. It tells you some figures. It tells you how it will work. It is a very good little booklet.

Senator O'BRIEN—I thought there was a fair bit of work to be done on that.

Mr Thompson—There is work to be done on the details of it, such as to turn it into a detailed program, but the broad outline of the structures outlined in that document is also outlined in the environment expenditure statement.

Senator O'BRIEN—So an eligible farmer can spend up to \$6,000 to get a maximum \$3,000 benefit as long as their taxable income is \$30,000 or less. A farmer whose taxable income is between \$30,000 and \$35,000 will lose \$3 for every \$5 of income above \$30,000. Has the department done any work on exactly how this will play out? How many farmers fit the income profile we are talking about?

Mr Thompson—I do not have the details of that with me. We did do some analysis of how that would play out. It is not always easy to do those sorts of analyses because some broad

assumptions have to be made about farm incomes. But we have done a broad analysis of the rough number of farmers and I could provide that.

Senator O'BRIEN—That would be good. Do you know how the income thresholds were determined? What was the basis for them?

Mr Thompson—The policy decision for this was on the basis that it was low income farmers. The income basis I think was determined on an analysis of the spread of incomes across the whole farm sector. The group in that area below the \$30,000 to \$35,000 mark were the ones who were considered to fall into the low income group.

Senator O'BRIEN—Do you know how many farmers fall into that group?

Mr Thompson—I do not have the number with me. We could provide that number; it is available.

Senator O'BRIEN—Thank you for that. Perhaps you could just tell me where we can access the data.

Mr Thompson—We draw that data either from ABS statistics or ABARE analysis of ABS statistics. Those sorts of numbers are, in the broad, contained in the ABARE farm survey.

Senator O'BRIEN—In terms of the planned review of the Natural Heritage Trust referred to on page 36 of the PBS, can you remind me of the number of evaluations there have already been and, in general terms, what they have looked at and found.

Mr Willcocks—Sorry, Senator, could you repeat the question?

Senator O'BRIEN—Page 36 of the PBS refers to the planned review of NHT. How many evaluations have already been conducted and what did they look at and find?

Mr Willcocks—There was a major mid-term review of the Natural Heritage Trust two or three years ago under which there were, from memory, about 29 separate evaluations. They were on individual programs in the trust—there are 23 programs in the existing trust—and a number of thematic reports and a review of administration. The outcome of that review was that, overall, the trust was meeting its objectives but there could be an improvement in the way the business was undertaken through a more strategic approach to the investment of funds at the regional level. Those recommendations have been picked up in the design of the national action plan.

Senator O'BRIEN—Are there terms of reference for this final evaluation? Who will actually do the work?

Mr Willcocks—Terms of reference have been developed for approval by the ministerial board. The review starts in July 2002.

Senator O'BRIEN—Is it intended to be conducted in-house or contracted out?

Mr Willcocks—I cannot give you the details at this stage, Senator. Obviously the final details have not been worked out but the intention is to undertake reviews of information coming in from final reports from projects which would be done in-house. I think there is scope for doing external evaluations as well.

Senator O'BRIEN—Can you explain to me what the term 'aggregated outputs across all trust programs' actually means?

Mr Willcocks—That is what I referred to, the information from individual projects. I guess the major one-stop shop programs such as Landcare, Rivercare, Murray-Darling, Bushcare

would be aggregated to provide an overall trust outcome rather than look at the individual programs.

Senator O'BRIEN—The second point, assessment against key intermediate outcome indicators, is that checking against the mid-term review?

Mr Willcocks—The ministerial board has approved a set of intermediate outcomes for the trust against which this evaluation will be undertaken.

Senator O'BRIEN—Can you supply those to us?

Mr Willcocks—Yes, Senator.

Senator O'BRIEN—Thank you. Does the last point simply mean to decide whether the NHT was a success or not?

Mr Willcocks—Yes.

Senator O'BRIEN—What were the three overarching trust objectives?

Mr Willcocks—To provide a framework for strategic capital investment to stimulate additional investment in the natural environment; achieve complementary environmental protection, including biodiversity conservation, sustainable agriculture and natural resources management outcomes consistent with agreed national strategies; and to provide a framework for cooperative partnerships between communities, industry and all levels of government.

Senator O'BRIEN—Thank you. On page 91 of the PBS there is reference to the first phase of NHT to end by September this year. It advises that not all projects will meet that deadline. How many projects is it expected would not meet that deadline?

Mr Willcocks—It is difficult to say at this stage, Senator. Most of the projects have September 2002 finish dates but the ministers, as indicated there, have provided for extensions where there have been delays because of adverse weather conditions and so on. At this stage requests for extensions are coming through but we do not have a total number of those and the number is changing daily.

Senator O'BRIEN—So in each case where there is a request there needs to be some justification given, does there?

Mr Willcocks—Yes. It is not a blanket extension. There has got to be a reason for the extension.

Senator O'BRIEN—And what happens if someone does not have a reason? Are they supposed to have quit by the end of that time or pay back the money?

Mr Willcocks—Yes.

Senator O'BRIEN—Perhaps if you could advise us of the projects that will go over or programs that will go over by state known to the department as of today, that would be useful.

Mr Willcocks—For AFFA administered programs, Senator?

Senator O'BRIEN—Natural Heritage Trust programs. Do I need to put the same question on notice to EA?

Mr Willcocks—The normal arrangement is, Senator, that questions on the Natural Heritage Trust are dealt with through the environment committee.

Senator O'BRIEN—We will put it on notice to them. I believe that, subject to anything I have missed, which I will put on notice, I have completed my questions to AFFA.

ACTING CHAIR (Senator Ferris)—Thank you, Senator O’Brien. I thank all the officers at the table and those of your colleagues who have appeared over the last two days for your patience and the comprehensive answers that you always give. We appreciate that.

Mr Wonder—Thank you, Senator.

Proceedings suspended from 10 p.m. to 10.10 p.m.

TRANSPORT AND REGIONAL SERVICES PORTFOLIO**In Attendance**

Senator Ian Macdonald, Minister for Forestry and Conservation

Corporate Governance Group

Mr Ken Matthews, Secretary

Mr Peter Yuile, Deputy Secretary

Ms Lynelle Briggs, Deputy Secretary

Information Services and Executive Services

Ms Faye Powell, General Manager, Information Services Group

Economic Research and Policy Co-ordination

Mr Tony Slatyer, First Assistant Secretary, Economic Research and Portfolio Policy Division

Business Services

Dr Leo Dobes, Acting General Manager, Business Services Division

Mr Jeremy Chandler, Chief Finance Officer

Mr John Kilner, Assistant Secretary, People and Performance Branch

Mr Giulio Cerasani, Acting Assistant Secretary, Performance Improvement in Corporate Services

Transport Group**Australian Transport Safety Bureau**

Mr Adrian Beresford-Wylie, Acting Executive, Australian Transport Safety Bureau

Mr Robin Graham, Director, Safety Investigations

Mr Alan Stray, Deputy Director, Air Safety Investigations

Transport Policy and Infrastructure Division

Dr Greg Feeney, First Assistant Secretary

Ms Sue Elderton, Strategic Transport Planning

Mr Gary Dolman, Logistics and Technology

Ms Judith Winternitz, High Speed Train Project

Mr John Elliott, Infrastructure Investment

Transport Regulation Division

Mr Bill Ellis, First Assistant Secretary

Mr Peter Robertson, Assistant Secretary, Vehicle Safety Standards Branch

Mr Robert Hogan, Assistant Secretary, Service Transport Regulation and Reform Branch

Ms Linda Addison, Assistant Secretary, Airport Planning and Regulation Branch

Australian Maritime Safety Authority

Mr Clive Davidson, Chief Executive Officer

Transport Programs Division

Ms Trudi Meakins, Acting First Assistant Secretary, Transport Programs Division

Mr Andy Hrast, Acting Assistant Secretary, Roads Programs Branch

Ms Linda Holub, Assistant Secretary, Industry Programs Branch

Aviation and Airports Policy Division (including CASA and Airservices Australia)**Aviation and Airports Policy Division**

Mr Martin Dolan, First Assistant Secretary, Aviation and Airports Policy Division

Ms Merrilyn Chilvers, Assistant Secretary, Safety and Environment Policy Branch

Mr Andy Turner, Assistant Secretary, Aviation Security Policy Branch

Civil Aviation Safety Authority

Mr Mick Toller, Director, Aviation Safety

Mr Bruce Gemmell, Deputy Director

Mr Rob Elder, Executive Manager, Corporate Affairs

Mr Mike Williams, Executive Manager, Aviation Safety Compliance Division

Mr Bill McIntyre, Acting Assistant Director, Aviation Safety Standards Division

Mr Ray Comer, Executive Manager, Corporate Development

Ms Sue-Ellen Bickford, Executive Manager, Corporate Services

Mr Peter Ilyk, General Counsel

Mr Mike Smith, General Manager, Aviation Safety Promotion Division

Ms Karen Nagle, Risk Manager, Support

Airservices Australia

Mr Bernie Smith, Chief Executive Officer

Mr Andrew Fleming, General Manager, Air Traffic Management

Mr Hisham El-Ansary, Chief Financial Officer and General Manager, Corporate Services

Mr Daryl Cathro, General Manager, Airport Services

Mr Brian Prendergast, General Manager, Infrastructure Support Services

Mr Tom Grant, General Manager, Organisation Development and Corporate Secretary

Regional Development Group

Regional Policy Division

Mr John Doherty, First Assistant Secretary

Ms Joan Armitage, Assistant Secretary, Regional Policy Analysis Branch

Ms Jane Harriss, Director, Departmental Communications Unit

Mr Daniel Owen, Assistant Secretary, Regional Policy Development Branch

Regional Programs Division

Ms Robyn Beetham, First Assistant Secretary, Regional Programs Division

Ms Wendi Key, Assistant Secretary, Stronger Regions Branch

Mr Leo Kennedy, Acting Assistant Secretary, Regional Assistance Programs Branch

Mr Andrew Tongue, Assistant Secretary, Regional Access Branch

Ms Michelle Patterson, Assistant Secretary, Regional Assistance Programs Branch

Territories and Local Government Division

Mr Mike Mrdak, First Assistant Secretary

Mr Andrew Wilson, Assistant Secretary, Non Self-Governing Territories Branch

Ms Maureen Ellis, Acting Assistant Secretary, Self-Governing Territories, Local

Government and Natural Disaster Management

Ms Dianne Gayler, Assistant Secretary, COAG Natural Disaster Review

National Capital Authority

Ms Annabelle Pegrum, Chief Executive

Mr Lindsay Evans, Managing Director

Mr Ross Addison, Chief Finance Officer

ACTING CHAIR—Good evening, Mr Matthews. On 14 May 2002 the Senate referred to the committee the particulars of proposed expenditure in respect of the year ending 30 June

2003 for the portfolio area of transport and regional services. The committee will now consider proposed expenditure for the transport and regional services portfolio. The committee is required to report to the Senate by 19 June 2002. Answers to questions taken on notice and additional information should be received by the committee no later than Friday, 12 July 2002.

Committee members and participating members have been provided with the portfolio budget statements for the department. Members have also been given a briefing on the form of this year's portfolio budget statements by the department. As agreed, I propose to call on the estimates according to the format adopted in the printed program. The committee has authorised the recording and rebroadcasting of its proceedings in accordance with the rules contained in order of the Senate of 23 August 1990.

I again welcome Senator the Hon. Ian Macdonald, Minister for Forestry and Conservation, representing the Minister for Transport and Regional Services. Senator Macdonald is accompanied by Mr Ken Matthews, the secretary of the department, Mr Peter Yuile, a deputy secretary, Ms Lynelle Briggs, deputy secretary, and other officers from the Department of Transport and Regional Services and related agencies.

Officers are reminded that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and should be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. Finally, witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. I remind you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. Minister, do you wish to make an opening statement this evening?

Senator Ian Macdonald—I do not, Madam Chairman.

ACTING CHAIR—Thank you, Minister. Mr Matthews?

Mr Matthews—No, thank you, Senator.

ACTING CHAIR—We will proceed to questions on corporate governance. Senator O'Brien, I believe you are going to start, followed by Senator Buckland.

Senator O'BRIEN—Yes, certainly. Firstly, thank you to the officers for coming so late; you probably all feel you should not be here. We all feel the same. Table A2 on page 1218 of budget paper No. 1 shows a significant increase in expenses for the department, \$217 million. That is up from an estimate of \$198 million for this year. It drops back to a projected \$202 million in 2002-03, and then a projected increase of \$2 million until 2005-06, which is projected to be \$208 million. Can you explain the jump for 2002-03 of \$19 million? Is it related to the war on terrorism or something?

Mr Matthews—I will ask Jeremy Chandler, the chief finance officer, to tackle that question, Senator.

Senator O'BRIEN—It is page 1218. I quoting from the back. Near the bottom of the page there is a heading 'Transport and Regional Services' and then the line item, Department of Transport and Regional Services and estimates and projections going from 2001-02 to 2005-06.

Mr Chandler—Yes, thank you, Senator.

Senator O'BRIEN—You can see there, from 2001—02 to 2002—03 a jump of \$19 million, but then a drop of \$15 million the following year.

Mr Chandler—Senator, the figures that we are looking at there are estimated expenses figures. The main components of that increase are represented by a number of new measures. These include strengthening air safety. The measures are in essence set out at page 63 of the portfolio budget statement, about halfway down. On page 63 you will see there is a heading ‘Departmental’ and then ‘Statement of financial performance’. Under that section we deal with a variation in total appropriation revenue, in that second paragraph, which we refer to as an increase of \$6.2 million. The next paragraph after the three dot points refers to the variation in total expenses. They are estimated to be \$216.6, an increase of \$18.2 million. As explained:

The increase is due to: the impact of the new measure detailed above;

—that is, items under dot point 1: strengthening air safety, extension of the federal road safety black spot program et cetera. There is also the impact of funding for the Stronger Regions program which was provided in 2001-02 and which is carried through to 2002-03. That expense will be recognised in 2002-03. The expenditure on that program and the expense will be recognised at that time. It is a combination of the budget measures under dot 1, plus the \$6.4 million being carried over. That is referred to in the paragraph starting ‘Total expenses’, the second line before the graph:

The increase is due to: the impact of the new measures detailed above; and increased expenses for the Stronger Regions programme for which revenue was recognised in 2001-02 (6.4m) ...

But the costs, the expense, will be recognised in 2002-03.

Senator O’BRIEN—The net impact of those items found in the first dot point is \$14.5 million, less \$5 million for the east coast high speed train. That is \$9.5 million less \$5.1 million. Is that right?

Mr Chandler—Yes. The main components are the \$14.5 million, less the \$5 million, which brings you to 9.5.

Senator O’BRIEN—That is right.

Mr Chandler—Then add back the 6.4.

Senator O’BRIEN—What about the offsetting reduction in independent revenue?

Mr Chandler—That is having an impact as well. You are quite correct, Senator.

Senator O’BRIEN—Does that come off or go on?

Mr Chandler—That is an offset. It is a subtraction on those figures, Senator.

Senator O’BRIEN—That takes it down to 4.4 and you add 6.4, so that is 10.8. I am still struggling to get to the \$19 million.

Mr Chandler—I understand, Senator. I would need to check on the economic parameter adjustment figure there, which I do not have readily to hand. What we have listed there are the main components. There will be a number of other smaller adjustments in there.

Senator O’BRIEN—What is economic parameter adjustment? What does that mean?

Mr Chandler—It is primarily related to CPI increases and there would be adjustments in there. It is a CPI increase on the bulk of that budget, but also there are adjustments relating to the Indian Ocean Territories Resourcing Agreement. There is also an impact of an efficiency dividend of one per cent which applies to most agencies as well.

Senator O’BRIEN—Perhaps you can clarify that tomorrow morning.

Mr Chandler—I can provide that reconciliation for you, yes.

Senator O'BRIEN—Those items are the expenditure for 2002-03. They are contained on page 63 of the PBS, we are talking about, not for the out years?

Mr Chandler—Correct.

Senator O'BRIEN—Could you help us with the expense trend for CASA.

Mr Chandler—No, that would need to be a question directed to CASA, Senator.

Senator O'BRIEN—We are having some difficulty with reading the budget papers for this agency so I want to ask this question now. It may also be relevant to the transport programs area. In a number of places, for example PBS page 24 and elsewhere, the budget papers say the National Highway and Roads of National Importance has increased by \$137.6 million, but looking at the actual program in table 2.2, 'Operating expenses administered programs' on page 40 of the PBS, the program line shows a 10 per cent reduction. Looking at those figures there in the middle of the page, \$1,093,435—in other words, from just over a billion, nearly \$1.1 billion—to \$980,747,000?

Mr Chandler—Yes, Senator.

Senator O'BRIEN—It actually says minus 10 per cent.

Mr Chandler—The figure on page 24 deals specifically with the budget measure—that is, the \$137.6 million—is an announced budget measure as an increase in funding for particular projects for National Highways and Roads of National Importance pursuant to the government's election commitments. The figures on page 40 take account of that adjustment, notwithstanding there appears to be a decline, but there is also a reprofiling of funding under that program which is impacting on those figures of \$100 million from 2002-03 to later years.

Senator O'BRIEN—So money has come out of 2002-03 and it is being applied, say, in 2004-05?

Mr Chandler—I think that is correct, Senator, yes. It has come out of 2002-03. I think it is 2004-05 that it has gone back to, so that is the other factor impacting there. The third factor that impacts on those numbers—and this is a minor impact but it is reflected in those figures—is that we have a change to the accounting policy for some programs. In very small print on page 40 at the end of the description, National Highway and Roads of National Importance, you will see that is footnoted as (b), reflecting that we have a new accounting arrangement agreed with the Australian National Audit Office—that is, commencing with this year, we have an agreement to expense all grant payments immediately.

Senator O'BRIEN—Yes.

Mr Chandler—In the past, Senator, the practice has been that when we pay moneys out under a number of our grants programs we do not recognise the cost under the accrual accounting system until such time as the work has been fully acquitted, complete. That has been on the notion that until such time as that work is complete, then the money paid out by the Commonwealth is in effect part of its assets still; it is still cash of the Commonwealth. We have agreed with the ANAO that in fact a large percentage of those grants are never returned: the money is paid; it is spent on the project; the project is acquitted. Less than one per cent of grants ever paid is returned to the Commonwealth. Therefore, to reflect the cost, the expense at a later time, is in fact potentially misleading. What that means is we now recognise from this year the expense or the cost at the same time as we make the payment. That has had an impact on some programs footnoted. The main programs affected by that accounting change

are the National Highway and Roads of National Importance, black spots program, Roads to Recovery and the Alice Springs to Darwin Rail.

In our prebriefing for the committee we did provide a table which gave comparative figures. I have a copy of that table with us again this evening which we can table, Senator. It gives you comparatives for those programs as if we had accounted for the figures on the same basis each year. It has a small impact in relation to the national roads figures. There are three impacts on the number. I am sorry, it is a long answer to your question. There are three impacts in relation to National Highway and Roads of National Importance: one is the election commitment, the \$137.6 million; the second is the deferral of \$100 million that we are profiling; and, the third is the accounting treatment which is reflected on the table that Mr Snedden has just passed to you.

To understand those figures, Senator, the comparative figure—you will see on page 43 we have a figure of \$980 million as the 2002-03 estimate and we have a figure for 2001-02 of \$1,093,000. If you look at the table that Mr Snedden has just given you, you will see that the comparative figure to the \$980,747 is the shaded column to the left, which is \$1,020,000. In fact, whilst I said it is a small number, it is actually \$73 million that is attributable to the change in accounting treatment.

Senator O'BRIEN—So what you are saying is you brought forward some expenditure into 2001-02 which would have been accounted for otherwise where?

Mr Chandler—Senator, what I am saying is that we are recognising in 2001-02 now, as an expense, all of the payments made in that year, rather than treating some of it—of the order of \$70 million—as an expense in 2002-03 when the relevant projects were complete. We have recognised the expense at the time the cash is paid out rather than recognising it at a later point in time.

Senator O'BRIEN—That only applies to the year 2002-03, does it?

Mr Chandler—It is a change from 2001-02 to 2002-03. Whilst it is a little difficult to interpret the statements this time, it will make it simpler in future because the expense will equal the cash appropriation.

Senator O'BRIEN—What impact does it have on the 2003-04 year?

Mr Chandler—Senator, if that was the only change the figure for 2002-03 would have been \$73 million-odd higher, so it would have reflected \$73 million in addition to the \$980 million because we would have recognised the expenses for that year.

Senator O'BRIEN—What about 2003-04? What would that figure be under the old policy?

Mr Chandler—There would have been some corresponding flowthrough adjustment but I cannot estimate what that would have been, Senator.

Senator O'BRIEN—Some of the money from 2003-04 and 2004-05, and 2005-06, potentially, would otherwise have been in 2002-03, wouldn't it?

Mr Chandler—The figures that we would have recognised previously were the figures shown on the page that we have given to you, the \$1,031,000, the \$978,000, the \$932,000 and the \$1,243. Those are the figures if the old policy had applied. The figures now are those in the columns which are shaded.

Senator O'BRIEN—The year 2003-04 falls again. Why is that?

Mr Chandler—There was \$100 million transferred out of both 2002-03 and 2003-04 to 2004-05, Senator.

Senator O'BRIEN—That means, doesn't it, that there has been a reduction in funding for 2002-03 and 2003-04?

Mr Chandler—It has been a reprofiling from those years to 2004-05, Senator.

Senator O'BRIEN—It means they got less money in those years.

Mr Chandler—In those years, yes.

Senator O'BRIEN—Under this policy does that mean that the projects covered in 2004-05 will be carried out in that and subsequent years?

Mr Chandler—I do not think I could respond on the impact on individual projects within the program, Senator.

Senator O'BRIEN—I am just following the logic where you say that in 2001-02 you have had to bring back money that was profiled for expenditure in later years. That would follow, wouldn't it, for 2004-05?

Mr Chandler—That is the effect.

Senator O'BRIEN—Some of the projects will be pushed back into 2005-06 or 2006-07 or parts thereof.

Mr Chandler—The total funding is, in effect, restored by 2004-05.

Senator O'BRIEN—Yes, but you were just explaining to me the reason that all these figures are difficult to understand is that you are actually expressing in a particular year what is committed for a project that starts in that year.

Mr Chandler—What is actually paid out under the program in that year. So we recognise what is paid out, which may not be the same—depending on how you are using the term—but the amounts that are actually paid are recognised as a cost, as an expense, at the same time as they are paid in that year.

Senator O'BRIEN—I am sorry, I was understanding entirely the opposite from what you said earlier: that if the project was committed in that year, even though it was not going to be spent, the reality was it would be spent and therefore it was calculated as being spent in the year it was committed. I thought that is what you said earlier.

Mr Chandler—No, Senator, sorry if I misled you. The practice now is that when a payment becomes due and is actually physically made, we will recognise that cost at exactly that same time. The past practice, the past policy, has been that even though we have made a payment in respect of the project the cost of it has not been recognised until such time as, in effect, the work has been complete. We have recognised the cost at a later point in time.

Senator O'BRIEN—What is in the budget is what is actually spent in that year.

Mr Chandler—Correct.

Senator O'BRIEN—The reprogramming of that \$200 million is indicating that \$200 million worth of work will be reprogrammed one or two years down the track.

Mr Chandler—In effect, Senator, yes.

Senator O'BRIEN—At the same time there has been an increase in National Highway and Roads of National Importance programming.

Mr Chandler—Of \$137.6 million as reflected as the new budget measure.

Senator O'BRIEN—Which is popping up in 2004-05 or sometime later.

Mr Chandler—No. For the \$137.6 million, if you turn to page 22 of the PBS, Senator, the table 1.2 shows the actual profile, the timing of allocation of money for individual budget measures. About five rows down there we have National Highway and Roads of National Importance. That reflects that of the \$137.6 million, \$13 million falls in 2002-03, \$26.2 million in 2003-04, \$27.7 million and \$70.7 million in 2005-06.

Senator O'BRIEN—Yet the overall numbers are going down in years 2003-04.

Mr Chandler—Because of the reprofiling of moneys back to 2004-05 and also, in part, because of the change of accounting policy which means we are recognising expense earlier; expense that we would have recognised next year, this year.

Senator O'BRIEN—Presumably because the accounting policy is deemed to be more honest. Is that a more honest reflection of how the money is spent?

Mr Chandler—Our position has been that it reflects more accurately the Commonwealth's financial position, Senator.

Senator O'BRIEN—So for 2002-03 the more accurate expression of the Commonwealth's expenditure on National Highway and Roads of National Importance is \$980 million.

Mr Chandler—Correct.

Senator O'BRIEN—Included in that is an increase in funding of Roads of National Importance.

Mr Chandler—According to table 1.2, it is \$13 million in that year.

Senator O'BRIEN—For the black spot program you have the budget figure for 2001-02 of \$42.41 million.

Mr Chandler—This is on the table we distributed?

Senator O'BRIEN—Yes.

Mr Chandler—Yes.

Senator O'BRIEN—For 2002-03, \$44.5 million.

Mr Chandler—Correct, Senator.

Senator O'BRIEN—Extension of the federal Road Safety Black Spot Program is \$45 million.

Mr Chandler—Correct, \$44.5 million. If you look again at page 22 at the table there, the total allocation is \$45 million a year; \$44.5 million goes directly to the program. It is program expenditure, if you like, whereas \$0.5 million is for departmental costs of administering that program. So it is \$45 million to deliver the program, including administration.

Senator O'BRIEN—So it should not be \$13 million out of the national highway et cetera, it should be \$12.6 million?

Mr Chandler—Sorry, you are quite correct. When looking at the figure of \$987.47, you are quite correct, Senator. \$12.6 million of the \$13 million is in that, and \$400,000 is departmental running costs to administer that program.

Senator O'BRIEN—So without this new money there would be zero for black spot program?

Mr Chandler—Correct. It was a lapsing program last year, Senator.

Senator O'BRIEN—And without this new money for National Highway and Roads of National Importance, there would have been \$968 million and something.

Mr Chandler—Something, yes.

Senator O'BRIEN—In fact all of the black spot money is the application of new money, because there was none.

Mr Chandler—Correct.

Senator O'BRIEN—In 2003-04, the National Highway Program, without that increase of \$25.8 million would have been—

Mr Chandler—About \$903 million.

[10.41 p.m.]

Senator O'BRIEN—Yes. Thank you, that has made that a lot clearer. The minister recently announced a major new program for the department called AusLink. It is a major initiative from the minister for the portfolio, is it not?

Mr Matthews—Yes, indeed.

Senator O'BRIEN—Can you tell me if that policy was put forward by the department and, if so, how long has the department been working on the program?

Mr Matthews—The minister announced the policy a few weeks ago. The minister has been developing it, certainly with departmental advice, for some weeks to months.

Senator O'BRIEN—Sorry, I did not quite hear that last phrase.

Mr Matthews—I actually said 'weeks to months' but I think accurately it would be since late last year.

Senator O'BRIEN—What is the budget for AusLink, for example, to develop the green paper that is due by mid-year?

Mr Matthews—At this stage we do not have an internal budget for the development of the green paper. We are working within the line areas and there are a number of areas within the department that are involved. We are doing it from within existing resources.

Senator O'BRIEN—Is that why there is no reference in the budget papers to this program?

Mr Matthews—There certainly is no reference to it, but that is not the reason. It was announced following the budget and for that reason it does not appear in these papers.

Senator O'BRIEN—There was only a very short time between the handing down of the budget and the announcement of AusLink, but what you are saying is that money will come from other operations of the department to fund this.

Mr Matthews—All that has been announced at this stage is a process for developing a green paper. That is the sort of thing that policy divisions can do in their work, from their normal resources so, no, there does not need to be a separate provision for it.

Senator O'BRIEN—I thought you agreed it was a major new program for the department.

Mr Matthews—Yes, it is, but we do not expect that it will require significant new funds at this stage. Having said that, there is opportunity to move funds around within the department and if that were necessary we could do that.

Senator O'BRIEN—Taken from other things.

Mr Matthews—That would be necessarily so if we find that necessary.

Senator O'BRIEN—It becomes competing priority. That is the point, is it not?

Mr Matthews—That is correct.

Senator O'BRIEN—That is why I am finding it hard to understand why it was not factored into budget, given the proximity of the announcements of it.

Mr Matthews—There had not been a decision, Senator. It was decided just before it was announced. There was a consideration by the government and until then it had no status.

Senator O'BRIEN—It seemed as though it appeared from almost the close of the budget deliberation until just during the waiting period for the announcement of the budget. Is that a fair way to categorise its main period of development?

Mr Matthews—I am not sure if I heard all that.

Senator O'BRIEN—I mean, from the point where the budget gets locked in and goes to the printers, to the point where this is announced is a fairly short period of time.

Mr Matthews—No, there had been no formal processes at all. It was not held over until after the budget. It was work that had been in progress which happened to mature at that time.

ACTING CHAIR (Senator Ferris)—Mr Matthews, did you not say that there was no actual allocation other than an administration allocation for this?

Mr Matthews—Yes.

ACTING CHAIR—So why is it connected to the budget at all?

Senator O'BRIEN—Because it is coming out of the department's budget. Even though it is not in the budget document it is being funded by the money that is contained in it.

ACTING CHAIR—That may mean administrative allocation.

Senator O'BRIEN—Yes, that is exactly what it is being funded by.

ACTING CHAIR—So what was the relevance to mentioning it in the federal budget?

Senator O'BRIEN—Because the proximity of the announcement of the budget and the announcement of this was one week.

ACTING CHAIR—So what?

Senator Ian Macdonald—Senator, this is a development policy proposal, a very important one. It is the sort of thing the department does under different names all the time as a continuous situation. Whilst there will be resources allocated to it, they are resources that the department would otherwise be using for policy development. It is not the actual project that is going to be funded. That will be big money and come later. It is developing a white paper, so it is the cost of actually administering the development of a white paper policy paper. I do not know if anyone would hazard a guess at what it might cost to do, but it is not going to be in the hundreds of millions of dollars sort of thing.

Senator O'BRIEN—Do we know what it is going to cost?

Mr Matthews—No, we do not. It is certainly a significant initiative and it is an important part of our work, but it is the sort of work that public servants do in the normal course of their activities.

Senator O'BRIEN—Can you explain it for us.

Senator Ian Macdonald—Explain what it involves?

Senator O'BRIEN—Yes.

Senator Ian Macdonald—White papers normally involve consulting with people, getting advice from various areas, talking to the states, talking to the industry, writing documents, correcting documents, putting out new documents.

Senator O'BRIEN—The concept of AusLink.

Senator Ian Macdonald—The concept, sorry.

Mr Matthews—The concept of AusLink is to develop a more strategic approach to land transport in Australia. There will be decisions considered by the government and that is the process we are going through. No final decisions have been made, but a green paper will be developed, and eventually a white paper, to settle different processes for taking decisions about the investments that others have to make about transport infrastructure. No decisions have been made.

The government has decided that what needs to be done is to go through, as the minister was saying, an extensive process of consultation which will happen by means of a green paper—which is being prepared now—and comments will be invited on the green paper and eventually the government will make its choices about how these decisions and funding arrangements will be in the future and they will be published in a white paper.

Senator O'BRIEN—Thank you for that. At the last hearing we were provided with an outline of the new structure of the department. Can you give us a quick update on how the new structure is going and whether any modifications have been necessary.

Mr Matthews—No changes have been made to the structure since the two deputy secretaries talked about it last time—I am reminded—except for the abolition of the branch responsible for the very high speed train, which was a budget decision. The fundamentals of the structure remain as they were—that is, there are three groups: a corporate governance group, a regional group and a transport group. We have tried to draw together the policy functions, the program delivery functions, research functions, regulatory functions and the investigation functions into similar areas.

Senator O'BRIEN—Is there going to be a post-implementation review of the new structure?

Mr Matthews—That has not been planned, but it is the sort of thing that we would keep under notice the whole time. I think good management practice these days has greater flexibility than might have been the case in the past and, if there are adjustments that need to be made, we will make them. Bad management practice is rigid hierarchies that do not change to accommodate different circumstances, so what we try to do is to keep things fluid.

Senator O'BRIEN—At the last hearing the new group executive teams—one transport, one regional—were about to meet. I understand their first meetings were to be the week after the estimates hearings. Have those group executive teams been established and have they met? If so, which officers are on the group executive teams and how often are they meeting?

Ms Briggs—Yes, the two group executive teams have met on several occasions. We could provide you with a list of the officers who are on those committees. I can give you a general sketch of how it works, Senator.

Senator O'BRIEN—Thank you.

Ms Briggs—Within the transport group, for example, the division heads of the five transport divisions are on that committee. There are also a number of branch heads and some section heads on the committee, together with some representatives from the regional development group and the corporate group. That structure is mirrored in the regional development group executive team and there you will find the three division heads from the three divisions in the regional development group, together with a number of branch heads and section heads, plus representatives from the transport group and the corporate governance group. I head the transport group and Peter Yuile heads the regional development group and we both attend each of the two GETs.

Mr Yuile—Senator, I think you also asked how they were going. At this early stage they are going very well, because it has tapped a need and, it is felt, a desire on the part of a range of officers to make the connections between the transport and the regional policy and program work of the department. Certainly the level of energy and level of interest has been really pleasing. We are trying to align them in a way which obviously complements people's work and is not another 'make—do' task. Lynelle and I and others will be involved in a process of discussing that work through the whole department so that there is a good understanding through all levels of the department. But I think it has been a well—received initiative to this date and we will continue to work at it.

[10.55 p.m.]

Senator O'BRIEN—Thank you. Has the Department of Transport and Regional Services finalised its workplace agreement with employee negotiators and union representatives?

Mr Matthews—I will ask Mr Yuile to handle that. He has been leading the negotiations.

Mr Yuile—Senator, as we discussed last time, we were in the middle of those negotiations at the additional estimates. The negotiations have concluded. There is an offer on the table with staff and, indeed, the vote on that is scheduled to conclude at 9 o'clock on Thursday morning.

Senator O'BRIEN—At the last hearings the offer on the table was three per cent on certification of the agreement, four per cent on 1 July this year and another three per cent on 1 July 2003. What is the final offer?

Mr Yuile—The final offer is those percentages, Senator, as well as a further two per cent on 1 January 2004, with a sign-on bonus on certification of \$1,000 per employee. Linked to the final two per cent are a range of measures in the agreement including the introduction of a travel card, the consolidation and redesign of our accommodation in Mort Street and Alinga Street. It is also linked to a 90 per cent participation rate in a range of surveys, performance exchanges, effort logging arrangements that we will be undertaking through the course of the period of the CA as a reflection, I guess, of employee participation in the processes of the department.

In addition to those particular measures, we have agreed there is a range of other measures that we see as important as part of our productivity and culture change in the department, including an objective to reduce the level of staff initiated turnover, reduce the level of

contract employees consistent with operational needs in the department, a review of our structure, level and profile—which was something that the previous CA provided for but did not happen—and we have agreed that will be a key part of taking forward the work of the department.

Senator O'BRIEN—Subject to the vote.

Mr Yuile—Yes, subject to the vote.

Senator O'BRIEN—What is the cost to the department of this package over its life—on expected staffings, of course?

Mr Yuile—Sorry, Senator?

Senator O'BRIEN—The cost to the department of this package of wage increases over the life of the agreement.

Mr Yuile—I will just double-check, Senator. It is approximately \$18 million over the life of the agreement.

Senator O'BRIEN—You have detailed the offset of productivity measures that are proposed. Has the cost of the proposed agreement been factored into the current budget allocations?

Mr Yuile—Yes, in terms of our forward budget for this year and the following years. We have assumed that we will be looking at those sorts of increases.

Senator O'BRIEN—Can you give me a breakdown of the cost for 2002-03 and 2003-04 of the proposed agreement?

Mr Yuile—Senator, can I bring that back tomorrow morning? I do not have it with me at the moment.

Senator O'BRIEN—You certainly can.

ACTING CHAIR—It being 11 o'clock, the agreed time that we will complete the hearings tonight, we will now stand adjourned until tomorrow morning. Thank you.

Committee adjourned at 11.00 p.m.