



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
LEGISLATION COMMITTEE

**Estimates**

(Public)

THURSDAY, 25 MAY 2017

CANBERRA

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**SENATE**

**RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE**

**Thursday, 25 May 2017**

**Members in attendance:** Senators Back, Carol Brown, Kim Carr, Gallacher, Ketter, Lines, McCarthy, McKenzie, O'Sullivan, Rice, Siewert, Sterle.



## **AGRICULTURE AND WATER RESOURCES PORTFOLIO**

### **In Attendance**

Senator Ruston, Assistant Minister for Agriculture and Water Resources

### **Department of Agriculture and Water Resources**

#### **Executive**

Mr Daryl Quinlivan, Secretary  
Ms Cindy Briscoe, Deputy Secretary  
Ms Lyn O'Connell, Deputy Secretary  
Mr David Parker, Deputy Secretary  
Mr David Williamson, Deputy Secretary

#### **Grains Research and Development Corporation**

Dr Steve Jefferies, Managing Director

#### **Rural Industries Research and Development Corporation**

Mr John Harvey, Managing Director  
Mrs Kay Hull, Chair

#### **Fisheries Research and Development Corporation**

Dr Patrick Hone, Executive Director  
Mr Matt Barwick, Carp Control Manager  
Mr Peter Horvat, Communication, Marketing and Trade Manager  
Mr Crispian Ashby, Programs Manager

#### **Australian Pesticides and Veterinary Medicines Authority**

Ms Stefanie Janiec, Acting Chief Executive Officer  
Mr Paul Kruspe, Executive Director, Relocation Operations  
Mr Mitchell Levy, Executive Director, Digital  
Mr Alan Norden, Executive Director, Registration Management and Evaluation  
Ms Geetha Nair, Acting Executive Director, Legal and Compliance  
Mrs Elise Watt, Acting Director, Office of the Chief Executive Officer  
Dr Jason Lutze, Acting Executive Director Scientific Assessment and Chemical Review  
Mr Greg Dennis, Chief Finance Officer, Corporate Services  
Mrs Helen Stokes, Director, Registration Management and Evaluation

#### **Australian Grape and Wine Authority**

Mr Andreas Clark, Chief Executive Officer

#### **Australian Fisheries Management Authority**

Dr James Findlay, Chief Executive Officer  
Dr Nick Rayns, Executive Manager, Fisheries Management Branch  
Mr John Andersen, General Manager, Corporate Services Branch  
Mr Peter Venslovas, General Manager, Fisheries Operations Branch

#### **Finance and Business Support Division**

Ms Emily Canning, Chief Finance Officer  
Mr Jason Lucas, Acting Assistant Secretary, Industry Support Branch

#### **Corporate Strategy and Governance Division**

Mr Simon Smalley, Acting First Assistant Secretary  
Mr Shane Boyle, Acting Assistant Secretary, Corporate Governance Branch  
Ms Melissa Brown, Assistant Secretary, Parliamentary and Portfolio Branch  
Mr Troy Czabania, Assistant Secretary, Design and Change Branch

Mr Travis Power, Assistant Secretary, People Capability Branch

Mr Lionel Riley, Assistant Secretary, People Services Branch

#### **Information Services Division**

Mr Peter McKeon, First Assistant Secretary

Mr Bob Smith, Assistant Secretary, ICT Services and Operations Branch

#### **Service Delivery Division**

Mr Nico Padovan First Assistant Secretary

Mr Rick Hawe Assistant Secretary, Inspection Services, Central-East

#### **Office of the General Counsel**

Ms Alice Linacre, General Counsel

#### **Australian Bureau of Agricultural and Resource Economics and Sciences**

Mr Peter Gooday, Acting Executive Director

Mr Alistair Davidson, Acting Assistant Secretary, Strategic Policy and Biosecurity

Ms Trish Gleeson, Acting Assistant Secretary, Agricultural Commodities and Trade

Ms Julie Gaglia, Assistant Secretary, Information Management Public Data

Mr Bertie Hennecke, Acting Assistant Secretary, Fisheries, Forestry and Quantitative Sciences

Mr David Galeano, Acting Assistant Secretary, Agricultural Productivity and Farm Analysis

Mr Matthew Miller, Director, Climate Impact Sciences, Agricultural Commodities and Trade

#### **Farm Support Division**

Mr Greg Williamson, First Assistant Secretary

Mr Cameron Hutchison, Assistant Secretary, Farm Business Policy Branch

Ms Cassandra Kennedy, Assistant Secretary, Regional Investment Corporation

Mr Paul Pak Poy, Acting Assistant Secretary, Farmer Assistance Branch

#### **Sustainable Agriculture, Fisheries and Forestry Division**

Mr Ian Thompson, First Assistant Secretary

Mr Tony Harman, Acting Assistant Secretary, Fisheries Branch

Ms Michelle Lauder, Assistant Secretary, Forestry Branch

Mr Andrew McDonald, Special Advisor, Agvet Chemical Branch

Mr Peter Ottesen, Assistant Secretary, Sustainable Agriculture Branch

Mr Martin Walsh, Acting Assistant Secretary, Agvet Chemicals Branch

#### **Agricultural Policy Division**

Ms Fran Freeman, First Assistant Secretary

Mr Nick Blong, Assistant Secretary, Food, Competition and Investment Branch

Ms Jo Grainger, Assistant Secretary, Wool, Dairy, Wine, Small and Emerging Industries Branch

Ms Lara Musgrave, Assistant Secretary, Rural Research and Innovation Branch

Mr Andrew O'Sullivan, Acting Assistant Secretary, Crops, Meat and Horticulture Branch

Ms Anna Willock, Assistant Secretary, Levies Reform Taskforce

#### **Trade and Market Access Division**

Ms Louise van Meurs, First Assistant Secretary

Ms Ann McDonald, Assistant Secretary, Market Access Strategy and Bilateral Branch

Mr Paul Ross, Assistant Secretary, Bilateral Engagement and Trade Policy Branch

Mr Matthew Worrell, Assistant Secretary, Multilateral Agriculture Policy and Bilateral Branch

#### **Exports Division**

Mr Greg Read, First Assistant Secretary

Dr Narelle Clegg, Assistant Secretary, Live Animal Exports

Dr Jenny Cupit, Assistant Secretary, Residues and Food  
Ms Barbara Cooper, Assistant Secretary, Meat Exports  
Dr David Cunningham, Assistant Secretary, Export Standards

**Biosecurity Animal Division (including Australian Chief Veterinary Officer)**

Mr Tim Chapman, First Assistant Secretary  
Dr Robyn Martin, Acting Australian Chief Veterinary Officer/ Assistant Secretary, Animal Health Policy  
Dr Andrew Cupit, Assistant Secretary Animal Biosecurity Branch  
Ms Jackie South, Assistant Secretary Animal and Biological Import Assessments Branch

**Biosecurity Plant Division (including Australian Chief Plant Protection Officer)**

Dr Marion Healy, First Assistant Secretary  
Dr Kim Ritman, Australian Chief Plant Protection Officer  
Ms Kylie Calhoun, Assistant Secretary, Plant Health Policy Branch  
Mr Peter Creaser, Assistant Secretary, Plant Systems and Strategies Branch  
Mr David Henrich, Assistant Secretary, Plant Biosecurity Branch  
Dr Chris Parker, Assistant Secretary, Plant Export Operations Branch  
Ms Lois Ransom, Assistant Secretary, Plant Import Operations  
Dr Sally Troy, Assistant Secretary, Plant Health Policy Branch  
Dr David Dall, Principal Scientific Analyst, Plant Biosecurity Branch

**Compliance Division**

Mr Wayne Terpstra, Acting First Assistant Secretary, Enforcement and Sanctions Branch  
Dr Robyn Cleland, Assistant Secretary, Compliance Arrangements Branch  
Mr David Mackay, Acting Assistant Secretary, Pathway Compliance Branch  
Dr Duncan Craig, Acting Senior Director, Compliance Risk, Targeting and Intelligence Branch  
Mr Andrew Patterson, Acting Assistant Secretary, Enforcement and Sanctions Branch

**Biosecurity Policy and Implementation Division**

Mr Matthew Koval, First Assistant Secretary  
Mrs Jo Laduzko, Assistant Secretary, Biosecurity Policy and Response Branch  
Ms Lee Cale, Assistant Secretary, Biosecurity Implementation Branch  
Ms Barbara Jones, Assistant Secretary, Intergovernmental Agreement on Biosecurity Review Taskforce  
Ms Tina Hutchison, Assistant Secretary, Active Risk Management

**Water Division**

Mr Paul Morris, First Assistant Secretary  
Mr Tim Fisher, Assistant Secretary, Water Policy Branch  
Mr Richard McLoughlin, Assistant Secretary, Water Resources Branch  
Ms Amy Fox, Assistant Secretary, Water Infrastructure Northern Branch  
Mr John Robertson, Assistant Secretary, Water Infrastructure Southern Branch  
Ms Mary Colreavy, Assistant Secretary, Water Acquisition and Markets Branch

**Murray-Darling Basin Authority**

Mr Phillip Glyde, Chief Executive  
Ms Jo Schumann, Executive Director, Corporate Division,  
Mr Carl Binning, Executive Director, Environmental Management Division  
Mr David Dreverman, Executive Director, River Management Division  
Mr Russell James, Executive Director, Policy and Planning Division  
Mr Colin Mues, Chief Economist, Policy and Planning Division  
Mr Harish Madan, Chief Finance Officer, Corporate Division

Ms Vicki Woodburn, General Manager, Partnerships and Engagement

Mr Andrew Reynolds, General Manager, River Management Division

Dr Peta-Joanne Derham, Acting General Manager, Eco-hydrology Analysis Branch, Environmental Management Division

Dr Philip Townsend, Senior Economic Advisor, Policy and Planning Division

**Plant Health Australia**

Mr Greg Fraser, Executive Director and Chief Executive Officer

**Australian Livestock Export Corporation**

Mr Samuel Brown, Chief Executive Officer

Mr Wayne Collier, Industry Capabilities Manager

**Australian Meat Processing Corporation**

Mr Peter Rizzo, Chief Executive Officer

Ms Stella Lee, Manager, Industry and Government Relations

Mr Chris Taylor, Manager, Finance and Commercial

**Meat and Livestock Australia**

Mr Richard Norton, Managing Director

**Dairy Australia Limited**

Mr Geoff Akers, Chair

Mr Ian Halliday, Managing Director

Ms Emma Braun, Director

Ms Elizabeth Parkin, Group Manager, Business and Organisational Performance

Mr Charles McElhone, Group Manager, Trade and Strategy

**Australian Wool Innovation**

Mr Walter Merriman, Chair

Mr Stuart McCullough, Chief Executive Officer

Ms Peta Slack-Smith, Group Manager, Corporate Affairs

**Horticulture Innovation Australia Limited**

Mr Selwyn Snell, Chairman

Mr John Lloyd, Chief Executive Officer

Mr Warwick Scherf, General Manager, Stakeholder Engagement

**Landcare Australia Limited**

Ms Tessa Jakszewicz, Chief Executive Officer

**Department of the Environment and Energy**

**Commonwealth Environmental Water Office**

Mr David Papps, Commonwealth Environmental Water Holder

Mr Hilton Taylor, Assistant Secretary, Southern Water Use, Aquatic Science and Community Engagement Branch

**Committee met at 08:58**

**CHAIR (Senator O'Sullivan):** Good morning, everybody, and welcome. I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. The Senate has referred to the committee the particulars of proposed additional expenditure for 2017-18 and related documents for the Agriculture and Water Resources portfolio. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has before it a program listing agencies relating to matters for which senators have given notice, and the proceedings today will begin with the examination of the Australian Pesticides and Veterinary Medicines Authority. Welcome. I hope you are looking forward to this morning. First hit-out there? It's a lot of fun, although it doesn't always feel like that at the time.



The committee has fixed Friday, 7 July 2017 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business on Friday, 2 June 2017.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to the committee. The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise.

The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given a reasonable opportunity to refer questions asked of the officer to superior officers or to the minister. This resolution prohibits only questions asking for opinions on matters of policy, and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009, specifying the process by which a claim of public interest immunity should be raised.

*The extract read as follows—*

**Public interest immunity claims**

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

*(13 May 2009 J.1941)*

(Extract, Senate Standing Orders)

Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

#### **Australian Pesticides and Veterinary Medicines Authority**

[09:02]

**CHAIR:** I welcome Senator the Hon. Anne Ruston, Assistant Minister for Agriculture and Water Resources, representing the Minister for Agriculture and Water Resources; Mr Daryl Quinlivan, Secretary of the Department of Agriculture and Water Resources; and Ms Stefanie Janiec, Acting Chief Executive Officer of the Australia Pesticides and Veterinary Medicines Authority. Did I pronounce your name right?

**Ms Janiec:** Yes, thank you.

**CHAIR:** Good work. That is the first time I got that right. Minister Ruston, Mr Quinlivan or Ms Janiec, do you wish to make an opening statement?

**Senator Ruston:** No, Chair.

**Mr Quinlivan:** No.

**Ms Janiec:** No.

**CHAIR:** Three no's in a row. Thank you.

**Senator KIM CARR:** Can I get some assistance from the APVMA? I looked over your website and it indicated that the timeframe performance result for the registration of new pesticides has dropped sharply, from 82 per cent in September 2016, down to 50 per cent in December 2016 and to 30 per cent in March 2017. I wonder if you could tell us why that is?

**Ms Janiec:** Thank you. I will hand to Mr Norden shortly. He can explain a bit more about the timeframe performance. But I would add first that our timeframe performance does fluctuate for a number of reasons. One is that some are complex. We get a lot of volume of applications. It is also due to workforce pressures. We are undertaking a thorough review of our end-to-end processes to better understand the reasons of the underlying causes of these delays so that we can better address them. That is something that Mr Norden can explain. Obviously timeframe performance for us is an ongoing area of focus and something we are looking into further. Mr Norden will be able to explain the differences between the timeframe performances.

**Mr Norden:** In relation to the three quarters that you mention, 82 per cent, 50 per cent and 30 per cent, yes, that is correct for pesticides. They have dropped over that period. The reason is an increase in applications that have come in to the pesticides area. In terms of the turnaround time on those applications, there are a number of different applications that require different assessments in relation to the science areas that we undertake. We have been recruiting staff to fill vacancies that we have in the agency at this point in time. We have also been working closely with our stakeholders in relation to the applications that they make—having meetings with them and keeping them up to date and informed on where their applications are at. As Ms Janiec mentioned, in terms of looking at our business processes internally as well.

**Senator KIM CARR:** So you have identified two factors: an increase in applications and staff vacancies.

**Mr Norden:** Yes.

**Senator KIM CARR:** What is the increase in applications?

**Mr Norden:** In the last quarter, just recently, we received a spike, particularly in our minor applications. The non-technical ones peaked at 192 applications. In this last quarter, the total applications that we received was the highest we have had for at least 18 months.

**Senator KIM CARR:** These performance indicators I am told are actually the worst results that you have ever had. Is that the case?

**Mr Norden:** That would be my understanding in relation to the 30 per cent. That is correct. I would like to add to that.

**Senator KIM CARR:** So not 18 months; the worst ever.

**Mr Norden:** In relation to the timeframe performance, as a percentage figure, yes. I guess I would like to add that if we look historically at the way the performance statistics have been calculated, they were calculated quite differently prior to the new legislation we are under.

**Senator KIM CARR:** I see. How many staff vacancies do you have in the second area?

**Ms Janiec:** As at 15 May we had 31 vacancies across the agency. That number, however, as I have indicated, is at a point in time where we are finalising a number of recruitment activities which will fill some of those spaces.

**Senator KIM CARR:** What is the total full-time equivalent in the agency?

**Ms Janiec:** Our full-time equivalent is 202 positions.

**Senator KIM CARR:** So you are saying that 15 per cent of the positions were vacant on 15 May, is that right?

**Ms Janiec:** Yes, it is 31 positions.

**Senator KIM CARR:** Yes, but that is 15 per cent of the whole agency. Is that correct?

**Ms Janiec:** I haven't got my calculator. It is close enough.

**Senator KIM CARR:** When did these vacancies arise?

**Ms Janiec:** They fluctuate, Senator. From time to time the positions become vacant because there is no one to fill them. We rotate staff through them, so the numbers will—

**Senator KIM CARR:** That is the normal practice in the Public Service, I agree. How long have you had 15 per cent of positions vacant?

**Ms Janiec:** I would have to take that on notice. I don't have the details of the retention.

**Senator KIM CARR:** When did the vacancies occur?

**Ms Janiec:** When you say, 'When did they occur', what do you mean?

**Senator KIM CARR:** Well, when did they occur?

**Ms Janiec:** Again, at various points in time. If people are leaving the agency and we fill those vacant positions with existing or temporary staff, they are filled immediately. Other positions are more—

**CHAIR:** Senator Carr, are you looking for details of position No. 1 of certain positions?

**Senator KIM CARR:** The CEO obviously will not have every position in her head. But I am interested to know. A 15 per cent vacancy rate in any agency is a substantial number. You could say how long you have had that number, surely. That must be available to you fairly readily.

**Ms Janiec:** Historically we have had a very stable workforce over a long period of time. Any vacancies are—

**Senator KIM CARR:** What is your normal turnover rate? What is the historic pattern?

**Ms Janiec:** I am being assisted here with the 2015-16 separation rate, which was 18.7 per cent. From the record here, it is an increase of 8.8 per cent from the previous year.

**Senator KIM CARR:** What accounts for that? How do you account for that increase of 8 per cent in the separation rate?

**Ms Janiec:** For people leaving the agency, it is a matter for them in terms of their own personal decisions. People leave for a variety of reasons. As I have said, we have had a long standing workforce over a long period of time. We have very experienced staff who have won promotions to other agencies and other positions or accepted transfers. Some reasons are age related. They have retired. Some have elected to resign and take up other opportunities elsewhere. I could not pinpoint an exact cause for those numbers.

**Senator KIM CARR:** Is it anything to do with the move of the agency?

**Ms Janiec:** We don't have any specific data. We don't collect specific data on that, but as I mentioned—

**Senator KIM CARR:** People don't tell you why they are leaving?

**Senator STERLE:** There were surveys done of staff, which we are very well aware of. We have chewed it over and spat it out over the last five or six Senate estimates hearings. So, Ms Janiec, I do feel sorry for you, but we know that. The whole committee knows that. Everyone knows that.

**CHAIR:** Let Ms Janiec answer the question.

**Senator STERLE:** I think she is a very decent and honest person who has been around the APVMA a while now. We are not going to politicise and make her life hard. But the truth of the matter is that there is that information.

**CHAIR:** At the same time, there is a plain English question before her—

**Senator STERLE:** Yes, there is a plain-English question.

**CHAIR:** and I am sure that she is more than competent to answer it.

**Ms Janiec:** As I was mentioning, the reasons do vary. I have some numbers here that may assist. In terms of resignations, a portion have retired, others have transferred to other agencies, having gone back to their home agencies, for instance, and contracts for temporary staff have concluded.

**Senator KIM CARR:** Sure. How many of the vacancies have occurred directly in relation to the move of the agency?

**Ms Janiec:** It would just be difficult for me to answer that.

**Senator KIM CARR:** You can't answer it?

**Ms Janiec:** Well, we don't collect that data. We collect the data of where people go.

**Senator KIM CARR:** Alright. You said that the figures for the agency are 202 personnel. How many scientists are in that 202 personnel?

**Ms Janiec:** Our head count is currently 82 regulatory scientists.

**Senator KIM CARR:** How many scientists have you traditionally had in the agency?

**Ms Janiec:** That has varied. Previous responses to the committee has averaged about 100 regulatory scientists.

**Senator KIM CARR:** I have a statement here from the former chief executive, who was quoted in a news report. It states:

Ms Arthy said it would take up to five years after the 2019 move to reach a full complement of 150 scientists, with the agency experiencing higher than expected staff departures.

**CHAIR:** Senator Carr, I have always had a practice where if we are going to refer to an excerpt or a reference within a broader article—

**Senator KIM CARR:** I don't.

**CHAIR:** If you can give us the details of it, the secretariat are always very efficient. Then we will all have it, including the witness, and it will put stuff into context.

**Senator KIM CARR:** Chair, with the greatest respect, while it is not an unfair request, it is not the normal practice of the Rural and Regional Affairs and Transport Committee, unless there is a specific request from the table.

**CHAIR:** I am not going to debate you on it.

**Senator KIM CARR:** I'll win.

**CHAIR:** I think it is only fair, with a question towards an article or publication, to allow everyone to read the full context of it to put it into context.

**Senator STERLE:** Chair—

**CHAIR:** Stand by, Senator Sterle. Senator Carr, do you have a reference to the article that we might be able to—

**Senator KIM CARR:** I don't have the article with me. But that is not really the question. That is not the issue I am asking about. Is it the case that the full complement in the agency was 150 scientists?

**Ms Janiec:** I don't believe that to be correct.

**Senator KIM CARR:** It is not true?

**Ms Janiec:** The former CEO's statement to that effect was not correct.

**CHAIR:** Let's stand by here. I want to see the article with the statement in the context that it was made.

**Senator KIM CARR:** I am not asking you, Chair; I am asking the acting CEO.

**CHAIR:** I am ruling on that.

**Senator STERLE:** I am going to go one better and get the *Hansard* record for you that shows it as 160. So if you want to play this game, we can go all day on this.

**CHAIR:** Ms Janiec, you do not have to answer this question. If you require—

**Senator STERLE:** It's in the *Hansard*, Chair.

**CHAIR:** the statement of references to be put into context, you can seek from me to have that done. On that basis, you will be able to answer. It is in your hands.

**Senator STERLE:** No, what comes around, goes around, Chair. We have never done this and nor did your predecessor. If you want the *Hansard*, I will get the *Hansard* for you.

**CHAIR:** I have made my statement.

**Senator KIM CARR:** You can make the statements all you like, Chair. I have asked the officer a direct questions. You are saying that it is not true. That is the evidence you are giving this committee—that the normal compliment was 150 scientists. Is that the evidence you are providing/

**CHAIR:** That is not what she said, Senator Carr. She said it is not her understanding.

**Senator KIM CARR:** I am asking the question. Is that the position or not?

**Ms Janiec:** The number of regulatory scientists in our agency has traditionally been about 100.

**Senator KIM CARR:** How long will it take the agency to replace the number of scientists that are leaving the agency?

**Ms Janiec:** We are continuing on a range of ongoing recruitment activities and initiatives to bring people on board but also to build the capability once they commence with the agency. So there is a lot of work around that, which I can go into. At present we are carrying 13 vacant positions for regulatory scientists. The outcomes of our recent recruitment has been quite successful and we envisage that we will be fulfilling a large proportion of those positions. So in terms of our current cohort of regulatory scientists in the agency, we are continuing to build our capability and our capacity.

**Senator KIM CARR:** Does that have anything to do with the time it is taking to register product applications for pesticides?

**Mr Norden:** Yes. If we lose staff in particular areas it has an impact. As you said and as Ms Janiec mentioned, it takes a number of years to bring up to speed new scientific people within our regulatory environment. It is not just understanding the science of what we do but how that actually fits in with the regulation of agricultural and veterinary chemicals as well.

**Senator KIM CARR:** So when the former CEO spoke of five years, that is not an unrealistic number?

**Mr Norden:** No, it's not. It is a realistic number.

**Senator KIM CARR:** What impact will this have for your ability to provide, in terms of your statutory obligation, evidence-based advice to government on pesticides?

**Mr Norden:** It depends on the level of expertise and the quality of staff that we recruit through the process that we are going through at the moment. Some of those people come to us with regulatory experience and some other people don't. So in terms of the five years, that can vary depending on the person's background and experience.

**Senator KIM CARR:** Will it impact your ability to meet your statutory obligations?

**Mr Norden:** At this point in time, staff vacancies are having an impact on our timeframe. We are looking at recruiting and we are looking at business processes as well to address that.

**Senator KIM CARR:** Can you provide the committee with a list of applications that are currently overdue and can you provide descriptions outlining the intended use of those products?

**Mr Norden:** Yes, we can do that on notice.

**Senator KIM CARR:** Yes, of course. I don't expect you to have that in your head.

**Mr Quinlivan:** Is all of that information publicly available?

**Mr Norden:** No, it is not.

**Senator KIM CARR:** So what? I am asking for a list now.

**Mr Norden:** We would have to look at the confidential nature of those applications in terms of there being certain limitations on us disclosing certain information about the names of applications and who they were submitted by.

**Senator KIM CARR:** I have here a copy of the article that I was quoting from, Chair. It is from news.com.au on 8 December last year, I believe.

**CHAIR:** Thank you. Can you give us some key words?

**Senator KIM CARR:** The headline reads, 'Barnaby Joyce opens new pesticides office.'

**CHAIR:** We have it.

**Senator KIM CARR:** So you will not have any trouble checking that quote. I am not in the habit of misquoting public servants. That is what the quote says. We are getting a mix of advice on this score. We are looking here, though, at a five-year period in terms of rebuilding capability for the agency.

**Mr Norden:** In the situation where you would bring in—

**Senator KIM CARR:** In terms of the science aspect. It is not just a question of replacement of other people in the agency. It is the scientists in particular that I am addressing in this series of questions. This is an important scientific agency. You don't just rip it out of Canberra and move it to another location without having an impact. And it will have an impact in terms of industry as well as the individuals concerned who are being affected by this change. That is why I am raising the questions. I am concerned, also, in terms of the statements being made here, about plant biosecurity. You said there are several exotic pests detected in Australia each year. The effective management of these pests, including the plant pests, is dependant on the availability and supply of registered pesticides. Are there any product applications in the overdue category that might be used to address the biosecurity threats to the agricultural sector?

**Mr Norden:** Not that I am specifically aware of. Generally, applications we receive for biosecurity threats, particularly in relation to exotic incursion of pests and diseases—

**Senator KIM CARR:** So you are not concerned at all about the delay in that matter in regards to biosecurity questions?

**Mr Norden:** In relation to exotic pest incursions, generally the applications that we receive for those come through our permit or minor use area, and we will deal with those in emergency outbreak situations.

**Senator KIM CARR:** You say on your website that the drop in performance '...is likely to continue into future quarters as the agency continues to prioritise work on those applications which are overdue.' Do we agree that that is on the website?

**Mr Norden:** Yes.

**Senator KIM CARR:** What contingency plans do you have in place to ensure product applications that seek to address biosecurity threats are not caught up in this backlog?

**Mr Norden:** We have a very stable permit area that deals with our emergency incursions, where industry will seek emergency use permits from us. That area is always well equipped with good, experienced staff. In areas where we need specialist input as well, we will seek that from within the agency and from other agencies within the Commonwealth or within the state departments. We will also go to external experts that we use in the assessment of our applications.

**Senator KIM CARR:** Can I turn to the appointment process for the interim CEO? Ms Janiec, have you been appointed as the interim CEO?

**Ms Janiec:** No. Ms Arthy is still the CEO. She is on leave at the moment.

**Senator KIM CARR:** Right. So is there an interim position? Has an acting position—

**Ms Janiec:** There has been an appointment of an interim CEO, Dr Chris Parker, who commences on 1 June.

**Senator KIM CARR:** Thank you. How was that process determined?

**Mr Quinlivan:** That is a matter for the department and the minister.

**Mr D Williamson:** That appointment was made by the Deputy Prime Minister, consistent with his functions under the legislation.

**Senator KIM CARR:** I see. So it was an executive appointment, was it?

**Mr D Williamson:** Yes.

**Senator KIM CARR:** Did it go to cabinet?

**Mr D Williamson:** No.

**Senator KIM CARR:** It was on his own authority?

**Mr D Williamson:** No. There was consultation with the Prime Minister, but it wasn't a cabinet matter.

**Mr Quinlivan:** It followed the normal process for appointments of this kind.

**Senator KIM CARR:** Explain to me what the normal process for this type of appointment is.

**Mr Quinlivan:** Mr Williamson has just answered that question.

**Senator KIM CARR:** That is it?

**Mr Quinlivan:** Yes.

**Senator KIM CARR:** He spoke to the Prime Minister.

**Mr Quinlivan:** He sought the Prime Minister's approval to make the appointment.

**Senator KIM CARR:** I see. So it was not advertised?

**Mr D Williamson:** No, not for the interim CEO.

**Senator KIM CARR:** Was there a short list prepared?

**Mr D Williamson:** No, not a short list. The department provided advice to the Deputy Prime Minister, but there was not a short list, per se.

**Senator KIM CARR:** So he acted on departmental advice?

**Mr D Williamson:** That is correct. .

**Senator KIM CARR:** And you recommended a short list of one?

**Mr D Williamson:** No. We provided several names to the Deputy Prime Minister, but the recommendation was Dr Parker.

**Senator KIM CARR:** So the department's recommendation was Dr Parker?

**Mr D Williamson:** That is correct.

**Senator KIM CARR:** Was that taken by the minister's office or by you?

**Mr D Williamson:** No. The secretary and I discussed the issues and options. We did have a conversation with the minister's office, but in the end it was departmental advice.

**Senator KIM CARR:** Was the fact that Dr Parker will be applying for the permanent position a consideration in your recommendation?

**Mr D Williamson:** No.

**Senator KIM CARR:** Was the Public Service Commissioner consulted?

**Mr D Williamson:** No.

**Senator KIM CARR:** Why not?

**Mr D Williamson:** It is not a requirement, as I understand it.

**Senator KIM CARR:** What is the selection process for the permanent CEO?

**Mr D Williamson:** Again, that will be a process consistent with the approach taken to these sorts of appointments. There will be national level advertisements and a selection panel convened. It will involve the secretary, a representative of the Public Service Commission and other members of the selection panel. They will provide advice to the Deputy Prime Minister and he will then take it forward to the Prime Minister.

**Senator KIM CARR:** What is the expected timeline for a final decision to be made?

**Mr D Williamson:** I don't know that we have a detailed timeline yet, but we would expect the process to take a number of months. It will be quite a comprehensive process. So potentially around the end of the year, but ultimately that will be a matter for the—

**Senator KIM CARR:** When do you expect him to start?

**Mr D Williamson:** Probably in the next month or so.

**Senator KIM CARR:** Thank you. I take it there will be full advertisements and the whole—

**Mr D Williamson:** That is correct.

**Mr Quinlivan:** Effectively it has started because we have approached various people to be participants in the panel.

**Senator KIM CARR:** Were there any other towns or cities considered apart from Armidale in relation to the government's general policy order for the transfer of the APVMA to move out of Canberra?

**Mr D Williamson:** No. The development of the general policy order followed the government's election commitment to relocate the APVMA to Armidale.

**Senator KIM CARR:** Is that the only basis?

**Mr D Williamson:** There was an election commitment to relocate the APVMA. Once the government was returned, the department, as we would do for all election commitments, prepared advice on how best to implement it. That resulted in a Cabinet process, the outcome of which was the use of a general policy order to bring about the relocation.

**Senator KIM CARR:** What about Toowoomba; was that ever an option?

**Mr D Williamson:** It wasn't an option in the context of delivering the election commitment, no.

**Senator KIM CARR:** So Armidale was the only proposition?

**Mr D Williamson:** The election commitment was very clearly to relocate the APVMA to Armidale.

**Senator KIM CARR:** What criteria was used, other than it was in a particular electorate?

**Mr Quinlivan:** I think that that is a matter we can't answer.

**Senator KIM CARR:** Fair enough.

**Mr Quinlivan:** We can't know about the origins of that election commitment.

**Senator KIM CARR:** Assistant Minister, what was the basis for the selection of Armidale?

**Senator Ruston:** I am quite happy to take that on notice and seek advice from the senior minister.

**Senator KIM CARR:** You don't know?

**Senator Ruston:** I was not a party to that particular policy decision of government. I was not a minister at the time.

**Senator KIM CARR:** I saw media reports about the new facilities in Armidale. Have any of the officers actually moved to Armidale yet?

**Ms Janiec:** Yes, we have opened our transition office in Armidale. That was on 27 April. We are currently finalising recruitment for two locally engaged staff. They will support our executive travelling up to Armidale over the transition period, as well as staff who elect to work from that office from time to time.

**Senator KIM CARR:** How many staff are there now?

**Ms Janiec:** Our Chief Scientist is there presently.

**Senator KIM CARR:** That's one.

**Ms Janiec:** And, as I mentioned, we have one officer there at the moment.

**Senator KIM CARR:** Support staff, is that right?

**Ms Janiec:** We are finalising recruitment for two local support staff.

**Senator KIM CARR:** So is it just one at the moment? Is the Chief Scientist provided with any support staff at the moment?

**Ms Janiec:** His support staff are in Canberra. He is working temporarily from that office.

**Senator KIM CARR:** One person?

**Ms Janiec:** Yes, but it is still very early days for us. That office is about housing our transition team to help build our presence in Armidale. As part of our overarching strategy, though, we are working towards a more permanent site, which we foreshadow will occur in 2019.

**Senator KIM CARR:** How many staff will be located there in 2019?

**Ms Janiec:** Our agency will move to Armidale in 2019. That will include our complement of staff, including using technology for remote scientists, for instance, to complement our workforce in Armidale. So all staff will be located in Armidale from 2019.

**Senator KIM CARR:** So that is the 202?

**Ms Janiec:** There is a bit of work underway until 2019, including re-looking at our business model and what our operations might look like from Armidale. We are still in the planning stage for that body of work. We anticipate at least 100 to 150 staff over time being built up in Armidale, but our working model and how we operate will look different to how it is in Canberra.

**Senator KIM CARR:** I need to be clear about this. You are saying 150 staff over time. What length of time?

**Ms Janiec:** That will be determined by how many staff elect to relocate, what our workforce looks like and what our workforce needs to look like at that point in time.

**Senator KIM CARR:** Staff get a choice, do they?



**Ms Janiec:** We cannot compel staff to move. We will obviously encourage them by supporting them through the transition, but there is a bit of time before our permanent site is established in Armidale.

**Senator KIM CARR:** Let me be clear: you are saying you want 150 people based in Armidale. Is that the evidence you are providing to the committee?

**Ms Janiec:** We expect over time we would have an establishment of at least 150 in Armidale.

**Senator KIM CARR:** Over what length of time?

**Ms Janiec:** It is difficult for me to answer that. It is part of our strategy document that we acknowledge that our working model and how we operate and our structure will look different, including the use of external providers. We may not have a full complement in Armidale, but our workforce will be supported more broadly—

**Senator KIM CARR:** What is the cost of this move?

**Ms Janiec:** The government has allocated us \$25.6 million over six years.

**Senator KIM CARR:** Right. So, for \$25.6 million, what does the Commonwealth get?

**Ms Janiec:** In terms of our Armidale presence, we have established our transition team to ensure that we keep removed from our business-as-usual activities. We have an expert team to manage our transition. We have established a committee, ARAC, to oversee our relocation advisory work.

**Senator KIM CARR:** So you have a committee, and you have one scientist for \$25 million.

**Mr Quinlivan:** I do not think that that was the evidence.

**Senator KIM CARR:** I am a bit slow on this. What is involved for the \$25 million? How big is the office?

**CHAIR:** With respect, your question was: what is the cost that has been allocated to successfully complete this transition? Ms Janiec has said it will be done by 2019, hopefully. The answer was that the \$25.6 million is dedicated to that.

**Senator KIM CARR:** Yes, that is right.

**Ms Janiec:** That funding is over six years. We are working on establishing what our business model from Armidale will look like and the development of a proposal for a digital strategy to underpin our technology and enable technology to enhance how we operate from Armidale.

**Senator KIM CARR:** You have wi-fi in the office at the moment, have you?

**Ms Janiec:** Would you like a bit more information on the establishment of our interim office?

**Senator KIM CARR:** That is what I am seeking. I am trying to establish a few basic facts here. We have one officer in Armidale in a temporary office. Is that what you are saying?

**Ms Janiec:** We have established a temporary office and that is co-located with the Department of Human Services.

**Senator KIM CARR:** I see. So it is a Centrelink office, is it?

**Ms Janiec:** It is a shared services agreement with the Department of Human Services.

**Senator KIM CARR:** In a Centrelink office?

**Mr Kruspe:** Just to explain, yes, at the moment we have what we call an interim office. It is just an office, as Ms Janiec has said, in terms of helping us out over the next transition period as we develop a permanent presence in Armidale. That is in the DHS premises. They are at 246 Beardy Street in Armidale.

**Senator KIM CARR:** That is a Centrelink office, isn't it?

**Mr Kruspe:** Yes, it is Centrelink and Medicare. There are a number of services that DHS offer out of there.

**Senator KIM CARR:** Okay. I am sure the scientists will be pleased to here they are in the Centrelink office! But go on.

**Mr Kruspe:** This is just a transition piece, though. This is just over the next two years so that we will have some local presence of some people working in the office. We expect that to be starting about mid-June. Two staff will be starting then.

**Senator KIM CARR:** Two?

**Mr Kruspe:** That is initially, so this will be building up. At the moment we have access to five workstations in that building, but we have the option to access more workstations. What that means is, over time, we might build up some of the permanent workforce there in Armidale. It also allows our staff in the APVMA who may be wanting to go up—

**Senator KIM CARR:** Just to be clear, you have five workstations, so presumably that is five people. Or we are hot-bunking the workstations, are we?

**Mr Kruspe:** No, we have access to five workstations at the moment—

**Senator KIM CARR:** And, over two years, you will have how many workstations?

**Mr Kruspe:** We can access more workstations there. That just depends on the amount of staff increases over the next two years. So it is a good arrangement in terms of it being quite flexible and allowing us to bring more staff into Armidale. We will have staff going up to Armidale over the next two years as we are developing the permanent location there. This allows us a base to work from. It allows us meeting rooms and access to other facilities there, and technology.

**Senator KIM CARR:** So, in 2019, you are expecting to have how many people in Armidale?

**Ms Janiec:** We are still very much in the planning stage of our relocation. Our future workforce planning has not concluded yet. Our structure and our business model will likely change. So, in terms of staff and the functions that exist in the agency operating from Armidale, they will most likely look quite different to how we currently have them in Canberra.

**Senator KIM CARR:** You have said that. I just want to know how many people are going to be in Armidale, and you cannot tell me.

**Senator McKENZIE:** Senator Carr, that is not the answer. She actually said they were in the middle of workforce planning.

**CHAIR:** Order!

**Senator STERLE:** Who is this stranger in the committee room?

**CHAIR:** Order!

**Senator McKENZIE:** Somebody that is actually across this, thanks to your—

**CHAIR:** Order!

**Senator STERLE:** We haven't seen you for years.

**Senator McKENZIE:** ridiculous Senate inquiry, with its political motivation against this organisation.

**Senator STERLE:** Security! There is a stranger in the room!

**CHAIR:** Order! Senator Carr, please continue.

**Senator KIM CARR:** How many people are going to be in Armidale for your agency in 2019?

**Ms Janiec:** It is still very early still to say that number. As part of our strategy document, we anticipate at least 100, building up to 150 over time.

**Senator KIM CARR:** Yes, but this is my problem. There will be another election. Hopefully, this government will not be there. I want to know what you are planning to do between now and the next election, in terms of people transferring to Armidale. You cannot tell me how many people will be in Armidale in 2019.

**CHAIR:** Senator Carr, just listen. I can manage this. Ms Janiec, I think, has made an effort to answer that. She indicated to you—

**Senator KIM CARR:** That is fair enough.

**CHAIR:** that their objective was 150.

**Senator KIM CARR:** This is my point, Chair. I am getting contradictory evidence. I am getting advice that the department is also asking the officers to choose. This is new evidence. Do officers actually have the choice not to go to Armidale?

**Ms Janiec:** We cannot compel staff to move to Armidale.

**Senator KIM CARR:** I am pleased to hear that.

**Ms Janiec:** When that time comes, staff will be invited to advise of their intention as to whether they will relocate. We anticipate that that will be undertaken towards the end of next year, when we have a bit more clarity around the establishment of our office but also around what our workforce will look like and what roles and functions will exist.

**CHAIR:** Excuse me, sir, you will have to stop filming for a moment. I am sorry, Senator Carr, I need to deal with a blanket procedural matter. We have media in the room. Do any colleagues, officers or panel members object to the presence of media? There being no objections, sir, be conscious of everybody's movements—and no filming of documents or artefacts on anybody's desk. Thank you. Sorry, Senator Carr.

**Senator KIM CARR:** You have made it clear to officers prior to this time that they do not have to go. Is that the position that the agency has adopted?

**Ms Janiec:** We cannot compel them to go.

**Senator KIM CARR:** But you have made it clear that they do not have to go? That is a separate concept. This is now a voluntary move, is it?

**Ms Janiec:** No. Sorry, I think I misunderstood the question. Their positions will be moving to Armidale. We cannot compel staff to move to Armidale.

**Senator KIM CARR:** So they can resign?

**Ms Janiec:** We will be supporting them through this transition period through a number of measures that we are offering to staff in terms of career management support, financial advice suitable to their circumstances, additional training and personal development to enable them to position themselves for their next role if they are unable to move to Armidale, as well as encouraging and supporting that transition to Armidale.

**Senator KIM CARR:** They can resign or transfer to another job in the Public Service. That is really what it is, isn't it?

**Ms Janiec:** That is right, yes.

**Senator KIM CARR:** Their positions will go to Armidale, and, if they do not like it, they can get another job somewhere else. That is the proposition?

**Ms Janiec:** And we will support them in finding that option. That is correct.

**Senator KIM CARR:** That is the proposition—which comes back to where I started on all of this: this is why you have such a high separation rate. You have an eight per cent increase in your separation rate. Is it not the case that it is directly related to this move to force people to transfer to Armidale?

**CHAIR:** Again, I am loath to interject. You are seeking an opinion from the witness. She has expressed herself, I think, quite thoroughly on her interpretation of the separation rate that has occurred. Ms Janiec, you can answer the question if you have the knowledge to do it, but it is seeking your opinion.

**Ms Janiec:** Thank you. There are multiple reasons why people leave the agency. As I have mentioned, we have had a very stable workforce and very experienced staff. They have won promotions or they have won transfers to other agencies. I think that, given the stability of our workforce over such a long period of time, our focus on recruitment and building our future workforce was something that we were needing to do.

**Senator KIM CARR:** And I am drawing to your attention the fact that, since you have such a stable workforce, a highly expert workforce of critical importance to the future of the country, it is remarkable that you have had so many people leave the organisation—remarkable. And you are saying to me that you are trying to deal with this by recruiting new people—some, of course, you must—but it will take five years to rebuild that capability.

**Ms Janiec:** On that point, we are working on a number of measures. It can take up to five years. As a result of our recent recruitment, for instance, which has been quite successful, the departure of staff has created a range of opportunities for our existing staff to win promotions or seek opportunities for higher duties, which they probably did not have access to previously. So our workforce and our capability continue to grow within the agency, but also as we bring on external and new talent to the agency.

**Senator KIM CARR:** Can I come back to this question about the statistical performance. As I said, we started this conversation in regard to the pesticides. Is there a statutory time requirement in terms of your statistical applications? Is that actually a requirement?

**Mr Norden:** Yes, there are. There are statutory legislative time frames around applications.

**Senator KIM CARR:** Is the decline in your performance measured against that? You are not meeting that?

**Mr Norden:** That is correct. That is what the time frame performance measure measures.

**Senator KIM CARR:** That is effectively what is now happening?

**Mr Norden:** That is what it is measuring.

**Senator KIM CARR:** That is why I asked you before about the consequence in relation to your statutory requirements. Are you now acknowledging that that is what is happening? You are not meeting your statutory requirements?

**Mr Norden:** We are not meeting the statutory time frames that are set for those applications. The time frames actually vary. They can vary anywhere from one month out to 18 months in terms of the complexity and amount of information that is required to be assessed.

**Senator KIM CARR:** So, if we break that down still further, for animal medical registration, the application processing has dropped to 58 per cent, down from 82 per cent. It is 30 per cent for crop protection registration. Is it in regard to crop protection where the biggest drops have occurred?

**Mr Norden:** That is correct, in relation to the time frame performance that you mentioned. As I mentioned earlier, the statistical reporting that is undertaken now is quite different from the statistical reporting that was undertaken prior to the introduction of the new legislation. If I can just go back prior to the introduction of the new legislation, we had an independent analysis conducted of applications that were assessed before the introduction of the new legislation. In those three years, the average time frame from the submission of an application to the completion of that application—this is across all applications—was eight months. In this current financial year, the period of determination has been seven months for the same group of applications.

**Senator McKENZIE:** So it has actually decreased?

**Mr Norden:** In relation to the statistics that we have looked at for this financial year, it was seven months.

**Senator KIM CARR:** Let me put it to you this way. Ernst & Young, in their cost-benefit analysis of the potential relocation of the agency, indicated that the impact of a one-year delay in the approval of one of the new agricultural chemical crop protection products will cost broadacre crop farmers between \$64 million and \$193 million per annum. Is that correct?

**Mr Norden:** I could not comment on the economics of that analysis.

**Senator KIM CARR:** What are you doing in regard to the cost to farmers of these delays?

**Mr Norden:** As I mentioned earlier, we are working in a number of different areas, both recruitment—I think we have spoken a fair bit about that—and our stakeholder relationship with people who make applications. We routinely meet with most, if not all, of the major companies who are bringing new products and new active ingredients to Australia. Regular meetings are held about applications that they are going to bring and applications that we are currently assessing. That provides them with, I guess, greater certainty and predictability around when outcomes from decisions will be reached, in terms of their planning and decision-making processes

**Senator KIM CARR:** So you can tell them it is going to take longer.

**Senator McKENZIE:** That is not the evidence. Mr Norden just said that the time has decreased in the last—

**Senator KIM CARR:** Sorry, the quarterly report demonstrates that it is the evidence.

**CHAIR:** Order! Senator McKenzie!

**Senator McKENZIE:** Yes, but the most recent data suggests the time is decreasing.

**Senator KIM CARR:** That is not what the report says.

**CHAIR:** Order!

**Senator McKENZIE:** That is his evidence to us today.

**CHAIR:** Order! Senator Carr, just for a moment, please, let us move this along as best we can in an efficient manner. I will deal with any interposing as required. Senator Carr.

**Senator KIM CARR:** Thank you. What action is the agency taking in regard to the loss of productivity?

**Mr Norden:** As I mentioned earlier, recruitment was one of them. Stakeholder relationship was another one. We are looking at our end-to-end business processes and looking at areas where we can provide efficiencies within our own business processing of applications.

**Senator KIM CARR:** Waiting for an election—

**Mr Norden:** No, as I mentioned—

**Senator KIM CARR:** to reverse a stupid decision.

**Mr Norden:** As I mentioned, stakeholder relationship, recruitment, business processes.

**Senator KIM CARR:** Thank you very much.

**Senator STERLE:** I am not going to ask a question. I just want to clarify one thing, if I can.

**CHAIR:** Don't exacerbate my position.

**Senator STERLE:** Okay, thanks, Chair. I want to be very clear. We have been working on this for a long time, as you probably have lived and breathed it all the time that you have been there. I am sure you will have a

long and distinguished career with the Public Service. The questions we are asking are not a personal slight on you. If there is some pricklier stuff that you may not have been involved in, do not feel embarrassed to pass it down the table. Bear in mind that it is the minister's stupid decision that we are dealing with.

**CHAIR:** No commentary. Senator McKenzie.

**Senator McKENZIE:** Thank you. I am waiting for my questions to be brought up from my office, but I did just want to address some of the issues Senator Carr was asking questions about. My understanding of the analysis done by the APVMA suggests that—

*Senator Sterle interjecting—*

**Senator McKENZIE:** No, it is my office—because I am actually on the Senate inquiry into this. There are a bunch of *Hansards* from when the former CEO of the APVMA appeared before our inquiry. He had a report that suggests that young scientists are actually looking forward to the opportunities afforded to them in Armidale.

*Senator Kim Carr interjecting—*

**Senator McKENZIE:** You know what, Senator Carr? Unlike you, I do not think that it is a negative to move to the regions.

**CHAIR:** Senator Carr! Senator McKenzie, please direct—

*Senator Kim Carr interjecting—*

*Senator Sterle interjecting—*

**CHAIR:** Order! Listen, it is too early in the day for this. Save this for after dinner.

**Senator KIM CARR:** Thank you very much, Chair. I am going now.

**CHAIR:** Thank you, Senator Carr—goodbye. Senator McKenzie, you have the call.

**Senator McKENZIE:** All right. There are just the two questions in relation to Senator Carr's evidence. Has the APVMA met its statutory reporting requirements over the last 10 years; and, if so, when?

**Mr Norden:** Your question there is: have we met our statutory time frame performance reporting? Being with the agency for a long time, I will roll my memory back in relation to that.

**Senator McKENZIE:** Thank you, I would appreciate that.

**Mr Norden:** Historically, time frame performance for the agency—I will go to pre the introduction of the legislation that we currently work under—

**Senator McKENZIE:** The last 10 years.

**Mr Norden:** that came into effect in 2014. Generally, the time frame performance across both agricultural and veterinary products was around 90 to 95 per cent within the statutory time frame. As I mentioned, the way that was calculated prior to the introduction of the new legislation was quite different. The main difference there is that the old legislation enabled the agency to stop the clock, if I can call it that, an application. So, if we had a question for an applicant, we would stop the clock and go back and ask questions. In the current legislation, there are no stop-the-clock provisions. Did we ever meet 100 per cent? On some months, on occasion, perhaps. Across the board, no.

**Senator McKENZIE:** No. Okay. Thanks, Mr Norden. But your evidence to us today, just to be clear, is that, having seen that legislation implemented, with a different way of approaching the processing of applications—and, indeed, some changes within the organisation—that time frame is decreasing. Was that your evidence earlier to Senator Carr, in the last period of time?

**Mr Norden:** The time frame and the way that it is reported is showing a different result. I am going to go back to what I mentioned to the senator about the analysis conducted for the three years of applications leading up to the introduction of the new legislation—so, 2011 to 2014. That, effectively, was an independent analysis that looked at those applications as if they were assessed under the existing legislation. That report is available on our website. It reported that those applications that were around the 90 to 93 per cent mark, if assessed under the existing legislation, would have come out in a time frame performance of around 30 to 35 per cent within time frame. So that is the stark difference that, I guess, I am trying to articulate in relation to looking at the performance of the agency. When I mentioned elapsed time, I think that is an important consideration in terms of when does a person make an application and when do they finally get a decision from the regulator. That has not changed in the old legislation or the new legislation. But the measuring of the clock and the assessment time frame have changed because of the old clock-stop. Now there are no clock-stop provisions.

**Senator McKENZIE:** Right. Thank you. I will leave it there.

**CHAIR:** Senator Rice.

**Senator RICE:** Good morning, everyone. I am interested in following up the same issue in terms of the timeliness of applications being assessed. You said that if the 2011 to 2014 applications had been assessed according to the current rules, without stopping the clock, they would have only have been 30 to 35 per cent. How about the periods between 2014 to 2016? What was the timeliness during that period of time?

**Mr Norden:** I think that is well reported. I do not have all of those numbers with me at the moment. I do have some, and I could read a lot out. But that time frame performance has fluctuated anywhere from where it currently is—in relation to pesticides, it was 30 per cent in the final quarter and it was 54 per cent for veterinary medicines in that previous quarter. Pesticides would have peaked at about 84 per cent in the September quarter of last year.

**Senator RICE:** For September 2016 we are at 84 per cent.

**Mr Norden:** It is 83 per cent for products.

**Senator RICE:** Could you read out some figures from since the legislation changed? Just the total. So in the last quarter, for total applications, in terms of time frames, I understand it was 42 per cent.

**Mr Norden:** That is correct.

**Senator RICE:** Could you tell us what the trend has been over that period of time?

**Mr Norden:** Yes. I can go back to the September 2015 quarter. Products in that quarter were 63 per cent. In the December 2015 quarter, it was 55 per cent. In the March 2016 quarter, it was 58 per cent. The June 2016 quarter was 78 per cent. The September 2016 quarter was 83 per cent. The December 2016 quarter was 69 per cent. As you mentioned, this final March quarter was 42 per cent.

**Senator RICE:** Generally, in those couple of years it has been in the 60s, 70s and 80s, in the last quarter dropping down to 42 percent. That is quite a significant reduction in timeliness over that period. You would agree with that.

**Mr Norden:** That is a correct observation.

**Senator RICE:** Your summary in the quarterly report said:

Timeframe performance dropped in the March quarter 2017 as the agency increased its focus on addressing overdue applications, particularly in the pesticides area. This is likely to continue into future quarters as the agency continues to prioritise work on those applications which are overdue.

So you don't expect that timeliness is going to improve?

**Mr Norden:** At the moment, in relation to our overdue applications, about 30 per cent of our applications are past their legislated time frame. So, as we continue to focus on those applications, it will have an impact on our performance time frame because they are already overdue.

**Senator RICE:** Basically, you are not measuring how far overdue they are. They just fall into the overdue category.

**Mr Norden:** The current trend this quarter is that we are holding steady with where we were in the previous quarter.

**Senator RICE:** Right, so you would expect to be still sitting with around less than half of your applications being processed in a timely manner?

**Mr Norden:** For pesticides, yes. For veterinary medicines, perhaps not.

**Senator RICE:** Yes, but overall your total in this last quarter that you reported was 42 per cent. You are not expecting to actually improve in the next quarter or in the foreseeable future?

**Mr Norden:** There is still another month to go in this quarter, so I would not want to predict that one way or another at this point in time.

**Senator RICE:** But your expectation is that it is not going to improve. That is what I hear you saying. Is that correct?

**Mr Norden:** It is going to depend upon what applications we finalise in this quarter.

**Senator RICE:** Yes, but it would be a remarkable turnaround if you managed to get it back up above the 50 per cent mark.

**Mr Norden:** It is not going to jump to 70 per cent.

**Senator RICE:** No. It is not going to jump to the levels that were experienced over 2015 and 2016 of well above 50, into the 60s and even hitting the high point of 83 per cent.

**Mr Norden:** Not while we focus on getting rid of the overdue applications that are before us.

**Senator RICE:** You said that staff vacancies, quite understandably, are impacting on those. It is a significant factor in those delays.

**Mr Norden:** With any vacancy that any agency has in relation to its staff, it has an impact on it.

**Senator RICE:** Yes. So staff vacancies are certainly a factor, yes?

**Mr Norden:** They have been a factor and we are recruiting to replace those positions.

**Senator RICE:** Are the staff vacancies largely amongst the regulatory scientist mix? Are they the key vacancies that are impacting upon that poor timeliness?

**Mr Norden:** No—

**Mr Quinlivan:** Senator Rice, we had quite a long discussion about the numbers before. So if perhaps we just repeat it—

**Senator RICE:** No, this is a different question, with all due respect.

**Mr Quinlivan:** Okay, it sounded like the same question to me.

**Senator McKENZIE:** Mr Norden said no.

**Senator RICE:** No, he started to answer.

**Senator McKENZIE:** Yes. He did start to answer.

**Mr Norden:** The assessment of a registration application involves various different parts of the agency. It is not just one person—a scientist sitting behind a desk. There are administrative people involved, there are legal people involved, our compliance people are involved. Even our finance and HR people are involved in that process.

**Senator RICE:** In terms of the lack of timeliness and the delays, what do you see in terms of staff vacancies? Where are the critical staff vacancies that have led to those delays?

**Mr Norden:** The critical vacancies would be in, obviously, my area, which is registration management and evaluation, and also our scientific assessment area. That extends also to external reviewers that we use in areas as well. So we are looking at outsourcing human health and environmental assessments.

**Senator RICE:** Are the staff regulatory scientists employed in those two areas?

**Mr Norden:** Yes, they are, and also administrative staff.

**Senator RICE:** But in terms of doing the registration and assessment—and I cannot recall what the two areas that you just mentioned were—regulatory scientists are key in those two areas?

**Mr Norden:** Yes, they are.

**Senator RICE:** The usual cohort is around 100 scientists, and I think we just heard that there are currently 82 regulatory scientists, so you are down about 20 per cent on your usual workforce. Is that correct?

**Mr Norden:** I would have to check those numbers.

**Senator RICE:** Yes. So you have those vacancies. How are you going filling those vacancies? Do you expect to be back up to a cohort of around 100 any time soon?

**Ms Janiec:** We have recently concluded a general round that we initiated at the end of last year. That was very successful. We have commenced a number of other recruitment strategies, including launching more targeted and more aggressive recruitment targeting junior regulatory scientists as well as more experienced people to come into the agency. We continue to draw upon merit lists from other agencies to attract and encourage people to come to the agency. To support recruitment, we are also developing, and are near finalising, an accelerated program for regulatory scientists so that the new people we bring in can go through a program of accelerated learning about what is needed to be a regulatory scientist. That will enable them to perform highly at the level that we need sooner.

**Senator RICE:** How many new regulatory scientists have you recruited this financial year or since the election?

**Ms Janiec:** We had a transfer of five regulatory scientists as part of the Department of Health. We transferred that function to our agency. So five officers came across with that. Included in that total are 20 regulatory scientists, as at 30 April.

**Senator RICE:** How many of those are ongoing and how many are non-ongoing?

**Ms Janiec:** Of that, nine are ongoing and 11 are non-ongoing.

**Senator RICE:** How many have you lost in that same period of time?

**Ms Janiec:** For regulatory scientists?

**Senator RICE:** Yes.

**Ms Janiec:** Twenty.

**Senator RICE:** So you are basically just keeping up. Your recruitment is only just keeping up with your departures. Basically you are still staying at the 20 per cent vacancy rate, then.

**Ms Janiec:** It is still early days for us in our recruitment. As I mentioned earlier, through those activities, a number of staff who are very experienced have not actually been promoted, so our capability in-house continues to build. Our focus is on bringing new talent to the agency as well.

**Senator RICE:** Yes, but basically your recruitment is only just keeping up with your departures.

**Ms Janiec:** At this point in time, we have taken steps and are seeing good progress. As part of our ongoing recruitment, including from this week onwards, we are pretty confident that we will continue to attract strong interest in our positions.

**Senator RICE:** Of those 20 you have recruited—the nine ongoing and the 11 non-ongoing—are you asking them as part of the recruitment whether they are intending to relocate to Armidale?

**Ms Janiec:** All applicants are made aware, and we have made it very public, that we are transitioning—

**Senator RICE:** Are they being asked that?

**Ms Janiec:** Not at this point in time, noting that we cannot compel them. But when the time is right—and we anticipate that to be towards the end of next year—we will be asking staff intentions about whether they will be able to relocate.

**Senator RICE:** Where are the regulatory scientists that you have recruited coming from?

**Mr Norden:** They come from a range of different areas. They come from other government departments; they come from the private sector.

**Senator RICE:** Are people being recruited from overseas?

**Mr Norden:** We have one person at the moment who is going to commence quite shortly who is on a visa arrangement.

**Senator RICE:** Is that a 457 visa?

**Mr Norden:** Yes, purely on the basis of that person's regulatory experience and expertise in the area that we deal with.

**Senator RICE:** But they are replacing somebody who has left the organisation—

**Senator McKENZIE:** Who did not want to move to Armidale.

**Senator RICE:** Well, they may not have been able to, Senator McKenzie. They may have had a range of reasons. They may have had all sorts of reasons as to why they have been established in Canberra. Are you expecting to recruit further regulatory scientists on 457 visa arrangements?

**Mr Norden:** We do not have any specific intention to do so.

**Senator RICE:** But your applications are obviously open to people from overseas.

**Mr Norden:** Anyone can make an application.

**Senator STERLE:** He has had enough. He's embarrassed. The poor bugger is under pressure because of this stupid, ridiculous decision by a dopey minister. Oh, sorry, the mic is still on.

**Senator RICE:** I would like to move on to your temporary office. You have a temporary office, co-located with DHS. Currently you have two staff there. Is that correct?

**Mr Kruspe:** We have gone through the recruitment process at the moment. We expect those staff to be starting in early to mid-June. That premise is the DHS office at 246 Beardy Street, Armidale. It is a good arrangement in that it allows us to access some workstations there and, as I said before, to increase the number of workstations if need be.

**Senator RICE:** How many workstations do you have there currently?

**Mr Kruspe:** At the moment we have five set aside for us. That is based on the fact that we will have, as I said, two permanent staff there in the office in Armidale. We expect a number of staff will be travelling up and down to Armidale at different times, including the exec, to do work both with the community and with other stakeholders there and in relation to moving towards our permanent—



**Senator RICE:** How many workstations could you expand that to?

**Mr Kruspe:** We could expand that up to 15 workstations.

**Senator RICE:** Do you have a lease arrangement? What sort of arrangement do you have with the DHS?

**Mr Kruspe:** What we have entered into there is what is known as a shared premises agreement. It is a non-binding agreement, but it is used between Commonwealth departments where you can access other workstations. You basically access that on a fee for those workstations. That is set by the Department of Finance. We can basically access those workstations as we need.

**Senator RICE:** So you could access up to 15 on an ongoing basis until you have your permanent office?

**Mr Kruspe:** That is correct. It allows us quite a lot of flexibility in that we can access those workstations and increase or decrease them depending on our own needs.

**Senator RICE:** How is progress going with the permanent building that you intend to establish?

**Mr Kruspe:** At the moment we are heading towards approaching the market in June for a two-stage procurement process. That is pretty much a standard approach to market that Commonwealth government departments utilise. It will probably be between June and July when we approach the market for a two-stage procurement process to ascertain what sort of premises out there will fit our needs.

**Senator RICE:** I understood from previous estimates sessions that you are expecting to have to build a new premises to suit your needs.

**Mr Kruspe:** That is what we need to go to the market to determine. There could be a range. A building could already exist there. There could be a building that maybe needs a refit or, yes, it may need a building to be built from the ground up. But that will be determined through the process.

**Senator RICE:** What is your expectation as to when that building will be ready to move in to?

**Mr Kruspe:** Our expectation is, in respect of the relocation plan, that the building will be available in sort of the first to second quarter of 2019—around April to June.

**Senator RICE:** Until that stage, you have a maximum of 15 workstations at your temporary offices.

**Mr Kruspe:** That is correct.

**Senator RICE:** In terms of the types of staff that are going into that temporary building, do you expect that you will have regulatory scientists based there?

**Mr Kruspe:** Not necessarily. We expect that—

**Senator RICE:** Not necessarily. Is that a yes or a no?

**Mr Kruspe:** Well, at this point in time our systems et cetera probably do not allow us to have regulatory scientists.

**Senator RICE:** Right. So you will not have any regulatory scientists until you have a permanent building.

**Mr Kruspe:** It is probably hard to say at this point in time. I think that—

**Senator RICE:** But you just said that your systems are not going to allow it.

**Mr Kruspe:** That is at this point in time. That is some work that we might do over the next two years to see if we are able to put regulatory scientists there. But I would say that, in the main, the planning at this point in time is to have some administrative staff, some liaison work et cetera.

**Senator RICE:** So, until that permanent building is there, it sounds like you will have the vast bulk of your regulatory scientists here in Canberra. Is that the case?

**Mr Kruspe:** Yes.

**Senator RICE:** They will continue to be located at your current premises until then?

**Mr Kruspe:** That is correct.

**Senator RICE:** In that period of time you will then determine what ongoing arrangements may be in place for scientists who choose to stay in Canberra—the work from home and remote working arrangements that we talked about last time?

**Mr Kruspe:** That is correct.

**Senator RICE:** And they in fact will not be permitted to work together in premises in Canberra after that time, will they?

**Mr Kruspe:** That is correct.

**Senator RICE:** They will have to work at home using remote access.

**Mr Kruspe:** That is correct.

**Senator RICE:** Which sounds incredibly inefficient. You said that you have not done your workforce planning. You are not asking staff their intention until the end of this year?

**Ms Janiec:** The end of next year.

**Senator RICE:** Yes, the end of next year. You must have a ballpark expectation of how many staff are going to be continuing to be based in Canberra and accessing and working using those remote access facilities. You must be planning for that.

**Ms Janiec:** It is difficult to say at this point in time. We are, as you have identified, looking at new ways. Ideally, we would want everyone to move to Armidale in 2019.

**Senator RICE:** But you accept that that is not going to happen.

**Ms Janiec:** We accept that that may not happen. That is why we are looking at using technology to enable access to regulatory scientists so that we can complement our workforce in Armidale.

**Senator RICE:** In terms of the number of staff that you expect to be accessing that, are we talking about five or 50?

**Ms Janiec:** It is just very early to tell. Our workforce is changing and our recruitment strategies are changing as we go through the transition. Our workforce is changing, so even 12 months from now it may look different to what it is. But a lot of that will also hinge on what the outcome of our business requires.

**Senator RICE:** Are you currently scoping the requirements for that remote access?

**Ms Janiec:** That is correct; we are.

**Senator RICE:** Does that scoping include a factor as to how many staff are likely to use it?

**Mr Kruspe:** Not specifically, because that will be something that will be scalable. What we build there is something that is scalable to the number of people that want to access it.

**Senator RICE:** Is there a minimum, though, in that scoping that you are planning for?

**Mr Kruspe:** Not necessarily. That is obviously systems et cetera to enable that.

**Senator RICE:** In terms of whether you are scoping that, going out to tender or engaging external contractors to help you design that system, what is the range of numbers that you would talk about that are in those scoping documents?

**Ms Janiec:** Our remote working policy is under development as part of shaping what that will look like for staff who we identify as being suitable to work from home. But that is linked to decisions around our digital strategy as well as the technology that will enable us to operate differently in Armidale.

**Senator RICE:** Finally, you also talked about the use of external providers. Tell me more about the use of external providers.

**Ms Janiec:** To assist through the transition?

**Senator RICE:** Yes.

**Ms Janiec:** We have made a conscious decision to keep our transition team separate from our business-as-usual operations. You have met Mr Kruspe, who is our new executive director for digital and relocation operations. The transition team itself is supported by a number of individual staff but also by external providers. In terms of our workplace and workforce support, we have engaged Bull & Bear Special Assignments. In terms of our business model design in Armidale, we have engaged a consultant there as well as engaging and working with providers on our digital strategy business case.

**Senator RICE:** Are the external providers all to do with the transition, and are they being paid for under the budget allocation of \$25 million?

**Ms Janiec:** That is right.

**Senator RICE:** Are you looking at external providers to undertake core work that you do, particularly to address your vacancies?

**Mr Norden:** If I may, in terms of addressing vacancies, no. But to look at external scientific assessments that we do in terms of efficacy, human health, environment, residues and chemistry, we currently use external providers in those areas. We are looking at other staff or external providers in those areas as well.

**Senator RICE:** Are you increasing the use of external providers in those areas?

**Dr Lutze:** Yes. For a long time we have engaged external providers in our scientific assessment areas. For instance, in the efficacy area they currently undertake about 60 per cent our efficacy assessments. In environmental risk assessment they undertake about 45 per cent of our assessments. We are looking at measures to extend the capability and capacity of our external assessors. For instance, in residues, which is a fairly specialised area, we have not traditionally used external providers. We are currently piloting an external provider.

**Senator RICE:** Has the use of external providers in those areas increased over time?

**Dr Lutze:** It fluctuates. For instance, with the health assessment team, traditionally most of those assessments were undertaken by the Department of Health. Over the last couple of years, the Department of Health has ceased to do assessments for us. We have taken some of those assessments in-house and we have also increased the number of assessments that are done externally.

**Senator RICE:** Can you provide on notice the trends in each of those areas, in terms of what is being done in-house and what is being done externally?

**Dr Lutze:** We can do that on notice.

**Senator RICE:** Is there a greater cost for the external provision of these services than if you were doing them in-house?

**Dr Lutze:** That is very difficult for me to say. It depends on the sort of assessment that we might do inside and the sort of assessment we would put outside.

**Senator RICE:** Yes, but in general. You say it is difficult to say, but you must have some idea in terms of your budgeting. If an assessment is being done externally compared with internally, what are the extra costs?

**Dr Lutze:** It depends on the experience of the external assessment and the external assessor. It can vary.

**Senator RICE:** It can vary. Can you give me—

**Dr Lutze:** I will provide some of that advice on notice, with the trends.

**Senator RICE:** Thank you.

**Senator BACK:** In relation to the external assessors, it may well be the case that the cost of an external assessor is less because you only need the person for the length of time that they do the external assessment. Then you do not have to pay them in the meantime.

**Dr Lutze:** Those considerations are obviously important.

**Senator BACK:** I know a lot of external assessors. I know that they are called in when there is a demand for their service. Then they go in and do whatever else they do as part of their normal workload. I would be interested in that also.

Mr Norden, you answered a question earlier in relation to delays. Mention was made of scientific and non-scientific personnel. But with the change of legislation, with the clock now not stopping, could you tell us broadly, or could you provide on notice, the contribution that would be made to delays by the APVMA requiring further information of an applicant? Once upon a time that used to stop the clock, didn't it? Now it does not stop the clock. Nevertheless, if the application is such that it requires further information, that is a contributor to the delay in the eventual approval or otherwise of that chemical.

**Mr Norden:** Yes, it can be. What actually happens in the new legislation as well is that an extension period is applied to an application. You get an original legislative time frame, and let's assume it is 10 months. If we issue a notice to require further information, it gets an extended period, which is a formula based on the overall time frame. It then extends that. However, if we require further information during the assessment of an application, there are no more extension periods that can be applied to that application.

**Senator BACK:** Good. That is the clock stopping for them. As I recall, under the new legislation there is now a facilitated process whereby if, for example, a chemical has been approved for use in what we will call kindred jurisdictions—the United States, the United Kingdom, New Zealand et cetera—it has the capacity to fast-track that approval process in Australia—that is, if the same data can be presented to APVMA. In other words, we do not have to go back to square one. Firstly, is that the case and, secondly, is that assisting the process in terms of approvals?

**Mr Norden:** I will start and then I might hand to Dr Lutze. There are no legislative provisions around the international assessments and international data. However, we do consider and we do quite often utilise international data in particular and, increasingly, international assessments in our applications. That is where I will hand to Dr Lutze.

**Dr Lutze:** In March this year we published a policy document on the use of international assessments in our regulatory process. This followed two rounds of public consultation with industry. We are actively promoting the submission of those international assessments, such as from North America and the European regulators, to us at time of application. That does have the ability to increase the efficiencies or decrease the amount of time it takes us to actually undertake those component assessments.

**Senator BACK:** Ms Janiec, I went onto your website to have a look at the regulatory scientist advertisements, and I notice that the sorts of people who would be qualified to apply would be those in science, agricultural science and veterinary science. It could even be my ninth career, Senator McKenzie. I imagine agriculture economics, agribusiness and all of those could possibly feed into the types of positions that you advertise.

**Ms Janiec:** Absolutely. For us it really is casting the net wide to ensure that we can attract as many people as possible.

**Senator BACK:** Excellent. I know from my experience with Charles Sturt University at Wagga, because we negotiated with Charles Sturt to run their agribusiness degree at the Muresk campus at Curtin. Would CSU graduate people in those disciplines that I just mentioned?

**Ms Janiec:** I am not sure.

**Senator BACK:** I know they have vet science, ag science and agribusiness. I imagine they have science. The University of New England is at Armidale, correct?

**Ms Janiec:** That is correct.

**Senator BACK:** What courses do they have at the University of New England? I know they have agriculture and agribusiness. They would have ag economics, I imagine, with their strength in that space.

**Ms Janiec:** I am not sure of the finer details of the actual courses that they run, but I am familiar with their more recent program in development of the graduate program for regulatory science.

**Senator BACK:** The University of Queensland, a very fine university, again, has agriculture, veterinary science, ag economics, agribusiness and straight science. So they would be in that watershed as, I imagine, Queensland University of Technology would be. There are also the universities that offer their courses externally. I recall CSU telling me that 9,000 of their 19,000 students do their courses by external studies. I ask the question in the context that I would have thought that there is a very wide catchment of people who would actually be very keen to look at the APVMA and the roles that you are advertising—chemistry, human health, toxicology, occupational health and safety, environment, animal safety and residues—if not now then in 2019 or 2020. I am not pessimistic about the likely watershed of applicants. Am I being overly optimistic in this space or is it a fair assessment that there could be a very wide range of people who would see themselves as competent to apply for your direct science, regulatory and non-science roles in APVMA into the future?

**Ms Janiec:** That is what we are hoping. Our approach to marketing and our recruitment strategy is focusing on modernising that so that we are attracting a greater field of talent but also bringing them into the agency and enabling them to grow and develop within our regulatory framework as well.

**Senator BACK:** That is my only question.

**Senator CAROL BROWN:** Ms Janiec, in one of your responses to the many questions you have answered here today, you talked about a committee called ARAC.

**Ms Janiec:** That is right.

**Senator CAROL BROWN:** It may have been mentioned in other estimates, but could you just explain what purpose that has.

**Ms Janiec:** As part of our strategy for relocation, it was determined that we would establish an advisory committee comprising stakeholders and a number of staff and chaired by the CEO. That committee—

**Senator CAROL BROWN:** What does ARAC stand for?

**Ms Janiec:** Sorry, it stands for APVMA Relocation Advisory Committee. That really has been established to provide strategic advice on many aspects of our relocation through the transition phases. Members of the committee are representatives from key industry groups. So we have representative from CropLife, from the AMA and from the VMDA. We also have representatives from the Armidale council and the University of New England. As I mentioned, it is chaired by the CEO and we have a number of employees from the transition team on that committee as well.

**Senator CAROL BROWN:** When was that established?

**Ms Janiec:** That was established at the end of last year, coming off the back of the approval of our relocation strategy approach. We had the first meeting in January this year. We have had four meetings to date.

**Senator CAROL BROWN:** When were the other meetings?

**Ms Janiec:** They were each month, so February, March and April. We have just concluded the last one.

**Senator CAROL BROWN:** Obviously if I ask for any documentation from—

**Ms Janiec:** For the terms of reference and the membership?

**Senator CAROL BROWN:** Yes.

**Ms Janiec:** We can take that on notice.

**Senator CAROL BROWN:** That is fine. So the advisory committee will meet monthly—is that the plan?

**Ms Janiec:** That is right. Part of that is that we host them in Canberra and the last meeting was held in Armidale.

**Senator CAROL BROWN:** Was there a reason it was held in Armidale? Was it to have a look around?

**Ms Janiec:** No, as part of the establishment of the committee, there was a commitment that two meetings a year would be held in Armidale.

**Senator CAROL BROWN:** Thank you.

**Senator STERLE:** I will put this question to all of you. We know that the agriculture minister wrote to the finance minister on 23 November last year requesting the \$25.6 million, which was ticked off in Cabinet. But there is also the possibility of further funding for a digital strategy. I know you were talking about digital, so if you have answered the question that is fine. Do we have any idea how much the digital strategy is? What sort of figures are we talking about?

**Ms Janiec:** At this stage, we have received an allocation for the development of a business case for the digital strategy. That work is near finalisation. We have been working with the department on the various concepts for that. But at this stage it is too early to say what the cost will be. It is not finalised.

**Senator CAROL BROWN:** I am not sure you have answered the question about the cost to develop the network to enable staff to work from home. Did we do that?

**Ms Janiec:** As part of our future business model?

**Senator CAROL BROWN:** Yes.

**Ms Janiec:** That would be part of our digital strategy.

**Senator CAROL BROWN:** I just want to make sure I have asked all the questions.

**Senator STERLE:** While Senator Brown is looking, I just want to wish the staff, all of you, all the very best at APVMA. It must be a pretty traumatic time for some of you.

**Senator McKENZIE:** It is exciting.

**Senator STERLE:** Well, Senator McKenzie made this smart-arse thing that its exciting, but, when people's lives are tipped upside down through no fault of their own, you should hang your heads in shame. You can be an absolute disgrace.

**CHAIR:** Order!

**Senator McKENZIE:** Young scientists are looking forward to this.

**Senator STERLE:** You cannot help yourself. You go the low road. It is in your DNA.

**CHAIR:** It being 10.29, we are going to go to smoko.

#### **Proceedings suspended from 10:29 to 10:46**

**CHAIR:** We will now resume this Senate Rural and Regional Affairs and Transport Legislation Committee estimates hearing. Mr Quinlivan, if you have some of those plant people, they need to come up and identify some of the stuff my wife sent me here for my diet!

**Mr Quinlivan:** I'm sure it's very good for you, Chair!

**CHAIR:** All the colours are covered. Senator Rice, you have a question to qualify something.

**Senator RICE:** My question was about recruitment and different recruitment models. I am interested in exploring how that fits with the evidence that we have previously been given. That is, for a regulatory scientist, it is not just a matter of them having a degree but the level of training that is required after that. In fact, I think your

former CEO said that around 10 years of training is needed before you have somebody who is an experienced, capable regulatory scientist.

**Ms Janiec:** I understand that the evidence given last time was that it can take between two to five years to bring a new person on board, and that depends on their experience already—whether they have worked in other agencies and are coming across at level and are capable and competent at a higher level. It depends on the individual. Our recruitment is really targeting all levels of regulatory scientists—those coming out of university as well as the more experienced.

**Senator RICE:** But they do not come out of university—

**Ms Janiec:** With the postgraduates course, for instance. But also—and I touched on this earlier—we are looking at new ideas for increasing our capability in house. That includes development of an accelerated and accredited regulatory science program for new people coming into the agency. They can participate in our program and get up to speed more quickly on our current legislation frameworks and decision-making to ensure increased competencies.

**Senator RICE:** How long would that accelerated program take for somebody who is recruited without a regulatory science background?

**Ms Janiec:** We have not quite signed off on it yet with our training provider. But we are looking at a program of between eight and 12 months.

**Senator RICE:** And that would get them to the equivalent of having done a postgrad degree?

**Ms Janiec:** Not necessarily a postgrad degree but having the experience needed to perform at levels required within our agency.

**Senator RICE:** At what level would they then be able to be perform duties at?

**Ms Janiec:** Say from an APS4 to APS5 level. If they are more experienced and they do not need to go through the program in as much detail, they could be performing at a more senior level.

**Senator RICE:** But what if they are more experienced or they had a postgrad degree or experience in regulatory science to begin with?

**Ms Janiec:** That is right—

**Senator RICE:** But, if you are talking about a graduate—say a graduate from the University of New England—who has done a science degree but has not got any background in regulatory science, what would you employ them at?

**Ms Janiec:** Using your example, we would look to employ them on our graduate program. We are designing a graduate program to encourage newly completed graduates to start at our base level. We would then put them through our graduate program or through our accredited program to enable them to have the skills, the on-the-job training, the face-to-face training, with experienced subject matter experts doing some course work—so a whole complete program.

**Senator RICE:** So essentially it is an in-house program of training that they would be doing.

**Ms Janiec:** That is right. It is unique to our agency.

**Senator RICE:** And that is what the 12 months that you are expecting—

**Ms Janiec:** It could take up to 12 months. We are looking at a program that could commence very soon. For some people, they could complete it in eight months.

**Senator RICE:** And that would bring them in at APS4 or APS5. In comparison, where is the postgrad regulatory science qualification currently offered?

**Ms Janiec:** In terms of the broader question, I would probably have to take that on notice. The one that I am directly aware of, and that is only because of my role here around the University of New England, is where our Chief Scientist has been assisting and supporting them in that program.

**Senator RICE:** Does anybody else know where the regulatory science postgraduate degrees are currently offered?

**Mr Norden:** Do you mean generally speaking?

**Senator RICE:** Yes.

**Mr Norden:** Not within Australia that I am aware of.

**Senator RICE:** So how does an Australian regulatory scientist currently get trained?

**Mr Norden:** Generally in house by ourselves and by other regulatory agencies.

**Senator McKENZIE:** That is why it is taking five years. But having a formalised training package that you can bolt on to your existing generalist science background would actually ensure that, rather than taking it up to five years of in-house training, we can really get them targeted and focused with the specific regulatory requirements they need for that role. And that is why it comes back to eight to 12 months. Is that right?

**Ms Janiec:** That is correct.

**Senator RICE:** In terms of your staffing structure of your regulatory scientists, your approximately 100 full-time staff, I have seen previous statistics, but how many do you have at APS4 or APS5 and how many at higher levels?

**CHAIR:** Senator Rice, I am going to have to take my shoes and socks off in a minute to keep count of your 'one question'. Labor had the call.

**Ms Janiec:** Sorry; I thought I had that here.

**Senator McKENZIE:** While you are getting that, isn't that the purpose of setting up the centre of excellence? We do not have that type of training here in Australia, and the APVMA is not the only organisation or agency across our nation that uses regulatory scientists. By setting up in Armidale and having a specific course and a centre of excellence, we will not just be training future APVMA employees but, indeed, for regulatory agencies across the Commonwealth. Can someone flesh that out for me, please?

**Ms Janiec:** Sorry; I was concentrating on trying to find my numbers.

**CHAIR:** Yes; one thing at a time.

**Senator McKENZIE:** Somebody else can answer my question while you find the numbers.

**CHAIR:** Stand by. We will do one thing at a time. Ms Janiec, concentrate on Senator Rice's question and then we will go to other senators.

**Ms Janiec:** I do not appear to have that breakdown of classification structures for regulatory scientists on me, but I can take that on notice.

**Senator RICE:** Are you getting extra funding from the government to undertake this graduate program?

**Ms Janiec:** The program that we are working on is something that we are doing in house, using our current staff to help contribute to the modules and the program. But that is not identified as needing separate funding. So it is part of our operational costs.

**Senator RICE:** Thank you.

**Senator McKENZIE:** The whole point of setting up a centre of excellence is because of precisely the case that you mentioned earlier. We do not have a domestic regulatory science program at any training institution. This would allow not just the APVMA to train future employees more efficiently and effectively but, indeed, agencies across the Commonwealth, state and federal, with regulatory expertise that is unavailable domestically at the moment.

**Ms Janiec:** I think we could certainly acknowledge that there has been a shortage of regulatory scientists in Australia. That has been well communicated from a range of different sources. For us, in particular, we do draw upon employees from other regulatory agencies. But for us there is a unique opportunity to develop something in house where we can take our own people through that program. Also, in the future it maybe something that could be rolled out to those other agencies as well so that the cohort of regulatory scientists across the Commonwealth expands.

**Senator McKENZIE:** Do you have something to add, Secretary?

**Mr Quinlivan:** I think you got an emphatic yes, there. There is a chronic shortage of these people. There is a range of agencies at the Commonwealth and state level that would benefit from having a larger cohort of people to draw upon. I think that was a strong affirmation of the principle in your question.

**Senator McKENZIE:** Thank you.

**Senator KETTER:** I just want to join with my colleague Senator Sterle in wishing your staff all the best in this extraordinary project. I understand some talking points were issued to staff, and I can understand that there is a lot of media attention and staff are probably being asked about what is happening with the relocation. Is it correct that some talking points were prepared for staff?

**Ms Janiec:** Some talking points as well as other internal communication tools were developed for our staff. I think the ones you are referring to, which were picked up in the media recently, were an agency project that we

developed in response to staff requests for a bit more information and guidance tools around talking confidently about the relocation. It was designed and developed in response to that request. It was purely a tool to aid in those conversations for staff. It was certainly nothing that was compulsory for staff. At the end of it, staff did receive it quite well. We received a number of items of feedback thanking us for providing that information.

**Senator KETTER:** What process was undertaken to develop those talking points?

**Ms Janiec:** As I mentioned, it is an agency product, so it is part of a suite of communication tools around relocation and keeping our staff engaged and informed about what is happening. Our in-house team develops a range of tools to help them keep informed and briefed.

**Senator KETTER:** So were staff directed to use those talking points?

**Ms Janiec:** No. As I mentioned, they were requested by staff and provided with the intention of being a tool to aid them in conversations where they thought they needed more confidence. They were explained as being discretionary and certainly not compulsory.

**Senator KETTER:** Do you have a background in public relations yourself?

**Ms Janiec:** No, I do not.

**Senator KETTER:** Has the APVMA ever provided staff with talking points in the past?

**Ms Janiec:** I probably could not comment outside of the relocation activity, but as part of any activity which requires staff communication, whether it is scripts for our call centre staff, for instance, or our case management team, information would be made available to them to ensure consistent messaging and to give them the confidence to talk on matters that might be a bit more tricky.

**Senator KETTER:** I want to go to indicative time lines for the relocation—that is, what is set out in the relocation plan. I note that by June 2017 there are a range of outcomes that need to be achieved. I want to double-check how that is going. In terms of the finalisation of the Armidale business model, has that been completed?

**Ms Janiec:** As you have identified, we are still in the planning phase. We are making good progress there. A number of deliverables have occurred over that time, including the establishment of our transition team, which I touched on earlier, and the establishment of our presence in Armidale. We have had four meetings of our advisory committee. We are also progressing well on our business model. That work was identified to be finalised this financial year and that is on track to occur. We continue to finalise our business case for our digital strategy.

**CHAIR:** Senator Ketter, some of this stuff was very thoroughly interrogated by Senator Carr earlier.

**Senator KETTER:** Yes, I know.

**CHAIR:** Ms Janiec, if you have comprehensively answered a question you can bring that to Senator Ketter's attention and I will leave it up to Senator Ketter's discretion as to whether he pursues his question.

**Senator KETTER:** I just have a couple more. I do not think Senator Carr went to this particular issue. In terms of drafting of staff related policies and ongoing support, has that been completed or is that on track?

**Ms Janiec:** That is on track. Some of those items, particularly around our staffing policies for retention and permanent relocation, have been through our staff consultative committee, with some feedback having now been received. We are awaiting the commencement of our interim CEO to make some final decisions around those.

**Senator KETTER:** And the preparation of the detailed transition plan and scheduling?

**Ms Janiec:** Yes, that is under way now. We have engaged our risk person and our scheduling person to assist in that work, which is the establishment of a program management office. That is progressing well now, too.

**Senator KETTER:** I note that under phase 2 it says:

... (toward end of 2018), staff decisions about moving to Armidale, and finalisation of workforce requirements for Armidale  
I know that Senator Carr did touch on this to some extent but, in terms of the process, will there be a cut-off date as to when staff will have to make an election about what they are doing?

**Ms Janiec:** It will come to that point. At this time it is too early to say when that would be.

**Senator KETTER:** But that is part of the policies that you are developing at the moment, is that right?

**Ms Janiec:** The policies are focusing firstly on retention. We want people to stay through the transition period, and that is what one of the draft policies looks at. The other is about the permanent relocation—what assistance will be made available for staff who will be moving to Armidale.

**Senator CAROL BROWN:** I apologise if you have already answered this. You talked about the digital strategy. When did you expect that to be completed?



**Ms Janiec:** We are still finalising our business case for the digital strategy, but we expect that we will be in a position to have a formal document to present to the Deputy Prime Minister within the allocated time frame.

**Senator CAROL BROWN:** What is the allocated time frame?

**Ms Janiec:** By the end of June.

**Senator CAROL BROWN:** Mr Quinlivan, would the cost of that digital strategy need cabinet approval?

**Mr Quinlivan:** We are not making any judgements until we see it. Obviously it is an important part of the planning for the move, so it will be given a pretty thorough consideration and, if new funds will be required, the case will be considered on its merits.

**CHAIR:** Thank you, Ms Janiec for your first hit-out. You have done very well. It was quite mild actually. Thank you, Mr Norden, Dr Lutze, Mr Williamson and Mr McDonald. You can be excused. We wish you safe travel back to wherever your port of destination is. Now we will go to ABARES.

#### Australian Bureau of Agricultural and Resource Economics and Sciences

[11:05]

**CHAIR:** Welcome, Mr Gooday and officers.

**Senator KETTER:** In the recent Labour Force report, the key findings indicate that farmers are not experiencing challenges filling vacancies or recruiting staff. Are you confident in your findings?

**Mr Gooday:** I will get Mr Galeano to help me in a minute with some more detail. Senator, you need to be careful in interpreting the results of that survey, as with any other survey. The overall result that you mentioned we are confident with, but it is the case that a good proportion of larger horticulture and vegetable businesses with, say, more than 20 employees were experiencing difficulty recruiting staff. Do you want to add to that, Mr Galeano?

**Mr Galeano:** Yes, I can give some numbers around that, if you like. As Peter said, farmers with fewer than 20 workers tended to say that they did not have as many troubles, but around half of the ones who employed over 20 farmers reported difficulties recruiting labour. The reason our headline number is lower is that there are a lot of horticulture and vegetable farms that actually do not recruit labour. They are family operated type farms, so they do not recruit much labour at all.

**Senator KETTER:** Would it also be the case that many farm employees are seasonal workers?

**Mr Galeano:** Yes, that is correct. In particular, in the horticulture and vegetable industries most of the workers are seasonal workers, and most of those workers are in Australia working on visas—in particular, the working holiday-maker visas.

**Senator KETTER:** There was a report in the *Illawarra Mercury*, no less, on 16 May for which the headline was: 'Unsustainable labour challenges leave Australia's vegetable supplies to rot.' You may be familiar with that article. That report said:

A quarter of Australia's vegetable growers are forced to abandon valuable produce which is left to rot because they can't find enough workers to pick and pack it.

It goes on to report on a study done by Associate Professor Joanna Howe. Do you have a comment on that report?

**Mr Gooday:** We are aware of that report and we have had a look at the estimates that are in it. There were things that they looked at that overlapped with our report. The basic finding, in terms of the statistics that they are reporting, is broadly similar, in that they are finding that larger businesses are having difficulty recruiting. There are some differences in their methodology, though, that explain why their estimates are higher than ours. Whereas the Adelaide university study used grower lists that came from different places, so it will not be representative of the population as a whole. They recognise that in their study.

The second difference is that our survey was on the back of a broader survey regarding financial returns in vegetable industries. It was not specifically aimed at people who had difficulty recruiting or who wanted to participate in a survey. Their study was about labour recruitment issues. Our survey probably does not have a self-selection bias in that people who had difficulty wanted to be in it.

The third reason—and probably this is just as important as the other two—is the time period which the two surveys looked at. Our survey looked at whether people had difficulties in the previous year. The Adelaide university study looked at whether people had difficulties in previous five years. We knew that their study was going on, and we had spoken to the people undertaking it, so it was not a surprise to us. We understand the statistics that are in it. Their report goes much further than our reporting of what people are saying about whether they are having difficulty in recruiting, what their future intentions are, and we have not really looked into the

conclusions that they have drawn. They have gone on to draw a whole range of conclusions, and we have not looked at that.

**Senator KETTER:** Your report found that farmers had indicated that their top three workforce difficulties over the next five years were going to be farm profitability and quantity and quality of labour. Your findings suggest that, even though there is no labour force challenges at the moment, there is anticipated to be some over coming years. Did you make any conclusions as to why that would be the case?

**Mr Gooday:** No. We have not made any specific conclusions, other than the general observation that, like most of our other agriculture industries, there is a good deal of competition. In order to remain profitable people have to find ways to improve productivity. For businesses that are heavily reliant on labour, access to labour at a reasonable cost is a big issue.

**Senator KETTER:** I understand, just coming back to that University of Adelaide Law School study, that you have identified why you think there are different findings in relation to that study as opposed to your own, but, on reflection, are you concerned that your survey research method could be flawed?

**Mr Gooday:** No, we are confident in our survey research method. It is the same method we use for our other surveys. We are confident that the extrapolation that we do to the population is as accurate as we can do. Obviously, there are sampling errors and other things, which we report. You have to read survey results with a grain of salt, obviously, but we are confident that is as good as can be done at the moment.

**Senator KETTER:** Has the report been discussed with the Department of Agriculture and Water Resources?

**Mr Gooday:** Our report?

**Senator KETTER:** Yes.

**Mr Gooday:** The department are aware of the results that are in our report, yes.

**Senator KETTER:** And what about the University of Adelaide Law School report?

**Mr Gooday:** I have not discussed it with anybody in the department. Mr Galeano may have.

**Mr Galeano:** We have had some conversations with people within the relevant line areas within the department, but it is around trying to understand the differences in their results versus ours.

**Senator McCARTHY:** What conclusion did you come to when you were discussing those differences?

**Mr Galeano:** It was those three things that Peter went through just before.

**Senator KETTER:** So you are not anticipating any changes to your study methodology, in the future, to take onboard some of the differences that occurred there.

**Mr Gooday:** No, we are re-running those surveys, at the moment, in the vegetable and horticulture industries using a very similar questionnaire, and it is using, basically, the same methodology. If there is anything we would do it would be to delve into the results a bit more, to pull out where we think the issues lie, which is where we started, really—that the headline 'There's no problem' is not accurate for a large proportion of the population.

**Senator KETTER:** And it is certainly not accurate for the vegetable growing—

**Mr Gooday:** For people who are employing large numbers of workers, it is obvious that a good proportion of those have had difficulty recruiting. The follow-up survey will be able to compare that to the results we found in the first one.

**Senator KETTER:** Does ABARES provide the minister or his office with a written brief on ABARES reports?

**Mr Gooday:** For every ABARES report that comes out we provide a notification to the minister's office, a week before it comes out, that it is coming out, with some key points about what is in it. The day before it comes out we will send a similar notification with the final report attached.

**Senator McCARTHY:** Can I ask what your strategy is, in the department, for Indigenous employment?

**Mr Quinlivan:** Could we deal with that next, in the corporate area, when we will have the people who deal with—

**Senator McCARTHY:** Will you be ready to deal with that then?

**Mr Quinlivan:** Yes, they will be.

**Senator BACK:** My understanding from material I have read is that our agricultural production in 2016-17 looks like it is significantly higher than previous years. Is that what the trend is looking like? If it is, how much is it and what do you believe to be the factors? I want to ask you about domestic production. I then want to get onto

exports. I also want to ask you what trends, globally, you believe are having an effect on Australian agriculture. Start with the domestic, if we can.

**Mr Gooday:** As you would be aware, this financial year has been a very good year off the back of extremely high—record—winter-crop production and good returns in the beef industry, with high prices.

**Senator BACK:** I won't boast, Minister, about the fact that Western Australia recorded its record harvest. Please keep going.

**Mr Gooday:** In terms of the value of production, it was \$63.8 billion in 2016-17, which would be a record.

**Senator BACK:** You said \$63.8 million? That is significant.

**Mr Gooday:** That is expected to fall slightly next financial year, because we are expecting a return to average seasonable conditions, so we will not have that record winter crop production. But it is still expected to be very high at a bit over \$61 billion next year. Export earnings for 2016-17 were about \$47.7 billion. That is expected to increase in 2017-18 to around \$48.7 billion.

**Senator BACK:** Despite what you predict to be an overall slight decline.

**Mr Gooday:** That is right.

**Senator BACK:** In agricultural production you are expecting exports to go up by about two per cent, by the sound of it.

**Mr Gooday:** That is right. And that rise in export earnings, basically, reflects increased export earnings for livestock and livestock products, which will partially offset a fall in the value of crop exports.

**Senator BACK:** So there is a higher than predicted return this year for grain production, beef, livestock and horticulture?

**Mr Gooday:** Yes.

**Senator BACK:** In terms of horticulture, or in terms of any of them, as a matter of fact, since we are speaking about exports, can you point to any impact of the free trade agreements with China, Korea and Japan as having had an effect on each of them, including in horticultural products?

**Mr Gooday:** I might get Ms Gleeson to help me out here in a minute. Obviously, there have been some substantial benefits from the free trade agreements, and we have done some work, which has been published in the different versions of the agricultural commodities publication.

**Ms Gleeson:** Yes, our exports to China, Korea and Japan have been benefiting from the FTA arrangements. In Japan, our value of exports of beef and veal is, in the nine months of this financial year compared to the previous financial year, up five per cent. The value of vegetable exports is up 14 per cent for the same period.

**Senator BACK:** Beautiful.

**Ms Gleeson:** Tree nuts have particularly benefited—up 38 per cent.

**Senator BACK:** While we were sitting here talking about importing peanuts from Argentina yesterday—

**Mr Quinlivan:** Tree nuts, not legumes.

**Ms Gleeson:** Tree nuts, including almonds, macadamias—

**Senator BACK:** Thank you for that. I thought you said 'peanuts'. Tree nuts—I do not know what they are, actually.

**Mr Quinlivan:** Almonds are one of our fastest growing production industries at present.

**Ms Gleeson:** There have been very large gains in our fruit exports to China. For that nine-month period, the value of our fruit exports to China is up 29 per cent.

**Senator BACK:** Gee whiz!

**Ms Gleeson:** That will include things like nectarines and cherries et cetera. Those are some good gains.

With the negotiation of those three FTA agreements, ABARES did publish some articles in 2015 looking at what the tariff changes were. We did some modelling as well, particularly for the Korean FTA. With those, we focused on beef and cheese rather than horticulture.

**Senator BACK:** In terms of your predictions, we know that at the moment rice to Japan is not included in any of the provisions under the free trade agreement. Is that correct?

**Ms Gleeson:** That is correct.

**Senator BACK:** But we also know that the average age of Japanese farmers, including rice farmers, I think, is now 68 or 69 years of age and that the size of their farms and their land title systems are such that they are not

able to amalgamate farms to get the economies of scale. So the day is going to come reasonably soon, I would have thought, where they are not going to be self-sufficient in rice. Is it the case that we have most favoured nation status with Japan as part of our free trade agreement in the sense that, if and when they are looking at rice imports, Australia will be well positioned to meet that demand?

**Mr Quinlivan:** We will just see if we have any people from our Trade and Market Access Division here.

**Senator BACK:** I will ask that question later on or I will put it on notice.

**Mr Quinlivan:** They will certainly know the answer to that question.

**Senator BACK:** When I spoke at an event in Tokyo not long ago, I spoke about the average age of our farmers and a parliamentarian came and told me that information and he made the prediction. He said, 'Despite their protective views about rice production, they will find themselves in that position.' I am interested in knowing whether we are planning for that eventuality. How do you select the locations for your Regional Outlook conferences? Where, for 2017—indeed, 2018—are you proposing to have those?

**Mr Gooday:** We do a Regional Outlook conference in each state each year. The idea is that we will move it around the state from year to year. We try to put it in an area where we are going to draw a reasonable crowd. They are generally around some of the major towns. This year we kicked off with a Regional Outlook conference in Renmark in South Australia. It was the first time for a while that we had been to Renmark. We had been to Port Lincoln the year before.

**Senator BACK:** Well attended?

**Mr Gooday:** Reasonably well attended—probably a bit lower than we had in Port Lincoln the year before, but it was a well engaged crowd with lots of questions. It was a good program. We got a lot out of it and it would seem to be that the people who came along had lots of questions, so that was good. We are off to Darwin next, I think. Is that right, Trish? Do you have the list?

**Ms Gleeson:** I have the list here.

**Senator BACK:** That would be in the dry season, I imagine.

**Ms Gleeson:** Yes. We get more people along to our conference that way.

**Senator BACK:** When is that occurring?

**Ms Gleeson:** We are in Darwin on 5 July. We go to Ararat in Victoria on 26 July, Devonport in Tasmania on 23 August, Kununurra on 20 September, Toowoomba on 5 October and Tamworth on 26 October. That is this year.

**Senator BACK:** That is a tremendous spread. I have a particularly keen interest in Latin America and Australia's prospects in that space. I know the TPP did not proceed because of the US withdrawing, but I have no doubt that will be corrected. Do you in ABARES have any view of or are you looking at Mexico, Chile, Peru and others in that Latin American area as potentials for agricultural export markets? They keep telling me where the prospects are in those spaces.

**Ms Gleeson:** The studies that we have done on Latin America recently have been more about competition with South American countries. We have not done any research looking at the potential for export to those countries. We do have a small export to those countries currently, but we have a tariff disadvantage to nations that already have FTAs with those countries. If we were able to negotiate FTAs with South American countries such as Peru, which I understand has just been announced, that will benefit us in terms of our competitiveness with others who already have FTAs.

**Senator BACK:** Good. Thank you.

**Mr Quinlivan:** Our Trade and Market Access people can speak to that as well. I think it is the case that, because they have similar production sectors, we think of them more as competitors than complementary economies with market potential.

**Senator BACK:** The discussions I have with them at different levels over there suggest that they are looking to Australia into the future. Anyhow, we might have that discussion with that group. Thank you very much.

**Senator LINES:** Ms Gleeson, in response to a question from Senator Back, you outlined where you were travelling and you mentioned Kununurra and Darwin, but there were a few places in between. Given it takes an hour to fly between Kununurra and Darwin, why wouldn't you have put some economies of scale together on that trip?

**Ms Gleeson:** We tend to focus the selection based on state or territory. Kununurra is in Western Australia and this year we were looking for a northern Western Australia location. In the Northern Territory we have for the last

several years always gone to Darwin rather than elsewhere. That is where we draw the crowd. In the past we have gone to Alice Springs and Katherine, but it is much easier for us in the Northern Territory.

**Senator LINES:** My question was really why you would not do Darwin and then Kununurra or Kununurra-Darwin, because there is an economy of scale in terms of flights and travel. It is an hour's flight. You mentioned going south. That was all.

**Ms Gleeson:** We tend to do them a month apart. We do not do them concurrently.

**Senator LINES:** So you would not, in trying to save money, do them concurrently.

**Mr Gooday:** It would not be very useful for us to run two regional outlooks within one week, so it probably would not be a saving at all.

**Senator LINES:** Fair enough.

**Senator KETTER:** I have a follow-up question on the line that I was pursuing earlier. In terms of the report in relation to labour force challenges and your finding that one of the top 3 workforce difficulties that people are expecting to face over the next five years is farm profitability, I am wondering if on the back of those concerns about farm profitability the department is looking at policies to assist vegetable growers or the horticultural sector.

**Mr Quinlivan:** Do you mean with labour supply?

**Senator KETTER:** With farm profitability.

**Mr Quinlivan:** Profitability is always a concern for all industries all the time. I think that would be a fair comment. Our main two areas of engagement with the horticulture sector are support for the very large R&D investments that are made there and which are designed to try to keep Australian industries competitive with their offshore competitors, and horticulture is our largest area of both operational and financial investment in biosecurity measures, which, again, is essential for costs and access to market. They are the two biggest areas of intersection, and both of those are done in a very cooperative way with the horticulture sectors, as the people from HIA explained yesterday.

**Senator KETTER:** Yes, I understand that, but my question related specifically to this particular report and the finding that there are concerns about farm profitability. Has the department developed any policies as a result of the findings of this report?

**Mr Quinlivan:** I would say all of our work is related to profitability. There is nothing more beneficial you can do for an industry than win market access for them in new, lucrative markets. I think Ms Gleeson was talking just before about the new market access—the horticulture sector in particular—in North Asia. Nectarines was an example of the huge benefit for the horticulture sector. We have our continuing work programs in each of those areas. These are worked out with the relevant industries—horticulture and all the others—and we are working away at those all the time.

**Senator KETTER:** Okay.

**Senator RICE:** I wanted to know whether ABARES is familiar with the study published by CSIRO in February this year on climate impacts on wheat yields. Australia's yield potential, determined by climate and soil type, declined by 27 per cent over the past quarter of a century.

**Mr Gooday:** Yes, we are familiar with that.

**Senator RICE:** I am interested to know whether you agree with the findings of this CSIRO report.

**Mr Gooday:** We have done some work of our own looking at the impact of climate on productivity in the cropping sector, and it comes to very similar conclusions as the CSIRO report. I cannot comment on the specific methods that CSIRO used, but in terms of the general finding our work shows similar things.

**Senator RICE:** Can you expand on that work? What work have you done in terms of looking at things like water stress, higher ambient heat, storm frequency and severity, and migration of pests?

**Mr Gooday:** Our work is at a higher level. I will get Mr Galeano to help me out again in a minute, but our work was looking at the impact of climate on productivity of cropping farms. We also looked at the impact of climate on wheat yields. It was using statistical methods to unpick the impacts of climate from what was happening to underlying productivity and yields—

**Senator RICE:** Other productivity, which is what the CSIRO study was doing as well.

**Mr Gooday:** What we found was that previously there had been a narrative about productivity growth in agriculture slowing fairly substantially, and this work was able to demonstrate that, while it is true that in aggregate productivity growth has slowed, once you take the climate signal out of that, underlying productivity

growth has actually been very good and has been offsetting the impact of poorer seasonal conditions. That is basically what we have found. Investments in R&D, on-farm management techniques and other things have been successful in keeping productivity relatively constant in the face of some fairly challenging climate conditions. That has been done by farmers really focusing on improving their productivity in dry conditions. That has come at a bit of a cost in terms of what they are able to do in a really good year, so it is interesting that there is a bit of a trade-off there between—

**Senator RICE:** They are maintaining their production in the dry years but then not maximising their production in the other years.

**Mr Gooday:** Overall, we took it to be a reasonably positive story in that you can see that adaptation to changing conditions is happening. Obviously, we think that the climate is going to remain variable and difficult and we need to keep investing in the sorts of things that allow people to adapt.

**Senator RICE:** Right. Have you got any expectation as to whether you think ongoing productivity and adaptation techniques are going to be able to keep up with the declining conditions as our climate gets hotter and drier?

**Mr Gooday:** We really have not looked at that yet. We have looked back in the past to see what has happened in the recent past.

**Senator RICE:** Did you want to add—

**Mr Galeano:** I think Pete has explained it quite well, actually, so I do not have anything to add.

**Senator RICE:** Are there any regions that have been particularly stressed and affected?

**Mr Gooday:** The inland parts of the cropping zone are most affected. The areas that are most affected by increased temperatures and lower water availability are the areas that have relatively high temperatures and low water availability already. It is the western side of eastern Australia and the eastern side of western Australia. There are some regions that look like they have benefited a little bit. Some of the wet areas have actually improved their productivity because waterlogging and things are not such issues for them.

**Senator RICE:** But overall that has not outweighed the losses in the other areas?

**Mr Gooday:** No.

**Senator RICE:** Have you disaggregated the negative impact in those drier areas compared with the other areas? Have you done a region-by-region analysis?

**Mr Gooday:** The report that was released a couple of weeks ago now has maps that show how productivity has changed by region. That is all available. We are happy to point you to it if you would like.

**Senator RICE:** Yes, that would be good.

**Mr Quinlivan:** In fact, we have a hard copy here. We might give it to you. It is a very good report.

**Mr Gooday:** It is. It is well worth reading.

**Senator RICE:** Do you do any projections of what increasing climate change is likely to mean for yields?

**Mr Gooday:** No, we do not have those at the moment, but we are considering whether we should put that on our work program. For example, it would be to run some scenario analysis: if the temperature increased by X, what would this mean?

**Senator RICE:** When will you decide whether or not you are going to do that?

**Mr Gooday:** We are in the process now of forming our work program for the next 12 months, so we should know by the start of the financial year.

**Senator RICE:** I look forward to hearing whether you have decided to do that. It seems like it would be a very useful and very important area of work to do. On the flipside of dealing with climate, I turn to energy use. Does ABARES track energy use in the agriculture sector and differentiate between whether it is fossil fuel or renewable energy use?

**Mr Gooday:** No, we do not. We collect some information in our farm surveys on energy use on farm, but it is in the process of collecting a set of accounts for the farm business so we can report on farm financial performance. It does not break down that fuel use into what source it comes from.

**Senator RICE:** But you do keep overall energy use statistics?

**Mr Gooday:** Yes, we have an idea about expenditure on fuel and electricity on farm.

**Senator RICE:** Do you track energy use in the wider food-processing and agribusiness sector?

**Mr Gooday:** No.

**Senator RICE:** Just on farms?

**Mr Gooday:** Yes.

**Senator RICE:** What have the trends been over the short, medium and long term in terms of energy use on farms?

**Mr Gooday:** We would not have that with us. We can take that on notice, but the general observation would be that energy use will have improved reasonably substantially because the types of equipment that people are using will be allowing that to happen.

**Senator RICE:** Do you think there will be declining energy use per unit of production?

**Mr Gooday:** There will have been, over a long period of time, some fairly substantial savings made in the way in which things are grown.

**Senator RICE:** Is that information publicly available, or can I put it on notice and you can provide it to us?

**Mr Gooday:** We have not produced it in a report, but we can take it on notice and provide you with some information.

**Senator RICE:** Again, in terms of the role of agriculture and the potential mitigation impacts of shifting more of the energy use to renewables—I spoke to the dairy RDC yesterday and they were saying they are quite actively involved in encouraging the use of renewables—you do not currently track the amount of renewables versus fossil fuel energy?

**Mr Gooday:** No.

**Senator RICE:** Do you think it would be a valuable statistic to track?

**Mr Gooday:** We would have to think about what we would do with the information and whether we would be the right people to collect it, I suppose.

**Senator RICE:** If not you, who would be the right people to collect it?

**Mr Gooday:** Some of the RDCs who are collecting information on management practice and other things. This information about where your energy is coming from and whether it is a renewable source or some other source might be easier to collect there. The collection mechanism we have is essentially we get a set of accounts from each farm, so we know how much they spend on different things, and it would be possible, but there are questions for us about what we would be doing with it and whether the extra burden in terms of collecting it would be worthwhile.

**Senator RICE:** But do you agree it would be a valuable data set to have so that the Australian community could be looking at how reducing our carbon emissions from agriculture is a critical thing to do to be reducing our overall carbon emissions.

**Mr Gooday:** I suppose more data is always useful, depending on what cost it comes at.

**Senator RICE:** It depends on how important you see it is?

**Mr Gooday:** Yes. It is not costless to collect, and we are already imposing a reasonable burden on people, collecting information from them, so it depends on how hard it would be to untangle it all.

**Senator RICE:** But, given Australia has signed up to the Paris targets of keeping global warming to 1.5 degrees, that means that we need to be essentially zero carbon across all sectors by 2050.

**Mr Gooday:** I suppose the issue for us in collecting that sort of information would be whether the relatively small sample size that we have is going to be large enough to draw conclusions about the population from. If renewable energy is being used relatively sparsely and not generally related to some of the other variables we know about, like value of production, then we might not be able to do the statistics to form a population estimate, so that is why I am thinking—

**CHAIR:** Can I just make a point there. Additionally, as a user of energy—me on my farm—how am I going to determine what the production source was of the energy? I mean, I turn on a switch—I do not know what the mix is.

**Mr Gooday:** Yes, I think we were talking about whether there was some sort of on-farm—

**CHAIR:** The candidates in South Australia know what it is, because when you turn the switch on, the lights do not come on. As for everywhere else, it is—

**Senator RICE:** I am particularly interested in on-farm renewable generation, of which there is an increasing amount, and having a dataset that says across the agricultural sector: in 2017, it is at this rate; and then in five

years' time, it is at this rate. I think it would be a critical dataset to know how effective we are at reducing our carbon pollution from agriculture.

**Mr Gooday:** My point is: our survey is a survey—and we survey probably 2,000 farmers a year; maybe a few more—so, if we were wanting to get a good idea about some of these variables, then it might be that it is more a question for an ABS survey or for each of the RDCs, which have grower surveys and management practice surveys.

**Senator RICE:** Does ABARES have a role in providing advice as to what datasets would be useful, even if you aren't the appropriate agency to undertake them?

**Mr Gooday:** We discuss, as the department does, with the ABS about what they are collecting.

**Senator RICE:** Do you provide advice to government as to what are necessary datasets in order to track relevant statistics over time?

**Mr Gooday:** Certainly, we talk to the ABS about what we think are the highest priority datasets.

**Senator RICE:** Finally, do you track fertiliser input across Australian agriculture?

**Mr Gooday:** We collect information on fertiliser inputs as part of our farm survey, yes.

**Senator RICE:** Can you tell me what the trends have been with that.

**Mr Gooday:** The trend over the last 20 years or more would have been that we have been using more materials and services, which is what fertiliser falls into. We have been using more of that, especially in the cropping industries. That is how the technology has gone.

**Senator RICE:** So there would be a trend of increasing use. Have you seen a commensurate increase in yield with that use or, as it has increased, has the relative effectiveness dropped off? Maybe take this on notice.

**Mr Gooday:** There has been an increase in yield, which is what CSIRO and other people report.

**Senator RICE:** I am interested in tracking fertiliser use. Again, it is embodied energy and it is embodied fossil fuel energy so, if that has increased over time but your overall yields have only increased at a lesser rate, I think that is also a very important statistic that we need to know.

**Mr Gooday:** We have not done any studies on the relationship between increased fertiliser use and increased yield, but we do have productivity estimates and other things to show what has been happening in aggregate.

**Senator RICE:** If you could take on notice and provide whatever information you do have on fertiliser trends and any correlation with yield trends, that would be useful. Thank you.

**CHAIR:** We are done on ABARES. I thank ABARES, Mr Gooday and your team, and we really appreciate—

**Senator BACK:** Keep up the increases in agricultural production year to the year, and we will keep inviting you back.

**CHAIR:** We are going gangbusters in the bush, we are. Thank you for your contribution to it. Safe travel back to your port and destination, and we will now go to corporate matters, Mr Quinlivan.

**Senator STERLE:** I still want to know, Chair, how this testing machine was called Barry for cows and the one for the sheep was called Dolly. Is that something we need to know?

**CHAIR:** Have you heard about this: they have affectionately named the DXA machines in sheep Dolly and now they have announced that they have named the beef one Barry?

**Mr Quinlivan:** I think that is fair enough.

**CHAIR:** And they have actually reflected upon me.

**Senator RUSTON:** Is it Big Barry?

**Mr Quinlivan:** No, I think they are picking up the interest you expressed in the Senate in the project.

**CHAIR:** You don't think it has anything to do with carcass size and profile?

**Mr Quinlivan:** I could not possibly comment.

**CHAIR:** I have had only one other thing named after me and that is the barbed-wire pie at Longreach, so if you are in Longreach you need to get the barbed-wire pie.

**Senator RUSTON:** Barry, I have to confess that there is something else named after you.

**CHAIR:** Yes?

**Senator RUSTON:** My photocopier is actually named after you.

**Senator STERLE:** Do tell, while we are on it.



**CHAIR:** No, we are done. The next thing 'Big Spender' will be out there. We are not going into names.

**Senator McCARTHY:** Mr Quinlivan, the 2017-18 departmental portfolio budget papers report average staffing level numbers as 4,531 for 2016-17 and 4,488 for 2017-18, a decrease of 43 staff. Which areas in the department will have staff cuts?

**Mr Quinlivan:** We might just confirm those numbers. They sound right to me, but we will look to confirm that. We are not seeing that as having an impact on any specific area of the department. It is well within the normal turnover and white noise in our overall staffing allocations and budgets. We will need to manage to that lower ASL cap over the course of the year, but in itself it will not be having an impact on any specific area. That is not to say that there will not be resource reallocations within the department for other reasons, but they will be not primarily driven by the reduction in the ASL cap.

**Senator McCARTHY:** Were you going to refer across with any of the details?

**Mr Quinlivan:** No, I was just looking for confirmation that those numbers are right. I think we are getting that, yes.

**Senator McCARTHY:** The 2016-17 departmental portfolio budget papers report average staffing level numbers for outcome 1 in 2016-17 to be 603. In the 2017-18 PBS, for 2016-17 outcome 1 actual staffing levels were reported to be 586, and that is a decrease of 17 staff members. Staffing levels for 2017-18 are reported to be 537, and that is a further decrease of 49 staff members. Which areas in outcome 1 will have staffing cuts?

**Ms Canning:** It is directly relating to programs that we have that are terminating.

**Senator McCARTHY:** Which programs are they?

**Ms Canning:** Carbon Farming Futures is an outcome 1 program that terminates at the end of this financial year. We have a small amount of funds directly appropriated to us for the National Landcare Program, which ends at the end of this financial year. They are the two programs that relate to outcome 1.

**Senator McCARTHY:** Why is the Carbon Farming Futures program coming to an end?

**Ms Canning:** It was a terminating program

**Senator McCARTHY:** And this was the due date for completion?

**Ms Canning:** Yes.

**Senator McCARTHY:** Does the department use any labour hire companies to source departmental staff?

**Ms Canning:** Yes.

**Senator McCARTHY:** How long have you been using labour hire agreements?

**Ms Canning:** It is an ongoing need for the department to use a mix of resources between ongoing permanent staff and contract staff, depending on our resourcing levels, ongoing/terminating programs and the nature of the work.

**Senator McCARTHY:** How long have you been using labour hire companies?

**Ms Canning:** Always.

**Senator McCARTHY:** How many staff are employed under these arrangements?

**Ms Canning:** The information I have got from my colleagues down the end of the table is that at the end of March we had 226 contract staff. That obviously fluctuates throughout the year, so that was a point-in-time number at the end of March.

**Senator McCARTHY:** The 226—all of them are contractors? They are all contracted?

**Ms Canning:** Yes.

**Senator McCARTHY:** Who authorised the use of labour hire companies? How does that process work?

**Ms Canning:** It is up to the individual manager to determine the needs for their own work and whether they use labour hire firms or not.

**Senator McCARTHY:** It is within the department—just your managerial areas?

**Ms Canning:** Yes.

**Senator McCARTHY:** Minister, are you aware of the reliance on these labour hire arrangements?

**Senator Ruston:** Obviously it is up to the agency to work out how they best deal with their resourcing issues, so it is not something we would get involved in at a ministerial level.

**Senator McCARTHY:** Do staff under these labour hire arrangements receive as much training and security clearance as permanent staff?

**Ms Canning:** I will defer to Mr Smalley.

**Mr Smalley:** It is not necessarily the case that we would have them on a program of training. With security clearances, we do inquire about the level and currency of security clearances through the labour hire agency. So we do know the status of them before they come in.

**Mr Quinlivan:** Obviously it depends on the nature of the job they are engaged for.

**Senator McCARTHY:** We will come to that later.

**Mr Quinlivan:** Also, I think you can see from the numbers—the 200, as opposed to 4,500—that this is not our preferred method of employment, in a general sense.

**Senator McCARTHY:** Do staff under these arrangements get the same pay and conditions as permanent staff?

**Mr Smalley:** They are not under our enterprise agreement.

**Senator STERLE:** We know that, but do they get the same pay and conditions?

**Mr Smalley:** In effect, they are contractors, so their arrangements can vary widely depending on the nature of the job they are doing.

**Senator STERLE:** That is a no.

**Mr Smalley:** It is a no, because they are not under our enterprise agreement.

**Senator McCARTHY:** Do these temporary staff have access to the same systems and databases?

**Mr Smalley:** I am not quite sure what you mean. Do you mean our general work systems?

**Senator McCARTHY:** Yes.

**Mr Smalley:** They would have access relevant to their jobs to our normal business systems, yes.

**Senator McCARTHY:** Is this a concern from a security perspective?

**Mr Smalley:** We do not believe so, because we do check their security status before they come in.

**Senator STERLE:** Are any of the people under these labour hire arrangements undertaking biosecurity duties?

**Mr Power:** The labour hire roles are in a variety of different positions across the organisation. Most of them are concentrated in the corporate functions, but there are certainly some who work in different parts of the biosecurity system. I could not tell you exactly—

**Senator STERLE:** Perhaps you can take it on notice to provide a breakdown for the committee.

**Mr Power:** I am happy to do so.

**Senator STERLE:** Would any of these labour hire contractors use that Plutus system—you know, the mob who have just got themselves in trouble?

**Mr Quinlivan:** Yes.

**Senator STERLE:** They do?

**Mr Quinlivan:** No, I meant you have the right company.

**Ms Canning:** We are looking at that at the moment. We are still confirming with the contractors. We are going back through the labour hire firms to confirm. As yet I do not have an answer.

**Senator STERLE:** Could you please take it on notice to let the committee know when you do find out?

**Ms Canning:** Yes.

**Senator McCARTHY:** Does it impact productivity of the department if staff employed via labour hire arrangements are unable to access the resources to do their job, or are you saying they have access to everything?

**Mr Smalley:** I am saying they have access to the systems that are relevant to their jobs.

**Senator McCARTHY:** How many of the 226 contracted staff are Indigenous?

**Mr Power:** I am afraid we do not have that information here. We could certainly look at that.

**Senator McCARTHY:** Would you be able to take that question on notice?

**Mr Power:** Absolutely.

**Senator McCARTHY:** How many of your staff—4½ thousand it is, Mr Quinlivan, generally?

**Mr Quinlivan:** For actual people, it is a higher number than that. You were quoting average staffing level numbers. On what we beautifully term our 'head count' I think the number is a bit higher.

**Mr Smalley:** 5,271.

**Mr Quinlivan:** It is 5,271.

**Senator McCARTHY:** Of your 5,271, how many are Indigenous staff?

**Mr Power:** Senator, 108 staff across the department are Indigenous.

**Senator McCARTHY:** So the labour hire firms that you work with, how many companies do you interact with?

**Mr Power:** I am afraid we do not have—I would not know how many companies we have. It would be a broad variety.

**Ms Canning:** It is a couple of hundred. It is about 500 different suppliers.

**Senator McCARTHY:** Five hundred providers?

**Ms Canning:** Yes. At any one time that we use—there are a number of IT companies that we use for IT contractors. There is a range of suppliers available.

**Senator McCARTHY:** And how many of those would be Indigenous companies?

**Ms Canning:** Sorry, I could not tell you that, but we can find that out.

**Senator McCARTHY:** That would be good if you could. Thank you. At previous estimates we certainly were asking lots of questions around the ministerial office in Armidale and how many meetings were held in the Armidale ministerial office. I want to take you to the Armidale ministerial office, Minister, and these questions are perhaps more associated with you. The answers to questions on notice Nos 37, 38 and 39 all stated:

The department does not have access to the Deputy Prime Minister's diary.

Even if the department did not have access to the minister's diary, wouldn't there still be a general record of ministerial meetings regardless of which office they are being held in?

**Mr Quinlivan:** I am sorry, can you repeat that question?

**Senator McCARTHY:** In the previous estimates we were asking around the regularity or otherwise of ministerial meetings in Armidale, and your response to those questions on notice was that you did not have access to the Deputy Prime Minister's diary. My question to you or to the minister is: if the department does not have access to the Deputy Prime Minister's diary, there must be another way of recording general ministerial meetings taking place regardless of which office they are being held in.

**Mr Quinlivan:** We would have no visibility of that, and nor is it really any of our business who the minister is meeting with in his electorate office.

**Senator McCARTHY:** No, I am not asking who he is meeting; it is just a general ministerial—

**Mr Quinlivan:** Or even how many meetings. The only visibility we would have is meetings that would involve departmental staff, and we do not record that centrally.

**Senator McCARTHY:** So departmental staff would not be present in the Armidale office for ministerial meetings?

**Mr Quinlivan:** Not unless there was some specific reason for them to be there.

**Senator McCARTHY:** And have there been any specific requests?

**Mr Quinlivan:** There certainly are from time to time, but we do not keep a central record of it.

**Senator McCARTHY:** So you do not have a record of any of your staff going to Armidale to a ministerial meeting?

**Mr Quinlivan:** No, nor do we for going to Sydney or Melbourne or anywhere else for that matter.

**Senator Ruston:** Senator McCarthy, maybe I can give you a bit of a snapshot of my circumstances?

**Senator McCARTHY:** Sure.

**Senator Ruston:** Whenever I have a ministerial meeting I would seek a briefing from the agency for that meeting. Where I require the assistance of a departmental officer as part of that meeting, if it is offsite I would more often than not seek to have that person ring into a meeting I was having, whether it be in my Renmark office or whether it be onsite with that person I am meeting. It would be very unusual for me to require a departmental official who is located in Canberra to travel to a more remote location to have a meeting. We would usually avail ourselves of the telephone facilities.

**Senator McCARTHY:** Okay, so it is very unusual.

**Senator Ruston:** I cannot actually tell you that I have ever required an official to go to Renmark. On a couple of occasions it has been advantageous to have them come to Adelaide if I have meetings in Adelaide, but that would be very, very rare.

**Senator McCARTHY:** So it is not standard practice?

**Senator Ruston:** No. But that is not to say that it is not standard practice to have meetings in my office in Renmark. Admittedly, it is my electorate office, not my ministerial office, but it is kitted out as a ministerial office to all intents and purposes and I do have meetings there. I am just saying that I certainly do not notify the department of the time of my meetings. They provide me with briefings for them, but they do not necessarily have details of when the meetings are being held.

**Senator McCARTHY:** Is your Renmark office a ministerial office?

**Senator Ruston:** It is combined as both, yes.

**Senator McCARTHY:** So it is standard practice to perhaps not have departmental staff attend in your regional offices, and, Mr Quinlivan, it is standard practice to not note when your departmental staff might be going to a ministerial meeting?

**Mr Quinlivan:** We do not keep a centralised recording of that.

**Senator McCARTHY:** In that instance, just to finish off with that, do departmental staff members travel to Armidale at all to attend meetings or to support the minister and his staff in any way?

**Mr Quinlivan:** Yes, they do from time to time.

**Senator McCARTHY:** When has that occurred?

**Mr Quinlivan:** We do not keep a record of it.

**Senator McCARTHY:** Okay, but you know they do this?

**Mr Quinlivan:** Yes, I think last time we talked about travel that members of the executive had made to Armidale because we were personally familiar with it, but not more generally in the department.

**Senator McCARTHY:** So you do not keep a record of where your staff go to support the minister and ministerial staff, but you know they go?

**Mr Quinlivan:** By 'go' as in when their participation in meetings or other events is sought. And, as the minister has just said, as often as not the participation might be by telephone.

**Senator McCARTHY:** I want to take you to the resignation of Kareena Arthy on 21 April. Has that caused disruption to APVMA to replace her?

**Mr Quinlivan:** I think you are well placed to judge that, because you have just seen the interim CEO in action. She seemed to be right across the organisation's business. She is doing that job for a couple of weeks, and, as we also discussed earlier this morning, an interim CEO, who is well credentialed for the job, has been appointed by the government. We are looking to advertise and make a recommendation to the government for a permanent appointment as soon as possible. There is always some dislocation when you have changes in CEOs, but we are looking to minimise that.

**Senator McCARTHY:** What was the process followed for the appointment of the interim CEO?

**Mr Quinlivan:** We went through that in some detail earlier this morning.

**CHAIR:** Can I just interrupt? We did seriously canvas this stuff this morning.

**Senator McCARTHY:** I had stepped out.

**CHAIR:** But if we all pop in and do it again, we will be here till dark. I just encourage Mr Quinlivan to bring it to the senator's attention if it has been canvassed well, and Senator McCarthy will choose whether she pursues it.

**Mr Quinlivan:** You will find the *Hansard* gives a complete description of the process we have been through.

**Senator McCARTHY:** All right. I am happy there.

**Senator STERLE:** I want to ask the department about the sugar code. Can I ask that here?

**Mr Quinlivan:** Agricultural productivity. That is the complete corporate matters section? Senator, can I offer some information in response to a question that Senator McCarthy—

**CHAIR:** Let us just clear this up: do not let anybody leave. They misrepresented to me that they were finished, and now they want more.

**Mr Quinlivan:** Senator McCarthy asked a question about Indigenous employment in the department, and we did provide an answer to the question about the overall numbers of direct employees, and you might recall yesterday we talked a little bit about the Indigenous rangers program—I think that was when we were discussing Landcare—but we have got a document here which shows the geographic distribution of the employment of those rangers, whom we employ under a program but not as direct employees. But it is obviously an area of increasing effort for us and for the government. We have got this map that shows you where they are across northern Australia, if you are interested in seeing it.

**Senator McCARTHY:** Are you providing that information in response to those—

**Mr Quinlivan:** No, just in addition, because it is relevant to the question you asked and I thought you would be interested. We have got the document here.

**Senator McCARTHY:** Absolutely. Can you table that document?

**Mr Quinlivan:** We will table it now.

**Ms O'Connell:** Also, Senator, you asked for this yesterday, so we are providing it—and we have got colour copies.

**CHAIR:** Is there any objection to that being tabled? There is no objection. Mr Quinlivan, on that point, I do not know if you guys are aware of just how successful those programs are with the Indigenous rangers. We have had a discussion with Senator Scullion about the prospect of a slight broadening of that in the desert channels area, to do with the prickly acacia that I raised yesterday. You may have some knowledge as to whether there is a plan to expand it with numbers in the Longreach district. If not, could you take it on notice?

**Mr Quinlivan:** I think I would need to. I am certainly well aware of the value of the program to both the communities that are involved and the Commonwealth departments who are involved in it. I am also well aware of the overall value of the program and looking to expand it wherever we can.

**CHAIR:** There are some terrific people in it out there.

**Senator BACK:** If I could just add a comment and a plea, in the context of exotic diseases, particularly animal diseases: it seems to me, with the geographic spread of the rangers and their powers of observation, that it would be possible to develop small laminated cards with the clinical signs of diseases such as foot-and-mouth disease and other exotic animal diseases. I say this because it seems to me that, if or when we do get something like foot-and-mouth disease into the country, it is going to be in the north and it is going to be many of these people in their locations who are the most likely to see the first signs. It is not going to be veterinarians. It is not going to be pastoralists. It is going to be people like the rangers. I would really make the plea that some time and effort be put into the possibility of developing just a very simple set of laminated cards and a level of training and familiarity, because these will be the first signs.

**Ms O'Connell:** Absolutely, and in fact I think we have gone a lot further than that. These Indigenous ranger groups—their job is about surveillance, and you are absolutely right: they are the people who can detect if anything has changed. They are identifying things that are coming to the far north well ahead of anybody else able to identify them. We had 40 ranger groups. Now, with the white paper funding, we have got 68 ranger groups, well across the north. Some of the work that they do in terms of foot-and-mouth is actually taking blood samples from feral animals and then sending those blood samples to be analysed and diagnosed. That is well before medical science—

**Senator BACK:** Well ahead of me.

**Ms O'Connell:** well ahead of that. They also play a role in assisting with the management of our sentinel herds, which, if you like, are up there to look at what potential diseases might come across. In terms of that surveillance, you are right about things coming first to the north, and they are playing a really major and key role in that surveillance of pests and diseases arriving in Australia. We have kitted them out with some technology too. It is all appropriate for what area they are in. Some of them have got weed kits, but, equally, others have got drones and are using quite advanced drone technology to assist—

**Senator BACK:** Don't start on that point of view!

**Senator STERLE:** Yes, stop there.

**Ms O'Connell:** I will skip the drones.

**Senator BACK:** No, no, no, no.

**Ms O'Connell:** I did not hear—

**Senator STERLE:** We just had them settle down.

**CHAIR:** You must have nodded off in the last couple of days!

**Ms O'Connell:** I missed the drones thing. Sorry about that. I should not have mentioned it—

**Senator STERLE:** Maybe we should get Cash in here to tell us about it. What do you reckon?

**CHAIR:** Replay 2GB this morning; it will refresh your memory.

**Ms O'Connell:** But you also mentioned training, and we are developing a tropical biosecurity curriculum, specifically. That is a really specific curriculum that is being developed with the assistance of Batchelor Institute to skill them in further identification of tropical pests and diseases to assist with that surveillance work. But it is really fantastic; I have been out with them up north and seen first-hand the work that they do, and it is really very impressive.

**Senator BACK:** I do not know how many, if any, of them would be members of NORFORCE, but I did, as part of the parliamentary ADF program, spend some time in Nhulunbuy with our NORFORCE group and, again, was incredibly impressed by their obvious local knowledge of their own areas. But, as you say, the surveillance capacity, the fact that part of their work, our work, was to check and report on the standard of launching ramps, airstrips et cetera is all feeding into that, so I am just delighted to learn that it has gone well beyond that. Thank you.

**Ms O'Connell:** It has, in particular up in the Torres Strait, because there are Torres Strait Islander as well as Indigenous ranger groups. They are sort of the front line in our exotic fruit fly detection and regularly, seasonally, pick up new exotic fruit flies and deal with them.

**Senator BACK:** We might need to add the varroa mite to this group, Ms O'Connell. Thank you. Thanks, Chair, I am really delighted to learn that.

**CHAIR:** Thank you, Senator Back. Senator Sterle has promised he has got one question, and then—there will not be a false release; it will be a real release?

**Senator STERLE:** No, it will be a real release. Thanks, Chair. I want to go to the relocation of the APVMA for just one question. I note that CropLife has urged the government to reconsider moving the agency from Canberra, which we are well and truly aware of, warning that the delays risk losing the farming sector billions in revenue. That is CropLife's concern. So I ask you, Mr Quinlivan, and your officers: have you provided a brief to the minister or his office on the serious risk that the relocation of APVMA could have on the Australian agriculture fisheries and forestry multibillion dollar industries, as raised by CropLife?

**Mr Quinlivan:** Not in response to their most recent communications. But you will recall we have discussed this at length in the past, and we did brief the minister on the Ernst & Young cost-benefit analysis from which those numbers were derived, so those issues have certainly been ventilated.

**Senator STERLE:** I think I already know the answer, but can you share those with the committee?

**Mr Quinlivan:** I will take that on notice.

**Senator STERLE:** Okay. Thank you very much. I told you it would be one.

**CHAIR:** Good try. Thank you.

**Senator STERLE:** I asked him nicely. You never know; one day someone might go 'sure'!

**CHAIR:** Yeah, that is right. One day someone might! Mr Quinlivan, thank you to all of the officers who have helped us out in that segment. They should not just go; they should go swiftly, and they should leave the building in case someone changes their mind!

[12:18]

**CHAIR:** We are now going to outcome 1. Thank you, Mr Williamson and Mr Williamson. Family team?

**Mr D Williamson:** Sadly not!

**CHAIR:** There are similarities. I would be having a talk to my mother! Senator Sterle?

**Senator STERLE:** You are not going to drop me to your level. Senator McCarthy has some questions.

**Senator McCARTHY:** I would like to go to the Regional Investment Corporation. There has been a great deal of discussion around it. I just want to understand how the RIC will be established. Is there an exposure draft of the legislation needed to establish the RIC?

**Mr D Williamson:** The answer to the last part of your question is that there is no draft of the legislation available yet, but we anticipate it will be available shortly.

**Senator McCARTHY:** When would it be available?

**Mr D Williamson:** I think we are aiming at the next month or so. On the establishment, the RIC will be a corporate Commonwealth entity sitting in our portfolio, Agriculture and Water Resources. It will have a skills based board, with a chair, who will appoint a CEO and staff. So it will be a stand-alone organisation. Its initial function will be to deliver two programs. The first is the National Water Infrastructure Loan Facility, which is an existing program currently being delivered by the department that will move to the RIC. The second program will be farm concessional loans, which will be a new program—effectively the next generation of the current set of concessional loans programs that the Commonwealth has been delivering, via the states, for the last four or five years.

**Senator McCARTHY:** There will be more of a national focus then?

**Mr D Williamson:** It will be a single program, yes. It will be a single entity and, yes, a single farm concessional loan program.

**Senator McCARTHY:** Is that the end of the states delivering it? Is that the purpose?

**Mr D Williamson:** It will be. That is correct. The states are currently delivering loans for us and will do so for a further 12 months, or for the 2017-18 financial year. We are aiming to have the RIC up and running from 1 July next year, with the new programs to commence then.

**Senator McCARTHY:** Will the government seek to consult with farm groups with regard to the legislation?

**Senator Ruston:** Of course we will be doing that.

**Senator McCARTHY:** When will you do that?

**Mr D Williamson:** Once we have got draft legislation available, we will. We have already commenced consultation off the back of the announcements in the budget, which announced the broad architecture for the RIC. Ms Kennedy and her team have had quite an extensive range of consultations already with industry and also with the state and territory governments.

**Senator McCARTHY:** Who in the industry have you consulted with already?

**Ms Kennedy:** I can read out the list, or I can provide it on notice if that is easier.

**Senator McCARTHY:** Is it a long list?

**Ms Kennedy:** It is relatively long. I have already had conversations with, I think, 10 different groups, and we have got another six lined up. We have talked with most of the key ones now and have flagged that we would like to have ongoing consultation with them as we move towards the RIC opening for business.

**Senator McCARTHY:** That is 16 groups, is it?

**Ms Kennedy:** I have already had conversations with 10, and another six are lined up for the next short time.

**Senator McCARTHY:** Would you be able to table those names?

**Ms Kennedy:** I can certainly take it on notice.

**Senator McCARTHY:** Great. Of the 10 groups that you have spoken to, what has been the response?

**Ms Kennedy:** The response has been really positive so far. I think that there has been a lot of positive feeling about the idea of expanding the farm concessional loans scheme, as Mr Williamson has just mentioned. That will mean that it is no longer as closely linked to drought as it has been previously—which is something that there has been feedback from stakeholders on over quite some time—and is the logical next step following from the aims for farm businesses that the Deputy Prime Minister articulated in his *Agricultural competitiveness white paper*. There is also a strong feeling about wanting to work with us and with the board, once it is there, because any work the department does will be to prepare information for the board, who will then make those final decisions on how to have the best service delivery offering and achieve that degree of national consistency, which has sometimes been problematic through the delivery of the program so far.

**Senator McCARTHY:** Will the RIC be a statutory organisation—or you said a corporate entity didn't you?

**Ms Kennedy:** Yes. It will be a corporate Commonwealth entity, and statutory in the sense that there will be legislation introduced to establish it.

**Senator McCARTHY:** Do you have any idea what the staff numbers for the RIC will be?

**Ms Kennedy:** The staff numbers will be a matter for the board, obviously. But the work that the department has done in working out early budgets indicate there will be around 30 staff initially for the organisation. Of course, that could grow. That is based on the initial programs that it will deliver.

**Senator McCARTHY:** I am going to take you to Farm Household Allowance. Has the department done any analysis as to how many farmers coming off the Farm Household Allowance will seek to obtain a concessional loan?

**Mr G Williamson:** We have had a look at the aggregate numbers, and we think that there is a reasonable number of farmers that may be eligible for a concessional loan. The sorts of aggregates that we looked at within that cohort have a relatively high level of commercial debt. We think they would benefit from a concession loan that offers them an opportunity to restructure that debt, and thereby have lower interest payments and, therefore, add to their cash flows. The other thing that is important to understand, I guess, in that potential for that cohort to access the loans, is that they have undergone three years of assistance that has helped them improve their personal and farm financial circumstances. We see the offer of potentially availing themselves of concessional loans as being a continuation of that pathway of improving their farm business circumstances. There are a reasonable number that could qualify, but we cannot tell you how many—

**Senator McCARTHY:** How many is reasonable? You do not have a ball park figure of how many would be reasonable?

**Mr G Williamson:** It could be in the hundreds.

**Senator McCARTHY:** Has the department undertaken any work post the Intergovernmental Agreement on National Drought Program Reform?

**Mr D Williamson:** Work in what area? We are operating under that intergovernmental agreement right now.

**Senator McCARTHY:** That is all you need to say.

**Mr D Williamson:** That is still current.

**Senator McCARTHY:** This is part—

**Mr D Williamson:** Yes, it is. It is part of the Commonwealth's approach to drought policy and more broadly to rural policy. That intergovernmental agreement expires next year. There will be a review of that over the next six months or so.

**Senator McCARTHY:** When does it expire next year?

**Mr Hutchison:** The intergovernmental agreement, which was agreed to by the Australian government and state and territory ministers, was signed onto in 2013. It was a five-year agreement so it is due to expire at the end of 2017.

**Senator McCARTHY:** There will be a review you were saying, Mr Williamson?

**Mr D Williamson:** That is right.

**Senator McCARTHY:** What process was undertaken to determine that the best type of assistance for farmers coming off the Farm Household Allowance is to offer them a concessional loan?

**Mr G Williamson:** That is certainly not the only assistance. Our starting point is that farmers coming off Farm Household Allowance are better prepared to engage in either farming or doing something else.

**Senator McCARTHY:** But what is the department's process? It is more about what your process is in determining that. How do you determine those things?

**Mr G Williamson:** We have a branch. A large part of their work is looking at the policy aspects of the farm household allowance. That is Mr Pak Poy's branch. There are policy officers in there who have looked at this issue for a number of months. We started quite early, in fact. We have also done quite extensive consultations with our partner agency, who delivers farm household allowance and also has responsibility for the farm household allowance case officers. We sought input on how farmers were going under the program from that agency and also their advice.

**Senator McCARTHY:** Who is your partner agency?

**Mr G Williamson:** The Department of Human Services. We also administer the Rural Financial Counselling Service. A lot of the farm household allowance recipients also interact with the Rural Financial Counselling Service, so we get quite a bit of input from the Rural Financial Counselling Service on how those people are going—not at a personal level, because that is all obviously confidential, but at an aggregate level.

**Senator McCARTHY:** What is the general advice from the Rural Financial Counselling Service? What are the main things that you look at there?

**Mr G Williamson:** It is highly varied, as you would imagine. Some people do not stay on the farm household allowance program for the whole time. There are, in fact, around 2,700 who have come onto the program and



moved off the program. They come in and then they go out as their circumstances improve. Some are in a much better place. We know from various input, not only from the Rural Financial Counselling Service but also by other means, that they are in a better position. There are obviously some who are still finding it difficult, in a farming sense, but those are the same people who for three years have had an opportunity to consider their circumstances and make decisions accordingly.

**Senator McCARTHY:** When will the new concessional loan program open? You gave me a time frame earlier about next year, in June.

**Mr D Williamson:** That is the RIC, the Regional Investment Corporation. We are aiming to have—

**Senator McCARTHY:** When will the concessional loan program be open?

**Mr D Williamson:** For the people coming off FHA, that will be from 1 July this year. That is what we are aiming for. As I say, we are still delivering these through the states, so we are in negotiations with the state agencies about delivery. It is subject to agreement on that front.

**Senator McCARTHY:** Have the eligibility criteria been finalised, and when will the criteria be released?

**Mr G Williamson:** The minister has announced that these loans will be available under the same eligibility criteria, with the exception that they do not need to be in drought. There is one other caveat: that the loans are for refinancing purposes only. We are not adding to new debt.

**Senator McCARTHY:** It is existing debt?

**Mr G Williamson:** That is correct.

**Senator McCARTHY:** Thank you.

**Senator RICE:** I have some follow-up questions. Basically, you have had the broadening of who is now going to be eligible for the Farm Business Concessional Loans Scheme. That is the case, yes?

**Mr D Williamson:** That is the intention under the Regional Investment Corporation, yes.

**Senator RICE:** Those former farm household allowance people will now be eligible. Can I confirm, though, that there is not going to be an increase in the amount that is available? There is a \$250 million cap in the scheme, isn't there?

**Mr D Williamson:** That is correct. At the moment there is an annual amount of \$250 million available for concessional loans. That is right.

**Senator RICE:** Right. So we now have a bigger pool of people who are going to be eligible to apply for those loans?

**Mr D Williamson:** That is correct.

**Senator RICE:** Do you expect that you are going to reach the \$250 million allocation cap?

**Mr G Williamson:** While we might have a slightly bigger pool, we also have a situation where there is a lot less drought in the country. Therefore, on the one hand, there is less demand because drought conditions are much less than what they were 12 months ago. So we think the amount of funding available will be sufficient.

**Senator RICE:** For what period of time has that yearly cap been in place?

**Mr G Williamson:** Since the announcement of the white paper measures.

**Mr D Williamson:** We are in the third year, I think.

**Mr Hutchison:** Second, I think. 2015-16 and 2016-17—two years. This is the second year of the \$250 million.

**Senator RICE:** Was the cap reached in the first year?

**Mr Hutchison:** No.

**Senator RICE:** How much was used of the scheme?

**Mr Hutchison:** At the moment, of the applications from 2015-16—

**Senator RICE:** 2015-16 was the first year. We are almost coming to the end of the second year.

**Mr Hutchison:** I might need to take it on notice, because we have more than one loan scheme that was operating under that. I want to make sure that I get the numbers correct for you so that I am not double counting.

**Senator RICE:** Can you tell me what other loan schemes are included in that cap?

**Mr Hutchison:** Last year we had the Drought Concessional Loans Scheme, the Drought Recovery Concessional Loans Scheme and the Dairy Recovery Concessional Loans Scheme operating under the 2015-16 \$250 million allocation.

**Senator RICE:** Have they now been amalgamated into the overall Farm Business Concessional Loans Scheme?

**Mr Hutchison:** From 1 November 2016, the Farm Business Concessional Loans Scheme started, and it had two products available under it. It was a drought assistance concessional loan which, effectively, replaced the two previous drought products that I mentioned as well as the continuation of the dairy recovery loans which were started late last financial year.

**Senator RICE:** Basically, this one scheme is now taking over those two loan schemes?

**Mr Hutchison:** That is right. This one scheme is now available. It has drought loans and dairy loans available. The announcement that we have been discussing in the last few moments is the addition of those concessional loans for ex-farm household allowance recipients.

**Senator RICE:** Could you take on notice how much was taken up by each of the previous schemes and how much has been available?

**Mr Hutchison:** Yes.

**Senator RICE:** Is it still categorised as drought assistance or dairy within this scheme?

**Mr Hutchison:** Yes. We will be able to identify within those which funds were allocated to farm businesses in which scheme. You will be able to see which was allocated to drought and which was allocated to dairy loans.

**Senator RICE:** The new eligibility, that has not begun yet?

**Mr Hutchison:** No, that is from 1 July, as Mr Williamson said.

**Senator RICE:** You do not expect that you are going to reach your cap this year given that we have not got so much drought?

**Mr G Williamson:** This financial year?

**Senator RICE:** Either this financial year or the expectation for the—

**Mr Hutchison:** No, we do not, for the same reasons that Mr Williamson outlined before. With the receding drought conditions across the country, there has been, as you would expect, a reduced demand for the drought loans. It is those conditions which mean that for 2016-17, the current financial year, we do not expect to hit the \$250 million cap, with only five or six weeks to go.

**Senator RICE:** So as long as the weather holds, then. You do not think that there is the potential for people being affected by drought or on dairy assistance to potentially miss out because of the increased pool of people who will be eligible for the loans? You do not see that as being a likely scenario in the forthcoming financial year?

**Mr G Williamson:** That is correct.

**Senator STERLE:** I want to go to the Rural Research and Development for Profit program. Now, in the original competitiveness white paper funding envelope—

**Mr Quinlivan:** We will get the relevant people to the table.

**Senator STERLE:** I will put you on notice now, Mr Quinlivan, that I could be all over the place. You know what I am like.

**Mr Quinlivan:** We have got everybody here.

**Senator STERLE:** I might flip there and then I will flip around to forestry and I will flip back. At the end of the day, we will get there.

**Senator Ruston:** Senator Sterle, the flipping senator!

**Senator STERLE:** I have been called worse than that today, and that is only from my own side of politics! You are not supposed to laugh at that, Senator McCarthy.

**Mr D Williamson:** I think Ms Freeman can probably assist.

**Ms Freeman:** Could you repeat the specifics on the—

**Senator STERLE:** I can. I am going to ask questions to the Rural Research and Development for Profit program, which was originally announced in the *Agricultural competitiveness white paper's* funding envelope. I am led to believe there was an additional \$100 million to be 'invested in rural research and development as a

result of the *Agricultural competitiveness white paper* decision to extend the rural R&D for profit program until 2021-22'. Does that ring a bell?

**Ms Freeman:** Yes.

**Senator STERLE:** Great. I have some preamble. Just so I have this right, on 5 July the minister stated, 'An additional \$100 million will be invested,' in this program. I am led to believe the extra \$100 million was to go until 2021-21. It was to be on top of the \$100 million announced in the *Agricultural competitiveness white paper*. Is that correct?

**Ms Freeman:** An additional \$100 million was announced in the *Agricultural competitiveness white paper*. Then there is the first \$100 million that was announced by government prior to the white paper, yes.

**Senator STERLE:** That's it! I knew you would put it in context for me, thanks. That is spot on?

**Ms Freeman:** Correct.

**Senator STERLE:** So I would not be hanged, drawn and quartered to believe that in that program there is a \$200 million announcement to be delivered by 2021-22. That is what we are led to believe.

**Ms Freeman:** Just to be clear, there were some funds—the program is now—

**Senator STERLE:** I am getting to that. That is tremendous, because this is where I am going now. There was an expectation of \$200 million, but what we now see, through the department's website, is there happens to be about \$19½ million less than the original expectation of \$200 million. Is that correct?

**Ms Freeman:** Yes, it has been directed to fund alternative government priorities.

**Senator STERLE:** What would those alternative government priorities be?

**Ms Freeman:** So \$9½ million was allocated to the National Water Infrastructure Development Fund.

**Senator STERLE:** My shorthand is not that good. So \$9½ million going to the National Water Infrastructure Development Fund.

**Ms Freeman:** That was part of the 2016-17 budget.

**Senator STERLE:** This new National Water Infrastructure Development Fund is part of the 2016-17 budget.

**Ms Freeman:** Yes. And there was \$10 million directed to fund a number of 2016 election commitments that were reflected in the most recent MYEFO.

**Senator STERLE:** Election commitments: \$10 million. What are those commitments?

**Ms Freeman:** There are a range of them. The MYEFO adjustment was for the following commitments, including the northern Australia rice industry.

**Senator STERLE:** Let's break it all up. How many dollars for each of these election commitments?

**Ms Freeman:** Certainly. I am just being clear that the MYEFO adjustment included a number of things, not all of which, I suspect, were funded from the \$10 million, so I will just run through MYEFO.

**Senator STERLE:** Sure. We have had this big announcement of \$100 million and we have another big announcement of \$100 million—

**Ms Freeman:** Correct.

**Senator STERLE:** and now we have gone down the \$19½ million less, because 19½ is being directed into election commitments from 2016.

**Ms Freeman:** That is, \$10 million of the 19.5—

**Senator STERLE:** Yes, sorry, \$9½ million was from the 2016-17 budget. So \$10 million.

**Ms Freeman:** Yes.

**Senator STERLE:** Cool; fire away.

**Ms Freeman:** There were a number of election commitments announced as MYEFO, as part of new policy commitments, and they included invasive animal solutions.

**Senator STERLE:** What is that?

**Ms Freeman:** That would be another alternative program within the department. I will get one of my colleagues to talk to you in detail about that.

**Senator STERLE:** It is important. An invasive animal program is fantastic but that can—

**Ms Freeman:** So \$4 million came from the Rural R&D For Profit program.

**Senator STERLE:** So \$4 million of the \$10 million—

**Ms Freeman:** Correct.

**Senator STERLE:** to the invasive animal—what did you call it?

**Ms Freeman:** Invasive animal solutions.

**Senator STERLE:** That is another part of your department?

**Ms Freeman:** Correct.

**Senator STERLE:** I have not heard about that one. That will be interesting!

**Senator Ruston:** Wild dogs—think about wild dogs.

**Senator STERLE:** I am not rusty on that! Coming from WA, minister, I fully understand; we do get wild dogs. It is a massive issue, and \$4 million is unfortunately not going to be enough. We need a couple more zeroes behind that—

**Senator Ruston:** Quite right.

**Senator STERLE:** so you are not going to get a fight out of me. All right, so \$4 million out of that—

**Ms Freeman:** And another \$4 million went to the northern Australia rice industry.

**Senator STERLE:** For what?

**Ms Freeman:** For additional research in developing a rice industry in the North.

**Senator STERLE:** In the north, where we are not currently. So up in Kununurra—where are we talking about?

**Ms Freeman:** It is doing research and development. The funding has gone to RIRDC.

**Senator STERLE:** Oh, righto!

**CHAIR:** This is called dryland rice production.

**Senator STERLE:** I am well aware. They were trialling it in Kununurra.

**Ms Freeman:** And the remaining \$2 million of the \$10 million that was in the MYEFO adjustment went to the commodity milk price index.

**Senator STERLE:** I will ask what that is all about when we come back.

**CHAIR:** Thank you, all. Enjoy your lunch, and we will see you back here at a quarter to two.

**Proceedings suspended from 12:46 to 13:46**

**CHAIR:** We will resume the Senate Rural and Regional Affairs and Transport Legislation Committee estimates. Senator Sterle.

**Senator STERLE:** I was talking about the \$100 million and Ms Freeman was going through the break-up of where the \$19.5 million had disappeared from that funding stream and been syphoned or sideways moved into some election commitments. You mentioned—and I have lost my notes—the dairy commodity milk—

**Ms Freeman:** Price index.

**Senator STERLE:** Tell us what that is.

**Ms Freeman:** Certainly. That was a commitment by government to develop a tool for dairy farmers to help aid their business decisions, so they would have access to market information. We are currently out to tender on that task now seeking both quotes for businesses to say how they might provide that information to farmers and then off the back of the consultation with industry there was a strong request that, I think you would say, was unanimous that it needed to include an education element. There is a lot of information currently out there. But it is about actually helping farmers understand that information better. Part of the tender request includes considering what educational element might go with that information, but we are out to tender on that now.

**Senator STERLE:** Can you tell me how much of the \$180.5 million that is left of the Rural Research and Development for Profit program has been spent so far and on what?

**Ms Freeman:** Certainly. I might turn to my colleague Ms Musgrave.

**Ms Musgrave:** Across the first two rounds of the program, \$79 million has been allocated. And then with round 3, which has been run, it has been announced that there is \$36 million.

**Senator STERLE:** I am sorry, the \$79 million is round 2?

**Ms Musgrave:** Rounds 1 and 2 together.

**Senator STERLE:** Rounds 1 and 2.

**Ms Musgrave:** So, it was \$26.7 million in round 1 and \$52.3 million in round 3—

**Senator STERLE:** That is \$36 million something? How much did you say?

**Ms Musgrave:** Yes, it is about \$36 million. I am just looking for the exact number here.

**Senator STERLE:** We are not going to hang you if you are a couple of cents out.

**Ms Musgrave:** I would say \$36 million and I will correct it if it is wrong.

**Senator STERLE:** That is fine. That money has been allocated and it is out there now. So, what is that being spent on?

**Ms Musgrave:** The 12 projects under round 1.

**Senator STERLE:** If it is an exhaustive list you can give it to us on notice or if you want to brag about it fire away.

**Ms Musgrave:** I might give you the generic thing and give you the exhaustive list later. There are 12 projects under round 1, 17 projects under round 2 and six projects funded under round 3. R&D corporations—the rural research and development corporations—are the only eligible applicants under this program, but the requirements under the guidelines mean that they have to be collaborating with others. So, other RDCs but also research institutions, partner entities, industry, whoever. It is aimed at driving some collaboration.

**Senator STERLE:** Is the \$180.5 million rather than the \$200 million still to be exhausted until 2021-22 or has the timeline been brought in?

**Ms Musgrave:** No, the funding profile is still over the eight years.

**Senator STERLE:** It is still the same profile?

**Ms Musgrave:** Yes.

**Senator STERLE:** That is fine. I do not have any further questions there. That has explained the \$19.5 million difference.

**Senator BACK:** I want to ask some questions regarding the financial support for water management in the Great Artesian Basin. Is that appropriate at this time?

**Mr Quinlivan:** That matter is being handled by our water policy people who on the program are here at 9 am tomorrow morning. We can take them on notice for you.

**Senator BACK:** If you can. I am interested in knowing how the funds are going to be spent and particularly how it is going to reduce what has been the wastage of the water draw out of the Artesian Basin.

**Mr Quinlivan:** The purpose of the program is to continue with the capping program. I think it is one of those programs that has unanimous support and that is why it is going to be continued.

**Senator BACK:** Agricultural workforce—what is the seasonal worker incentive scheme? Is it underway and can you tell us, if it is underway, is it effective?

**Ms Freeman:** The announcement was the expansion of the seasonal worker programs to basically allow employers from the broader agricultural sector to access workers from nine eligible Pacific Island countries and Timor Leste. Previously, only horticulture was allowed to participate.

**Senator BACK:** Correct.

**Ms Freeman:** In 2015-16 we know there were roughly 4,500 issues of visas granted under that program.

**Senator BACK:** Can you tell us, on notice if not now, what industry sectors they ended up finding employment in? You are right; it was originally confined to horticulture.

**Ms Freeman:** Correct.

**Senator BACK:** Also, on notice, if you can tell us which countries they came from? I am particularly interested to see whether or not they are from Timor Leste.

**Ms Freeman:** Yes. I will take the industry coverage on notice, but for the worker intakes from participating countries, just from Timor Leste, so working back for 2015-16 there were 224 workers.

**Senator BACK:** Yes.

**Ms Freeman:** In 2014-15 it was 168.

**Senator BACK:** Yes.

**Ms Freeman:** In 2013-14 it was 74, and the previous year it was 21.

**Senator BACK:** Would there be any way of finding out repeat visits by individuals? Is that data you would have?

**Ms Freeman:** I would have to take on notice whether they were repeat. Normally the data just says how many visas were granted or held, whether they are in country or not. I do not know whether they would be repeats.

**Senator BACK:** I sat on the migration committee, which looked at that whole issue last year with recommendations to government. That is why I was particularly interested. The backpacker tax and the backpacker numbers—as a result of the changes to the tax regime—

**Ms Freeman:** Yes.

**Senator BACK:** Can you give us any early advice on the impact, if any, of those changes?

**Ms Freeman:** We are actually seeing the numbers are continuing. Obviously the changes to the working holiday visa that was announced by government applied a 15 per cent tax rate from 1 January this year. So, I think we are seeing the numbers for 2014—583—in 2015-16 and there was just a very small reduction on the previous year. I will take on notice to find out how many we are seeing since then. It might be too soon since the government made its announcement, but I can certainly take that on notice.

**Senator BACK:** There would be some predictions already, I would hope, being the end of May.

**Ms Freeman:** Yes, certainly.

**Senator BACK:** It is seven months until Christmas today, Chair, just in case you were wanting to put—

**Ms Freeman:** The package announced that there was an increase in the age limit. People can work for the same employer for up to 12 months. There is \$10 million to Tourism Australia to support a global youth targeted advertising campaign and there is also, importantly, an additional \$10 million to the ATO and the Fair Work Ombudsman to establish an employer register and assist with compliance initiatives, which are important elements as well.

**Senator BACK:** Yes. Secretary, I would like to go on to agricultural policy related to foreign investment. We know that there has been a reduction in the threshold in relation to FIRB scrutiny for agriculture agribusiness. When did that reduction occur?

**Ms Freeman:** The change in policy has been in place now for some time since 2015. We have seen a number of changes made by government but, at the end of the day, it is a matter for the Treasury. They run the foreign investment screening process.

**Senator BACK:** Are you able to tell us, then, or would it be them that could tell us what have been the impacts, if any, of that reduced threshold?

**Ms Freeman:** I would defer that matter to the Treasury.

**Senator BACK:** Do you have access to the register and can you tell me what the figures are in relation to foreign ownership of agricultural land and water for that matter?

**Ms Freeman:** The register is public and was public in September last year. That was the first report.

**Senator BACK:** We have not had one since September 2016.

**Ms Freeman:** Correct, and that is publicly available.

**Senator BACK:** I have those figures. Is the register to cover foreign ownership of water rights yet to be established?

**Ms Freeman:** Yes. My water colleagues may correct me, but I understand the government passed the legislation in December last year to establish the register and that the department has worked with the Treasury and the ATO on that. It commences on 1 July this year with a period of up to 30 November this year to compile a stocktake to use as a baseline.

**Senator BACK:** So, it would be Treasury that would be able to tell me whether or not there has been any adverse impact on foreign investment interests coming into Australia as a result of the reduction in the threshold?

**Ms Freeman:** Yes.

**Senator BACK:** That is not something you would be able to comment on?

**Ms Freeman:** No.

**Senator BACK:** Lastly, probably going back to about 2011 and a committee on which I sat, that was the catalyst for the first lot of data to start to be collected and I recall there were two glaring deficiencies at that time. I want to know whether they have been addressed. The first was a scenario in which nobody was capturing

foreign investment in leased land. The officials at the time did not understand that a lot of our agricultural land was leasehold. Has that now been addressed?

**Mr Quinlivan:** Do you mean in the sense of pastoral leases?

**Senator BACK:** Yes, exactly. I asked them about the foreign investment in pastoral leases and I was just met with blank faces. It was not Agriculture. It was officials in other portfolios. They did not understand that it is in fact the vast majority, as you and I both know.

**Ms Freeman:** The FIRB released the first register in September last year, but the report in there shows that foreign investors basically hold 13.6 per cent of Australian ag land and it acknowledges that the vast majority of that foreign held land is actually leased rather than owned.

**Senator BACK:** Leasehold.

**Ms Freeman:** So, just to be clear on the number, 9.4 million hectares was held as freehold, and 43.4 million hectares was held as leasehold.

**Senator BACK:** In that same space, a question was raised that, if a foreign entity wanted to buy what is an agricultural property but not use it for the purposes of agriculture, for example, they might want to use it for mining or some other purpose, then it initially would not have been captured on the data, because it was not to be used for agricultural purposes. We saw that not large in terms of hectares as the leases would be, but do we know now whether that is also being captured regardless of the reason for which the foreign entity might want to purchase that land; if it is agricultural land at the time they are purchasing it, is that being captured?

**Ms Freeman:** I would probably defer that to Treasury just for the broader element. The department's role is quite clear that we will be asked where there might be portfolio interest in an application, but there is really a range of factors that would be considered by the government and then we would put our lens over that in that context. So, on that I would refer to Treasury.

**Senator BACK:** Chair, I now want to go on, at least at your convenience, to productivity research and development. I am happy to stop there if others have questions.

**CHAIR:** No, let us run for a bit.

**Senator BACK:** I will go on to R&D. In the recent budget, as I recall it, the Australian government contribution matching industry R&D levies will reach \$300 million—the taxpayer contribution, I should say—an investment that will see farmers generating \$12 for each dollar invested by government. Can you tell me where we are with the third round of applications for the R&D for-profit program?

**Ms Freeman:** My colleague, Ms Musgrave, just covered that, but basically the decision—

**Senator BACK:** I am sorry. I was not paying attention.

**Ms Freeman:** That is all right. The decisions have been made for round 3. A number of those projects have already been announced by government, but there is roughly \$36 million in funds with about \$16 to \$17 million of projects already announced and the remainder to be announced in the coming weeks.

**Senator BACK:** Rather than take the time of the committee now, you might just point me to where I can obtain that information if it is in the public area and I can go and source it myself.

**Ms Freeman:** Certainly.

**Senator BACK:** The numbers of applications, total funding, first two rounds and so on.

**Ms Freeman:** Yes. We can do that.

**Senator BACK:** If you can just let me know where that is.

**Ms Freeman:** Certainly.

**Mr Quinlivan:** We did take all of that on notice to provide the detail.

**Senator KIM CARR:** Could I ask a question on R&D: the government's review on the R&D program is known as the three Fs review, undertaken by the Department of Industry. This goes to the question of the concession program that is available. It has been put to me within the meat industry there are—

**Mr Quinlivan:** I am sorry, can you just clarify: are we talking about the review of the R&D tax concessions?

**Senator KIM CARR:** Yes, that is right.

**Mr Quinlivan:** That is not necessarily something we know a lot about.

**Senator KIM CARR:** It has been put to me in regard to the meat industry that a number of producers there are concerned about the recommendations that come through the so-called three Fs review about the intensity measures. Are you familiar with that review?

**Mr Quinlivan:** Only that we obviously know it happened or is happening.

**Senator KIM CARR:** I want to ask whether this department has undertaken any consultation with the industry department as part of any interdepartmental committees as to the effect of the proposed changes to the R&D tax concession arrangements for companies that are engaged in agricultural or food processing?

**Mr Quinlivan:** Not to my knowledge.

**Ms Musgrave:** We do engage with the Department of Industry in relation to the three Fs review and when it came out in discussions. We have to take on notice what, if any, actual modelling has been done of the effect of the different thresholds if they were considered.

**Senator KIM CARR:** I am a strong supporter of the agricultural R&D program. So, do not misunderstand the import of the question. The fact is that there are significant manufacturers in food manufacturing that do not use those programs but actually use the industry department programs or the R&D tax concession that you have a direct relationship with. My question goes to whether or not you have had representations from them. That is the first question. Have you had any representations from food manufacturers? Secondly, have you made any representations to the Department of Industry in terms of the effect of those recommendations, in particular around the intensity measure, and adverse effects that may well occur for those producers?

**Ms Freeman:** The short answer is, no, but I would note that the AMPC, the R&D corporation for the meat processors, which is one of the 15 research and development corporations—some of them may fall into the category to which you refer.

**Senator KIM CARR:** Can you take that on notice?

**Ms Freeman:** Yes.

**Senator KIM CARR:** I have other questions on the meat industry.

**CHAIR:** Let us just see where we are at.

**Senator STERLE:** I have a couple I would like to get out of the way.

**CHAIR:** You will get the call, but you will share it as you choose. That is how it operates here. We pass on who takes the call.

**Senator STERLE:** Chair, if I may. Can I seek Senator Rice, Senator Siewert and Senator Carr's timetable? I am here all day. I can work around if others need to go, but I have a couple of small questions I would not mind asking now if it is possible.

**CHAIR:** Yes, let us do that.

**Senator KIM CARR:** I have some questions on the meat industry.

**Senator STERLE:** I will just ask this one so I can start clearing my list.

**CHAIR:** Where does that fit in there?

**Senator STERLE:** While you are looking—

**CHAIR:** No, I am asking out loud about the meat industry questions.

**Ms Freeman:** Senator Back asked a question that I have the answer for, if that helps.

**Senator BACK:** Yes, please.

**Ms Freeman:** If that is convenient. What industries were covered by the seasonal workers program?

**CHAIR:** Just stand by for a second.

**Senator KIM CARR:** My questions go to issues around trade agreements and the department.

**CHAIR:** Trade and market access?

**Senator KIM CARR:** Yes. It relates to the department's role in the establishment of those protocols.

**CHAIR:** So, it will be under trade and market assess?

**Senator KIM CARR:** That is right.

**CHAIR:** Ms Freeman, are you done?

**Ms Freeman:** No.

**CHAIR:** You have to talk to Senator Back.



**Mr Quinlivan:** Just before we do that, because I think this is a bit of an organising discussion, it looks to me like there is a fair chance that we will be wanting Fisheries Research and Development and Fisheries Management Authority here earlier than 7.30.

**CHAIR:** Yes.

**Mr Quinlivan:** Would you like us to ask them to come down now?

**CHAIR:** Let us do that, yes. Ms Freeman.

**Ms Freeman:** So, the industries covered by the seasonal worker programs are the industries that fall under the pastoral award 2010, which is horticulture, cane, cotton, aquaculture, accommodation in selected locations, the tourism pilot, which is part of Northern Australia only. Then in terms of actual numbers of workers for each sector, the Department of Employment would know that. This department does not.

**Senator BACK:** Thank you for that.

**Senator STERLE:** Chair, I have one that goes back to drought concessional loans. I am sorry to do this to you. I am talking now about the Regional Investment Corporation. It is only one question. We are clear that the concessional loans were for drought. We know why. We know that it was going to go for 10 years from 2016-17. Following on from earlier advice provided about the purpose of the Regional Investment Corporation, it appears that there is a change in program objectives and that the concessional loans will no longer focus on drought? Is that correct?

**Mr D Williamson:** That is correct.

**Senator STERLE:** What will it focus on? If you have answered this already, I apologise, but I do not think you did.

**Mr D Williamson:** We have alluded to it briefly. The intention is to broaden it away from just being about drought and focusing more on farmers wishing to improve or diversify their supply chains, the markets they supply, looking to expand or grow their business in a particular way. So, if you like, improving the resilience of the business. This is all driven by, again, the Agricultural Competitiveness White Paper from a couple of years ago. So, it is an expanded scope. It will not be geographic in the way that the current approach is.

**Senator STERLE:** So, this can go to any farmer who wants a lift, a concessional loan?

**Mr D Williamson:** Eligible farmers. There will be criteria for concessional loans, but it will not be limited to drought affected areas in the way that it is now.

**Senator STERLE:** How much money is left? I am sorry to do this to you.

**Mr D Williamson:** There is an annual appropriation of \$250 million for concessional loans.

**Senator STERLE:** Annually. What is that telling us, that we are coming out of a drought? So, we have that bucket of money there if there is a desire to spend, to improve? Or will those in drought areas lose access to concessional loans they may have been able to gain access to?

**Mr D Williamson:** No, they will not lose money. All of the loans have already been approved. I think we have \$600-odd million worth of approved loans to date. Those loans remain. And farmers in areas, whether they are experiencing drought or not, will be eligible to apply for the new loan scheme.

**Senator STERLE:** So, you talk about improving, diversifying, expanding or growing business and you said something about supply chains. Can you give us some examples of how a farmer can make application through the concessional loan scheme to get some money and do what? Those headings are pretty generic. Can they buy a new tractor?

**Mr D Williamson:** I might ask Ms Kennedy to answer but, just to put a marker down, this is commencing from 1 July next year—not the current program.

**Senator STERLE:** I understand. It is a good time to ask.

**Ms Kennedy:** Although that primary eligibility will be moving away from a geographic basis around drought, there will still be a safety net there to ensure that people who are drought affected will still be able to access it. But in terms of that primary eligibility pathway, that is going to be a focus of the ongoing stakeholder consultation that we are doing. Of course, this will be a matter that would be part of the responsible minister's operating mandate for the RIC board once it is appointed. Also, the board itself will have a role in identifying eligibility criteria. For instance, we believe that people would still be, similar to current schemes, restructuring debt or looking at a loan to increase the profitability of their business, any kind of operating expenses. There will be some exceptions that we want to work with stakeholders on. There has been a list that has existed as exceptions so far, but we want to make sure that those are still appropriate.

**Senator STERLE:** Are you able to provide that list? I am not knocking any assistance to our farming communities, not at all, but it is a very wide open list. So, you have a list already that targets a few examples. Can you provide that to the committee?

**Ms Kennedy:** I am sure we could take on notice some examples. I think the key point here is there is a list of eligible and non-eligible purposes for the current loan schemes. The point that Mr Williamson has already made is that the new expanded RIC program will not come online until 1 July 2018.

**Senator STERLE:** July next year?

**Ms Kennedy:** Yes, so we are still in the consultation phase with that.

**Senator STERLE:** I understand that, but from where I am sitting on this side of the table, with the best intent that may be out there, they are very big, open statements and it could lead to a lot of farmers going, 'You beauty!' and getting people excited who are not in drought affected areas, who may be in other parts of Australia, thinking, 'Great. There's another opportunity to restructure my finances.' I always have this problem with restructuring finances through concessional loans, because all I see is just more debt coming. I am not the only one who thinks that way. Can you give me some examples? Can you provide the list for the committee so we can have a look, noting that it is a work in progress and there should not be anything to hide there? You are working your way through it.

**Ms Kennedy:** There is certainly nothing to hide. It is just that we are purposely keeping it quite broad until we go into the stakeholder consultations. We could take that on notice. By the time those are due we will be in a position to provide you with what we are consulting on.

**Senator STERLE:** I do not like the idea of taking it on notice, but you have and I will live with that. When do you think this list will be ready for the wide open paddocks for everyone to have a look and see what the limitations are, what the expectations could be and what the boundaries are?

**Ms Kennedy:** Within the next few weeks we will be looking to start that detailed stakeholder consultation. Perhaps to provide a little bit more context, similar to the current loan programs but without the drought requirement, eligible farmers will still have to be in need of financial assistance as well as being assessed as being financially viable in the longer term.

**Senator STERLE:** I understand.

**Ms Kennedy:** Yes. There will still be those sorts of limitations around it. You are right in saying that loans for operating expenses could represent additional debt, but there will still be the requirement that at least 50 per cent of the overall debt of that farmer is held by a commercial lender as well.

**Senator STERLE:** Would it be fair of me to assume that you have worked hand in hand or you are working hand in hand with ABARES and the Bureau of Meteorology to look into the future and think, 'Let's hope we don't have an ongoing drought or harder years coming at us'? That has all been done so before we have expended half the initial amount, I think it was \$2.5 billion, and so we do not find out in two years time the drought has extended?

**Ms Kennedy:** One of the reasons that the government has made the decision to establish the RIC as a corporate Commonwealth entity with the board making decisions will be that they will be in a very good position to be monitoring demand on the ground, things like seasonal conditions and so on. As I said, there will still definitely be an eligibility pathway associated with drought effects, and it will be for the board to manage demand within a year and provide advice to government.

**Senator STERLE:** So, in about two weeks time we are hoping this document will be released for stakeholder involvement, and you have taken on notice that the committee has requested that we can see what that is too?

**Ms Kennedy:** Yes.

**Senator STERLE:** Thank you.

**CHAIR:** Senator Rice.

**Senator RICE:** My questions are on forests.

**Mr Quinlivan:** Before we go to forests, I think we have a couple of questions that we took earlier on this general area that we can answer.

**CHAIR:** Just before we do that, just to see where we are—farm support?

**Senator STERLE:** I just want to ask about sugar and then forestry.

**CHAIR:** So, farm support?

**Senator STERLE:** Yes.

**CHAIR:** Let us now go to Sustainable Agriculture, Fisheries and Forestry. Are there questions on that?

**Senator STERLE:** We have questions on forestry.

**CHAIR:** You lead off, Senator Rice, on Sustainable Agriculture, Fisheries and Forestry.

**Mr Quinlivan:** Chair, so that we can let these people go, can we just answer a question we took earlier?

**CHAIR:** Yes, of course.

**Mr Hutchison:** In response to the question before the lunchbreak from Senator Rice around the value of funds committed from the 2015-16 allocation, the figure was \$197.8 million across those three loan schemes that I mentioned before—the drought concessional loans, the drought recovery loans and the dairy recovery loans.

**Senator RICE:** So, a substantial chunk of the \$250 million?

**Mr Hutchison:** Yes, \$197 million out of the \$250 million; that is correct.

**Senator BACK:** Before we go on to forestry, Australian Market Access officials will continue to be here?

**Mr Quinlivan:** Yes, they will be here. I know that Senator Carr has questions.

**CHAIR:** So, just letting those dealing with farm supports know. Mr Quinlivan, where would Landcare fit in?

**Mr Quinlivan:** Under Sustainable Agriculture, Fisheries and Forestry. Our Landcare policy people will be here.

**CHAIR:** Let us notify Senator Siewert right now.

**Mr Quinlivan:** While we are getting organised, I took a question from Senator McCarthy that I promised to follow up. Senator McCarthy, I took this question from you earlier, which we now have an answer to.

**Senator McCARTHY:** Which one was that?

**Mr Quinlivan:** We have a list of 590 potential labour hire firms. You would recall that we have about 220 contract staff on the books at present.

**Senator McCARTHY:** Yes.

**Mr Quinlivan:** Of that number, 26 of those firms identify as Indigenous or having Indigenous principles. Then in the area of procurements from firms with Indigenous principles—I hope Hansard can get all of this.

**Senator McCARTHY:** Chair, I am trying to hear Mr Quinlivan. I cannot seem to hear him; there are a lot of conversations going on. I am sorry, Mr Quinlivan.

**Mr Quinlivan:** I will just go over that last bit again. We have 590 labour hire firms that are eligible for the provision of labour services, and of those 26 of those firms identify as Indigenous.

**Senator McCARTHY:** You mentioned Indigenous principles.

**Mr Quinlivan:** Yes.

**Senator McCARTHY:** What did you mean by that?

**Mr Quinlivan:** I was just getting to that. More generally in the area of procurements you probably are aware that Commonwealth agencies have targets for procurement from firms with Indigenous principles. Last year our target was five, which was our share of the whole-of-government target. We entered into 54 contracts. We were well ahead of the target, and in fact I know that was true for the Commonwealth as a whole. I think pretty much all agencies had contract numbers that were multiples of their target. This year our share of the whole-of-government target was 31, and we have entered into 58 contracts so far. Again, I am sure that is in line with the numbers for the whole of government.

**Senator McCARTHY:** Could I get the names of the 26?

**Mr Quinlivan:** We will take that on notice.

**Senator McCARTHY:** Also, of the 54?

**Mr Quinlivan:** I think they will be on our website, but we will give you all of the details you need.

**Senator McCARTHY:** And the 58?

**Mr Quinlivan:** Yes. We will give you everything we can in that area.

**Senator McCARTHY:** Thank you very much.

**CHAIR:** We are going to try and do 10-minute lots now across the groups to see if we can manage ourselves a bit better. Senator McCarthy.

**Senator McCARTHY:** I would like to have a look at the Forest Industry Advisory Council. When was the last time that the council met?

**Ms Lauder:** I think the FIAC last met in December last year, but there is a meeting coming up within the next month.

**Senator McCARTHY:** When does it meet normally? Is it every six months?

**Ms Lauder:** It must meet at least twice a year.

**Senator McCARTHY:** It must or does?

**Ms Lauder:** Yes, it must according to the RFA Act, but it can meet more regularly based on a needs basis.

**Senator McCARTHY:** What issues were raised? Was the issue of imminent wood supply shortfalls for Australian sustainable hardwoods at Hayfield or Carter Holt Harvey at Morwell raised?

**Ms Lauder:** No. Now that you have flagged that—it must have been a bit earlier than December, because the things that concerned them at the time were how they would implement the recommendations from the FIAC report that was provided to government. At that stage also the East Gippsland Regional Forest Agreement was about to cease. There were concerns about whether that would be extended in time before it ran out. Those were the key focuses at the time.

**Senator McCARTHY:** So, you now think it was before December that they met?

**Ms Lauder:** Yes. I have to take on notice the exact date.

**Senator McCARTHY:** If you could. Where is the government up to in regard to considering the recommendations of the report?

**Ms Lauder:** The government has been working with the FIAC committee, as has industry, on how we will implement the FIAC report and what recommendations will be a priority. FIAC has agreed to go away and come up with some suggested actions, the sorts of things that from their wide consultation have come out as being what industry believes needs to be done. The Australian government has been meeting with the state governments to look at what government across the states and Commonwealth can and should do. At this stage, it is at officials meeting level developing up the implementation plan.

**Senator Ruston:** As an ongoing process that started from the initial draft recommendations that came through the FIAC report, a number of the recommendations that related to government are already underway and also a number of the recommendations for industry and state governments have been taken up by those respective bodies. Probably immediately following the next FIAC meeting it would be quite conceivable that we could give you an update on delivery against those outcomes, which has actually been quite substantial.

**Senator McCARTHY:** Do you have those recommendations that are underway by government?

**Senator Ruston:** I can certainly provide them to you. If I had the report here I could probably give them to you. There were a number of recommendations that came out of it. Obviously, the renewal of the RFAs was considered as one of them. With bushfire management, we are in the process of undertaking trials for fuel load reduction not using fire. Expanding the forest estate. We are talking with the states particularly in relation to the expansion of plantation timbers, and you will note that only a few weeks ago the Victorian government announced \$110 million towards increasing their forest estate.

**Senator McCARTHY:** Are there any in the Northern Territory?

**Senator Ruston:** Not specifically. I do not think there were any that were specifically state based. It is just in the instance of—

**Senator McCARTHY:** You just wanted to point out Victoria?

**Senator Ruston:** Yes, just as an example, particularly also because of the states that obviously have regional forestry agreement. The Northern Territory is not one of those. Most of the broader ones relate to all states and territories that have a forestry sector.

**Ms Lauder:** As far as Minister Ruston was talking about with Victoria, that was extending the plantation in Victoria, \$110 million. New South Wales and the Western Australian government have also committed funds for extending plantations in their states. We have not received anything from the Northern Territory at this stage.

**Senator Ruston:** And another election commitment that came out as part of the last budget was funding towards the establishment of a national innovation institute for forestry products. One is being located in Tasmania and the other in the southeast of South Australia. We are also talking with the Queensland government in relation to their innovation projects that they are doing at one of their universities as well.

**Senator McCARTHY:** So, those are some of the recommendations that have already been implemented by the government?

**Senator Ruston:** Yes. There are many more. I am happy to take it on notice and give you a proper response to that.

**Senator McCARTHY:** But you are still considering other recommendations?

**Senator Ruston:** Absolutely. At the moment, there is a draft methodology being considered in relation to the ERF and the ability to get access to the ERF for forestry. There are a number of things that are ongoing, but I just wanted to draw to your attention to the fact that, despite the fact that there has not been any formalised response as yet that, many things are actually already on foot.

**Senator McCARTHY:** Is that document a public document?

**Senator Ruston:** It is the best document ever written in the world.

**Senator STERLE:** Who wrote that?

**Senator Ruston:** That would be something that I was involved in.

**Senator McCARTHY:** Could I just have a look at those recommendations a bit closer:

Recommendation 11: That the Australian Government immediately produces methods that enable the inclusion of commercial forest and harvested wood products in the Emissions Reduction Fund auction process.

**Senator Ruston:** That is what I was just talking about.

**Senator McCARTHY:** Yes. So that is recommendation 11?

**Senator Ruston:** Yes.

**Senator McCARTHY:** Recommendation 15. I just want to get the numbers; that is all.

**Senator Ruston:** That is something that is obviously in the domain of industry, is it not? Industry itself is very keen on certification for fairly obvious reasons. Third-party endorsement about sustainability of the harvested products is essential. At the moment, we operate under largely two different certification streams—the forestry standards, which is the international certification, and the Australian forestry standard, which is the Australian standard. Pretty much all of them are certified either by one or the other. Many of them are actually certified under both of them.

**CHAIR:** Senator McCarthy, I am so sorry. We have introduced some new rules to trial for the moment, sadly, and we are going to go in 10-minute segments. Senator Rice.

**Senator McCARTHY:** I will come back.

**Senator RICE:** Welcome. It is nice to be back talking about forests and forestry. I will start with just an update as to how the renewal of the regional forest agreements is going.

**Ms Lauder:** I will start with Tasmania. The Tasmanian RFA has already been reviewed, as I think we mentioned last time, and we are in the process of extending. The current Tasmanian RFA ceases in November 2017. That is why this one is progressing ahead of the others. We are in the final months of that process.

**Senator RICE:** When do you expect to be making an announcement of the results of the review and the evaluation and have a new RFA being signed off?

**Ms Lauder:** The results of the review and the joint government response are already public. That is already on the website. As far as the extension goes, we are obviously planning for it to be extended before November. We are hoping for it to be done in about August, but it really depends on the process. Tasmania needs to take it through their cabinet and first ministers. The Premier of Tasmania and the Prime Minister are the decision makers. I cannot give you an exact date.

**Senator RICE:** I presume you are currently in negotiations with the Tasmanian government?

**Ms Lauder:** Yes.

**Senator RICE:** Are there issues that still need to be resolved?

**Ms Lauder:** We are in the very final stages. It is just minor tweaking of words and things like that to agree.

**Senator RICE:** I asked a question on notice about the proposed expansion of the Tasmanian government's 370,000 hectares of forest.

**Ms Lauder:** Yes, you did.

**Senator RICE:** How has that been taken into account with the rollover of the RFA?

**Ms Lauder:** It is already noted in the RFA. As you know, the RFA agreement is a framework document and Tasmania run the day-to-day management of the wood supply and conservation reserves, et cetera, underneath that. So it is already covered under the regional forest agreement.

**Senator RICE:** So basically, it is not making any difference?

**Ms Lauder:** No, it is not.

**Senator RICE:** I also asked a question and got a very, let us say, succinct answer about how the changing understanding of the impacts of climate change and the role of forests in mitigating climate change is being taken into account with the new Tasmanian RFA. Can you expand on that for me?

**Ms Lauder:** I can. I think we mentioned last time that the Regional Forest Agreements Act is based on the National Forest Policy Statement, which talks about carbon. But from the consultation we did on the extension for Tasmania, it was raised a number of times that people did not think that climate and carbon were considered as part of the RFA. So, we are looking at trying to include a clause in the RFA extension. It has not been agreed yet and will not be agreed until it goes through to first ministers, but that is something that we are looking at.

**Senator RICE:** What sorts of options are you considering?

**Ms Lauder:** I really cannot give you the detail yet.

**Senator RICE:** You must have some options if you are looking at it at the moment? I am not asking you to say what you were making a recommendation about. What were the options being looked at?

**Ms Lauder:** It is not so much options. We are putting forward an option. We are looking at what is already being done as far as carbon and climate change was already being managed. It just was not articulated in the regional forest agreement. So, looking at articulating that so that it is very clear to members of the public that that is part of the management of forest.

**Senator RICE:** So, continue.

**Ms Lauder:** We have done Tasmania.

**Senator RICE:** We have done Tasmania.

**Ms Lauder:** We have been working with the Victorian government on the review of the five RFAs, and so the document that goes out for public consultation, which is looking at the implementation and operation of the RFA over the last five years, has been put together and is in the final stage of being completed. Then we are looking at doing consultation from July on that.

**Senator RICE:** What form of consultation? How long? Is it just going to be asking for submissions on that document?

**Ms Lauder:** We have not agreed with Victoria yet. We are still in discussion, but the discussions at this stage are looking at putting the document out and calling for submissions for the review, which is looking backwards, and then doing consultation on the extension, which would be more face to face.

**Senator RICE:** How long do you expect to have that document out for consultation?

**Ms Lauder:** Between six and eight weeks.

**Senator RICE:** Is it interacting with the Victorian government's taskforce process?

**Ms Lauder:** Not really. You might have noticed that the Victorian government put out a media release saying that the taskforce now will be an advisory group to the Victorian government. So, the Victorian government, possibly, will be using it to seek advice on not so much the review but the extension of the RFAs. We are focusing more on the review until it is open for public consultation so that we can then really focus on the extension. As you know, the review and the consultation from that will be an important input into the extension process.

**Senator RICE:** So, there is no expectation that there will be a report from the taskforce process before you go into that consultation process?

**Senator Ruston:** We are not in control of the taskforce in any way.

**Senator RICE:** I understand that, but clearly it is an issue in terms of your negotiations with the Victorian government, because the two processes interact.

**Senator Ruston:** Yes, certainly, but it is a process that has to come via the Victorian government. Whilst we would obviously welcome any information that came via any process to factor into consideration, it is not something that we have any control over so we really are just going to have to wait and see whether it comes our way or not.

**Senator RICE:** What about the remaining states?

**Ms Lauder:** Western Australia has been out for consultation on the review and the independent reviewer has—

**Senator RICE:** So, is that review the combined second and third assessment?

**Ms Lauder:** I think it is just the third for Western Australia. I think New South Wales is the combined second and third, yes. Western Australia is just—

**Senator RICE:** So, with Western Australia we did have a second review independently?

**Ms Lauder:** Yes.

**Senator RICE:** By itself. That is a bit remarkable, compared with New South Wales, Victoria and Tasmania, I think, as well, was it not? I am sorry. I distracted you.

**Ms Lauder:** That is all right. The independent reviewer has developed his report. The Western Australian government and the Commonwealth will work together on a joint government response to that. We are starting discussions on the extension of the Western Australian RFA.

**Senator RICE:** When is the joint government response expected to be released?

**Ms Lauder:** We have not even started talking about it. The independent reviewer's report has just been received. But I would expect—

**Senator RICE:** That could be ages. It could be 18 months.

**Ms Lauder:** I am hoping that it will be within three months but, as you say, we have not even agreed with the Western Australian government yet on the timeframe for that and the process.

**Senator RICE:** So, it would be after that response is out that you would begin the process for the extension?

**Ms Lauder:** Formally, yes. We will start the conversations about the extension earlier than that, partly because we have seen from the Tasmanian experience that it takes a long time, because you are going through the words and so on. Yes, we will start discussions early. There are three RFAs in New South Wales. They are at a similar stage to Victoria in that we are working up the implementation documentation over the last period that will be used for public consultation.

**Senator RICE:** Tell me where we are at with the implementation documentation. So, there is the second and third combined review?

**Ms Lauder:** Yes, for the three RFAs.

**Senator RICE:** For the three RFAs?

**Ms Lauder:** Yes.

**Senator RICE:** What stage is that process up to at the moment?

**Ms Lauder:** We are probably not in the finalisation of the implementation report but we are close. It is possibly a little bit behind where we are with Victoria. We are looking at—

**Senator RICE:** Is that considering all three of the New South Wales RFAs together?

**Ms Lauder:** Yes, it is. There will be public consultation. That document will be made public and we will be seeking submissions.

**Senator RICE:** When is that expected to occur?

**Ms Lauder:** I would say late July/August possibly for it to start.

**Senator RICE:** So, then what?

**Ms Lauder:** Then, once the consultation has been completed, the independent reviewer will take all of that into consideration as well as all of other information to put together an independent review. That will then come to Assistant Minister Ruston and the minister in New South Wales. We will then work with them to have a joint government response to that and move on to then looking at extending the New South Wales RFAs.

**Senator RICE:** Will that combine all three RFAs?

**Ms Lauder:** Yes.

**Senator RICE:** Will it be still three RFAs? In fact, for Victoria will it be a number or will they all be wrapped up as one?

**Ms Lauder:** That is an excellent question. We are looking at wrapping up the processes into one. Victoria has expressed interest in forming one RFA and we are currently getting legal advice on the possibility of that.

**Senator RICE:** Thank you.

**CHAIR:** Senator Back.

**Senator BACK:** I would like to stay with the RFAs if I can. I understand when they were originally signed between 1997 and 2001 about 3.5 million hectares of native forest that was previously available for timber was transferred into the conservation reserves, increasing the reserve by about 44 per cent.

**Ms Lauder:** Yes, that's right.

**Senator BACK:** Can you tell me if not now then on notice how much land through to 2016 in each state has now been formally included into the conservation reserves?

**Ms Lauder:** I can say what was negotiated as part of the regional forest agreements. Additions since then—so up to 2016—are reported as part of these RFA reviews that I was talking about. We probably do not have the latest exact information on that, but I can give you the breakdown of that 3.3 million hectares per state.

**Senator BACK:** Yes.

**Ms Lauder:** Is that useful?

**Senator BACK:** Yes, it would be.

**Ms Lauder:** For New South Wales, 1.334 hectares was added to the conservation reserve of the state.

**Senator BACK:** That would be a million.

**Ms Lauder:** I am sorry, yes.

**Senator BACK:** I understood you.

**Ms Lauder:** It is a lot.

**Senator RICE:** Sixty-two per cent, to be precise.

**Ms Lauder:** Yes. It increased their conservation reserves by 62 per cent.

**Senator BACK:** Yes.

**Ms Lauder:** In Victoria nearly a million hectares—965,000 hectares—was added, and that increased their reserves in forest by 52 per cent.

**Senator BACK:** Conservation reserves, yes.

**Ms Lauder:** Yes. In Tasmania, 684,000 hectares was added.

**Senator BACK:** Yes.

**Ms Lauder:** In Western Australia, there were 338,000 hectares.

**Senator BACK:** Obviously, we know the value of the RFAs in terms of jobs and regional economic development and growth, but if they are not extended can you summarise where the costs would be not in dollar terms but the actual impact of failing to extend the RFAs?

**Ms Lauder:** Yes.

**Mr Thompson:** I can give some answers and then Ms Lauder will give some more. The impact would be felt in two ways. One, there would be significant delays in assessment processes. We would have to go back to the old coup by coup assessment of timber production for export. But the RFAs also cover effectively all of the native forest logging in Australia, which is quite significant.

The other thing about forestry is that ABARES put out some reports today about the value of the logs at \$2.3 billion, but there is a whole processing industry in Australia producing decking, palings, paper and the like which adds up to a much more significant number, around \$9 billion. That industry is totally dependent on there being an Australian timber industry. When we think about the forest industry, we think about a \$9 billion industry, not a \$2 billion industry.

**Senator BACK:** That gives me the answer I wanted. The chair is very harsh on us with time.

**Senator Ruston:** Senator Back, the other question that you asked, which I do not think we answered, was in relation to how much more forest area has actually gone into reserve—

**Senator BACK:** Since then.

**Senator Ruston:** —since the RFAs were signed.

**Senator BACK:** Yes.



**Senator Ruston:** A significant amount has gone in. I do not have the figures in front of me and I do not know whether Ms Lauder does, but we will certainly provide you on notice the additional addition to the reserves post the actual signing of the RFAs.

**Senator BACK:** So, the figures you gave me were at the time of signing?

**Ms Lauder:** Yes, that is right.

**Senator BACK:** I understand that and I look forward to the additional. Animal species that have become extinct due to forestry operations?

**Ms Lauder:** Would you like to answer that one?

**Senator Ruston:** As we heard in the Environment Portfolio this week and at the last estimates, no species in Australia has become extinct due to forestry operations.

**Senator BACK:** Thank you. There are some in the Senate who are vitally interested in the Leadbeater's possum. For the conservation reserve and in the areas for forest timber production tell me a little bit about the colonies. Where are they based? How many have been found? What would be the impact on the Leadbeater's possum if we continued with the RFA process?

**Ms Lauder:** There have been 617 colonies of the Leadbeater's possum found since 1998.

**Senator BACK:** Yes, 617.

**Ms Lauder:** Yes. Between 1998 and 2014, about 153. That is hard to confirm, because there were potentially duplicates in there. But from 2014 to now, in the national parks 84 colonies have been found.

**Senator BACK:** In the national parks, yes.

**Ms Lauder:** In the state forest, which is where the harvesting occurs in part, 380 colonies.

**Senator BACK:** How many?

**Ms Lauder:** 380.

**Senator BACK:** Are they part of the 617?

**Ms Lauder:** Yes, they are. They are part of the 617. These are just those that have been found to date. There is an expectation that there are more out there.

**Senator Ruston:** To put some context around what Ms Lauder has just said, it was brought to the federal government's attention that there was a belief that the Leadbeater's possum was at extremely low levels. As a response to that, the Victorian government put in place some measures, as would be required of them. What we subsequently found was that when we actually started looking for these particular animals there were a lot more of them there than we had anticipated. In fact, through the process of a citizen science program that was run in Victoria where they were calling on the public through a phone app to go out and see if they could find these possums, it appeared that everywhere they went to look for one of these possums they actually found one. It was a very positive response to the identification of potentially a problem to actually realise that there was not the problem that there was, and we are really gratified to say that the extremely high level of identification of these particular creatures in the forests of Victoria, both the reserve and those that are available for forestry, has been a really good news story for this animal.

**Senator BACK:** So, accurate collection of data helps us towards better measurement and better management?

**Senator Ruston:** Correct.

**Ms Lauder:** That is correct.

**Senator BACK:** Thank you.

**CHAIR:** Senator Carr.

**Senator KIM CARR:** So, you have conveyed this data to the Victorian government?

**Senator Ruston:** No. The Victorian government is likely the one that has collected this data.

**Senator KIM CARR:** So, there is an agreement that this is correct, then?

**Senator Ruston:** There is an agreement that this data is correct, but we also understand that the Victorian government has undertaken further research, and that information is currently with the minister in support of all of the activities the Victorian government has put in place that has resulted in this really positive outcome. Just as an example, there were a number of provisions, say, where the Victorian government put nesting boxes into the area where these animals were and we saw an in excess of 50 per cent increase with them using these boxes. We put artificial tree hollows in there. Once again, more than 50 per cent of these tree hollows we now can confirm have

got these animals living in them. A number of things have been put in place. It is a pretty good news story for the Victorian government's actions.

**Senator KIM CARR:** Thank you. I have some questions on an entirely different matter.

**CHAIR:** We are trying to deal with Sustainable Agriculture, Fisheries and Forestry and we will come around to the other things.

**Senator STERLE:** I have some sugar questions.

**CHAIR:** Do we have anything more on Agriculture, Fisheries and Forestry? Anyone else?

**Senator STERLE:** I do not have any more for that.

**Senator McCARTHY:** I have a question on forestries.

**CHAIR:** All right. We will go to you, Senator McCarthy.

**Senator McCARTHY:** I am just going through your recommendations.

**Senator Ruston:** I am going to send you this book.

**Senator McCARTHY:** I look forward to it. I want to take you to recommendation 19, that 'Australian government convenes a meeting of state and territory ministers responsible for forestry to discuss issues raised in this paper.'

**Senator Ruston:** That has already occurred. That occurred in March. We have another one pending before September, but the date is yet to be set.

**Senator McCARTHY:** Could you just repeat that.

**Senator Ruston:** We held the first of these meetings in Sydney in March this year and it was agreed at that meeting in March that it was a very important issue and that we would continue to have an agenda in terms of the sharing of responsibilities for the broader delivery of this plan.

**Ms Lauder:** We have had two to date. We had the first one in December last year, and then the second one was at the end of March. As the minister said, we have another one coming up, but the ministers across the states have agreed to three within 2017.

**Senator McCARTHY:** In terms of the Forest Industry Advisory Council, the government has changed the membership base to different areas of expertise from what the Forest and Wood Product Council used to resemble, which was representative in the different sectors. Have the changes influenced your ability to ensure the functions of the council meet the objectives of the legislation?

**Senator Ruston:** Ms Lauder may not have actually been around back in the days prior to the current format of FIAC, but I can give you some advice in relation to my time since the FIAC has been reporting to me. When I was first appointed to this position, the assistant minister was the co-chair of FIAC along with an assistant, Mr de Fegely. When I took on the role, I sought to remove myself as the chair, because I wanted this to be a report to me, not by me. There has been a change in my time, but I would perhaps allow somebody who has a little bit more corporate history than I have to give you some information about what was the precursor to FIAC.

**Ms Lauder:** I can give you a little bit and if you need more we might need to take it on notice. You are right; the earlier committee was a representative committee whereas it is now a skills and experience based committee. My understanding is that with representatives of different sectors and companies it became difficult for some of the discussions, whereas with the skills and experience based you have the right skills in the room to discuss a whole range of different issues without being limited by who is representing who.

**Senator Ruston:** It is probably worth adding to that, too, that the representative bodies, such as the Forest Products Association and the FWP, the Forest Wood Products Association, are observer members. They all come to the meetings and they participate. We have never had a need to vote. There has been no purpose—

**Senator McCARTHY:** Are there any unions on the council, either as a member or as an observer?

**Senator Ruston:** No, I do not think so.

**Senator McCARTHY:** Is there any particular reason you do not need their skills or expertise?

**Senator Ruston:** It was not appointed by me, but I am certainly happy to find out.

**Ms Lauder:** It was not appointed in my time. We can come back to you on that. I know there is an observer from the skills and training side of things but not union.

**Senator McCARTHY:** So, you will come back to me?

**Ms Lauder:** Yes.

**Senator McCARTHY:** Would you also take on notice just in terms of what that process is to be on there as a member or as an observer?

**Ms Lauder:** Yes, absolutely.

**Senator McCARTHY:** You are aware that workers were locked out by their employer at Australia's largest plywood mill in Victoria, northeast Victoria, on 18 April in response to protected industrial action, and they have been locked out ever since?

**Ms Lauder:** We saw it in the media, yes. I think that was related to the negotiation of their enterprise agreement and pay, conditions, et cetera.

**Senator McCARTHY:** What has been happening down there since then, if they are still being locked out?

**Mr Quinlivan:** I do not think that is relevant to the Commonwealth forestry.

**Ms Lauder:** We do not have a role in that.

**Senator McCARTHY:** But does it impact in any way?

**Ms Lauder:** We know as much as you do from reading media articles.

**Senator McCARTHY:** Does it impact in any way any of the processes that you have been just speaking to me about?

**Ms Lauder:** No.

**Senator McCARTHY:** As you are aware, the Forest Stewardship Council National Standard, whose development was partly funded by the Australian government with \$500,000 in the 2013-14 budget, has been submitted to FSC International in Bonne without a consensus motion for principle 2 of the standard, which is about workers' rights, putting the whole standard development process at risk.

**Ms Lauder:** We will need to take that one on notice. I am sorry.

**Senator McCARTHY:** Thank you.

**CHAIR:** Senator Back.

**Senator BACK:** As I say, I am off forests.

**CHAIR:** You are finished with forests?

**Senator BACK:** Yes.

**Senator SIEWERT:** I have agriculture.

**CHAIR:** You have agriculture.

**Senator RICE:** I have more forest.

**CHAIR:** You have more forest; then it comes to you. Then we will go around again for 30 minutes and back to you again.

**Senator RICE:** I was expecting that Senator Siewert would—

**Senator SIEWERT:** Chair, it is really hard to manage committees.

**CHAIR:** You want to sit here, Senator Siewert? Those are the rules here and that is how it is. We have tried it the other way and that has not worked. Senator Rice, you have the call.

**Senator RICE:** Is it the case that the National Forest Policy, as established in 1992, is still the fundamental forest policy document?

**Mr Quinlivan:** It is still the current policy, yes.

**Ms Lauder:** Yes.

**Senator RICE:** So, the goals and objectives of the National Forest Policy are still the goals and objectives that you are working towards?

**Ms Lauder:** Yes.

**Senator RICE:** And the sort of overall forest management. There is an objective as part of the National Forest Policy which is aiming for the protection of the full range of forest ecosystems and other environmental values, which is fundamental to ecologically sustainable forest management; it entails the maintenance of ecological processes that sustain forest ecosystems, the conservation of the biological diversity associated with the forests, particularly endangered and vulnerable species and communities. Do you still agree that that is one of the objectives that you are working towards?

**Ms Lauder:** Yes.

**Senator RICE:** Would you agree that that objective should mean that the populations of all forest dwelling species should at least be stable or ideally increasing?

**Ms Lauder:** I do not think it is as simple as that. For example, if we take the Leadbeater's possum, if we stopped all forestry in the Central Highlands today they would still be declining for the next 50 years, I am told, according to the Department of Environment, because of the impact of the fires over the last 10 to 20 years.

**Senator RICE:** And the impact of logging operations.

**Ms Lauder:** It is predominantly the loss of the hollows for nesting.

**Senator RICE:** It is both.

**Senator Ruston:** Senator Rice.

**Senator RICE:** I want to move on to the Leadbeater's possum as an example in the future.

**Ms Lauder:** I do not think it is as simple as saying, yes, they should be stable or increasing. There is a range of things that impact on that.

**Senator RICE:** If you have populations in decline how can—

**CHAIR:** Just one second. The Leadbeater's possums were given a very serious workover here. Again, as is the standard, if you have answered questions comprehensively that are asked again you just need to refer the senator back to *Hansard*. Senator Rice.

**Senator RICE:** If you have populations in decline, how is that consistent with the conservation of biological diversity associated with forests?

**Senator Ruston:** You are making a quantum leap here that the reason for the decline is the actions of forestry, which I am not necessarily sure you can.

**Senator RICE:** I am absolutely certain that I can.

**Senator Ruston:** I am not necessarily sure I agree.

**Senator RICE:** There is no point having a debate across the table here.

**Senator Ruston:** Yes.

**Senator RICE:** So, you feel that the decline in populations of animals like the Leadbeater's possum, like swift parrots, which have been listed as critically endangered, tiger quolls, giant freshwater crayfish, greater gliders, are consistent with the objective outlined in the National Forest Policy?

**Ms Lauder:** I am not saying that, either. I am just saying a range of things impact on declining threatened species. The relevant state governments, with the Commonwealth, are doing what they can to help turn that around, but it is not a quick or easy process. I will not say, consistent with our policy, that threatened species are declining. I am saying that we are doing what is possible to ensure that they do not.

**Senator RICE:** What do you mean 'doing what is possible to ensure that they do not' decline? What needs to happen?

**Ms Lauder:** You would be aware that the environment department, under the EPBC Act, has recovery plans for a large range of threatened species. Under those are actions that we assume with the current knowledge we have could help reduce the risk of their further declining. Together with the states' actions plans and recovery plans, or whatever they are called, they do all of that analysis. They are from the environment departments of the Commonwealth and the relevant states. That is what identifies what actions need to be taken.

**Senator RICE:** What if you do not have a recovery plan in place, such as with the enormous delay on the Leadbeater's possum recovery plan currently?

**Ms Lauder:** My understanding is the existing recovery plan stays in place until the revised one comes into action.

**Senator RICE:** But presumably, given the time since the last one, and with the Leadbeater's possum being uplisted to critically endangered, there will be a range of new measures that one expects to see in the Leadbeater's possum recovery plan?

**Senator Ruston:** I will let Ms Lauder fill in the details, but a range of measures has been put in place by the Victorian government—and I just had a discussion with Senator Carr while you were out of the room—which have actually provided us with some very positive data in terms of the number of sightings. I complimented the citizen science project in place where people have been going out with their app and they have been looking for these particular creatures and have found a lot of them. It is very positive that, since they have been identified as potentially being in a serious state of decline in numbers, we have actually found so many more.

**Senator RICE:** We have certainly had more people out looking for them, which has resulted in the sightings.

**Senator Ruston:** Yes, and they have found them.

**Senator RICE:** I would like to move on, because I know I am going to be cut off in five minutes time.

**Senator Ruston:** You do not seem to like me answering. I am actually complimenting the actions that have been taken around this. I think it is a fantastic news story that we have found so many more, but you seem to cut me off every time I want to tell you the good news story. Please continue.

**Senator RICE:** The Leadbeater's conservation advice when the Leadbeater's possum was uplisted to critically endangered identified the threats, which were loss through fire, as you have identified, and loss through harvesting and lack of habitat quality in regrowth forests, loss of hollow bearing trees, habitat fragmentation, altered habitat structure and loss of habitat quality. In the recovery plan for the Leadbeater's possum you would need to be addressing all of those threats, would you not?

**Ms Lauder:** I would assume so, but you do know that it is not this department, is the environment department that is responsible for the—

**Senator RICE:** Yes, but in terms of the National Forest Policy that is reflected in the regional forest agreements, you need to be addressing all of those threats.

**Ms Lauder:** That is my assumption.

**Senator RICE:** Yes. That conservation advice noted a continuing decline in populations of observed, inferred and projected, and the key reasons that was going to occur included a decline in area and extent of habitat through loss to harvesting. Do you accept that that is an accurate statement, that there is ongoing decline in the area and extent of habitat through loss to harvesting?

**Ms Lauder:** Is that from the existing—

**Senator RICE:** That is from the conservation advice from 2015, when the Leadbeater's possum was uplisted to be critically endangered. It identified that as one of the reasons as to why there is continuing decline in population.

**Ms Lauder:** With respect to the new data that Minister Ruston was talking about that Victoria has collected, we have not seen that yet but they will be releasing that publicly. They have also done a review of all of the prescriptions that are in place for the Leadbeater's possum. So, things like where a colony is identified there is a 12.6 hectare buffer put around that tree, and so there is no harvesting within that space, the nesting boxes and the actual hollows that the minister was talking about. They have done a review of all of those, what is working, what is not and what needs to be changed. Again, that will come out around the same time as the data. We are hearing that it will be next month.

**Senator RICE:** I am sorry I was not in the room—I had to go off to another committee—when Senator Back was asking questions about it. You also referred to the introduction of retention harvesting rather than clear felling as being one of the measures that has been put in place?

**Ms Lauder:** That is right, yes.

**Senator RICE:** In fact, Minister Ruston talked about that in the Environment committee the other day as it being one key element of changing practice. So, you agree that that is one of the key elements in changing practice, retention harvesting rather than clear felling?

**Ms Lauder:** Yes. My understanding is, as part of that, the Victorian government is looking at the risk of fire and how that form of harvesting can help reduce the risk potentially down to 50 per cent of what it is now.

**Senator RICE:** Yes. In 2014, the Leadbeater's Possum Action Group stated that from July 2014 at least 50 per cent of the area of ash harvested would be under retention harvesting with the target moved towards 100 per cent if the system proves to be operationally achievable. Could you reflect on whether the current forestry actions are consistent with that?

**Ms Lauder:** My understanding is the Victorian government is still at the 50 per cent and is now reviewing it. I have not heard—

**Senator Ruston:** Is it down to 20 per cent in the ash, though?

**Ms Lauder:** It could be.

**Senator Ruston:** I think you might find that it is down to 20 per cent, Senator Rice, but I will check that.

**Senator RICE:** I am sorry, 20 per cent?

**Senator Ruston:** So, 20 per cent and not 50 per cent.

**CHAIR:** Does anyone else have any other questions in Agriculture, Fisheries and Forestry?

**Senator Ruston:** I will check that number and get back to you.

**Senator KIM CARR:** What is the percentage of Australian made paper that the department is using? I was told in February, in the last answer I got from the Department of Finance, that the agriculture department was using 33 per cent Australian paper of the total usage. What is the current figure?

**Mr Quinlivan:** The people who had that information are long gone, but from memory the number is a few percentage points higher.

**Senator KIM CARR:** So, you will have to take that on notice?

**Mr Quinlivan:** We will have to take that on notice, yes. I know it has gone up a lot but not a huge amount.

**Ms Lauder:** I have that figure here. It is 44 per cent so far this financial year.

**Senator KIM CARR:** I am sorry?

**Ms Lauder:** It is up to 44 per cent so far this financial year, and that was to the end of March. There will be more accurate information.

**Senator Ruston:** Senator Carr, just for the record, can I say that in my ministerial office and in my electorate office I have always used, and continue to only use, Australian paper.

**Senator KIM CARR:** You should make sure your tables reflect that. Thank you very much.

**Mr Quinlivan:** I think the farm support people can leave. I think we have finished with that group.

**CHAIR:** Yes, we have done the farm support.

**Mr Quinlivan:** I know you see an array of passing faces here, but for Greg Williamson, one of the Williamson brothers, this is his last estimates. He has been coming here for longer than some people in the room have been born. This is his last appearance before he retires.

**CHAIR:** Congratulations on your time. Well done.

**Mr Quinlivan:** I was asked just before the break about questions on Landcare.

**CHAIR:** Yes. Is this the appropriate place?

**Mr Quinlivan:** This would be the appropriate place, but I cannot recall who raised them.

**CHAIR:** Do you have any further questions, Senator Carr, in relation to Sustainable Agriculture, Fisheries and Forestry?

**Senator KIM CARR:** No.

**Senator RICE:** Can we return to the issue of the Leadbeater's Possum Action Group recommendation that from July 2014 variable retention harvesting was to be in at least 50 per cent of the area of ash harvested, with the target moving towards 100 per cent if the system proves to be operationally achievable.

**Ms Lauder:** Yes, that is correct. We were talking about two different things. So, 20 per cent of harvesting occurs in the mountain ash forest, but it is 50 per cent of the harvesting that is using that retention-based methodology, and they are reviewing it to look at increasing it to 100 per cent.

**Senator RICE:** Is it your understanding that 50 per cent of ash being harvested is currently using retention—

**Ms Lauder:** Yes. That is my understanding from what Victoria has said, yes.

**Senator RICE:** Can you explain to me why, on the current Timber Release Plan, which was published in January 2007, there were only two coupes that were listed as using retention harvesting compared with 376 that were to be clear felled?

**Ms Lauder:** No, I am sorry. I cannot. We would have to get that information from the Victorian government.

**Senator RICE:** That is completely inconsistent with retention harvesting being 50 per cent, moving to 100 per cent, and completely inconsistent with what Minister Ruston has told us, that that is one of the key measures that will be used to maintain populations of the Leadbeater's possums.

**Senator Ruston:** We will certainly need to get clarification from VicForests on that, because the advice that we got from VicForest is that that is their intention. We will get back to you on notice.

**Senator RICE:** Thank you.

**Senator SIEWERT:** I wanted to go to Landcare and specifically the \$100 million extra that was allocated to Landcare, and first confirm that the funding allocation is the same as was contained in MYEFO?

**Mr Thompson:** Yes, it is.

**Senator SIEWERT:** Next, \$15 million has been allocated to IPAs. I wanted to go to the other \$85 million and find out what the process is for the allocation of that. What types of projects is the money going to be allocated to? Can you confirm where that is going?

**Mr Thompson:** The allocation of the money to particular activities is still under consideration by ministers. As you are aware, we have just completed a review of the NLP phase 1 and we are looking at phase 2 now. We are about to enter a consultation phase or have started discussions with some people. The \$100 million for additional money for Landcare has been considered as part of the rollout of the NLP phase 2, but instead of starting in the 2018-19 financial year it will start earlier, in accordance with the agreement of government.

The intention when the money was announced—and there has been no demurral from that—is that the money will be spent on what is called traditional landcare activities. We consider traditional landcare activities are those things involving Landcare and like groups doing things on the ground or supporting their action on the ground. It is those sorts of things. That is what the government has announced and we have not moved from that. That is what we are planning for.

**Senator SIEWERT:** So, on-the-ground landcare works and sustainable agriculture works?

**Mr Thompson:** Yes.

**Senator SIEWERT:** Is that what you meant?

**Mr Thompson:** Those sorts of things, yes. Traditional landcare. That's what we consider traditional landcare is, and I think that is what the government has been announcing since then.

**Senator SIEWERT:** But the proportion of money is actually going to start rolling out before the phase 2 comes in—is that right?

**Mr Thompson:** Phase 2 of the National Landcare Program commences in July 2018. The \$100 million, the money in MYEFO, is some money this financial year and some money next year. There is \$35 million next year and \$35 million in the years after. There may be some consideration about whether \$5 million will be spent this financial year or next financial year, but the money will be spent in advance of the rollout of the second phase of the NLP.

**Senator SIEWERT:** It will start?

**Mr Thompson:** It will start, yes.

**Senator SIEWERT:** In that case, if it is rolling out, will it be spent under the guidelines that currently operate for phase 1, if it is rolling out before phase 2?

**Mr Thompson:** No, because it is new money, and we would intend developing new guidelines that suit the objective of the announcement by government.

**Senator SIEWERT:** So that will be done under separate guidelines?

**Mr Thompson:** Yes. Not dissimilar to previous guidelines, but there will be new guidelines.

**Senator SIEWERT:** What is the timeline for those and who has been consulted on those?

**Mr Thompson:** The consultation phase has just begun. The time line is: we have some money to spend as soon as possible so we are looking at consultation over the next three months. Peter Ottesen was involved in some consultation with state Landcare networks and the national Landcare network this week or late last week. The consultation at that level has already begun and there will be more consultation as the program is settled. We really do need the input from the community about what their arrangements are. There is not infinite money so we have to line up their priorities with the guidelines. There will be some discussion.

**Senator SIEWERT:** Do you envisage allocating money per state or per region?

**Mr Thompson:** That has not been decided as yet, but I think the feedback that we have been getting during the review of the National Landcare Program and the feedback on the \$100 million is that everyone liked the program as it was. They liked community delivery and they liked regional delivery, but they would not like it all to go through one or the other. We would be expecting that the \$100 million may well be the bit that does not go through regions.

**Senator SIEWERT:** I did not mean to regional groups. I beg your pardon.

**Mr Thompson:** No, we have not made any—

**Senator SIEWERT:** I am thinking of the Kimberley, for example.

**Mr Thompson:** We have not made any allocation based on states or biogeographic regions. That will be part of the consultation phase, because some people want to look at spreading the money across lots of things and

other people want to focus it on a range of particular issues and that is what we will be working through in the consultation phase.

**Senator SIEWERT:** So, if people have some thoughts they should send them in ASAP?

**Mr Thompson:** Yes, ASAP.

**CHAIR:** Does any senator have any further questions on Sustainable Agriculture, Fisheries and Forestry? There being none, Mr Quinlivan, you can let that crew go. We thank them for their attendance and we wish them safe travel to their next port or destination.

**Mr Quinlivan:** I think we have sugar next.

**CHAIR:** Agricultural policy, if that is where sugar sits.

**Mr Quinlivan:** Yes. I think sugar is the last remaining issue there, from what I can gather.

**CHAIR:** For agricultural policy?

**Mr Quinlivan:** I think so, yes.

**CHAIR:** Do not be so sure. We will see what happens. Senator Carr, do you have anything on agricultural policy?

**Senator KIM CARR:** It may well cover the meat industry, if I could do it now, because it does go to that.

**CHAIR:** I yield to the Labor Party for 20 minutes.

**Senator KIM CARR:** Thank you. I am interested in an article that appeared in *The Australian* on 15 May 2017. Mr 'Twiggy' Forrest is reported to have said that he was concerned about the live export of cattle as opposed to domestic processing, which, he said, was seeing 95 per cent of value-adding benefits disappear. Is the department aware of that comment?

**Mr Quinlivan:** We almost had a lengthy discussion about this last night when the meat processors R&D corporation was here. That was the question.

**Senator KIM CARR:** I was not here then.

**Mr Quinlivan:** I am just saying that the issue came up several times yesterday and I think all of those present at the time were aware of the media article.

**Senator KIM CARR:** Is the department aware of it? It is nothing about a policy. It is a question for the department. Has the department had any policy conversations on this issue?

**Mr Quinlivan:** No.

**Senator KIM CARR:** I take it, then, you have not undertaken any modelling on the economic benefits in terms of the live export trade?

**Mr Quinlivan:** It is just a media article.

**Senator KIM CARR:** No, the live export trade. Do you have any modelling on that within the department?

**Mr Quinlivan:** Not in my time as CEO, but there may well have been—

**Senator KIM CARR:** When was the last time modelling was undertaken there?

**Mr Quinlivan:** We would have to take that on notice. There may well have been some.

**Senator KIM CARR:** That is fine. I would be interested to know what, in the department's view, is required to actually maintain the national herd size.

**Mr Quinlivan:** Favourable seasonal weather conditions.

**Senator KIM CARR:** Yes, but given the circumstances at the moment, what are the impediments to maintaining the national herd size at this time?

**Mr Quinlivan:** The key issue is always going to be the relative profitability of beef over alternative land uses given the seasonal conditions at any point in time. ABARES talked about this earlier today. ABARES is projecting a reduction in beef production over the next two years, I think, while the number of females in the herd is increased as people respond to the higher beef prices, but at some point the growth in the herd will hit some ceilings because of seasonal conditions and the relative profitability of beef against sheep meat and cropping and so on. There is not any one ideal number.

**Senator KIM CARR:** Mr Forrest has expressed the view that he would be alarmed if the government encouraged Mrs Rinehart in her live export master plan to smooth a pass on her massive live export trade to China might be considered, given how detrimental it would be to our own economic and agricultural growth. Is that a view that the department has given any consideration to?



**Mr Quinlivan:** We have never seen any such proposal other than in the media and we do not analyse and study every proposal that we read about in the media. Those are very large numbers. It is quite difficult to envisage how that kind of scenario could come into being in anything other than the very long term. Then there would be a whole range of commercial, operational and trade issues that would be relevant, but at the moment there is no such proposal.

**Senator KIM CARR:** There is no such proposal? I want to be clear about this. You are suggesting that that scenario is unlikely to develop?

**Mr Quinlivan:** All I am saying is that everybody I have heard comment on it, including Mr Forrest, has only seen media reports. We have seen nothing more than that. They were very ambitious, but also raised a whole lot of questions about the practicality of the proposal. That is not to say the media article is wrong, just that there has been nothing with any detail, or any sort of credible proposition, put to government as far as I know.

**Senator KIM CARR:** That is fair enough. Nothing is before government on that matter?

**Mr Quinlivan:** No.

**Senator KIM CARR:** And nothing you are aware of is envisaged?

**Mr Quinlivan:** Correct. I cannot say what is intended—

**Senator KIM CARR:** Other than the media report?

**Mr Quinlivan:** by some of the identities involved in this, but we certainly have no knowledge of any such proposal other than that one media article that you referred to.

**Senator KIM CARR:** That is a straight response. I am particularly interested in the question of the regulatory impacts in terms of industry support and the role the department plays in the overall costs for Australian meat producers. Do you have a particular role in that matter at all? Do you do any policy work in that area at all?

**Mr Quinlivan:** Are you referring specifically to the meat processors?

**Senator KIM CARR:** Yes.

**Mr Quinlivan:** They are part of our R&D system that we talked about earlier. I cannot recall the precise contributions, the matching contributions, that we make to R&D spend by the Australian meat processors R&D corporation. We can probably find that number for you as I speak. That is our most direct engagement with R&D. But we are also involved, obviously, in consultations with MLA on the meat industry strategic plan and the activities of RMAC, which is the body that coordinates red meat policy across the industry and government.

**Senator KIM CARR:** I am trying to get to the issue about the department's role in that process. You have indicated that R&D corporations have a role. Does the department have a role in terms of policy setting?

**Mr Quinlivan:** We have no regulatory role and we have no necessary policy influence over commercial decisions that beef enterprises make about processing domestically as against live export.

**Senator KIM CARR:** And no independent research capacity?

**Mr Quinlivan:** Only the one I mentioned, which is matching funds into MLA and the meat processors corporations.

**Senator KIM CARR:** It has been put to me that the regulatory burden on the industry is around 19 per cent of processing costs. Would you have any way of assessing whether or not that is an accurate proposition?

**Mr Quinlivan:** We are now talking about Australia's largest food manufacturing enterprise, with a very large workforce and operating in—

**Senator KIM CARR:** No, this is not on wages. This is a regulatory burden.

**Mr Quinlivan:** Yes, I am coming to that. I am just pointing out that it is a very large industry. It is a very large workforce. A pretty high occupational health and safety risk profile, I would suggest, operating in a very large number of enterprises ranging from very large down to quite small. It is the kind of business where I think we would expect quite a large regulatory overheads. As to whether they are appropriate or not, I could not say. We have not studied it. I am not surprised it would be a large number, because it is a very large food manufacturing industry.

**Senator KIM CARR:** There are matters that the Commonwealth does have responsibility for, but I will come to that in a moment, in terms of the meat inspection role. On the question, though, of health certificates, there was an exercise at a meatworks recently in New South Wales and we are told that the cost for health certificates had increased for New South Wales producers from \$12 to \$45 over the past 18 months. Would you be familiar with those types of increases in regulatory burdens?

**Mr Quinlivan:** If they are associated with an export certification service, that is a cost recovery service that we provide.

**Senator KIM CARR:** Yes.

**Mr Quinlivan:** I am not sure whether that particular one is.

**Senator KIM CARR:** Can you confirm whether or not that figure is accurate?

**Mr Quinlivan:** I would have to take that on notice.

**Senator KIM CARR:** I expect that. That is the figure that has been put to me at a recent visit to an abattoir in New South Wales. If you would not mind, I would ask you to confirm what the increase has been.

**Mr Quinlivan:** I can confirm that.

**Senator KIM CARR:** Has there been any increase in inspection services more generally? Is that the only increase?

**Mr Quinlivan:** We provide export certification services in accordance with the requirements of the importing country. The requirements of importing countries change from time to time. Again, I will have to take that on notice as to whether there have been any changes recently, but I think they do change, as I say, in response to the requirements of our export destinations.

**Senator KIM CARR:** If you could, I would appreciate that. Is the department aware of any complaints from producers about the inflexibility of hours and charges relating to inspection services?

**Mr Quinlivan:** We regularly get—

**Senator KIM CARR:** Complaints?

**Mr Quinlivan:** I do not know if I would call them complaints, but we regularly get concerns about the difficulties in managing our requirements with a relatively small number of people sometimes operating in remote locations with the commercial objectives of the processing plants. So, yes, there are regular concerns.

**Senator KIM CARR:** It has been put to me that there is a waiting period of up to two months to appoint or terminate inspectors. This is not in remote locations; this is in quite accessible regions in New South Wales. Are you aware of that?

**Mr Quinlivan:** I am not sure about termination, but I would not be at all surprised if that was the case for recruitment, because they are a small cohort of people who have quite a high average age. I think we have had a lot of difficulty recruiting people to provide these services. I am not surprised by that. As to termination, I am not sure what the issues are there. Again, I would have to take that on notice.

**Senator KIM CARR:** Could you please?

**Mr Quinlivan:** Yes.

**Senator KIM CARR:** What is your understanding of the level of shortage, if you are saying there is a shortage of meat inspectors?

**Mr Quinlivan:** I do not have precise knowledge of that.

**Senator KIM CARR:** You can take that on notice again.

**Mr Quinlivan:** Yes.

**Senator KIM CARR:** Is this a Commonwealth responsibility?

**Mr Quinlivan:** Yes, it is. The people who deal with this in the department are those who were here when we first spoke yesterday morning.

**Senator KIM CARR:** Producers were suggesting to me that it was a surprise to them, given that there have been plant closures in New South Wales, and yet the claim was that there were shortages of meat inspectors. The two propositions did not really sit side by side.

**Mr Quinlivan:** My impression is that we always have a shortage of meat inspectors.

**Senator KIM CARR:** So, what control does the department have over inspection services?

**Mr Quinlivan:** It is our regulatory responsibility.

**Senator KIM CARR:** Why is there not more flexibility in the service?

**Mr Quinlivan:** We are getting to a level of detail that I am not sure about.

**Senator KIM CARR:** Would you take that on notice?

**Mr Quinlivan:** Yes, I will have to do that.

**Senator KIM CARR:** Clearly, I am taking an interest in this matter.

**Mr Quinlivan:** Yes.

**Senator KIM CARR:** I am told that in the case of the United States and Brazil their inspection services are actually funded through government. Is that the case?

**Mr Quinlivan:** That may very well be so. We have a policy and practice of cost recovery for our export services.

**Senator KIM CARR:** Does that place Australian producers at a disadvantage?

**Mr Quinlivan:** All else being equal, yes, it would, but all else is of course not equal.

**Senator KIM CARR:** Has there been any consideration within the department about reducing the cost of the regulatory burden for Australian producers?

**Mr Quinlivan:** As to whether these service should be cost recovered or not, that would be a policy matter for the government. As to whether the cost of the services is reasonable and the services themselves are provided in an efficient way, that matter I think is more or less continuously under review. There was a review undertaken I think last year of the efficiency of our services for both plant certification and meat certification. People in the industry had an opportunity to contribute to that review. I do not know whether that review has been made public. I am pretty sure it has been provided to the meat industry. They were certainly consulted.

**Senator KIM CARR:** Can you take that on notice?

**Mr Quinlivan:** Yes.

**Senator KIM CARR:** If a copy can be tabled, I would appreciate that.

**Mr Quinlivan:** Yes.

**Senator KIM CARR:** Is it the case that the department has had representation on the cost of energy increases for meat processing?

**Mr Quinlivan:** No.

**Senator KIM CARR:** You have had no representation on that issue?

**Mr Quinlivan:** No. We discussed this earlier. We did not have anybody that was aware of that.

**Senator KIM CARR:** In regard to trade agreements that have been struck, is it the department's responsibility—

**Mr Quinlivan:** That is a new group of people. If we are moving on to trade policy, we will get the right people.

**Senator KIM CARR:** It is a simple question. That will see me out, if I can get some advice on this matter. I am interested to know what the process is for the establishment of protocols. Do you want me to wait on that?

**Mr Quinlivan:** Our understanding is we were going to sugar and then finishing and then on to trade.

**ACTING CHAIR (Senator Sterle):** Yes. Senator Carr, I am just going to go to Senator McCarthy to finish this part. Then we can send agricultural policy home and then we can move into Trade and Market Access. Senator McCarthy.

**Senator McCARTHY:** I will not be long. Just with respect to the process to develop the sugar code, did the minister seek advice from the department as to the impact of the code?

**Ms Freeman:** The code was developed by the Treasury. That was done in consultation with our department. Treasury were guiding the discussions. We obviously worked with the Treasury and I presume the officers had conversations, but you would need to talk to them.

**Senator McCARTHY:** To Treasury?

**Ms Freeman:** The Treasury were leading the development of the code and we did discuss that matter with them on a number of occasions.

**Senator McCARTHY:** Was information provided to the minister about the impact of the code?

**Ms Freeman:** We were engaged with the minister's office on a number of occasions on elements of the code as it was being developed.

**Senator McCARTHY:** Were there any impact concerns?

**Ms Freeman:** A number of issues were being considered as the code was being discussed and, obviously, the legal elements were being developed. There was a fair bit of toing and froing on the elements of the code.

**Senator McCARTHY:** Do you want to give some examples of what those concerns were?

**Mr D Williamson:** This was something that was considered by cabinet. We were part of the cabinet process around that and we would not normally talk about our advice in that context.

**Senator McCARTHY:** What were the dates when this was happening?

**Ms Freeman:** On 29 March the Treasurer and the Deputy Prime Minister announced the code and it came into effect on 5 April. We were obviously working on that matter—

**Senator McCARTHY:** Did you say 5 April?

**Ms Freeman:** Yes, on 5 April it came into effect.

**Senator McCARTHY:** Have there been any unintended consequences identified with the code?

**Ms Freeman:** Not at this time. I should say there is a review foreshadowed in the code within 18 months. Should there be—and I would say 'should there be', but none have been identified at this time—they could be considered in the context of the review, which is due to take place after 18 months.

**Senator McCARTHY:** After 18 months?

**Ms Freeman:** Yes. There is a review scheduled.

**Senator McCARTHY:** At this point there are no unintended consequences that have been identified?

**Ms Freeman:** No. The code has come into effect, but it has not actually been utilised at this time.

**Senator McCARTHY:** What does that mean?

**Ms Freeman:** The code really relates to the ability for the relevant parties to reach agreement on different elements. In particular, it goes to whether there is arbitration between the parties and they can enact the code, if you like, to do that, and to date that has not happened.

**Senator McCARTHY:** So, what you are saying is no-one has enacted it?

**Ms Freeman:** No-one has sought to take action under the code at this time.

**Senator McCARTHY:** If there is that review after 18 months, who would review it?

**Ms Freeman:** The Treasurer would be responsible for that in consultation with the Minister for Agriculture and Water Resources.

**Senator McCARTHY:** Mr Williamson, you said that there was a cabinet discussion and that there are confidential processes that surround cabinet. But in terms of advice provided to cabinet, was that around 29 March?

**Mr D Williamson:** It was prior to that. I think that was the point. The Treasurer and the Deputy Prime Minister announced the code on the 29th. There have been government processes in the lead up to that.

**Senator McCARTHY:** Can you give us some dates for when that might have been?

**Mr D Williamson:** I do not think we have that. I am happy to take that on notice.

**Senator McCARTHY:** Thank you very much.

**ACTING CHAIR:** That now completes questioning on Agricultural Policy. We will now move to Trade and Market Access. Senator Carr.

**Senator KIM CARR:** In terms of the trade agreements that have been struck, what is the process by which protocols are put in place to allow Australian producers market access to any particular country? Who is responsible for the development of those protocols?

**Ms van Meurs:** It depends on the particular protocol you are discussing. You can have a bilateral agreement with a particular country to allow our exports into that country without a free trade agreement. The issues around the free trade agreement are trying to make that agreement more competitive. So, they are trying to drop the tariffs down to a level that makes it more competitive for an Australian product. If you are talking about getting access into that country based on some technical requirements, then it is the Department of Agriculture and Water Resources. If you are talking about the lead on free trade agreements, it is the Department of Foreign Affairs and Trade.

**Senator KIM CARR:** I am interested to know what this department's role is in the development of those protocols. You have mentioned—

**Mr Quinlivan:** That is our responsibility.

**Senator KIM CARR:** Yes, the technical side of it. In terms of market access arrangements, particularly in regard to behind border restrictions, who is responsible for dealing with that issue?

**Ms van Meurs:** Again, it depends on what you are talking about when you are talking about behind border issues. If it is to do with a technical issue such as a country requiring that we are free of a particular disease in Australia, then it is the Department of Agriculture and Water Resources. If it is about a specific technical side, how much weight you need in a particular orange juice, then depending on the issue it might well be the Department of Industry or the Department of Foreign Affairs and Trade. Again, it depends on the non-tariff measure.

**Senator KIM CARR:** Is there a schedule I can find somewhere that explains this?

**Ms van Meurs:** We could provide that on notice.

**Senator KIM CARR:** Would you?

**Ms van Meurs:** Yes.

**Senator KIM CARR:** Could you provide on notice what protocols you have negotiated and for which countries in regard to the meat industry?

**Ms van Meurs:** We can. The meat industry has many exports to many countries and depending on which part of the meat industry you are talking about.

**Senator KIM CARR:** The broad range. Obviously, there is the beef. I take it that it is either beef, pork or white meat. Would that be the categories you would normally use? How do you divide it?

**Ms van Meurs:** It depends on which country. The beef industry has a lot of access into countries such as Japan, China, Korea and the United States. They are probably some of the biggest markets. And then if you go into issues around dairy, it depends on what type of dairy we are talking about.

**Senator KIM CARR:** I am interested in the meat industry at the moment rather than dairy.

**Mr Quinlivan:** Red meat?

**Senator KIM CARR:** Do you do it on the basis of red or white meat? What is your categorisation?

**Ms van Meurs:** Beef is a good categorisation but, again, it would depend on—

**Senator KIM CARR:** Is lamb separate?

**Ms van Meurs:** Lamb is separate, yes, and it also depends on the particular country and what protocols those countries have.

**Senator KIM CARR:** What I am interested to know is what protocols you have negotiated, the major ones you have, and what sectors of the meat industry they cover. Is it possible to take that on notice?

**Ms van Meurs:** Yes, we can provide that. The meat industry, for example, goes to most countries in the world or a large proportion of the countries. But it depends also whether it is competitive where they are exporting to those countries.

**Senator KIM CARR:** Do you facilitate trade missions? Who is responsible for the facilitation of trade missions?

**Ms van Meurs:** Do you mean our Australian delegations?

**Senator KIM CARR:** For Australian producers.

**Mr Quinlivan:** What sort of delegations?

**Senator KIM CARR:** For Australian industry who organises those?

**Mr Quinlivan:** There is industry. There is state government. There is a very wide range of trade delegations. Some of them we are involved in quite a lot and some not at all.

**Senator KIM CARR:** I am particularly interested in terms of market access questions. In a previous life I have actually been part of organising delegations for Australian manufacturers. What do you do for meat manufacturers in terms of international exports? What is the role of this department in that process?

**Ms van Meurs:** For example—but it is an example—we have 16 counsellors throughout the world. Those counsellors are located in specific countries, because of the potential and the current export market access that we have for beef and for other commodities.

**Senator KIM CARR:** Can I get a list of those and where those counsellors are based?

**Ms van Meurs:** Yes. Those counsellors quite often work with obviously Canberra but they are located in those countries. They will work with the Department of Foreign Affairs and Trade and Austrade. Depending on what that particular delegation wants to see and do, it might be a combination of the different departments in those countries helping them either to market their product, to find new importers, helping to try and deal with a

particular issue. It depends on why they are going. Our counsellors often are helping the agricultural industries in those circumstances.

**Senator KIM CARR:** Do you work with the Department of Industry at all in this matter? You mentioned before there were some aspects which are the responsibility of the Department of Industry.

**Ms van Meurs:** If the Department of Industry is in country or if a particular issue is relevant to the industry that wants to go on those delegations, we will link in with the Department of Industry. We have a relationship with them, but it depends on what the particular issue is.

**Senator KIM CARR:** I will come back to that. Thank you very much.

**CHAIR:** Senator Sterle?

**Senator STERLE:** In trade, no, I do not.

**CHAIR:** Senator Back.

**Senator BACK:** I would like to get some advice from you in terms of each of the Korea, Japan and China free trade agreements where you can show evidence of increased trade in the agricultural space as a result of each. Can we start with Korea, which entered into force in December 2014. What, if any, change/improvements in agricultural commodity exports have we seen as a result of that?

**Ms van Meurs:** I have some examples here. The free trade agreement entered into force on 12 December 2014. The worth of the agricultural exports to Korea at that time was \$2.6 billion. In 2016, under KAFTA, Australian exports have reached \$3 billion. Australian exporters have now benefited from four tariff cuts under KAFTA, with a fourth on 1 January 2017. Some examples are that Australian beef exports to Korea have increased by nine per cent in 2016 compared with 2015, reaching \$1.4 billion. The value of Australian potatoes for chipping exported to Korea has almost doubled in 2016 to just over \$14 million, compared with \$7.1 million in 2015.

Some other examples are dairy. The calendar year 2015 was \$465 million. In calendar 2016 this has increased to \$781 million, which is a 68 per cent increase. As to tariff reductions prior to the entry into force—as of 1 January 2017 this has gone from 10 per cent to 7.5 per cent. Milk powder—

**Senator BACK:** Will it reduce further under the agreement?

**Ms van Meurs:** Yes, it will. I do not have those with me, but I can take them on notice. That will continue to decline over I think it is a 10-year period. Milk powder for the 2015 calendar year was \$115 million. In calendar year 2016 it is \$201 million—an increase of 75 per cent. Again, that reduction in the tariff is from 10 to 7.5 per cent in the last tariff reduction, which is 1 January 2017.

**Senator BACK:** Is that an annual tariff reduction?

**Ms van Meurs:** It is. I will have to take that on notice just to be specific on that one, but it is annual.

**Senator BACK:** Can we shift to the Japanese partnership?

**Ms van Meurs:** Yes. Again, JAEPA entered into force on 15 January 2015. There have been four rounds of tariff cuts to date. The most recent was in April 2017. The next set of tariff cuts under JAEPA takes effect on 1 April 2018. Again, in 2016 beef remained the highest value agricultural export to Japan, at \$1.8 billion. The value of Australian beef exports decreased slightly, by five per cent, in 2016 compared to 1.9 in 2015. The view is that the slight decrease can be attributed to the lower national herd and export quantities following a sustained drought. However, beef exports are up 10 per cent by value in comparison with 2014. Citrus exports to Japan have increased by 27 per cent in 2016 compared with 2015, reaching \$50.3 million. The exports of macadamia nuts to Japan increased by 25 per cent in 2016 compared with 2015, reaching \$29.7 million.

**CHAIR:** It is time for a break. Do you have a little bit to go?

**Senator BACK:** Yes, I have. Not a lot but, yes, I have.

**CHAIR:** We will break for afternoon tea and we will see you all back here at 4 o'clock.

#### **Proceedings suspended from 15:45 to 15:59**

**CHAIR:** We will now resume the Rural and Regional Affairs and Transport Legislation Committee estimates. Senator Back.

**Senator BACK:** Thank you for the Korea and Japan information. I think the China free trade agreement was entered into in December 2015. We have had 18 months of it now.

**Ms van Meurs:** Yes.

**Senator BACK:** Please give us some stats on how it is going there.

**Ms van Meurs:** China is now our largest agriculture, food, fisheries and forestry export market, worth \$9.9 billion.

**Senator BACK:** What was that amount again?

**Ms van Meurs:** So, \$9.9 billion in 2016. While Japan is our second largest, worth \$4.7 billion, and Korea is our fifth, worth \$3 billion. For China, as you said, it entered into force in December 2015. There has been significant export growth. As to the value of exports for the calendar year of 2016, compared with 2015, I will just go through a few examples. In 2016 dairy exports increased by 68 per cent, from \$465 million in 2015 to \$781 million in 2016. Live rock lobster exports were almost 20 times more in 2016 at \$26 million, up from \$1.4 million in 2015.

**Senator BACK:** That does not tell the whole story, does it? That does not tell the story that previously rock lobster were largely coming into China through the grey trade, and the quality of what ended up on the consumer's table was less than adequate from a safety point of view and from a health point of view, whereas the figure you have just given me of \$26 million indicates that the product is actually going fresh and straight into the Chinese market.

**Ms van Meurs:** There is a significant increase, yes.

**Senator BACK:** Yes. Not only an increase in the dollar value but the quality of the product is actually as it is when it leaves the rock lobster industry. That is very important in our state.

**Ms van Meurs:** That is right.

**Senator BACK:** You said it is up by 20 or by 200 times?

**Ms van Meurs:** Almost 20 times.

**Senator BACK:** So, 20 times.

**Ms van Meurs:** Australia's table grape exports to China have also increased almost sixfold to \$102 million in 2016, which is up from \$15.6 million in 2015. That tariff to date has been reduced from 13 per cent to five per cent. The cherry industry was exporting \$8 million in 2015 calendar year. It has gone to \$14.6 million in 2016.

**Senator BACK:** Can you tell me from what states? I understand Tasmania is fairly prominent in that increase, is it? Are you able to give me those figures?

**Ms van Meurs:** On my memory, Tasmania is the only state that can export cherries to China.

**Senator BACK:** So, all of that is Tasmanian?

**Ms van Meurs:** Yes. I would have to take that on notice, but from memory, yes. Citrus was \$53 million in 2015 exports, and in 2016 it has gone to \$72.3 million, an increase of 36 per cent. Wine is—

**Senator BACK:** And the tariff on that?

**Ms van Meurs:** The tariff on that one—I will have to just look at that as I go through some of the others.

**Senator BACK:** That is okay. Wine?

**Ms van Meurs:** The stats I have is it is up 42 per cent. It was \$516 million in 2016, and the tariff has been reduced from 14 per cent to 6 per cent to date.

**Senator BACK:** I take it all of those dollars are Australian dollars, not US dollars?

**Ms van Meurs:** No, that is Australian dollars.

**Senator BACK:** I have two other questions, if I may, in this space. What other FTAs is the government pursuing at the moment that will have an impact on agricultural exports?

**Ms van Meurs:** Again, the lead agency is the Department of Foreign Affairs and Trade, but the Department of Agriculture has a key role in providing input into the FTAs. Currently, there are a number of live FTAs and they include the Indonesian FTA with Australia. It is called IA-CEPA. RCEP, which is a fairly multinational FTA. It is quite complex, and that one continues to be significant for us from the point of view of making sure that we have a general agreement with a number of countries.

We have also the GCC, which is the gulf cooperation agreement. We also have one with India that continues to be ongoing, and the EU FTA. Although not yet committed to have an FTA with the UK, we are working with our Department of Foreign Affairs and Trade under the UK working group, which is looking at what we can talk about as part of preparation for an FTA with the UK.

**Senator BACK:** Back to the future.

**Ms van Meurs:** Yes. Then also there is now an agreement to do an FTA with Peru.

**Senator BACK:** With?

**Ms van Meurs:** Peru.

**Senator BACK:** I will not ask you about the TPP, except to say that there are still 11 countries, I understand, very keen to pursue it. I do not think we should give up on the prospect of the United States coming back in. What I will ask you, finally if I may, is if you could give the committee some advice on how technical market access is negotiated and what, if anything, have we achieved in government with technical market access?

**Ms van Meurs:** Technical market access is a key. We are the lead agency to negotiate protocols with different countries. We have, I think as I said before, a number of counsellors throughout the world who help us with that negotiation. Some of the key areas where we have market access and tried to improve market access include—I am sorry, I will just find the details.

**Senator BACK:** Would it be easier if you took it on notice and provided me with the information?

**Ms van Meurs:** Yes, I can take it on notice.

**Senator BACK:** Thank you for that information. It is very valuable. It is gratifying to see what those figures are.

**CHAIR:** Now, on trade and market access.

**Senator STERLE:** While you are there, Ms van Meurs, can you tell us how we are going with vegetables into China?

**Ms van Meurs:** Do you mean access?

**Senator STERLE:** Yes, I mean access.

**Ms van Meurs:** I would have to take that on notice. I am not sure which vegetables you are talking about and which market access.

**Senator STERLE:** Let us have a crack. How are we going with asparagus?

**Ms van Meurs:** I would have to take that on notice. I would not have that detail on me.

**Senator STERLE:** What about beans?

**Ms van Meurs:** Again, I would have to take that on notice. Only other than I know that Horticulture Industry Australia, which is the peak industry body, is looking at China and particularly around vegetables and what they might be able to do to increase that market access into China. They are looking at and working with people like AUSVEG to be able to get more access into China.

**Senator STERLE:** The last time I looked we were not having much luck with vegetables into China, so I was asking whether anything has moved on since our last round?

**Senator Ruston:** It might be worth noting that last week the horticultural industry had its annual peak conference in Adelaide. There were two and a half thousand people there and one of the subjects that was greatly discussed was the amount of progress that had been made in terms of being able to get market access for a number of different vegetable types, but most particularly about the change in the way they were doing business to be able to access the market. I think there is a quite good news story there, so I will get you some more information.

**Senator STERLE:** Thank you. Ms Van Meurs.

**Ms van Meurs:** It has taken me a while, but I can give you a couple of examples with some key markets that Senator Back was interested in. There are new markets. There are the breeder cattle markets in Cambodia in March 2007. Breeder sheep and goats to Canada in 2017. Market access restored for hatching eggs and old chicks in Thailand in 2016. Re-establishment of feeder and breeder cattle into Japan in August 2016. We gained market access for split broad beans into Iran in May 2017. Bovine blood and products to China in 2017. Processed meat containing imported pork to Japan in 2017. Edible animal fats to Morocco in 2016. Hides and skins to Bosnia in 2016. Processed pork products to the Solomon Islands in September 2016. I think we all remember the nectarines to China in May 2016. Melons and watermelons to Japan in May 2016. Blood oranges to Korea in April 2016.

**Senator STERLE:** That might be enough.

**Ms van Meurs:** I can keep going.

**Senator STERLE:** Thank you. Minister, you will come back to us because the information in the latest table that I have—nothing has gone in yet, although we have asparagus and lettuce with a phyto cert, a certain percentage, and nil by 2019. But you are saying—

**Senator Ruston:** Are you talking specifically about a market or more generally in terms of exports?



**Senator STERLE:** To China.

**Senator Ruston:** I am sorry. I thought you were talking more generally about export. My apologies.

**Senator STERLE:** No, I was talking about China.

**Senator Ruston:** Now we are talking more generally about exports. Vegetables have not been a really big export area for us, but it is certainly seen as a great opportunity.

**Senator STERLE:** I agree and we are all excited. I have been to China three times and there are wonderful opportunities for us.

**Senator Ruston:** I will get you some information.

**Senator STERLE:** That is good. Thank you very much. I am done, but I still have some more questions.

**CHAIR:** I know you do in agriculture.

**Senator STERLE:** Yes. I know this is going to come out of the blue, because I have been negligent.

**CHAIR:** Do you want to hold on to access for a while?

**Senator STERLE:** No, it is actually more for the department than anything. I would hope that the people are still here. It is still agriculture.

**Mr Quinlivan:** What is the subject matter?

**Senator STERLE:** The subject matter goes back to the competitiveness white paper, the original one, with some funding envelopes. I talked about the Regional Investment Corporation and we walked through there, but I have been asleep at the wheel.

**Mr Quinlivan:** We will just check, but I suspect that people are probably gone.

**Senator STERLE:** If they are still here I would greatly appreciate it. It will not take long. I think it is imperative that we—

**CHAIR:** Do you want to bowl it over?

**Senator STERLE:** I just want to bowl it over, yes.

**Senator Ruston:** We do not think they are here.

**Senator STERLE:** It is going to take five or ten minutes.

**Mr Quinlivan:** Yes. It is just a question of whether the people are here. We are just checking next door.

**Senator STERLE:** If they are not, I apologise.

**CHAIR:** In any event, Trade and Market Access, our thanks to your people in that scope for your attendance and a safe travel back to your port or destination.

**Senator STERLE:** They have gone? I will put them on—

**Mr Quinlivan:** They have gone, but if you give us a little bit more detail.

**Senator STERLE:** In the white paper on funding envelopes there was \$11.4 million to boost the ACCC engagement with the agricultural sector, including a new commissioner, an expert in agriculture. I just want to know if they are still there.

**Mr Quinlivan:** Yes, all done.

**Senator STERLE:** They still exist?

**Mr Quinlivan:** The agriculture commissioner, I am sure, is well known to you. Mick Keogh was appointed, is working away and has done at least two inquiries that I know of. I know one highly relevant to the inquiry—

**CHAIR:** He has actually been doing Senator Sterle's work for him on one inquiry.

**Mr Quinlivan:** Yes. So, yes, that one has been implemented.

**Senator STERLE:** So, if the funding still exists that is tremendous.

**Mr Quinlivan:** Yes.

**Senator STERLE:** And if it has not, if you could just clear it up. As to the \$13.8 million in a two-year pilot program to provide knowledge and materials on cooperatives, collective bargaining and innovative business models to fund or establish alternative business models including cooperatives and manage contract negotiations, how is that going?

**Mr Quinlivan:** That one also has made some progress, but my recall would be pretty scratchy after that point.

**Senator STERLE:** I will throw them at you anyway, because I am a firm believer if we can get it out now it saves your department hours and hours and then having to come back to us. Twenty-nine point nine million for farm insurance advice and risk assessment grants?

**Mr Quinlivan:** We have had a pretty strong go at that program. The objective of it was to try and stimulate a private market in multiperil insurance, but I think we are getting towards the point where we think that we are not able to stimulate the development of that market in Australia for various reasons. I think we are regarding that as a policy experiment.

**Senator STERLE:** So, there is still a bucket of money there?

**Mr Quinlivan:** There are unspent funds in that program.

**Senator STERLE:** Take it on notice to let us know how much is unspent, unless you know now?

**Mr Quinlivan:** No, I do not know.

**Senator STERLE:** Twenty-two point eight million to increase farm household allowance case management?

**Mr Quinlivan:** That has been implemented.

**Senator STERLE:** Thirty-five million for local infrastructure projects to help communities suffering due to drought?

**Mr Quinlivan:** That was a program that I think was implemented quite quickly after the white paper and to the best of my knowledge it has been fully implemented.

**Mr D Williamson:** That is our draft communities program?

**Senator STERLE:** Yes, the infrastructure projects.

**Mr D Williamson:** Yes. That is actually being administered by the Infrastructure and Regional Development program, but I think Mr Quinlivan is right. There might be one round of funding left, but we will take that on notice and let you know.

**Senator STERLE:** There is \$25.8 million over four years to manage pest, animals and weeds in drought affected areas. It is amazing how the weeds always still grow.

**Mr D Williamson:** That is over a number of years. That is being implemented.

**Senator STERLE:** Four years?

**Mr D Williamson:** Yes. I think we are two years into it. I will give you on notice an update of the program, but it is proceeding well.

**Senator STERLE:** I do not have many more. Fifty million to boost emergency pest and disease eradication capability. Does that ring a bell?

**Mr Quinlivan:** Yes. That is part of our improved biosecurity systems capacity that we talked about yesterday.

**Senator STERLE:** Is it ticking along?

**Mr Quinlivan:** Yes. We are making good progress. That is going to be a really important investment.

**Senator STERLE:** Fifty million for better tools and contract methods against pests, animals and weeds.

**Mr Quinlivan:** That is part of the same project.

**Senator STERLE:** So, that is \$100 million all up for tackling that sort of stuff. I know it is two different ones. One point four million to match industry levies and contributions in the export fodder and tea tree oil industries. How is that going?

**Mr D Williamson:** Yes, that has been implemented. I think the tea tree levy was signed off and went to ExCo last week, but it has been implemented.

**Senator STERLE:** I am bearing in mind that if there are any questions you have got it in hand.

**Mr D Williamson:** Yes, I will come back to you.

**Senator STERLE:** What about \$1.2 million to the Rural Industries Research and Development Corporation? I do not know what that is for.

**Mr D Williamson:** Is that rice?

**Senator STERLE:** I do not have what it is for. It is \$1.2 million.

**Senator Ruston:** How much was it?

**Senator STERLE:** So, \$1.2 million.

**Mr D Williamson:** I think rice was more than that.

**Senator STERLE:** That is RIRDC.

**CHAIR:** You are 24 hours late.

**Senator STERLE:** I told you, I have been asleep at the wheel and that is a big call for a truck driver to say that.

**Mr D Williamson:** That is for further R&D into the small agricultural industry, the ones that do not have a standalone one necessarily. That is being implemented. It is part of the six-monthly payments that go to RIRDC.

**Senator STERLE:** I have two more. Thirty point eight million to break down technical barriers to trade and appointing five new overseas agricultural counsellors.

**Mr Quinlivan:** Yes, that has been implemented.

**Senator STERLE:** All done?

**Mr Quinlivan:** Yes.

**Senator STERLE:** Twelve point four million to modernise Australia's food export traceability systems to further enhance our food safety credentials. How is that going?

**Mr Quinlivan:** We will take that one on notice.

**Senator STERLE:** In that case, thank you very much.

**Senator GALLACHER:** Can I get an explanation or put a question on notice?

**CHAIR:** Only if you have to.

**Senator GALLACHER:** Very quickly on barriers to trade—how are you going with blueberries into China? Do you have anything to do with that, because that will come up next week in trade and they will say to me, 'But that's in Agriculture'?

**Mr Quinlivan:** I am reluctant to offer an opinion on that. Is Ms van Meurs still here? Ms van Meurs has been working on it. It is a contentious issue because there are some—

**Senator GALLACHER:** We have an agreement with ChAFTA and we cannot get our Tasmanian blueberries into China.

**Mr Quinlivan:** Yes, but ChAFTA does not deal with market access. It only deals with the tariff rate once you have gained market access. I think that is a common misunderstanding about free trade agreements, and in the case of blueberries—

**Senator GALLACHER:** It is a very common misunderstanding that free trade agreements are not actually free, that there are non-tariff barriers.

**Mr Quinlivan:** They are to do with quotas, tariffs and those kinds of things, not technical market access, which is why we have just a very long list of technical market—

**Senator GALLACHER:** All I want to clear up is, you are directing me back to Trade?

**Mr Quinlivan:** No. The issues are—

**Senator GALLACHER:** I do not want them to direct me back to here.

**Mr Quinlivan:** The issues are principally ours. I know there are some freedom of pest assurances that are needed and there is some R&D required. As I understand it, the industry, the relevant state governments, Horticulture Innovation Australia, and our plant people who were here yesterday are working on that. It is a very high priority for some people in some parts of Australia, but it is not the highest priority on the part of countries to which we export. We have a bit of a difficulty getting the kind of priority that our producers would like to get.

**Senator GALLACHER:** Thank you.

**Mr Quinlivan:** At the moment the ball is, I think, largely in their court to get these technical problems solved.

**Senator GALLACHER:** China or the producers?

**Mr Quinlivan:** The producers.

**CHAIR:** So, your trade people need to run, Forrest, run?

**Mr Quinlivan:** I think they may well have done a runner.

**CHAIR:** So, we are into agricultural policy.

**Senator Ruston:** No, that is done. Chair, can I just say to Senator Sterle that the department has offered to give you a full breakdown on the agricultural white paper initiatives implementation. That will be provided to you.

**Senator STERLE:** Thank you very much.

**CHAIR:** In outcome 1, part 4 on the schedule, all of those people can leave the building, with Elvis, and we will now go on to Sustaining Natural Resources for Longer Term Productive Primary Industries.

**Senator STERLE:** No, FRDC.

**Senator Ruston:** That is still outcome 1.

**CHAIR:** All right. Fisheries Research and Development Corporation. We are then left with Australian Fisheries Management Authority.

**Senator STERLE:** That is correct.

#### **Fisheries Research and Development Corporation**

[16:21]

**Senator STERLE:** How quickly you move on, Dr Hone, from white spot to carp.

**CHAIR:** We promised each other we would not mention white spot again during these estimates.

**Senator Ruston:** Yes.

**Senator STERLE:** You must be wondering what you have done to get all the good jobs. I remember Dirty Harry saying that one.

**Senator Ruston:** Carp is a good story.

**CHAIR:** Welcome, Dr Hone, and let us publicly recognise your contributions during the white spot arrangements, too. Senator Sterle.

**Senator STERLE:** I shall flick to Senator Brown and Senator McCarthy.

**Senator CAROL BROWN:** What is the funding for the national carp program?

**Mr Barwick:** The Australian government has provided \$50 million for the National Carp Control Plan, which is essentially broken into two components.

**Senator STERLE:** You might need to use a louder voice.

**Mr Barwick:** The National Carp Control Plan funding is broken into two components—\$10.211 million allocated to key planning activities, specifically administration and coordination. Of course, this is a national program across many jurisdictions and so that will be quite important. Communication and engagement, obviously, to make sure the key stakeholders understand what we are proposing to do and how and have an ability to provide their thoughts. And our research, monitoring and evaluation component. There is then a second component of the \$15 million, which is \$4.789 million, which is allocated to implementation activities.

**Senator CAROL BROWN:** Can you repeat that second figure?

**Mr Barwick:** Yes, \$4.789 million.

**Senator CAROL BROWN:** Keep going.

**Dr Hone:** Just for the record, they come from two different sources. One is from the Department of Agriculture and Water Resources, which is the first \$10.2 million. The residual, the other component, is from the Department of Industry, Innovation and Science.

**Senator CAROL BROWN:** That is the \$15 million that was announced?

**Mr Barwick:** Yes. For a further breakdown, the \$10.211 million—

**Senator CAROL BROWN:** I am sorry? What was the \$4.9 million for?

**Mr Barwick:** The \$4.78 million is allocated towards activities associated with implementation. There are two stages to what we are proposing to do here. Obviously, a planning activity which is about making sure we have an evidence based decision at the end of next year on how to move forward. That is about ensuring that all of the key knowledge gaps can be adequately addressed to ensure that we meet our legislative requirements relating to stakeholder consultation and I think exceed that to ensure that the Australian community have a very good understanding of what we are proposing to do and, of course, the collaborative activities that I mentioned. That is holistically within the planning activities. Of course, as we move towards implementation, with a decision having been made that, yes, this is safe and effective and the benefits outweigh the costs, then we think about the how, which is obviously a package of work associated with implementation—how we actually move forward with implementation.

**Senator CAROL BROWN:** Can you remind me when the announcement was made? Was that last year?

**Mr Barwick:** It was in May last year.

**Senator CAROL BROWN:** And the \$15 million is over how many years?

**Mr Barwick:** Until December 2018, next year.

**Senator CAROL BROWN:** In the first amount of money there is the \$10 million. Can you tell me how much is allocated for each of those activities that you listed—planning, coordination, communication and research? Are you able to provide that information?

**Mr Barwick:** I can. For administrative and collaboration activities we have a budget of \$2.421 million over that period. For communication and engagement activities we have a budget of \$2.725 million. For research, monitoring and evaluation activities we have a budget of \$5.064 million.

**Senator CAROL BROWN:** You can say 'just over', because I am having trouble doing every point. How much of that research money, the just over \$5 million, has been expanded?

**Mr Barwick:** The process to this point has been very foundational. Some of the early activities that we are needing to do are to establish national governance arrangements for this. As I mentioned, it cuts across all levels of government, every state and territory with the exception of the Northern Territory. We need to establish governance arrangements to bring everyone to the table to consider matters relating to science and policy, communication and operations, and how we actually develop this plan.

Those governance arrangements were established early and they identified that we needed to establish an all-jurisdictional science advisory group. We called through the Invasive Plants and Animals Committee for nominations from all of the states and territories for science leads, to bring them to the table. We then augmented that list with additional skillsets that we felt were required on that committee, including social science, aquatic and veterinary expertise. We brought them together. We undertook a risk assessment and knowledge gap identification process to help us to identify a strategic research and technology plan, which is effectively our blueprint for investment in research.

The contract was signed with the Australian government for the National Carp Control Plan in mid-December last year. We are about five months in. We have delivered the strategic research and technology plans. We have identified the key research that is required and we are in the process of working with service providers to finalise their contracts.

**Senator CAROL BROWN:** When you say you have delivered the plan, who is that to?

**Mr Barwick:** I am sorry, what I should say—

**Dr Hone:** You asked how much of the R&D money has been spent so far.

**Senator CAROL BROWN:** Yes.

**Dr Hone:** The answer is, none. That was the short answer to that question.

**Senator CAROL BROWN:** Are you saying I should be careful about what I ask?

**Dr Hone:** The process to getting there—we are now at the point and we anticipate that the contracts will be finalised next week and the first dollars will be going out. As to the goal for the majority of the research—if we were having Senate estimates next year and you wanted to talk about carp, we anticipate having quite a good story on the research from those projects at this time next year.

**Senator CAROL BROWN:** Has there been an expression of interest? How are the contracts being let?

**Mr Barwick:** The first step was to identify the research needs and the second step was to identify the processes for procurement. We went through a bit of a mixed model of direct approach and select tender for instances where we knew there was a single provider with a great deal of expertise. For example, the CSIRO has undertaken all of the research on this virus over the last eight years simply because this virus is held in a PC3 facility at the Australian Animal Health Laboratory. For any future work relating to the virus, for example, it would be logical, until we get approval to release the virus, that it would be undertaken by them.

We went through that process of mapping. We developed terms of reference and called for proposals. The science advisory committee met last week to review those proposals, provide advice to improve their technical feasibility and identify the preferred candidates. We are in the process of developing the contracts now.

**Senator CAROL BROWN:** When does that process finish? When are they going to be selected and signed off?

**Mr Barwick:** The applicants are being asked to undertake any revisions of their applications by this Friday, and we will then go through the process of basically finalising those, putting them into the contracts and then it will be by the end of the following week that we will have contracts ready to provide to the applicants for signature.

**Senator CAROL BROWN:** It is shortly?

**Mr Barwick:** It is a short timeframe. It is an incredibly short timeframe, but it is by necessity because we need to inform a decision by December next year. Some of these projects will take most of that time.

**Senator CAROL BROWN:** They will conduct their research and provide their results back to you, and this all has to happen before there is work done on eradicating carp; is that correct?

**Mr Barwick:** Our contract with the Australian government to deliver the National Carp Control Plan expires at December next year. We absolutely need research engaged under that program to provide outputs to inform a decision towards the end of next year.

**Senator CAROL BROWN:** As to the science advisory group that you talked about, on notice can you provide the committee with a list of who is on that?

**Mr Barwick:** Absolutely.

**Senator CAROL BROWN:** Are they from every state?

**Mr Barwick:** We invited every state, through the Invasive Plants and Animal Committee, to nominate a member. Northern Territory elected not to, because they do not have carp in their jurisdiction. All other jurisdictions took up that offer and provided a state lead, yes.

**Senator CAROL BROWN:** I am assuming the contracts total just over \$5 million that you talked about?

**Mr Barwick:** Correct.

**Senator STERLE:** Can I ask a couple of questions, Senator Brown, if you do not mind?

**Senator CAROL BROWN:** Yes.

**Senator STERLE:** I have a piece of paper in front of me. It is a page published 21 February 2017, volume 1, article No. 0087, and it is by Jackie Lighten and Cock Van Oosterhout, School of Environmental Sciences, University of East Anglia, Norwich Research. Have you ever heard of them?

**Mr Barwick:** Yes.

**Senator STERLE:** Knowing you, Dr Hone, you have read this article. It is headed 'Biocontrol of common carp in Australia poses risk to biosecurity'. I was written to by the Koi Society of Australia and they tagged it on. I am going to ask you how ridgy-didge these concerns are? You always make me worry, Dr Hone, when you sit there and smile. I do love your work, but you do worry me when you smile, because I know you probably know more than I do. But that is fine.

**Senator Ruston:** I think there is a fair chance of that.

**Senator STERLE:** Yes, but I can load a road train of furniture and take it to Darwin. Can you?

**Dr Hone:** That sounds like a good trip.

**Senator STERLE:** I can hook the bucket of nuts and bolts up and then break it all up when I get home, or I used to be able to. It says here—and I have just a couple of highlights; you will have to forgive me as it is hard to read—that the 'planned release', of the herpes virus, 'will result in the propagation of an unprecedented number of viral particles in the environment.' Should we be worried?

**Mr Barwick:** Essentially what the authors are questioning is the likelihood of mutation of this virus and the implications if mutation were to occur. There is a couple of components to answering that question. The first is the specific nature of this virus. There are different sorts of viruses. RNA viruses, for example, by the way they replicate themselves are more prone to mutation. DNA viruses, by comparison, which this carp virus is, are less prone to mutation. DNA viruses with a bigger genome are more stable again. They mutate less readily still. This is one of the larger genome DNA viruses described.

**Senator STERLE:** Of course, it has to be part of your work and in CSIRO. No-one has more faith in CSIRO than all of us. That is fine. So, there is an issue and there could be an element of truth there and we will find out.

**Mr Barwick:** What I will say is that, of course, all living organisations mutate. The question is, how often and how significant are those mutations. This particular virus has around nine strains that have been identified throughout the world that are 98 per cent homologous. That means there is no evidence of significant mutation so far. The point they draw to directly is if lots of virus particles are released into Australian waterways does that increase the risk of mutation?

It is very clear, looking at international case studies where this virus has caused significant outbreaks and kills of common carp, that the outbreaks are episodic. They are fast. Mutation of the likes that the authors refer to are actually undertaken over a period of millennia, not tens of years like we are proposing in this program. I would

say that is a dramatic oversimplification and magnification of the level of risk associated with that particular component.

**Senator STERLE:** What about another assertion?

**Dr Hone:** Can I just make two other comments. There is an inference that this virus lives in the free environment outside the host. The only host for this particular virus is carp. It cannot live in other native species. It cannot live in frogs. It cannot live in the water. It cannot live in the sediment. The only thing it lives in is carp. It is so specific to carp that even a genus right next to carp, it will not even reside in that. As to an analogy, do you remember the whole discussion that we were having about Pacific oysters and the virus for that?

**Senator STERLE:** Of course I know that.

**Dr Hone:** It is the same type of virus. You put Pacific oysters next to Sydney Rocks and no crossover. There is none at all.

**Senator GALLACHER:** Do the Western Australians share your view? That is the question. Do the Western Australian experts share your view? They're not connected by freshwater to the rest of Australia, but my information is the Western Australians are not on the same page as what you are saying.

**Senator STERLE:** That would not be a first for anything.

**Mr Barwick:** The science advisory group, with representation from all of the states and territories, has of course identified the issues to be addressed through our research program. One of the things that has been identified is that there are three taxonomic orders, groupings of fish, that occur in Queensland for which we thought there were no species of those groups that have range overlap with carp. We have since identified a couple do. We will be completing research over the next two years to ensure that they are not susceptible to this virus.

Western Australia has asked us to test two endemic species from Western Australia. I need to make the point that they belong to taxonomic orders that have already been tested. In fact, it is one of the most heavily tested taxonomic orders of work done over the last eight years. Those groups have been shown to be insusceptible. So, from a biological perspective, I do not think there is a strong imperative to test those species, but in the spirit of ensuring all jurisdictions are collaborating and that their issues are being addressed we have built that into one of the projects to be funded.

**Senator GALLACHER:** So, it is built into this research?

**Mr Barwick:** That is correct.

**Senator GALLACHER:** You are going to satisfy all the jurisdictions' concerns, including Western Australia?

**Mr Barwick:** Correct.

**Senator STERLE:** Thank you for that. I will throw this one at you, too, because it was in the same document. They go on to say that the 'largescale release of a notifiable disease for biocontrol constitutes a serious risk to global food security'. That would frighten the living daylights out of anyone. Can you elaborate on that statement for us, please.

**Mr Barwick:** Yes, if I could. This is a virus first identified in the late nineties in Israel, where it started to kill carp there. It is now found in over 33 countries around the world. It was largely spread by the transfer of infected fish and, of course, it has caused significant outbreaks and deaths.

**Senator STERLE:** Purposely?

**Mr Barwick:** Accidentally. My point is that this virus is already present in many countries around the world, in fact the majority of countries that have common carp.

**Senator STERLE:** But not here?

**Mr Barwick:** But not here. In places such as Israel they have developed a live attenuated vaccine to protect their carp from this virus, because they like to eat this species in Israel. They have a tool at their disposal to protect their carp from this virus. They do use it. That vaccine was also made available in North America. I understand they are approaching registration for it in China and Indonesia now. To suggest that our use of this virus causes significant risk to food security, again, is a significant oversimplification, because this virus is already present in so many places around the world.

**Senator STERLE:** How would it be a serious risk to global food security?

**Dr Hone:** The world largest farmed fish is carp. It is in Chinese farms. It is very hard, because we do not have the exact stats. It is done a lot in rice paddies, and it supplements daily food, but it could be anywhere between three and six million metric tonnes—a lot of carp. It is a few species of carp, not just one species of carp.

Obviously, China would be very concerned about a virus. But they already know this is happening through all these other countries.

**Mr Barwick:** We brought with us a fact sheet summarising what the National Carp Control Plan is all about, what the virus is and how it works. I would like to table that and provide you with a copy. It has a map within it that shows the countries that have the virus. China, in this example, already has the virus. Just reiterating my point, of the 33 countries around the world where this virus is already present, what we are getting at is the majority of countries or many of the countries that rely on carp have this virus already.

**Senator STERLE:** I will throw this one to you, too. It may seem like you have already answered it, but we were talking about other species. This goes to humans. Their article also states, 'We fear this could lead to catastrophic ecosystem crashes which, given the importance of the Murray-Darling Basin for the country's water supply, may also pose a risk to human health.' What do you say to that, Mr Barwick and Dr Hone, at this stage?

**Mr Barwick:** I would say, just as an overall statement in relation to the paper you are referring to, that these issues are not new for us. In fact, they have shaped our research program since the very inception of the National Carp Control Plan. So, if anything, it is useful that they are validating that we are investing in the right places.

In specific reference to that issue that is raised, the primary pathway that we have identified through which killing lots of carp might impact on ecosystems is through changes to dissolved oxygen. There has been some really sophisticated computer modelling undertaken based on field trials to understand how different biomass levels of carp, if killed, may impact on water quality. Under the National Carp Control Plan's research program we propose to expand that piece of work so that we can assess the risk of anoxia, low oxygen levels in water, and the risk of sign of cyanobacteria, harmful algal blooms, that may result from release of the virus and we can develop strategies to manage those risks. I do want to make the point that anoxia is an ever-present risk in Australian waterways at various times, because high nutrient loads washed into the water can suck out the oxygen. We know that cyanobacteria, blue-green algae blooms, are here as well. We are actually looking to control this species, because they contribute to those outcomes. Some research from South Australia by PhDs published I think last year showed that if you want to control harmful algal blooms one of the best things you can do is control carp and recover native fish populations.

**Senator STERLE:** You have already answered this, but I will ask, because I think I got it right, that the Israelis have found the key here. It also says here that 'KHV is an irreversible high risk proposal', but the Israelis have proved the opposite; is that right?

**Mr Barwick:** What I would say is that one of the most important projects that we propose to fund under our research program is a systematic and quantitative risk assessment of social, economic and ecological risk. I would not say, from the evidence available that we can say that this is a significant risk. What I can say is we want to make an evidence based assessment of that. The research investment under the National Carp Control Plan will do exactly that.

**Senator STERLE:** There is a lot of work to be done. I said yesterday—and I do not normally like to go over old ground much—this was a big announcement. One would have thought that carp would disappear from our rivers all around Australia within two days after question time. That was not the case. But there is so much work to do. Let me just ask some simple ones. So, you inject this virus into the waterways. What do you do? You cannot run around with a needle with each koi. I know that sounds dumb, but what do you do?

**Mr Barwick:** That is not dumb at all. What we know is that the transfer of contaminated water—water contaminated with the virus—can spread the virus. But the most effective way to cause an outbreak—and bearing in mind we want to cause a very effective outbreak—is to inoculate fish, to inject them with the virus. That is the method proposed for release.

**Senator STERLE:** With a needle?

**Mr Barwick:** Correct.

**Senator STERLE:** You are going to needle all of these koi?

**Mr Barwick:** We do not have to do every one of them individually. Obviously, a single infected fish, once it becomes infected, starts to shed the virus and infect its neighbours, but we are doing some sophisticated computer modelling to understand how many release sites throughout the distribution of carp are required and how many fish need to be inoculated to generate the sort of outbreak that we need to get the outcomes that we want.

**Senator STERLE:** So, then we will hopefully have all of these dead fish. Is it a case if you needle one then a river of a couple of kilometres is clean in a month or two months or a year? How long would it take?

**Mr Barwick:** How long does the clean-up take?



**Senator STERLE:** No. How long does the kill take?

**Mr Barwick:** We know that a fish once infected will essentially swim around behaving normally, feeding normally, for around five days. At the around the end of day 5 and into day 6 they start to show clinical signs, essentially sores on their skin, a change in behaviour, and in the optimal temperatures within 24 hours after that they die.

**Senator STERLE:** We will have all of these dead fish around. What do we do with the carcasses?

**Mr Barwick:** That is a really key question under our research program. You can break that up into a couple of different components. We need to really understand in more detail what the carp biomass in Australia looks like at a continental scale and at a regional scale. Is the biomass of carp high, medium or low? We need to then have an understanding of what the thresholds are of carp biomass, the total weight of carp? What are those thresholds that bring about unacceptable water quality outcomes? Then we have an understanding by comparing those two values at a regional scale of where the places are where we need to intervene to do the clean-up.

I make that point because when you look around the world at the outbreaks a variety of approaches have been taken from really hands-on clean-up to doing nothing at all. In some habitat types we have evidence to suggest that we would not expect significant water quality problems. But it is about understanding where those water quality problems will emerge and developing a strategy that will address those issues in those locations.

**Dr Hone:** We talked about the comms and engagement program. Key to that is getting the buy-in from local councils, Indigenous groups and Landcare groups. We really have to enable a whole army of people to be involved. We see this as being a really strong community support program, and that is key to getting the carp out of the river.

**Senator STERLE:** I understand, because there could be aquaculture industries in the same area and all of that sort of stuff. I have no doubt you will have to convince them and bring them with you as well. Do we have an estimation of how much carp Australia has in terms of tonnes?

**Mr Barwick:** There was a first estimate that was done around 12 months ago or a bit longer than that of somewhere between 500,000 tonnes and 2 million tonnes.

**Senator STERLE:** How much?

**Mr Barwick:** Between 500,000 and 2 million tonnes. We acknowledge the error bars around that are quite wide, and that is why one of the most important projects under our research program is to improve the precision of our estimates of biomass.

**Senator STERLE:** So, we do not know?

**Mr Barwick:** We have an estimate, but I would not say it is estimate that I would rely on. We need further work.

**Senator STERLE:** I am just going through some of the minister's comments when he was doing the circus performance there announcing what he was going to do about the carp. I have got to ask you this. The minister said that the carp will replace horse manure. Is that true? Can we use it for manure?

**Senator Ruston:** It certainly can be used as fertiliser so, yes, I suppose so.

**Mr Barwick:** Yes. One of the research proposals under our research program is to understand what are the options for utilisation of the biomass once removed from the river. The Food and Agriculture Organizations tells us within 50 years globally we will be facing food security risks. Let us do something smart with this protein. We want to do a piece of work to look at the characteristics of the fish biomass when taken out of water at different levels of decomposition and look at really smart options for using that biomass beyond putting it in landfill.

**Senator STERLE:** But taking you back to a couple of question ago. This is not about getting rid of all the carp? We are not out to get rid of all the carp? That is what you are saying very clearly, because of the ecosystem.

**Mr Barwick:** It is a really important point. A virus will never cause extinction of its host, because both the host and the virus evolve together. If we just release this virus in isolation, we have modelling to suggest that we will get a very significant drop in carp biomass, more than 70 per cent and possibly up to 100 per cent, but I would not say we count on that. Let us say more than 70 per cent. Then over time, if we were just to do that, you would get some level of recovery in the carp population. The modelling shows you never get the abundance of carp returning to what was once there, but you do get some recovery. What we know and one of our objectives under the National Carp Control Plan is to develop an integrated strategy to control carp, to ensure legacy from this program. That involves using secondary control measures to ensure that carp numbers stay down. We know from the rabbit example and many other pest control examples that that really is the key strategy to success.

**Senator STERLE:** That is interesting, because the initial announcement was a little bit far-fetched, and so you have cleared up a lot of them.

**Senator GALLACHER:** I am old enough to remember being able to see the bottom of the Murray River. With these remaining carp, will that actually make it look fresh and clean like it used to?

**Senator Ruston:** You are not that old.

**Senator GALLACHER:** I used to swim in the Murray and you could see the bottom.

**Mr Barwick:** That is a really interesting point. Everywhere we go in our public consultation we speak with people that remember what our rivers used to look like, that they used to be clear. What we know from research that has been done, Australian research, is that carp numbers seem to reach a threshold where they suddenly start to impact on the ecosystem primarily through making the water turbid. If we can reduce carp numbers to below that threshold, there is a very real expectation that we will see increasing clarity and, in fact, in places like Taroo Wetland in Western Australia, a big wetland where they successfully removed carp from that wetland, the change in turbidity and clarity was dramatic.

**Senator GALLACHER:** I say bring it on.

**Senator STERLE:** I have one more technical question for you both, and it has been very helpful that you have been able to clear up a lot of the misgivings that have been put out there, plus a lot of the confusion that has been taken from the minister's carry-on in the House. If we are that bloody clever, how come we cannot get rid of cane toads? It is all right. We will save that for the inquiry into that. The Queenslanders are now sending them over and it is in the Fitzroy Valley. We are not happy about that.

**Dr Hone:** We have had quite a lot of conversation in the last two days about biosecurity. I think stepping up to the plate in how we actually not only stop this happening in the first place but get ourselves back to a more natural environment. We see this as the native fish program.

**Senator STERLE:** You see it as?

**Dr Hone:** We see the getting rid of the carp as the native fish program. Our goal is native fish. That is our goal. We would share your view that cane toads are a big impact on aquatic systems up north, and tilapia. We are very keen to continue to explore science to return systems back to their natural systems.

**Senator STERLE:** Yesterday I got the information and the breakdown of \$4 million, \$4 million, three and a bit million for the \$15 million. So, this is just to develop the plan? That is all this is? And your work will be done, completed when?

**Mr Barwick:** There are two components to that. The answer is, yes, this is to develop a plan that will inform a decision at the end of next year on how to go forward to make an evidence based assessment and to share what we learn with the Australian community so that they develop evidence based opinions on this.

In terms of the role of FRDC, our role is simply to deliver the research, the monitoring and the consultation. If Australia decides to implement this virus, the FRDC has no further role. It is then passed on to those that will—

**Senator STERLE:** I will go back to Mr Quinlivan. What you have cleared up for us or for me very clearly is that we are nowhere near implementing a plan yet and we have no idea how much this is going to cost. We have no idea how to do the rollout, because after your work is done, as you said Dr Hone, there is so much more to do with local communities and local governments. There is a lot more. Thank you very much.

**Senator CAROL BROWN:** Those were the questions that I was going to ask, what happens when your work has been done and it goes back to the department and the minister.

**Mr Quinlivan:** It will be a collective responsibility. It actually will be mainly a responsibility of the state governments, which will need to mobilise local governments, community groups and so on. When we pitched this idea to ministers a bit over 12 months ago we said to them, as a way of thinking about it, that we might need to spend \$15 million on research, but we will need probably 10 times that in kind from people and community groups to make this work in practice. I think the whole project has been proceeding on the basis that that is the kind of effort that will be required to make it a success.

**Senator CAROL BROWN:** You said you pitched that. Who are we talking to?

**Mr Quinlivan:** The Commonwealth and State agriculture and biosecurity ministers.

**Senator CAROL BROWN:** So, state and territory ministers?

**Mr Quinlivan:** Yes.

**Senator CAROL BROWN:** Have they all signed up to the carp program?

**Mr Quinlivan:** They did indeed, yes.

**Senator CAROL BROWN:** Did they give you any undertakings about further funding after the work of the national carp program is done?

**Mr Quinlivan:** I am sure there will be, but regardless of how much additional government money is involved I think everybody understands that this is hopefully going to be a very large community and voluntary project, because we are going to mostly need to mobilise in-kind support and activity to make it work.

**Senator CAROL BROWN:** Did the Northern Territory sign up?

**Mr Quinlivan:** The Northern Territory minister was present. I do not recall what he said, but in any case, as Mr Barwick said, they are not participating because they do not have carp present in their waterways.

**Senator CAROL BROWN:** I heard what he said.

**Mr Barwick:** They simply have not been introduced there and because the rivers do not flow in that direction, until a human moves them they will not be there, which is a nice thing.

**Senator CAROL BROWN:** How much are we talking about? You said 10 times.

**Mr Quinlivan:** I recall speaking to ministers and we used that phrase to give them a picture of what would be involved, but we are hopefully not talking about financial contributions, more in-kind contributions, but they will be of immense value. That is why so much planning needs to be done to make sure that this is a properly coordinated activity.

**Senator CAROL BROWN:** Are they continually being given reports on the work that is being carried out?

**Mr Quinlivan:** Mr Barwick is doing this on behalf of all of the governments.

**Senator CAROL BROWN:** Is that through the advisory council?

**Mr Barwick:** There are numerous advisory council groups and working groups that are conduits for us to provide advice.

**Senator CAROL BROWN:** I know. There always are.

**Mr Barwick:** It is absolutely essential, because there are so many different compartments of this.

**Senator CAROL BROWN:** Can you tell me how the state and territory ministers are advised of the progress that you are making? Which group?

**Mr Barwick:** We gave a direct briefing to the fisheries ministers last month, who have been invited to come and give a presentation to COAG at their next meeting, to brief them as well. In terms of the national governance that I alluded to earlier, we report directly to the Invasive Plants and Animals Committee, who report on to the National Biosecurity Committee, who answer to the Agriculture Senior Officials Committee and up to the agriculture ministers themselves. There is that direct line of communication through that channel as well.

**Senator CAROL BROWN:** I have to smile when you say 'direct line'. I do understand. There will be some point in time, sometime after the end of next year, or are you planning to wait that long before you get some sort of idea about funding? I know you say it is not all dollars that will be required.

**Mr Quinlivan:** I do not think funding is the key issue here. The key issue is developing a credible plan that is going to make this work, to put all the science, community engagement and so on together.

**Senator CAROL BROWN:** We put all of our faith in—

**Mr Quinlivan:** I think at that point governments will mobilise to make this happen.

**Senator CAROL BROWN:** We put all of our faith in the carpinator. He has done that. He has delivered that.

**Mr Quinlivan:** We will take it—

**Senator CAROL BROWN:** I am just trying to get an understanding going forward.

**Mr Quinlivan:** We will take advice on optimal timing, as we always do for these biological releases, because there is nearly always an optimal time. There will be issues about sequential or release. That needs to be coordinated with all of the removal activities and so on that we have been talking about. I think when people are confident that all of those moving parts can move in unison governments will be pretty keen to go.

**Senator STERLE:** This may sound silly but I have to clear this up. This is the *Hansard*. This is important. The minister in his rant stated that 'you have to go to some extreme measures at times to make sure that we keep our economy and our environment healthy, even if it requires a version of venereal disease to deal with the carp', and that 'if that is what is required then that is what is required'. Can you put the Australian public's mind at ease? Is this a water venereal disease?

**Mr Barwick:** Absolutely not. It is a herpes virus, of course. Herpes viruses have different forms of transmission. This one is primarily transmitted by fish-to-fish contact, but it is not a venereal disease.

**Senator STERLE:** Thank you. Can someone let the minister know that he frightened the living daylights out of all of those swimming clubs and whatnot. I do not have any more carp questions or any more questions for FRDC.

**Mr Barwick:** Can I just make one last comment on carp?

**ACTING CHAIR (Senator Back):** Please.

**Mr Barwick:** It is really important to understand that this is purely a science program with two parts—communication engagement and research, which is the gaps, to de-risk a decision-making process. We are not involved in the decision-making process.

**Senator STERLE:** We know that. We honestly know that.

**Mr Barwick:** We will provide that report. It will be provided to everyone. It will be open. There is a website with all of the information going up. The committees and everything is there. One thing that we have learnt with this process is there is a lot of conspiracies. The koi carp industry is obviously interested in their own personal views. We have carp fishermen. Anytime anybody has an issue/question, we would be more than happy, if you want to point us to someone who has a concern, to talk, engage, hear what it is. If we need to address it through the science program, we will get it done.

**Senator STERLE:** It has been made very clear. When it was first announced, it was as though there would be no carp in Australia the next day, tomorrow or the day after. That could not be further from the truth. We also know \$15 million is just to get the research done, to get a plan in place. Then we know the bigger step is going to be selling that, bringing people along. Is it going to work? Where is all of the money going to come from? Who is going to do it? We get all of that.

**Mr Barwick:** Thank you.

**Senator STERLE:** Thank you very much.

**ACTING CHAIR:** Nothing more for the group? We have Australian Fisheries Management Authority.

**Senator Ruston:** Can I just put on the record that, subsequent to some line of questioning this morning by Senator McCarthy in relation to the Deputy Prime Minister's electorate office in Armidale, there has subsequently been a press release issued by the shadow minister for agriculture, the Hon. Joel Fitzgibbon, which is I suppose misleading at best, where he is actually suggesting that the move of the DPM's office is in some way pork-barrelling on the basis of the fact that departmental officials did not always attend meetings when he held meetings in his ministerial office in Armidale. We would just like to draw to attention that that is not what was said. What was said was that the department does not keep a record of the times when departmental officials might attend, or do attend, at the DPM's ministerial office in Armidale. But it is also worth quite clearly pointing out that I said, which is not quoted in this, that we most often do not necessarily have departmental officials attending ministerial meetings. What we usually do is seek a briefing from the department about a particular issue when we are meeting with a stakeholder as part of our ministerial responsibilities. I would just like to put on the record that the press release does not in any way reflect the evidence that was given by either me or the secretary in answers to the questions.

**ACTING CHAIR:** Thank you. So noted.

#### **Australian Fisheries Management Authority**

[17:03]

**Senator CAROL BROWN:** I am going to ask some questions about pair trawling. Is AFMA aware of community concerns with the approved mid-water pair trawling?

**Dr Findlay:** Yes, we are aware of community concerns. When we first received the application for pair trawling in December 2016, we undertook quite an extensive process of consultation with relevant marine experts and scientists in the area of small pelagic fisheries and related bycatch issues and also opened up a public consultation process which resulted in some 8,000-plus campaign emails being received which were opposed to the proposal going ahead. We also received 69 individually written submissions, the majority of which were against the proposal going ahead. We make decisions based on the evidence and facts, not on popularity. If you want to be popular, do not work in fisheries management. That would be my advice. Yes, we are very aware of the concerns. The independent AFMA commission made the decision in April to go ahead and approve an 18-month trial for pair trawling. We approved the 18-month trial on the hope that we would collect enough

information to be able to assess whether or not pair trawling poses any higher risk than the existing approved methods of mid-water trawl and purse seining in the small pelagic fishery.

**Senator CAROL BROWN:** How will conditions and reviews be managed for mid-water pair trawling?

**Dr Findlay:** As we do with any of our processes, we collect information about the activities of fishing if it goes ahead. At the moment, we understand the company is reviewing the likelihood of going ahead with pair trawling operations this year.

**Senator CAROL BROWN:** What is the name of the company?

**Dr Findlay:** I am not sure we have made that public at this stage. I am happy to give it to you in camera if it is important.

**Senator CAROL BROWN:** That is fine. Keep going.

**Dr Findlay:** What was the original question? How we review?

**Senator CAROL BROWN:** Yes.

**Dr Findlay:** As part of the initial operation, with each pair operation, they would have cameras installed aboard the boat as well as be required to take AFMA observers. That information, combined with information collected from the fishery in broad as well as through logbooks and the VMS data plus our ongoing fisheries independent scientific assessments would be used to monitor any impacts of pair trawling over and above other operations, and during that process but certainly at the end that data would be reviewed and a decision would be taken about whether or not pair trawling would be allowed to continue. That decision would be taken by the AFMA commission.

**Senator CAROL BROWN:** What is the difference between supertrawlers and mid-water pair trawling?

**Dr Findlay:** I probably would ask you to find what a supertrawler is if I were being really pedantic. If I referred to maybe pair trawling versus mid-water trawling by a boat of any size—pair trawling is simply a mid-water trawl net towed by two boats and mid-water trawling is just a mid-water trawl full net towed by a single boat. They use two boats on occasions when smaller boats are used. On this occasion the proponents were looking to use two relatively smaller existing Australian vessels. Our understanding is that they look to pair trawling when they are trying to tow the net a little bit faster. We already have pair trawl operations in a number of Australian fisheries and we have had pair trawling operations previously in the small pelagic fisheries. This is something that we have had experience with before. For the most part, it looks like, smells like and tastes like mid-water trawling by a single vessel.

**Senator CAROL BROWN:** So it is towed by one boat; is that what you said?

**Dr Findlay:** No. Pair trawling is towed by two boats.

**Senator CAROL BROWN:** I am sorry, two boats.

**Dr Findlay:** Mid-water trawling is normally just a single boat.

**Senator CAROL BROWN:** Yes, a single boat. Does it matter about the length of the trawler?

**Dr Findlay:** No. At the moment there is a restriction imposed by regulation on boats over 130 metres. They would not be able to use a boat over 130 metres in the small pelagic fishery. But other than that, there is no restriction on the size of the boats. We do not control the number or size of the boats that the fisherman can use. We control the size of their catch and their impact on other species. We do not think that bigger or smaller boats pose any higher or lower risk. One thing we have discovered is bigger boats are a little bit easier to monitor. When the *Geelong Star* was operating, it was certainly easier for us to monitor that than some of our small boat fleets.

**Senator CAROL BROWN:** How many licences may be approved for mid-water pair trawling?

**Dr Findlay:** To operate it in the small pelagic fishery you need to hold quota in that fishery. Anyone who holds quota can put a boat in the fishery and go fishing. So it is not a matter of issuing a licence. All you need to do is hold a quota.

**Senator CAROL BROWN:** How many quotas are there?

**Dr Findlay:** The quota is a tonnage of fish across the seven species that are able to be targeted. Anyone who holds any quota of those species is allowed to put a vessel into the fishery and take that quota, and not a kilo more.

**Senator CAROL BROWN:** Can they sell their quotas on?

**Dr Findlay:** They can lease or sell their quota, yes.

**Senator CAROL BROWN:** Another quota holder can acquire? Do you have to be a quota holder?

**Dr Findlay:** By acquiring quota you become a quota holder. Anyone can acquire quota, including yourself.

**Senator GALLACHER:** How do you acquire quota?

**Dr Findlay:** You find someone who is willing to sell it to you.

**Senator GALLACHER:** Senator Brown is not likely to go and acquire quota.

**Dr Findlay:** It is an open market. If she can find a willing seller, she can acquire quota.

**Senator CAROL BROWN:** How many quotas are there out there?

**Dr Findlay:** The quotas are a tonnage of fish. At the moment an individual quota unit has various values according to different species in different areas, but it is millions because the tonnage per quota unit is quite small.

**Senator CAROL BROWN:** I have one more question. Have you consulted with rec fishers and Indigenous fishers in regard to mid-water pair trawling?

**Dr Findlay:** I mentioned in answer to your first question about the process we went through.

**Senator CAROL BROWN:** You talk very quickly.

**Dr Findlay:** We went through quite an extensive process involving marine experts, a number of management advisory committees and the scientific expert panel. The management advisory committee for the southeast, the South East MAC, includes recreational fishers on that group. A lot of the submissions we received during the public comment phase were from recreational fishers or on behalf of recreational fishing associations. I would have to check my list about whether or not any Indigenous fishing or Indigenous groups made submissions during that time.

**Senator CAROL BROWN:** Would you be able to answer that on notice?

**Dr Findlay:** Yes, unless we have it here and we can answer it quickly.

**Dr Rayns:** We had a public consultation period and there were a large number of submissions so we would have to take that on notice.

**Senator CAROL BROWN:** So, other than through that process of people putting in submissions or comments, there has been no other consultation with Indigenous fishers?

**Dr Findlay:** Not specifically, no.

**Senator CAROL BROWN:** But there has been with rec fishers?

**Dr Findlay:** Recreational fishers are represented on the South East Management Advisory Committee and also attend a number of our public forums. There was one of those during that time. Again, Indigenous fishers may have also attended that group, but I would have to check the attendance list.

**Senator CAROL BROWN:** Would you be able to answer that on notice?

**Dr Findlay:** Yes.

**Senator STERLE:** I have one question. What happened to all the red and blue ties that you all turned up in once?

**Dr Findlay:** I am not sure. We can probably find you one if you want one.

**Senator STERLE:** No. It was hysterical. You all looked alike. I am just asking.

**ACTING CHAIR:** I just have one, if I may, to do with the illegal fishing in Australian waters. Can you tell us, if at all, how many illegal fishing activities have been detected in Australian waters in the last 12 months?

**Mr Venslovas:** I will give you details in relation to the financial year. For the 2016-17 financial year, 15 illegal foreign fishing vessels were apprehended in Australian waters. Eight of those were from Vietnam, one from Papua New Guinea and six from Indonesia.

**Senator GALLACHER:** Were they all on the northern coastline or were there any in the Patagonian toothfish area?

**Mr Venslovas:** Mainly in the Coral Sea. We have had a recent spurt of activity by illegal fishers from Vietnam off far north Queensland. That was the eight vessels that were apprehended this financial year. There were a further six apprehended the year before in the Coral Sea. The other vessels are around the coastline north of Darwin and over to Western Australia. As far as the Southern Ocean goes, in terms of illegal fishing for Patagonian toothfish, there have not been any apprehensions and nor have there been any sightings.

**Senator GALLACHER:** Do you have the same visibility? Are we keeping up the same sort of lookout for them, so to speak?

**Mr Venslovas:** Absolutely. In Australian northern waters, the maritime threats which are addressed by the Maritime Border Command in terms of the deployment of their aerial surveillance and patrol boats are in the key areas where the high risks apply. From a fisheries perspective, we have not seen any sort of major drop in surveillance effort, because our risks are in similar areas to where other maritime risks occur. Just to place the numbers in perspective, I was mentioning 15 vessels apprehended this financial year. There were 20 apprehended the previous financial year.

**ACTING CHAIR:** So 2016?

**Mr Venslovas:** Fifteen for this financial year.

**ACTING CHAIR:** In 2015-16 there were 20?

**Mr Venslovas:** I am sorry. For 2015-16 there were 20. Prior to that—

**ACTING CHAIR:** To date we have 15?

**Mr Venslovas:** To date, 15. For the 2014-15 financial year there were six.

**ACTING CHAIR:** Were any of those Vietnamese?

**Mr Venslovas:** No.

**ACTING CHAIR:** So principally Indonesian, I would suspect.

**Mr Venslovas:** Only Indonesian for that financial year. When you compare that with the mid-2000s—2005, 2006 for example—there were 367 apprehensions, which is just over one per day, which was the peak period basically.

**ACTING CHAIR:** Was it Border Protection personnel who detected them?

**Mr Venslovas:** The maritime surveillance program within Australia is coordinated by the Maritime Border Command. As I mentioned before, their mandate is to address the seven maritime threats that face Australia. Illegal fishing is one of them, and ACMA as a client agency feeds into that process. We provide risk assessments and intelligence information to help inform Maritime Border Command on where to deploy their assets.

**ACTING CHAIR:** Can you tell us what species that is in the main? Were they chasing one particular species of fish or was it more general?

**Mr Venslovas:** The Indonesians normally target shark for their shark fin, which is quite lucrative. The Vietnamese vessels have specifically been targeting beche-de-mer, which is sea cucumber, which is found on coral reefs.

**Senator GALLACHER:** Is that trochus shells?

**Mr Venslovas:** No, it is different.

**Senator Ruston:** Sea cucumbers.

**ACTING CHAIR:** Do we know the approximate number of fishermen who were apprehended from those 15 vessels?

**Mr Venslovas:** From the 15 vessels there were 192 people on board.

**ACTING CHAIR:** All of them adults? I am going to get into strife, because we have in the past.

**Mr Venslovas:** For this financial year they were all adults. There have been three juveniles apprehended in the last three years.

**ACTING CHAIR:** What has happened to the boats?

**Mr Venslovas:** The vessels are destroyed.

**ACTING CHAIR:** Good.

**Mr Venslovas:** They are confiscated and destroyed. That sends a strong deterrent to operators, and the offenders are prosecuted.

**ACTING CHAIR:** So are they burnt?

**Mr Venslovas:** Various methods. Wooden hulled vessels are burnt or fumigated and broken up to treat the biosecurity risks. Steel hulled vessels can be sunk as dive wrecks or we have scrapped them in the past as well.

**ACTING CHAIR:** And the seized fish? Is any of it of any commercial value?

**Mr Venslovas:** Our practice is not to resell any seized fish, mainly because of the potential health hazards associated with that. The beche-de-mer, for example, off the Vietnamese vessels is stored in drums which previously were used to store fuel. There is obviously issues with that. The product, when it is alive, is returned to the sea immediately, but other product is disposed of by throwing it overboard as well.

**ACTING CHAIR:** So a reduction of 367 in 2005-06 down to 20 in 2015. Thank you. Those are my questions.

**Senator McCARTHY:** So 15 boats, and you mentioned that eight were off Queensland. How many came across towards the Northern Territory side? Were there any there?

**Mr Venslovas:** There was one caught recently off Western Australia. There have been a couple, I would say two to three, apprehended north of Darwin, and one further to the east off Queensland.

**Senator McCARTHY:** Where were the ones, the two to three, north of Darwin from?

**Mr Venslovas:** Mainly Indonesia.

**Senator McCARTHY:** They were Indonesian?

**Mr Venslovas:** Indonesian, yes.

**Senator McCARTHY:** Was that just in the last financial year?

**Mr Venslovas:** That is right. Just in terms of figures, in comparative terms, if I could elaborate on that. In the last three years, there have been 41 vessels apprehended. That is in the last three years. That compares to 739 that were apprehended in the three years from 2005 to 2008. In terms of people, in the last three years 418 people have been apprehended on those 41 different vessels. In the mid-2000s, out of those 739 vessels 5,679 people were apprehended. There has been a dramatic decline in activity.

**Senator McCARTHY:** Thank you.

**Senator KETTER:** I am interested in whether you have had a look at the Productivity Commission's recent report on marine fisheries and aquaculture dated 19 December 2016.

**Dr Findlay:** Yes, we have.

**Senator KETTER:** Do you have any reflections on that report? How does it affect your organisation?

**Dr Findlay:** The government put its response out yesterday and we are still working our way through that, but there is certainly nothing there that gives us great cause for concern. We think we can deliver most of the recommendations that the government has aligned itself with.

**Mr Quinlivan:** A short description would be that the report is an endorsement of most of the policy settings and management practices of AFMA and the Commonwealth and it is encouraging the states to catch up. That would be a fair description.

**Dr Findlay:** I would think that is a fair description. There are a few things in there that we need to work on as well where the states are probably a little bit ahead of us, but overall that is a fair summary.

**Senator KETTER:** One of the key points from the report was that policy settings are not maximising the value of fisheries to the community, and in particular most commercial fisheries are managed primarily through controls over fishing methods which inhibit fishers from introducing more innovative and cost-effective practices.

**Dr Findlay:** That is one of the areas where the report was particularly glowing about the role of Commonwealth fisheries. In Commonwealth fisheries we have had a long-held policy since 1989 to introduce systems control in those individual transferable quotas which, for the most part, release fishers from the controls on how they go fishing and just focus, as I was explaining to Senator Brown earlier, on how much they catch.

In most of our fisheries we have ITQs, or individual transferable quotas. Fishers are able to choose a method that is most efficient and fish in ways that are most efficient. There are still some controls about gross impacts on the environment or risk of bycatch on the side of the fishing activities. But in most of our large fisheries—and I would not have the exact number off the top of my head—they would have ITQs in place. The vast majority of our gross value production is actually controlled under ITQs with a couple of exceptions. We are still pursuing ITQs as the default management arrangement, but in some of our fisheries we have actively decided not to go to ITQs and instead use an individual transferable effort system, which seeks to control one particular component of their fishing effort but leaves other components of fishing activity largely unchecked. Fishers are able to innovate around those to improve their catching efficiency. That was one of the areas where they said the Commonwealth needs to finish off a little bit, and states and territories in the main are still catching up in that respect.

**Senator KETTER:** It does identify some cross-jurisdictional issues in respect of fishery management techniques. Is there a role for some harmonisation?



**Dr Findlay:** There certainly is. I am actually really pleased. Over the last five or six years we have had very good cross-fertilisation of ideas and management techniques across the jurisdictions in Australia. We have quite a useful Australian fisheries managers forum and also a good day-to-day working relationships. We have also had a series, underneath the former minister and our current minister, at ministerial meetings, which have been an important catalyst to ensuring these conversations maintain momentum and keep that harmonisation on the right track.

**Senator KETTER:** The bottom line is you do not see many changes required with AFMA?

**Dr Findlay:** I think there are a few changes for us. I think there is a role for all fisheries managers to look at that report and think about how their management systems are doing the job. It is fair to say that we are very good in terms of our fishery sustainability. We are still needing to do work around our fisheries economic performance. And not just the issue that is raised there; at the moment, for example, we have strict catch limits in quite a number of our fisheries, but only about half of that allowed scientifically demonstrably sustainable catch is actually being taken. We would like to find ways to encourage fisheries to catch more of that to meet our global food demand in a sustainable way.

**Senator Ruston:** Dr Findley probably will not sing his own praises in this regard, but I will. AFMA are considered internationally as one of the world's leaders in terms of fisheries management, to such an extent that we play a very significant role, particularly in the Pacific, on areas like tuna. They are looking to us for fisheries management advice and assistance, because they see that we have the best practices.

**Senator KETTER:** Thank you very much.

**ACTING CHAIR:** Thank you very much. Minister and Secretary, that brings to a close the committee's interrogation of the Agriculture and Water Resources Portfolio. Can I thank you and your officers for your attendance. Can I also thank you, on behalf of the committee, for your willingness to take questions on notice and come back with answers during the course of the period. That has been very helpful to us. I understand, colleagues, that we need to have questions in by next Friday, 2 June, and I will be advised what date we will be seeking answers. It is 7 July. I thank Hansard. I thank the secretariat and my colleagues. This now brings this interrogation to a conclusion. Thank you very much.

**Committee adjourned at 17:24**