



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Estimates

(Public)

TUESDAY, 19 FEBRUARY 2019

CANBERRA

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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Tuesday, 19 February 2019

Members in attendance: Senators Brockman, Carol Brown, Faruqi, Gallacher, Ketter, McCarthy, McGrath, O'Sullivan, Patrick, Rice, Dean Smith, Sterle, Storer, Whish-Wilson, Williams.

AGRICULTURE AND WATER RESOURCES PORTFOLIO

In Attendance

Senator Colbeck, Assistant Minister for Agriculture and Water Resources

Department of Agriculture and Water Resources

Executive

Mr Daryl Quinlivan, Secretary
Ms Cindy Briscoe, Deputy Secretary
Ms Emily Canning, Deputy Secretary
Ms Lyn O'Connell, Deputy Secretary
Mr Barry Sterland, Deputy Secretary
Mr Malcolm Thompson, Deputy Secretary

Corporate Matters

Finance and Business Support

Mr Scott Brown, Acting Chief Finance Officer
Mr Paul Pak Poy, Assistant Secretary, Industry Support Branch
Ms Tanya Howitt, Acting Assistant Secretary, Finance Management Branch
Ms Vanessa Berry, Assistant Secretary, Finance Operations Branch
Mr Troy Czabania, Assistant Secretary, Commercial Business Branch

Corporate Strategy and Governance

Mr Neal Mason, First Assistant Secretary
Ms Tiffany Blight, Assistant Secretary, Workforce and HR Strategy Branch
Ms Kylie Barber, Assistant Secretary, HR People Branch
Ms Melissa Brown, Assistant Secretary, Parliamentary, Communication and Portfolio Business Branch
Ms Bronwen Jagers, Assistant Secretary, Planning and Governance Branch

Information Services

Mr Peter McKeon, Chief Information Officer
Mr John Mason, Assistant Secretary, Information and Communications Technology Services and Enablement Branch

Assurance and Legal

Ms Alice Linacre, General Counsel
Mr Jadd Sanson-Fisher, Assistant Secretary, Regulatory, Advisings and Legislation Branch
Mr Lionel Riley, Assistant Secretary, Assurance Branch
Ms Cassandra Ireland, Acting Assistant Secretary, Corporate and Dispute Resolution Branch

Australian Bureau of Agricultural and Resources Economics and Sciences

Mr Peter Gooday, Acting Executive Director
Mr David Galeano, Assistant Secretary, Farm Performance and Forestry Branch
Mr Bertie Hennecke, Assistant Secretary, Biosecurity and Fisheries Branch
Dr Jared Greenville, Assistant Secretary, Special Projects Branch
Dr Caroline Gunning-Trant, Acting Assistant Secretary, Agricultural Commodities and Trade Branch

Animal Health Australia

Dr Kathleen Plowman, Chief Executive Officer
Dr Simon Humphrys, Executive Manager, Biosecurity and Product Integrity Services
Dr Samantha Allan, Executive Manager, Emergency Preparedness and Response Services

Plant Health Australia

Mr Greg Fraser, Executive Director and Chief Executive Officer

Dr Susanna Driessen, General Manager, Emergency Preparedness and Response

Mr Darryl Barbour, Manager, National Fruit Fly Council

Mr Rod Turner, General Manager, Preparedness and Research, Development and Extension

Dr Sharyn Taylor, National Manager, Surveillance and Diagnostics

Australian Pesticides and Veterinary Medicines Authority

Dr Chris Parker, Chief Executive Officer

Ms Lisa Croft, Deputy Chief Executive Officer

Mr Alan Norden, Executive Director, Registration Management and Evaluation

Mr Bob Smith, Executive Director, Enabling Technology and Site Relocation

Dr Jason Lutze, Executive Director, Scientific Assessment and Chemical Review

Dr Maggie Hardy, Chief Regulatory Scientist

Australian Fisheries Management Authority

Ms Anna Willock, Acting Chief Executive Officer

Ms Beth Gibson, Acting Executive Manager, Fisheries Management Branch

Mr Peter Venslovas, General Manager, Fisheries Operations Branch

Mr John Andersen, General Manager, Corporate Services Branch

Regional Investment Corporation

Mr David Foster, Board Chair

Mr Bruce King, Chief Executive Officer

Outcome 1: Sustaining National Resources for Longer Term Productive Primary Industries Rural Policy and Farm Performance Division

Ms Sally Standen, First Assistant Secretary

Ms Emma Cully, Assistant Secretary, Climate and Resilience Policy Branch

Mr Andrew O'Sullivan, Acting Assistant Secretary, Financial Policy and Farm Business Support Branch

Mr Tim Fisher, Assistant Secretary, Farm Performance Branch

AGVET Chemicals, Fisheries and Forestry Division

Ms Cassandra Kennedy, Acting First Assistant Secretary

Ms Michelle Lauder, Assistant Secretary, Forestry Branch

Ms Julie Gaglia, Assistant Secretary, AgVet Chemicals Branch

Ms Laura Timmins, Acting Assistant Secretary, Fisheries Branch Agricultural Policy

Mr Nick Blong, Acting First Assistant Secretary

Mr Andrew McDonald, Assistant Secretary, Animal Industries, RDCs and Investment Branch

Ms Alison Curran, Acting Assistant Secretary, Biotechnology, Dairy and Levies Policy Branch

Mr Stephen Hodge, Acting Assistant Secretary, Plant Industries, Infrastructure and Workforce Branch

Ms Alison McMorro, Acting Assistant Secretary, Productivity Projects and Innovation Branch Trade and Market Access

Ms Louise van Meurs, First Assistant Secretary

Ms Jodie McAlister, Assistant Secretary, Bilateral Engagement Branch

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

Ms Amy Fox, Assistant Secretary, Strategic Trade Policy and North Asia Branch

Ms Ann McDonald, Assistant Secretary, Export Legislation Taskforce

Outcome 2: Managing Biosecurity and Imported Food Risk Exports

Ms Fran Freeman, First Assistant Secretary

Mr Tom Black, Acting Assistant Secretary, Residues and Food Branch

Ms Slava Zeman, Acting Assistant Secretary, Meat Exports Branch

Ms Anna Somerville, Acting Assistant Secretary, Export Standards Branch

Live Animal Exports

Ms Tina Hutchison, Acting First Assistant Secretary
Dr Carol Sheridan, Assistant Secretary, Animal Welfare Branch
Dr Joffrid Mackett, Acting Assistant Secretary, Live Animal Exports Branch

Biosecurity Animal (including Australian Chief Veterinary Officer)

Dr Narelle Clegg, Acting Chief Veterinary Officer, Australian Chief Veterinary Office
Dr Robyn Martin, Acting First Assistant Secretary
Dr Narelle Clegg, Assistant Secretary, Animal Health Policy Branch
Dr Beth Cookson, Acting Assistant Secretary, Animal Biosecurity Branch
Mr Wayne Terpstra, Assistant Secretary, Animal and Biological Imports Branch

Biosecurity Plant (including Australian Chief Plant Protection)

Dr Marion Healy, First Assistant Secretary
Dr Kim Ritman, Australian Chief Plant Protection Office
Ms Lois Ransom, Assistant Secretary, Plant Import Operations Branch
Dr Robyn Cleland, Assistant Secretary, Plant Import Operations Branch
Ms Sarah Hilton, Acting Assistant Secretary, Plant Health Policy Branch
Mr Colin Hunter, Assistant Secretary, Plant Health Policy Branch
Mr David Ironside, Assistant Secretary, Plant Export Operations Branch
Mr Peter Creaser, Assistant Secretary, Plant Systems and Strategies Branch,
Dr Gabrielle Vivian-Smith, Assistant Secretary, Plant Sciences and Risk Assessment Branch
Dr David Dall, Principal Scientific Analyst

Compliance

Ms Peta Lane, First Assistant Secretary
Mr Andrew Patterson, Acting Assistant Secretary, Enforcement and Sanctions Branch
Mr Dean Merrilees, Assistant Secretary, Compliance Controls Branch
Mr Jagtej Singh, Assistant Secretary, Compliance Policy Branch
Mr Nathan Reid, Director, Compliance Partnerships, Compliance Policy Branch

Biosecurity Policy and Implementation

Mr Matthew Koval, First Assistant Secretary
Mr Ian Thompson Australian Chief Environmental Biosecurity Office
Mrs Josephine Laduzko, Assistant Secretary, Biosecurity Policy Response Branch
Mrs Monica Finlayson, Acting Assistant Secretary, Biosecurity Implementation Branch
Mr Sam Wells, Director Research and Innovation Section

Biosecurity Operations

Mr Nico Padovan, First Assistant Secretary
Mr Mark Simpson, Assistant Secretary, Operations Integration Branch

Committee met at 09:04

CHAIR (Senator O'Sullivan): 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 2018-19 and related documents for agriculture and water resources. 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 related to matters for which senators have given notice, and the proceedings today will begin with the examination of corporate matters. The committee has fixed Friday, 29 March 2019 as the date for the return of answers to questions on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by the close of business on Friday, 1 March 2019. 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 the 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 a committee. The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations of financial positions of the departments and agencies which are also 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 reasonable opportunity to refer questions asked of the officer to superior officers or to a 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. Witnesses are specifically reminded that a statement that information or documents are confidential or consist 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.

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)

Department of Agriculture and Water Resources

[09:08]

CHAIR: I now welcome Senator the Hon. Richard Colbeck. Welcome, Senator. It's always a pleasure to deal with you at estimates in your role as Assistant Minister for Agriculture and Water Resources and representing the Minister for Agriculture and Water Resources. Welcome also to you, Mr Quinlivan, secretary of the department. Can I place on the record our particular thanks to you. I know that the world wanted you to be at evokeAG today, but you've remained here with us to do estimates. That's much appreciated. Minister Colbeck, do you wish to make any opening statements?

Senator Colbeck: No.

CHAIR: Mr Quinlivan, do you wish to make any opening statements?

Mr Quinlivan: Yes, I have got a short statement I'd like to make, Chair. We thought it would be useful to update the committee on some of the impacts of the ongoing drought on the east coast and the recent flood events in Far North Queensland and to outline some of the fundamentals for the agricultural sector as we see them.

First, it's important to acknowledge the significant trauma that these natural events, in some parts unprecedented in their intensity, have caused farming families and rural and regional communities as well as the natural environment in some cases. The department is working with state and local governments, councils, industry representatives and communities to respond to these events with assistance in the recovery and long-term resilience phases of these disasters. Despite what is currently happening, and the public attention on these problems, it's worth remembering that the sector has a very positive outlook. Obviously, if the drought persists, the difficulties facing farming families and rural communities on the east coast will become more serious, especially in the Murray-Darling Basin. The forecast is not positive, and water storages are falling fast. And we do have a lot at stake with the timing of the autumn-winter break. But when seasonal conditions improve on the fundamentals, we would expect the sector to rebound quickly, as it has done previously following droughts.

The value of agricultural production broke the \$60 billion barrier in 2016-17 and has not really fallen much below that since, despite the poor seasons. The value of our exports has grown by 55 per cent in the 10 years to 2017-18, with growth in the value of wool at 115 per cent, horticulture at 82 per cent and beef and sheep meat at 73 per cent. Exports in all of these sectors have been particularly strong. The value of cotton exports has increased from \$500 million to \$2.1 billion over the past 10 years. The value of canola exports has increased from \$595 million to \$1.3 billion. Other sectors, such as almonds and avocados, have grown from being quite small industries to approaching \$1 billion industries. Part of the reason for that growth has been that agricultural productivity has been good, outpacing most other market sectors. Export prices have also been very good in recent years for a broad range of agricultural goods, including live cattle, up 57 per cent over the last five years; wool, 51 per cent; mutton, 40 per cent; beef, 35 per cent; wine, 27 per cent; and lamb, 24 per cent. Grain prices also have been rising recently.

It's obvious that the ongoing hardships being felt by farmers will reduce agricultural production in 2018-19. Preliminary forecasts from ABARES are suggesting a four per cent decline in the gross value of farm production, to \$57 billion. But there have been a number of factors that have helped support the national value of production. Favourable season conditions saw the second-largest winter crop harvest in Western Australia, while international and domestic prices have also been favourable. Preferential access to most of our major export markets, including through the recent ratification of the Trans-Pacific Partnership Agreement, is also helping to support export demand. The lower Australian dollar has also provided a boost to Australian export earnings. Over 2018 the Australian dollar depreciated by 10 per cent against the US dollar and by six per cent on a trade-weighted basis. Agricultural export prices increased by about 12 per cent, year on year, in December 2018. Trade agreements don't provide market access, much less ensure that access is maintained. This requires consistent effort by exporters and by the department, as the export regulator. We've seen a graphic illustration of this with the recent fruit fly detections.

The outlook for agricultural production obviously relies heavily on seasonal conditions improving, starting with the winter crop plantings this year. In the long run, of course, the focus on improving productivity is vital to

managing Australia's variable climate and continuing to grow production. It will always be central to the sector's response to climate change.

There are external risks to export earnings. Trade tensions between China and the United States, our largest and third-largest agricultural export markets, could materially affect income growth and reduce import demand, including across Asia generally. Export earnings are also under pressure from increasing competition from major exporters across the grains and livestock industries. For example, increased beef supply from the United States is forecast to reduce Australian beef exports to the United States and Japan and has already done so to Korea. Low-cost wheat producers such as Russia and Argentina will compete strongly with Australian exports in price-conscious Asian markets. It looks like we will see continuing drought conditions and water supply problems over the next year, but there is good reason for optimism in Australian agriculture, and the underlying trend is strong growth in production, exports and investment. Thank you.

CHAIR: Thank you, Mr Quinlivan. Are you able to provide a copy of that to the Secretariat?

Mr Quinlivan: Sure.

CHAIR: Do colleagues have any objection to that being tendered?

Senator STERLE: Not at all.

CHAIR: There being no objection, that is so tendered.

Senator CAROL BROWN: Thank you for that statement, Mr Quinlivan. Can you actually provide the committee information on what the department is currently doing to assist flood-affected farmers?

Mr Quinlivan: The most important thing we're doing is contributing to a whole-of-government response under the emergency phase, which is being managed by the emergency management authority, and that is being done in conjunction with the Queensland government. The most important thing in this phase of a response to a natural disaster, particularly one of this scale, is to be a coordinated part of a cohesive overall operation, so that's what we're doing. We're providing advice and assistance where we can.

You're probably aware that the Army and other parts of the Commonwealth with capacity have been contributing to the first phase. It will gradually be managed into an assessment phase and then there will be a recovery phase. The government is giving consideration to measures that it will implement in both those phases. The government has announced a series of measures—and I can provide them to you, if you'd like—as part of the emergency response. There have been \$75,000 payments made available.

Senator CAROL BROWN: They're not the concessional loans, are they?

Mr Quinlivan: No. They're grants. The point I'm making is that we're still in the emergency response phase, so there have been a series of measures put in place there. This portfolio's contribution will become more relevant as we move into the recovery phase and when the policy instruments of the kind you just mentioned become more relevant, when people have got a better understanding of their current circumstances and have started to do their business plans for the future. At that point, loan products and that kind of thing will become relevant. We're working on those now.

Senator CAROL BROWN: Are you able to give me some more detail about what the department is doing in the emergency phase? You just mentioned some grants. Who are they for?

Mr Quinlivan: They're not primarily being done through this portfolio, because they are done under the aegis of the emergency management authority. We've been assisting, but none of those are primarily our responsibilities.

CHAIR: Is it Home Affairs?

Mr Quinlivan: Yes. Home Affairs is the portfolio. They're coordinating the whole-of-government effort there. In particular, they're responding to the requests from the Queensland government and, from my observation, the arrangements between the two governments and between the two governments and the councils seem to be working very well. But we're still in that emergency phase. Importantly, for the private landowners and the councils, many of them are not in a position to really understand the damage, let alone make plans for the future. As I say, at that point, that's when the kind of instruments that we administer in the department will become relevant.

Senator STERLE: Through you, Chair. Senator O'Sullivan was in Queensland last Friday and I was on Saturday. Have we had an update? I've seen photos of the loss, and our hearts goes out to Northern Queenslanders, but do we have a closer figure to the size of the herd loss? There are other things just as important, but—

Mr Quinlivan: I think the literal answer is nobody knows. It's too soon to tell and actually it might be quite a while before reliable estimates can be made.

Senator STERLE: And what role would the department play, if any, in support there?

Mr Quinlivan: Support there?

Senator STERLE: In terms of boosting the herd again. Is there a role for the department to play?

Mr Quinlivan: One of the priorities for the landowners, when they have a full understanding of their losses and are in a position to think in a considered way about their future business plans and what the financing requirements will be—we're preparing plans at the moment, but the government has the intention of providing quite strong support; just what form that takes is not yet settled. We're discussing that with farm representatives, particularly AgForce; and the local councils, because, as well as livestock, there's a lot of on-farm infrastructure. All of these things will need to be rebuilt, and there will need to be a very large recovery investment.

Senator STERLE: Yes, you're talking about roads and everything else.

Mr Quinlivan: That's right. There's no doubt the government will play an important role in that, both the Commonwealth and the state government. But as to precise numbers and so on, it's far too soon to say. From what we have heard, the estimates of half a million are probably not unrealistic, but I can't say for sure. In optimal conditions, that country is capable of carrying about two million cattle. Obviously, large parts of it have been in drought for some time, so the stocking rates would have been significantly less than that, but there may well have been a million cattle in that area. Large losses have been reported from a lot of different properties. It will just take quite some time.

Senator CAROL BROWN: You may not be able to answer this, but when the Prime Minister was up there, he talked about substantial assistance, or help, I think he said. He said in a matter of weeks, but are you able to give us a timeline on when there will be announcements?

Mr Quinlivan: No, I can't do that. All I can say is that the government is considering these issues more or less constantly: there are meetings making decisions and looking at options regularly. The Prime Minister has made it clear to everyone that a significant response to this natural disaster is a very high priority for the government. There have been decisions made and announced so far, and there will be more over the coming weeks.

Senator CAROL BROWN: You can't give me an idea of what they may be?

Mr Quinlivan: I think there will be a succession of things. As I was saying earlier, the private landowners and the councils are in a bit of a discovery phase, if you like. They're trying to understand their circumstances, and they'll be making their own decisions progressively and communicating with governments, and they'll be responding. So I would see a succession of things happening over, certainly, the coming weeks, in the immediate post-emergency phase, but probably over the coming months.

Senator CAROL BROWN: Will concessional loans play a part?

Mr Quinlivan: They are certainly one of the options. Concessional loans of various forms will be available anyway, because those instruments—through both the Queensland government arrangements and through the Regional Investment Corporation—will be available to people, and the government is giving some thought to making them more widely available under different eligibility criteria with different loan characteristics that would be more appropriate to the circumstances of the producers in this area. But no decisions have been made on that yet. We're looking at those options now.

Senator CAROL BROWN: In previous estimates, the department has explained the benefits of virtual teams. Has the department established a virtual team to deal with the current flood crisis?

Mr Quinlivan: We wouldn't call it that, but I guess it is, in the sense that it's all hands on deck. It's one of those highest-priority projects that we have and so, wherever there's been a job to be done—either within the department or in conjunction with another department, or in collaboration with Queensland—we're doing it. Everybody who has relevant expertise and capacity is contributing. As I say, as the response to the emergency develops and moves more into the recovery phase, there will be some longer term programs put in place that I anticipate that the department will be managing, and we will have a fully resourced capacity within the organisation to support that.

Senator CAROL BROWN: What work is the department doing on the fires in Tasmania?

Mr Quinlivan: At the moment, a bit similar to the emergency response phase in Queensland, we are still in a discovery phase. The minister may wish to comment on this. As well as the damage to private and public forests, there have been significant business assets that have been damaged. The owners of those assets and the owners of

the private forests—and the public forests, for that matter—are assessing the damage and I am sure we will be discussing with them over the coming months what kind of recovery programs and assistance might be necessary.

Senator CAROL BROWN: But can you just explain exactly what the department is doing.

Mr Quinlivan: The principal thing we are doing at the moment, really, is not getting in the way of the Tasmanian people who are working on those things, other than responding to requests for assistance wherever they are made. Again, our role will be more important in the post-emergency phase. We haven't got to that stage yet.

Senator CAROL BROWN: Does that mean that you haven't commenced discussions?

Mr Quinlivan: We have been getting very regular reports from the Tasmanian government on the impact of the fires and we have been responding to some information requests. But, as to people on the ground and so on, I don't think we've had any specific requests from Tasmania just yet.

Senator CAROL BROWN: Have you got a team together for when we will get to the recovery phase?

Mr Quinlivan: We have a forestry group in the department who have been liaising with the Tasmanian government, Forestry Tasmania, and as and when there is a need to increase that group's capacity to respond to either decisions by the Commonwealth government or requests for help from the Tasmanian government we will do that, but it hasn't happened yet.

Senator CAROL BROWN: But you expect there will be a need? You are getting the reports, so you know what is going on.

Mr Quinlivan: I just don't know. One of the important things with these disasters is not to be doing things unilaterally. The most important thing is to help the principal party—in this case, the Tasmanian government—deal with it and not run interference by setting up parallel activities and running your own agendas. We are very used to running these—

Senator CAROL BROWN: I didn't actually say that, though.

Mr Quinlivan: No, I know you didn't. I am just re-enforcing the point of working carefully with the state, rather than anticipating too much what they might need and getting ahead of the game.

Senator CAROL BROWN: So at the moment the Tasmanian government hasn't yet requested any assistance?

Mr Quinlivan: I will take on notice exactly what they have asked us for, but I think it has mainly been in the form of communications and information so far, not broader resourcing requests. But the minister may know more. He is on the ground there.

Senator COLBECK: I met last week with the state minister for resources to get an update—and I know this information has been passed through the department as well—as to the impact of the fires, particularly in the forestry area. But we also had a conversation about the broader wilderness damage. I know that the Premier has had a conversation with the Prime Minister around potential resourcing required to manage in that sense. I think that has been publicly recorded. We are still waiting for some updated information, particularly around the damage to infrastructure down around the Southwood site, because there are still fires in that region. Particularly in the case of one site, there are concerns about the fact that they might go on for a period of time in some residue that's around the site. So there are some issues of safety to be managed there.

The state are really largely still in an assessment phase in the context of where and what they might need, but there are some discussions around the processes of, for example, what might be required in regeneration and rebuilding of the industry. That relates not just to the forest industry but to some of the other affected sectors as well. For example, I had a conversation with someone from the honey bee sector over the weekend. There have been reports of concerns around destruction of leatherwood resources, for example. That's a 60- or 70-year cycle for that to regenerate to the stage where it's flowering and providing capacity to the honey bee industry. So we're looking at what options might be available there to assist them, because that's obviously effectively a generational or multigenerational time frame for recovery.

So there are conversations that are occurring, but it is still very much, if you like, a discovery phase, in a similar way to the floods, of what the damage is and then what resources might be needed to repair it. That's part of a broader conversation which you would be aware of in the context of support for communities more broadly and a range of other options. There's quite a deal of active work that's going on in that space as to how we manage to support communities as they work their way through recovery in particular while some of those significant assets are built or while decisions are made about what might happen to those assets.

Senator BROCKMAN: Minister, did you say '70' or '17'?

Senator Colbeck: Seventy—60 or 70 years before leatherwood comes back to the cycle of reflowering.

Senator CAROL BROWN: Thanks for that, Minister. I appreciate that. I now want to go to another subject, and I'll go through my questions. Hopefully, you'll be able to assist me, Mr Quinlivan. Can you update the committee on how the department provides support to AGMIN and how departmental officers progress matters identified in the Agriculture Ministers Forum?

Mr Quinlivan: We provide assistance in a variety of ways. We provide a secretariat service.

Senator CAROL BROWN: I'll just list a couple that I'm interested in.

Mr Quinlivan: Okay.

Senator CAROL BROWN: That might be easier than doing it generally. The Intergovernmental Agreement on National Drought Program Reform?

Mr Quinlivan: We led the drafting. I chair the committee of CEOs which prepares material for ministers to consider. So we led that. The intergovernmental agreement was informed by a review of the previous intergovernmental agreement. Again, that review was led by the department, with assistance from the states. Generally speaking, the typical pattern with these larger policy exercises is that they generally require cooperation, particularly in implementation, between the Commonwealth and the states. So the work is done as a collective effort between the Commonwealth and the states, but we typically chair the working groups and so on, and I chair the senior officials group.

Senator CAROL BROWN: And your officers put the draft together?

Mr Quinlivan: The drafting would have been prepared by the Commonwealth-state working group.

Senator CAROL BROWN: Who's that group made up of?

Ms Briscoe: In the case of the most recent drought agreement, there's a task group that sits under the senior officials who were involved in the drafting. Officers from the Department of the Prime Minister and Cabinet who are part of the current drought task force were also involved in that process.

Senator CAROL BROWN: Thank you. What about the new Intergovernmental Agreement on Biosecurity?

Mr Quinlivan: Quite similar. We have a group called the National Biosecurity Committee, which is the Commonwealth-state group chaired by Ms O'Connell. Through it we commissioned a review of the previous agreement. It was undertaken by Wendy Craik, David Palmer and Richard Sheldrake. Based on that work, a revised agreement was negotiated with the states and has been, I think, signed by the Commonwealth and, I think, five jurisdictions.

Ms O'Connell: Five jurisdictions.

Mr Quinlivan: So, it's in force but has not yet got all the premiers' and chief ministers' signatures on it.

Ms O'Connell: That's a matter of basic governments going through their processes. There's a clear indication that all will sign. It's just the process through their various parliaments to have the signing happen.

Senator CAROL BROWN: That's what I'm trying to understand, the role that you play. What about the agreement on strengthening Australia's fruit fly management system? Is that agreed or agreed in principle?

Ms O'Connell: It was agreed in principle. We put a draft of the agreement to the meeting of the ministers to show them the sort of intent behind it.

Senator CAROL BROWN: Who was heading that up—putting that agreement together?

Ms O'Connell: We are, in the Commonwealth. We're leading that. Ministers had a discussion and agreed in principle to what was put forward, and it's now a process of going through, again, the various governments' processes to get actual agreement to that.

Senator CAROL BROWN: When do you think that might happen?

Ms O'Connell: We're in the hands of each jurisdiction to decide if they want to go beyond principle to actually signing it and if they have any specific detailed issues. I can't give a time frame to say when that will take place, but I am expecting that, given in principle agreement, the jurisdictions will want to move on it fairly quickly.

Senator CAROL BROWN: Do you talk to the different jurisdictions one by one, or is a meeting called?

Ms O'Connell: No, we've had a lot of discussion on fruit fly and what we need to do to deal with fruit fly. We've been doing that through the National Biosecurity Committee, which the secretary referred to. Chaired by me, all jurisdictions are represented. We look at all matters related to biosecurity. It has certainly been on our

agenda, and we've had a lot of detailed discussions with all jurisdictions on the nature of that intergovernmental agreement on fruit fly.

Senator CAROL BROWN: Thank you. The minister received an update on work underway to support the ag sector to adapt to climate change and discuss climate models and economic impacts. I understand further work will identify risk and opportunities for agricultural industries and identify actions and a work plan to inform a national strategy—is that correct? What's happening there?

Ms Briscoe: Yes, that sounds correct. That piece of work is being led by the Victorian government, with support from us and all of the other states and jurisdictions. They presented a paper to AGMIN.

Senator CAROL BROWN: When was that?

Ms Briscoe: That was on 8 February. The next step that was endorsed at that meeting was to continue with the project, but also for another forum to take place. I think the date set was August.

Senator CAROL BROWN: Thank you. Has there been work continuing on harmonising the approach to farm debt mediation?

Ms Briscoe: Yes. Again, that was considered at the agriculture ministers' meeting. It was agreed to continue that work, which, again, is under way. Much of that harmonisation has been achieved. Further work to continue that harmonisation process so that there's a single approach to farm debt mediation is the goal.

Senator CAROL BROWN: Would that be discussed again at that August meeting?

Ms Briscoe: The August forum is around the climate project. I'm unsure of the next date of the agriculture ministers' meeting.

Senator CAROL BROWN: How long has that work been going on for?

Ms Briscoe: I'd have to take that on notice.

Mr Quinlivan: Quite some time, Senator. The Commonwealth has been looking for at least a nationally consistent approach to farm debt mediation for some years. The royal commission has a recommendation supporting a national approach. We have, essentially, similar legislation in Queensland—actually, in all states now except for Western Australia and Tasmania. At the last meeting, the Western Australian minister indicated a willingness to look at a similar regime in Western Australia. Presently, they have a voluntary regime—voluntary on the banks. She indicated that she was willing to look at adopting something like the New South Wales model, which we are regarding as the model we'd like to see applied nationally. The Tasmanian minister also indicated a willingness to look at something similar in Tasmania.

Senator CAROL BROWN: Ms Briscoe, do you have anything further to add? Can you help me any further?

Ms Briscoe: Not in terms of the exact period of time it has been going for. But, as the secretary said, it has been going for quite some time and we're getting close.

Senator CAROL BROWN: What about the development of an improved national governance model for farm animal welfare standards?

Ms Briscoe: The agriculture ministers' meeting agreed that we would do further work on the national approach for animal welfare standards. We'll be leading that work through the department, through the senior officials, to commence that work immediately.

Senator CAROL BROWN: What about the dairy industry consultation on a mandatory code? What has been happening there? What are the recent activities?

Ms Briscoe: We provided an update to the states about the current process of consultation on a code of conduct for the dairy industry. We've provided an update on that, which was that a range of consultation has happened around the various dairy areas. A draft mandatory code has been drafted with explanatory material, which has also been out for a round of consultation. Those consultations, I think, only concluded last week.

Senator CAROL BROWN: Sorry, I didn't—

Ms Briscoe: Those consultations on that latest round, the draft, concluded last week.

Senator CAROL BROWN: What happens now, then?

Ms Briscoe: We're providing advice to government on the next steps for that code.

Senator CAROL BROWN: Okay. Do you have any expectation as to when that might be complete?

Ms Briscoe: It's a priority task for us, so we're moving on it quite quickly.

Senator CAROL BROWN: Right. When do you expect advice to go to the minister?

Ms Briscoe: Advice has gone to the minister.

Senator CAROL BROWN: It already has?

Ms Briscoe: At either the end of last week or the start of this week, yes.

Senator CAROL BROWN: It closed, in terms of comments, last week, and you've provided the advice to the minister already?

Ms Briscoe: The consultation has been going for several months. There will be further consultation in the event that it's agreed that we push forward with a mandatory code and legislation is drafted. We will go back out and consult on the draft legislation—the regulations.

Senator CAROL BROWN: Thank you.

Senator KETTER: Could I follow up on that. What's the expectation as to when [inaudible].

Ms Briscoe: That's quite difficult to answer. It obviously goes through a process. The regulations would be drafted, back out for consultation and then that would be a disallowable instrument. I might ask Mr Blong to add anything if I've missed a step there.

Mr Blong: That's essentially right. It's a disallowable instrument. The consultations we have had with producers in the sector over the last couple of months has indicated that, should a mandatory code eventuate through the usual government decision-making process, the earliest it is likely to come into effect would be 1 July 2020. That is subject to several government decisions, of course.

Senator BROCKMAN: I want to go back to your opening statement, Mr Quinlivan, just to draw out a couple of points there. You talked about the growth in agricultural productivity outpacing most other market sectors. Could you, in general terms, talk us through the drivers of that productivity growth?

Mr Quinlivan: Typically, throughout modern economies productivity is made up of, in roughly equal parts, investment and what economists call capital deepening—that is, productivities enhanced by improved capital base. That's certainly true in agriculture, as capital investment over many decades has displaced labour. Then, the other half is innovation. Australian producers have done particularly well in that area over a long period of time in innovating both in production techniques, production equipment, plant varieties—so, in the agriculture sector, innovation right across the board has been particularly strong, less so, perhaps, in the livestock sector, where there's less scope for that kind of improvement. In the crop sector and horticulture and so on, the ongoing rate of productivity growth has really been terrific.

Senator BROCKMAN: How well can we tease out the various aspects of productivity growth sector by sector in the agricultural industries.

Mr Quinlivan: Mr Gooday can give you a learned dissertation on the subject. It's a very important issue and, in a macro sense, a highly contentious one.

Mr Gooday: We do have estimates for agriculture as a whole, broadly in line with what Mr Quinlivan was talking about. We can also break that down, across the broadacre sectors and for dairy. One of the things to add to Mr Quinlivan's comments has been the importance of structural adjustment within sectors to ongoing productivity growth. We estimate that, along with technological advances, which is really pushing out the technological frontier, a good portion of productivity growth has come from resources shifting to more productive farms. Consolidation of farm enterprises—larger farms getting bigger—has been a big contributor to productivity growth. That's especially been the case in the cropping sector and, more recently, it's also been the case in the dairy sector. It is true as well in the northern beef cattle industry but it is not so much the case for livestock industries in the south.

CHAIR: Is there any work being done on the change to dynamics with corporate—more particularly, in the beef industry, although farming is not exempt? As some of these enterprises get much bigger—corporate entities, particularly with the cattle job in the north—the impact on the dynamics of the communities that used to support, you know, 100 families that are now supporting, you know, two corporates?

My experience is that it is seriously changing the dynamics. I went to a place called 'the Fox Trap', west of Charleville, and met some people there. In 1989 they went onto their property. It was at a crossroads. There were 19 families on the school bus in 1989. Now there is no school bus, and there is one family occupying a property. The other 18 properties are corporates with absentee landowners. Is there any work being done in this space? This is what I fear for the next 20 or 30 years. These communities are not relied on any longer; they are FIFO really. Is anybody doing any work there on the back of the productivity question?

Mr Quinlivan: I'll let Mr Gooday answer the substance of your question, but productivity is hugely important. It is really what determines our standard of living, but it is not an unmitigated pleasure. It does cause trauma, and

social trauma, along the way. A burst of productivity can have some adverse impacts on an industry. We are seeing that with the pig industry in Australia at the moment. The industry had an unusual burst of productivity and now they have got serious overproduction and a price and profitability problem which is going to take potentially two years to work itself out.

Our research in the past has suggested that large family farms are still the optimal farm production model because they tend to be the best managed properties, people work hard and they also make contributions to the local communities that you talked about.

CHAIR: I don't think there is any contest to that. But I am seeing a decline in them and I fear for the future out the back-end of these events in North Queensland. Fifteen years ago they used to say to their kids, 'We're going to send you away to college and give you a bit of a choice.' Ten years ago they started to say, 'You need to think about this; this is a tough gig.' And now they are telling them not to come home. If the market, commodity prices, land prices and the seasons are no good, I see a mass exodus from the north. I don't see anybody monitoring it or its potential impact on those communities. If they disappear or become weakened, it will affect productivity.

Mr Gooday: That's right. I suppose the point I would make is that there is really no alternative in terms of improving productivity. Seventy per cent of our production is exported, and it is exported at a price. The changes we have seen in the cropping sector are basically people adopting the newest technologies to keep pace with what the Argentinians, the Russians, the Americans and the Canadians are doing. The same thing is happening in the livestock sector. There is strong competition coming from South America in particular. They are basically doing what we have done. Yes, there are impacts in terms of the number of people working on farms, and that has implications for rural communities. The alternative, an uncompetitive farm sector, means we would be exporting a lot less. It is difficult to reconcile those two things sometimes.

CHAIR: I won't go there now because the next debate requires wine and time, or beer! We could become the most productive nation in the world, feeding masses of unemployed people who polish some robots!

Senator Colbeck: It sits in the underlying sense of the labour and employment statistics of the agricultural sector as well. If you look at the top-line numbers, it shows farmers looking as though the whole industry is getting older. But what sits underneath that is a lot of younger farmers who have degrees and a high level of education and are farming greater areas with fewer human resources and more technology. I reflect on the valley where we farmed in Tassie and its history. It started in the late 1890s. It was cleared and opened up by a family. By the 1930s, I think there were 14 families living in the valley. It had a school and three sawmills. They had a dairy and a piggery each. By the time we moved there in the 1970s I think there were four families there. There's now one. That's the cycle of change that has gone through the agricultural sector. It's not just the north.

CHAIR: Yes, but it's not necessarily in our national interest to go down this path. There must be some work happening in this space so that we can send out some cautions. I'm not suggesting that we inhibit productivity—I'm just not—because those who don't pursue productivity gains are going to end up on the unemployment line with all the others. But there must be some agrarian balance in all of this, otherwise we're going to feel this in the fullness of time. We're going to have two speeds of economy. We're going to have piss poor people who will take whatever work they can—in a very laborious sense, they'll be polishing the robot. I don't think it's in our national interest. I'm not trying to open a debate here. I was asking whether anyone is having a critical look at this, monitoring it, measuring it and giving advice—'Guys, you understand this is the direction it's taking with the increase in corporate ownership.'

Mr Quinlivan: I think the generic point is that for a long time—probably since Federation—we've had a movement of people out of rural communities into urban areas, so there's an underlying trend, and every time there's an economic or natural disaster shock you get a couple of years of that adjustment happening in a hurry, which is exactly what you're talking about potentially happening in the north. As to this specific case, I think the Prime Minister has said pretty clearly, publicly and to us, that his intention is to put in place measures that minimise that in this case, because he wants to restore, to the extent possible, the kind of economic capacity and community health that was there before the natural disaster. That's a big ask.

CHAIR: Yes, but it's the Microsoft factor. They sucked billions of dollars out of communities where I've lived by displacing employment by putting a box on the table, which I still can't master. They put a box where there were five people gainfully employed. They've never spent one cent in a community I've lived in—they never bought one motor car, one milkshake or one carton of beer. I feel this happening in the bush. I feel very strongly about this. If you go back to my maiden speech, you'll see. Jundah in the 1930s was a happening place. I'm not even sure the lights are on in Jundah anymore, without any reflection on the good people of Jundah. I don't think it's in our long-term national interest to displace all these family owned properties. It might require us to have

some policy settings to sort of protect them a bit or at least set the alarm bells off so that everyone knows when they're walking down that path what's at the end of it. Sorry, I threw my leg over the hobbyhorse.

Senator Colbeck: The impact of the change on communities is significant; you're right.

CHAIR: Yes, and I want to know that someone is watching, measuring and briefing. That's all. I think it's important.

Senator BROCKMAN: Just on that issue—and I'd like to go back to productivity, but I'll do that when we speak to you directly; I'm conscious that we are still in corporate—how well do our internal systems deal with the fact that, particularly in Queensland, a very large part of the country has gone from being in drought to being washed away? We had a brief chat about this yesterday with the drought task force. How well do our internal systems within the department of ag cope with the fact that you have two disasters on top of each other that are somewhat counterintuitive?

Mr Quinlivan: I'm not quite sure what you mean by 'how well do our systems deal with that'. We talked a little bit earlier today about responses to natural disasters or, indeed, disasters of any kind—because sometimes they have a market or an economic basis to them rather than being a natural disaster. We have a range of policy products that are relevant to people generally. The state governments are responsible for land management and the management of livestock and we work very closely with them. When disasters are happening, there are a lot of resources thrown at those disasters. They never, obviously, completely mitigate the impact of those disasters—that would be impossible—but all governments of all colours and all three tiers of government are capable of working very well together to respond to those disasters. Then the issue is managing—not managing; that's really the wrong word. The issue is assisting people make good decisions after that as they make their way through assessments and then recovery and investment planning and so on after that. We do have quite a lot of policy products that can help people through that, and we have rural financial counsellors. In the case of exceptionally large natural disasters such as this one in Queensland, whatever the perceived need might be, somewhere between the Commonwealth and the Queensland government, we'll find a way of satisfying that need. So I don't think there's any one answer to that. It has to fit the circumstances and the needs of the people, but, obviously, governments cannot mitigate the impacts of these things.

Senator BROCKMAN: Obviously, we are going to see a decline in agricultural production based on the events of the last few months.

Mr Quinlivan: For a period of time, yes.

Senator BROCKMAN: What is the trajectory back to baseline? Is that a two-year recovery period or a four-year recovery period?

Mr Quinlivan: That will depend on seasonal conditions from now on. Obviously, there'll be a lot of grass in that area soon and not much fencing, so there's going to be a lot of work for local fencing contractors and people restoring water supply systems. When that infrastructure's in place, people will be restocking, one way or another, either with breeders or with stock for growing out, and what happens after that will depend on seasonal conditions and how quickly people are able to develop their business plans and secure finance of whatever kind to support those investment plans. But I think people are talking about a two- to three-year period before normal incomes could be restored. That sounds realistic, but obviously there are alternative plans where people buy feeder animals to feed on, and there'll be a lot of feed there, so that would be income within a year. It just depends on the plans individual producers make. But clearly, overall, especially for the region as a whole, it's going to be several years before things are restored to normal, if indeed that happens.

CHAIR: I was up there with the minister immediately after the disaster, as she travelled around. There was a suggestion put about bringing drought affected producers who are within the scope of your assistance through an agistment scheme. I know we already provide some support and assistance for drought affected people with the cost of transport and the like, but there was talk about putting a program together that would incentivise someone affected by drought to now join in a partnership with those affected by floods—some with droughted stock and some with grass—for a sort of convenient marriage. Has that idea made its way through to your department and, if so, is it being considered? Without getting into what you might do with it, is it under serious consideration?

Mr Quinlivan: I think, whether the governments do anything to facilitate it or not, some of that will obviously happen because there's a mutual advantage there, but it's one of the many ideas that AgForce and the councils and so on have given the government and it's part of the menu of things we're looking at at present.

CHAIR: This is a question I've asked you before—I've had a discussion with you about the mutual obligation arrangement with drought support. As you know, my office eventually did quite a substantial in-depth paper on that and put it through the budget office. Is that alive anywhere as a consideration?

Mr Quinlivan: We've just signed a new intergovernmental agreement on drought, as you know, and—in response, particularly, to the worsening drought in southern Queensland and New South Wales—the government, over the course of 2018, announced a number of new measures and some adjustments to the farm household allowance—

CHAIR: I appreciate all of that—

Mr Quinlivan: They're all based on the current modelling.

CHAIR: I understand that, but this paper went through the Nationals' party room and went off to go to your department for consideration—and I think last year you were reviewing the architecture around how we might provide support?

Mr Quinlivan: Yes.

CHAIR: Did it make its way into consideration? Is it under consideration or is it in the bin? I'd be interested.

Mr Quinlivan: I think it would be fair to say that the judgement by the Commonwealth and the state governments over the course of 2018 was that a drought is not the time to be making major changes to drought policy, but, when this drought is over, I think there will be some first-principles rethinking of drought support.

CHAIR: One final attempt: is it anywhere? Is the paper anywhere, on someone's desk, along with other papers, or under consideration?

Mr Quinlivan: I have the paper in my office. I've read it a couple of times. I think the time for a model that does involve a more formal mutual obligation arrangement will come, but it won't be during a drought. It'll be when drought policy can be—

CHAIR: Well, it's meant to dovetail, as people transition out of the current drought, because you've entered into agreements of up to 10 years with some producers, which will have to be honoured, obviously. But if, in 10 years and one day, that producer comes back, I've always argued that the mutual obligation model ought to be in place, because there are some lead times on producers to be able to qualify, or get themselves up to qualification around financial literacy and the like. Have you got something to contribute, Ms Briscoe?

Ms Briscoe: I was going to add that the long-term drought strategy that's being worked on or led by the drought coordinator in the drought taskforce at PM&C is considering a whole range of options and has done a range of consultations, and—

CHAIR: So that's Barnaby, is it?

Ms Briscoe: No. That's under General Day in Prime Minister and Cabinet. And we made your paper, as well as a range of input from our department, available to that long-term strategy development.

CHAIR: All right. I hope you reinforced that AgForce, whilst they don't agree with all of it, do agree with the thrust, and I understand that NFF aren't opposed to it, as a model, either. All right. Thank you for that.

Senator FARUQI: Thank you for coming to give evidence today. My questions are mainly going to focus on live animal exports, and, if Mr Malcolm Thompson is here, I have some specific questions for him.

CHAIR: Hold on. I'm not sure that that's in this section. This is corporate.

Mr Quinlivan: I interpreted the reordering that was being done to have the standing live animal exports after morning tea, but we can—

CHAIR: No, no. What we're doing is: the subject that you want to pursue we're incorporating with corporates after morning tea at 10.45 when the officers will be here. So I think we need to keep this in the right order. I'm sorry to interrupt; I won't start your time. We can let Animal Health Australia go home, with our thanks and best wishes—safe travel—and Plant Health Australia. We're culling early today. So they're more than welcome to leave, and I thank my committee colleagues for releasing them. Senator Faruqi?

Senator FARUQI: Sorry, Chair, through you: is live exports in corporate or not?

CHAIR: No. If you read your agenda, you will see 'exports' is under outcome 2, and, by agreement, when we met in our meeting room, they'll be on at 10.45. So you'll be able to ask that question when you have your—

Senator FARUQI: I think they are here—the people I want to question are here.

CHAIR: Please let me manage this. Senator, we're going to keep staff in the appropriate spots—that is outcome 2—and they'll be here at 10.45. We're not going to shift it around just to meet your or someone else's needs; we're going to keep to discipline.

Senator RICE: I have some corporate ones.

CHAIR: Sure, you've got 15 minutes; you can do what you like.

Senator RICE: Thanks, Chair. My questions are regarding gene technology. At the Legislative and Governance Forum on Gene Technology in October last year, the states and territories requested advice from the Department of Agriculture and Water Resources in relation to proposed amendments to the gene technology regulations. I want to start by asking what the nature of that advice is, what it covers and what the main conclusions are.

Mr Quinlivan: I can have a short course on that question, Senator. The relevant people, the Trade and Market Access people, will be here much later today. The short course on it, as I understand it, is that ministerial council was considering the question of whether to and, if so, how to regulate some new gene technologies that have become available. There are some variations around the world in the way countries and regions, like the EU, have decided to regulate, or not, some of these techniques. My department was asked to provide some advice on the potential market access impacts of a decision not to treat—I forget which—a particular gene-editing methodology effectively as a GMO. So, we have provided that advice to that ministerial council. I'm not aware if they've made a decision—I don't think they've made a decision yet.

Senator RICE: Can you tell me more about what the conclusion is from that advice—or are you able to table that advice?

Mr Quinlivan: I can describe it. I'd have to get some advice on tabling it because we provided it effectively to Commonwealth and state ministerial council for their decision-making—it wasn't really a public process; it was for a decision-making process. As to the content of the advice, we, from memory, noted that there had been different approaches to this. So, I think the US, China and some others have decided not to regulate this gene-editing technique as a GMO, whereas the EU and some others—

Senator RICE: I think Japan as well.

Mr Quinlivan: had made a different decision. The question we were being asked was: what were the market access implications of a decision to follow the practice that the US and China have adopted? Our advice was that, while not without risk, the potential risks to adopting that regulatory stance were not unmanageable—that is, there would be some markets that would require production with the use of those techniques to be identified and not given access to those markets. Other producers in Australia wanting to access those markets would need to have assurance, segregation and other techniques in place to access those markets and that, in the event that that was the approach we took, there would be some time to work out how that could be implemented in practice.

Senator RICE: So, did you cover the situation that, if it wasn't identified or managed as a GMO, essentially you wouldn't be able to segregate production?

Mr Quinlivan: No. We think that will be possible and we think that's going to be increasingly necessary for a whole range of different products that we produce in the cereal, horticulture and livestock sectors. The particular issue here is that use of this technique is not detectible, in that there is no sort of signature that identifies it, but that is true for other production as well.

Senator RICE: How will you be able to segregate it in order to maintain access into the European Union market?

Mr Quinlivan: That is something that producers and exporters will have to work out.

Senator RICE: But if it's not required to be segregated, if it's not required to be identified—

Mr Quinlivan: It would be required to be segregated if you were wanting to export to markets that required that. We have those kinds of systems in place in other parts of our production system at present. We are foreseeing, for instance, markets that will require compliance with particular animal welfare techniques in our production systems. They also are not detectible in the final product.

CHAIR: It's true of hormone implants.

Mr Quinlivan: That's right.

CHAIR: They don't necessarily leave a signature after a certain period of time.

Mr Quinlivan: This is a generic problem for our producers. This is just another example of a generic problem. It is quite possible that for some markets the level of assurance and the investment in physical segregation systems may prove to be prohibitive. That may well be the case. It is an example of a generic problem that we have right across the board. There are risks. We think they will be manageable, but there will be some way to go before we can be certain of that.

Senator RICE: For example, there is the European Court of Justice ruling that these new genetic techniques provide the same risks as the older GM techniques and will need be assessed for safety in the same way. As a result of this, the European Union will require organisms produced using these new genetic modification

techniques to be assessed for safety and their products labelled. But if we are not requiring that identification as genetically modified organisms, how is that going to work?

Mr Quinlivan: That will depend on what the market access requirements are.

Senator RICE: That's what the market access requirements will be, given the European Court of Justice ruling.

Mr Quinlivan: That's what the court has said. That's not the specific market access requirement that we are required to certify against by the EU at this time. It may be in the future.

Senator RICE: This ruling is quite recent, and the likely consequence of this ruling is that the EU will require foods that have been subject to genetic modification to be assessed for safety and labelled in that way.

Mr Quinlivan: That could be the case, yes.

Senator RICE: Aren't you then jeopardising significant exports to the European Union, if that is the path that Australia takes?

Mr Quinlivan: No, we don't think so. It's just one of many market access requirements that people have to meet, as we do for beef access to the EU now. People need to make large investments to meet the requirements of the EU market. This would be another one. It would be a different kind of investment.

Senator RICE: When the department provided that advice to the states and territories, was that backed by a comprehensive analysis of the likely trade consequence?

Mr Quinlivan: Yes. We looked at trade with the EU and what the potential issues were.

Senator RICE: So you did a comprehensive analysis of what the likely issues are going to be?

Mr Quinlivan: We weren't asked to do a comprehensive analysis. We were asked to provide some advice on the market access implications. Our advice was that this is a specific form of a generic problem that we have with market access generally, which is that various countries, in this case the EU, have requirements which, if we are to certify that our producers meet them, will require investments. In some cases, though, those investments may be prohibitive and the market access will not be available.

Senator RICE: Was that the high-level analysis of the trade implications? Or was there further detail as to what the significance of this would be?

Mr Quinlivan: I think we'll have to wait until the relevant people are here later on. I am doing this from recall.

Senator RICE: Can you tell me what specific stakeholders the department consulted with or spoke to in preparing that advice?

Mr Quinlivan: All I can recall is that in the request from that ministerial council we were asked to consult. I know we did consult with the states. I am not sure about more broadly, but the people who worked on that that will be here later on.

CHAIR: This is about exports.

Mr Quinlivan: Yes.

CHAIR: You should wait. We have disrupted their lives to get them here. We should now do them the courtesy of waiting until they are here. That is at 10.45.

Mr Quinlivan: Chair, the relevant—

CHAIR: Mr Quinlivan, All of these senators make their own arrangements about where they are at certain times to do certain things. I am not going to service one senator. I don't care if it is here, there or somewhere else.

Senator RICE: I'll wait until after morning tea.

CHAIR: I am talking to Mr Quinlivan. I don't intend to disrupt the process. I don't care that they're here. At a quarter to 10 the senators will have access to them.

Mr Quinlivan: The point I was going to make is the relevant people are in Outcome 1 under Trade and Market Access Group.

CHAIR: My apologies. It is at 7.15 tonight, Senator.

Senator RICE: Going back to the advice from the department that we've just talked about regarding the likely impacts, you are going to see whether you can table that advice. Did any of the states and territories raise concerns about potential market access if these—

CHAIR: Stand by. Am I on Venus and you are on Mars? We just have made a ruling that this will be at the appropriate time, Senator. It seems you have no further questions for this section, so we will go back to Labor.

Senator CAROL BROWN: I want to go back through some of those questions around the work that the department is doing. There is work underway to develop a shared vision for the future of Australia's agricultural innovation system. The report was expected to be released in early 2019. Is that correct?

Ms Briscoe: The report has been drafted and is expected to be released soon. It is with the minister now.

Senator CAROL BROWN: So the report has been completed?

Ms Briscoe: Yes.

Senator CAROL BROWN: So it is with the minister?

Ms Briscoe: Pending any requested changes, but we have delivered a product.

Senator CAROL BROWN: When did it go up to the minister?

Ms Briscoe: I would have to refer to Mr Blong.

Mr Blong: There have been various drafts that have gone to the minister for early feedback. My understanding is that the final report is being provided to the office imminently, so it is almost there and it is up to the ministers to determine when the release date will be.

Senator CAROL BROWN: Do you know when the latest draft went to the minister's office—what date?

Mr Blong: I would have to take on notice when the last iteration—

Mr Quinlivan: It would have only been in the last few days, maybe a week, because the author told me it was at the printer a week ago.

Senator CAROL BROWN: Will that be made public? Will that be released?

Mr Quinlivan: That is our expectation. That is a matter for the minister.

Senator CAROL BROWN: I want to talk about the commitments the minister has given around live animal exports. Can you give me a brief run-down on the reviews and the commitments the minister has made?

Mr Quinlivan: I wonder if we can treat that as we have done with other questions on live animal exports and wait until after morning tea and we have the right people at the table.

Senator CAROL BROWN: Is that Outcome 2?

Mr Quinlivan: Yes.

Senator CAROL BROWN: No problem. There were a range of other matters that I would like an update on, if that's possible. I understand there was a presentation by Dr Wendy Craik on the National Red Imported Fire Ant Eradication Program. Can you provide an update?

Mr Quinlivan: I was on the phone for the full duration of that update. So I will get somebody else to comment.

Ms O'Connell: Dr Wendy Craik attended the ag ministers' meeting on 8 February and provided all ministers with an update on the Red Imported Fire Ant Eradication Program. Dr Craik is the chair of the steering committee of that particular program. It is a long-term, 10-year eradication plan. There is a lot of good, important science informing how to improve that eradication program. I won't do justice to her full summary, but it was a very detailed and comprehensive review. One of the particular priorities that have been set under the program is to deal with those ant nests that have multiple queens, as opposed to the single queen ant nest, with a view that that will help to tackle the issue from the point of view of diverse genetics first, and that that is the best way to attack the program. As a result of that they are making changes to the scheduling and a few aspects of that, but basically the program is underway and on track for delivering that result of eradication.

Senator CAROL BROWN: How far are we into the 10-year plan?

Ms O'Connell: I would have to ask one of my colleagues who will be here after morning tea to give you the exact date. My recollection is we are probably 18 months into it, but I would ask one of my colleagues, who will be here after morning tea, to give you the exact date. Wendy Craik, as the chair of the steering committee, reports directly to the ministers. They have expressed interest in understanding where it's up to and keeping abreast of the eradication.

Senator CAROL BROWN: Can you give me an update on the regulation of gene technologies relating to agricultural food production?

Mr Quinlivan: I am reluctant to defy the chair.

Senator CAROL BROWN: Let me know if I am in outcome 2.

CHAIR: You're not in outcome 2. You need to be in outcome 1.

Senator COLBECK: That item that Senator Rice was talking about is in Outcome 1.

Senator CAROL BROWN: Sorry, I missed Senator Rice's questions, but I did hear the chair's response. In 2017/2018 over \$78 million was spent on what is characterised as temporary personnel services—contractors, temporary personnel, et cetera. Would it have been cheaper to have them internally instead of contracting out?

Ms Canning: We use a range of staff to deliver the services that the department is responsible for, some of them permanent, some of them casual and some of them contractors, depending on the skills that we need at the time. Obviously, in some of our specialised areas, like ICT, contractors are more relevant to the work that we need to do with the project work. I can hand over to Mr Mason if you want more detail on that.

Senator CAROL BROWN: Yes, I do.

Mr N Mason: Senator, if I understand the question, you were asking about trade-offs of labour supply. I think the nature of the rationale as to why we use short-term—

Senator GALLACHER: I think it's about why you're spending \$78 million on temporary staff.

Senator CAROL BROWN: In one year.

Senator GALLACHER: In one year.

Mr N Mason: The reason we use a contract labour force, as Ms Canning has outlined, is that we have specific requirements for technical skills in a particular area—short-term pieces of work. Our program funding is not always ongoing.

Senator GALLACHER: The question was very simple: would it be cheaper to employ people given that you're spending \$78 million on temporaries? That's the question.

Mr N Mason: I don't think the funding and the requirement for those staff are ongoing, so no.

Senator GALLACHER: What's your wage bill for the year for the permanent staff?

Mr N Mason: Leave that with me for a minute.

Mr Brown: Our current wage bill for 2017-18 is \$400 million.

Senator GALLACHER: I'm not very quick on maths, but about 30 per cent is spent on—

Mr Brown: Senator, I'm struggling to understand where you're getting that number from. I can't find that number.

Senator GALLACHER: Is it incorrect?

Mr Brown: I don't know.

CHAIR: Hold on. He's not challenging. Let's validate the number. Can you source the number for the officers so that they can go to it?

Senator CAROL BROWN: I understand it was in the report. You've got a number there for me for the 2017-18 year and how much was spent on temporary personnel services—is that what you call it?

Mr Brown: That's correct. In terms of expenditure, for 2017-18 it was \$50 million.

Senator CAROL BROWN: Are there any other line items there in front of you that would also go to temporary personnel, or is it all in that \$50 million—contractors, temporary personnel or whatever you call them?

Mr Brown: That would include everything that we're talking about. Obviously we have a separate line for consultants.

Senator CAROL BROWN: So how much is that?

Mr Brown: Just give me one minute, Senator. I can find that information for you as well.

CHAIR: I'll tell you what we're going to do: we're going to give you the morning tea break to ponder through those numbers. You know exactly what the senator is interested in examining, so you can comprehensively pull it together.

Mr Brown: Yes.

Proceedings suspended from 10:32 to 10:45

CHAIR: We now resume this hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee on additional estimates for 2018-19. Before we go on: Mr Quinlivan, how was our strike rate on outcome 2? Were we able to get everybody?

Mr Quinlivan: I think so. There's a lot of them!

CHAIR: Can we apologise to those people for the disruption, but it will all become evident. So that there's no confusion: the people here for corporate matters remain until the senators release them, and they'll let us know when they're finished. They're now joined by the people for outcome 2—this could get a bit messy, and there'll be a lot of movement at the table, but that's how it's going to be.

Senator GALLACHER: Does someone have those numbers?

Mr Brown: Could I just correct the record? Before morning tea I think that I got the wrong number for employee expenses, but I can give you the right number now. For 2017-18, the employee salary benefits were \$527 million. I can give you the temporary personnel expenditure for 2017-18 was \$50 million, or \$50,910,000. And for consultants it was \$6.6 million.

Senator GALLACHER: I haven't got my glasses with me, but I'm looking at AusTender, and over the 2017-18 period, the total expenditure paid was \$78 million. Are you saying that's incorrect? It may attribute to, out of the 2017-18 year, but in the 2017-18 year you paid \$78 million. Are you disputing that?

Mr Brown: Senator, I think it's comparing apples and oranges. AusTender is contracts over multiple years. What I'm giving you is the expenditure in this particular year.

Senator GALLACHER: What I'm asking you is: was \$78 million paid out in 2017-18 an efficient use? And were any options considered—in other words, putting more people on the permanent staff?

Senator Colbeck: Senator, the point would be that that is contracts let, I suspect.

Senator GALLACHER: No, it's paid.

Senator Colbeck: I'm interpreting the answer differently to you. I think the officer is saying the figures that he's given you are the figures paid. And my interpretation of AusTender is that that's contracts let, and those contracts may run over more than one year. That's what I'm just trying to clarify, so that we're on the same page.

Senator GALLACHER: I understand that that's contracts over multiple periods. I'm saying there was \$78 million paid in 2017-18, and the department is saying there was \$56 million paid in 2017-18. Is that where we stand?

Mr Brown: Senator, what we're saying is that the report you're looking at is not telling you what was paid. AusTender tells you contracts that were entered into, and often those contracts are over multiple years. So that \$78 million could be over two, three, four, five years, depending on the length of the contract.

Senator GALLACHER: I understand. I have multiple AusTender contracts here for periods and amounts paid. What I'm clearly putting back to you, though, is that \$78 million went out of your allocation in appropriation for temporary services in 2017-18. You're saying that's incorrect. Please take that on notice and prove me wrong.

Mr Brown: I'm happy to do that.

Senator GALLACHER: And point to where the error is in AusTender. If the way AusTender report expenditure is incorrect, we'll have to take that up somewhere else, I suppose.

Mr Brown: I'll just put on the record, to make sure I'm clear on it, that the AusTender reporting isn't incorrect. AusTender is reporting the contract value, which may be over multiple years. What I'm reporting is expenditure in any one year.

Senator GALLACHER: I'm putting back to you that \$78 million was paid by the department in 2017-18. You say \$56 million. Let's see if we can find where I am wrong, if that is the case.

Mr Brown: Certainly.

Senator GALLACHER: I want to quickly run through a couple of other issues. Is someone able to talk to the property management services portfolio where there is a AusTender contract valued at \$180 million from 17 March 2015 to 30 June 2019?

Mr Brown: Do you have details on that particular contract?

Senator GALLACHER: Would you like the CNID? It's Department of Agriculture and Water, CN2950492. Do you want the publication date? What would you like? That's what I get from AusTender. It says you spent \$180 million over four years.

Mr Brown: If we had a supplier name that would be useful.

Senator GALLACHER: It says here a CNID number. Is that helpful?

Mr Brown: Somebody in the office could look that up for us and we could come back to you with information.

Senator GALLACHER: The contract value of property management services between 17 June 2015 and 30 June 2019 was \$180 million. The original value was \$7,792,813. I'd like to understand that. What is that all about?

Mr Brown: We'll have someone find that information and come back to you.

Senator GALLACHER: What about your telecommunications and media services? From 26 June 2013 to 20 June 2020, it's \$63 million. The original contract was \$29 million. What does that go to? Is it that it used to be BlackBerries and now it's iPhones?

Ms Canning: Our CIO is here. He can come to the table and talk to that particular contract. We'll get the specifics on the previous contract, but it was for property management services, as I understand it, for this department. That's looking after all the buildings we have across the country, including our specialist properties in Melbourne. That's our post-entry quarantine facilities where we do all of our biosecurity clearance of animals and plants coming into the country. That's the support and maintenance for looking after the facilities.

Senator GALLACHER: That's why I ask these questions. So you're spending \$180 million over that contract period for maintaining your properties—not leasing them but maintaining them? Property management services is checking lifts are okay, lights are on, doors are on and air-conditioners are working. Is that what it's for?

Mr Czabania: We pay JLL around \$1.8 million a year for property services. I'll probably need to have a look at the figure that you're quoting, but it's about \$1.8 million we pay per year. That's to service our facilities, as Ms Canning talked about.

Senator GALLACHER: \$1.8 million is a long way from \$180 million.

Mr Czabania: It is a long way, so I'd like—

Senator GALLACHER: Take it on notice so I can get some detail on that.

Mr Czabania: Yes.

Senator GALLACHER: Is someone able to talk to the \$63 million worth of media services or telephone services or whatever it is? What is it?

Mr McKeon: We have two primary contracts in the telecommunications services area. One is a competitive let contract with Optus over multiple years. I think we spend about \$8 million a year with that. That covers all of the mobile, telephony, wide-area network and carrier services around the country for the whole department. In addition to that we have some minor contracts with Telstra. It's \$8 million per year for Optus. I think the Telstra charges would be substantially less than that—probably in the order of less than \$1 million.

Senator GALLACHER: Does that include your fixed lines in your buildings?

Mr McKeon: Yes.

Senator GALLACHER: Finally, before I hand back to Senator Brown: there's a contract for hotels, motels and inns, and that's a \$20,000,300 amount. The original was \$3,500,000. That runs for a substantial period: 2 July 2012 to 31 December 2017. Is anybody, on notice, able to give us a bit of a breakdown on what exactly that \$20 million was spent on over that period?

Ms Canning: I'm wondering whether those contracts are whole-of-government contracts. I think we need to just check that, because we wouldn't have any contracts in our own right for hotels. It could be the AOT whole-of-government travel contract.

Senator GALLACHER: It's the estimated accommodation services under the whole-of-government contract for the Department of Agriculture and Water Resources. Are you saying you have no idea how much you spend on hotels, motels and inns?

Mr Brown: We were happy to take that on notice and get you that information.

Senator GALLACHER: Thank you. I mean, I can access this information. It means nothing to me unless I see some detail. If you're going to point me to some other place, I think that's inappropriate.

Ms Canning: We're happy to look into it. I was just trying to work out what it was for.

Senator CAROL BROWN: Before I go back to asking for updates of particular reports: I came in a little bit late—did you give me a figure on the consultancies?

Mr Brown: Yes. Would you like those again?

Senator GALLACHER: Senator Brown, they said \$56 million, and they've taken the disparity on notice, and they're going to provide further information.

Senator STERLE: Consulting was only six, wasn't it?

Ms Canning: Consultancies was \$6.6 million.

Senator CAROL BROWN: Thank you. Can I get an update around the ACCC beef and cattle report? Then, if I'm straying into a different area, let me know.

CHAIR: You can go wherever you like between outcome 1 and outcome 2, which is section 9. We love the chaos!

Ms Briscoe: The admin meeting on 8 February considered a recommendation from the ACCC around the harmonising and licensing arrangements for livestock agencies. There was agreement to work towards that requirement for livestock agents.

CHAIR: Good luck there!

Ms Briscoe: And we will be progressing that through the Agriculture Senior Officials Committee.

Senator CAROL BROWN: When is that meeting?

Ms Briscoe: The meeting date has not yet been set.

Senator CAROL BROWN: And you're confident that that agreement will be reached?

Ms Briscoe: I guess with any of these things each state has to work through their own processes. But, as I said, they all indicated a willingness to work towards harmonisation.

Senator CAROL BROWN: Agricultural education?

Mr Blong: The discussion amongst ministers has really essentially been an opportunity to look at how we can promote education in agriculture-related fields. A number of states and territories have programs and issues underway for that purpose, and the discussion at AGMIN was really to look at what each jurisdiction was doing and options for future work.

Senator CAROL BROWN: Do you support the states and territories in other ways in terms of agriculture education? What do you do?

Mr Blong: Not directly through this portfolio. Obviously the education portfolio would work with states and territories on education programs and national curriculums and things like that. I believe there is a national curriculum component that looks at food and fibre. But how that curriculum is implemented in each jurisdiction does differ. I'm probably traversing an area of a different portfolio's expertise. But obviously every jurisdiction is keen to make sure there's a future agricultural workforce that has the right skills and experience for the sector's future need, and that was the focus of AGMIN's discussion on this issue.

Senator CAROL BROWN: Can I get an update on horse registration?

Mr Blong: On the horse registration, my understanding is that the discussion at AGMIN noted that a number of jurisdictions are looking at options in this space, with officials from the New South Wales, Victorian and Queensland governments just being in a working group.

Senator CAROL BROWN: Sorry, could you just speak up a little bit.

Mr Blong: My apologies. A number of jurisdictions agreed at AGMIN to progress this work. I think New South Wales, Queensland and Victoria all agreed to establish a working group to look at options to progress a possible national registration system for horses.

Senator CAROL BROWN: Just those jurisdictions?

Mr Blong: That's correct.

Senator CAROL BROWN: How is that national?

Mr Blong: This is a working group amongst jurisdictions to look at options. They would bring options back at a future date for all jurisdictions to consider.

Senator CAROL BROWN: I see. Thank you. Mr Quinlivan, can you provide an update on the current priority legislation that the department is seeking to progress prior to May?

Mr Quinlivan: I think the two main priorities are the drought fund legislation and some APVMA bills. Ms Briscoe might talk about those.

Ms Briscoe: They're the two that are on our priority list.

Mr Blong: There's one item before the House this week, I believe, relating to Brexit implications for the Australia-UK wine agreement. I think that passed the Senate last week and is with the House this week. It's quite important that it pass prior to any Brexit outcome to ensure continuous trade for our wine exports.

Senator CAROL BROWN: Is the legislation around the APVMA completed? How far is that in the process? Is that the one that's in the Senate?

Ms Briscoe: Yes, it was debated last week.

Senator CAROL BROWN: So that's the one that's still in the Senate?

Ms Briscoe: Yes.

Senator CAROL BROWN: Other than the legislation that's already been tabled, is there any other legislation that you're working on?

Mr Quinlivan: We're working on lots of legislation, but they're the ones that are scheduled for that period. We talked about the dairy code earlier. I think that's probably made by regulation, but our expectation is that the Governor-General would have an opportunity to sign that before May as well. I think they're the only ones that I know of that are scheduled for that period.

Senator CAROL BROWN: All right. I'm just going back to the AGMIN meetings. How are stakeholders able to obtain updates on matters that have progressed through AGMIN?

Mr Quinlivan: It varies, Senator. In some cases, the work that is discussed in the document you've been working your way through is done with stakeholders. In others, it's done by the state and Commonwealth officials and, where consultation is required, that happens. Then, as the work's done and the recommendations or the proposals going to ministers begin to settle, there would be an expectation on the part of ministers that all the necessary consultation would be done before they would be put to them for decision. In some cases, that would be done on a national basis. In other cases, it would be done by each of the individual jurisdictions checking with their relevant stakeholder. There's no one approach to this, but the general expectation and practice on the part of ministers would be to make sure all that's done before they make decisions.

Senator CAROL BROWN: Are you able to give the committee which issues I've raised have stakeholder engagement prior to essentially a final draft?

Mr Quinlivan: I'd have to take that on notice because quite a few of the matters you've raised were placed on the agenda by states, not the Commonwealth. We could do that; we just have to take it on notice.

Senator CAROL BROWN: There are a lot of issues that we've just gone through, but I am trying to get a sense of the time frame for the work that needs to be completed—let's say things like identifying climate change risks and opportunities for agricultural industries. For some of the work that you're doing, are you able to give me any time frames for when you would like to see the work completed?

Mr Quinlivan: I think that's one issue which will be a permanent discussion item for ministerial forums. The particular content might change, but in one form or another there'll be a discussion about climate change at pretty much all of these meetings. The particular matter for the next meeting, which is envisaged to be around August-September, will be a completion of the work that is being done for the Victorian government. That was the subject of the presentation at the last ministerial meeting, and that's modelling various scenarios and looking at the macroanalysis of emissions in the agriculture sector and the adaptation challenges. From that will follow quite a number of streams of work. We're not expecting any difficulties in having that work completed for that August-September meeting.

Senator CAROL BROWN: I want to ask about the biosecurity imports levy, in terms of legislation. Is that a priority?

Mr Quinlivan: Yes, we have those people here.

Ms O'Connell: You had a question about the biosecurity imports levy.

Senator CAROL BROWN: I asked about priority legislation previously and I wanted to know whether the biosecurity imports levy was priority legislation for the department and the government.

Mr Koval: For the biosec import levy legislation, what we're working on at the moment is we've done a number of consultations and we're going back and digesting the feedback we've had from everybody and coming up with a new model. The intention is to go back to government and still implement by 1 July 2019, but we don't have any scheduled to go to the parliament for legislation between now and May.

Senator STERLE: So how has that consultation gone, Mr Koval? Tell us who you've consulted with, tell us what their response has been—gloss it up! We're well aware this is a very contentious issue, so you tell us now who you've consulted with first.

Mr Koval: We had some 95 different industry organisations.

Senator STERLE: Good. Who are they?

Mr Koval: I can read a list out to you?

Senator STERLE: Yes, please.

CHAIR: No. Do you want him to read 95 names, Senator?

Senator STERLE: Put it this way: there are a number of industries I'm very well aware of who are not impressed one little bit and not supportive. Do I want to read 95? No. You can table it.

CHAIR: Why don't we table the document and distribute that to the senators. That might assist Senator Sterle to focus on those industries that he wants to examine further.

Senator STERLE: While that's being done, why don't you tell us how the consultation has gone, Mr Koval?

Mr Koval: You mentioned consultation has been controversial or be contentious, and that is correct. We accept and acknowledge that. We've had a lot of conversations. It has been a difficult process. We continue to do that. Through the coming months, we'll continue the consultation. There is no question that some stakeholders question why government's made the decision about an import levy, who that import levy should be imposed upon and the mechanism for which it is going to be applied.

Senator STERLE: Let's start on those who aren't happy. Tell us who aren't happy. Which industries? When I say 'aren't happy,' have absolute concerns, aren't agreeing with the legislation, want it tweaked, want it wiped or whatever. I am told there are some rather large industries there and, the information that I have, is that the impost through the supply chain is quite frightening. So let's explore that a bit more.

Mr Koval: Certainly. Look, the majority of the import industries aren't—no-one really wants a new tax on them. So it's fair to say just about every import industry has some concerns about it. Some have greater concerns than others and express those publicly and privately to us. I can run through the list of which ones.

Senator STERLE: Well I think you should, Mr Koval, because it would help the senators around the table who may not have delved into this legislation in any depth, so they can all get a handle on just how contentious it is and within which industries. Just before we do that, is it only the import industries that are affected by this legislation? Why don't we come back to that?

Ms O'Connell: Do you want me to go to that first in terms of the context of where the concept of an imports levy came from?

Senator STERLE: I might give Mr Koval the opportunity to tell us who's not happy. Let's go through that first and then we will come back to you.

Mr Koval: It probably would be easier to tell you who is happy.

CHAIR: I was about to ask you that.

Senator STERLE: That is fine if we know—

CHAIR: I'm going to be keenly interested about the identity of someone who is happy about a new tax. I am really looking forward to this.

Senator STERLE: Let's find out who's happy and then we'll find out who isn't.

Mr Koval: The majority of our feedback has been negative feedback. There is no point hiding that or glossing over that. The reality is that the majority of importers, if not all of them, have said, 'We don't agree with this.' The people who are happy are those such as environmental groups and some of the farming sector and those types of people are those who are happy with it. It's fair to say that it is not just those who directly import who are unhappy. So be it the petroleum industry, fertiliser industry, cement industry, some of the logistic companies and everything else, but also—

Senator STERLE: You said fertilisers?

Mr Koval: Yes. I will try not to mumble too much. I do apologise. We also heard from some of the retailers who do question it as well; Harvey Norman, for example, made a press comment very early on. So we understand that it is not just the importers. We understand there is a negative feedback along the supply chain, as you commented.

CHAIR: Just before you leave that point, did you put an asterisk beside those who made the argument that they don't, or could not, contribute to a heightening of biosecurity risk?

Mr Koval: As in—

CHAIR: Well, the product that comes in for the cement industry.

Mr Koval: Yes.

CHAIR: I made this statement publicly. If you can lay down in it and sit up after half an hour, I will support this tax, which I don't support. It leaves at 400 degrees Celsius and arrives at 70 degrees Celsius. I'm told, and I'm no scientist, that no living organism can reside within that particular import. Fuel, I would be surprised if anything could live in it; the same with fertiliser. So I'm interested, just at this point, in these unhappy people. I get it that people are unhappy with the tax. I want to know about those who are unhappy because they think it is a tax targeted on them where they don't make a contribution to the risk profile, in which case the tax should be socialised across the whole nation, if you want to do that—right?

Mr Koval: Senator, there are products where the risk profile, as you quite rightly—

CHAIR: No—remember my question. Sorry, I talked for a bit long there. Did you denote and isolate the dissenters in industries that were making the argument that I've just put to you?

Mr Koval: Did we denote those industries? Yes, we did denote those industries. We know that the cement industry, the petroleum industry and the fertiliser industry—

CHAIR: How many more were there? They're the three examples I've given you. What does the list look like beyond that?

Mr Koval: They are the main ones. There's liquid gas as well.

CHAIR: And they make up what percentage of the bulk commodity that comes into the country?

Mr Koval: By weight or volume?

CHAIR: By the way that you were going to levy the tax.

Mr Koval: The petroleum industry is the largest.

CHAIR: What percentage—

Mr Koval: About 40 per cent—

CHAIR: of this tax revenue, no matter how you levy it, is going to come from those three industries, for example? Sorry, Glenn.

Senator STERLE: No, please carry on, because we share the same concern.

Mr Koval: I haven't added up those, but I know the petroleum industry is just over 40 per cent.

CHAIR: Someone has to be running this modelling off to the side next door. I can do it with a calculator.

Mr Koval: We know it is the majority.

CHAIR: If, for example, you were to exempt them, this tax could be a waste of time. It would cost more to administer the collection of it than it would yield—correct—if those three industries were exempt, either on volume, weight or whatever measurement you want to apply to a percentage of the market.

Senator STERLE: It's actually by weight that they're doing it, Chair.

Mr Koval: What we are interested in is not just the commodity but the way that the product has come in, so there are—

CHAIR: Yes, but that's to do with the shipping—

Mr Koval: The vessel—that's right.

CHAIR: You do what you want with the vessel. Here's my question. There's a bigger chance of us having a biosecurity breach by some bloody old Chinaman who brings in his favourite sausage down the front of his undies. It's happening every day. There are millions of people each week who come across our borders and enhance our biosecurity risk. You've never have met a group of people who are more interested in sound biosecurity measures than this committee. Have you contemplated, for example, that they present a risk? Are we going to put a tax on each passenger who arrives here from overseas?

Ms O'Connell: Senator, this goes to where the origin of the tax and the concept of the tax came into effect. We talked earlier about the Wendy Craik-led review of the biosecurity system, which really kicked off in 2016. They issued a report with 42 recommendations and it was made public in mid-2017. One of those recommendations—and we can get the exact text of it—was that one of the risk creators in the biosecurity system is through imports. It may be hitchhikers coming in, not necessarily in the commodity. It might be on the ship or whatever. They recommended that we—

Senator STERLE: Or the plane.

Ms O'Connell: Or the plane—yes. They recommended that we put in place a levy that collected revenue, and they recommended a specific point of \$10 per container in terms of levy for imports—

Senator STERLE: We're aware of that.

Ms O'Connell: and also a recommendation in terms of passengers. That was the recommendation. We took feedback in terms of those recommendations. It was a public report. It's fair to reflect that a number of people in industry weren't necessarily actively considering that report at that time. It was the announcement of the implementation of that report and putting in place the biosecurity imports levy that really got people's attention. We went out and consulted in terms of that imports levy, as Mr Koval said, and there have been a number of rounds of consultation. There was, I guess, general dissatisfaction with the idea that there would be a levy. I think that, universally, everybody said that biosecurity is important, but we don't agree with an imports levy. Other people in the system do pay. Beneficiaries, in terms of producers, pay. There are various other different payment mechanisms, but nothing directly on imports at this point in time; hence, the focus on introducing a levy on imports. In round 1, we did the consultations. I think we're up to the third round of consultations. Each time I think it's fair to say that people have looked at the impact on their industry and reflected that it isn't necessarily, from their point of view, a balance that's directly apportioned with the risk. We're still going through the final round of consultations to try to get that as finely balanced as we can. I think if we ended up in a circumstance where we had to assess every single commodity on every single ship at every single moment it arrived to determine the appropriate levy, that would force us into a situation where the administration of it probably outweighed the overall benefit. So what we're trying to find is a reasonable point at which to apply that tax that is fair and equitable, and we're out consulting with industry. And industry's been pretty strong.

CHAIR: I hear you. Firstly, do you agree that, on the three major commodities that make up the bulk of this, that is going to be passed on down to agriculture?

Senator STERLE: And transport and communities—everyone.

CHAIR: I'm less interested in transport. You can wave your arm, Senator Rice. It's going to go to the farm gate.

Senator STERLE: It doesn't stop there, Chair. It goes to every consumer.

CHAIR: I'm showing interest in ag; you can show interest in transport and other things.

Senator STERLE: No, I'm talking about our community members at the bowser.

Ms O'Connell: I accept the principle that most levies applied will be passed on to the end consumer of the product.

CHAIR: Correct.

Ms O'Connell: We're talking about a levy on imports, so not on exports in terms of funds.

CHAIR: My question to you is: why don't we socialise this? This is what I'm saying. We get this with energy. We get the big end of town who are capable of pain take it right in the neck. They do every time. And it all passes down onto my plate and my light switch and my farm. We take it in the neck every time. I'm not opposed to a tax to raise money for biosecurity. Go and get as much as you like from those who pose a risk. So start with the Chinaman, right. Are you going to apply an arrival tax of 50c, 60c, a dollar on everyone who comes to this nation who provides a higher risk to biosecurity than fuel or—

Senator STERLE: Clinker.

CHAIR: clinker. Is that under serious contemplation, Ms Connell?

Ms O'Connell: There already is a levy on passengers arriving—the passenger movement charge.

CHAIR: And that comes into your biosecurity silo? I know it does not. You wouldn't be raising this tax if it did. I'm talking about a levy on passengers that's going to go straight into the tin for your biosecurity expenditure. I know the answer to my question, Ms O'Connell. It's 'no'. Sorry, Senator Sterle.

Senator GALLACHER: How do you get from \$10 a container to a much more broad—

Senator STERLE: That's where I was going.

Senator GALLACHER: That was the recommendation you specified: \$10 per container and a consideration of passengers. How did you then expand it to fertilizers and—

Ms O'Connell: I would have to say that \$10 a container, from the report on the review of the system, was a general number put, not with specific validation, but it was a recommendation using \$10 as a guide per container. In terms of where we went from there in consultations and how we got to proposing a method that would raise it across all imports, I'll ask Mr Koval to speak to that.

Senator GALLACHER: Irrespective of risk profile.

Mr Koval: It might take a couple of minutes to get to hopefully answering your question, Senator. The report by Dr Craik talked about—as Ms O'Connell talked about—how we get a broader funding base and spread the funding resource across the biosecurity systems as broadly as we possibly can. He mentioned in there the \$10 per container and also mentioned in there that, should you be able to do it, you should try and do it for bulk commodities, bulk cargo. Hence, the reason why we explored that and we went to bulk. To get, in part, to the question asked about whether we are actively exploring how we might want to apply that for commodities of a lower biosecurity risk—

Senator GALLACHER: My question is much more simple than that. How did you get from a risky thing like a container full of goodness knows what to a discrete, regular shipment of diesel? How did you ascertain that there was a risk profile that attributed the biosecurity risk and then needed a tax?

Mr Koval: What was done was to try and apply the import levy as broadly as possible—so all imported cargo by sea, which included—

Senator GALLACHER: Nothing to do with the risk profile?

Mr Koval: I will get to that in a second, Senator. We tried to apply the tax as broadly as we possibly could to socialise it across the system as broadly as we possibly could. Bulk cargo is a risk, so it's not just shipping containers which are risky. We do find things in mining equipment and tractors, antique computers. You name it; we find it.

Senator GALLACHER: Antique computers?

Mr Koval: Yes, we do find—

Senator GALLACHER: Are we a big importer of antique computers?

Mr Koval: The point is that we find things that—

Senator GALLACHER: What about unicorns? Do we find them as well?

Ms O'Connell: I think the point is that there is no such thing as a no-risk product. It may well be the case that some of those actual products themselves may not have high-risk material, but certainly on the side of shipping, importing, there are biosecurity risks with just trade and shipping, for example. We are managing ballast water, biofouling, hitchhiker pests, which do occur on the ships, irrespective of the content of the cargo in the ship. So there is risk in everything. The challenge with this is getting it proportionate—biosecurity risk with cost—and we would accept that in our first round of consultations we got a lot of feedback saying, 'We haven't got that risk proportion right.' We had a second round and put up other proposals, and now we're into a third round. I think, to be fair, most people would want to put their industry's point of view that says, 'There's no risk in anything I bring in' and that it should be more apportioned more elsewhere. The challenge for us is to try to get something that is reasonably representative of the biosecurity risk without going into a world where there's so much administration that it effectively can't be done. So that's the challenge we're grappling with right now. We've heard what a number of industries have had to say, and that's why we're now in a third round of consultation.

Senator GALLACHER: The practical effect of a tax on fuel is you could go back and say, 'Every B-double of fuel in the country will have an increased cost of \$50.'

Ms O'Connell: Whatever method—

Senator GALLACHER: Fifty tonne, \$50.

Ms O'Connell: Yes. It will be passed on.

Senator GALLACHER: Someone's got to pay that.

Ms O'Connell: That's right. Any tax measure would be passed on—that's right.

Mr Koval: So what we are actively exploring at the moment is reducing the levy rate for bulk cargo, which has lower risk out of the feedback. So, actively, one of the things we're exploring over the next few months is what that might look like.

ACTING CHAIR (Senator Sterle): I have given my word to the chair—and my word is my bond—that we'll go straight to the government. But, in saying that, Ms O'Connell, you have not won me one little bit in your interpretation. This is a massive tax grab for the low-hanging fruit to whack up the whole community through the supply chain, so it didn't wash with me. On saying that, I'll go to the government, but we will be coming back to this. There are a lot more questions to ask. Ms O'Connell, the way you said the first time you got it wrong, and now there's the second and the third, you're leading the Senate and anyone listening to your evidence to think that you're nearly there and throwing rose petals at each other, which couldn't be further from the truth.

Senator Colbeck: I don't think that's a fair characterisation.

ACTING CHAIR: I'm standing by it, Minister, and we'll come back to it later and then the departmental officials can prove me wrong. I want to table, with the committee's agreement, the front page of the 2018-19 budget, which goes to the \$326 million tax that will be raised in the next few years.

Senator BROCKMAN: I'm going to move on to live exports. I will just start with a general question to you, Mr Quinlivan. I'm not sure if you can give us any insight into the class action into the cattle export ban.

Mr Quinlivan: The Brett case.

Senator BROCKMAN: Where are we up to? Are we still awaiting judgement?

Ms Linacre: The matter was heard late last year and is reserved before the Federal Court.

Senator BROCKMAN: Do we have an expected time frame?

Ms Linacre: No, it's reserved. We would normally expect a decision within three to six months, but it's a matter for the court.

Senator BROCKMAN: At what point was it reserved? Did you say December?

Ms Linacre: December last year it was heard, yes.

Senator BROCKMAN: We'd expect to see a decision sometime between March and June, but no guarantees?

Ms Linacre: That is what we would expect in the normal course of things, but it is a matter for the court.

Senator BROCKMAN: Flowing from the evidence presented in the case made to the court in that matter, was there any change to the way that the department approached these kinds of issues? Obviously you will await the judgement before you make any serious changes, but was there anything that came out of that case that caused the department to consider the way it deals with these kind of matters?

Mr Quinlivan: Just go back a step. The case, of course, is based on what happened in 2011.

Senator BROCKMAN: Absolutely.

Mr Quinlivan: I think there were some lessons from that which have been embodied in the ESCAS system and further changes.

Senator BROCKMAN: No, but I'm talking about the evidence and the proceedings of the case itself.

Mr Quinlivan: That's what I was trying to clarify. Not to my knowledge, I think, is the answer.

Ms Linacre: I think that we are waiting for judgement. At the point that we get judgement, we'll assess that decision.

Senator BROCKMAN: Fair enough. Has there been any planning, thought given to, if judgement is made in favour of the plaintiffs in that action, how the department would respond to that?

Ms Linacre: In the normal course of all litigation, we prepare for both outcomes but it wouldn't be appropriate to say anything further given the matter is currently before the court.

Senator BROCKMAN: But there has been some planning done as to the implications for the department if the matter is found against the Commonwealth?

Ms Linacre: I think that in the normal course of the litigation, we look to what the different issues that are raised are throughout the litigation but we don't commit to a course of action till we know that the court will find. It's a complicated matter. We expect a complicated decision.

Senator BROCKMAN: Absolutely.

Mr Quinlivan: The other point, of course, is that the regulatory regime for live animal exports has gone through some very considerable evolution since 2011, initially through the development of the ESCAS system but then, more recently, through all the changes that have happened over the last 18 months. It may be that the court might find things that remain to be done, but I'd be surprised if there's anything too substantial in that area because of the amount of change that has happened since the events that are the subject of the case. In the life of this regulatory regime, that's almost two generations ago.

Senator BROCKMAN: The proceedings were purely on a misuse, an incorrect exercising of power. Is that correct?

Ms Linacre: That's correct.

Senator BROCKMAN: It wasn't about a potential breach of a property right; it was only about misuse of power. Is that correct?

Ms Linacre: The pleadings went to claims of misfeasance in public office; that's correct.

Senator BROCKMAN: One more general question before we move on to the live sheep issue which I know my colleague Senator Smith has come questions as well. Let's start with what's happened between the period where there were no ships exporting and today. Can you run us through the broad numbers—number of ships, number of sheep transported, number of livestock transported—and, I guess, what's happened over the last six months?

Mr M Thompson: There are a couple of ways we could come at that. We could give you the statistics and give you a sense of what's been happening in the trade itself. We've also prepared a brief update to the committee on what's been happening on the regulatory side if that would help, but I'm in your hands as well.

Senator BROCKMAN: No, please, go ahead.

Mr M Thompson: I might make a brief statement and then throw to my colleague Ms Hutchison to update on the statistics. We've made these sorts of updates to the committee on the last couple of occasions and we think it's useful to continue to update the committee on the work that we're doing in resetting the regulation of the live animal export trade. Obviously, we're continuing the work that we've started on the standards for regulating the trade, on compliance activity and enforcement, and on our capability and culture as a regulator.

On the reviews of policies and standards, the independent technical advisory committee has completed its Review of the Australian Standards for the Export of Livestock, or ASEL, for livestock exported by sea. The report's recommendations and options for their implementation are currently being considered by the department and the department expects to release the report along with its response to the committee's recommendations in the coming weeks. Importantly, we're looking to ensure that we address interactions between this report's recommendations and the ongoing heat-stress risk assessment review, which is a separate stream of work.

On the heat-stress risk assessment review, the panel's draft report and recommendations are open for public consultation until 1 March 2019—and it was at the request of Minister Littleproud that that public consultation period be extended. The panel will then consider any additional information before providing its final report and recommendations to the department. The heat-stress risk assessment review is examining a framework focused on animal welfare as a key indicator, moving away from the current framework, which has been based on the risk of mortality. The department's proposed regulatory settings in response to that report will be subject to a regulation impact statement process following receipt of the panel's final report. The department is planning to implement interim measures for live sheep exports to the Middle East during the 2019 Northern Hemisphere summer. Those measures will be based on the existing Australian Meat and Live-stock Industry (Export of Sheep by Sea to Middle East—Northern Winter) Order 2018 requirements, which were set before last summer; the draft heat-stress risk assessment panel's recommendations; evidence provided in submissions to that review; feedback from independent observers; and, of course, ASEL, which I mentioned.

On compliance and enforcement, as indicated at previous hearings, the cancellations of two export licences by the department remain subject to review by the Administrative Appeals Tribunal and we won't be in a position to say a lot more about that. Separately, as we've said publicly on previous occasions, criminal investigations are ongoing. The department is also investigating claims reported in the media in January 2019 that payments made to individuals were used by Animals Australia as incentives to obtain footage onboard the live sheep export ship *MV Awassi Express* exporting live animals. That investigation is ongoing.

On the implementation of the Moss review, on 31 October 2018 the minister and the department responded to the Review of the Regulatory Capability and Culture of the Department of Agriculture and Water Resources in the Regulation of Live Animal Exports. All 31 recommendations of the report were supported and we are making progress on implementing these. In particular, I draw out that the secretary has established the role of principal regulatory officer and established an animal welfare branch immediately, which were two of the key recommendations from the review. Recruitment of an interim inspector-general of live animal exports is well advanced and the government is developing legislation to support this role permanently. The department has set up a livestock export animal welfare advisory group, which is scheduled for its second meeting in March 2019. That group comprises a broad range of stakeholders, including industry, producers and animal welfare groups. The department is also reviewing legislation and standards to place animal welfare at the core of its regulatory activities and to improve enforceability.

Following completion of the Moss review in November last year, the secretary engaged Mr John Lawler, AM, APM to look into claims made in an in confidence submission to the Moss review that mortality reports were revised or redrafted to dilute or expunge findings and that there was a reluctance to take action in response to mortality events. Mr Lawler completed his investigation and provided his report to the department on Monday, 14 January of this year and found that at least one mortality report, on his assessment, was misleading. While this is disappointing, Mr Lawler concluded that the implementation of many of the recommendations made in the Moss

review would provide the assurance that similar incidents will not occur again or, if they do, we will be able to respond effectively.

In closing, we are making good progress. There is much still to be done to strengthen our regulatory approach and to strengthen public confidence in the live animal export trade. I don't think any of us underestimates that. Our priority remains becoming a modern, trusted and mature regulator and ensuring that animal welfare is central to decision-making for livestock exports. I know that my colleagues in the department and I remain strongly committed to achieving this. Thank you.

Senator BROCKMAN: Thank you. Ms Hutchison, could we just have a bit of a snapshot on the voyages that have taken place since they resumed—just quickly, please, because obviously we have somewhat limited time—and particularly, if you can, the information that's coming back from the independent observers, like the nature, type and publication schedule. I think one of the concerns that I've heard from the agricultural sector in WA is that the independent observer reports are taking too long to become public. Go ahead.

Ms Hutchison: Thank you, Senator. To go to your first question, I have some statistics for the 2018 calendar year, not the six months you've asked for. Are you happy for me to go through those? We can get the specific—

Senator BROCKMAN: Just quickly, and could we get updated statistics. Are they published live online?

Ms Hutchison: We do publish information, but this information has been prepared for this committee. We publish a whole range of information.

Senator BROCKMAN: I've looked before, but I'm trying to think of whether it's published. Is it published live online?

Ms Hutchison: There is information published regularly in a report to parliament that articulates the numbers exported, the number of voyages and the number of reportable incidents.

Senator BROCKMAN: What's the time lag on that?

Ms Hutchison: The next one will be due shortly. I don't have the exact time frame for that. It is every six months.

Mr M Thompson: It's every six months.

Senator BROCKMAN: Okay. If you can just bring us up to date with what you've got there, we'll go from there.

Ms Hutchison: In relation just to sheep or to live animals in general?

Senator BROCKMAN: My focus is sheep, but—

Ms Hutchison: For livestock exported in 2018, there were 1,176,789 head of sheep exported in 2018, which was down 38 per cent from those exported in 2017. There can be slight differences between the numbers I give you here and those in various reports, depending on whether you take animals that departed Australia within the year or whether you take those that arrived at their destination. So you may see different numbers in that. That's the number of sheep that were exported in 2018.

Going to the question in relation to independent observer reports, independent observers have been placed on vessels since April last year, and their reports come back to us at the completion of that. To date, we have published 12 independent observer reports. We have 21 reports in the queue ready to be published, as they're going through their checking process. We have had 74 voyages in which independent observers have participated. We are continuing to improve and refine our process for gathering that information, summarising it, ensuring it's correct and publishing it. We also have heard directly from industry about the amount of time it takes, and we are focusing on clearing the backlog of reports and ensuring that, once we get a good process in place that's repeatable, we'll be able to publish them in a far more repeatable and timely fashion. We have heard that feedback.

Senator BROCKMAN: What's the barrier to timeliness?

Ms Hutchison: The barrier to timeliness has been volume, initially. We have been progressively improving the expectation for our independent observers of what sort of information they collect and in what volume. Very early on we were putting independent observers on very quickly and asking them to simply gather information, which they did, so we were getting a large amount of information, including still photos and footage—all of which needs to be reviewed, transported, sent to us and looked at—and large written reports. We've been refining over time as we're refining our thinking and understanding of exactly what parameters we need to have a look at, to guide people in what they need to collect and ensure that it's accurate and relevant but also that the volumes are not too significant. The main problem so far has really been setting up. There have been operational issues in

setting up the practicalities of getting the information back, checking it, summarising it and then publishing it. There have been technical issues with making sure that we can look at all the footage, download it, use it and assess it. Early on last year there were also some legal issues we needed to work through in terms of being able to legally then use and publish that information. So, all of that stuff remains a focus, and throughout this year—the first months of this year—expect to see significant improvements in the way we are able to publish that information.

Senator BROCKMAN: Can you characterise the independent observer reports and what they have shown since they have been introduced?

Ms Hutchison: In general they're looking at animal welfare and how the animal welfare measures implemented by exporters are put in place on vessels. We're seeing a range of information. They're looking, for example, at how temperatures are collected, how general pen space allocations have been allocated across the board, our feeding regimes, watering regimes, cleanliness—those sorts of things. We are seeing, generally, that most exporters are doing the things they said they would do and those things are resulting in good animal welfare outcomes. Where there are issues, either they're resolved at the time or there might be information that needs to come back to the department that is required—a vessel needs to make a change, an exporter needs to make a change or we need to give consideration to longer-term policy issues, which we are feeding in between the team that I look after and our animal welfare branch. So, there's a range of information coming back from those observers.

Senator BROCKMAN: Great. Thank you very much. Back to Mr Thompson: you mentioned the 'cash for footage' issue, I think you called it. I might use slightly stronger language, but we'll stay with cash for footage at the moment. Where's the investigation at? Do you have significant powers to investigate? And basically where to from here? The sheep-producing industry in WA feels that a lot of the negatives surrounding the public's view of their industry have been generated by that footage, which is now potentially shown to have been paid for with a significant sum of money.

Mr M Thompson: We're very conscious of those concerns. I might ask my compliance colleagues to address this question directly, because the investigations are not being undertaken under my remit, and in the live animal exports area it's actually a compliance action, so I might get them to expand that.

Ms Lane: Senator, as you would know, the department has been investigating the 2017 voyage of the *Awassi Express* and most recently, following the media reports in January, has been investigating the claims for payment of footage and separate claims of offers to shut off ventilation and other activities onboard vessels. I won't go into the detail of investigation on either but to say that the secondary matter, in relation to the payment for footage, is ongoing. There are a few lines of inquiry that remain outstanding for us. We will provide information to the CDP to supplement the broader investigation report.

Senator BROCKMAN: I want to hand over to Senator Smith, because I know he has questions in this area, but where to from here? What is the procedure from here to take this matter forward?

Ms Lane: In relation to the broader investigation into the *Awassi* voyage, we have substantially completed our brief of evidence, and that has been submitted to the CDPP, last week. According to the Commonwealth disclosure requirements, though, we have foreshadowed to them that there is a supplementary matter being investigated, that being the payment-for-footage issue. Once we have concluded the inquiries in relation to that matter, further information will be provided to the CDPP to supplement that brief.

Senator DEAN SMITH: I want to go back to Mr Thompson's opening statement, where towards the end he reiterated the point that animal welfare is at the core of the department's responsibilities. I am interested in getting a better understanding of what steps you have actually taken in regard to the cash-for-cruelty scandal. Do you have a time line that you can make available to the committee of what steps you have taken since 17 January?

Ms Lane: We've spoken—

Senator DEAN SMITH: But have you got a time line that you can make available to the committee that you can table for us?

Ms Lane: In terms of the steps from here or what we have been doing since January?

Senator DEAN SMITH: Since 17 January.

Ms Lane: We can do that, Senator, on notice. We have been speaking with a number of people. We've sought information from a number of individuals and organisations, just generally. We have received some information, which we are now examining; but, as I said, there are some outstanding lines of inquiry still to proceed.

Senator DEAN SMITH: Who have you spoken to?

Ms Lane: I'm not sure it would be appropriate to go into that detail, but other than to say a number—

Senator DEAN SMITH: Secretary, I've asked a question. I'd like to know who has been spoken to. The official is not too sure she's at liberty to disclose that to the committee. I'd like to hear who she has spoken to or who the compliance section has spoken to.

Mr Quinlivan: Senator, I think I would like to consider that and get some advice, too, because I don't know the answer to that question. We keep these investigations at arm's length from the executive and from the policy areas in the department to make sure that those investigations are not affected.

Senator DEAN SMITH: I don't want to in any way undermine the investigation. My question is that I would like to know who has been spoken to. The official is not too sure she can answer that question. There are many officials behind you. I'm just curious to know whether I could get an answer to that question.

Mr Quinlivan: I'm not too sure who we've spoken to, either, and I'm not sure about the wisdom of disclosing a full list of those we've spoken to, and that is what I've said I would get some advice on. So we'll do that, perhaps over the luncheon break and have a response for you after lunch.

Senator DEAN SMITH: That would be great. Has Mr Fazal Ullah been spoken to?

Ms Lane: Again, I think we wouldn't want to go into the detail of the individuals and organisations we've spoken to in the course of this investigation, without further advice.

Senator DEAN SMITH: You just also mentioned in your evidence that you would access a variety of materials or a variety of information as part of the investigation. What information or materials have you accessed?

Mr Patterson: Of the material that has been provided to inform the investigation to date, that includes statements, affidavits and financial transactions. On the basis of what the secretary and Ms Lane mentioned, I would prefer to take further advice as to going into further detail.

Senator DEAN SMITH: In your earlier evidence, you did say that part of this investigation is the allegations that someone may have shut off the oxygen supply to sheep on the vessel. Is that correct?

Ms Lane: They were claims relating to a voyage earlier this year; so, not the *Awassi* voyage.

Senator DEAN SMITH: That's being investigated?

Ms Lane: Those claims are being investigated, yes.

Senator DEAN SMITH: When did the department first become aware of the allegations that animal activists had made payments for the *Awassi* footage?

Ms Lane: When the media reported it earlier this year.

Senator DEAN SMITH: You weren't aware of rumours in the industry?

Ms Lane: Not to my knowledge.

Mr Quinlivan: Senator, there were, all the way back to the original broadcasting of that *Awassi* voyage, there were rumours that payments had been made, and I think most people had heard those rumours. But there was no evidence behind them; nothing to substantiate them.

Senator DEAN SMITH: There was no evidence, because you asked people to substantiate their claims?

Mr Quinlivan: Yes, that's right. It was too vague, anyway. It was a very vague thing. There is not sufficient substance to follow them up.

Senator DEAN SMITH: Who did you go to to verify whether the rumours were substantial?

Mr Quinlivan: In my individual case, it was whoever raised them with me, and there was never an answer to that question. I know that was true of others as well. There were a lot of stories circulating at the time, as you may be aware.

Senator DEAN SMITH: What date do you expect to have your investigation completed?

Mr Patterson: We would be aiming to have it completed by the end of March. The timeliness of the completion of that will be quicker or slower, subject to the information that is provided to the investigation.

Senator DEAN SMITH: Those people that you're interviewing, would you characterise them as cooperative or uncooperative?

Mr Patterson: The people that we are making inquiries of to date have been cooperative.

Senator DEAN SMITH: Has anyone been uncooperative?

Mr Patterson: No.

Senator DEAN SMITH: Have you been able to reach everyone that you want to make inquiries of?

Mr Patterson: We have.

Senator DEAN SMITH: And everyone is cooperating?

Mr Patterson: They have to date.

Senator DEAN SMITH: Are you expecting them not to cooperate in the future?

Mr Patterson: Not that I'm aware of. We do, however, still have inquiries to make of people; and, while those people may presume inquiries might be made of them, we haven't conveyed that directly to them.

Ms Lane: We have sought some specific pieces of information from a number of those people, and we're still waiting for some of that information.

Senator DEAN SMITH: Sorry, Ms Lane, with the bells and the acoustics in the room, I missed that.

Ms Lane: I was just adding to Mr Patterson's comment that we have sought information from some of those people, which we've not yet received. So, while everyone is being cooperative, we're still waiting for some information as a result of those inquiries.

Senator DEAN SMITH: So there is no suggestion that people who have yet to provide information will be uncooperative?

Ms Lane: No, Senator.

Senator DEAN SMITH: Has the department been in contact with the Australian Federal Police regarding its investigation?

Mr Patterson: Yes.

Senator DEAN SMITH: Would you regard the payment of individuals to access footage as isolated or systemic in the agricultural industry in Australia?

Ms Lane: I'm not sure that I'd be sufficiently informed to offer a view on that, Senator.

Senator DEAN SMITH: There were media reports, which you cited, as the starting point for the investigation, which actually identified other agricultural industries—I think it was the front page of a leading Australian newspaper—that had been subject to this sort of—I use the words—'sabotage' or 'espionage'; others would use just as strong words. Would you characterise it as isolated or systemic?

Ms Lane: I'm not sure that I can answer that question. Our inquiries on this matter are limited to those pertaining to the claims made in January. We haven't been looking more broadly, at this point in time.

Senator DEAN SMITH: What are your powers to follow up on individuals who you might have asked to cooperate, who might have given you an indication that they will cooperate or make information available and then they don't?

Mr Patterson: Of the inquiries that we are making, we are relying on people complying with requests for information. We've not sought to use a coercive power to require people to provide information at this time.

Senator DEAN SMITH: So you're taking them in good faith?

Mr Patterson: We are.

Senator DEAN SMITH: Despite the fact that I'm assuming some people that you're interviewing have acted in very, very bad faith, perhaps even against the law?

Mr Patterson: If we were to identify that people had acted against the law and it was within the functions and powers of the department, we would seek to take action with respect to that.

Senator DEAN SMITH: Will that delay the finalisation of the investigation, do you expect?

Mr Patterson: It will depend on the information that becomes known to us and whether people do fulfil the obligation or fulfil their stated intent to assist.

Senator DEAN SMITH: Is Mr Ullah specifically being investigated around the claim that he switched off ventilation?

Mr Patterson: Senator, I wouldn't wish to go into detailing specifically who is providing information regarding the investigation and specifically who might be the subject of those inquiries. The investigation is focusing on two streams. One is the cash for payment, if I might describe it that way, and then the other is whether or not ventilation systems or other circumstances have been contrived to cause animal welfare issues.

Senator DEAN SMITH: In response to correspondence that I wrote to the ACNC, the Australian charities and not-for-profit sector, they confirmed to me that they were initiating or had initiated an investigation specifically into animal rights, or Animals Australia. Have they been in touch with you?

Mr Patterson: We have been in touch with them.

Senator DEAN SMITH: You've been in touch with them. So you took the initiative to be in touch with them?

Mr Patterson: We're meeting with them today, I believe, Senator.

Senator DEAN SMITH: I'm asking them questions tomorrow, so that's very timely.

Mr Quinlivan: Senator, just for the sake of clarity, following on from that last question, you've rightly sort of noted there that we don't regulate Animals Australia.

Senator DEAN SMITH: That's right.

Mr Quinlivan: To the extent that anybody does, it would be the charities commission, although I'm not entirely sure of the relationship there. That would only be the case if they had tax deductible status, and I'm not sure about that.

Senator DEAN SMITH: I think some Australians might be very concerned that their hard earned dollars are going to a charity that then, if my allegations are to be believed, goes and breaks the law.

Mr Quinlivan: Yes, I understand that. I was just making a point.

Senator DEAN SMITH: Same, same but different.

Mr Quinlivan: The point that follows then is our interest in this issue is really what it says to us about the authenticity of the evidence we were provided that is the basis or part of the broader investigations that we've been pursuing. I think I can say at present that we've got no evidence that would change our view about the authenticity of that footage.

Senator DEAN SMITH: You said, 'You've got no evidence that would change your views about the footage'.

Mr Quinlivan: That's right. I think we're confident that the footage we were provided is authentic.

Senator DEAN SMITH: Secretary, there's an investigation underway. Officials have told me—I'm not saying it's an inappropriate response—that they can't answer some of my questions in regard to who has been interviewed. The investigation is not yet complete. Are you making assumptions about what the investigation will find already?

Mr Quinlivan: No. I'm saying—

Senator DEAN SMITH: That's how it sounded to me, which goes to issues around confidence, which goes to issues around whether or not people—

CHAIR: I think Mr Quinlivan is going to illuminate you further as to what he means.

Mr Quinlivan: Yes. We've spent a lot of time with that footage, understanding it. We haven't to date found anything that would cause us to think that it wasn't authentic. Now that's not to say—

CHAIR: Can I cut through here. What you mean is you've had a technical look at the video, or the footage—the technical aspects of it—and you can't find any evidence it was cut or shut or taken at some other place or time. Is that what you're saying?

Mr Quinlivan: Correct.

CHAIR: So you're satisfied it was footage on that day of what one sees with the footage. You're not straying into who took it or what might have motivated them.

Mr Quinlivan: That's right. As I think was said before, allegations about the manufactured footage, or the situation that was manufactured, to generate adverse footage are actually a different voyage for a different time.

CHAIR: A different question, yes. Senator Faruqi.

Senator FARUQI: Mr Thompson, in papers that were recently released through an order for the production of documents through the Senate there was an email from you to Mr Moss, dated 14 August, that shows that you proposed a meeting with Mr Moss to discuss a draft version of the report. Did that meeting take place?

Mr M Thompson: I think that meeting did take place. I've been back to check my calendar to see what meetings occurred, and I think that was one of the meetings that was in the list.

Senator FARUQI: You don't remember the date? Could you provide that on notice, if that's all right.

Mr M Thompson: I could take it on notice.

Senator FARUQI: Could we also know what the nature of the meeting was.

Mr M Thompson: It was really, as I said in the email to Mr Moss, to follow up the commentary and comments that we were providing to him in response to his provision to us of the draft report for accuracy and procedural fairness purposes. I had a series of meetings with Mr Moss where we talked about the comments and the input—the content—that the department was providing to him.

Senator FARUQI: How many meetings did you have with Mr Moss?

Mr M Thompson: Looking at my calendar, there were two meetings that I had with the secretary with Mr Moss; there was one meeting that I had with Mr Riley, who's head of the Assurance Branch, with Mr Moss; and then in the order of six or so other discussions with Mr Moss.

Senator FARUQI: These are meetings including meetings with you and with departmental officers and Mr Moss.

Mr M Thompson: With Mr Moss and his secretariat and his review team on some occasions and on other occasions just one on one.

Senator FARUQI: Do you have a ball park of how many meetings you had with Mr Moss, between you and the department, or could you provide that on notice? Was it 10, 12?

Mr M Thompson: I could take that on notice. I think it was around six or so meetings that I had with Mr Moss, and then, as he has said in his report, he had a series of discussions with departmental staff in lots of other areas.

Senator FARUQI: This is in August and September, after the draft report was provided to you?

Mr M Thompson: Yes. He would have had discussions—some of those discussions occurred before that. There was an initiation discussion for his review that he had with the secretary and me. He may have had other discussions with the secretary that I'm not aware of.

Mr Quinlivan: Senator, I know we're probably going to have quite a lot of questions on this. I've got a few general comments I'd like to make, because the article was both an important reflection on the department but also, in our view, quite untrue, and also untrue in the view of Philip Moss. So I have a couple of comments I'd like to make.

Senator FARUQI: Sure, I just have limited time. If they are quick, that's fine, otherwise could we leave them to the end.

Mr Quinlivan: I wanted to—

Senator FARUQI: I have some specific questions. Maybe if you could answer those first, and then come back to your comments.

CHAIR: We will make time available in this slot, if you want to bring balance with some of the things that you have got to say, Mr Quinlivan. So don't feel time-pressured, Senator.

Senator Colbeck: Chair, the secretary has, I think, a number of important comments to make. It may very well influence where Senator Faruqi goes with her questions.

CHAIR: I've just indicated I'm happy not to count the time of the secretary.

Senator Colbeck: I don't want to see Senator Faruqi cut short in her time, but I think it's reasonable that the secretary, at this point in proceedings, makes his statement.

CHAIR: I'll stop the clock and we'll hear from Mr Quinlivan, and then Senator Faruqi can restart her time completely.

Mr Quinlivan: Thank you, Chair. There has been commentary and press reports that the department interfered in the preparation of Philip Moss's review of the capability and culture of the department in the regulation of live animal exports. From our point of view, we think that is false. Philip Moss has made a statement, which he provided to the journalist, which is that in his view the assertion that the department unduly influenced his report is not true. He goes on to say: 'As an experienced reviewer, I provided working drafts to the department for procedural fairness and accuracy; in fact, successive drafts show a strengthening of the report's conclusions and recommendations.' Philip Moss was appointed by the minister as an independent reviewer, based on his previous work as the first commissioner for the Australian Commission for Law Enforcement Integrity and, as he says in his statement, he is an experienced reviewer. From our point of view, this was a very important review. We knew it was going to have a big impact on the department and on our operations, and our objective was to make sure it was the best report that it could be, and so we offered Mr Moss all the assistance and advice that he wished to use to produce the best report possible. So he did talk to us. He provided material. He asked questions. We provided secretariat support. But the report was his and his alone, in the end. He was appreciative

of the assistance we provided and, as he says in his statement, he doesn't feel that we unduly influenced his report at all. We share that view.

Senator FARUQI: You said that you provided secretarial report for drafting the report?

Mr Quinlivan: We provided secretarial support for the entire process.

Senator FARUQI: And drafting the report?

Mr Quinlivan: There would have been some drafting involved, for sure. You'd have to ask Philip Moss himself how the drafting process worked. We provided commentary, but I would expect the secretariat did assist him with the drafting, but I don't have any personal knowledge of that.

Senator FARUQI: I think I do want to ask you how it worked, because the papers that have been released show—and correct me if I am wrong, Mr Thompson—that the department provided Mr Moss with over 200 comments and amendments to the initial and various drafts of the report. Would that be accurate?

Mr M Thompson: I haven't counted the number of comments provided, Senator. But, as Mr Quinlivan said, we took the report seriously and we engaged with it seriously, and that included not only encouraging staff on multiple occasions to engage with Mr Moss, either on a confidential or an open basis, but also providing detailed comments on his report.

Senator FARUQI: In an email from you, Mr Thompson, to Mr Moss—it's again that email from 14 August—it states: 'If you're comfortable, we think it better to provide you with direct drafting where this covers areas of clarification.' Was this direct drafting provided?

Mr M Thompson: Only in the form that you saw subsequently in the material that's in the order to produce documents.

Senator FARUQI: I have counted; more than 200 comments were provided. I have worked in various organisations. An independent review of the department's own culture then being looked at—I understand procedural fairness and I think you had plenty of opportunity to provide evidence, as you have said, during the process of the collection. But drafting a report—don't you think procedural fairness stops there?

Mr M Thompson: If you are asking for a response to that, Senator, I don't accept that we drafted the report through those comments. I've also had a very long career in the Australian Public Service and have engaged in many independent review exercises—whether it was OECD performance reviews of Australia, Australian National audit office reports or other independent reviews commissioned on specific topics. I can assure you that the process that we followed in relation to this review was no different. We regard the reviewer appointed by the minister as independent. They strongly regard themselves as independent. We respected that and we engaged seriously with the review.

Senator FARUQI: Have you had a previous review into the capability and culture of the department?

Mr M Thompson: Of this department?

Senator FARUQI: Yes—an independent previous review?

Mr M Thompson: Not in my time in this department.

Senator FARUQI: It depends what the review is in terms of how the department engages. But I do have—

Mr Quinlivan: Back in about 2015-16 there was a functional efficiency review, which looked at the capability of the department. In that case, the majority of the analytical work and the drafting was done in the department, with two independent lead reviewers who were signatories to the report. The report was theirs, the key findings and recommendations were theirs, but the department provided most of the support. It is not an uncommon model.

Senator FARUQI: It is an uncommon model where I come from—having worked in dozens of organisations looking into a review of the culture. Anyway, I'll move on. Mr Thompson, did you suggest to Mr Moss what the focus of his report should be?

Mr M Thompson: I made some commentary. I made a range of comments to Mr Moss off the back of his first draft, provided to us on 13 August, which was a very early draft and is in the documents tabled. I made a range of suggestions about where I thought it was important to focus in order for the department to get significant value out of the report to help us transition as a regulator.

Senator FARUQI: Did the department ask Mr Moss to provide a draft?

Mr M Thompson: Yes. The timing of providing us a draft was completely up to him.

Senator FARUQI: But you asked Mr Moss to provide a draft of the report?

Mr M Thompson: Mr Moss conceded and agreed, as part of his normal review process, to provide a procedural fairness draft.

Senator FARUQI: I am just asking a simple question—yes or no? The department asked Mr Moss to provide you with a draft?

Mr M Thompson: It was an agreement between Mr Moss and ourselves.

Senator FARUQI: When was that agreement done?

Mr M Thompson: I don't recall that specifically.

Senator FARUQI: Did the department ever show or send the draft report, or any of the draft reports, or sections of the draft report, to Minister David Littleproud or Assistant Minister Senator Colbeck, or their offices, before it was finalised?

Mr M Thompson: No. We provided no documentation to the minister—or to the assistant minister, for that matter. That was a matter for Mr Moss to pursue with the minister.

Senator FARUQI: Did you communicate or share any part of the draft report with the minister or assistant minister verbally or in any other form?

Mr M Thompson: Again, I don't recall doing that. Most of the interactions that we had with the minister's office at that time—which is a different question—was around the process for finalising the report.

Senator FARUQI: No sections of the draft report were shared with the minister or the assistant minister at all by you or anyone else in the department verbally or otherwise?

Mr M Thompson: Not by us, that I'm aware of.

Senator FARUQI: In the documents that were released through the Senate order, Mr Moss provided a copy of the draft report to Mr Lionel Riley on 17 September. That draft version actually began with these lines, 'The department has failed, as the regulator, through a combination of several factors, including the departure of experienced staff members, deregulation policy, disbandment of the animal welfare branch, focus on animal mortality and not animal welfare,' and it goes on. This has completely disappeared from the final version 10 days later. Did the department ask Mr Moss to remove this section?

Mr M Thompson: We did not ask Mr Moss to remove that section.

Mr Quinlivan: Sorry; can you just repeat that?

Senator FARUQI: Repeat?

Mr Quinlivan: The list of things you mentioned.

Senator FARUQI: It starts with, 'The department has failed, as the regulator, through a combination of several factors, including the departure of experienced staff members, deregulation policy, disbandment of the animal welfare branch, the focus on animal mortality.' Are you aware then why this fairly crucial section was disbanded?

Mr Quinlivan: Can I ask: the draft provided to who?

Senator FARUQI: This was a draft provided to Mr Lionel Riley.

CHAIR: Senator, to be completely consistent with this, can you provide a copy to the secretariat?

Senator FARUQI: I can, but they should have it. It's in the draft report.

CHAIR: Just let me manage my committee. I don't have a copy of it. Could you provide it to the secretariat, so that your committee colleagues, and anyone who wants a copy, can be on the same page as you.

Senator FARUQI: Sure, we can make a copy of this.

CHAIR: Let's do that.

Senator FARUQI: Are you aware why the section that was removed was removed?

Mr M Thompson: No, I'm not aware why that was removed.

Senator FARUQI: No-one from the department asked why a crucial section was removed?

Mr M Thompson: Not that I'm aware of, no.

Senator FARUQI: Were there other sections that were removed as well? Do you know of any sections that were removed, or did you recommend that other sections be removed?

Mr M Thompson: No, I'm not aware of any other sections that were removed at our request. And—

CHAIR: Just hold on, please skip that. I've made a ruling.

Senator FARUQI: Did you state to Mr Moss that the department did not believe that the regulation of live exports is of higher risk or unique compared with other exports?

Mr M Thompson: That is in one of the comments we provided, yes.

Senator FARUQI: Does not the fact that exported goods, in the case of live exports, are live animals provide a material point of distinction from the other inanimate exports, in your view?

Mr M Thompson: I think you're taking the comment out of context. The comment was really to point out—and as that quote you referred to there from my commentary goes on to say—that we regulate many other areas that are high risk and involve human health and human welfare, in particular around food safety and anything which might be a threat to food safety and therefore a threat to human health. It wasn't that I was diminishing live animal exports; I was saying that in terms of the department's work, and in response to what Mr Moss was saying in his draft at that time, it's not that unique or high risk compared to other areas.

Senator FARUQI: But you do agree that it is unique when compared to other areas, such as exports of inanimate objects?

Mr M Thompson: Compared to those aspects, yes. But that wasn't the comparison I was making, and the rest of my comment goes to that.

Senator Colbeck: Difference doesn't necessarily mean difference in risk.

Senator FARUQI: I think it really does, if you're comparing live animals with other objects.

CHAIR: That's a debating point; we're not here to debate.

Senator FARUQI: There was a review started in November in 2018 called the Lawler inquiry, which was supposed to investigate allegations that staff in the federal Department of Agriculture and Water Resources were told to keep quiet over their concerns about the live animal export trade. Could you give us a quick update on where that review is at?

Mr Quinlivan: I asked Mr Lawler to conduct that inquiry on publication of the Moss report. He completed that report in early January and provided me with the report. I'm not sure of the precise date; I think it was 14 January. He briefed the minister the same day.

Senator FARUQI: Will that report be made public?

Mr Quinlivan: No, that's not my intention.

Senator FARUQI: What's the reason for it not being public?

Mr Quinlivan: Well, there are two reasons principally, one a practical reason. It was initiated by evidence provided to Mr Moss that was in a confidential submission, and the authors of that submission made it clear to Mr Moss that they wished their contribution to remain confidential, so the department wasn't then able to follow up the submission. We haven't seen the submission, but we weren't able to follow up the matter because it was confidential.

Senator FARUQI: So what's the inquiry on then?

Mr Quinlivan: So the best avenue available to us was to commission a further third party at arm's length from the department to make contact with the submitters and to investigate the matters raised in their submission, which is what Mr Lawler did. So that's the first—

Senator FARUQI: But you've got the report now—

Mr Quinlivan: That's the first practical thing.

CHAIR: Just hold on, Senator. Mr Quinlivan, I don't want to start a fight here, but I'm not sure that that is a reasonable position—

Mr Quinlivan: I'm coming to the second—

CHAIR: as to why the report shouldn't at least be provided to the committee.

Mr Quinlivan: No, I understand that. I've just addressed that practical issue. The second issue is a legal one: during the course of Mr Lawler's work, the submitters made an application under the public interest disclosure regime, which means that both Mr Lawler and any other person in the department who is involved who has knowledge of this is required to preserve their anonymity.

CHAIR: I'm sorry; that doesn't cut my mustard.

Senator Faruqi interjecting—

CHAIR: Can I just come back to you—and, Senator, I don't need any assistance to explore this.

Senator FARUQI: It is my question.

CHAIR: Secretary, we have here the expenditure of public funds on a function. Imagine if, every time, anybody—it doesn't matter who's in government—were to expend public funds and set in place these trigger points. We would never get to see the result of any effort by a department. So, without labouring on it right now, could I ask you to take it under advisement. Have a talk to the minister, perhaps in the break. You may want to make a public interest immunity claim on it, in which case that then gives the committee an opportunity to consider the position. But right now—and I notice the secretary hasn't kicked me under the table—I'm not sure that the grounds that you have put forward give a cloak to that particular report. I don't speak for my colleagues, but we'll take a chance to digest it in private as well. Can I do that. If you're able to go forward, Senator, without that—it's not something that we're going to determine in a split second here—we'll do it over a bit of time before the day is done.

Mr Quinlivan: Perhaps can I take this a little bit further, because we have given some thought to this. My advice is that it's potentially a criminal offence for me to disclose the material that might then compromise the confidentiality of the public interest—

CHAIR: Is that advice from external counsel or the Solicitor-General?

Mr Quinlivan: Yes. It's clearly a criminal offence, and that—

CHAIR: The natural question that would follow is: can you share that advice with the committee?

Mr Quinlivan: Well, I think it's very evident. We can provide the clause in the Public Interest Disclosure Act.

CHAIR: No, the advice. It may be that you've taken it orally on the basis of something, in which case you just need to tell us that. As is the will of this committee, we try not to get into drawing our swords. We'd like to work this through over the next little bit, but it will be resolved to some point today.

Mr Quinlivan: I do have a potential solution to this problem, Chair. The report itself is not contentious, so we would like to find a way of making it available in a way that doesn't see me enjoying six months—

CHAIR: In the bin.

Mr Quinlivan: in the bin, yes. We've got just a very slightly redacted version of the conclusion to the report, which has the findings without the descriptions of who said what and so on, which is the material that is potentially sensitive here. It's the full conclusions of his report. We'd be happy to provide that to the committee. We think that can be done in a way that doesn't disclose any identities.

CHAIR: Senator Faruqi, are you satisfied with that for the moment?

Senator FARUQI: As a starting point, yes, but we would like to see the full report—

Mr Quinlivan: We have a version of that.

Senator FARUQI: without putting you in a difficult position.

CHAIR: In doing that, the senator hasn't relinquished her right to pursue the full report. This is of interest to her. If you are able to accommodate that, we will wait to hear if the senator wants to pursue the matter further.

Mr Quinlivan: I am not sure exactly where we have that version, but it is somewhere here.

Senator FARUQI: Just going back for a couple of minutes to the Moss review again: Mr Thompson, in an email to Mr Moss dated 14 August you mentioned the inability of the department to ensure cost recovery of live exports as partly a factor in government decisions. What government decisions were you referring to there?

Mr M Thompson: It was really a reference to decisions taken a long period of time, which is true across many of our export groups, not to pursue full cost recovery.

Senator FARUQI: Is that to do with deregulation, the decision to deregulate?

Mr M Thompson: It predates the decision of the current government around deregulation. It really is a systemic issue not to pursue full cost recovery, in order to promote export of commodities.

CHAIR: Senator, if you can appropriately close it, you do so, but your time is up.

Senator FARUQI: How much is not being able to cost recover costing the department? Are expenses exceeding revenue? Just take it on notice.

Mr M Thompson: I'll need to dig that number out. I can probably tell you later on in the session.

Senator STERLE: It is a couple of minutes to the lunch break.

CHAIR: Let me use it, then we can start with Labor after the lunch break. On the question of the biosecurity levy, I understand that cruise ships are levied. Can someone tell me what a cruise ship does?

Senator STERLE: They might be bringing in bugs!

CHAIR: I am going somewhere with this. You wouldn't have to be very bright to work it out. It is a piece of metal that carries passengers. I want to find out why those passengers are affected but not airline passengers. Is it true that it will be levied on cruise ships, Ms O'Connell?

Ms O'Connell: Before I answer that question, I have my colleagues here to refer to an earlier request to the committee. You asked for a list of all of the stakeholders who have been consulted during the process. I have that list here. In addition to the list of 95 organisations, we also have the dates and times of the various stakeholder meetings and whether people attended in person or on the phone.

CHAIR: That is wonderful.

Ms O'Connell: Could I, by your leave, table that rather than reading out the names.

CHAIR: Any colleagues have an objection to that being tabled? There being no objections—nor, you have just reminded me, in relation to the document kindly presented by Senator Faruqi—they are tabled. Let's go down the yes-no path for a couple of minutes, then we can get into a scratch-and-match. Are cruise liners affected by the proposed biosecurity tax?

Mrs Laduzko: I would like to you give a yes-no answer, but it is a little bit more than that.

CHAIR: Let's go the other way: is there a potential that they will be affected by the tax?

Mrs Laduzko: It is certainly within the scope of some of the variations we have been talking about with our stakeholder groups, so it could be.

CHAIR: Is there an equal potential for that cost to be imposed on airline passengers in the same way?

Mrs Laduzko: At the moment we haven't considered airline passengers.

Senator RICE: Chair, maybe you could rephrase your question as to what proportion of biosecurity risk comes from passengers arriving by air compared with by boat.

CHAIR: If you ever get enough numbers in the Senate, you can be chair of this committee. Until then you should sit quiet. We have a piece of tin carrying passengers from A to B. Which piece of tin was I talking about?

Mrs Laduzko: I assumed at the moment it was the cruise liner.

CHAIR: No, I was talking about the airliner.

Mrs Laduzko: Yes, as a big tin can.

CHAIR: Tell me the difference. When this is imposed on the operators of the cruise line, who do you think will eventually pay for the impact of this? Do you think they will absorb it—good corporate citizen type of thing?

Mrs Laduzko: Sorry, Senator O'Sullivan; I will take a step backwards. We do have a passenger movement charge which was raised. It was noted that that funding goes to consolidated revenue and, in the past—

CHAIR: But that's not what's happening here. Please don't hide behind that.

Mrs Laduzko: No, I am not.

CHAIR: This is about a new tax that is going to go into a silo to be used for biosecurity; correct?

Mrs Laduzko: Actually the biosecurity imports levy is a tax that will go into consolidated revenue.

CHAIR: So the new tax is going to go into biosecurity, then?

Mrs Laduzko: The biosecurity imports levy that is to pass through parliament is a tax measure which would go to consolidated revenue.

CHAIR: Which is the pathway for every cent, including levies on our cattle sales and a whole range of things. But is it fair to say that 100 per cent of that levy will then go on and be—and I hope the answer to this is yes—invested in biosecurity?

Mrs Laduzko: That is certainly our hope, too.

CHAIR: Okay. You beauty! So now you're going to put it onto cruise ships and 100 per cent of that will go into consolidated revenue and go on to biosecurity. We'll call that 10 bucks you are going to raise from that. How much are you proposing to raise from the airline industry? It's the same thing—a piece of tin for passage.

Mrs Laduzko: When the government first announced this measure, we didn't include air containers. We didn't include them for a practical reason. But we did foreshadow that there was no reason why they shouldn't be in the base, and it was part of a very transparent discussion we had about a review within three years of the commencement of the levy with a view to exploring how we could include air containers into the base.

CHAIR: Look, it's lunchtime; we'll come back to you. Think about it over lunch.

Proceedings suspended from 12:32 to 14:14

CHAIR: The committee will resume. Just before we start, I thought that I had sought colleagues' support to table the three-page document that is referred to as 'caveat document'. There being no objection, that is so tabled. There is also a document in response to Senator Sterle's inquiry about those parties that were consulted with respect to the biosecurity imports levy tax. There being no objection, that is so tabled. We will now go to Labor for questions.

Senator McCARTHY: I have questions on biosecurity if we have the right people at the table.

Ms O'Connell: We do.

Senator McCARTHY: Thanks, Ms O'Connell. There have been media reports that a number of stakeholders who will be affected by the new biosecurity import levy continue to have concerns about the proposed levy and lack of clarification as to how the methodology came about for the new levy. Can you provide a time line of how the levy was developed and the consultation process undertaken with stakeholders?

Ms O'Connell: Certainly. I did take the opportunity not long before lunch to table a document that outlined all of the parties consulted—the 95-odd parties that Mr Koval mentioned before. Also, as part of that six-page document, is the full time line of all of the consultations and who was involved at which point on the consultations. I could re-read all of that, but I think it might be easier if you just—

Senator McCARTHY: I don't have it.

Ms O'Connell: There are six pages. The first page is the people who we consulted. After that, it goes through each of the stakeholder meetings. Basically, those stakeholder meetings were straight after the announcement in the last budget of the biosecurity imports levy. It goes from 9 May right through to more recent consultations—indeed, through to 4 February this year—and the various industry meetings and consultations on it.

Senator McCARTHY: Thanks, Ms O'Connell. Is it true that the key affected industry stakeholders are demanding that the levy be scrapped until the following is undertaken: a regulation impact statement that includes a biosecurity risk analysis and a detailed consultation process?

Ms O'Connell: I think it is fair to reflect, as in our earlier conversation, that there isn't strong, uniform support for paying the levy, and a number of industries and industry bodies have called for the levy to be scrapped. So I think that is reasonable.

Senator McCARTHY: So why are you going ahead with it?

Ms O'Connell: We are going ahead with the consultations. It was a budget measure in the last—

CHAIR: But why would you go and consult? Everyone is telling you that it is a dog's breakfast, and you are going to continue to consult. What are you going to do—consult your way through until you find some people who think it's a good idea? What is the objective of consulting, Ms O'Connell?

Ms O'Connell: First of all, it is a measure that the government passed in the last budget. As we've said before, we don't expect that, where it is a new tax measure, people would necessarily welcome it. Most people don't welcome new tax measures. So it is not a surprise that people and bodies would say that they would rather not have a new tax measure. We are consulting so that, in advice that we put forward to government, we can represent the fairest and most equitable way to apply the levy and also how and where it would be collected.

Senator McCARTHY: Ms O'Connell, I'm look at the list that you have given us of the people you have consulted. How many did you say there were—93?

Ms O'Connell: I thought it was 95 in Mr Koval's evidence earlier. I will just double check with Mr Koval.

Senator McCARTHY: Of the 95, what is the percentage? Are 90 per cent against it?

Ms O'Connell: I think in any tax measure you usually start with the assumption that 100 per cent would be against any new taxation measure.

Senator STERLE: Why don't you just answer the question? You have had extensive consultation, obviously. Just tell the senator what the percentage is.

Senator McCARTHY: Even out of the 95—

Senator STERLE: Don't even let them get off at 90, Senator McCarthy; it'll probably be higher.

Mrs Laduzko: Senator McCarthy, the consultation process so far has suggested that everyone we've spoken to would rather not have the levy.

Senator STERLE: Right.

CHAIR: Everybody.

Senator STERLE: One hundred. Great.

CHAIR: One hundred per cent. Thank you.

Senator STERLE: Easy.

Senator McCARTHY: So you have 100 per cent against the levy. What advice are you providing back to the minister on that?

Mrs Laduzko: To date, we've had a range of discussions with the minister and government more broadly, and we've been up-front about the lack of support to have a new tax measure in place. Within that discussion, though, some groups would accept there may be a levy or a tax imposed, and so some of the discussion is around preferences for the rate and the base and the collection mechanisms—

CHAIR: A sort of inevitability-type discussion?

Mrs Laduzko: Yes. That's a sort of discussion for us, at the moment, while this is still a standing government measure that we've been asked to progress towards implementation but, in the meantime, undertake thorough consultation so government can be informed.

Senator McCARTHY: So, if you've had 100 per cent against it since the announcement in the budget, what consultation was undertaken prior to it being announced in the budget papers?

Mrs Laduzko: The measure, as Mr Koval said earlier, originally emerged from the government's consideration of Dr Craik's report. So there was consultation through Dr Craik's review process. But, in terms of the specific characteristics of the levy prior to announcement, there was no engagement with stakeholders.

Senator McCARTHY: So no engagement with stakeholders prior to the main—

Ms O'Connell: On specifics—

CHAIR: Did Dr Craik publish that his investigation, his consultation process—

Mr Koval: 'Her'.

CHAIR: had encouraged the prospect of a tax? Is that what his report said?

Mrs Laduzko: Her recommendation raised—

CHAIR: No, no—that's not what I asked you.

Mrs Laduzko: Sorry, Senator.

CHAIR: It's one thing for Dr Craik to make a recommendation. He's talked to 100 people; he sits there—

Senator STERLE: 'She'.

CHAIR: 'She'—sorry—and decides, 'I know how to fix this; we'll put on a tax.' I'm asking you: when they reported to government, did the good doctor say, 'My recommendation No. 7, to impose a tax, has come directly from the recommendations made to me by people during the course of my consultation'?

Mrs Laduzko: To the best of my understanding—and Mr Koval might know better than I—I don't think Dr Craik said those words, no.

CHAIR: No.

Mr Koval: Dr Craik published who she consulted with during the formulation of her report, and it's in the back of the document. We can provide a copy of that, on notice, if that's of interest to the committee.

CHAIR: Yes, but, from that, can I draw the inference of whether the people she consulted were happy or unhappy?

Mr Koval: From the report, she doesn't go through and say, 'Of the 42 recommendations, these are the ones who said they support this and those who don't support that,' through the 42. She hasn't done a matrix like that.

CHAIR: At any stage in that report, did she publish that she had spoken to even one person who was happy to introduce a new tax, in accordance with their recommendation?

Mrs Laduzko: In the documentation attached to her review process, I don't think you could draw that conclusion—

CHAIR: Thank you.

Mrs Laduzko: Otherwise, Dr Craik could probably answer that.

Senator McCARTHY: So, if the consultations occurred after the budget, do you think it was reasonable for the department not to advise affected stakeholders of the levy before the announcement was made?

Mr Quinlivan: Senator, that would be a budget leak.

Mrs Laduzko: Yes; thank you, Secretary.

Mr Quinlivan: That wouldn't be acceptable behaviour by any public servant.

Senator McCARTHY: The department estimates the levy will raise \$325 million over three years, beginning July 2019. Is this still correct?

Mrs Laduzko: That's the correct figure, on a cash basis, that's published in the budget. So, to all intents and purposes, it is, yes.

Senator McCARTHY: So what data source is this estimate based on?

Mrs Laduzko: The costing for the measure was undertaken by the Department of the Treasury, who do costings for budget measures.

Senator McCARTHY: Who will pay the majority of the levy?

Mrs Laduzko: As announced, in summary terms, our best estimate—and we are not the Department of Treasury, so we don't have access to the full datasets they have—is that it would look like one-third from containerised; one-third, as Mr Koval mentioned previously, from the petroleum sector; and the other third from the composite of all remaining bulk—

CHAIR: In dollar terms?

Senator McCARTHY: Is it one-third or around half in terms of the petroleum sector?

Mrs Laduzko: Sorry—for petroleum?

Senator McCARTHY: Yes.

Mrs Laduzko: One-third.

CHAIR: In dollar terms?

Mrs Laduzko: As a proportion.

Mr Koval: In dollar terms.

CHAIR: Well, in dollar terms.

Mr Koval: In dollar terms—that's correct.

Mrs Laduzko: The only caveat we're just noting is: we don't have exactly the same data that Treasury does. This is our best estimate based on the data available to us.

CHAIR: And the cost to collect it?

Mrs Laduzko: The cost of collection has not been articulated in a dollar sense. Some of that depends on how many—

CHAIR: Well, someone has done the modelling.

Mrs Laduzko: Our department is intending to absorb the cost from our point of view.

CHAIR: You can do that without a blink of the eyes? You can gather another \$100 million worth of tax or a million people on 30 million events and movements and, what, someone's got a bit of spare time?

Mrs Laduzko: I suppose it's partly a design question. We have, as you would be aware, collection mechanisms already placed for collecting industry levies, so we have processes, We have some systems that are associated.

CHAIR: But someone has done a cost impact analysis on this, surely to God.

Senator GALLACHER: Chair, can I ask—

CHAIR: Not until they unburden themselves on this question.

Senator GALLACHER: It is relevant to this.

CHAIR: All right, as long as you extract from them who's done the cost-benefit analysis, the cost of collection. Someone has. Go on.

Senator GALLACHER: What I wanted to say was: have you apportioned the risk to those three sectors at the same time as the cost? Is it easier for someone to say the risk in containers, the risk in oil and the risk in composite are also 30 per cent?

Mrs Laduzko: No, I wouldn't say that is easy to say.

Senator GALLACHER: Could someone on notice, for my sake, put where the risk is? I'm a user-pays man personally.

CHAIR: This is socialisation of imported freight, really. That's the impact of this. No-one is getting a free kick here.

Mr Koval: That's correct.

Senator STERLE: Sorry; Senator McCarthy has the call, but you had the question that's out there on who did the impact statement.

CHAIR: You can fix this up for me by telling me no-one has done a cost-impact analysis on collecting this. Nobody? So either somebody has or nobody has. We'll go from your answer.

Mrs Laduzko: It would be accurate to say we don't have a documented cost-impact statement for collection of the levy.

CHAIR: Let's try one more time. You should spend some more time watching my style. I'm not going to walk away from that. I don't care how you've done it, whether you had beans on the table or Smarties or M&M's. Has somebody done an assessment of the cost to collect the \$100 million?

Mrs Laduzko: No.

CHAIR: No-one has? Is that what you're telling me? You're going to put a new tax in place. What happens if it turns out that it costs \$105 million to get the \$100 million in, which it often does with the government's efforts?

Mrs Laduzko: Our expectation is that that's not the cost.

CHAIR: How could you have an expectation, ma'am? What are you basing that on?

Mr Koval: As Mrs Laduzko said, we try to use existing revenue collection mechanisms. We know we have existing arrangements with industry and parties, and we're trying to design the implementation of the levy in such a way as to use those as much as we possibly can to minimise any additional cost. But the answer to your question, do we actually know if that's going to be \$1 or \$10, the answer is no.

CHAIR: And how you are going to audit it? I'll come to this. Sorry; you go, Senator McCarthy.

Senator McCARTHY: What other Australian industries will be required to pay the non-containerised levy, and how much will each of these industries be required to pay?

Mrs Laduzko: We'd to have to take that on notice to provide more definitive answers. The costing for the model reflects commodity import types, so we have some rough rules of thumb, but some industries use

Senator STERLE: Sorry; I can't hear you.

Mrs Laduzko: Sorry. We'd have to take that on notice to provide a fully detailed answer. We probably couldn't do that at the table right now. Partly, that reflects that the bases applied based on their measure announced by the government would reflect the particular broad categories of commodities that are imported. Some industries might have multiple different commodities that make up their final product, and we'd need to—

Senator CAROL BROWN: Wasn't it included in the IGAB review consultation process?

Mr Koval: In broad terms, the levy is being imposed on the importation of all cargo by sea, excluding military equipment.

Mrs Laduzko: Is there something else you wanted to ask, Senator Sterle?

Senator STERLE: I want to come back to you, Mrs Laduzko. Senator McCarthy asked about other industries. It was a very convoluted, stretched out answer. What industries are we talking about?

Mrs Laduzko: Sorry; I probably misunderstood the Senator's question. Mr Koval has confirmed that the measure as announced is on all imported sea cargo. Obviously, we've talked previously about how there's an exclusion at the moment for air cargo and passengers. I had thought the senator was asking specific industries within the sea cargo line.

Senator STERLE: Ta.

Senator McCARTHY: I understand the proposed levy requires legislation being drafted and passed by the Australian parliament before the end of June this year. Has exposure draft legislation been drafted?

Mrs Laduzko: No. We have started a preliminary discussion with the drafters, but, because the government has asked us to continue consultation and to come back with views around certain key features, we haven't progressed with that element.

Senator McCARTHY: So when will further consultation with industry be required?

Mrs Laduzko: We have currently, as Ms O'Connell said earlier, finished our third cycle of consultation. The minister has asked that we appoint an independent consultant group—Pegasus Consulting—who are doing a sort

of third-party perspective and have been out talking to stakeholders about their perspectives so the minister gets the benefit of an independent report as well as the processes the department has conducted.

Senator McCARTHY: When you say third cycle, will that be with the same stakeholders or different stakeholders?

Mrs Laduzko: We've just concluded that and we've been broadening and encouraging anyone who believes they are impacted or interested to participate. We share through our network and we basically include anyone who wishes to participate.

Senator McCARTHY: And what's been the feedback so far?

Mrs Laduzko: Consistent with our earlier answers to that. Everybody is committed to a strong, well-resourced biosecurity system, but it is also true that nobody is particularly supportive of the idea of the levy design. There has been some sentiment that the industry would like to come together and help provide advice to government on how to support the biosecurity system funding needs more broadly.

Senator McCARTHY: I understood that your department has advised the Office of Best Practice Regulation that the IGAB review report can act as a substitute RIS. Is it correct that a self-assessment RIS was certified by the department secretary or a deputy secretary and submitted to the Office of Best Practice Regulation within PM&C?

Mrs Laduzko: It is correct that we certified that the independent report was a proxy for elements of a RIS and that was a package that was both our expenditure measures plus the levy as a composite. We also did an impact assessment on business regulatory costs which was quantified and documented to OPBR.

Senator McCARTHY: Who certified this within document within the department?

Ms O'Connell: I did.

Senator McCARTHY: Can this document be tabled today?

Ms O'Connell: Yes, we can get that for you. We don't have it here at the table, but we'll get it for you.

Senator McCARTHY: Thank you. How could the IGAB report possibly substitute for an RIS when there is no recommendation of a \$1 tonnage levy on non-containerised freight and non-containerised freight stakeholders were not consulted during the IGAB review stage?

Mr Koval: The IGAB report referenced that, if it was possible to find a way to put a levy on bulk cargo, we should explore that, which we did. Dr Craik in her consultations did consult with many parties. It would be fair to say that, if we look at the 95 industry organisations which are on the table that we've tabled today, some of those parties—I'd have to go through and have a look to see how many—weren't part of that consultation process that Dr Craik went through, but many of them were.

Ms O'Connell: And the review report on the overall biosecurity system, which was the Wendy Craik review report, was made public and had been public for probably 12 months before the announcement of the budget measure.

Mr Koval: And there was a draft report before the final report out for public consultation as well.

Senator McCARTHY: The \$1 tonnage levy wasn't included as a specific recommendation, though, was it?

Mrs Laduzko: The review noted that the levy should be expanded to include incoming non-containerised trade on equity grounds when practical to do so. We concluded we could introduce that element, noting the equity aspects of that, and proceeded on that basis. So it wasn't in the specifics of the final recommendation, but it was in the text of the component part of the recommendation.

Senator McCARTHY: The department's provided a list of expenditure items that will be funded by the biosecurity levy over the next five years. I understand this is on the department's website. If the levy revenue is estimated to be approximately \$108 million per annum and expenditure is estimated to be \$56.6 million, nearly half the revenue is unallocated. Is that correct?

Ms O'Connell: The revenue to date of the levy is zero because it needs to obviously—

Senator STERLE: We know that.

Senator McCARTHY: In terms of the estimation.

Senator STERLE: There is a table there that says where you're going to spend how much money you collect. You know the table we're talking about. Senator McCarthy's made it very clear. I can help you out for the program and the cost. It only comes to \$56.6 million per year, but you want to collect \$100-something million. Where is the rest going?

CHAIR: Where is the rest going? Biosecurity levy. We talked about it going into consolidated revenue and you've published you're going to spend \$58 million. Where is the rest going?

Mrs Laduzko: It's not a straightforward answer, either. Our view is—

CHAIR: You can take as much time as you like.

Mrs Laduzko: We're happy to take it on notice and provide you more detail.

CHAIR: No, you don't.

Senator STERLE: No.

CHAIR: You have a crack.

Mrs Laduzko: Our view is that the larger majority of the revenue is going into supporting the national biosecurity system. There is an issue around the collection of the levy over three years and the spread of expenditure where, I suppose, we've unsubtly pre-allocated some of the revenue, so it makes the per year comparisons look challenging. All of our measures—

CHAIR: Just do that one again slowly, just for me.

Mrs Laduzko: We have spending over five years that has been allocated to biosecurity measures.

Ms O'Connell: In terms of this, the revenue is scheduled to come—

CHAIR: The \$108 million.

Ms O'Connell: should the legislation pass, starting 1 July. The government has already committed \$313 million to biosecurity on the assumption that the revenue will be there. So there is an amount that has already been committed to biosecurity by the government. It's over a different time frame. It's over a five-year spread, as Mrs Laduzko was just about to say. So \$313 million has already been allocated over a number of years. That's less than the full amount the levy would, if and when it is passed, raise. That's true. But the spending measures have already started, and \$313 million has been committed. It's then up to the government—

CHAIR: To be spent in the future?

Ms O'Connell: Some of it has started now. Some of it is this year.

CHAIR: By the time this levy comes into play, you'll have spent \$20 million, \$30 million, \$40 million or something.

Ms O'Connell: Yes, \$313 million has been committed over a number of years.

Senator STERLE: Over five years.

Ms O'Connell: That's not equal to the full amount proposed to be raised by the levy, but it's a decision for governments about the remainder of the levy amount and what it is to be spent on.

CHAIR: That's right, but we know it's not biosecurity.

Ms O'Connell: We don't know that at this point.

CHAIR: At this stage. We're going into a revenue-raising measure with a new tax and we're telling the world it's for biosecurity. It's soft and cuddly, pat the puppy, nurse the baby, pay the levy. But at the moment the jury's out for government as to what they might spend a big portion of that on. Today they could say it's on biosecurity, but they haven't made their mind up. Does that cover it, Ms O'Connell?

Ms O'Connell: That's the case for all tax measures. They are not hypothecated. To date, \$313 million has been committed to biosecurity.

Senator STERLE: Over five years.

Ms O'Connell: Over five years. WE can give you the profile.

CHAIR: Tell me this: did anybody share one word of this with these big meetings with these hundreds of people?

Ms O'Connell: Yes.

CHAIR: You told them from the top stage you were going to take \$10 and spend \$6 in biosecurity?

Mrs Laduzko: We have absolutely had frank and open discussions with our stakeholders.

Senator STERLE: That's why it sucks.

CHAIR: I'm asking you, did you tell them clearly? If I go out and ring anyone—I know a big number, and some are in the back of the room—would they say, 'Yes, at these consultation meetings they told us this new tax was going to raise more money than has been committed to biosecurity at the moment'?

Mrs Laduzko: That's probably true as an aggregate, but a large proportion is going into biosecurity measures. Just to clarify another matter—

CHAIR: Madam, sorry. I should have asked some qualifying questions. Did you go to any of these consultations? Hands up if you went to the consultations. Who went? You went?

Mrs Laduzko: I did.

CHAIR: You went to them. Apart from bathroom visits and to get a cup of tea, were you in the room most of the time when the engagement occurred?

Mrs Laduzko: I was leading most of the engagement at every session.

CHAIR: You led the engagement. Now listen to my question one more time. If I ring anyone on here, are they going to tell me that you indicated to them that this new tax was going to raise more money than was, at this point in time, being dedicated to biosecurity? Are they going to tell me that and be okay with saying that that's what was said?

Ms O'Connell: Senator, there are two things.

CHAIR: No, please, Ms O'Connell. You've been around me a long time. This witness has the opportunity. She was there to answer that question.

Mrs Laduzko: Senator, if you'd just give me leave to get the answer out, we were transparent about the revenue being raised by the levy. We articulated many measures that had been announced at certain points in time by government where the money was the offset for biosecurity measures, and we were completely up-front about the fact that there is not an absolute numerical matching but that our intent and expectation was that the largest proportion of that funding would go to biosecurity measures. Some of those measures are ongoing, and in some of the out years the amount of money allocated goes up.

CHAIR: So why wouldn't the government make that decision now? They must have explained to you why. They've given you a pretty hard task with that one.

Mrs Laduzko: That's a matter for government.

Ms O'Connell: Yes. It is always the case that tax measures aren't hypothecated. They're not directly linked. There's clearly an intent to spend it on biosecurity, with \$313 million of it already committed. Industry groups are aware of that, and in fact many of their calls are to have hypothecated revenue. If the money is raised, they want it directly spent on biosecurity. That's in a number of the representations that they've made. So they are aware of it.

Mr Koval: I have to add one additional point if I may: one of the things that we've committed to is reporting to the World Trade Organization that the money that we've collected from the import levy has been spent for biosecurity. So we will report what money we collected and how we spent it.

CHAIR: Sorry, Senator McCarthy. I'll extend your time.

Senator McCARTHY: Okay. So, as this is a general levy, the unspent revenue will be allocated to consolidated revenue. Is this a key design flaw of the levy?

Ms O'Connell: No, that's characteristic of all tax revenue measures. That is how all tax revenue measures work.

Senator McCARTHY: Is this fair and equitable to the Australian industries required to pay this tax impost?

Mrs Laduzko: If I may just add something, part of the agreement around the levy—and I have spoken about this at the industry stakeholder meetings as well—is a commitment to review the levy within three years of its commencement to make sure that we are not over-recovering, that elements of the design can't be adjusted and that we could look to expand the base for things around aircraft containerisation. At the end of the day, of course, those decisions remain matters for the government of the day, but that was the intent, and that review was to be legislated.

Senator McCARTHY: Why is sea freight responsible for funding the Indigenous rangers program and Tasmanian fruit fly remediation when other sectors will not be required to fund these programs?

Mr Koval: Perhaps I might start. The biosecurity import levy is to fund a number of biosecurity related systems. That includes our ability to manage biosecurity risk onshore at the border and offshore. So we do a lot of work in offshore countries trying to understand what risks there are there and how they may come to Australia. We manage these risks at the border where we can. Then we also need to prepare in case any of these things come into Australia. The Indigenous rangers play a very important part in helping us manage biosecurity risk in northern Australia.

Senator McCARTHY: I'm just going to go to consultations. In your July 2018 consultation, I've been advised that the cement and petroleum industries were the only industry stakeholders present. I'm just trying to see.

Mr Koval: Yes, on 10 July.

Senator McCARTHY: So that's correct?

Ms O'Connell: On page 2 of the six-page document we handed out, they're at item No. 6. On 10 July 2018, we had a stakeholder meeting with the cement industry, and you can see on 12 July we had one with stevedores and on 19 July with ports. So there were more targeted consultations.

Senator McCARTHY: You knew who to invite in those instances?

Mrs Laduzko: It's reasonable to say that, as we continued consultation, we expanded our stakeholder group.

Senator McCARTHY: So why was discussion limited at the meeting to the implementation of the levy and not the levy design?

Mrs Laduzko: At the time we had a remit from our government to proceed to attempt to implement the levy as announced by the government. However, in most conversations and at nearly every engagement we talked about a number of things, including design elements, and we increasingly opened that up to discussion so we could ensure we could provide reasonable feedback about people's perspectives. At various consultations we put different possible models on the table. Some were put forward by us and occasionally models were put forward by industry, just to enable everyone to have a perspective on how they would see those changes.

Senator McCARTHY: Let's go to the November meeting on page 3. I understand the department put forward a proposal to expand the proposed biosecurity levy to include import and export vessels. Is that correct?

Mrs Laduzko: We put forward a proposal reflecting various feedback we've got, and what we did was expand the base to include empty vessels arriving in Australia. That was a reflection of a number of comments we received from stakeholders saying, 'It's not just the product; it's also the means of transportation'—which is quite true—that has biosecurity risks.' So an empty vessel has a biosecurity risk to us from hitchhikers. We had reflected on what a number of people said to us and said it would be a more—I'm going to use the word 'equitable' gently here—equitable base to include empty vessels, because otherwise you're saying there is no biosecurity risk.

Senator STERLE: So it does affect the export industry. I asked Mr Koval earlier in the piece, 'Is it only import?' and he said yes. So it does?

Mrs Laduzko: For a small number of empty vessels, yes. If you assume a shipping operation, as with wharfage—

Senator STERLE: Do you want to correct the record, Mr Koval? You're not going to jail; I'm just asking if you want to correct the record. Are you aware of what's been said on your left here?

Mr Koval: The levy does apply for vessels coming in to Australia.

Senator STERLE: We know. Do you want to correct the record?

Mr Koval: Is there an impact on export industry? Yes, there will be a flow-through impact.

CHAIR: And who do you think, when they take out the 400-million tonne of iron ore, the wheat, the barley, the cotton and the wool, will pay the levy? Who do you think is ultimately going to pay the levy—the trickle-down? It'll be the exporter; correct?

Mrs Laduzko: That would be a matter for the various—

CHAIR: Please, ma'am. Jesus Christ. Seriously. Let me ask the question a different way to expose how silly your answer is. Do you think the shipping companies will absorb this and not pass the cost on to the customers who are exporting goods?

Mrs Laduzko: I wouldn't think that, but that would be a question for the shipping company.

CHAIR: This is as much an export tax as it is an import tax.

Senator Colbeck: I would suggest that every producer in Australia would have an interest in ensuring that any biosecurity risks coming into the country are managed appropriately. The risk of not doing that to their business is greater—

CHAIR: I couldn't agree with you more.

Senator Colbeck: In the context of an empty vessel—and I'm cautious about using that term—coming in to an Australian port, I think it's appropriate that that be a consideration as part of this process. Consider that, for example, Asian honey bees, which caused an infestation that occurred around Cairns, came in on a vessel, not an import, and in Tasmania bumblebees arrived on a vessel, not necessarily on an import. There is a risk. Senator

Sterle has been around for a while and has been a part of those conversations. A vessel coming into Australian shores, in a risk mitigation sense, inspecting it appropriately for biosecurity purposes is more than appropriate. When you think of some of the other potential infestations we're free of, it's more than appropriate.

CHAIR: You're 100 per cent right. Do you believe an exporter of iron ore should pay this tax?

Senator Colbeck: Anyone who is bringing an empty vessel into Australia that has a biosecurity risk, the cost of which could way exceed the cost of doing an inspection, I think should appropriately contribute.

CHAIR: So you're with me on the Chinaman and the sausage scene?

Senator Colbeck: I would have used a different foodstuff for the Chinaman.

CHAIR: Korean with kimchi? How do you want to do this?

Senator Colbeck: I'm not arguing with you in this context. I concede that nobody wants to pay additional cost, but we do have a report that says we need to make a considerable investment in our biosecurity. If I talk to my farmers anywhere around the country they're concerned, and the fishers and foresters anywhere around the country are concerned about biosecurity. They believe that imported products coming into this country should make a contribution because they pay full cost recovery for everything they send out through the inspections going to other countries. They believe it's reasonable that products and biosecurity risks entering Australia should make a contribution. Is it a possibility, in the context of an empty vessel that comes into Australia, that the cost be applied to the exporter? Quite clearly it is.

CHAIR: Can I come back to this. Do you think that airlines, with their millions of passengers and their freight, don't have any potential to bring a bumblebee—they may die in the hold—the fungi on the crate, do you believe they make no contribution to biosecurity issues in this country?

Senator Colbeck: Clearly they do. I may be wrong, but I think there is a possibility that the myrtle rust might have come in on a passenger somewhere who has gone out into the bush.

CHAIR: Can you give us government thinking as to why they're not included in the application of the levy? Just like the passengers on a boat. A piece of tin floating, a piece of tin flying, and we're treating them completely—that's my burden. I'm not against the additional measures to raise money for biosecurity. I'm not sure anyone here is.

Senator Colbeck: I think you've made a point that has been made by those who were potentially subject to this levy in their discussions with officials and, I'd suggest, also their elected members, because I've had conversations in that context too. That goes to a government decision around design of the levy. From what I understand, that process is at this stage not completely finalised. Conversations are ongoing. We can talk about the imposition of a new levy, tax, whatever you want to call it. That's one conversation. But the reality is that the design of that process isn't yet complete. Are there concerns about where it started and perhaps even where people perceive it might sit today? Absolutely there are. But those conversations continue.

CHAIR: I've made my point. If it were amortised across everything that comes across our borders, every passenger and piece of freight out of an aeroplane or a hot air balloon, you wouldn't have got one question out of me here today.

Senator McCARTHY: Can I go back to the November meeting, which was probably your largest meeting, on 28 November, with all industry. I want to go back to the conversation that took place there. The levy design was allowed to be discussed by affected stakeholders at this meeting—is that correct?

Mrs Laduzko: Yes.

Senator McCARTHY: This would mean Australian industries that export Australian goods internationally would also be affected by the proposed levy. We've had a bit of a discussion on that, but can you answer that?

Mrs Laduzko: Just to confirm the point, if the levy were to be extended to empty vessels coming in then those, being required to pay the levy, would look potentially for a place to pass it on, and that would be exported product.

Senator McCARTHY: So who was invited to your meetings from the Australian export sector?

Mrs Laduzko: The short answer is that the tabled document has everyone who attended. I can't confirm whether we invited others to participate.

Senator McCARTHY: Outside of that?

Mrs Laduzko: I can take that on notice if you wish to check.

Senator McCARTHY: Is it true that a cabinet paper included a recommendation to expand the levy to commercial import and export vessels?

Mrs Laduzko: I'm not really in a position to discuss cabinet matters.

Senator McCARTHY: I can still ask. Did cabinet ministers receive this paper before 28 November 2018?

Mrs Laduzko: I'll repeat my answer to the previous question.

Senator McCARTHY: How could this happen if the proposal had not been initially considered by stakeholders?

Mrs Laduzko: I'll repeat my previous answer.

Senator McCARTHY: Is the department secretary aware that this occurred?

Mrs Laduzko: I will repeat my previous answer and suggest you refer questions to the secretary.

Senator STERLE: She probably did, but you jumped in, because Mr Quinlivan was bolting out of the chair until you piped up.

CHAIR: It was a cabinet question.

Senator McCARTHY: If the process isn't yet complete, how is it reasonable for the department and the government to believe that the levy will commence on 1 July 2019? Mr Secretary? Minister?

Mr Quinlivan: Sorry, Senator. I thought that was rhetorical.

Senator McCARTHY: No. How will you complete it before 1 July 2019, if it's not completed now?

Mr Quinlivan: We'll be providing advice in time to allow that opportunity to be taken up, if indeed the government wishes to.

Senator McCARTHY: So you do think it will still get up?

Mr Quinlivan: I didn't say that. I said we will be providing advice that would allow that to happen.

Senator McCARTHY: I might go to the January-February meeting this year. Industry believes that this was perhaps the first real department consultation meeting to discuss the potential design of the levy. I understand the department initially proposed that the meeting be held on 8 and 10 January this year, when most Australians were on annual leave. Is that the case?

Mrs Laduzko: On that issue, when we had the meeting in November we promised to re-engage with industry quickly, and in fact we had intended to meet in December. We were more concerned that, because of a variety of issues, we weren't ready for that conversation in December, so we had looked to ensure that no-one felt we were not living up to that commitment, so we proposed January. It wasn't our intent by any stretch of the imagination to exclude people because of that date. A number of people got back to us and informed us they had trouble with January, so we scheduled a meeting in February as well.

Senator McCARTHY: That was the 4 February meeting?

Mrs Laduzko: Correct.

Senator McCARTHY: Is it correct that the department has now commissioned Pegasus Consulting—

Mrs Laduzko: Yes.

Senator McCARTHY: to gather industry views on the levy and is required to report to the Minister by now?

Mrs Laduzko: Shortly. Yes, that is correct.

Senator McCARTHY: Do you know the date here in February? We're almost at the end.

Mr Koval: It's the end of February. I can't remember the exact date, but it is by the end of this month.

Senator McCARTHY: Has the report been finalised for the department to have a look at?

Mr Koval: No.

Senator McCARTHY: Why is this project by Pegasus necessary?

Mrs Laduzko: I think it's reasonable to say that the minister was looking to make sure that his industry stakeholders felt that they had a perspective to relay their views directly back and to look at a way to take the process forward. That was the clear remit. That's fine. Pegasus came to our February meeting and participated in that stakeholder session and then did a range of consultations after that.

Senator McCARTHY: You have so many stakeholders here and all these meetings you had. Why couldn't the department write the report?

Mrs Laduzko: I think the point is that the minister wanted to make sure that he had an independent perspective delivered to him, and that would be of comfort to the stakeholders as well.

Senator McCARTHY: Will the report be publicly available?

Mrs Laduzko: That's a matter for the minister.

Mr Koval: The report goes to the minister. It will be up to the minister to decide.

Senator McCARTHY: How much is it costing for Pegasus Consulting to consult and write this report?

Mr Koval: It depends on the final cost, but we think it's going to be \$45,000.

Senator McCARTHY: Does that mean that the consultation process by the department should have been carried out differently, if you've had to get Pegasus Consulting in there?

Ms O'Connell: It's reasonable that the department goes out and does the consultation, and it's fair to reflect there's not agreement on the levy. That's pretty clear. We've been out on several rounds of consultation. No-one would expect that introducing a new levy, a new tax, would happen smoothly or with complete agreement. I think it's also fair to say that a number of industry bodies may not share their complete views in a broader forum. So there's an opportunity through this other consultancy to get separate and perhaps more private views from industry about what their thinking is.

CHAIR: Senator, we will have to transition there and come back to you. I asked the question before lunchtime as to why a tin plane carrying people is not under consideration, whereas a cruise ship is. It's the same thing—passenger movements?

Ms O'Connell: I'll talk first about the biosecurity risk, but then it goes to more the construct. The decisions about the construct of the levy is the direct reason. There are different biosecurity risks associated with airplanes versus cruise ships. A ship has a greater biosecurity risk than a plane; not talking about the cargo and the passengers but the tin vessel itself. There are greater biosecurity risks with a ship than there are with a plane. You have issues of ballast water, biofouling, hitch-hiker pests—a whole greater range, just from the nature of a ship being a ship as opposed to a plane. It doesn't mean there are no biosecurity risks with a plane. I'm not saying that. I'm saying they are lesser. But the real answer to that goes to the intention and design of the levy, which was for it to be put in place for shipping—

CHAIR: I appreciate that that's what you set out on, but often on a journey you start to realise that maybe the brief should be broadened. I'm happy to hear that about the specifics. What level of risks do passengers, the millions of them who come in, concealing food, plants and artefacts—I accidentally switched over on the TV one night to some crazy show that covers this stuff, and it looked like they were busy. What is the risk there? Is it not substantial?

Ms O'Connell: There is a risk with passengers. That's why we have a strong presence—

CHAIR: Is it a high risk?

Ms O'Connell: The answer is 'it all depends'. It depends on the commodity, the type of thing, the pest and disease.

CHAIR: What does it cost the country each year to try and set up a border arrangement? We had them here a minute ago. We could have asked them.

Ms O'Connell: There is a tax on passengers, called the passenger movement charge.

CHAIR: I understand that, but you've already said to me that that goes to consolidated revenue and may never be seen again. So let's not play the shell and peas arrangement. This levy—

Senator Colbeck: There is also a significant proportion of Biosecurity Australia's budget that comes from central revenues. None of them are necessarily taken from the central budget. I think somewhere around 30 per cent of Biosecurity Australia's funds are provided via central revenues. They all go into a bucket and they all come out of that bucket. There's nothing that's hypothecated; that's a broad government principle. But it is not completely cost recovered. To say that there strictly isn't any contribution from those other things: I can tell you, having been tourism minister, that there is huge resistance to increasing the passenger movement charge, and so there are considerations of that as part of the process.

CHAIR: We've identified that this is a levy being applied to raise at least some of the money spent on biosecurity from points of risk. You're not putting a biosecurity levy on taxi drivers or streetsweepers or bus drivers. This is about sectors that you think make a contribution to a biosecurity risk in this nation. Ms O'Connell has just conceded that passengers coming in via airlines make a contribution to the security profile around biosecurity risks. That's the burden of my question.

Senator Colbeck: As I conceded to you earlier, I said exactly the same thing and I'm happy to confirm it.

CHAIR: I'm asking why they are not paying.

Senator Colbeck: In the context of decisions of government, we are looking at areas—so there's already a cost on passenger movement charge. Do we increase that passenger movement charge or do we go to areas where the costs are lower or they're not being charged at all? There is already, for example, a charge on ships coming into Australia. It's charged by size, by tonnage. To the suggestion earlier that there was no cost to that, it is, at this point in time, quite moderate. It's cost recovered, as I understand it, at a certain rate. Again, some of these elements come back to decisions of government as to where they apply. I agree with you 100 per cent in the context of biosecurity risk, but, if you look at our border protection more broadly—and biosecurity forms a particular part of that process and a particular part of interest for this committee—a large proportion of that is funded from our central revenues and not cost recovered.

CHAIR: My burden is it's an equity question. We're going to charge people exporting iron ore who can't contribute to the biosecurity risks but people coming in on aeroplanes—

Senator Colbeck: Your point is well taken.

CHAIR: Does a passenger on a cruise liner pay a passenger movement charge?

Mr Koval: Yes.

CHAIR: They do. So the person on the airline pays this passenger movement charge going into consolidated revenue and the passenger on the boat pays the same charge going into revenue, and now we're going to do something that will increase the cost on the boat passenger but not the airline passenger.

Ms O'Connell: No, the passengers remain the same in both. It's on the vessel.

Senator Colbeck: On the vessel.

CHAIR: Richard, you don't suspect for one second that they're not going to pass that on to the moving public. That's a crazy thought. We've got these vessels coming into Sydney, going to Noumea and coming back. Are you going to bite them every three or four days with the same charge?

Mr Koval: If the vessel leaves Australian waters and goes to New Caledonia—

CHAIR: And comes back.

Mr Koval: and comes back, we will charge it on the way back in.

CHAIR: You'll charge them again.

Ms O'Connell: Each time they come into Australia.

CHAIR: My position is clear on this, and I just hope that I'm in the parliament so I can exercise my rights on whatever I can do. Senator Rice.

Senator RICE: I want to come back to the levy as well, but, before I start on that, I had one question on overall departmental governance. It is in relation to the issue of gene technology—I know that is outcome 1 and that we're going to come back to that. Minister, I had an order for production of documents that was due to be complied with yesterday morning regarding the draft advice issued to the states and territories via the Department of Agriculture and Water Resources in relation to the proposed amendment to the gene technology regulations discussed at the Legislative and Governance Forum on Gene Technology meeting in October. What I want to know is whether that OPD is going to be complied with.

Senator Colbeck: Let me check with the minister's office; I'm sure somebody's listening. We'll get you some advice.

Senator RICE: We'll come back to it, then. It's clear from the discussion that there's obviously still a bit of work that's being done on the levy. Ms O'Connell, did I hear earlier on in this discussion, quite a long time ago, that you were actually coming up with proposals to modify the levy and change the rate as compared with what was originally being proposed in the budget?

Ms O'Connell: Yes, that's right. In terms of the original budget proposal, we then held the first round of consultations and there was some feedback about that, and so we looked at other options in terms of how to spread the revenue-raising according to greater risk, in response to the feedback that we'd had from industry. That largely took it from being initially proposed as a per container levy and a per tonne for bulk—

Senator RICE: It was proposed as a dollar per tonne, wasn't it?

Ms O'Connell: Yes.

Senator RICE: And \$10 per container?

Ms O'Connell: That was what was proposed. That's what we went out to consult on. Feedback we got from industry was that the commodity type in the per tonne would vary in terms of its risk. We certainly saw that there

was risk in a ship coming to Australia, in terms of hitchhiker pests. So there were risks associated with the actual ship, as opposed to what's in the ship—what's being transported. Therefore we worked on some proposals that would spread the cost across containers, bulk and the vessel. That was the next round of consultations we went out with.

Senator RICE: What are those proposals then, from that dollar per tonne and \$10 per container? What's been consulted on?

Mrs Laduzko: We put up a couple of models and, more recently, we put up lots of variations, and there was an industry model put up. Just for example's sake, one of the proposals would have had the container rate, the 0.2c would drop, so \$10 per container.

Senator RICE: Sorry?

Mrs Laduzko: \$10 per container rather than \$10.02 per container. One dollar per tonne for break-bulk, which is roll on, roll off at a lot of those commodity paths. We proposed that we could drop the per tonne rate on bulk commodity to 50c per tonne and—

Senator RICE: Would that be for petroleum?

Mrs Laduzko: Yes. That's correct.

Senator RICE: Is there anything else that that 50c would apply to?

Mrs Laduzko: Anything that was defined to be bulk commodity. That would be a whole range of—the clinker discussion. Any of the bulk commodities would pay 50c a tonne. And then we proposed there would be a base cost on the ship, separate to the commodity, and I think we had that—this is just numbers for discussion—at 0.027c per gross tonne.

Senator RICE: Have you modelled what impact these changes would have on the revenue from what was predicted in the budget?

Mrs Laduzko: Those changes were revenue-neutral.

Ms O'Connell: In gross, in total.

Senator RICE: How are you making up for the loss if, say, you're reducing the amount down to 50c?

Mrs Laduzko: Part was the base spread.

Ms O'Connell: Putting it on the vessel means you can charge less for containers and less for bulk commodities because you have a third party who's making a contribution, in terms of the cost of the vessels. So it would still raise the same amount, it was just proportioned differently.

Senator RICE: That would actually mean that there would be much less than on petroleum and clinker compared with other products, is that correct?

Mrs Laduzko: Yes, that's correct.

Senator RICE: What are the other products, then, that would be paying proportionally more?

Mrs Laduzko: I think the way of looking at that would be, because the base would potentially be expanded to include empty vessels, obviously the empty vessel would bear some of the costs. The model was actually additive—so ships that were bringing in containers would pay the ship rate plus the container rate. In essence, that would mean, effectively, a higher rate on those higher-risk commodity types, implicitly. Similarly for break-bulk, because there would be the ship rate plus the commodity rate.

Senator RICE: Are they actually higher risk?

Mrs Laduzko: Our internal views would be yes, as broad categories—

Senator RICE: In what way are those other commodities higher-risk than the petroleum and clinker?

Mrs Laduzko: It's the likelihood of pests and diseases being embedded in the commodity product. Hitchhikers, for example, for roll on, roll off—which can be cars or heavy machinery—are in and on both the commodity and the vessel.

Senator RICE: You've said a number of times that all of the revenue goes into consolidated revenue. So the intention is still to spend the same amount on biosecurity as was outlined in the budget?

Mrs Laduzko: Yes.

Senator RICE: Because certainly the budget had it as—even though you're saying it's not hypothecated, it said, 'We're bringing in this amount of money, and we're going to spend it on biosecurity.'

Mrs Laduzko: Knowing the decisions of government, there's been no changes to those policy measures at this point.

Senator RICE: Right. And with your consultation that's going out at the moment—so we have this Pegasus report coming back in February. It is still your intention to have the levy being implemented from 1 July?

Mr Koval: That's what's we're working towards.

Senator RICE: Have concerns been expressed about any problems relating to our free trade agreements by imposing this levy?

Mrs Laduzko: That isn't always a matter for consideration for us, as to how the levy would be regarded in that context. We have taken some commitments to establish and be able to verify that the levy collection never exceeds the cost of actually running the biosecurity system, which it wouldn't, and to make that information publicly available.

Senator RICE: So you feel that will overcome the concerns of potentially being taken to the ISDS provisions in our free trade agreements?

Mrs Laduzko: Yes. Obviously other countries are free to take actions, but we hope this would give sufficient confidence on that.

Senator RICE: Basically, it is paying for biosecurity though? The costs of this levy aren't going to exceed the costs of providing the biosecurity?

Mrs Laduzko: That's correct, yes.

Senator RICE: And what proportion of the biosecurity cost is it expected to cover? I think, Minister Colbeck, you talked before about it only covering a proportion of the biosecurity costs?

Senator Colbeck: That's correct.

Mrs Laduzko: Senator, I have some rough figures; they're only illustrative. For example, our investment in biosecurity in 2018-19 will be \$773 million. As has been articulated that the levy, should it be implemented, raises in the order of \$105 million, depending on which year you're in. So we are some way below the total cost of the system, yes.

Senator RICE: In terms of the biosecurity from these ships that are coming in, of that \$700 million that you're spending, have you done any assessment of what proportion of that comes from ships that are coming in?

Mrs Laduzko: No. It's a hard question for us to answer because we talk about pests and diseases and then other risk pathways. There are a lot of variables. Some of our system investment goes into making sure they don't come here in the first place. Some goes into how we clear them at the border. We see it as whole-of-system investment.

Mr Koval: And how we respond should they get here as well.

Senator RICE: Excuse me, can we have a bit of quiet please? I'm finding it very difficult to hear.

Mr Koval: And some of it goes to how we prepare to respond should they get here as well.

Senator RICE: Given that it's not even covering the costs of the biosecurity, isn't it basically 'polluter pays principle 101'—that is, if there are costs being borne, they should be being paid for?

Ms O'Connell: Certainly, Senator, that was the emphasis in the report in the sense of it being a risk creator making a contribution to the cost of running the system. That's what it's about; the risk creator making a contribution.

Senator Colbeck: You might not have been here before, Senator Rice, but I did talk about the fact that our exporters pay on a cost recovery basis for the inspections of their product going out. That's been a conversation we've had around this table plenty of times. This was looking at providing some revenue stream from product coming into Australia as well. Taking Ms O'Connell's point that the best way to deal with it is to deal with it before it leaves from wherever it's coming from, it doesn't mean that there's not some residual risk of things occurring as they arrive. We've seen examples of that.

Senator RICE: You gave the approximate breakdown that one-third of it's going to be borne by containerised freight, one-third by the petroleum industry, and the other one-third is all the rest all together. For the petroleum industry, it sounds like you're saying you've listened to their concerns and it's going to be dropped for the petroleum industry compared to what was originally proposed?

Mrs Laduzko: These are points of discussion, yes. The government obviously hasn't taken decisions on these matters as yet.

Senator RICE: My calculation that I did of the cost at \$1 a tonne is this: if you've got a tonne of oil at around \$500 a tonne, it's basically 0.2 per cent at a dollar a tonne. In terms of the concerns about it flowing through and destroying our transport industry, your assessment would align with mine—that is, it's actually a pretty marginal cost?

Mrs Laduzko: That would be our assessment, yes.

Senator RICE: It is a very, very small amount that would end up flowing through, even if it was passed on fully?

Mrs Laduzko: That's right. And our discussions with the petroleum sector and others would be in the event of changes to the rate on their particular commodity. There's no debate even with them that there is risk implicit in the vessels were there to be a vessel charge.

Senator RICE: Can you tell me what representations the petroleum industry have made to the government? Have they made representations in addition to these stakeholder meetings?

Mrs Laduzko: If you give me a moment, I do have a list of all written submissions we've had. They have certainly participated in bilateral and group consultation forums.

Senator RICE: I have the list. Is this in addition to—

Mrs Laduzko: I have a slightly different list, just with written submissions.

Senator RICE: Right.

Mr Koval: And there would be representations that they would have made that we would not be aware of if they come and see members of parliament.

Mrs Laduzko: Yes, that's correct.

Mr Koval: We would not be aware of when they come and see members; we would not know about that.

Senator RICE: No. It's part of our perspective that we should have transparency of who is lobbying whom in this place, to make it very clear.

Mr Koval: That's right.

Senator RICE: I mean, it seems to me that it's basically a campaign led by the big oil importers to try and not pay their fair share.

Senator Colbeck: I wouldn't characterise it that way. In fact, I've had representations personally on the issue, but I haven't had any from the oil sector.

Mrs Laduzko: They have been constructive and clear participants in the process as to their view. I cannot see a written submission, but obviously the Minerals Council—

Mr Koval: We can certainly go and check.

Senator RICE: If you could take on notice what details you have of meetings with the ministers, with the department, in terms of the various industry sectors who've lobbied against this.

CHAIR: Have you had any environmental groups lobbying for it?

Mrs Laduzko: The Invasive Species Council has been public in support of the measure.

CHAIR: Sure. Could you take on notice to give me any correspondence from them, please?

Mrs Laduzko: Certainly.

Mr Koval: Certainly, Senator.

Senator RICE: The importance of the biosecurity work, which I'm sure the Invasive Species Council covered—I mean, we've discussed that many times here at estimates before, the risk to our biosecurity, Ms O'Connell.

Ms O'Connell: Yes. And I think it's fair to reflect, throughout all the consultations, that everybody has been very supportive of increasing biosecurity, the strength of biosecurity. The question is: who would pay for it.

Senator RICE: Yes. To me, you've got these imports that are a significant part of the reason why they should be covering the biosecurity costs associated with those imports.

Ms O'Connell: At the moment, with the current system, yes, it's paid for in part by consolidated revenue. Yes, it's also paid for in part by fee-for-service work that we do. And the producers pay through levies, fees for services and a contribution they make under the eradication deeds when there's something that needs to be eradicated. So the producers make a contribution. What the report was basically flagging was there's a need for balance in the system and that the risk creators—that is, through imports—ought to also make a contribution.

Senator RICE: Yes; the polluter pays principle basically.

Ms O'Connell: It was creator in this case.

Senator RICE: In terms of where the idea for the levy came from, was that in the IGAB Review report?

Mrs Laduzko: Yes, it was.

Mr Koval: That's correct.

Senator RICE: Which was accepted by government and pretty much accepted by all of the state and territory stakeholders.

Ms O'Connell: All governments agreed on the response to the IGAB Review report, and this was one of the 42 recommendations.

Senator RICE: Thank you. Can I move on then, away from the levy, to the amount of money going to biosecurity funding by the Commonwealth. In particular, biosecurity implementation but also research funding.

Mr Koval: In what sense, Senator?

Senator RICE: In particular, you've given me an overall value or the cost of our biosecurity measures, which was the \$700 million.

Mrs Laduzko: Yes, that's our total spending on the system for 2018-19, so it will cover a multitude of elements.

Ms O'Connell: And that's within our department. But that excludes research done by many of the RDCs, the researcher development corporations, who do research related to biosecurity.

Senator RICE: That's what I wanted to hone in on, biosecurity research against the amount of Commonwealth funding going towards biosecurity research.

Ms O'Connell: I think we'll need our colleagues from outcome 1 to deal with research and the RDCs.

CHAIR: Senator Rice, it's your time once this answer's given.

Senator RICE: Okay, so in terms of overall—

CHAIR: No, Senator Rice, it's your time when the answer is given.

Senator RICE: I'm clarifying the question, because they just told me that it was primarily outcome 1. In which case, I won't attempt to ask it here.

CHAIR: Then there's no question lingering. Senator Sterle.

Senator Colbeck: Senator, before you finish with Senator Rice, I've got a copy of a letter here, in the context of Senator Rice's question around the documents to be presented. You should have a copy of this, Senator Rice. It's been copied to you from Senator Canavan, representing the minister, in relation to those documents that you were looking for: 'The Minister is not able to provide the requested documents within the deadline agreed by the Senate. However, he will respond to this request as soon as possible.' There are some issues around the information and the states, as I understand it. So it's not just about us with the provision of information. But you should have a copy of this letter. It's been copied to you as well.

Senator RICE: Thank you.

Senator STERLE: I'll come back to you, Ms O'Connell. When Senator McCarthy asked about the collection versus the spend of the levy, we'd got to your table that said \$56.6 million, and that's per year over three years. And there are 10 programs there. But then you said something about there having been announcement—I won't put words in your mouth—for a \$313 million spend in biosecurity over five years? Is that correct?

Ms O'Connell: Yes.

Senator STERLE: It was \$313 million?

Ms O'Connell: Yes, that's correct. And that announcement was last year, post-budget. There was an announcement of a \$313 million contribution to biosecurity.

Mrs Laduzko: That's correct.

Senator STERLE: Biosecurity in general?

Ms O'Connell: Yes.

Senator STERLE: Look, I'm not going to fall on a picket and want to know everything, but if you want to take it on notice: where do we get the program spend? What's \$313 million over five years going to buy?

Mrs Laduzko: If you're happy to take it on notice, we'll write a simple table, so that it's clear where the money has been allocated in a measure context.

Ms O'Connell: Or, if you like, we can just get the release for you and produce that in the next half hour.

Senator STERLE: Yes, just get the release. It saves you having to back to the department and start all that work. You know me; I'd rather take the easy way out!

Ms O'Connell: We'll get the release for you and table it.

Senator STERLE: That's great. When Senator McCarthy was asking about the spend to the collection of the levy, we'd said, 'Well, hang on, by rough estimates there are still about \$150 million, \$160 million left.' To go back, you said you were going towards the government's desire to get this bill through ASAP. Is that correct? Is that still the case?

Ms O'Connell: To come into effect for 1 July—for the levy.

Senator STERLE: Help me out here. We've only got a couple of sitting days left, so is it the government's wish that this will go through the lower house in the budget week? Is that what you're talking about, or are you talking about tomorrow?

Senator Colbeck: It's a matter for government.

Senator STERLE: I don't know. I don't have anything to do with the House of Representatives. Is it on the papers over there?

Ms O'Connell: That's a decision for government.

Senator Colbeck: You might have missed a few answers that were given—

Senator STERLE: Sorry, if you've addressed it, just say, 'We've already answered that.'

Senator Colbeck: The secretary said that the department will give advice to government on the implementation of the measure, so it can take effect as of 1 July.

Senator STERLE: Okay. So there is an intention it is going to go through the House before we rise on budget week and through the Senate at the same time? Is that correct?

Mr Koval: We'll give the government an opportunity to do that, but, obviously, we have in our own minds the practical difficulties that you have in your own, right at the moment as we speak.

Mr Quinlivan: I think they're obvious to everyone.

Senator STERLE: That's fine. With my quick mathematics, of the extra \$160 million that the levy would raise if it gets through, that's not spent on your nine programs that were announced with the spending, or the collection of this levy, with the other \$313 million, is the money set aside, or was it the government's hope to make the announcement of \$313 million but then implement this levy to try and get \$160 million of it?

Ms O'Connell: The \$313 million is in place. The spend measure has happened. It's in force, and we're spending a proportion of it in this financial year. That commitment's made. The revenue measure would come into place on 1 July, if that proceeds. As you've said, there's still a gap between the revenue and the spend. So then there'd be further decisions by government on any additional spending measures.

Senator STERLE: Sorry, I thought you had said that part of the levy collection would be part of the \$313 million; that's what I thought.

Ms O'Connell: That's right. But the spend measure is already in place. We have a commitment to spend on the basis of there being the revenue, and the spendings in the budget are happening now.

Senator STERLE: Clear as mud. Chair, the minister and the secretary have answered the question about how they thought they were going to get it through. I reckon I'm just about wrapped up and that's it for us on biosecurity. We have no further questions. We'll put them on notice.

CHAIR: We may have. We'll just have to see. We'll let Senator Rice exhaust herself now.

Senator RICE: I am finished with outcome 2, except for biosecurity science, which they tell me is in outcome 1.

CHAIR: We're still in corporate until the senators indicate they've exhausted themselves. Now we're back to cold corporate.

Senator KETTER: I have a number of questions in relation to the AgriFutures evoke conference.

Mr Quinlivan: The relevant people are outcome 1. I think it's best not to chance their arm on those without having the relevant people here.

CHAIR: We've become disciplined. Do you have any other questions on corporate?

Senator KETTER: What about the corporate plan, Mr Quinlivan? Are we able to ask questions about that?

Mr Quinlivan: Yes.

Senator KETTER: Firstly, can you outline the initiatives to strengthen preparedness for pest and disease incursions that you have or intend implementing in 2018-19?

CHAIR: Without mentioning the words 'biosecurity levy' if that's at all possible.

Senator STERLE: Or 'biosecurity'.

CHAIR: You can talk about how you're going to spend the money but not where it's coming from. Is that right?

Senator KETTER: What measures are we taking to increase biosecurity readiness through the next year?

CHAIR: In other words, after all the haircuts are finished, what happens with the hair? How are you going to put it to use?

Ms O'Connell: In general, across biosecurity, the work we're doing to help prevent pest and disease more broadly? That's a very general question. I can certainly speak to it. Right now, for example, we're looking at the change in risk and disease profile spreading around the world, so that we can better target any countries of concern and/or specific commodities or products that would be of concern, and then heightening and changing our risk profile to meet what is a changing international spread of pest and disease profile. One such example is the spread of African swine fever that at the moment we're looking at. Another is the brown marmorated stink bug, by way of example. Right now, in the brown marmorated stink bug season, we're focused on 10 potential source countries of concern. Our modelling for next season shows that there will be a dramatic increase in the spread of that pest around the world and we will have a far greater number of countries of concern that might be sending us product that could be contaminated with the brown marmorated stink bug. They're just two examples.

Senator BROCKMAN: What was the name of that—

Ms O'Connell: Brown marmorated stink bug. It's abbreviated as BMSB.

Senator KETTER: I'm disappointed Senator O'Sullivan is not paying attention.

CHAIR: Sorry, I'm trying to manage committee business at the same time. Go on, Ms O'Connell.

Ms O'Connell: They're a couple of the things that we're doing in terms of preparing for the future. It's the constant watch of the spread of pest diseases on the basis of commodities and imported products and countries and pathways, and changing our risk profile appropriately to accommodate that changing—what is a world spread. And I would say that a growing trend is that the concern's usually been about the volume of trade, and there's no question the volume of trade is increasing. As you increase volume, there is a concern about increased risk—yes, that's true—but I think the greater concern now is actually the rapid spread of pests and diseases around the world and the rate at which that spread is accelerating. I would say it's a higher risk factor than straight increasing volumes.

CHAIR: I'm disappointed you didn't advise the senator on the brown marmorated stink bug.

Ms O'Connell: That's what I was talking about.

Senator KETTER: That's the reason I was disappointed you weren't listening.

CHAIR: That's the bit I wasn't listening to?

Ms O'Connell: That's right, Senator. I spoke about the brown marmorated stink bug.

CHAIR: I assume you have the stink bug under control?

Senator Colbeck: BMSB to be brief.

Ms O'Connell: The stink bug is an example of a terrific challenge that we have in biosecurity. Most other nations in the world do not consider it a notifiable pest. They're considering it as something you just have to live with. Australia and New Zealand take a really strong stand, and we're out there preventing the brown marmorated stink bug from taking hold. The challenge is increasing. Last season, it was in one major country where it had got newly established, in Italy, and it's gone gangbusters because there are no natural predators. Yet this season we're concerned about 10 countries that have the stink bug, because it's moved. For next season, our current modelling shows a far, far greater number of countries to be concerned about. It's a show of the spread of those pests and diseases throughout the world, and the rate of that spread is increasing. Yes, we're concerned about the increased volume of trade, but I'd say the greater concern is the increasing spread of pests and diseases around the world.

Senator McGRATH: What's the issue with the stink bug? Is it the stink? Why is it seen as a problem?

Ms O'Connell: It's a cultural pest and an environmental pest—also in terms of our way of life and liveability. I'd encourage you to have a look at some YouTube videos—go to the brown marmorated stink bug. There are some YouTube videos of people living with brown marmorated stink bugs where a whole wall in their house has stink bugs running up and down. When the season occurs and there's a significant outbreak, in terms of changing your way of life, it does so significantly. It's called a stink bug because, when you stamp on it or kill it, it does actually stink.

Senator BROCKMAN: Quite seriously—I'm looking at pictures of it now—it looks exactly like the stink bugs that we called stink bugs when I was in primary school, which is a few years ago.

Ms O'Connell: Yes.

Senator BROCKMAN: Identifying them must be extraordinarily difficult.

Ms O'Connell: It's extremely difficult and challenging to identify them—that's right. They are different. Australia has some native stink bugs—they're called stink bugs, but they have different, proper names. Australia has native stink bugs that are quite beneficial in terms of assisting Australian natives to be pollinated and all those sorts of things. They're managed and controlled within our ecosystem with the right predators and so on. This is quite different in terms of the stink bug. It looks a lot like many bugs. A couple of key characteristics include the little white dots around the outside of it. It's also a little bit flatter and broader than many other classic things that would be considered stink-bug-like aspects.

CHAIR: It hasn't been since the exploding bees that this committee has had so much fun with something with legs!

Senator KETTER: I might put the rest of my biosecurity related questions on notice. Can I turn now to the APVMA and the department's involvement in the process?

CHAIR: No, we've got that a little bit further along, Senator.

Senator KETTER: I'm not wanting to question the agency. I'm talking about the department.

CHAIR: Okay. Go on.

Senator KETTER: Firstly—

Mr Quinlivan: Senator, can you hang on a sec? I assume your questions are going to be about our expressions-of-interest process that we talked about last time?

Senator KETTER: Yes.

Mr Quinlivan: We'll just make sure we get the right people to the table.

Mr Brown: Before we start on the questions, we'd like to table a couple of documents, which may make the questions go a little bit easier, if we can. One is a timeline of the process. The second is a table of the respondents to our process. We've redacted the actual proponents, but it describes the properties which had submissions with them.

Mr Quinlivan: After the last hearing, as you recall, we took a long time to get to clarity around this, and we thought it would be a good idea to document it so that if we started again we would have that clarity at the outset.

CHAIR: Do any colleagues object to the tabling of this? There being no objection. We'll give Senator Ketter a minute or two to look at that.

Senator KETTER: I'll just kick off. There are a number of follow-up questions following the previous estimates in October last year. Evidence was provided during the recent inquiry into the independence of the decisions made by the APVMA. Mr Quinlivan, you stated:

My understanding, and perhaps this will be corrected by others as the evening proceeds, is that we started this process to try and help accelerate the move. As the process unfolded, the APVMA became more capable of running the tender process themselves and had begun to more clearly understand its own needs. So the one process became less relevant to the APVMA's decision as time passed, and at some point, as the APVMA's process began to mature, we decided that ours was no longer relevant and discontinued the process.

Do you stand by that comment, Mr Quinlivan?

Mr Quinlivan: Yes, I think that's essentially right. When we say 'discontinued'—I think we passed all the material we developed and all of the things we'd learnt over to the APVMA, which helped inform their process, which ultimately led to a decision.

Senator KETTER: The concern, though, Mr Quinlivan, is that, while you're providing the committee information, essentially it could all be wrong if you're corrected—is this correct?

Mr Quinlivan: I'm not sure I understand. Are you asking me if I want to correct it?

Senator KETTER: No. The question relates to the amount of information you provided. It seemed that, in response to that question asked of you at the time, the response was—one could argue that it was deliberately vague.

Mr Quinlivan: In my defence, it was a conversation that started off with a low base of common understanding about what we were talking about. As the conversation progressed, and we did some more research back in the department, I think our confidence in the responses we were providing grew. I think I made that comment early in the day. I don't think there was ever a need to correct it, nor now. I'm not quite sure if you're wanting me to say that we had—

Senator STERLE: Mr Quinlivan, you started off in your opening statement—you said 'I could be corrected'.

Mr Quinlivan: I could, but I don't think in that conversation or since I have been—not materially, anyway.

Senator KETTER: Later in the evening, going back to 23 October, Scott Brown stated:

The department was asked in August 2016 to provide support to the APVMA to do a request for information about accommodation options in Armidale. The department engaged our property adviser in late August 2016 to conduct the request-for-information process.

Can you tell us who asked the department to support the APVMA to do a request for information?

Mr Brown: I can. The previous minister asked the department to assist in that particular process.

Senator KETTER: So, Mr Joyce?

Mr Brown: Yes. That would be right.

Senator KETTER: On what date was the request made?

Mr Brown: I don't have that date on me. It was prior to my team's involvement, so I can't give you an exact date.

Senator STERLE: Can someone? It is important if we can. It may save the department a lot of work if we have the information up-front.

Mr Brown: We can have a look. It depends on the officers who were around at the time. We can certainly try and find a date.

Senator KETTER: Okay. It would be helpful to have that date. If there's somebody here who has that corporate knowledge, it would be helpful to get that.

Mr Quinlivan: Senator, I think the point we made last time still stands, that after the election we were looking to implement the commitment. One of the ways we proposed to the government was to start doing an exploratory process on real estate in Armidale. The minister may have asked for that question, but we'd already proposed it to him and we'd begun talking to others about how to implement the election commitment as we would. I'm saying that because there may not be a particular request or a particular point in time when that request was made, because it was already part of a dialogue with the minister about implementing the election commitment.

Senator KETTER: Okay. What I'm getting at is: Mr Joyce had asked the department to support the APVMA in relation to the relocation—that's correct? That's what you've said?

Mr Brown: Support the request for information—yes. So we could get—

Senator KETTER: To do a request for information?

Mr Brown: Exactly.

Senator KETTER: You've given us this document with the sort of flow chart of it, which seems to start on 9 June, which was the election commitment. I know you've said, Mr Brown, that this was before your time, but where would you expect this request to fit into this time frame?

Mr Brown: It would have been, obviously, as the secretary has said, sometime after the election commitment was made.

Senator KETTER: That's your understanding, Mr Quinlivan?

Mr Quinlivan: I can remember conversations with the minister after the election where we talked about implementing election commitments. It's quite likely we would have said at that meeting that: 'You've made a commitment to move the APVMA to Armidale. One of the first things we'll need to do is find out whether there's any appropriate accommodation and start a plan.' He would have said yes. I can recall general conversations along those lines on that election commitment.

Senator KETTER: In addition to the date on which that request was made, can we find out how it was made—whether it was in writing or verbal?

Mr Quinlivan: There would have been verbal—a conversation with the minister before anything formal in writing. We had, after the election—and I'm not sure just what date this would have been, but it was soon after the election—a discussion with the minister. We went through all the election commitments and our proposals for getting started on implementing them, or in some cases how we would implement them in detail. So, it would have been very soon after the election.

Senator KETTER: So, you're saying it's verbal. Was it reduced to writing at some point?

Mr Quinlivan: Then, once we had a common understanding about what was to be done, it would have been followed up with more work and ultimately some detailed advice.

Senator STERLE: How do we find out the actual dates?

Mr Quinlivan: I could consult my diary. They'd be there.

Senator STERLE: That would really help, if you could, please.

Mr Quinlivan: But it would have been within a fortnight of the election.

CHAIR: But you've got here on this, very early, first internal consultation with property team, on 25 August. That would suggest that by then at least it was on your mind and people in the department had been activated to give consideration to what came thereafter.

Mr Quinlivan: Yes.

CHAIR: Did I understand your evidence to be that that may have even been before you necessarily shared that with the minister or—it didn't need his instructions to do any of this, did it?

Mr Quinlivan: No.

CHAIR: You had a commitment to fulfil these—

Mr Quinlivan: That's right, and there would have been material in our incoming government brief, obviously, relating to the relocation and the various mechanical issues and financial issues that would need to be addressed. As of the outcome of the election, it would have been clearly on our implementation agenda.

Senator KETTER: But you've said previously that it was the previous minister who initiated the request to support the APVMA for their request for information.

Mr Quinlivan: He supported our plans to implement it. He may have made a specific request but, from memory I think it was more in the sense of affirming what we were doing anyway, rather than asking us to do anything different or specific.

Senator KETTER: And you would expect that to be—when you come back to me, it will probably be a date before 25 August 2016?

Mr Quinlivan: I think so, yes. Well, I'm sure there were discussions before that, and I'd say that it just took us a little while to sort out what we were going to do in a practical sense, and that's when we engaged formally with the internal property team with a view to starting a formal process.

Senator KETTER: Going to question on notice No. 20: it reveals that the APVMA records confirm that Jones Lang LaSalle provided the handover information pack at a joint meeting of the Department of Agriculture and the APVMA on 21 December 2016 and that the handover information pack was filed at the time, and the APVMA initiated a separate process and released a new expression of interest on AusTender on 7 July 2017.

Mr Brown: That's correct.

Senator KETTER: So, that's shown on your document. Mr Quinlivan, I'm going back to the quote that I gave at the start of my questions. Your quote was: 'So, the one process became less relevant to the APVMA's decision as time passed and at some point, as the APVMA's process began to mature, we decided ours was no longer relevant and discontinued the process.' What exactly did you mean when you said that the APVMA's process began to mature and then the department decided that yours was no longer relevant and discontinued it? What did you mean by that?

Mr Quinlivan: Well, it's reflected here in the table that in the period leading up to December and through December to July our advice back from the APVMA was that they felt that they were able themselves to commence a formal procurement process and our request-for-information process therefore lost its relevance, and we made the handover, as indicated here.

Senator KETTER: When you say, 'We decided that our process was no longer relevant,' who was the decision-maker?

Mr Quinlivan: Effectively, really, it was the APVMA. As I recall, their advice to us was that they were feeling like they were ready to commence this formal process, and that automatically made our request-for-information process redundant, except as a way of providing some preparatory work and information for their formal procurement.

Senator KETTER: But a decision would have had to have been made to discontinue the department's processes. Who made that decision?

Mr Quinlivan: In a sense it was never going to be our procurement process because the APVMA will be making its own decision on this. We were trying to be helpful. At some point it became clear to the APVMA that they were ready to go and that our process was not going to lead to a decision by them. They wanted to start their own procurement process, so, as a matter of logic, there was no point continuing with ours.

Senator KETTER: You initiated a process and it went up to July 2017, as stated in this documentation that you provided. JLL got back to you. In the document, you say, 'On 6 July, JLL provided written responses to respondents advising RFI process not proceeding.'

Ms Canning: I would just clarify: we did an RFI—my colleague Mr Czabania might correct me if I'm wrong—which was just a request for information. It doesn't generally lead to an actual tender and contract process. There are instances when you would do an RFI and then not proceed to tender. The process is: you would do an RFI to get information to see whether there's a market there, to see whether there are suppliers that can supply the thing you're requesting information on, and then proceed to tender. In this instance, we did the RFI process, gathered the information and handed it over to the APVMA. Subsequently, they ran the tender process, which would be the natural process you would follow for a significant contract of this size.

Senator KETTER: This is a relatively straightforward situation. It seems that, in July 2017, you ceased your processes for the RFI and in that same month the APVMA started its procurement process. I'm just interested in how that was done. What decision-making occurred at that point to have the handover of arrangements from the department back to the agency?

Mr Brown: As people at the table have said, that was really the decision of the APVMA in July.

Ms Canning: But the information that we handed over to them was on 16 December. That's when the information RFI outcomes were handed over to the APVMA. Then there was a six month period when they considered the assessment from JLL. They then made the decision to proceed with their own tender process. So there was a six month gap.

Senator KETTER: In question on notice number 78, why is it that the APVMA is able to provide on notice the 10 names, the mix of properties in those, whether one had two or three properties and what they are, yet the information sought in that question in relation to the department is subject to a public interest immunity claim?

CHAIR: Let's put some context around that, which you wouldn't be aware of, Senator Ketter. As is the case with this committee, we put a fair bit of effort in on that day to navigate through that, even though a public interest immunity claim was made by the minister—in fact this minister at the table, Minister Colbeck—on behalf of the department. We reached what I'm going to refer to as a satisfactory outcome for the sharing of the information that the interrogating senators wanted. We simply didn't deal with the claim at that time. We let it lie on the table, and a month later we were confronted with that and I think we abandoned making the claim or—could I get the secretary to join me for a second?

Senator KETTER: I note the second document—you've provided that information.

Mr Brown: What we've tried to do to answer some of your questions is to give you a table which outlines some of the questions which were being asked last time. What we've done, though, is redact the respondent's name as, at the time, back in October, we were concerned about the confidentiality of the process, so we didn't really want to reveal people's name.

Unidentified speaker: We can deal with it now.

Mr Brown: You can deal with the number of proponents and the number of properties, and I think that's the point of the table—to try to give you a sense of how complex the RFI was.

CHAIR: No, it's sitting on the table.

Senator STERLE: Yes, so we can still deal with it. We can ask the question at least.

CHAIR: You could. But, in fairness to everybody, we really needed to start the exploration process again and find out what it is that you haven't got that you want. And, then, I think it's a fresh claim, to be honest, because there's just so much that went on, in terms of our negotiations, in good faith, between all the parties. I think you need to start again. That's no drama. It's just that Senator Ketter needs to now demand something, they need to

decline it, the minister needs to make a new public interest immunity claim, and we'll go in for an early smoke and make a decision.

Senator KETTER: You've said that, in this document you've provided, you've redacted the names of the—

Mr Brown: Of the actual proponents who submitted the requests for information. But what we've been able to do is give you the number of submissions and what particular properties they were making submissions upon.

Senator KETTER: I think my question goes to the fact that the APVMA is able to provide the 10 names and the mix of properties, yet you're not prepared to give us those names.

Mr Brown: You'd have to talk to our legal people on that. I can't answer that question.

Mr Quinlivan: At the time, from memory, there was a strongly held view by a number of Commonwealth ministers that what was being sought would compromise the confidentiality of proponents for Commonwealth tender processes. So it was a matter of principle, not so much practice. That was the basis on which the claim was made. The APVMA has its own separate processes to make those decisions, and I don't know where they came out on the provision of the tender documents. But you can talk to them later tonight—or probably now. They're probably pretty close by, I would think. But they were two quite separate processes and two quite separate decision-making authorities, if you like, on the matter of provision of tender documents and the identity of tenderers.

Senator Colbeck: I think, from recollection, that the issue at the point in time was how many times various properties showed up within the process, and both the department's process and the APVMA's process showed up a number of properties a number of times in different submissions. I think that was the core of it. I'd just reinforce the points that Secretary Quinlivan has just made in respect of government processes around procurement.

Senator KETTER: I would like a considered response to that. I hear some speculation as to why it might be the case that you claim public interest immunity, but I would appreciate a considered—

Mr Quinlivan: No, that was the basis of the claim.

CHAIR: It's well and truly on the record as the ground for the public interest immunity claim. The *Hansard* is full of it. We had about three hours of it. That's why I urge you, if you're not satisfied today with your ambition to obtain information that the department has, to make a new claim.

Could I asked you not to join us yet? You will confuse this process no end right now if you were to. He will have an opportunity with you soon enough. I'm sorry to do that.

Senator Colbeck: It's good to see a witness who's so eager.

CHAIR: Just go out the back, put your earphones back on. My invitation, Senator Ketter—and you'll have the full support of the committee; last time, we expressed a view about this which would probably be supportive of your ambition—is that you need to start the process.

Senator KETTER: I'll consider whether or not I will be pressing for that information. I might just continue; I know my time is running out.

CHAIR: Of course. But if you want to push for documents, you do so.

Mr Quinlivan: Just to explain what we're trying to do here, Senator: without disclosing the identity of the proponents, we think we have extracted the information that is of most use or interest to you, at least based on the conversation we had last time. And they're numbered one to nine there as the proponents, because that was the information being sought in the discussion last time.

Senator KETTER: I'll move on to question on notice No. 6 of 20 November 2018, which was in relation to the Senate's inquiry into the independence of the regulatory decisions made by the APVMA. The question was asked by Senator Sterle:

Did the department receive any tenders before 16 September 2016?

At that time, there was no response provided.

Mr Quinlivan: We didn't receive any tenders. We didn't have a tender process, so we didn't receive any tenders.

Senator KETTER: Okay, that explains that mystery—because you just went to the RFI process and didn't go beyond that.

Mr Quinlivan: Correct.

Senator KETTER: Question on notice No. 4 of 20 November 2018, also in relation to the other Senate inquiry—and I think I know where the response might be on this particular issue—was:

... when the department did its tender for the APVMA building, was it aware at any time that it would be co-located with Centrelink?

Mr Brown: At the time of our request RFI, no, we weren't aware that there was going to be a co-location. That was based on our first process.

Senator KETTER: The answer that you gave was:

When the department ran the site search process for the APVMA in late 2016, there had been no discussions or considerations in respect of co-locating with Centrelink or any other Government entity.

Can you tell us, if the co-locating concept was not discussed for the first tender process, why were tenderers putting forward two locations?

Mr Brown: I think what we were talking about is co-location with another government agency. So in the second process—correct me if I've got this wrong—it included a co-location with Centrelink. That co-location with Centrelink wasn't considered in the first process.

CHAIR: Which would relate to the specs of the second process. But it's not unusual, is it, for expressions of interest to give you more than one location, if you're calling for expressions?

Mr Brown: In terms of locations, yes; like addresses.

CHAIR: That's physical—geographic—that's what I think we need to separate there.

Mr Brown: Yes.

CHAIR: Co-location is a housemate: 'Live in the house with me'. This may help the senator—I'm truly not trying to cut across your line, Senator Ketter—just refresh my memory, Mr Brown: did you receive any inputs from your exploratory efforts in the first instance?

Mr Brown: Inputs?

CHAIR: Did you receive any expressions of interest saying, 'Locate yourself here'?

Mr Brown: We had a number of submissions about particular properties which proponents thought would be suitable.

CHAIR: But when the co-location issue came to bear, would it be fair to say that none of those properties would have qualified under the specs of the APVMA?

Mr Brown: That was probably the APVMA process, at that point.

CHAIR: I appreciate that. This goes around the burning hotel and—God knows—conspiracies and matches and all sorts of things. But I'm saying to you that, when expressions of interest were made to you under process no. 1—that's the pre-APVMA process—people would have said, 'Here, come here and build on this site.'

Mr Brown: Correct.

CHAIR: When the APVMA eventually determined the specs it required but now had the burden of a co-location, you may not have been able to fit them onto the sites that had been presented to you on the first instance.

Mr Brown: Yes, you could make that assumption.

CHAIR: Right.

Senator KETTER: I'm told that, in the first process, organisations were putting forward two locations.

Mr Brown: Two physical sites. When I talk about co-location, I'm talking about joint—government agencies in the same building. So terminology is probably—

CHAIR: But that came out last time. It's not unusual for people to put half-a-dozen sites to you.

Mr Brown: Yes.

Ms Canning: One of the things that were announced in that period between December 2016 and July 2017 was that Minister Cormann announced Operation Tetris on 3 April 2017, which was about whole-of-government efficiencies around property arrangements, being more joined up as the whole of government in terms of co-locations and organising when leases were expiring—bringing agencies together. That was a factor that came in in that six-month period as well, which I think has influenced the outcomes for APVMA.

Senator KETTER: So in your process, in the first process, you could have made reference to co-location with another agency at that time?

Ms Canning: If that announcement had been made prior to our RFI, yes, we would have taken that into account. But that new initiative came in in 2017, so it wasn't relevant at the time we did the RFI process.

Senator KETTER: But it might explain why—

Ms Canning: Yes.

Senator KETTER: the proponents were putting in two locations?

Ms Canning: Not for the RFI process, no.

CHAIR: No, let me deal with it because I know exactly where the senator is. The best way to explain this is: I put out expressions of interests for someone to build me a 1,000-square-metre office block in accordance with all of the requirements of local government. Let's assume that the ability to put a footprint of a 500-square-metre block requires 1,000 square metres. So the initial proponents, on the specs that these people had put out, submitted, some of them more than one: 'Pick this 1,000-square-metre one or this one, or I've got another one.' These are the different locations or the multiple locations. By the time they left the process, as I understand it, Senator Ketter, and it went to the APVMA, they now said: 'We want a thousand square metres, not 500 square metres. We want a thousand square metres, which is a 50 per cent footprint, meaning that you new proponents'—and some of them were the same—'had better find us sites now that are 2,000 square metres in size, not 1,000 square metres.' Does that capture it in terms of these different locations and multiple locations? The reason for the second was that APVMA had a flatmate now who needed, let's pretend, the same size as they did, so the task to find a site was double the size of what it was when the department set out on the journey in the early part of 2016.

Senator KETTER: The answer, though, is what you said, Ms Canning: Operation Tetris, I think you said, was announced in April 2017—

Ms Canning: Yes.

Senator KETTER: and by that stage the RFI process was nearly at an end?

Ms Canning: It was completed in December, yes.

Senator KETTER: Okay. But then in July you say here that JLL provided written responses to the respondents.

Ms Canning: Yes.

Senator KETTER: All right. Is the department aware that the Armidale police are continuing to investigate the arson attack that destroyed the Armidale Club at 91 Beardy Street, Armidale?

Mr Brown: Yes, we are.

Senator KETTER: Has the department been contacted by the police in relation to any aspect of the request for information?

Mr Brown: The department were contacted by the New South Wales police on 18 January 2019, and we provided some details and answers to questions they asked.

Senator KETTER: That was the New South Wales police?

Mr Brown: Correct.

Senator KETTER: Are you cooperating with the Armidale police?

Mr Brown: We are.

Senator KETTER: Has the department sought advice from the minister's office in relation to the Armidale police investigation?

Mr Brown: Not that I'm aware.

Senator KETTER: Can you take that on notice?

Mr Quinlivan: I think we can confidently say no. I would be aware if that were the case, Senator. We would have just provided whatever the New South Wales police had asked for.

Senator KETTER: So you're telling me you have not sought advice from the minister's office in relation to this?

Mr Quinlivan: Yes, I'm sure that's the case.

CHAIR: Just while the senator is contemplating: how would you be currently aware? Do you do that just through the same way that I would—public knowledge that the investigation is still continuing—or is there still active engagement with you that suggests that the matter's still very much alive?

Mr Brown: The New South Wales police contacted us, Senator.

CHAIR: Is that recently?

Mr Brown: Yes, that was in January.

CHAIR: That would explain why you think it's still alive.

Senator KETTER: Just a final question: did the department receive any information about the APVMA relocation and possible sites before the RFI process began on 15 September 2016?

Mr Brown: Senator, the table that you're looking at tells you when we received all the submissions.

Senator KETTER: This document?

Mr Brown: Yes, that's right. From No. 1 through to No. 9, you will see a date below each one. They were the dates we received the submissions, which were all after the RFI was released. Probably the other thing I'd point out, the only other information, is that we also, from our records, were able to say that the CEO at the time of the APVMA and two of our officers had visited Armidale on 23 August, prior to the RFI going out.

Senator KETTER: We might be able to find out more about that. Thank you.

CHAIR: Are our colleagues finished with corporate?

Senator CAROL BROWN: ABARES is next?

CHAIR: Yes, ABARES is next, but we want to just be clear. To your corporate division: we thank you for your effort and preparation and your attendance, and we wish you a safe journey to your intended destination. We now call to the table ABARES.

Mr Quinlivan: While they're coming, Chair: we've got an answer to a previous question. You earlier let us know that Animal Health Australia and Plant Health Australia were no longer needed?

CHAIR: That's correct.

Mr Quinlivan: And we have completed outcome 2?

CHAIR: We have.

Mr Quinlivan: Am I right in assuming that we're now proceeding through ABARES, APVMA, the Fisheries Management Authority—

CHAIR: That's right. We're just going to go back and follow the script now.

Mr Quinlivan: Okay.

CHAIR: There are two other things. Senator Rice's staff should contact Senator Rice to come up because she's indicated an interest in ABARES. We've made another movement, and I hope it doesn't disturb people too much. We're going to take the meal break now from 6.30 to 7.30 pm. Sorry for the disturbance; there's a reason for it, and that's what we'll be doing.

Mr Quinlivan: Thank you, Chair. I'm sorry about that.

CHAIR: I wasn't even going to out you, Mr Quinlivan. I was taking full blame for the change myself.

Mr Quinlivan: I know. I do appreciate it, up to a point.

CHAIR: I love the cooperation you people provide, often when you don't need to! Thank you.

Australian Bureau of Agricultural and Resource Economics and Sciences

[16:19]

CHAIR: You've got ABARES? Away you go.

Senator KETTER: The Mid-Year Economic and Fiscal Outlook for 2018-19, at page 22, includes box A, which is 'Impact of the drought on agricultural production and rural exports'. It talks about the fact that it will subtract around 0.25 per cent from real GDP growth, and there are references to 'downgrades to winter crop production' and reductions in productive stock availability. Have you been asked to estimate the economic impact of the recent floods, particularly to the further loss of productive stock?

Mr Gooday: No, we haven't provided an estimate of the impact of the floods yet. We still don't really know how substantial they are. We heard from Mr Quinlivan this morning that we're expecting that the stock losses are in the hundreds of thousands. But, until we know, we're better to wait. I suppose what I can say, though, is that we would be expecting, given the potential size of the stock losses, that there would be an impact on exports of live cattle, not just this year. Because of the nature of the operations up there, I think there's a greater proportion of cows and heifers one year and older in that herd. That will mean that it's not just the immediate impact; it will be how that affects herd rebuilding in years to come, in that it's the breeding stock, basically, that's been affected. So we will be looking at that, but at this point we're not really sure how substantial the losses are. Once we've got a better idea of that—until people can get in there and find out what the order of magnitude is, we'll just wait.

Senator KETTER: But I've seen media reports as to the proportion of the national herd that has been affected by the floods. What's your assessment of that?

Mr Gooday: Our assessment is that, yes, it's in the hundreds of thousands. But we can't at this stage do much more than look at the satellite data, which shows how extensive the flooding has been. We know from Australian Bureau of Statistics census data from a couple of years ago how many cattle were in each region at that point. From those numbers, yes, we can tell that the losses are likely to be in the hundreds of thousands, but, because we don't know how the flood progressed and we don't know exactly where the cattle were, what the movements in and out of that region have been since that census date, we can't be definitive in terms of whether it's 300,000 or 500,000 or something else.

CHAIR: Just on that point, would you agree that, where the bulk of the damage was, they were sevens and eights, weaner cattle mainly, on that country all the way up from McKinlay to Richmond and Julia Creek, and that you wouldn't have a breeder problem until you got up into the gulf?

Mr Gooday: What we've heard to date has been that we're expecting that a good proportion of the herd there will be cows and heifers older than a year, and some of them may well have a calf at foot, which will affect the propensity to rebuild later on.

CHAIR: You see, that's not the report I got there. I don't know whether you've been up there. All that flood-out country where the flood-out problem was is the backgrounding and fattening country. The people that we spoke to, that I spoke to, and a number of them, had sevens and eights, weaners, on that country. I know there are cows and calves gone, I know that, and I've got no sense of the losses you get up into the gulf, but a lot of the loss around that—the big losses that were being reported. One producer had 5,000 that they lost. They're not weaners anymore, but they're backgrounded up to 450 kg, both females and steers.

Mr Gooday: I suppose that's part of the issue at the moment. There are different bits of information coming in.

CHAIR: Who is going to collate it, and how are they going to collate it?

Mr Gooday: We're not directly involved in that, so—

CHAIR: Who?

Mr Quinlivan: As I mentioned earlier, one of our objectives is not to go too quickly to asking for information before people are ready to provide it. We have been getting reports from AgForce which I think are broadly consistent with your description of what's happened. As property owners are ready to make their own assessments, we'll be collating the information here, as will the Queensland department. So there will be quite detailed assessments.

CHAIR: So you'll have a hot desk, and we will advertise to these people, 'When you can, there's a method here for you to report your stock loss.' I imagine that, when we get to a point of even remotely starting to think about compensation based on stock loss numbers, those numbers are going to get corrupted to a certain extent. You're going to get the top end of the spectrum.

Mr Quinlivan: The current information is being partially informed by a survey that AgForce has been running. Affected property owners have been progressively populating that AgForce survey. That was the initial thing. The Queensland department has been collecting information. They've got more detailed knowledge of the region. They've got people on the ground, and they're getting their own intelligence. So, rather than being a primary collection agent, we'll be getting advice from AgForce and other people up there as well as from the Queensland department. We won't be running a parallel process. As you imply, there are a lot of people with a keen interest in knowing reliable numbers, because it's highly relevant to what happens next.

Senator KETTER: So the Queensland department would be the primary source of—

Mr Quinlivan: They're doing that now, and the councils are too. People are collecting and passing on information. Some of it's good, some of it's not so good and some of it's just speculation.

CHAIR: That's my problem with it. A property owner is going to be able to do a net examination of their peak numbers, when they get time. So that'll be months away—

Mr Quinlivan: Yes.

CHAIR: Before they're satisfied that they've mustered any living stock. Like all of us, they've got a computer with a button you can press to tell you how many cattle you've got and what they weighed when you last looked at them and so on. But unless someone provides a single entry method—for example, if AgForce is just going to their members, they're not going to get everybody.

Mr Quinlivan: Correct.

CHAIR: The councils have got no capacity. They'll do something, a lot of anecdotal stuff. I just don't know what the state government has got in mind. I think someone's going to have to make a decision about a dedicated campaign to get these numbers. I would have thought ABARES would be the picture in the frame.

Mr Quinlivan: It will more likely be the Queensland department, who have resources on the ground to speak to people and so on. But when the time comes for a proper way of dealing with this we'll be liaising with them to make sure it's done in a reliable way.

Senator KETTER: I want to move on to another issue, and that is the staffing levels within ABARES. When I look at the annual report for 2010-11, it shows that the senior management of ABARES consisted of 12 SES officers. Fast-forward to now, and we see that ABARES is now guided by an executive director and three general managers. It's gone from 12 SES officers down to four.

Mr Gooday: Sorry, when is that starting period? I don't remember 12 SES officers.

Senator KETTER: It's 2010-11.

Mr Gooday: That won't be anywhere near accurate, I'm afraid.

Senator KETTER: This is from the Department of Agriculture, Fisheries and Forestry. They say the ABARES senior staff included an executive director, a deputy executive director, a chief economist, a chief scientist, a chief commodity analyst, a chief analyst and six general managers overseeing six branches.

Mr Gooday: It sounds high to me, but I don't have those figures with me. I can confirm that the number of staff in ABARES has fallen reasonably significantly since that time. The time you're talking about was when ABARES and BRS merged, in 2010. Those SES numbers may well have been right for a short period then.

Senator KETTER: My question is: is it fair to say that the resourcing of ABARES, in terms of staffing and project funding, has halved over the last eight years?

Mr Gooday: I would have to take on notice whether it has halved. But certainly, if we just look at our FTEs, they've decreased substantially over that period, yes.

Senator KETTER: Can you take that on notice and come back to us on that.

Mr Gooday: We can take that on notice and give you as much of an answer as we can, going that far back.

Senator KETTER: Mr Quinlivan, can you tell us what factors have led to the decline in ABARES staffing?

Mr Quinlivan: The department underwent quite a significant reduction in its discretionary budget, if I can describe it that way, prior to my appointment. That was probably in about 2013, perhaps 2014, possibly 2012. Somewhere in there there was quite a significant reduction in the department's resourcing, and ABARES and other parts of the department, including the policy divisions, were reduced quite significantly. Since my appointment in 2015, particularly with the white paper money that came into the department, our resourcing has stabilised. But the forward estimates show our resources beginning to reduce again from this year onwards. So the answer to your question is: it happened just before my time, but it was caused by a significant reduction in the department's resourcing, and ABARES and the policy divisions bore the principal brunt of that. That was because our capacity in our biosecurity work and our statutory responsibilities was preserved to the extent possible.

Mr Gooday: If I can just add: in 2010 and 2011 ABARES was housing minerals and energy capacity, and a decision was taken to shift that into the department of industry. So part of that story is machinery of government changes that happened prior to that period. We were still holding that capacity, and that has since shifted to another department.

CHAIR: It's Milo time, I'm informed. We'll suspend for afternoon tea.

Proceedings suspended from 16:32 to 16:51

ACTING CHAIR (Senator Sterle): Welcome back, everyone. Senator Ketter?

Senator KETTER: Yes. I was just going to ask you a few questions in relation to the funding for ABARES. Mr Quinlivan, you've indicated that the staff cuts occurred before your time.

Mr Quinlivan: The large staff cuts in the department which had the principal impact on ABARES. But there have been some further reductions in my time.

Senator KETTER: Okay. My question is: does the department believe that ABARES is no longer as valuable as it has been in the past?

Mr Quinlivan: 'Valuable' is a funny way to look at it. What I would say is that, clearly, ABARES has less capacity than it once did, just because of the number of people. But it's no less valuable—because the erosion of that sort of capacity around the Commonwealth has been going on for a long time and there aren't many

institutions like ABARES left now. So, in a sense, its scarcity value has gone up and it's potentially even more valuable. But I think the view we have with the executive of ABARES is that it is at a critical mass now, and any further erosion in its size would have a critical impact on its capacity and its contribution to the work of the portfolio. So it is an objective of ours now to try and protect ABARES at its current size. Whether we can do that or not depends entirely on the resourcing for the portfolio. But that would be my summary of things as they stand now.

Senator KETTER: My final question is: during the financial year 2010-11, ABARES produced 214 reports on issues relevant to the portfolio. Can you tell us how many reports ABARES released last financial year?

Mr Gooday: Off the top of my head, around 60, but I'd have to take that on notice to give you an exact number.

Senator KETTER: Okay. Around 60?

Mr Gooday: Yes. I suppose the important point there is that we're still producing the sorts of essential reports that we were producing then in terms of the basic statistics. So the farm survey statistics and also the commodity forecasts are still done four times a year, and the crop report—one came out today, and we're still doing that four times a year. So we've maintained production of those basic statistics, things that ABARES is well-known for.

Senator KETTER: Do you see a future where you might be producing more reports? Is that a possibility?

Mr Gooday: I think it's what types of reports? We're thinking hard at the moment about what's the best way to deliver our commodity forecast, for example, and that might result in us producing slightly different reports. But we're still producing reports on issues that we think deserve some attention and warrant some analysis. We're still doing almost like research type reports. I can see a case where we'll be doing a little bit more of that if we can find a way to do some of the statistical and the basic stuff we do more effectively. So we're investigating hard how we can do that.

Senator BROCKMAN: Can you point me in the direction of the issue we started talking about earlier? I don't want to go into chapter and verse on it now, but how granular can we get in agricultural productivity, commodity type state by state? What's the best repository of data for that kind of information and how granular can we get?

Mr Gooday: For Australia, the best repository is ABARES. We'll be releasing a report at our outlook conference on 5 March, which will go through state-by-state estimates of agricultural productivity. It will also provide estimates of sectoral productivity within agriculture across dairy, sheep, beef, grains—cropping. We have been collecting information for almost 10 years now on the vegetable sector so we'll be looking to start producing productivity estimates for that sector as well. And we have quite a catalogue of work looking at what the drivers of productivity growth have been. I would be happy to provide on notice a list of useful publications, if you'd like.

Senator BROCKMAN: That would be great.

Mr Gooday: We can do that. There's plenty to read.

CHAIR: Is ABARES, at any stage, monitoring the transition to bigger corporate operators, particularly in the beef sector, but in the farming sector as well? Are we seeing the acceleration of the beef sector? Do you monitor that?

Mr Gooday: We can get at some of that information through our farm survey. A few years ago, we had a look at this question and it was really around where's the financing for the agriculture sector coming from? And what we found was that the financing hadn't really changed, in that most of it is predominantly debt financing and equity held by family farms. So what we took out of that was—

CHAIR: That's by the volume of farms, is it?

Mr Gooday: But also we couldn't see any change in that over the last five or 10 years compared to the historical record. At the time there was a lot of media and a lot of interest around corporates and corporate acquisitions. But a lot of that activity is amongst corporates.

CHAIR: None of that surprises me but we could have a situation now where 80 per cent of the country is owned by 10 corporates in volume and size, and 10 per cent's owned by 10,000 families. I mean, that's the measure for me, because my interest is in the dynamics around corporate expansions and the impacts, if any, on what I call provincial communities—the Huendons and Richmonds and so on.

Mr Gooday: We can see how the composition of Australian agriculture's been changing through time in terms of the proportion of output accounted for by the largest farms. There's a fairly consistent story about farms getting a bigger and a larger proportion out of output being accounted for by a smaller proportion of farms. So that certainly is happening. We haven't done work specifically looking at the sort of community issues that you've been talking about. There is information that comes out of the Australian Bureau of Statistics each five years.

CHAIR: But there are things like the transaction returns, where we pay the levy of \$5 a head. We now know that the information exists, that someone knows who the levy payer is and the volume of the levy paid. So that's going to give us a bit of a sense of the size of an operation. Isn't it simply having look at that and putting it in a descending order?

Mr Gooday: We know quite well, from the Australian Bureau of Statistics, what proportion of output is from the larger farms.

CHAIR: But some of them are family corporates.

Mr Gooday: Yes.

CHAIR: I have less concern about them because they tend to operate around a family model. They put farm managers, and many who work for the family and so on. I'm talking about the FIFO corporate now, who flies in their 10 trainees and—

Mr Gooday: That's a harder thing to get a handle on. We do ask in our survey how the farm is structured and whether the owner is an operator. Mr Galeano might have a more precise number.

CHAIR: Even that wouldn't help us.

Mr Gooday: 95 per cent-plus are owner-operated.

CHAIR: They could be 95 one-acre jobs and the rest of the country's under 10 corporates. I thought this question may have been in front of you and you may have been trying to pick up some trends over time. But I get the difficulty.

Senator RICE: I want to ask you some questions about the forest and wood products statistics that you produce. I download them and look at every new quarterly release. I want to start off with some reflections on the stats that show the increase in round wood exports, which, I think your commentary says, was driven by a 40 per cent higher hardwood/roundwood export values and both softwood and hardwood have gone up over 10 years. You collect those statistics. Do you have any insight as to what is going on there?

Mr Galeano: I'm probably not the best person to answer that question. I would probably need to get you some more detail on notice. My limited understanding of it is that there's quite a lot of export demand in a number of countries and that's what's driving those higher exports. But I don't know the details of exactly what's going on in different countries. I would have to take that on notice.

Senator RICE: Do your statistics drill down into where the roundwood is being exported from, what is plantation based, what's native forest based and which states?

Mr Galeano: I can check for you exactly, but my understanding is that the standard export data will have information on which state it's exported from. I don't think we've got details of tracking that back to a particular plantation or a particular region, but I can check for you.

Senator RICE: Or whether it's plantation or native forest based, which is the critical factor that I'm interested in.

Mr Quinlivan: Senator, I think we did look at this in the department, in the policy part of the department, between six and 12 months ago because of concerns from some of the processors—and I think South Australia, in particular. Given it was South Australia, it would have been plantation softwood predominantly and the destination was China. That's not a very precise answer to your question but I think that's the general—

Senator RICE: I'm particularly interested because of the employment implications if increasing amounts are just going straight offshore as roundwood rather than processed here. I note that Professor Jacki Schirmer, in her report looking at employment across the industry and examining the forest industry in Victoria, excluding the Green Triangle, said:

In Victoria, as with other states, the majority of forestry jobs are generated by the processing sector, as is the majority of the industry's flow-on economic impact. This highlights the importance of local processing of wood and fibre for the generation of jobs.

Is it in your remit to look at the potential jobs that are being shipped offshore rather than doing the processing here and the reasons why? It's all very well to say that there's demand, but there potentially would also be demand for the wood products if we were processing them here rather than just shipping them off as unprocessed round wood?

Mr Galeano: Sure. In some of the statistic publications we report employment—and it's fair to say that employment is falling in forest industries in general. A lot of that is on the processing side of things. A fair bit of

that I think is just natural consolidation and shifting from labour to capital and so on. Yes, it's fair to say that that does involve some jobs moving into other sectors in the Australian economy.

Senator RICE: But this isn't jobs moving to other sectors; it's jobs essentially being shipped offshore because you're not doing any processing of that round wood that's being exported. In terms of native forests versus plantations I know there is huge differentiation, but in terms of plantations there would be hundred per cent agreement in this room that it's good to have a thriving forest products industry based on plantations. It's concerning if most of the jobs are not being realised here.

Mr Galeano: I guess my comment was a more general one about manufacturing reducing in Australia and processing reducing, but at the national level employment levels haven't fallen as much, so those jobs have shifted to other areas in the economy.

Senator RICE: Is that something, Mr Quinlivan, that the department is doing further work on—whether there is a role for government to be supporting local processing rather than the export of round wood?

Mr Quinlivan: We were asked to provide advice—and I'm struggling to recall precisely when, but I think it was when Minister Ruston was in the chair. She obviously, coming from South Australia, had a concern about this. The processors were concerned about timber supply. We did look at how much of a problem it was and policy options to respond to it, but at the time I think it was pretty clear that the government was not really in a position to be banning round wood exports. That wasn't really a viable policy solution.

Senator RICE: So that was internal advice that was produced for the minister?

Mr Quinlivan: Yes. I don't recall exactly how far that went. We may have provided some written advice to Minister Ruston. We certainly discussed it with her.

Senator RICE: Would you be able to see what you could table from that?

Mr Quinlivan: Yes, we could have a look at that.

Senator Colbeck: It is an ongoing issue in South Australia. I've had conversations with colleagues about it. I understand that the South Australian government are doing some work on that in the context of some of the plantations that they sold and the agreements that were made in relation to the sale of those plantations and supply into the local market. But I think what it is doing is demonstrating the global demand for timber and timber based products, the prices that are being derived from that and, to a certain extent, the capacity for the local market to pay the prices for stumpage and logs. It's probably an indication of some of the issues that we're looking at going forward and also new uses for timber and timber based products.

Senator RICE: Mr Quinlivan, if you could take on notice what you could table of any analysis of this issue that the department has done and ways forward, that would be very useful.

Mr Quinlivan: The bigger issue, as I'm sure you're aware, is the shortfall in timber supply. Timber is very expensive. We're already a large importer and we look like becoming a very large importer, so that's the bigger issue.

Senator RICE: In terms of ABARES, I want to move on to the employment statistics—the lack of differentiation between employment that's generated from native forests, wood that comes from native forests and wood that comes from plantations. The main issue that I look at when I look at your stats every quarter is the proportion of logs that are coming from plantations vis-a-vis the logs that are coming from native forests, which is now up to 88 per cent of logs coming from plantations—so, only 12 per cent from native forests. Yet your statistics, at least what's available, don't differentiate between employment in native forests and employment in plantations.

Mr Galeano: The statistics that we report are from the Australian Bureau of Statistics. So, there are the two sources. There's the labour force survey and then there's the census. We're just taking the statistics that are produced by the ABS on employment, and unfortunately they are not broken up by plantation versus—

Senator RICE: Is there any opportunity for ABARES to get an accurate insight into what employment is based on native forest wood compared with plantation wood? And I know the FWPA reports that Jacki Schirmer has done have some analysis, but I think that's also been based on some assumptions that have to be made. It goes to the point—the reason I'm interested—of whether there are wildly differing statistics as to the level of employment based on native forest logging compared with plantations. Often the two are conflated together, where you get these tens of thousands of jobs that are going to be at risk if we get out of logging native forests, which is obviously completely overexaggerated.

Mr Galeano: I'm not aware of any other sources. I would expect that in order to get a better handle on that you'd have to do some sort of specialised study—a survey of some sort—to be able to collect that information. But I'm not aware of any—unless you guys are? No?

Senator RICE: Is it something the government would see as being important?

Senator Colbeck: Not necessarily. I think both sectors of the industry are important to local economies, and I know you have a different view of the world on that, and that's fine. We're strong supporters of a continuing native forest industry, so I really don't see much point in going down that path, frankly. But everyone to their view, I suppose. I mean, your policy is to completely close down the native forest industry.

Senator RICE: Yes, because of the impacts on natural values of native forest logging.

CHAIR: I leave the room for two minutes, and the minister joins a conversation on forests!

Senator Colbeck: Well, Senator Rice, you and I will disagree on that as well, because we have a different philosophical view of the world.

Senator RICE: Let's leave this debate until later on this evening, when I'm going to come back to it.

Senator Colbeck: So, the answer to your question's no.

Senator RICE: Disappointing. In the stats, certainly from the reports by Professor Schirmer, in Victoria we've got my analysis, adding together the green triangle jobs, that over 70 per cent of forestry jobs are based on plantation resource. So, again, if you've got an industry that has overwhelming social licences and an acceptance of a plantation-based industry, I think having statistics that can say, 'Here are the benefits from that industry,' vis-a-vis one that is highly contested and will continue to be highly contested—

CHAIR: Senator Rice, you really are in a debating mode, sharing your view—

Senator Colbeck: I'll take it as a comment!

CHAIR: It is a comment. Please confine it to questions—seriously. Other people want to move on.

Senator RICE: I've been told that there is no intention of doing any further analysis, so that's disappointing, but that's the answer I've got. Thank you, Chair. I'm finished.

CHAIR: We want to thank the good folk from ABARES for your preparation, for your work, and we wish you all the best and save travels back to your port.

Australian Pesticides and Veterinary Medicines Authority

[17:15]

CHAIR: Welcome, Dr Parker and Ms Croft. Do you have an opening statement?

Dr Parker: Yes; thank you, Chair. In 2018, the APVMA finalised around 3,500 applications for chemical actives, products and permits. Each of these is a product in the hands of crop producers, pest controllers, gardeners, veterinarians and graziers. Our work hinges on making science based decisions to ensure agvet chemical products are safe for the community and the environment and are effective for users.

One of my key focuses has been on improving the APVMA's ability to meet legislative time frames. Since late 2017 we have had five quarters of improved performance, and we remain focused on keeping performance at sustainable levels as we manage the last stages of the relocation. We look for efficiencies where we can, and one avenue is the use of assessments from trusted international regulators. In the 2017-18 financial year, international assessments contributed to 34 component evaluations across chemistry, efficacy, environment, health and residues risk areas. That's up from 15 component evaluations in the previous year.

To get the best out of our people, we've been investing in resources to assist them in their vital work. We are making steady progress in implementing the objectives of the digital strategy. Major elements of this strategy have been settled through our enabling technology program. In September 2018, we signed the contract for digitisation of the APVMA's 177,000 analogue and paper based records. By the end of January this year we had scanned over 17,000 paper files, and automated loading of digital files to our records management system is now occurring.

In December 2018, we signed the contract for cloud based infrastructure and ICT managed services. The vendor is already on site and working to transition our IT infrastructure into the cloud, before we commence operations from our new office in Armidale. Transition to a cloud-hosted environment will allow the APVMA to improve our workflow and our resource management functions. Also in December, we renewed our contract for the APVMA's electronic document and records management system. The new contract ensures that we'll continue our transition to a fully digitally enabled regulator by 2020.

Our permanent Armidale office is drawing close to completion. Work remains on schedule for us to occupy the building by mid-2019. The structure is finished, windows have been installed, and work has begun on the interior. We've now started planning the phased transition of staff into the office in the midyear. Our recruitment activities have continued at pace. I've been very impressed with the quality of candidates for both our scientific and our corporate roles. There has been a focus from some quarters on what the APVMA has lost in terms of staff and experience, and this is undeniable. However, as I've said at previous estimates, the move has provided us with opportunities for renewal of our business. We have gained some highly experienced and energetic individuals. At 31 January we had 72 staff in Armidale and a further 18 staff will commence by the end of March. By the end of March, there'll be 39 regulatory scientists in Armidale. The Australian public and industry expect us to make science based decisions for the good of the community and agricultural productivity. With a mix of around 40 experienced scientists and decision-makers in the Canberra satellite office and our qualified scientists in Armidale, I have every confidence that we'll continue to get the job done.

Since last estimates, we've re-organised our operating model to better align our post-market activities. Our chemical review, adverse experience reporting, manufacturing quality and licensing, and compliance and monitoring functions have been combined under our new chief regulatory scientist to allow a more holistic approach to our post-market activities.

I've mentioned the experience we're attracting to the APVMA; however, we're also investing significantly in developing the regulatory knowledge of all our staff. Our chief regulatory scientist is delivering a comprehensive learning and development program focused on knowledge management and reinforcing our culture of quality across the organisation.

We are now at the stage in our operational planning where we need to have an eye to the financial sustainability of the organisation. As you are aware, we are a primarily costs recovered organisation through the collection of industry levies and fees. We've begun work on a new cost recovery implementation statement, or CRIS. As part of the CRIS, and for the first time, the APVMA is logging effort across our work areas and getting a clear understanding of the resources required to do our work. This work is just so important for us so we can set up the organisation with a sound financial footing for the coming years whilst ensuring we have the resources to fully meet the expectations of the Australian community. We expect our first consultation with stakeholders to take place next month.

The APVMA is very much an agency in transition, not just in its physical location but in its work practices. I remain optimistic that this transition is leading us towards a more efficient and effective APVMA into the future. Thank you, Senators.

CHAIR: Thank you for that. Would you be opposed to tabling that?

Dr Parker: I'll get a clean copy and table it; mine's got writing on it.

CHAIR: I appreciate it. Senator McCarthy?

Senator McCARTHY: Dr Parker, I know you're going to table that. You said there are 72 staff in Armidale?

Dr Parker: That's correct.

Senator McCARTHY: There's 72 in Armidale and 40 in Canberra?

Dr Parker: That's the plan, once we have moved through the transition of those staff who are currently in Canberra and who are not going to move to Armidale and are not part of the satellite office.

Senator McCARTHY: So how many are in Canberra now?

Ms Croft: There are 133 staff in Canberra.

Senator McCARTHY: So 133 staff are still in Canberra, but you're expecting that will come down to 40—is that correct?

Dr Parker: That's correct. Those staff would be non-ongoing staff. It would also involve those staff who are on S26 transfers from other departments who've come in and helps us with the transition and those sorts of activities. It's a broad suite.

Senator McCARTHY: So there are 133 staff in Canberra now and 72 in Armidale now?

Dr Parker: That sounds correct, yes.

Senator McCARTHY: How many would Indigenous?

Dr Parker: I'm not sure. I'll take that on notice. I'm not sure I have the actual data about how many identify as Indigenous.

Senator McCARTHY: How often do you meet with the Stirloch Group to discuss the progress of the construction of the APVMA building?

Ms Croft: I know there are regular project management meetings. In terms of their frequency, I'm not sure I have that with me.

Dr Parker: I might just ask Mr Bob Smith, who'll be able to answer that question.

CHAIR: Who's that developer?

Senator McCARTHY: Stirloch Group is the builder.

Dr Parker: They're the developer. They're building the building.

CHAIR: They're the hammer and nail people who are on contract to someone else to build that building?

Dr Parker: They are the builder of building who we'll be leasing the building from.

CHAIR: So they're an owner builder?

Dr Parker: Correct.

CHAIR: They're a developer who happens to be a construction company with the capacity to build buildings?

Dr Parker: Correct.

CHAIR: Okay. That puts a different light on it.

Mr Smith: Typically we have a formal meeting monthly with Stirloch, with informal meetings weekly for progress and any risks that might be identified as the build progresses.

Senator McCARTHY: That would be with the staff already in Armidale meeting regularly?

Mr Smith: Predominantly it's attended by two personnel from Canberra.

Senator McCARTHY: Those dates—you say it's monthly formally and informally once a week?

Mr Smith: Yes.

Senator McCARTHY: When did those meetings start taking place?

Mr Smith: Immediately after the contract was signed, which was in February 2018.

Senator McCARTHY: So every month last year and informally every week?

Mr Smith: That's correct.

Senator McCARTHY: Who attends those meetings—obviously, you still keep having them now?

Mr Smith: I'm sorry, are you after names?

Senator McCARTHY: Yes.

Mr Smith: I can give you the names on notice, but, typically, it's an EL1 from the APVMA and an APS4.

Senator McCARTHY: Not just from the department; who else attends the meetings?

Mr Smith: We have Stirloch Constructions representation, which is the project manager. We have Arrow Consulting Engineers, which is a separate project management consulting company that we've engaged to manage our interests with the build.

Dr Parker: If we don't have the information we'll take it on notice and give you a full list of the attendees of those meetings, but we may well be able to get it to you before—

Senator McCARTHY: Mr Smith, have you got it there?

Mr Smith: Yes, essentially that's it. I can confirm it on notice, but those are the attendees.

Senator McCARTHY: Can you provide an update on the progress of the building in Armidale?

Mr Smith: At this stage, it's on schedule and we are still working towards taking up the tenancy in June-July.

Senator McCARTHY: Are you aware that the Stirloch group donated \$5,000 to the Armidale Aboriginal Medical Service in September 2018?

Mr Smith: Personally, I'm not—no.

Senator McCARTHY: In an article in *The Armidale Express* regarding the donation, it's reported that there will be Indigenous employment opportunities in the APVMA. Is that correct?

Ms Croft: We're not aware of the—

Senator McCARTHY: We need something on the record; I see you shaking your head.

Dr Parker: Well, I haven't seen it—I'm not aware of the article. Like all Commonwealth departments, and certainly as far as my knowledge goes, we don't have a specific target. But where we do see the opportunities for Indigenous employment, of course, we would take those.

Senator McCARTHY: Let's have a talk about that. Will the APVMA have a specific Indigenous employment program for locals within Armidale?

Dr Parker: We don't at the moment, and it's not something I've specifically turned my mind to at this current stage.

Senator McCARTHY: Is it something that you may turn your mind to?

Dr Parker: Yes, I would think so, but I haven't developed one at this stage.

Senator McCARTHY: Are you able to provide any information about what kinds of opportunities for Indigenous traineeships might be with the APVMA?

Dr Parker: On notice, certainly, we can provide that information.

Senator McCARTHY: If Stirloch group has donated \$5,000, could there be a perceived friendly arrangement? That if the Stirloch group provided donations to local businesses in Armidale, it could result in a possibility of employment opportunities?

Dr Parker: That would be a matter for Stirloch, not the APVMA.

Senator McCARTHY: I want to refer to my question on notice 14 from the previous estimates, where I asked:

Could 102 Taylor Street Armidale have been considered as a possible site if 91 Beardy Street Armidale had not become available due to the fire?

I know you took the question on notice, Dr Parker, and I've received your response. The answer is:

In respect to both the initial Expression of Interest and subsequent Request for Proposal, no response was received which nominated only 102 Taylor Street as a proposed site.

I guess that my question to you, Dr Parker, is that the actual question I asked then was:

Could 102 Taylor Street Armidale have been considered as a possible site if 91 Beardy Street Armidale had not become available ...

It's really a yes or no answer.

Senator Colbeck: It's a hypothetical question, too.

Dr Parker: Thank you, Minister. It's a hypothetical question. What I was trying to do in that answer, and what we're trying to do in this answer, is provide you with information as fully as we could. Given the specifications that we would have put out as part of the tender process, that would have required a certain amount of land for a certain type of building that could get development approval from the council and that would meet the objectives of us, the developer and the council. There are just way too many variables and it's not necessarily a question I can answer with a definitive yes or no.

Senator McCARTHY: Then why did you take the question on notice last time?

Dr Parker: Because we would have wanted to ensure that the answer I gave you was complete—as I always try to do.

Senator McCARTHY: What are the actual average costs to the APVMA associated with conducting assessments for registration for each assessment item type in 2017-18? How does that compare to the cost of five years ago for those categories or the ones most similar to the current categories? Are those costs expected to be more, or less, for the current financial year?

Dr Parker: I am very happy to provide you on notice what we charge for the individual assessments. As I pointed out in my opening statement the APVMA has not in the past done resource modelling about exactly what it does take to do some of these assessments and the resources required to do some of these assessments. I think the process we are running through the CHRIS, where we are actually logging the time of my staff, including myself and my executive—where we spend our time and on what particular issues and all that sort of thing—will provide us with a much sounder basis to provide you, during the CHRIS consultations, a much clearer understanding of not what we charge but what it costs to do those assessments.

Senator McCARTHY: What specific efficiency measures have been put in place over the last 12 months to maintain processing or evaluation rates while keeping the agency's costs down?

Dr Parker: What we've tried to do is a range of things around staffing arrangements. We've looked at how we might use international assessments, which I mentioned in the opening statement. We have looked at how we try and manage the workflow to provide more efficiencies. That is a range of the things we have put in place. One of the things I have spoken to my executive about, and one of the things we are implementing, is to get our staff to have a clearer picture of how they might plan in three-month blocks, recognising that they have X amount of work that needs to be done and X amount of resources. So I think it is about a closer analysis of our work and looking at how we match resources to that work.

Senator McCARTHY: What are the greatest cost pressures the APVMA faces in undertaking its core operations and product registration assessments?

Dr Parker: Staffing is our major cost. I don't have the percentage, but staffing would be our major cost.

Senator McCARTHY: How do the APVMA's costs compare internationally, looking specifically at the USA, Canada and the EU, in terms of total cost of operations per application and per registered use of products?

Dr Parker: I would have to take that on notice. The systems are incredibly different; there are different legislative responsibilities depending on the agency. In some countries, there are two agencies that do the work; in others, there are not. We'll take that on notice and give you the best information we can. It may not have a high degree of accuracy.

Senator McCARTHY: What percentage of that is borne by industry through fees and/or levies?

Dr Parker: We are currently a 100 per cent cost recovered organisation. We have some elements of appropriation funding but it is associated more specific projects.

Senator McCARTHY: In real dollar terms, what is the average cost of registrations for industry in Australia compared to those other jurisdictions?

Dr Parker: Sorry, I'm not clear on the distinction between that question and the one before. Are they the same question?

Senator McCARTHY: With the USA, Canada and the EU.

Dr Parker: We will take that on notice and do our best to give you something.

Senator McCARTHY: We don't yet have the statement that you distributed.

CHAIR: Dr Parker, has your total statement been distributed?

Dr Parker: I was trying to find a clear copy.

CHAIR: Oh, that's right.

Senator McCARTHY: I was just going to look at your stats; that was all. I'll go on what I've taken here, then. Regarding the retention bonus that's been offered to staff: is it 10 per cent of their wage or a fixed amount?

Dr Parker: It's 10 per cent of their wage. That will be paid on 30 June. That is the date I've set.

Senator McCARTHY: And the date staff are required to remain with the APVMA in order to be eligible to receive it?

Dr Parker: The policy says they have to be with the organisation at that date.

Senator McCARTHY: Have staff who had previously indicated they were not able to relocate to Armidale and were not eligible for a position in the Canberra based APVMA office been presented with notifications that they've been declared excess to requirements?

Dr Parker: That's correct; on 1 February.

Senator McCARTHY: On 1 February this year?

Dr Parker: That's correct.

Senator McCARTHY: How many staff received these notices?

Dr Parker: I believe it's in the order of 50. I'll check the number with my colleagues and give you the exact number.

Senator McCARTHY: Are these staff eligible for voluntary redundancies?

Dr Parker: They're all eligible for voluntary redundancies and they've all been offered them.

Senator McCARTHY: Have they been provided a date by which they must formally resign?

Dr Parker: What I've tried to do, through my commitment to staff under this relocation, particularly those who are choosing not to relocate, is to remain as flexible as possible within the Public Service guidelines. The purpose of finding people excess is confronting for people; I get that. We've been working with staff for over a

year now to try and explain the process, and why we chose that date and where we were. Once we have found them excess, it kicks off the formal process. We can formally offer them a VR or they may choose to go on the redeployment register and be redeployed and find another job. There's a formal APS redeployment register.

Senator McCARTHY: What was the date, Dr Parker?

Dr Parker: On 1 February, I found them excess. So—

Senator McCARTHY: That's when you found them excess.

Dr Parker: Will you please let me finish so I can explain where we're going?

Senator McCARTHY: Dr Parker, I've asked you the date by which they have to formally resign. That's all you have to give me. I think I can understand the process here. What's the date they have to resign by?

Dr Parker: Because of when it falls, it'll be early July, not 30 June. That's under negotiation. Anyone who wants to leave earlier than that, I'll consider that on a case-by-case basis. I've already approved three, maybe four, early departures for people's own personal circumstances.

Senator McCARTHY: So these staff are eligible for the retention bonus?

Dr Parker: Correct; not those who leave before.

Senator McCARTHY: So what will the financial impact on the APVMA be from paying out all these retention bonuses?

Dr Parker: It depends on the exact number. We might have an estimated number. I'll take it on notice—either that or we'll try and provide it now. No, I don't have that figure. It's a bit of a moving feast, depending on how many people we've got in the organisation at that time.

Senator McCARTHY: You're saying 50 staff have received the notices, so—

Dr Parker: There will be 41 staff who are staying in the satellite office who will also be eligible for it, and, also, staff who have moved to Armidale who were full-time employees at the time.

Senator McCARTHY: So you would have done figures on those?

Dr Parker: I haven't seen the figures, but we can provide them on notice. It won't be a total figure, because I don't know exactly how many people might want to leave early through a voluntary redundancy.

Senator McCARTHY: I note that, on 23 October 2018, you confirmed to this committee that the retention policy stands and that it is a fair and equitable way to treat staff. Is it fair and equitable to entice loyal members to remain with the APVMA for the past two years of disruption with the promise of an attractive retention bonus, and then to have it removed?

Dr Parker: It's not been removed. The policy's quite clear. Am I misunderstanding the question?

Senator McCARTHY: I'm asking you: is it fair and equitable?

Dr Parker: The policy? Yes.

Senator McCARTHY: You mentioned the Arrow Group. Where are they based?

Dr Parker: I'll ask Mr Smith to come to the table.

Mr Smith: Arrow Base is a Canberra based company.

Senator McCARTHY: How much is the APVMA paying them to assist with the relocation?

Mr Smith: The budgeted contract is \$302,500.

Senator McCARTHY: Thank you, Chair. I'll come back to that.

Senator BROCKMAN: I accept your opening statement, Dr Parker. Can you talk us through—I can't remember the technical name for them; I'm trying to find it—the direct farmer applications for chemical usage. Can you talk us through performance—

Dr Parker: I think you're referring to the minor use process that we have.

Senator BROCKMAN: Yes, that's the one.

Dr Parker: I might get Mr Norden, who manages that, to come to the table. He might be able to answer your specific questions.

Senator BROCKMAN: Mr Norden, can you talk us through the time frames, how that process is going in terms of completion on time and how that's tracking over time?

Mr Norden: Thank you for the question. We have a significant amount of dealings with the agriculture sector, in particular in relation to minor use. We have a dedicated team at the APVMA which processes those

applications, works closely with industry and gives them assistance with what sort of information they need to provide to us. If I go back to our last quarter report last September, in the minor use applications we finalised 52 applications in that quarter. We generally do about 200 new minor use applications per year. Those applications are heavily supported by international information that we look for as well. In addition to Dr Parker's introduction about some of the international assessments that we've been involved with, we also use international data—not just international assessments. In the previous financial year, about 40 per cent of our 200 applications that we processed for minor use were actually supported by some form of international information.

Senator BROCKMAN: When you say 'international information', what do you actually mean on the ground? What is that information? Are they scientific studies?

Mr Norden: Yes. Scientific studies, registrations that exist in other countries, published information that's in the public domain and studies that might be done by universities, but also studies and reports that are done by Codex—for example, in relation to setting Codex tolerances. We'll look at that residue data in enabling us to issue those permits.

Senator BROCKMAN: How are we tracking over time in terms of the minor use permits? For applications and times to process them, are we seeing improvements? As Dr Parker indicated, are we seeing overall improvements in processing times?

Mr Norden: Yes, we are. Those processing times have improved. In the last quarter, 79 per cent were within the time frame. Out of those 52 applications that I mentioned, the average time frame to process those applications was 4.8 months.

Senator BROCKMAN: How does that compare historically? Is it a good outcome?

Mr Norden: Yes.

Senator BROCKMAN: What backlog have you got currently for minor use permit applications from farmers that are waiting to be processed? Is it just a regular flow, or do you tend to get a big whack pre-seeding?

Mr Norden: No, it's generally fairly regular. At the moment, I think we've got approximately just under 200 applications in process at the moment. If I go back to 2012, that number was over 500 at one point. We've significantly reduced that number by processing those applications and getting them out the door. A significant proportion of the number with us at the moment comes to us from Horticulture Innovation. An interesting comment for the committee would be that Hort Innovation makes a significant amount of applications to the APVMA on behalf of their grower bodies. They're our biggest client at the APVMA. They make more applications to the APVMA than the major chemical companies. If I go back just in the last 18 months to the middle of 2017, for example, one of the big things we do in chemical access is about not just issuing the permits but also setting maximum residue limits, MRLs, as part of those. In that 18-month period back to 1 July 2017, we've established 177 new MRLs, and 60 per cent of those, or just over 100 of those, come out of the minor use program.

Senator BROCKMAN: That will be using existing chemicals for new uses, so you'll need to come up with a new MRL to reflect that fact?

Mr Norden: That's correct.

Senator BROCKMAN: What are the outliers, and what are the reasons for the outliers? I think you said 79 per cent. Sorry, what was the actual statistic?

Ms Croft: Seventy-six per cent within time frame.

Senator BROCKMAN: With the ones that don't meet time frame, is that because you're waiting for further information from the proponents? Is that because your systems are still gearing up? What's the reason for the last 20-odd per cent?

Mr Norden: It generally goes back to applicants requiring further information and assisting them through that process. As I mentioned, Horticulture Innovation are probably our biggest client in permits, and they're quite expert in the work that they do. They employ people dedicated to that. With some association groups that we deal with, it might be the secretary of the association, so they may have never dealt with the regulatory system before. So we try to guide and help them through that process, and that might mean more backwards and forwards getting more information about those types of applications.

Senator BROCKMAN: Does the percentage just drop off altogether? Do a percentage of minor use permit application proponents say, 'Okay, we can't get that information'?

Mr Norden: Yes, a very small proportion. I haven't got a figure on it but, if I were to take a stab, it would be less than five per cent that would fall into that sort of area.

Senator BROCKMAN: Really? Okay. So, generally speaking, by the time they get to the point of making a permit application, they're reasonably aware of what they need?

Mr Norden: We can generally work with the applicant, find supporting information and request further information during that process as well.

Senator BROCKMAN: Are all minor use permit applications tagged to geography? Will you get a minor use permit application that is for the Riverland?

Mr Norden: No, it's generally nationwide. Most applications that we receive, particularly from the horticulture sector, are for all states and territories. We might get more geography, maybe, in the land management aspect, where we're dealing with resource management in Queensland, for example, so we're dealing with the Queensland government. They might be after something that they only need in a specific region. But generally the horticultural and grains permits that we do are nationally based.

Senator RICE: I have just a few questions prompted by Senator McCarthy's questions about staff. You have 72 staff at Armidale and another 18 expected by the end of the month. Of those 90 staff, how many have shifted from Canberra?

Ms Croft: I believe the number is eight, but I'll just confirm it.

Senator RICE: Okay, eight out of 90, so they're largely newcomers.

Ms Croft: We have an additional 10 that are scheduled to relocate from Canberra to Armidale between now and 30 June.

Senator RICE: That was my next question. You've currently got 133 staff in Canberra?

Ms Croft: Yes.

Senator RICE: Forty of them are staying in Canberra?

Ms Croft: Yes.

Senator RICE: And you've only got another 10 that are going to relocate. So in total, then, your expectation is that you've got how many? Nine?

Ms Croft: Eight.

Senator RICE: Eight plus 10. So 18 of your total cohort of staff who have been in Canberra are going to relocate to Armidale?

Dr Parker: That's correct.

Ms Croft: Supported by the 40 that are remaining in Canberra.

Senator RICE: Wow! No wonder things have been in a bit of upheaval.

CHAIR: Save your commentary for when we've all gone home, please.

Senator RICE: On the question of the redundancy bonus, if I heard you right—sorry, the retention bonus, not the redundancy bonus—staff who are going to take a redundancy package but finish up in early July will, however, be eligible for the retention bonus?

Dr Parker: Correct.

Ms Croft: Yes.

Senator RICE: It sounds like not even all the staff that are receiving this retention bonus are staying, and obviously you won't know until there will be other staff that will shift and you don't know how long they're going to stay. I look forward to asking you in six months time or in 12 months time how many of those staff that received a retention bonus for staying actually have stayed. At this stage, do you know what proportion of the staff that have received the retention bonus are actually intending to stay?

Dr Parker: The policy has a number of trigger points, and those trigger points were December 2017, December 2018 and June 2019. So there are staff who have been beneficiary of the retention bonus, which was about trying to maintain staffing numbers—that's why it was originally put in place as one of the tools. But I don't have an exact percentage or number other than the numbers that I've already articulated to Senator McCarthy.

Senator RICE: Maybe you could take on notice what proportion of the staff that have received retention bonuses are actually intending to be with you post the date of your voluntary redundancy in July.

Dr Parker: I'll take that on notice. Certainly, Senator.

Senator RICE: Okay. I think that's it for staffing at the moment. I want to go on to the issue of the bill that's currently before the Senate called the Agricultural and Veterinary Chemicals Legislation Amendment

(Streamlining Regulation) Bill 2018. Has the minister or department consulted the APVMA about the contents of that bill?

Dr Parker: Yes.

Senator RICE: Does the APVMA believe that it currently has got the capacity and the skill set to conduct a robust and thorough evaluation of any and all new agvet chemicals that need approval?

Dr Parker: Could you repeat the question please?

Senator RICE: Basically, have you got the capacity and the skill set to continue doing the work that you have been doing?

Dr Parker: I would maintain that, given the performance of the organisation—we'll be putting out some performance decisions for the last quarter, which also maintain us in the mid-80s—has been pretty stable for the last three quarters, between 80 and 85 per cent, I would contend—

Senator RICE: That's 80 to 85 per cent—

Dr Parker: Of applications completed in time frame. I would contend that at the moment we're travelling okay. Could we do with more resources to do things? Of course we could. That's the reality of any amount of work, and it's also more challenging when you have mandated performance targets like we do.

Senator RICE: So that's 80 to 85 per cent being completed on time, and that's stable over the last three quarters?

Dr Parker: It has been stable.

Senator RICE: I realise the other question I wanted to ask before I got into this was those performance statistics, which on previous estimates you have tabled for us. Can you table the performance statistics?

Dr Parker: I haven't received them for final sign-off. We'll be releasing them publicly, as we do with all our performance statistics. I would anticipate we'll be doing that either later this week or early next week.

Senator RICE: Okay. So you're pretty stable. For the remaining 15 per cent, you complete the evaluation of those, but some of them take longer than you'd like?

Dr Parker: I'm not sure that when you have performance standards that are measured the way they are, with no ability to stop the clock, 100 per cent is ever attainable. It's always going to be a balance between being cost-effective with a reasonable number of resources. I've spoken about this before at estimates. This is part of the conversation I want to have with industry off the back of this CRIS process that we're running. Our responsibility in that is to give a very clear understanding to industry of what it costs to do certain sorts of applications. Through the logging of effort that we're doing at the moment as part of that CRIS program, I think we'll have a much clearer understanding and we can then have a mature discussion with industry about whether there is a huge amount of work just to do that last 15 or five or 10 or whatever that figure may be. I don't have a sense.

Senator RICE: I have limited time, so I want to get through my questions. Of that remaining 15 per cent, they will be completed, but they will take longer?

Dr Parker: They don't necessarily take longer. They may have just fallen on one side of the time frame performance.

Senator RICE: In terms of the bill—the Agricultural and Veterinary Chemicals Legislation Amendment (Streamlining Regulation) Bill 2018—has the APVMA indicated to government that it supports elements of that bill?

Dr Parker: The APVMA implements the policy and the department looks after the policy.

Senator RICE: But you've been consulted about the bill.

Dr Parker: We've been consulted and we think the things that are in the bill are doable from our perspective, implementable from our perspective. That's our responsibility, I believe. It is to provide that advice to the department about whether we feel things are implementable, and how we might go about that is more a matter for us.

Senator RICE: Has the APVMA indicated at any point its support, in particular, for the changes that are contained within part 5—accreditation of assessors of the bill?

Dr Parker: Certainly, I think that there is merit in providing more governance, if you like, around the use of external assessors. The APVMA has used external assessors for many years.

Senator RICE: In limited circumstances?

Dr Parker: I could find the figures but, across a range of modules over a range of years, there has been a proportion of our work that has always been done externally.

Senator RICE: So what have been the criteria for the accreditation of external assessors up until now?

Dr Parker: It's been managed, essentially, through a conflict-of-interest process and some policy processes within the APVMA itself, and that's how it's been managed in the past.

Senator RICE: So what proportion of the assessments have been done by external assessors in the past?

Dr Parker: I will get that information to you. We can get it to you before we finish.

Senator RICE: The legislation delegates a very large amount of discretion to the APVMA about the criteria for accrediting a third-party assessor. So, if this bill came into force, what are the criteria going to be for the approval of the third-party assessors? Are they going to change?

Dr Parker: You're asking me a hypothetical. We work under our own legislation at the moment. It's not something that is for us at the moment, because it's yet to be passed by the parliament.

Senator RICE: Yes. But, you've just told me that, at the moment, you have third-party assessors and your criteria are, essentially, that as long as there's not a conflict of interest. Surely, they need skills to be able to do that assessment. What are the criteria that you use? You can't just have Joe Blow come in off the street and say, 'Yeah, I'll accredit a chemical for you.'

CHAIR: I think Dr Parker's is not—

Dr Parker: We have a panel, and that panel is secured through a tender process. We're going through the final stages of the tender process for a new panel. I don't have the details with me, but on notice I'm happy to provide you with the criteria that are in that tender document, which would address the concerns or the questions that you have.

Senator RICE: Do you have particular purposes that you use external assessors for at the moment?

CHAIR: That'll be it then, Senator Rice.

Dr Parker: Mostly, on efficacy and environment, at the moment.

Senator RICE: What does that mean?

CHAIR: Senator Sterle.

Dr Parker: 'Efficacy' means whether something works, and the environment is the environmental assessment.

CHAIR: Senator Rice, you do this to me every single time. Mr Parker, that's the end of the contribution. Senator Rice will come back to it. She does it every time. Senator Sterle.

Senator STERLE: Senator McCarthy, thank you, Chair.

Senator McCARTHY: Dr Parker, I'm going to go back to the staffing situation. How many staff members does the APVMA currently employ who are on some type of working visa?

Dr Parker: We think it's two, but I'll take it on notice and give you a more accurate—and we may be able to find out tonight for you. I'll do my best.

Senator McCARTHY: Are you able to let us know the positions and where the two, if it is two, are based?

Dr Parker: Can I just check about privacy concerns? We're only a small organisation. That information may allow people to identify individuals. Can I just check? But I'll do my best to give you as full an answer as possible.

Senator McCARTHY: Chair, I just seek your guidance on that response?

CHAIR: Sorry, I missed the start of that.

Senator McCARTHY: I asked: how many staff members who are on some type of working visa does the APVMA currently employ? And the doctor has replied possibly two. He will check on that. And then I asked if we could get a breakdown of the positions that they hold and where they're based.

CHAIR: Are you suggesting that, by identifying the positions, the positions are so unique you'll identify the individual?

Dr Parker: I'm not suggesting that. I said I would check that, but that could be a possibility, and then we won't be able to provide their names or exactly where they are, as in exactly what their position is.

CHAIR: I don't think the senator has ask for—

Senator McCARTHY: I don't want to know their names.

CHAIR: Hang on, Senator McCarthy, let me deal with it. As I understand, the senator hasn't asked for their name. She's asked for details around the visa and the position held by the individual. Why don't we do this: I'm sure Ms Croft can get some advice around this pretty quickly, while Senator McCarthy continues on, and in five or 10 minutes, we'll come back to it. Unless you've got a pretty sound argument—we'll be prepared to why identifying that one of your staff is a visa holder is a problem in the first place. But let's see what we're dealing with and see if we can't just kick it out of the park.

Dr Parker: We'll do our best to get you the information.

CHAIR: Senator McCarthy, can you continue without that for the minute?

Senator McCARTHY: Yes, thank you, Chair. Dr Parker, in total, how many voluntary redundancies is the APVMA expecting to possibly grant?

Dr Parker: I'm expecting that about half of those 50 people we sent a letter to will take the voluntary redundancy option.

Senator McCARTHY: Have you received applications already?

Dr Parker: Yes.

Senator McCARTHY: How many of those have you received?

Ms Croft: Twenty-three people have accepted the offer of a voluntary redundancy. So far, two people have declined the offer and are seeking redeployment. But the closing date hasn't finished yet.

Senator McCARTHY: What will the financial impact on the APVMA be from paying out those voluntary redundancies?

Dr Parker: We estimate in the order of \$1½ million. That facility exists in the money provided by government as part of the \$26.1 million, or whatever it was, in the original part.

Senator McCARTHY: I note that, to this committee, on 23 May 2018, you estimated that about 30 to 40 staff members would likely be teleworking for the APVMA. The 2018-19 corporate plan outlines arrangements for staff to work remotely via teleworking. Do you have a clear idea of how many staff, not wishing to relocate to Armidale, will be approved to work remotely via teleworking arrangements?

Dr Parker: This has been asked and answered at many Senate estimates. I am not proposing any more that we will have permanent full-time staff teleworking.

Senator McCARTHY: Okay.

Dr Parker: The facility of course exists for staff to do two or three days a week working from home, like it would in any organisation providing flexible working arrangements for its staff. I have a number of staff who already do that.

Senator McCARTHY: And they're in Canberra?

Dr Parker: The ones that come to mind are in Canberra. I'd have to double check whether we have anyone working that way in Armidale.

Senator McCARTHY: The corporate plan was written before you realised that the GPO does in fact allow for a retention of an office in Canberra. That's correct, isn't it?

Dr Parker: I'd have to check the times, but, yes, that sounds correct.

Senator McCARTHY: Is it possible that the corporate plan is already out of date and does not accurately reflect the way the APVMA will operate?

Dr Parker: That component, yes. I think I've been completely open and honest with the parliament and the Senate about what we're doing and why we're doing it. I don't believe that sticking exactly to a corporate plan with changing circumstances, if the risk profile changes, is a sensible move on our part.

Senator McCARTHY: I'd like to ask about the offices. Dr Parker, can you confirm how many offices—by that I mean how many office buildings—the APVMA is now occupying?

Dr Parker: Currently, we occupy two interim offices, and we have just made arrangements to put some staff into a third location, given the increased numbers that we have coming on board up in Armidale.

Senator McCARTHY: That's two interim offices in Armidale and a third in—

Dr Parker: And a third in Armidale. Of course, we have the Canberra office as well.

Senator McCARTHY: How many office spaces is the APVMA currently paying rent for? All of those?

Dr Parker: Yes.

Senator McCARTHY: So that's four.

Ms Croft: Yes.

Senator McCARTHY: At the time the APVMA moves into its new building in Armidale, how many office spaces will it be occupying?

Dr Parker: When we've completed the move, we'll have the office in Armidale and an office in Canberra.

Senator McCARTHY: So two. When is it expected on the current government's plan that the APVMA will return to just one office with the Armidale office?

Dr Parker: I'm not sure it's a government plan. It's my plan, and, again, I've previously stated at Senate estimates that for the foreseeable future we'll be maintaining a satellite office in Canberra.

Senator McCARTHY: So you'll always have one in Armidale and in Canberra.

Dr Parker: I didn't say that. I said for the foreseeable future we'll have a office in Canberra and an office in Armidale.

Senator STERLE: When do you think you'll have the one in Armidale? When will you be in there and it'll be just the one?

Dr Parker: The plan is to move there in midyear. I'm expecting to be in there in early July, but, again, it depends on the completion and the occupancy certificates and all of that sort of thing.

Senator McCARTHY: This is to you, Dr Parker, and to you as well, Mr Quinlivan. I want to go to the police investigation. Has the APVMA been approached either formally or informally by New South Wales police or the Australian Federal Police and been asked to provide any documents or other information relating to issues around the tender process or related matters regarding the site for its permanent building?

Dr Parker: Yes, I have been contacted by New South Wales police. Yes, I provided a time line document to them about our tender process. That contact was initiated by New South Wales police. It could be quantified as seeking some background information with regard to Commonwealth procurement processes and how they worked.

Senator McCARTHY: What about you, Mr Quinlivan? Have you been approached?

Mr Quinlivan: We answered that question a little while ago. Mr Brown answered that question. We have nothing more to add to his answer.

Senator McCARTHY: I missed that answer.

Mr Quinlivan: Okay. He's still here. He can repeat that for you.

Mr Brown: Yes, we were approached by a member of the New South Wales police on 18 January 2019.

CHAIR: I want to be very careful here, in case one of the witnesses involuntarily shares more information than your question demands. I think we need to be careful not about the fact that there's been an interaction and cooperation and all of that but about the detail of what that interaction was, unless you are seriously exercised about it, because the standing orders provide where there is a current investigation going on we shouldn't do anything that might jeopardise it.

Senator STERLE: It's more about process.

CHAIR: I appreciate that. I was more directed to the witnesses, not the senators. That's what I'm saying.

Senator McCARTHY: Thank you, Chair. Has the APVMA fully cooperated and complied with all the requests? Was the APVMA or any of its officers contacted by any third parties—departmental officials, ministers, ministerial staff or MPs et cetera—about how you should respond to any such police requests?

Dr Parker: No.

Senator McCARTHY: Has the APVMA taken any legal advice relating to such police requests?

Dr Parker: No.

Senator McCARTHY: Dr Parker, I'm just going to go to some of the funding matters here. Is it correct that last year you requested consideration of increased fees and levies to account for an alleged funding shortfall in the 2017-18 financial year but then found \$2.7 million of income you weren't expecting?

Dr Parker: We had discussions with industry about the possibility of an interim increase in fees to manage what we perceived at the time to be a shortfall. Quite unusually, in June of that year, we received a significant amount of unexpected income, which placed us in a position where we really didn't need an interim increase in fees.

Senator McCARTHY: Can you detail where that income came from?

Dr Parker: Yes. It came from levy payers.

Senator RICE: Why was it unexpected?

Dr Parker: That's a good question. We had been doing a number of audits of levy payers. One of those was found to be underpaying. So that was an unexpected amount. Whether that had an influence on ensuring that everyone else checked that they were appropriately paying the levy or not, I couldn't conjecture. It was an unexpected amount, which didn't necessarily equate to exactly how we saw things in the budget sense.

Senator McCARTHY: So was it \$2.7 million in the levy payments?

Ms Croft: It would be in the order of that.

Senator McCARTHY: What kind of budget forecasting process is the APVMA using, that this came out of the blue?

Ms Croft: Traditionally, when we forecast the revenue for the year, we base it on the average of the revenue collected from the previous three financial years. That is what would have appeared in the budget statements. On this occasion, obviously, remembering that the levy is related to sales, so if sales in a particular year are higher, we'll receive a greater levy than we may have expected. So we're really reliant on the annual sales data to be finalised before levies can be calculated and we receive those funds.

Senator McCARTHY: Are you confident in the processes and the manner by which the department handles funding arrangements for the APVMA?

Dr Parker: I don't understand the question.

Senator McCARTHY: You were very surprised by a \$2.7 million increase. It's just a general question.

Dr Parker: I think it's been explained that we do it on an average of the three years. Sometimes due to sales and things, these come forward. It would be fair to say that as part of the CRIS process—this is something our audit committee has highlighted—we need to get better at forecasting revenue. I think that's a fair comment. That's something we'll be doing work on as part of the CRIS process, to get better at forecasting what our income might be for the year. I think that's a fair comment.

Senator McCARTHY: Thanks. I want to go to your corporate plan.

Senator RICE: Can I ask one more question about this unexpected increase, based on the previous three years. Does that mean that in fact the levies had been underpaid for that three-year period as well?

Dr Parker: That's not what the answer was. The answer was that we base our budgeting on an average of the income for the previous three years, and then we had an unexpected amount come in. It could have been related to sales. It could have been related to people double-checking that they were paying the appropriate levy. There could be any number of reasons for it. We don't have a clear understanding of exactly why.

Senator McCARTHY: Can you confirm that the APVMA's average time frame performance for all Agvet chemical product registrations was 86 per cent in the July to September 2018 quarter?

Dr Parker: I think that's right. Let me check the performance stats. Eighty-six per cent, total, that's correct.

Senator McCARTHY: Can you explain why, in the APVMA's 2018-19 corporate plan, you have set a goal of approving just 70 per cent of applications within the time frame for 2018-19, and 75 per cent for 2019-20? I'm wondering why there is a drop.

Dr Parker: When I started in the organisation, it had less than 60 per cent of its applications being completed within time frame. This has been asked before at previous Senate estimates. When you set those figures, you set what you think is realistic. I'm pleased that we have done better than what we thought we might do. I think that industry and the Australian people would be pleased that we've done better than what we thought we might do.

Senator McCARTHY: Minister, are you concerned the APVMA has declared its in corporate plan that it's not even attempting to improve its performance over the coming two financial years?

Senator Colbeck: I'm not sure that that aligns with the evidence we have just heard. Clearly, Dr Parker has just said that he's pleased he is exceeding his expectations. I would need to go back to when that document was actually written.

Senator McCARTHY: The corporate plan shows a reduction, that's all.

Senator Colbeck: Dr Parker has just said when he took over the organisation it was not meeting 60 per cent. It's now meeting 86. His target that he set, when it was meeting less than 60, was 70 and then 75, from your questioning even. That would indicate to me he was looking to increase the organisation's performance, and not

only was he looking to increase the organisation's performance; he has increased the organisation's performance. I think he should be congratulated for that.

Senator McCARTHY: Do you think it's acceptable that Australian farmers should wait longer than their North American and European competitors for new crop protection innovations?

Senator Colbeck: You're making an assertion that I don't necessarily accept.

CHAIR: I want to see that we have apples and apples.

Senator Colbeck: There has already been a question asked around that particular matter earlier this evening, which I think Dr Parker has taken on notice. I look forward to the answer. I wouldn't necessarily agree that other countries get things quicker than us. Quite frankly, I'm not sure that that's necessarily completely relevant, because a lot of the things that we utilise here aren't utilised in other places. I've certainly seen that in evidence that I know this committee has received previously. We have access to chemicals here that other countries don't have access to, for good reasons, because some things work differently in different places for different reasons and are used for different reasons. So I'm not sure we're making correlations or comparisons that are relevant.

Senator McCARTHY: I'm going to the digital strategy, Dr Parker. I know that you said to this committee on 23 May that a business case was submitted to the government containing a number of options for the APVMA's digital strategy. You were subsequently asked to provide details of those options on notice, but the response to question on notice No. 21 does not answer the question. Can you provide those options and the cost associated with implementing each option?

Dr Parker: That was the subject of a cabinet submission. I'm not sure that's its usual practice to be providing that information.

Senator McCARTHY: Thank you, Chair.

Senator STERLE: Dr Parker, I've been in and out and moving around, so if you've already answered the questions, that's fine. How are we going filling the positions within APVMA? Last time we spoke you were very buoyed. I made a comment in a contribution in the Senate the other day still wondering where the heck we're going to get them. I don't want to start a blue. I'm hoping I am proved wrong, and that's what I've said. Why don't you give us a rundown on what has been happening?

Dr Parker: I might ask—

Senator STERLE: I was more having a go at the minister.

Dr Parker: I might ask Ms Croft to give you a summary.

Senator STERLE: Yes, that would be good.

Dr Parker: What I wouldn't mind doing is then adding to Ms Croft's answer, if that's okay.

Senator STERLE: Sure.

Ms Croft: As Dr Parker said, we're now at 72 staff.

Senator STERLE: There are now 72?

Ms Croft: Seventy-two, and we have another 18 who have been recruited and will start before the end of March.

Senator STERLE: Sorry, I've lost my pencil. You said—

Ms Croft: There are 72 in Armidale and a further 18 that have been recruited and will start between now and the end of March. We currently have a number of positions undergoing recruitment processes and we anticipate there would be in the order of a further 25 staff, depending on what comes out through those rounds.

Senator STERLE: So we're chasing another 25?

Ms Croft: There are in the order of 25.

Senator STERLE: Of the 72, what is the break-up?

Dr Parker: Thirty-nine of those are regulatory scientists.

Senator STERLE: I want a real good news story. That's why I'm giving you the opportunity. So 39 are scientists?

Dr Parker: Yes.

Senator STERLE: So that's good. They're out in Armidale?

Ms Croft: Yes.

Dr Parker: Correct.

Senator STERLE: Beauty! What about the—whatever number that leaves?

Ms Croft: There'd be a combination of staff also working in our registration area, largely in our case management unit, as well as some in the corporate space.

Senator STERLE: Okay. What's the 25?

Ms Croft: I can provide those to you.

CHAIR: While we're looking for that figure, Dr Parker, could I ask: when you visit, do you get from staff members who were in Canberra and who have gone to Armidale any 'I wish I'd done this a long time ago' in terms of lifestyle and the kids and no traffic and 'The publican knows my name'?

Dr Parker: I've not had those specific conversations, but Ms Croft is with those people more than I am at the moment. She might have a comment to make in regard to that issue.

Ms Croft: Just anecdotally, I would certainly say that our staff who have relocated are very happy and settled in Armidale. To go back to Senator Sterle: there are a range of positions, including investigation officers.

Senator STERLE: These are part of the 33 out of the 72?

Ms Croft: I thought you were asking about the 25.

Senator STERLE: I am asking about the 25, so what are there?

Ms Croft: There are a range of investigator officers for our compliance team. We're also looking for staff in our Adverse Experience Reporting Program and our manufacturing quality and licensing program, and staff related to knowledge and risk management and chemical review. Then we have a range of positions across our corporate sector in legal, finance, payroll, business systems and HR, as well as administrative.

Senator STERLE: So these are 25 positions that you're seeking to fill. Are there applicants? Are there ongoing—

Ms Croft: Yes. All of these have been advertised and are going through the process.

Senator STERLE: Good. When do we hope that those positions will be filled?

Ms Croft: We would anticipate, I would think, for anything active at the moment that we would have those positions finalised around May.

Senator STERLE: That's good. So that's that. Then we go back to Canberra. What have we still got in Canberra? As I said, if you've answered these—

Dr Parker: We've answered it.

Ms Croft: Yes, we have answered it—133 in Canberra.

Senator STERLE: Okay. No worries at all. Chair, do you have any further questions?

CHAIR: Yes, I've got questions.

Senator STERLE: I know Senator Ketter does too. I'm happy to share it around.

CHAIR: Let's go to Senator Ketter first.

Senator KETTER: I have just one follow-up question. Can you tell us how many staff are ongoing and non-ongoing in both Armidale and Canberra.

Dr Parker: Have you got those figures, Ms Croft? Senator, can we take that on notice please?

Ms Croft: I suspect I may have them. I can come back to you before the break if I do.

Dr Parker: If we can come back to you, we will. If not, we'll take it on notice.

Senator STERLE: You could give it to us after the meal break.

Dr Parker: Certainly. If we're still here, Senator, then yes.

Senator STERLE: It saves you going back and doing it.

Dr Parker: Absolutely. We're happy to do it. If we've got it with us, we'll definitely give it to you.

Senator STERLE: Tremendous. Sorry, Senator Ketter.

Senator KETTER: I just had the one question.

Ms Croft: I have found that particular piece of information. Of our staff, the total between Armidale and Canberra, we have 169 who are ongoing and we have 36 who are non-ongoing, which could include people who are on a temporary transfer to us from another agency.

Senator KETTER: And you couldn't break those down by location?

Ms Croft: Yes. In Armidale we have 70 ongoing and two non-ongoing, and in Canberra we have 99 ongoing and 34 non-ongoing.

Dr Parker: Can I just add to that answer—

Senator STERLE: We're looking for good news stories, Dr Parker, so we're not going to yell at you for that!

Dr Parker: It might be useful for the Senate if I provided these figures. Between 25 November 2016 and 31 January 2019, the APVMA had 41 regulatory scientists separate and we employed 48. The total service lost, if you want to put it in those terms, of the 41, was 230 years, with an average of 5.6 years of service. The total regulatory science experience gained is 298½ years, with an average length of experience of 6.22 years.

Senator STERLE: You should leave more often then, because you're creating employment for all these older people!

CHAIR: Finally, you've come to see the merit of this policy exercise! It has taken awhile!

Senator STERLE: No, Chair, I've never been—

Dr Parker: The reason I provided that is that there has been a focus on what has been lost, and, as I mentioned in my opening address, opportunities have presented themselves to us to rejuvenate the organisation and bring in highly experienced staff. If I could just finish: 19 of those new scientists have PhDs, and 17 have master's degrees. We have recruited some outstanding individuals.

Senator STERLE: What about in the town? Part of the reason for it going to Armidale was the University of New England. What activity has happened to attract—I don't know—the courses that you require? We had the bosses of the universities come and tell us how great—what do you call them?

CHAIR: Chancellors and vice-chancellors.

Senator STERLE: Yes, that's right. I never got that far! So tell us what's happening on that front.

Dr Parker: We've had interactions with the University of New England over the last, probably, couple of years—certainly since I've been involved with the organisation—to provide guidance and assist them in both the design of the regulatory science courses that they're choosing to run and to provide them with information on the sorts of things that we would like out of that process.

Senator STERLE: So you're still shaping it?

Dr Parker: I've forgotten the exact number and exactly what they're called, but I believe they have two courses to do with regulatory science, and we provided input into how those might look and what they might provide.

Senator STERLE: Is that for the opportunity of having, hopefully, a cohort of school-leavers in the region who may see that, to start next year—is that what you're doing?

Dr Parker: Clearly these matters are for individuals, but the University of New England is well-renowned in Australia as a university, an ag university—in fact, an ag economics university—and quite well-respected. This, I would think, would provide them—but they'd have to answer for themselves—with another string to their bow. There is a ready-made employer in town for these sorts of graduates. So there are some synergies there, I would suggest.

CHAIR: Is there a prospect that some of your doctoral graduates will provide lecturing and support to the university on the subject matter?

Dr Parker: There are reasonably strict guidelines around Commonwealth employees taking outside employment, but that's not to say that I or Ms Croft wouldn't actively consider that sort of involvement.

CHAIR: Surely, in the longer term?

Dr Parker: Absolutely, and I've got a number of staff members who provide papers at conferences and provide input into other institutions, particularly in the toxicological space, so it's certainly something that, as a science based organisation, we would consider, but it needs to be managed within the context of outside employment and ensuring there are no conflicts—all those sorts of normal processes you go through when you're assessing those sorts of applications.

CHAIR: It being dinnertime, we'll suspend. The government has some questions, but I'd encourage everyone to be back here on time because things have a way.

Proceedings suspended from 18:29 to 19:32

CHAIR: We will now resume the Senate Rural and Regional Affairs and Transport Legislation Committee additional budget estimates for 2018-19. I'm going to go out of step here and go to you, Senator Rice. The

government has 30 minutes, but I'm going to go to you because we want to deal with a bit of business for the committee. At the end of your 15 minutes, I'll come back and deal with the government.

Senator RICE: Thank you.

Dr Parker: Chair, with Senator Rice's indulgence and your indulgence, we have an answer to a previous question from Senator McCarthy. Could we provide that information now?

CHAIR: Yes.

Ms Croft: The answer is in relation to the number of staff on visas. We currently have three staff with us who are on visas: two in Armidale; one in Canberra. In terms of the—

Senator Colbeck: Chair, I don't think anybody is listening to the answer—

Senator RICE: I was!

Senator Colbeck: to Senator McCarthy's question. I just thought the Labor members might be interested in the answer.

Ms Croft: We currently have three staff on visas: two of them are located in Armidale at executive level 2 and one is in Canberra at executive level 1. The two in Armidale are in our registration unit and the one in Canberra is in our risk assessment and capability unit.

Senator RICE: Thank you. Before getting back to where we were when I was in mid-flight, in my previous contribution, I just want to ask a final question about staff numbers. What's your expected full cohort of staff at Armidale?

Dr Parker: We've got space for 150. I would anticipate that, by June this year, we should have in the order of 130 to 135 there. It would be my expectation that, following the CRIS process, we may put on a few extras, but that's my expectation at this stage.

Senator RICE: So that's 150 for a full cohort at Armidale, plus 40 in Canberra?

Dr Parker: Somewhere in those numbers, but I'm—

Senator RICE: How does that compare with the staffing before the Armidale relocation and the process began?

Dr Parker: It's probably a few more.

Senator RICE: All right. Now, we were talking—

Senator Colbeck: Senator Rice, we did say earlier that we would give you a document that indicated funding into biosecurity. I am happy to table it now.

Senator RICE: Thank you. We were talking about third party assessors, and I was asking when they have been used up until now and why, and you said for purposes of efficacy and environment—and we then got interrupted. Can you explain what 'efficacy' and 'environment' means.

Dr Parker: Sorry, I suppose I was using an abbreviated term. As you're aware, when we assess applications, they're often broken up into different modules. Efficacy is essentially, as I'm sure you're aware, whether the product works or not, and that has an assessment associated with it. Of course, one of the other things we look at is what the environmental impacts of any particular chemical are, the information around the safety for the environment, and whether there are any adverse effects. That's what I mean by that answer.

Senator RICE: They're sort of subparts of an overall assessment?

Dr Parker: Yes. When you do an assessment, you'll look at the toxicology. You'll look at the efficacy. You'll look at the formulation. You'll look at any trade impacts—so, what that looks like—and, of course, environmental impacts.

Senator RICE: Would they be coordinated through somebody that would be pulling all of these bits of the assessment together within the organisation?

Dr Parker: The way we try and run it is that we tend to have case managers who guide the process through the organisation. But it's clearly my expectation of my executive that they keep a close eye on that to ensure that where there are particular issues with maybe one module—whether we may not have enough information or it may need something extra from the applicant—that that's followed up.

Senator RICE: What proportion of the assessments that are done at the moment would be done by third party assessors?

Ms Croft: Almost all of our efficacy assessments are currently performed by external scientific reviewers, around half of our environmental assessors and around a fifth of our human health assessments.

Senator RICE: Human health assessments?

Ms Croft: Yes.

Senator RICE: How does that then compare with the overall assessment, in terms of the case manager pulling in all the various bits and the bits that you do in house? I'm just trying to get a feel for how much of the current work is already being done by external assessors.

Dr Parker: It depends on the product and it depends on how many modules are required for the product. I mean, not every product has to go through every module. Products that we already have a fair bit of information about may not need a full assessment. That's a very difficult figure to work out, and we wouldn't have it with us. We could make an effort to give you something.

Senator RICE: Take it on notice; that would be great.

Dr Parker: We'll take it on notice and see what we can provide. Again, I can't guarantee it's absolute accuracy, but we will give you a fair assessment of what we believe to be those percentages.

Senator RICE: Under the bill that's currently before the House, would the use of external assessors change? Would you see external assessors being used for the full assessment process—doing the case management as well?

Dr Parker: That's certainly not our intention, no.

Senator RICE: Would the bill allow it?

Dr Parker: My understanding of the bill is that it provides a head of power, if you like, a framework, that you'd be able to use if you so chose to do that, but that is not the model that we are pursuing, as you've known from many times at Senate estimates where we've been through this journey together about how we have looked to address some of the risks. It is part of having a head of power which provides that little bit of extra assurance over what we do now. If it were to happen in the future, there would be a head of power that would provide it. But, at the moment, we are not anticipating, given the satellite office, given the very strong recruitment that we've had, that we'd be looking at having that sort of full assessment. To be honest, we went out to market and tested the market about whether there were actually people who would be able to do that sort of work, and the market is very, very thin. So it's probably not something that we would be pursuing as a matter of course.

Senator RICE: But the bill as it's currently drafted would permit that if a future—

Dr Parker: It would give you a head of power to be able to do that.

Senator RICE: APVMA or a future government said that that was the way that they wanted to go.

Dr Parker: There would be a range of regulators, including the New Zealanders and others, who use exactly those sorts of assessors, probably in a slightly different way from the way we do, as in they do some more fulsome assessments.

Senator RICE: Currently, what sorts of checks do you do for compliance to make sure that those external assessments are being done to the right standard?

Dr Parker: They're all reviewed by APVMA staff. Dr Lutze can provide some examples. There would be things that would be sent back for further work. Dr Lutze, you might like to add to my answer.

Dr Lutze: All of our assessments that go to ESRs are peer reviewed by the APVMA. We are still the decision-maker. We can choose to accept those recommendations or ask for some further work to be done on that assessment. As I said, we are the final decision-maker.

Senator RICE: So you basically do a final reassessment of the assessment?

Dr Lutze: That's correct. They're all peer reviewed by APVMA experts.

Senator RICE: Under this legislation, would a proponent, a chemical company, somebody trying to get their product assessed, be able to choose their assessor, or would it be up to the APVMA to choose who's doing the assessing?

Dr Parker: The department may be able to assist in this answer. My understanding is the changes to the legislation give you the head of power and the details would be worked out in a regulation, which would be a disallowable instrument.

Senator RICE: Yes, but under the current legislation as it stands, if indeed under that head of power the whole assessment were privatised or put out, would the chemical producer be able to choose who did their assessment?

Dr Parker: Senator, I refer you to the department as far as the details go.

Ms Gaglia: Yes, they would, Senator.

Senator RICE: What if they were unhappy with the assessment that was provided by a third party assessment? Would they then be able to go to another assessor to say: 'I don't like the answer I got this time. I'd like you to do a reassessment'?

Ms Gaglia: At the end of the day, any assessments they get done and get submitted to the APVMA must be accepted by the APVMA. Therefore, if the assessment doesn't meet the rigour and the quality that the APVMA currently expects, then it wouldn't get approved.

Senator RICE: But the question I'm asking—and, okay, we've got the final tick-off by the APVMA—is that they could get an assessment done by one reviewer and keep shopping around until they got the response they want?

Dr Parker: Senator, you're proposing a whole series of hypotheticals, which I don't think it's fair to be questioning us on, given that the legislation has not been passed by the parliament and, as we have explained, the APVMA does the review. Are you suggesting that, if you shop around and then you get some better answer, that would then pass more easily the APVMA—because I would not contend that that would be the case.

Senator RICE: But it potentially could.

Dr Parker: How?

Senator RICE: If they've got different assessments and one says, 'No, this one is no good for all of these reasons,' and so it gets put in their back pocket and doesn't see the light of day, and the assessment which is much more favourable to them is the one that they put forward to the APVMA.

Dr Parker: The assessment would still have to pass the scientific rigour of the APVMA and be in accordance with the known science to do with those issues. It's not as though when we assess something we just look at what the applicant provides. We look at the range of papers that would be in that realm. If a conclusion came in from a registrant that was significantly different to the known science, I doubt very much that that application would go very far in our system.

Senator RICE: That might be consistent with the known science, which might be under challenge, as other chemicals that we're currently—

Dr Parker: Again, we are moving into—

CHAIR: Hold on, Mr Parker. There are boundaries even in the hypothetical world that you can answer. Senator—

Senator RICE: Okay.

CHAIR: No, no. Don't just talk over me. Bring your questions back that can focus on an answer, and people will form their own views from there.

Senator RICE: Say you've got the total assessment of your chemical, you've privatised it to that extent so that the total assessment is able to be done, and a company had a number of different applications and they were all refused by one assessor. What's to stop them saying: 'Well, I don't like the answers you're giving me. I'm going to go and try somewhere else, unless you give me the answers that fit the answers I want to hear'?

Dr Parker: Senator, as I said, my understanding is that, within the regulations to underpin the head of power, it would certainly be dealing with a hypothetical situation. It would be my expectation that those issues would be dealt with in the regulations that provide the guidance on how these things are managed.

Senator RICE: But they're not in the legislation, are they?

Dr Parker: Well, it's a disallowable instrument, so I would say that a regulation is a piece of legislation. It's not a part of the act, but it is a piece of legislation that goes before the parliament and can be disallowed. The parliament has full oversight of any regulation that's provided to support a head of power that sits in an act, and that's perfectly reasonable.

Senator RICE: Basically, then, we're dealing with potential conflicts of interest of those third-party assessments through regulation rather than ensuring that those conflicts of interest are appropriately in the legislation. It sounds from what you're saying as if you think that's an appropriate way of going and the APVMA supports that and is able to manage this massive potential conflict of interest.

Senator Colbeck: Senator O'Sullivan, I think that Senator Rice is even struggling to explain her own conspiracy theories now.

CHAIR: Yes. Senator Rice, your time is done.

Senator RICE: No, I think it's very clear.

CHAIR: I have some questions on this subject now to help clear the air. Ultimately, no matter what the journey is with an application for science to be applied to something, did I understand you to say that the APVMA will have it peer reviewed by experts in the field?

Dr Parker: That's correct. The APVMA would peer review it.

CHAIR: So I can shop until I'm pink in the gills and get as many unhappy reports as I like and tip them over my shoulder and get one that suits me, but, unless that is underpinned readily by known science in the peer review, it won't go any further—correct?

Dr Parker: That's correct.

CHAIR: All right. So we can put all the hypotheticals we like into it. We can have corruption out there. We can have a corrupt scientist who produces a corrupt report, but it will still be tested by the experts under the independent administration of the APVMA.

Dr Parker: That's correct.

CHAIR: All right. I think that tidies that up. I want to go back a little bit to the culture at Armidale, because I'm really interested to see how this has gone. Has anyone gone to Armidale who, post their arrival there, has said, 'Well, look, this is very unpleasant; I don't want to be here,' and has left the organisation?

Ms Croft: Are you asking in relation to our staff that have relocated from Canberra to Armidale?

CHAIR: Yes, within your scope of knowledge.

Ms Croft: The answer is no. None of our Canberra based staff who have relocated have chosen to leave.

CHAIR: Okay. Ms Croft, from a productivity point of view, do you notice anything at Armidale? I'm not blaming the staff or the staff environment in Canberra, but have you noticed any uplift with productivity? I know that people talk about how, when they're in smaller communities, they've got less commuting time and are less stressed. Have you noticed anything, whether it's measurable or just your own observations?

Dr Parker: I think we haven't actually assessed that or measured that. But I did mention in my opening statement, which we've tabled—and thank you for your tolerance while we got a clean copy—that in any organisation, when you get new staff in, there is a lift of enthusiasm, particularly in an organisation like the APVMA, which has been knocked around a bit. I get a sense when I go to Armidale, and in Canberra, that there's a genuine sense that we can do this job and the enthusiasm's there. I think having some new people and some new blood come into the organisation has been a very positive thing for the whole organisation. It's been very positive for me. It gives you a real sense, when you're up there and you see the enthusiasm and the ability of some of these people, that there is very much light at the end of the tunnel.

CHAIR: Thank you for that.

Senator STERLE: I have just one question if I've got time. Dr Parker, I note your free flow of information on how jobs are picking up. In defence of the APVMA, why do you need a governance board? There's nothing that indicates that you people are out of control or not doing your job.

Dr Parker: Senator, that might be a question better directed towards the department.

Senator STERLE: Maybe I'll put it to the department. Sorry.

Senator Colbeck: I think it's a decision of the government.

Senator STERLE: I'll put it to you, then, Minister. Why do they need a governance board when they're doing everything perfectly?

Senator Colbeck: The obvious purpose of a governance board is to assist the management of the APVMA with their management and governance of the organisation. It's as simple as that. We congratulate Dr Parker on the work that he has done so far. I think the evidence that he has given today demonstrates how far he has brought the organisation. It's not the only government agency that will have a governance board. There are quite a number of those. I think that in this day and age it is good practice.

Senator STERLE: Okay. I made a lot of comments I stand by in the chamber the other day and I'll stand by them now. For the purpose of moving on, I'll leave it at that, Chair.

Senator RICE: What will this proposed new legislation allow you to do that you can't do now, given that you've already got external assessors?

Dr Parker: Again, I'd direct you towards the department.

Ms Gaglia: Senator, are you talking specifically about the accredited assessors?

Senator RICE: Yes.

Ms Gaglia: It's basically providing them with a head of power that just gives greater transparency, is what we consider, for what they already do now. It will allow them in the future if they decide they want to go ahead and utilise the head of power—they will set out the criteria, what type of assessments that they would implement that for, whether it's the ones they currently do or whether it's more than just the efficacy and environment and human health.

Senator RICE: So it will allow them to do more that they say they don't want to do at the moment but potentially they could do in the future?

Ms Gaglia: If they chose to, yes, Senator.

Senator RICE: Dr Parker, you've said that you have the capacity to conduct the work that you're currently doing, of assessing new products in a timely fashion. Given the risks of conflict of interest that I was talking about, it would appear that having this head of power is not worth doing. What are the reasons? Why does it need this power?

Mr Quinlivan: Senator, I think it has been articulated by the department in the previous question.

Senator RICE: But you don't need it at the moment. You don't use it at the moment. What's the purpose of needing it and doing it? What's the problem with the current situation?

Dr Parker: Given that the legislation hasn't passed the parliament and is still to be considered by parliament, my view is that such a head of power would provide greater assurance around, particularly, issues you're talking about, like conflict of interest, but a whole range of issues to provide us with a legislative base rather than just administrative processes which we run now.

Senator RICE: Okay. I will move on. Would the restoration of the agricultural chemicals reassessment and re-registration scheme, which was cancelled in 2014, impact on your capacity to conduct other assessments and approvals?

Dr Parker: Senator, it's not something that I have actively considered, but I will provide a couple of comments, if I may. I note where there is a legislative time frame associated in other countries, through personal communications with the heads of those organisations, it is significantly resource intensive. I suspect that, if it were decided such a provision was needed by the parliament and the government of the day, that would have significant resource implications to be able to manage a mandated time frame associated with chemical reviews.

Senator RICE: What additional resources would be required, do you expect, to undertake—

Dr Parker: Again, you're asking me a hypothetical. I don't have a piece of legislation that says to do that. I don't have any basis to be able to give you a reasonable, intelligent answer associated with the resource requirements for something where I don't even know what it looks like.

Senator RICE: So you haven't done any assessment of what the extra load would be?

Dr Parker: No.

Senator RICE: It wasn't implemented, is my understanding. The legislation was introduced in 2013 and then repealed in 2014. I don't know whether there would be an assessment that would have been done at that time. It was obviously before your time.

Dr Parker: Well before my time. I'm not aware of an assessment.

Senator RICE: Would you be able to see whether there was any assessment done at that time?

Dr Parker: I'll do my best to have a look.

Senator RICE: Has Australia's lack of a comprehensive agricultural chemicals reassessment and re-registration scheme, like which operates in the US and the EU, which requires re-registering of all ag chemicals every 15 and 10 years respectively, impacted the acceptance of our food commodities in those markets?

Dr Parker: That's not a question I can answer. I'm not involved with food exports.

Senator Colbeck: Not to my knowledge.

Senator RICE: Okay, so—

Senator Colbeck: In fact, I'd suggest that Australia has a very strong reputation for high-quality and safe food products. It's one of the reasons for the demand for our product in international markets. In fact, I've had customers say that to me in exactly those terms.

Senator RICE: Is the APVMA aware of a new paper that was published in reviews in *Mutation Research* on 10 February? So, nine days ago. The title is, 'Exposure to glyphosate-based herbicides and risk for non-Hodgkin

lymphoma: a meta-analysis and supporting evidence'. It concluded, 'The overall matter relative risks of non-Hodgkin's lymphoma in individuals—

CHAIR: Senator! Let's see if they're familiar with the paper—

Senator RICE: Yes.

CHAIR: That was the burden of your question. Are you familiar with that?

Senator RICE: Are you aware of it?

Dr Parker: Yes.

Senator RICE: You are, okay! And so we—

Dr Parker: Can we just clarify this? My understanding is that it hasn't been published. There is the release of a prepublication of that paper.

Senator RICE: And its conclusion was that the overall meta-relative risk of non-Hodgkin's lymphoma in individuals was increased by 41 per cent in the highest exposure.

Dr Parker: Senator, might I suggest that we could have a long and very scientific discussion here at estimates, and I'm very happy to have that—Dr Lutze is here. Once that paper is published we will examine it in depth, and I'd also be very interested in the views of the agricultural survey out of the US as well. There are a whole range of inputs that would need to be considered. When we look at that paper, if we believe that there is any change to the regulatory position required of the APVMA, of course we would make it.

Senator RICE: Okay, that's good to hear.

Dr Parker: That's our job; it's what we do every day.

Senator RICE: Yes, so reviewing that new evidence. What's the time frame that you think you might be able to do that in?

Dr Parker: Let's see when it's published and then we'd have a better indication of the time frame. But I'm not aware of how complex it is. Do you have a sense, Dr Lutze, of how complex that particular paper is? Do you have any further comment you'd like to add?

Dr Lutze: It covers quite a broad range of review of material already in the marketplace, already published in the public sector. I think it also makes significant comment on the Agricultural Health Study from the US. I'll be very interested in seeing their response to this re-examination of their data.

Senator RICE: Okay, I will look forward to hearing your thoughts on this paper and your review of it.

Senator STERLE: Ms Gaglia, did I see you in the advisers' box in the Senate the other day?

Ms Gaglia: Correct, Senator.

Senator STERLE: I thought so. I thought you'd left the department and gone to work for one of that mob! Does that happen very often?

Ms Gaglia: When I have legislation before the Senate that I'm responsible for.

Senator STERLE: No, I'm just saying that I've never noticed an assistant secretary there. I'm not having a crack at you! I'm just saying that I'm not going mad and you're not working for one of them—well, not directly on the payroll!

CHAIR: We have Dr Parker's opening statement, which consists of four pages.

Dr Parker: Chair, if questions have finished, may I just put something into *Hansard*, please?

CHAIR: Let me come to you.

Dr Parker: Thank you.

CHAIR: I'll table the opening statement of Dr Parker. It's four pages; are there any objections from colleagues to tabling that? There being no objection, it is tabled. And the minister has tabled a media release of two pages from the Minister for Agriculture and Water Resources. There being no objection, that is so tabled. Do any senators have further questions of the APVMA? There being none, of course, Dr Parker, you can close out.

Dr Parker: Thank you, Chair. There have been complimentary comments from the ministers and some complimentary comments from senators about the performance of the organisation, and specifically mentioning me. I just wanted to put on the record that you're only as good as the staff you've got working for you, and the staff have been absolutely fantastic at the APVMA. My view is it is a very strong organisation, notwithstanding the challenges that we're all aware of, and I want to put on record my personal thanks to the staff at my organisation, who I think have made the organisation look good. Thank you.

CHAIR: Thank you—and so noted. Thank you, Dr Parker, and all of your staff for their preparation for estimates. We wish you all the very best, and a safe journey to your return ports, wherever they may be, Armidale included.

Dr Parker: Thank you.

Australian Fisheries Management Authority

[20:02]

CHAIR: We now call to the table Australian Fisheries Management Authority. Welcome. Does anybody wish to make an opening statement?

Ms Willock: No, Chair.

CHAIR: Okay. Labor, you have the call.

Senator STERLE: I've got no questions.

CHAIR: I just want to get it on the record. You're not taking the call?

Senator STERLE: No.

CHAIR: Senator Brockman?

Senator BROCKMAN: Minister, I'm not sure if this is to you or just to AFMA. I'll say before I start my questions that I think I missed this section last time. So, if these questions have been asked and answered, Chair, I'm happy for them to be knocked on the head.

CHAIR: Sure.

Senator BROCKMAN: I had raised with me by a number of commercial fishing operations, in the second half of last year and earlier this year, concerns over a particular publication—I think it came out in the middle of last year—I believe, from the University of Tasmania about declines in Australian commercial fishing stocks. Are you aware of this publication?

Senator Colbeck: I certainly am, and I think AFMA might have expressed a view around that at the time as well.

Senator BROCKMAN: Okay. Has this matter already been well canvassed at this committee, or could you give me a brief rundown on AFMA's view of that document?

Ms Willock: Yes. The paper you're referring to is Edgar et al, which was published in June 2018. It used a particular method of inshore reef surveys and then extrapolated those results to make certain assertions about Commonwealth managed fish stocks. Since that time, a number of rebuttals have been also published, including from us. Most recently, a paper was published by CSIRO, Little et al, and that pointed out some of the flaws in the methodology used in that Edgar paper.

Senator BROCKMAN: Do you have the title of that paper?

Ms Willock: Yes, it is 'Comments on the evidence for the recent claim on the state of Australian fish stocks'.

Senator BROCKMAN: Goodness gracious! That's a catchy title!

Ms Willock: Yes. As I said, Richard Little from CSIRO was the lead author on that.

Senator BROCKMAN: I think Doctor Little or Professor Little should maybe get some lessons in naming things. Did you do an analysis of the evidence? How did you approach the topic?

Ms Willock: AFMA put out a statement on the claims in the Edgar paper not long after that paper was published last year, pointing out, as I said, some of the flaws used in the methodology in extrapolating inshore surveys to offshore resources. As you'd know, Senator, most of the Commonwealth managed fisheries operate in waters deeper than 100 metres—so clearly out of this scope of inshore dive based surveys. The paper from CSIRO which was published earlier this year looked at the information of the Edgar paper that was used to make the claims about declines in Commonwealth managed fish stocks and pointed out some of the problems in that extrapolation exercise that was done.

AFMA, the FRDC—the Fisheries RDC—and the Little paper from CSIRO have all pointed out not only the methodology issues with the Edgar paper but also the basis on which we can rightly state that Commonwealth managed fisheries are sustainably managed. For the last five years, the Australian Bureau of Statistics status of stocks reports have found that no solely Commonwealth managed fishery is subject to overfishing—a rebuttal of the methodology used by the Edgar paper and statements out there and the evidence around the claims about sustainably managed Commonwealth fisheries.

Senator BROCKMAN: The number cited at me was a 33 per cent decline. So that was the number from the Edgar paper, I take it?

Ms Willock: Yes, saying that there had been a rapid decline of fish species occurring in those deeper waters over the last 10 years to 2015.

Senator BROCKMAN: Okay. So AFMA's view, backed up by the CSIRO study, is that current Commonwealth commercial fish stocks are being harvested sustainably?

Ms Willock: Yes.

Senator BROCKMAN: And that is across all commercial species?

Ms Willock: Across all species that are subject to Commonwealth-only management. No stock is currently being overfished.

Senator BROCKMAN: So what is the relationship, if any at all, that Mr Edgar—or Professor Edgar or Doctor Edgar—was trying to draw out between inshore and offshore fisheries? Is there a link? Was he just drawing a long bow?

Ms Willock: It's a little difficult to say what the objective may have been. There are some fish stocks in Commonwealth waters and in state waters that certainly have been subject to declines. The reason for those declines isn't that they're being overfished. They may be more to do with changes in habitat, climate change impacts, climate variations and natural fluctuations in fish stocks. There are also market demands that come into force when operators are making decisions about which species to target. So there are probably some issues in the Edgar paper that are rightly taken notes of in terms of managing fisheries but, where the issue was taken was with extrapolating the inshore survey methodology and applying it to offshore species. That was the main criticism of the scientists.

Senator BROCKMAN: One of my concerns—and perhaps this is more for you, Minister—is that, if the public hear that Australian fisheries are being overfished, they will potentially have a quite negative reaction to Australian produced and harvested fish.

Senator Colbeck: That's one of the concerns that I had in relation to the Edgar paper. It was certainly a concern that the industry had with the Edgar paper. I might add that one of the other criticisms of the Edgar paper in the CSIRO document, alongside extrapolating survey results from inshore to continental shelf and slope fisheries, was that the paper used catch-only methodology to infer stock status. There are a number of other methods used in Australian fisheries to determine stock status. In fact Australia, in some areas, is a global leader—for example, using close kin technology, where DNA from the fishery is utilised to conduct measurements across the fishery. So there are a number of things to use, and the CSIRO paper pointed out the utilisation of one element only as a flaw in the paper.

There were a number of analytical deficiencies and factual errors in Edgar's paper. The overall picture is that it painted a very negative picture—falsely—of the Australian industry. I think the industry can be very proud of our achievement in having, for five years running, no fishery solely managed by the Commonwealth being subject to overfishing—and we ought to protect that. Unfortunately, the public are inclined to believe a disaster story, and there are plenty of them put about around fisheries. There are some issues globally in respect of fisheries management, but Australia has very good fisheries management. It is accepted globally as one of the leaders, and we are an example.

Senator STERLE: We are in furious agreement that it is a very important industry, but, being in the same gang, couldn't the two senators just catch up over a Pimm's and a cucumber sandwich?

CHAIR: The minister is entitled to answer the question. Let the minister complete this answer.

Senator Colbeck: Senator Sterle, this paper was used in debate in the Senate to attack the industry.

Senator STERLE: We are all supportive here you know.

Senator Colbeck: I appreciate your support; I really do. But I think it is important that, in this forum, we place on the record that a number of very credible sources have rebutted the Edgar paper. Chair, with your indulgence, I am happy to table a copy of the CSIRO document for the committee and the record. I will leave it at that but I think it is really important, for the confidence of the Australian public in Australia's fisheries management and the industry itself, that that record is appropriately corrected in this forum.

Senator BROCKMAN: Could we have a quick update on the status and stocks of southern bluefin tuna?

Ms Gibson: The southern bluefin tuna is still a recovering species. Recent indications are that it is slowly recovering. The TAC for the Commonwealth fishery has been increased for southern bluefin tuna consistent with international assessments of the stock.

Senator BROCKMAN: And the rate of recovery is as was expected, predicted, hoped for?

Ms Gibson: I would have to take that on notice and look at the stock assessment again, but it is recovering slightly faster than anticipated.

Ms Willock: I can probably supplement Ms Gibson's answer. We are on track, under the management procedure, which is the assessment and management approach adopted by the Commission for the Conservation of Southern Bluefin Tuna, of which Australia is a member. The target is a 70 per cent probability of the stock being at above B-20, which is 20 per cent of the biomass, by 2035. On current estimates, this target could be reached by 2025. The stock is currently around 13 per cent of B-0 and, as Ms Gibson said, is rebuilding towards that target. The current total allowable catch for the Australian fishery is 6,165 tonnes, which is the highest TAC set in 22 years, reflecting the recovery of the stock.

Senator Colbeck: And I understand there may be some more good news coming soon.

CHAIR: The minister has tabled a two-page document which we will describe as commentary and correspondence by L Richard Little. There being no objection to it being tabled, it is so ordered.

Senator WHISH-WILSON: I think Senator Brockman called this a study—but it is commentary and correspondence, not a study.

CHAIR: Okay, your observation is on the record. Senator Storer.

Senator STORER: Has the authority undertaken research or an assessment of how it would manage an oil spill in fisheries in the Great Australian Bight or elsewhere?

Ms Gibson: NOPSEMA is the regulator of oil and gas exploration and production. As such, in approving environmental plans to support exploration and development, it does its own assessment of these types of issues. We work with NOPSEMA and other agencies on national responses to oil spills. We have not specifically carried out a study on the Great Australian Bight and what might happen there. We are relying on the work undertaken by NOPSEMA.

Senator STORER: But you have done studies in terms of the possible impact elsewhere?

Ms Gibson: Again, we work as part of a national grouping of fisheries and emergency management agencies. The primary agency responsible for this on the Commonwealth side is NOPSEMA. They would be doing these studies and we would be learning from them.

Senator STORER: So you would not be doing studies into the management of marine life after a spill?

Ms Gibson: Currently we are not doing any such studies.

Ms Willock: One of the additional points would be the harvest strategy policy. The harvest strategies implemented by the authority have the capacity to take into account changes in environmental conditions and changes in the status of the stock no matter what the cause of that impact was. In the case that you have just mentioned, as Ms Gibson said, the answer is: not specifically. But I think our management framework is flexible enough to take account of those types of impacts on stocks on a seasonal and interseasonal basis.

Senator STORER: Yes, that was the question I had: would there be consequences for data collection for science in terms of impacting on long-term surveys of fish population models if there was?

Ms Willock: In the scenario you put, I think there probably would be, as there are for other changes in the habitat in which other species live.

Senator STORER: But you were just saying you would be confident that your surveys and researchers could take that into account and respond.

Ms Willock: Our management framework certainly could. The forward-looking research plan would have to change, so the type of data that we currently rely on may or may not be available in the circumstances that you described. So it may need to be recalibrated. We would look at that through our resource assessment group processes and in consultation with industry and scientists and other interested parties.

Senator WHISH-WILSON: In October 2017 I asked some questions of Dr Findlay about providing access to Australia's EEZ to foreign fishing vessels to catch uncaught quota. Can you give an update on the state of play with respect to any recent approvals or approvals processes in train—or any changes in policy in relation to foreign fishing vessels in the EEZ, be they deemed Australian or otherwise?

Ms Willock: As far as I'm aware, there has been no access by foreign flagged vessels through any of the mechanisms available to us since I believe 2015, when a couple—

Senator WHISH-WILSON: Any approaches for any discussions?

Ms Willock: I might have to take that on notice. There have certainly been no approvals. I'd have to check whether we have had any applications recently. If there is a particular time frame you're interested in, we can certainly take that on notice.

Senator WHISH-WILSON: Okay. In October 2017 Dr Findlay said some companies had approached AFMA, AMSA and others looking at either importing vessels and putting them on the Australian shipping register or otherwise seeking to have them deemed. In talking to us about what sorts of processes might be around that, he said that we have significant underfishing et cetera. I can probably give you a copy of this. You're aware that there have been no approaches?

Ms Willock: I can let you know that there have been no approvals, but I would have to take on notice the number of approaches—

Senator Colbeck: And there has been no change in policy.

Senator WHISH-WILSON: Dr Findlay in answer to my question on policy confirmed that AFMA and other agencies were in discussion with at least two tuna licensees in regard to the fishing of their quota and bringing in other vessels. He said:

Understandably, quota holders are looking to explore opportunities to harvest that quota. And they're looking at bringing in capacity now. It's very expensive to build a boat, and there's lots of sovereign risk around that in the Australian context ... They're looking at opportunities on the global market to bring in cheap capacity.

When I went onto the Department of Agriculture and Water Resources website, when considering issues for fisheries in Australia, it states:

The growth in the Australian domestic fleet means that no future access to foreign vessels to the Australian EEZ is likely to be granted, as Australia no longer has excess fish stocks.

That was in July 2017. There seems to be a disparity in views on that issue. Perhaps you could take on notice as well what AFMA's official position is.

Ms Willock: I think this may be the nuance—and the department can comment on this perhaps. Certainly all the significant Commonwealth fisheries are fully allocated in terms of their statutory fishing rights. Access rights have been allocated 100 per cent. There are some fish stocks—

Senator WHISH-WILSON: Allocated, but they don't have the capacity to catch them.

Ms Willock: It may be an issue of capacity or it may be an issue of the availability of the stocks because a lot of the interest has been around the migratory tuna stocks and, particularly in Western Australia, they fluctuate in abundance within our EEZ. The nuance may be that all of the access rights have been fully allocated, but there may be some underutilisation of those rights and of the total allowable catches in certain fisheries.

Senator WHISH-WILSON: That's my understanding and, therefore, local quota holders are looking at how they can access those quotas that they've been granted and they are looking at potentially bringing in fishing vessels to do that that are capable of doing that. That's what Dr Findlay pointed out. However, the Department of Agriculture and Water Resources said that that isn't the case—there will be no future access granted to foreign fishing vessels.

Senator Colbeck: I think they're slightly different questions, Senator Whish-Wilson. I think it goes to the answer that Ms Willock just gave to you.

Senator WHISH-WILSON: I'll rewrite them and put them on notice. That might be a better way to deal with it.

Senator Colbeck: That's fine. I'm aware of industry players who are looking to utilise their quota, but there is no more quota to allocate in that sense. It has been allocated.

Senator WHISH-WILSON: I'm not talking about allocating new quota; I'm talking about accessing the existing quota. Senator Colbeck, are current quota holders, who have been fully allocated their quota, looking at bringing in foreign fishing vessels to access their quota?

Senator Colbeck: I've had some conversations—and this is why I've said there's been no change in policy, because that was the answer I gave to—

Senator WHISH-WILSON: I understand there's no change in policy for allocating quota, but what about accessing it?

Senator Colbeck: There will be no more allocations, as the department's website says, but there are industry players who are looking at ways that they can utilise their quota.

Senator WHISH-WILSON: So there may potentially be discussions going on about bringing in foreign fishing vessels to access their quota?

Senator Colbeck: We're looking at vessels that might do that. Where they might come from is another question.

Senator WHISH-WILSON: Can you give us an update on where we're at with that?

Mr Quinlivan: I think Ms Willock has taken on notice to find out.

Senator Colbeck: I'm not aware of any applications either, which aligns with Ms Willock's answer.

Senator WHISH-WILSON: Can I ask some questions, as Senator Brockman did, about the media release you put out on 24 January 2019, titled 'Scientists correct misleading claims about Australian fish stocks', in relation to Professor Edgar's report. What prompted AFMA to put out that media release?

Ms Willock: We, as well as FRDC and CSIRO, wanted to draw attention to the fact that the Little et al. paper had been released. In some ways, as we discussed earlier, it went some way to correcting some of the analytical errors in the earlier Edgar paper. As the minister said, it's important for the authority to put on record and to draw attention to the factual basis for the management of Australian fisheries, which I probably don't need to explain.

Senator WHISH-WILSON: Who put out that media release within your organisation, Ms Willock?

Ms Willock: This was put out by AFMA and approved by myself.

Senator WHISH-WILSON: Was it a coordinated response between yourself and FRDC, Senator Colbeck's office and the fishing industry association?

Ms Willock: We certainly liaised with FRDC, and we knew that FRDC was intending to put out a release. I think their release went out slightly in front of ours. I think I may have been travelling at the time—down at our Lakes Entrance office, from memory.

Senator WHISH-WILSON: They were all put out on the same day, from what I can see. I've got copies of them all here.

Ms Willock: That's right; I think the day of or the day after the Little paper was published. The timeliness of drawing attention to it was important.

Senator WHISH-WILSON: Did the scientists make you aware that that paper was going to be published on that day? Is that how you knew this was coming?

Ms Willock: I'd have to take that on notice. I can't recall exactly how or when we were informed that the journal was about to publish that article. It's not unusual for there to be some liaison between agencies about the imminent publication of a journal paper.

Senator WHISH-WILSON: Can you give me some examples of where that's occurred before? Can you please take that on notice?

Ms Willock: I'd have to take it on notice to give you an accurate answer.

Senator WHISH-WILSON: I'd be very interested in when all these agencies have reacted to scientific correspondence before. Could you take that on notice and provide me with that?

Senator Colbeck: That's a different question. I didn't see the correspondence before. If you're suggesting that anyone had documentation before—

Senator WHISH-WILSON: I'm not saying that at all.

Senator Colbeck: I just wanted to clarify that.

Senator WHISH-WILSON: Can you provide examples to me on notice of when various agencies such as yourself and FRDC, and the government, have all put out media releases following the release of some scientific correspondence? In my opinion, you've provided a good explanation as to why this is an issue for you. I'm asking about the process that led to the coordination of these media releases across agencies. Were you aware that the report was going to be released that day? It sounds like you were.

Ms Willock: I think I was. I think someone in our agency knew that the journal article was about to be published. I'd have to check the details for you and the actual timing. I'll take that on notice.

Senator WHISH-WILSON: Richard Little et al.—there are another seven scientists there—have worked closely with FRDC, CSIRO and other agencies and research institutions. Do they get funding from FRDC or any of the other bodies that put out media releases on this day?

Ms Willock: I can't respond for FRDC, and I wouldn't have information at hand as to the level of involvement or otherwise that these particular—

Senator WHISH-WILSON: Can you take on notice for me whether any of these scientists are involved directly or indirectly with the research in fisheries science?

Ms Willock: In general terms I can say that, yes, the authors of the Little et al. paper are highly respected, experienced fisheries scientists. They would almost certainly have been involved and are continuing to be involved in research stock assessment and scientific endeavour that supports fisheries management in Australia, across both the Commonwealth and potentially the states.

Senator WHISH-WILSON: I absolutely accept that proposition. So this correspondence was generated organically and spontaneously by their scientists. Was there any correspondence between you or your office, Minister, and these scientists requesting they write this research paper?

Senator Colbeck: Not from me.

Senator WHISH-WILSON: It's not a research paper; it's correspondence. Nothing with your office, Minister?

Senator Colbeck: Not from me, no.

Senator WHISH-WILSON: What about you, Ms Willock?

Ms Willock: I'm not aware of anything along those lines. I think that most likely—and I can't really speak for CSIRO—these scientists were concerned about the methodology used. We understand there've been subsequent meetings between the scientists to go through the different approaches to the methodology, which I think is a positive thing because, as I said in my earlier answer, there are likely to be learnings from the work that Edgar did that could be applied in some circumstances to the way that fish stocks are managed both by the Commonwealth and by the states.

Senator WHISH-WILSON: Sure. I understand Professor Edgar et al.—because there are a number of ecosystem scientists who are also involved in this paper—are going to be responding to the CSIRO correspondence. They have a number of rebuttals themselves, and that's going through a peer review process at the moment, so we'll go through that in the next estimates.

Senator Colbeck: I think it's also worth noting that the CSIRO paper does affirm some of the things that the Edgar paper said.

Senator WHISH-WILSON: It does indeed. Can I just go—

CHAIR: Just before you do, at this time of night, because we're on the downhill run and we've got people who have to go, we start to manage the time. If you're one, two, three or four minutes away, we'll leave you with it, but otherwise I'm going to move on now and call the next agency up, and we're just going to have to work between them to get to the bottom of our agenda.

Senator WHISH-WILSON: Wait a sec, Chair. I've waited all day for this, so can you give me another five minutes?

CHAIR: Do you think that will complete it?

Senator WHISH-WILSON: Five to 10 and I'll be done. That's it.

CHAIR: See if you can.

Senator WHISH-WILSON: Okay. Was there any correspondence between AFMA and Seafood Industry Australia, with Ms Jane Lovell, in relation to the release of this report?

Ms Willock: I'd have to take that on notice.

Senator WHISH-WILSON: Can you take that on notice, and also whether there was any correspondence in relevance to you putting out your media release on the same day as her organisation.

Ms Willock: Yes.

Senator WHISH-WILSON: Minister, what's your relationship to Seafood Industry Australia and Ms Jane Lovell?

Senator Colbeck: I think it's a mischaracterisation to call it a relationship in certain terms, but Jane Lovell worked for me as an adviser for a period of time. She was employed by Seafood Industry Australia as their first CEO when the organisation was formed. So we know each other quite well.

Senator WHISH-WILSON: You're in regular touch with her on seafood industry matters?

Senator STERLE: I am.

Senator WHISH-WILSON: That's good.

Senator Colbeck: Ms Lovell knows where to find me and how to get hold of me when she needs to.

Senator WHISH-WILSON: Okay. Minister, you may be aware that my office was approached by the University of Tasmania, who employ Professor Edgar. They'd received a right to information application from Ms Jane Lovell at Seafood Industry Australia requesting a copy of all of Professor Edgar's correspondence relating to the production of this report, including any communication with my office, with other green groups and also with his fellow authors or anyone involved in the publication of his journal article. Were you aware of that right to information application?

Senator Colbeck: I was aware that a right to information application had been lodged but not what it contained.

Senator WHISH-WILSON: Were you aware of that at all, Ms Willock?

Ms Willock: No, I wasn't.

Senator WHISH-WILSON: There was no coordinated response in relation to the right to information request? I've seen a coordinated response in relation to your media releases, but you knew nothing—there were no discussions at all—about a right to information application in relation to Professor Edgar?

Ms Willock: Not with me, and I doubt there was anything with other members of the authority, but I'll check that for you.

Senator WHISH-WILSON: I also put that to the FRDC and others.

Senator Colbeck: I found out about it from UTAS. That is my recollection.

Senator WHISH-WILSON: Do you find it acceptable, Minister, that an industry association would seek to silence academic independence this way? Have you ever heard of an example where someone's tried to subpoena all correspondence?

Senator Colbeck: Actually, I have.

CHAIR: There are two questions.

Senator WHISH-WILSON: Well, answer both of them.

CHAIR: There are two questions. Answer them separately.

Senator Colbeck: No, let me answer. So, yes, I am aware of this, but not where industry did it, Senator Whish-Wilson, but where the Australian Greens tried to silence a scientist by the name of Nigel Forteath, who worked at the University of Tasmania. Professor Forteath published a paper in relation to the science of Lake Pedder, which upset a campaign being run by Bob Brown, who impugned Professor Forteath in this parliament.

Senator WHISH-WILSON: Just like you impugned Professor Edgar.

Senator Colbeck: Well, I actually said what he did was not science.

Senator WHISH-WILSON: What did you call him? 'A bunch of weekend snorkellers'. That's what you called him, wasn't it?

Senator Colbeck: That's exactly right.

CHAIR: I'll tell you what: it's late at night and we're not going to get into a pissing match here. We've been here all day too.

Senator Colbeck: Professor Forteath was subject to death threats. He had to leave the university and he had to leave Tasmania, based on the attacks—

Senator WHISH-WILSON: How do you think Professor Edgar feels now that the seafood industry's gone after him and decided—

CHAIR: Gentlemen, we're not getting into a debate here.

Senator Colbeck: So, yes, I am aware, and I've seen it before from your organisation. I have made some comments in the chamber about the observations of Professor Edgar not being science. I think those observations have been confirmed by the report from the CSIRO. I have acknowledged that the little paper from CSIRO confirms some of the work that he uses, particularly the observational work of the citizen science on the inshore work. I appreciate that—

Senator WHISH-WILSON: The bunch of weekend snorkellers, as you put it.

Senator Colbeck: and I'm happy to put that on the record.

Senator WHISH-WILSON: Are you apologising to—

CHAIR: We're not doing this—

Senator Colbeck: I'm putting on the record—

Senator WHISH-WILSON: It's an opportunity to.

CHAIR: I tell you what, if this continues I'm going to suspend the meeting and have a cup of tea with my colleagues, and we'll come back. You're both on notice now.

Senator Colbeck: Senator Whish-Wilson, I have this evening been very careful not to say anything particular about Professor Edgar in that sense, but I do believe that the publication of this report was important. That's why I put out a press release, when I became aware of it.

Senator WHISH-WILSON: Would you like to say on record now, Senator Colbeck, whether you support Seafood Industry Australia putting an RTI on all Professor Edgar's correspondence?

Senator Colbeck: Senator, I don't have a problem with Seafood Industry Australia trying to get to the bottom of the process by which the university managed the publication of the paper. That's my understanding of what happened. That's a matter for Seafood Industry Australia. You've asked me whether I'm aware of other examples of that occurring.

Senator WHISH-WILSON: No, I asked you very specifically—

CHAIR: You've dealt with this.

Senator Colbeck: In my view the Forteath example was much, much more egregious than what's happened here.

Senator WHISH-WILSON: That may be the case, but my question to you, Senator Colbeck—

Senator Colbeck: As I said, I don't have a problem with Seafood Industry Australia looking to protect their industry's interests and asking reasonable questions of the university and their processes.

Senator WHISH-WILSON: Senator Colbeck, are you aware of the university's response to the RTI?

Senator Colbeck: What the University of Tasmania does with that right to information request is a matter for the university. I have—

Senator WHISH-WILSON: Would you like me to tell you what their response has been?

Senator Colbeck: I have discussed it with the vice-chancellor, and one of the suggestions that I did make in this process, and Ms Willock's actually indicated that that's what is happening, was that the most desirable thing to occur in this circumstance would be for a group of fisheries scientists to get together with Professor Edgar and go through his process and paper and try to find a way to come to a resolution. And an example of that—

Senator WHISH-WILSON: And has that occurred?

Senator Colbeck: It sounds like it might be occurring—Senator Whish-Wilson, is an occurrence that occurred in about 2006-07, when Boris Worm wrote a paper suggesting there would be no fish in the ocean by 2048, a paper that's still quoted by green groups when they're looking to run—

Senator WHISH-WILSON: He still might be right. It's still a fair way off.

Senator Colbeck: The problem with your assertion, Senator Whish-Wilson, is that Professor Ray Hilborn put a group of 23 scientists together—

CHAIR: Minister.

Senator Colbeck: Just let me finish.

CHAIR: No, Minister. This is proving to be the longest answer I've had in estimates. Is it still relevant to the question?

Senator WHISH-WILSON: It is a long answer.

Senator Colbeck: It is relevant to the question.

CHAIR: If it's relevant to your question—

Senator Colbeck: It is relevant to the question—

CHAIR: You're not going much longer.

Senator Colbeck: and I get to decide how I answer a question.

Senator WHISH-WILSON: I have two more quick questions.

CHAIR: We'll see.

Senator Colbeck: Professor Ray Hilborn put a group of 23 scientists together, including Boris Worm, and they redid the science, and Boris Worm walked back from his assertion. That paper is the most current paper in that space.

CHAIR: Alright. Thank you.

Senator Colbeck: So there are good examples where this can be managed well—

CHAIR: Minister, please.

Senator Colbeck: and it'd be good if it happened.

CHAIR: Minister!

Senator Colbeck: It would be good if it happened.

CHAIR: Minister, please!

Senator WHISH-WILSON: It'll be interesting to see how that process plays out.

Senator Colbeck: Well, I suggested that process.

CHAIR: No more. Listen. Now, I'll tell you what: if you stop the inflammatory comments, we just might get some curt answers and we'll get—

Senator WHISH-WILSON: I didn't feel that was inflammatory, Chair, to be honest.

CHAIR: Alright.

Senator WHISH-WILSON: And I haven't gone anywhere near inflammatory.

Senator Colbeck: And I thought I was being cooperative, too. I would like to see something like that happen. In fact, I suggested that it did—some time ago.

CHAIR: Dear, oh, dear! Hands up anyone who wants to be somewhere else.

Senator WHISH-WILSON: Can I ask, Chair—and perhaps Ms Willock, you may want to comment on this—I think criticism in the scientific process is very important, whether it's fisheries or not. I think it's absolutely—

CHAIR: Do you have a question?

Senator WHISH-WILSON: Can you give me a chance to finish my bloody question?

CHAIR: No, because we sit through this all day with a half-hour commentary and a 30-second question.

Senator WHISH-WILSON: I'm about to ask the question, if you don't interrupt me. The scientific process is very important and so is criticism. My question is: is it just the fact that someone has criticised fisheries management, as they have a right to do as a Tasmanian scientist of the year and a very eminent scientist, as Professor Edgar is? Is it the fisheries management criticism or is it the fact that, in the report that Professor Edgar put out, they supported the impact on marine protected areas as being a potential fisheries management tool or something that did actually have a positive impact on fish stocks the most egregious thing to you, Senator Colbeck, in this very important work?

Senator Colbeck: No, it wasn't.

CHAIR: That's your last question.

Senator Colbeck: It was the extrapolation of the inshore observations to offshore, as I said in the chamber, and it was the other areas that have been—

Senator WHISH-WILSON: You said that in the chamber around the debate on the marine protected areas.

Senator Colbeck: It has been confirmed by a number of other scientific observations around the methodology. And it also is flawed, in the opinion of the CSIRO paper, around the utilisation of just catch effort for assessment of stock.

Senator WHISH-WILSON: I've read it.

Senator Colbeck: I agree with you that critical analysis of science is a good thing.

Senator WHISH-WILSON: And the scientific process that allows that to occur.

Senator Colbeck: And I don't have a problem in the context of the marine park stuff. It is about the science of fisheries that I was concerned.

Senator WHISH-WILSON: My point is that the scientific process will get there eventually. And scientists are allowed to criticise each other, and they go through a process where they look at each other's work.

CHAIR: Again, you're starting to debate.

Senator WHISH-WILSON: No.

CHAIR: Go to a question.

Senator WHISH-WILSON: My question is: with that important scientific process, why would somebody try to silence Tasmania's scientist of the year, a very eminent scientist, by intimidating him and wanting to see everything he's done? Doesn't that send a message: 'Don't do this again. Don't criticise us. Don't go out of your way to do your job—what you spent 40 years studying—Professor Edgar'? Isn't this designed to silence scientists so that they don't criticise the Australian Fisheries Management Authority or the FRDC or other scientists or you, Minister?

Senator Colbeck: I reject that completely.

Senator WHISH-WILSON: Why else would you do it?

Senator Colbeck: And, quite frankly, I see it as hypocritical of you, from the Greens—

Senator WHISH-WILSON: Why else would you do it, Minister?

CHAIR: Right.

Senator WHISH-WILSON: What? I didn't do anything, Senator.

CHAIR: The word 'hypocritical' triggers smoko. We're now suspended. You can keep talking till you're blue in the face.

Proceedings suspended from 20:43 to 20:53

Regional Investment Corporation

CHAIR: We resume the Senate Rural and Regional Affairs and Transport Legislation Committee additional budget estimates. We will now bring the Regional Investment Corporation to the table. I understand the chair has a short opening statement.

Mr King: I'll actually be making the opening statement, thanks, Senator.

CHAIR: Mr King and Mr Foster, welcome. Is this your first estimates?

Mr Foster: It is indeed. Thank you.

CHAIR: A tonne of fun: country fellows at their first estimates. We always love that.

Mr Foster: Thanks very much.

CHAIR: Mr King, you have the floor.

Mr King: Good evening, This is my first appearance before the committee. I'd like to thank you all for allowing me the indulgence of making an opening statement. I'm pleased to see that there's at least one other person here who can pronounce the name of the small town near Rockhampton where I come from: Gogango.

CHAIR: I was born at Gogango!

Mr King: Exactly, Senator.

CHAIR: There you go!

Mr King: The board and my team's collective focus is unlocking the full potential of Australia's regions. We do this by providing smart finance options for farmers in need, and state and territory governments for transformative water projects. It's true that our farm loans provide breathing space for farmers hit by events outside their control, but they also present an opportunity to modernise, diversify and head in a new direction. As a new organisation, I'm focused on getting our business right, delivering a high level of service to those who need our loans and, in the longer term, looking to the opportunities where our affordable finance can drive further investment and growth in rural and regional centres.

Much has changed since we appeared before the committee in October last year. In December, I was appointed as the inaugural CEO. The acting CEO, Matt Ryan, stayed on as a special advisor for a month to ensure a thorough handover. Both the board and I would like to thank Matt for his considerable effort in establishing the RIC and ensuring that we were operational by 1 July 2018.

I've had a busy time since starting in the role. Last year and into the New Year, we finalised the recruitment of 16 employees. The team has now started and, while most of them will be based full-time in Orange, we are also drawing on other regional communities like Wagga Wagga via flexible working arrangements. Our permanent workforce is supported by a dedicated team seconded from the department, as well as several contractors. This will aid in the smooth transition across to our full-time team and we expect the extra support will taper off in the next few months. We received over 340 job applications for the roles advertised. From these, we've drawn people

from Brisbane, Sydney and Canberra, as well as Orange and the regional communities surrounding it, such as Cowra, Blayney and Millthorpe. While several staff and their families have made the move to Orange, those who are yet to relocate will do so over the coming months. The RIC is funded for 32 employees and, while we don't have that many yet, we expect that additional positions will be filled on an as-needed basis. We remain encouraged by the high calibre of the applicants and the excitement they expressed for an opportunity to work in Orange and for the RIC, and we hold no fear of being able to fill roles into the future.

In December we took possession of our new head office—a modern and modest fit-for-purpose workspace in the heart of Orange. Our smooth and timely transition into the city would not have been possible without the assistance of many local businesses. The RIC has been embraced by Orange and we feel very welcomed by the local community. We are holding the official opening of our head office next week.

During our recruitment and our move to Orange, it's important to note that our loan assessment has continued as usual, with the external service provider in Bendigo continuing to conduct the initial assessments and provide recommendations to us. Since we opened for business, there's been solid demand for our finance from farm businesses. We've targeted our awareness-raising activities at farmers and trusted financial advisors in New South Wales and Queensland, predominantly due to the acute drought conditions experienced in the central and western areas of those states. The difficult conditions farmers are facing combined with the success of our communication activities means application numbers have grown strongly since we opened. To the end of January, we've had interest from over 260 farmers.

At the same time, we've also faced challenges building our Bendigo loan assessment team as quickly as we'd hoped. As a result, we've got a backlog of applications waiting to be processed and processing times are not within our target service levels. Getting through these applications and staying in regular communication with our customers is my absolute priority. We more than doubled the number of loan assessors between December and February and expect to get through the applications awaiting assessment in the next few months. We recognise that the application process hasn't been easy and we know how frustrating it can be for farmers who are in need and are waiting to hear the outcome of their application. We are making regular phone contact with our customers about where their applications are up to and, in addition to increasing our resources and making these phone calls, we're focused on making improvements to the systems, processes and policies that we work within.

To be clear, as we ramp up we are working to make the process smoother and shorter for our customers. Please bear with us. To the end of January, we've approved 21 loans to the value of \$18.9 million, and we expect to increase our rate of approvals every month. Based on the applications ready for assessment, we estimate that we will deliver a further \$235 million in loans this financial year, putting us in line to deliver a minimum of 250 loans for the financial year. Of these applications, approximately 80 per cent of the requests are to assist with recovery from drought, and 69 per cent are coming from the combination of Queensland and New South Wales. In operational terms, we're tracking on budget, having spent \$7.085 million out of our \$12.588 million annual appropriation. We expect to fully expend our budget.

In recent weeks, we have turned our attention to the catastrophic impact of the floods in North-West Queensland. It's gut-wrenching. We are hearing of cattle losses of the order of 85 per cent, and for some producers this may mean no income for between two and five years. Understandably, the immediate need is emergency assistance and grant payments. We will continue to keep in close communication with our networks on the ground and stand ready to help graziers restock, rebuild and recover when they are ready.

As the committee knows, we also offer loans to state and territory governments for eligible water infrastructure projects—innovative projects that get maximum value from our water resources. Our board provided advice to the government on options for making the loan facility more effective. As part of MYEFO, the government announced a number of changes to the policy settings. This included reducing the loans from \$50 million to \$10 million, increasing the loan term from 15 years to 30 years, and increasing the scope for a broader range of works. These changes make our water loans more flexible and attractive, and we know of a number of projects that will seek funding under the adjusted criteria. These projects are primarily focused on re-using wastewater for horticulture and stock and domestic pipeline systems, developed in conjunction with new water supply pipelines. Implementation of these changes to our operating mandate is being managed by the department. The RIC will continue to provide independent advice to government on projects for consideration and administer agreements with states and territories for an approved loan to allow the delivery of priority water infrastructure.

Finally, we've considered the outcomes of the banking royal commission. While many of the recommendations are not directly applicable to the RIC, there are some related to agribusiness lending that are relevant. Our products have been developed to ensure fair treatment of customers and generally align with the relevant

recommendations outlined in the commission's report. We will continue to review and refine our lending policies and provide clearer direction to staff as required. I'd be happy to take any further questions.

CHAIR: Thank you. Is that in a form that might be able to be tabled for the committee?

Mr Foster: I think it's been submitted already.

CHAIR: All right, let's do that. Just before we get started, I need to clear something up. There weren't that many families at Gogango. Do you think we're related?

Mr King: No. I don't think so. It is a small town; that's right.

CHAIR: Yes, it's a small town all right.

Senator CAROL BROWN: Is the RIC currently working on establishing concessional loans to assist flood affected farmers?

Mr King: I think that's a question for the department, but we certainly have been looking into the situation and are closely monitoring it.

Senator CAROL BROWN: What's your role? Why is it a matter for the department?

Mr Quinlivan: The government, as I mentioned earlier today—I'm not sure if you were here—is looking beyond the emergency phase at all the options available to us. One of these will be loan products provided by the RIC.

Senator CAROL BROWN: I understand that. Mr King, thank you for your welcome and for your opening statement. But you obviously monitor the local media.

Mr King: Yes.

Senator CAROL BROWN: There was a report in *The Daily Telegraph* on 16 February: 'The mayors pleaded for concessional loans.'

Mr King: Yes.

Senator CAROL BROWN: What have you done in acting on that?

Mr King: Within our products, there is capacity for applicants to apply, and they would fit within the existing criteria.

Senator CAROL BROWN: What does that mean?

Mr King: We are ready and able to offer loans.

Senator CAROL BROWN: You're waiting. So nobody's applying?

Mr King: To date, I believe that many of the people up there are currently accessing the emergency assistance.

Senator CAROL BROWN: Okay. Have you spoken to the Prime Minister or the minister about whether you'll be able to provide concessional loans to flood affected farmers?

Mr King: We remain in contact with both the department and our responsible minister.

Senator CAROL BROWN: But you're able to offer that—

Mr Foster: I think within the current policy settings we have the ability to support restocking and support as required, but any further additional initiatives are currently being worked on through the department and government, and we'll stand ready to deliver those if they come through.

Senator STERLE: Can I just say this: the poor buggers would still be wondering what the hell hit them, at this stage, wouldn't they?

Mr King: Yes.

Mr Foster: Absolutely.

Senator CAROL BROWN: I'm just trying to understand whether you're able to offer that product.

Mr King: Yes, we are able to offer that product to farmers.

Senator CAROL BROWN: You're telling me you are. All right. Is the RIC a regional bank—is that how you'd describe yourself?

Mr King: No, we're not a bank.

CHAIR: We wish!

Senator CAROL BROWN: It's just that you've often been referred to by the government as a regional bank, but that's not correct?

Mr King: That's not entirely accurate, in that we're not an authorised deposit-taking institution.

Senator Colbeck: I don't think it's reasonable to say that the government has referred to them as a bank. It's the Regional Investment Corporation.

Senator CAROL BROWN: Sorry. I don't want to put words in the former agriculture minister's mouth, but, when he announced the establishment of the RIC on 14 June 2017, he said, 'We want to get this regional bank up and running.' I don't want to have an argument with you, but we've clarified that. At previous estimates hearings, you've said—I was interested in this—that you're fully operational in Orange?

Mr King: Yes.

Senator CAROL BROWN: You said you had 16 employees—yes?

Mr King: That's correct.

Senator CAROL BROWN: But they're not all in Orange, are they?

Mr King: No. That's correct.

Senator CAROL BROWN: And Wagga Wagga, I think you said?

Mr King: Yes; I mentioned Wagga Wagga as one of the locations where we've got some flexible working arrangements currently.

Senator CAROL BROWN: Can you just give me a really quick run-down of where your staff are located?

Mr King: Certainly. Just bear with me a moment. There are currently 17 employees. Of these employees, 14 are working from the Orange headquarters; nine staff are from the local Orange area, and four staff have relocated or will relocate to Orange from the ACT, other areas of New South Wales and Queensland; three employees are working remotely from Canberra, Sydney and Wagga Wagga; and one employee is commuting between Orange and Canberra on alternate weeks.

Senator CAROL BROWN: So those ones who are in Canberra and Sydney, they travel, do they?

Mr King: Some of the employees are travelling up to the office, and some have moved full-time to Orange.

Senator CAROL BROWN: But you said, in your opening statement, that you're working up to a complement of 32—is that correct?

Mr King: We have budgeted up to 32 people.

Senator CAROL BROWN: Do you expect to need 32?

Mr Foster: I think we flagged last time that we wanted to manage the budget prudently, and therefore we'll stage the recruitment process as needs dictate, over time.

Senator CAROL BROWN: Let's get down to your business now. You talked about loans. There are 21 applications that have been approved, to a value of \$18.9 million?

Mr King: That's correct.

Senator CAROL BROWN: What's the backlog of applications waiting to be processed?

Mr King: We've had 271 applications for the farm business loans. As I've stated, we've had 21 applications approved and we've declined 10 applications, so, in essence, we have made decisions on 31 out of the 271 applications.

Senator CAROL BROWN: Can you give me an understanding of how long the 271 applications have been waiting to be assessed?

Mr King: Applications began being received early in July, and that process has continued. So some of those applications have been waiting for an extended period of time; others—primarily that initial 31—have been dealt with already.

Senator CAROL BROWN: There's a number of reasons, I'm assuming, as to why they haven't progressed?

Mr King: That's correct, Senator.

Mr Foster: It's properly fair to say that the bulk of the applications were during and post our awareness activities, which really started in October, to drive volume. From a process point of view, there is quite an involved process both in terms of gathering information at the applicant level, which can take some time once they've submitted an initial application, right through to assessment and then various legal, valuation and other activities that need to be undertaken. As Bruce indicated, we're ramping up resources to make sure we can cater for that. We have got a good platform to continue to grow, but we clearly acknowledge that we need to get through that backlog as quickly as possible.

Senator CAROL BROWN: I think you said 69 per cent were from New South Wales and Queensland. Can you let us know where the rest are from?

Mr King: We don't provide a breakdown in states where there have been fewer than 10 applications. However, I can note that we've received 12 applications from South Australia, 25 from Victoria and the remaining 44 are unidentified.

Senator CAROL BROWN: On notice would you please provide for all your employees what their current positions are and where they're located?

Mr King: I'll take that question on notice, thank you.

Senator CAROL BROWN: Absolutely. Have you granted any water infrastructure loans?

Mr King: No, we have not.

Senator CAROL BROWN: Have you received any water infrastructure loans?

Mr King: We're currently in discussion with a number of counterparties around the water loans. We have not as yet progressed any water loans to application stage.

Senator CAROL BROWN: So you haven't declined any either?

Mr King: No.

Senator CAROL BROWN: So that \$18.9 million is the current loan spend, but you have a \$235 million—

Mr King: We estimate that we've got a further \$235 million worth of loans in the pipeline and expect to approve over the balance of the year.

Senator CAROL BROWN: So you've obviously got some processes in place to speed up some of these applications.

Mr King: That's correct.

Senator CAROL BROWN: Are you receiving feedback about the loan process? You must be. You said that you are in constant contact with people who are seeking loans.

Mr King: Yes, we are.

Senator CAROL BROWN: The frustration would be there.

Mr King: Yes, we're aware of the frustration.

Senator CAROL BROWN: What are you doing to streamline your process?

Mr King: On review of the applications and as the loan process is progressing we're continuing to refine what the process is. We're working with our service provider to make sure that there is clear communication with the applicants, understanding what their pain points are and then working within the system to improve those processes.

Senator CAROL BROWN: What will happen to any unspent funding come 1 July this year?

Mr King: In terms of the balance of the loan funding?

Senator CAROL BROWN: Yes.

Mr King: Under our existing mandate we have \$2 billion worth of farm loans which are to be applied over an eight-year period. We can approve up to \$500 million worth of loans in any one year. The balance would roll over. We request the funds from the Commonwealth when required.

Senator CAROL BROWN: So you have \$251 million and that's all you spend—you better get a move on—but by 1 July 2019 if you've only spent \$250 million out of your \$500 million—

Mr Foster: The \$250 million is broadly the assumed level per annum, but we have capacity to go to \$500 million.

CHAIR: I might assist. Is this like a come-and-go facility? You've a limit that the government will meet over the next eight years on call.

Mr Foster: That's correct.

CHAIR: So it's on call.

Senator CAROL BROWN: So you don't have to spend it in a 12-month period?

Mr King: No. That's correct.

Senator CAROL BROWN: Thank you, Chair. That's exactly what I wanted to know. On your website you say that your team can't be everywhere at once but that you've partnered with Farm Table to deliver a webinar and the webinar will guide them through the farm business loans. What is the cost of the partnership with Farm Table?

Mr King: I would have to review what the cost was, but I think that was simply a partnership where we engaged with them to provide the service so that people could dial into the webinar and receive the information. I don't believe that there was any additional cost to us.

Senator CAROL BROWN: What do you mean? They would have charged you for their services, wouldn't they?

Mr King: I wasn't working with the RIC at that time, but as I understand, when you're presenting at a webinar like that, they're essentially utilising us to provide information back to the farmers and utilise the network through that process.

Mr Foster: I can answer that specifically. It was \$3,278.

Senator CAROL BROWN: Have you had any way to measure how successful that webinar has been and whether the message has been effective?

Mr Foster: I think our general approach—as to whether or not we could measure that particularly channel specifically—is that we would have data on the number of hits and views on it. However, obviously, given the quick and significant ramp-up in applications we've received, we think that, combined with field visits and field presentations and other networks that we've leveraged, has been successful.

Senator CAROL BROWN: All right. This is the last question for you, Mr Foster and Mr King: how much money has the RIC spent on advertising? That includes, of course, the field days you just spoke about, the conferences and whatever other advertising you've undertaken.

Mr Foster: Just bear with me for a moment, please. We probably haven't got that break-up, but we can take that on notice.

Senator CAROL BROWN: Just take it on notice. But I would just say that you've got a big backlog of applications and you probably need to fill some more of those positions.

Mr King: Thank you, Senator.

Senator CAROL BROWN: Anyway, thanks.

CHAIR: Sound advice, Senator. I'm sure they hadn't thought of that! Thank you. It's been a pretty easy entry for you guys. It won't be like that every time, I suspect. But thank you for your preparation and travel time. We wish you all the best and a safe journey back to your port.

Mr King: Thank you very much.

Department of Agriculture and Water Resources

[21:17]

CHAIR: We now come to outcome 1.

Senator STERLE: No opening statements?

Mr Quinlivan: No, there won't be any opening statements.

CHAIR: They're barred after half past eight anyway.

Senator STERLE: We are on outcome 1, and you can ask your questions—whatever you were requesting earlier in this area.

CHAIR: Just stand by while I give them some advice. Colleagues, as you settle, we're just going to give you a little bit of advice at this time of night. You've heard us make a bit of fun, but it is serious. Let us listen carefully to the question and give as short an answer as required. No-one will attack you for that. The senators who have questions—none of whom, I point out, are government senators; we were happy to go home with you now—will drill down if they need further information.

Senator KETTER: We're in outcome 1. I was going to ask about the AgriFutures evoke conference. The department is listed as a partner and an exhibitor. What funding has the department provided to the event, and what benefit is expected to flow from this funding support? I'm just looking for a brief response.

Mr Blong: The department provided \$150,000 in sponsorship over, I think, the past financial year. In return, we were a strategic partner. That entitled us to access to tickets, a booth, flyers, communication material and interactive screens. Also, the minister provided a foreword in brochures and an opening address via video to the conference, which started today in Melbourne and goes till tomorrow.

Senator KETTER: And the RDCs are providing sponsorship to a young leaders program. Given that the department has provided funding support, did the department coordinate that support with the various RDCs, and is the department aware of the level of funding provided by the RDCs?

Mr Blong: I believe AgriFutures manages that, so I'd probably have to take it on notice to confirm. But I think it's an AgriFutures-managed program.

Senator KETTER: Okay. My question is to the department or to the minister. Does the department or the minister's office have concerns that AgriFutures scheduled their conference in the same week, around the same time, as what we traditionally would see for additional estimates?

Mr Quinlivan: Well, it's very unfortunate—no question about that. AgriFutures had only a short window to organise this because it's a major international event, and they took a punt last year that this week would be okay. I think they may have even got advice from the department that estimates probably would have been next week rather than this, but we didn't have the sitting dates at that time. It's very unfortunate that it worked out this way, but they didn't really have too many options, because it's a major international event and they only had a very short window. They had to give people plenty of notice, and that didn't allow them to wait until the sitting dates were known.

Senator KETTER: When did the department become aware that the RDCs would be seeking an exemption from attending additional estimates?

CHAIR: I need to buy into that because there was some contact with me as chair from people who were from RDCs about the position. Unless you've had direct dealings with them, there was never any question about being exempted. The question went to the heart of what would happen, what would the reaction of the committee be, if they were to indicate to the committee that they had this clash and that they wanted to choose to be in Melbourne. I indicated to them that in my time there'd been no precedent of the committee taking any punitive action against someone who indicated they couldn't attend.

And then we made an effort as the committee for those interested senators, if there were particular RDCs that were going to Melbourne that they did want. To the extent that we had that knowledge, we made arrangements for, I think, one or two to come on Friday. I don't know where that's come from for you, but, if it's come in relation to discussions with me, that's my position. You may have had discussions where they sought exemptions, but I'm not sure you can actually get an exemption from here.

Mr Quinlivan: No, my only communication was with the Chair of AgriFutures, who I advised to approach the committee, inform them of the clash and have a discussion about how to manage it.

Senator KETTER: Will the minister be attending the conference?

CHAIR: I can answer that too. No, because he couldn't get a pair in the House to attend the conference. He sought a pair but couldn't get a pair to go—unless that's changed. Do you know any more, Mr Quinlivan?

Mr Quinlivan: No. That's my advice too.

Senator KETTER: Did AgriFutures inform the department or the minister's office that they'd be holding the conference during this week?

Mr Quinlivan: They did. It would have been if not the same day then certainly very close to the same day that the Chair of AgriFutures approached the committee about the clash and how to manage it.

Senator KETTER: I'd like to move on to another subject, and that is the announcement of the pilot hubs for the National Forest Industries Plan. The Prime Minister has announced, in relation to these pilot hubs, that the first four pilot hubs are being established, and we've put \$12.5 million for establishment of that initial operation. Can you confirm the PM's statement that the government has allocated \$12½ million for the first four hubs that were announced on Saturday?

Senator Colbeck: Senator, that's not completely accurate, and that's not what the press release said. I think that, if you read the press release carefully, it says the government:

... has committed \$12.5 million to the Regional Forestry Hubs and research and development elements of the National Forest Industries Plan ...

It incorporates the hubs and R&D, so it's not just the hubs.

Senator KETTER: Can you give us a breakdown of what the \$12½ million is for?

Senator Colbeck: In the initial circumstances, in the first year, there's a million dollars to go to the establishment of the hubs, and the rest hasn't been formally decided yet.

Senator KETTER: The first four hubs were in north-west Tasmania, north-east New South Wales, the South Australia-Victoria green triangle and south-west WA? Is that correct?

Senator Colbeck: Yes, that's correct. They were the pilots.

Senator KETTER: So you've got \$1 million set aside to establish the hubs.

Senator Colbeck: In the first year, to go towards the hubs and the work that will be done in the establishment of those hubs.

Senator KETTER: So \$1 million across the four pilot hubs?

Senator Colbeck: Correct.

Senator KETTER: In terms of the remaining \$11½ million, can you tell us what you envisage that being spent on?

Senator Colbeck: Some of that will go to R&D. That's yet to be finalised.

Senator KETTER: When you put something in the budget, I presume there's some thinking behind how that's going to be spent.

Senator Colbeck: There is some thinking behind it, Senator, but it hasn't been announced yet.

Senator KETTER: Is the \$12½ million funded out of the \$20 million allocated in the 2018-19 budget for the National Forest Industries Plan?

Senator Colbeck: Yes.

Senator KETTER: At this point, can you tell me how much money has been allocated for each of the four pilot hubs?

Senator Colbeck: There's a million dollars across the four.

Senator KETTER: Then the PM's media release also identified five future hubs. I take it from your answer that no funding has been allocated for those.

Senator Colbeck: Correct. The \$1 million is in the first year.

Senator KETTER: You've said that you haven't announced how that remaining amount of money's going to be spent. Can you tell me who will spend that \$11½ million?

Senator Colbeck: You'll find that out when we announce it, Senator.

Senator KETTER: The PM's media release said the \$12½ million will support these hubs right across Australia and for their initial three- to four-year operation. Is that a correct reading of the PM's statement?

Senator Colbeck: That's what the PM's statement said, yes.

Senator KETTER: Can you explain how that funding will be spent over the three to four years?

Senator Colbeck: You'll find that out when we announce it, Senator.

Senator KETTER: The forestry industry has identified around 30 hubs around Australia where forestry is a major industry. Why are there only nine hubs announced?

Senator Colbeck: We also said that this wasn't an exclusive process. There are four pilot hubs. There are another five to follow on from that. We've also said that we'll talk with other communities and the states to identify other areas. This is about identifying areas that have an affinity or forest industries already, and it's about growing the industry and getting trees in the ground.

Senator KETTER: A billion trees, I think you—

Senator Colbeck: A billion trees by 2030, yes.

Senator KETTER: Can we expect further regions to be identified as hubs in the future? Am I putting words in your mouth?

Senator Colbeck: No, you're not. That's a distinct possibility.

Senator CAROL BROWN: Where are they?

Senator KETTER: Can you tell us where those future hubs might be?

Senator Colbeck: Until we have our conversations with the forest industry community and states, we won't specifically be able to identify those, but areas that have strong forest industries located within them would be obvious targets for that.

Senator KETTER: What was the process for deciding which the nine hubs were?

Senator Colbeck: It was a decision of cabinet.

Senator KETTER: Based on advice from the department?

Senator Colbeck: Some advice from the department, consultation with industry, obviously, and then a decision by cabinet.

Senator KETTER: Okay.

Senator CAROL BROWN: Were the sites from advice from the department? How many did you put up? Four?

Senator Colbeck: There are four pilot hubs.

Senator CAROL BROWN: Yes.

Senator Colbeck: So that's the commencement of a process.

Senator CAROL BROWN: The question is: were those four sites based on advice from the department?

Senator Colbeck: There was some advice from the department. There were also some policy decisions made by the government.

Senator CAROL BROWN: So they were not the same sites that the department put up.

Senator Colbeck: I didn't say that.

Senator KETTER: Mr Quinlivan, can I ask you what preparation work was done to support this decision?

Ms Lauder: As the minister mentioned, we did consultation with industry and state governments. We also looked at where there were forestry assets around the country. We were looking at plantation and native forestry assets, mills and processing plants, ports and forestry employment, and we put together that information to help develop our advice and for cabinet to consider.

Senator KETTER: Is the industry correct when they say that there are about 30 forestry industry hubs around the country.

Ms Lauder: My understanding is that you're referring to a publication from the Australian Forest Products Association. They identified 30 potential hubs, and they were looking at hubs that had a radius of about 100 kilometres. That was done a number of years ago, so there is potential that there could be up to 30, or more, or less, but at this stage we decided to start with nine.

Senator KETTER: What criteria did you use to prioritise the nine?

Ms Lauder: We didn't really prioritise the nine. But, to identify the nine, when we looked at both the consultation and the mapping of all of that data that I talked about, they were the ones that stood out as the ones that were higher priority.

Senator CAROL BROWN: So they were the nine that were put to the minister. The nine that you say stood out were the nine that were presented to the minister for his decision.

Ms Lauder: Yes.

Senator KETTER: So, Minister, can you tell us when the future announcements about funding will be made?

Senator Colbeck: That'll be a matter for government.

Senator KETTER: I'll move on to the one billion trees commitment and the announcement that \$20 million was to be allocated in the 2018-19 budget towards the implementation of the plan. Can you tell us the breakdown of how that \$20 million will be allocated?

Ms Lauder: We can tell you the breakdown by year—what has been allocated in the budgets—but, as the minister has already mentioned, we can't tell you the breakdown of what it will be spent on. Are you happy to have the breakdown by year?

Senator KETTER: I can find that in the budget, can't I?

Ms Lauder: Yes.

Senator KETTER: So you're not able to tell me how it's going to be spent.

Senator Colbeck: They'll be decisions of government.

Senator KETTER: You've made a decision to allocate that money in the budget. Are you saying there's going to be—

Senator Colbeck: And we've made a decision to allocate a certain proportion of that money already for the trial hubs, or the pilot hubs.

Senator KETTER: How much of the \$20 million has already been spent?

Ms Lauder: There's a small portion of the \$20 million that is for the costs of the department to deliver that, so part of that funding will have been spent. I don't know off the top of my head what it is.

Senator KETTER: Can you take that on notice for us?

Ms Lauder: Yes, absolutely.

Senator KETTER: Is the implementation of the plan contingent on further budget allocations?

Senator Colbeck: I think it's reasonable to say that, to achieve the planting of the trees, there'll be additional funding required. The sources of that, I think, are probably open at this point in time for further consideration, and they might come from a range of sources.

Senator KETTER: When you say 'a range of sources'—

Senator Colbeck: Some of it might come from private investment, for example.

Senator KETTER: So what does the 'one billion trees' number actually mean? The industry already replants about 70 million trees every year, so what does the billion figure represent?

Senator Colbeck: It's about growing the industry by that volume. For example, New Zealand has a similar target, but that target includes their replanting. We're looking to grow the industry.

Senator CAROL BROWN: So it doesn't include that.

Senator KETTER: So it excludes the 70 million trees that—

Senator Colbeck: And this concept has been built in very close consultation with industry and through the work of the Forest Industry Advisory Council. We've consulted very closely with industry, including AFPA.

Senator KETTER: Just to confirm, Minister: you're saying that the billion-tree target would probably need further investment beyond the \$20 million to be achieved?

Senator Colbeck: I think industry are saying that, and I think I agree with them.

Senator KETTER: What's the coalition government done since coming into office in 2013 to support the plantation sector to establish new plantings?

Senator Colbeck: The principal piece of work has been the development of this national plan and now the implementation of it.

Senator KETTER: So nothing prior to that?

Senator Colbeck: Well, there has been a considerable period of very close consultation with industry. You could almost describe the plan as industry's plan that has been developed over a period of time.

Senator CAROL BROWN: Has the department looked at this: to achieve the one billion plantings, is there an estimate of how much that would cost?

Senator Colbeck: It depends on how it's done, who does the investment and where. The plan is not just about broadscale plantation; it incorporates some work, for example, on growth of farm forestry. So it will depend on—

Senator CAROL BROWN: But you wouldn't put together a plan without having some idea, regardless of the way you implemented, about the cost of it.

Senator Colbeck: The question would be what the government's intention to invest in it might be. We've made an initial funding allocation of \$20 million, and it will depend very much on the types of trees, where they are, how they're planted and at what scale. You might be able, in a broadacre sense, to put a number on it, but I'm not sure whether we actually nominated a number in any of our work, because there are a lot of variables.

Senator CAROL BROWN: So you've got \$20 million. How many plantings does \$20 million give us?

Senator Colbeck: You wouldn't necessarily allocate any of the \$20 million directly to planting trees, because there are a number of other elements that are being considered. The initial million, for example, is going into work around the establishment of the hubs. As I said to Senator Ketter earlier, some of the funding may come from the private sector, for example. So it's not about the government planting trees; it's about a number of other things—including regulatory frameworks, which are also mentioned in the plan—that might facilitate the planting of trees.

Senator CAROL BROWN: Thank you, Minister, but—

CHAIR: I've got to go to Senator Rice, if it's a suitable time, Carol.

Senator CAROL BROWN: Okay.

Senator RICE: Thank you. I'll start with the biosecurity questions I was going to ask earlier on. I have got quite a few on forests as well, so don't go away, forest people. I'm interested in the amount of money going to biosecurity R&D funding from the Commonwealth and where that's going.

Mr McDonald: We don't collect comprehensive data on biosecurity R&D, but the Craik review gave an estimate in that publication.

Senator RICE: You say you don't collect it. Surely, if it's Commonwealth money and it's being provided for research and development, you would be able to collate that.

Mr McDonald: We would by reverse-engineering the published data of the 15 RDCs, so we would have to go back and investigate that. But as a matter of course we don't itemise or categorise the R&D spend by the 15 R&D companies. Further to my answer, the Craik review made an estimate that, between 2013 and 2016, the RDCs spent an annual investment on biosecurity around \$62 million, which represented, for that period, around 11½ per cent of their R&D expenditure. I would also add that the government also invests and contributes funding towards the Centre for Invasive Species Solutions and also the Centre of Excellence for Biosecurity Risk Analysis.

Senator RICE: How much does it contribute to the Centre for Invasive Species Solutions and the Centre of Excellence for Biosecurity Risk Analysis?

Mr McDonald: It's not my area, so I will take that on notice.

Senator RICE: Okay. In terms of the RDC funding, those were the Craik review's estimates.

Mr McDonald: Yes.

Senator RICE: Would it be possible to do a more accurate analysis of that?

Mr McDonald: My understanding is that they would have interrogated the annual reports and operating plans of the respective RDCs. It's highly variable between them in terms of their respective spend on biosecurity R&D, and it depends on the respective commodities and their issues at the time. For example, horticulture spends a lot on biosecurity, as does the egg industry.

Senator RICE: Okay. So basically the analysis that the Craik review did is as good as you'd be able to do. You wouldn't have any extra data?

Mr McDonald: It's what we have at hand, Senator, so if you wanted an answer we'd have to go away and do that analysis.

Senator RICE: Do you think that would be a valuable analysis to do, given the importance of doing research into biosecurity?

Mr McDonald: I don't know, but I suspect that it would be consistent with the Craik review findings.

Mr Blong: Can I just add one point. There is a practical issue here around defining what R&D money is spent on biosecurity. For example, if the grains industry is investing R&D money in plant genetics for a new wheat variety, it might have a biosecurity benefit. It might have a protein attribute benefit. It might have a climate resilience benefit. It might cover off multiple attributes that benefit the sector, and pest and disease management or resilience might be one of those. So expenditure on those kinds of investments is hard to categorise by one particular function like biosecurity.

Senator RICE: Okay. Let's go with the Craik review, but could you take on notice the extra money that's going to the Centre for Invasive Species Solutions and the other centre of excellence. Do you have any assessment of how much of that biosecurity R&D is going to environmental biosecurity?

Mr McDonald: Not at this time, Senator, no.

Senator RICE: Would the RDCs be doing work on environmental biosecurity?

Mr McDonald: Most certainly.

Senator RICE: They are?

Mr McDonald: My sense is yes, but as to the specifics I can't comment.

Senator RICE: Most of the RDCs are specific to particular commodities and not so much focused on biosecurity risks to the broader environment.

Mr McDonald: They have a very wide portfolio remit, so I would be highly surprised if some were not doing a broad range of biosecurity work.

Senator RICE: What work's currently being done to coordinate the research and development on both agricultural biosecurity and environmental biosecurity amongst the RDCs, CISS and other bodies?

Mr McDonald: I think I recall that some of the plant RDCs do have a cooperation or initiative to work together across industries on biosecurity matters, but I'd have to take it on notice. That's managed by the RDCs themselves rather than this portfolio.

Senator RICE: Yes. We've heard at previous estimates since the end of the cooperative research centre that the plan is for the RDCs to sort of coordinate, but that's just the RDCs; it's not the other bodies that are working on it.

Mr Quinlivan: Senator, perhaps we could organise a briefing for you from our chief scientist and also Mr Thompson, who is our environmental biosecurity senior officer and is putting together a work program. It's an office recently created in the department as a result of the Craik review. I'm sure that they would be able to give you a briefing and let you know where we're up to and what we've got planned, because it's definitely a growth area for us.

Senator RICE: That is my next question: what is the level of oversight in the department of collaboration on biosecurity research?

Mr Quinlivan: We've identified it as an area of priority. The government has created and funded this new office in the department. If you're interested, we'll organise a private briefing for you.

Senator RICE: Thank you. That's it on biosecurity, so I'll move on to the beginning of my forests questions.

CHAIR: You've got about three minutes, so enjoy yourself

Senator RICE: All right. I was aware during the work that's been done in the rollover of the New South Wales RFAs that, in the report *Assessment of matters pertaining to renewal of Regional Forest Agreements*, there's been some assessment of threatened species, how much threatened species are in each RFA and how many have become more threatened since that period of time. That documentation basically says whether they're added. I was wondering whether, as part of the RFA analysis process, there's also analysis of which have moved into more threatened categories and which have remained at the same threat level. Are there any that have been reduced in their threat level?

Ms Lauder: There are some lists in the actual RFA itself as well. In the varied RFA, there's a table towards the back that lists all the species that were threatened at the time of the RFA being initiated, with an update on them. I had a quick look at it today, and there weren't any that were identified as having come off the threatened species list, but to be 100 per cent sure I would have to check with the department of the environment on that.

Senator RICE: They referred me to you.

Ms Lauder: Yes, of course they did.

Senator RICE: Which, of course, you know seeing you were looking at it today.

Ms Lauder: Yes, that's right. I was watching it last night.

Senator RICE: Forewarned is forearmed. That's right.

Ms Lauder: I will just confirm with their biodiversity section, which is where the data came from for those tables.

Senator RICE: It's funny that they couldn't tell me, then.

Ms Lauder: I think I had a bit of preparation, because I saw you last night, so I had a chance to look. They didn't have that opportunity.

Senator RICE: Does the department agree that looking at the trajectory of forest-dependent threatened species is a significant way of determining what the impact of the RFAs is on forest-dependent wildlife?

Ms Lauder: I guess we agree that obviously the environment and biodiversity are very important factors in the RFAs, and threatened species and communities—wetlands et cetera—are vital as part of that. We don't agree that the only threat to forest-dependent species would be harvesting.

Senator RICE: No. There are obviously a range of threats.

Ms Lauder: That's right. I don't know if you've had a chance to look at the *Australia's state of the forests report* from ABARES, but the data identifies that harvesting is a proportionally small threat to a number of those species considering the other threats. Fire is one of them, as are pest species et cetera.

Senator RICE: I won't go into the interrelationship between logging and fire. Could I just talk about the *Australia's state of the forests report*. Has there just been one released.

Senator Colbeck: It was released on Saturday.

Senator RICE: Okay. That was my question: are we on track with the *Australia's state of the forests report*? So it's just been released.

CHAIR: We have to move on, Senator. Thank you. Have you concluded your answer to the senator?

Senator RICE: Yes, the *Australia's state of the forests report* was released on Saturday.

CHAIR: That is exciting!

Senator RICE: Yes.

CHAIR: That's why I haven't been sleeping as well!

Senator RICE: That's right!

Senator Colbeck: Senator, if you can't sleep, it's a decent read.

CHAIR: It is.

Ms Lauder: Six hundred pages.

Senator RICE: Does it include a section on the conservation of biological diversity?

Ms Lauder: I don't know if it's called that, but it definitely does have a section on biodiversity, yes.

Senator KETTER: I have a follow-up question from where I left off, Minister. The industry has been waiting for five years to hear from this government about what its plans are for the forestry industry. In questioning earlier, you indicated only \$1 million has been allocated of the \$20 million. It was September 2017 that the Turnbull government announced it would develop a plan for the forestry industry. I'm trying to understand the import of the Prime Minister's media release recently when, really, it sounds like a political stunt.

Senator Colbeck: Senator, I think that's somewhat disingenuous. We released the plan in September, not long after I came back into the portfolio. We've been working through processes of government ever since to get to the stage where we could announce the initial hubs—the pilot hubs—and the five subsequent ones. Obviously there was some funding that was put into the last budget that was announced, to support that process. I don't think the industry would describe it as a political stunt. They were very, very happy with the fact that we've commenced this process.

There are a number of other actions in the plan that we are working on that are also important to meeting the objective of planting a billion trees. Obviously, there are further announcements to be made in the context of implementing the plan. As I said, I came into the portfolio in August. We released the plan in September. In February we announced the pilot hubs and the five subsequent ones to follow, and some initial funding. So, we've been working, as quickly as the process of government will allow us, to get on with the job, so that we can start getting trees in the ground, which is exactly what the industry wants.

Senator KETTER: I'll move on to the Carbon Farming Initiative water rule review. That was announced as part of that.

Senator Colbeck: Correct.

Senator KETTER: Has that review commenced?

Senator Colbeck: I have written to Minister Price with respect to some action on that rule. Effectively, we've reviewed the processes around managing the rule. That's been completed, and I have written to Minister Price and Minister Littleproud with respect to commencing action on the outcomes of that process.

Senator KETTER: So, you might have taken some preliminary steps, but the actual review hasn't commenced?

Senator Colbeck: It's finished. From my perspective, the review is done, and I have written to the minister with respect to taking some action on the rule.

Senator KETTER: So, which department was the lead agency in the review?

Senator Colbeck: My department.

Senator KETTER: Were there terms of reference for the review?

Senator Colbeck: I'm not sure that we actually wrote anything down. I asked my department to carry out some actions. They did that, they reported back to me, and, subsequent to that process, I wrote to Minister Price and Minister Littleproud.

Senator KETTER: Is there a reporting date?

Senator Colbeck: It's reported. It's done. I have written to Minister Littleproud and Minister Price with respect to a course of action on the rule.

Senator KETTER: Will that report be made public?

Senator Colbeck: It was a brief to me as minister, so no.

Senator KETTER: Who conducted the review?

Senator Colbeck: The department.

Senator KETTER: Who was consulted as part of the review?

Ms Lauder: We didn't undertake consultation outside the government because industry had in a number of documents been very clear that this was something that they felt would help with expanding plantations. So we didn't feel that external consultation was required. We worked with the water division of our department and obviously the forestry area but also the department of the environment.

Senator Colbeck: Industry's view was very clear, Senator Ketter, right from the outset.

Senator KETTER: This is perceived as perhaps an inhibitor on expanding plantations, isn't it?

Senator Colbeck: That's industry's view, yes.

Senator KETTER: So industry was consulted in relation to this?

Senator Colbeck: Well, we knew their view. They told us what they wanted.

Senator KETTER: As part of the review or outside of the review?

Ms Lauder: Prior to the plan.

Senator Colbeck: Prior to that. I think I can recall having conversations with industry going back to the beginning of last year about their views on that. In fact, as someone who wasn't then in the portfolio, I might have expressed a view myself.

Senator KETTER: Who's actually responsible for responding to the review now?

Senator Colbeck: It's not so much responding to the review. I've taken an action as a result of that process. I have written to Minister Price and copied that letter to Minister Littleproud, so it's now a matter for Minister Price to come back to me.

Senator CAROL BROWN: How long did the review take?

Senator Colbeck: It wasn't a long period of time, but I'll have to take that on notice and I'm happy to do that.

Senator CAROL BROWN: Was it really a review, though?

Senator Colbeck: It was a review of process as much as anything else.

Mr Quinlivan: The way we've been describing reviews over the course of the day is rather different. This ultimately will lead to a decision by the government, so it'll be a cabinet process or a decision by the Prime Minister. It is a process of internal government.

Senator CAROL BROWN: So essentially the minister at the table understood what the view of the forestry sector was and then you asked the department to furnish you with some information?

Senator Colbeck: I had a view of what—

Senator CAROL BROWN: There was no further consultation through the department. You've already said that, so—

Senator Colbeck: I understood a number of things. I asked the department to do a piece of work for me. They did that piece of work. They reported back and, off the back of that, I wrote to Minister Price and copied that letter to Minister Littleproud.

Senator CAROL BROWN: So it wasn't really a review; you sought information.

Senator Colbeck: Yes, it was a review because I needed to understand process and the department provided me with the information to achieve what I was looking to achieve.

Senator KETTER: Minister, isn't it true that industry have been calling for the removal of these border restrictions for some years and they've said that it's the biggest hurdle for plantation expansion. Can you explain why it's taken so long to address the problem?

Senator Colbeck: I wouldn't agree that that's what they've been saying, because it doesn't accord with my conversations with them over the last 18 months, including before I came into the portfolio. It is their view now. That's understood. It was their view going into the final processes of the development of the plan. That's why, in the final processes of the development of the plan, we committed to the actions that we have and that's why I've undertaken the actions that I have.

Senator KETTER: So you're saying industry's changed its tune on this matter.

Senator Colbeck: It's probably strengthened its view—that's probably fair.

Senator CAROL BROWN: Minister, you've written to Minister Price. Is there some sort of time frame on when you expect to hear back from the minister? What's the process—

Senator Colbeck: I didn't impose any time frames on Minister Price in my correspondence, but obviously our departments are talking to each other.

Senator CAROL BROWN: So you'll provide on notice how long the review took. Can we get the date of when you wrote to Minister Price?

Senator Colbeck: Yes, I can give that to you.

Senator CAROL BROWN: How about a copy of the letter?

Senator Colbeck: As it's correspondence between ministers, I might have to take that on notice, but I'm not inclined to release it yet.

Senator KETTER: Will the government deliver on its commitment in the plan of enabling forestry to fully participate in the ERF?

Senator Colbeck: I'd like to see that happen, Senator. It's an objective of the plan and we're looking to implement the plan, so we're looking to complete the processes that we set out in the plan.

Senator KETTER: Will the water restrictions be removed in the forestry hubs that have been announced?

Senator Colbeck: Again, that's a decision that's still being finalised by the government and how that might work.

Senator CAROL BROWN: It's something that you're considering then?

Senator Colbeck: Absolutely.

Senator KETTER: I'd like to move to the National Institute for Forest Products Innovation and the additional research centres. I understand the plan included an action to develop at least two additional research centres?

Senator Colbeck: Correct.

Senator KETTER: It says 'at least two'. Can you tell us how many there will be?

Senator Colbeck: No, because it hasn't been decided yet.

Senator KETTER: Okay. How much funding has been allocated for each of the new research centres?

Senator Colbeck: That will be a decision for government.

Senator KETTER: This is part of the \$12½ million figure the PM used in his hubs announcement?

Senator Colbeck: Yes.

Senator KETTER: Which is, in turn, out of the \$20 million in the budget allocation?

Senator Colbeck: Yes.

Senator KETTER: Where will these new research centres be?

Senator Colbeck: I just said to you a moment ago that we haven't made that decision yet.

Senator KETTER: Okay. I thought you'd said that you didn't know how many there would be. There's at least two. That was the announcement.

Senator Colbeck: Correct. That's what's in the plan, but my answer stands that that hasn't been finally decided yet.

Senator KETTER: What process will be undertaken to determine where the new centres will be?

Senator Colbeck: We'll be talking to industry and state governments about that.

Senator KETTER: And when will that be happening?

Senator Colbeck: That will be a decision for government, but those conversations have commenced.

Senator KETTER: Will they be located within the pilot regional forestry hubs?

Senator Colbeck: That will be a decision for government, Senator.

Senator KETTER: Will it be contingent on matching funding from the state governments, as was the case with the existing two research centres in Mount Gambier and Launceston?

Senator Colbeck: That's been part of the conversations we've been having. I would be very keen to see matching funding coming from states and of course, as we've seen with the projects that have been announced for

the initial nodes, that has also been matched by funding from industry too. We're looking to leverage our contribution as much as we can.

Senator KETTER: Has the government had any discussions or commitment from a state government regarding matching funding for one of these centres?

Senator Colbeck: I've had the discussions. I haven't had any commitments.

Senator KETTER: When do you expect further announcements to be made in relation to this?

Senator Colbeck: I'd like to make them as soon as possible but, again, that will be a decision for government once the discussions have been finalised.

Senator CAROL BROWN: So the decision will be made by Minister Littleproud before it goes up through your cabinet processes?

Senator Colbeck: Not necessarily.

Senator CAROL BROWN: So Minister Littleproud might not make the decision? You might make the decision?

Senator Colbeck: I suspect, given that the decision of the hubs was a decision of cabinet, there will be whole-of-government involvement in the decision for it.

Senator CAROL BROWN: So the cabinet will make the decision. Is that what you're telling me?

Senator Colbeck: It'll be a whole-of-government decision.

Senator CAROL BROWN: So the discussion we were having around the water, around the Emissions Reduction Fund—

CHAIR: One down.

Senator CAROL BROWN: that's a decision of cabinet as well?

Senator Colbeck: Not necessarily. It may go back to cabinet. That may be a decision between ministers.

Senator CAROL BROWN: Is that you or is that Minister Littleproud and Mrs Price?

Senator Colbeck: I've written to Minister Price and copied Minister Littleproud onto the letter. Minister Price obviously looks after the environment portfolio. Minister Littleproud has responsibilities over water within the portfolio, so there's an indication of responsibilities in that sense.

Senator CAROL BROWN: So the decision will be a combined decision, obviously, between those two?

Senator Colbeck: They would both have to agree, yes.

Senator KETTER: The plan commits to establishing a national steering committee for the NIFPI. Who will be on this committee?

Senator Colbeck: I've asked the department to provide me with some advice as to how that might look, which has occurred. But that decision hasn't finally been made. One of my concerns is to ensure that we have a nationally coordinated approach to R&D for the industry. I have a bit of a vision that it could look something like FPInnovations in Canada, which brings together all of the government, national, state and private innovation into one quite powerful unit. But there's a number of considerations to look at there, because we also have, obviously, Forest and Wood Products Australia as an R&D corporation. So settling on the final design of that to get the best possible outcomes is the objective that I have so that we maintain a cooperative R&D system that gives best value for return and obviously returns good information back to industry.

Senator KETTER: That was my next question: how are you going to ensure that the work's not duplicated between the centres and the steering committee?

Senator Colbeck: That's been one of the considerations that has been foremost in my mind in the decision as to how we might form this up. It's very important. In fact, in the initial round of funding that has been announced, there is already one cooperative project across the two nodes that exist. There is a consciousness of that already, and it's a conversation I've also had with industry as well. They're concerned that exactly that will occur.

Senator KETTER: When will the membership of the steering committee be announced?

Senator Colbeck: To a certain extent, it will probably depend on the announcement of the other nodes of NIFPI and who's on it. My thoughts are that each NIFPI might have some representation on that steering committee.

Senator KETTER: I just have a couple more questions, Chair, in relation to the drought assistance measures.

CHAIR: Your time is nearly up. Do you want to wait until we come around to you again?

Senator CAROL BROWN: There are only three quick questions.

CHAIR: It won't make any difference. Do you want to do your three quick questions and go home, because you can. Is that all you've got and then, that's it, you're done on the whole outcome?

Senator KETTER: That's it for the night.

CHAIR: Let's do it. Go ahead.

Senator KETTER: Just on the farm household allowance, on the department's website there's a breakdown regarding how many eligible farmers and their partners are currently on the FHA, and there's a breakdown of the states, but there's also information as to how many other farmers would be eligible. Can you provide information about why the department has chosen to provide this information on its website?

Ms Standen: Why we have chosen to provide the information on the website—is that the question?

Senator KETTER: Yes.

Ms Standen: The reason that we provide information on the department's website in relation to these matters is that it's a matter of making this information available in a transparent and public way. It's to inform the community. It's also a way to ensure that people who do have questions—they might be industry organisations, non-government organisations, media or other publicly-interested organisations—are able to access that information easily.

Senator KETTER: Following the Turnbull government's announcement about the new drought assistance measures, how many eligible farmers sought to reapply for the additional year of the FHA?

Ms Standen: If you can give me one minute, I'll find that information. Senator, your question specifically was—

Senator KETTER: How many eligible farmers sought to reapply for the additional year of FHA?

Mr O'Sullivan: I can probably assist with that. As at 5 January 2019, 1,074 had.

Senator KETTER: How many farmers actually received the up to \$12,000 supplementary payment?

Mr O'Sullivan: As of 4 January 2019, 5,480 had received the first instalment.

Senator KETTER: Out of a potential of what? How many in total are eligible?

Mr O'Sullivan: I'd have to take that on notice. Actually, it's probably a question that'd have to go to the Department of Human Services to get that exact number.

Ms Standen: We understand the Department of Human Services is still assessing applications, so we can't advise you at this stage what the final quantum will be.

Senator KETTER: What feedback is the department receiving from drought affected farmers with regard to accessing the drought support measures?

Ms Standen: You may be aware that there has been an independent review of the farm household allowance scheme, currently being undertaken. The panel members are in the final stages of completing their final report to government. It's expected by the end of this month, to the extent that the reviewers have done a considerable amount of public consultation, particularly in drought affected areas, which are under particular pressure at the moment in relation to farm household allowance. The sorts of feedback that the panel is getting is similar to that which the Department of Human Services is getting, in that they believe that the application process is complex and difficult and that the assessment process takes a considerable amount of time. We, the panel and DHS have been getting feedback that it is frustrating for farmers who are applying for farm household allowance. We understand that.

Senator KETTER: When do you expect the report to be finalised, and will it be tabled?

Ms Standen: We expect the report to be finalised and presented to the minister by the end of this month, February. It'll be a matter for the minister to make it public.

Senator KETTER: Chair, I've discovered I have a few other questions.

CHAIR: We'll have to come back to you then. Senator Rice.

Senator RICE: I'd like to go back to where we just finished off in terms of flora and fauna species in the RFA regions that have been added to the list. The assessment of matters relating to the RFAs says 29 species were added to the threatened species list in the Eden area, 58 species were added in the southern RFA area and 59 species were added to the north-east RFA area. These are all forest-dependent species. So we've had a significant increase in forest-dwelling species in the 20 years the RFA has been in place. So what studies as part of the RFA review process did the department do to ascertain why each of the species have been added?

Ms Lauder: The Department of Agriculture didn't undertake any specific studies on the things that you're talking about for the New South Wales RFA. The New South Wales government had done some monitoring and have got a new budget to do additional monitoring and data. For the assessment of matters document we used data from ABARES SOFRs and from previous reviews as well as a lot of New South Wales government data—as the government responsible for managing that area of forest—and any data the department of the environment had. We didn't commission additional studies during the period of developing the RFA.

Senator RICE: Was that data you used sufficient to determine why these species have been added to the threatened species list?

Ms Lauder: My understanding is the department of the environment had that information. As part of adding species to the EPBC list, they have information as to why those species are becoming threatened and then, ultimately, what actions might need to be taken to help them recover.

Senator RICE: Has why they are becoming threatened included how logging and associated impacts such as roading and increased risk of fire have contributed to these threatened species listings?

Ms Lauder: On an individual by individual species level, yes.

Senator RICE: Would you be able to collate and table that information for us? I don't think that was included in the documentation associated with the RFA.

Ms Lauder: We haven't actually collated that information. It's on the department of the environment's website for each individual species in their conservation advice.

Senator RICE: So you're saying I could go to the website and do it myself?

Ms Lauder: Yes, or we can provide a link to the relevant sites for you on notice.

Senator RICE: Would you be able to collate the information?

Senator Colbeck: They're not there to do the research for you.

Senator RICE: All right. If you provide me with the information, we'll see what we can do.

Senator Colbeck: I think that we have made available everything that we've been asked for in relation to the renewal of the New South Wales RFAs. We've had a number of requests. I certainly haven't said no to anything. We've put everything that's been available to us on the table and have no intention to do otherwise.

Senator RICE: Okay. The New South Wales RFAs have been extensively rewritten. You'd agree with that?

Ms Lauder: Varied, but yes.

Senator RICE: So you don't agree they've been extensively rewritten?

Ms Lauder: I guess, as part of the consultation and the work we did with New South Wales and in the Commonwealth, we looked at what areas of the RFA were no longer needed or no longer current. So we removed some areas and we did write additional text for it. Part of that was from what the public were telling us from the consultation that they either didn't see in the RFA or felt was missing.

Senator RICE: But basically there are some key obligations which have been changed? You agree that that's the case?

Ms Lauder: No.

Senator RICE: I'm about to document them. I have quite a few issues I'm about to go through. My question to begin with is why this has just been considered a variation.

Ms Lauder: It is because—and I'll be interested in your next questions—we don't believe the principles of the RFA have been changed. We believe it is still an RFA as defined under the RFA Act. This was a renewal process and improvement process as well as, obviously, an extension for New South Wales—

Senator RICE: So it hasn't been done that way in order to avoid the requirements for preparing a new RFA such as independent scientific assessment, which you acknowledge you haven't done, and genuine public consultation?

Ms Lauder: We have had some independent scientific data and information that we have used as part of that assessments of matters and the RFA variation itself, so I wouldn't say there's no independent scientific input, but we didn't repeat the CRAs, as you're aware.

Senator RICE: Rather than having a finite finishing point, which the original ones did, we've got indefinite extensions every five years, and, even if they demonstrate unsatisfactory performance, they'll still be extended. The documentation says, 'If satisfactory performance is not determined, the parties will include in the joint government response a list of remedial actions and when they'll be delivered. The subsequent five-yearly review

process will assess whether remedial actions have been delivered.' So, basically, even if they haven't met their agreements they'll continue to roll over. The requirement for extensive opportunities for public participation and reporting over the RFAs has been removed. The public reporting and consultative mechanisms which were previously outline in attachment 6 have been deleted.

Ms Lauder: There's still that opportunity through the five-yearly reviews, though. That has been strengthened.

Senator RICE: But it's not the same level as is required if you have a new RFA.

Ms Lauder: No, that's true.

Senator RICE: I want to know what confidence the public can have that serious problems with RFAs or accredited state forest management schemes will ever be properly investigated and will ever result in the suspension or cancellation of an RFA?

Ms Lauder: You would have seen that we strengthened a number of areas of requiring audits or allowing audits, dispute resolution et cetera, and we strengthened the five-yearly review requirements. So, both governments undertake the five-yearly reviews. We didn't just say that they would be reviewed, but that they would be independently reviewed. We made sure that that was actually in there, and also significant consultation as part of those reviews. The—

Senator RICE: It's still not to the level it would be if it were a new RFA.

Ms Lauder: No.

Senator RICE: And, even if they don't meet their reviews, they're able to be rolled over. What confidence could you have, if, say, it really isn't working, that the RFA will be suspended or cancelled?

Senator Colbeck: Previously, one of the issues was that the five-yearly reviews weren't being done.

Senator RICE: Yes, that was a huge failure. I'm glad you acknowledge that.

Senator Colbeck: Well, it was part of the thinking in the election policy that talked about the extension of the process, because the extension is dependent on the review being done. That was one of the commitments in the election policy from 2013.

Senator RICE: I'll move on, because I know I'm going to run out of time. There are various commitments in the new RFAs to the importance and retention of the comprehensive adequate and representative forest conservation reserve system, but, basically, it's the reserve system as at 2017, including the informal reserve system and the values protected by prescriptions. It includes prohibiting forestry operations from old-growth forest and it's prohibited from all rainforest. However, under the RFA accredited Integrated Forestry Operations Approvals—the New South Wales forestry process—they are looking at changing the criteria and methodology for mapping old-growth forest and rainforest, and it's been estimated that approximately 100,000 hectares of identified CAR reserve—old-growth forest and rainforest or rainforest buffer—would be able to be opened up for logging under this scheme. Will the Commonwealth insist the current reserve system not be diminished?

Ms Lauder: One of the things we put in the variation of the RFAs is that if New South Wales is proposing to make any changes to the CAR reserve they must discuss it with us prior to—

Senator RICE: I'm sorry, that doesn't give me much confidence.

CHAIR: We're not here to give you confidence.

Ms Lauder: It's stronger than what we had.

Senator RICE: It's our forests. The forest belongs to the community.

CHAIR: It's late at night. These people have further questions. Let's get through it, will you please.

Ms Lauder: New South Wales has also got some funding to look at old-growth. They have found in some recent ground trothing that areas that had been modelled as old-growth forests under the CRA actually aren't, and there's other areas of old-growth forest that currently aren't being protected. So they've got funding to actually do lidar work to really look at, in some of the RFA areas, where is old growth. And from that there could be changes, but they were a long way from that; they would need cabinet approval and our agreement.

Senator RICE: So how is the Commonwealth going to ensure that the remapping process doesn't open up for logging forest areas that should be protected in accordance with the RFAs, as part of the CAR system?

Ms Lauder: In discussing this with New South Wales, they have agreed that our department and the Department of the Environment and Energy will be intimately involved—kept up-to-date and—

Senator RICE: What public process will there be? How transparent and accountable will that process be?

Ms Lauder: This is a New South Wales process. I'm telling you from quite a high level. They've appointed the NRC, the Natural Resources Commission, to do some work. There's a lot of information on their website about the project, but there's an extensive consultation process as part of it.

Senator RICE: At a federal level, what commitments are there for all of the information to be transparent and accountable and available to the community?

Senator RICE: We are expecting the New South Wales government to make that transparently available.

Senator RICE: Expecting or insisting or requiring?

Ms Lauder: I would expect it to be. I'm conscious that it will need to go through the cabinet. There may be issues that come out as part of that, so I can't say we will ensure.

Senator RICE: It doesn't give the community or the forest confidence. Moving on to climate change—

CHAIR: Let us assume that statement at the end of every question and answer, Senator. God Almighty.

Senator RICE: You use your position, Chair, to pronounce at length your views on things. I'm sorry, but one phrase from me really does not take up a lot of extra time.

CHAIR: Ten thirty at night is no time for it.

Senator RICE: The New South Wales RFAs acknowledge climate change but only to the extent of stating: The State agrees to manage its Forests in accordance with the NFPS—the National Forest Policy Statement—

objectives and policies as they relate to climate change, adaptation and carbon.

You know as well as me that the National Forest Policy Statement was produced in 1992. We have moved a long way in terms of our understanding of climate change since 1992. What extra work is the department going to do? Has it conducted any further independent scientific assessment of the carbon emissions likely to arise from the levels of logging allowed under the New South Wales RFAs?

Senator Colbeck: New South Wales has done extensive work in that space, Senator—extensive work, and it's published. I invite you to read it.

Senator RICE: Has the department done that work?

Ms Lauder: No. We relied on a number of research papers and works that have already been done. We didn't carry out that work ourselves.

Senator Colbeck: New South Wales has done quite a lot, Senator. The CSIRO has done some work.

Senator RICE: Yes, there's a lot of contested research, as you and I have discussed previously, Senator Colbeck.

Senator Colbeck: And I'm not trying to—

Senator RICE: So you haven't done any extra assessment; you're relying upon the work that New South Wales have done. Moving on to threatened species in general. In the previous RFAs, under threatened species, there were certifications that the RFA met Commonwealth obligations. The Commonwealth used to say: 'The Commonwealth, in signing the agreement, confirms its obligations under the Environment Protection Act have been met, and obligations in relation to the agreement under the Endangered Species Act.' Obviously we have a new act. The new RFA says:

The Commonwealth notes that its obligations under the EPBC Act to promote protection of Listed Species and Communities will involve ongoing cooperative work with New South Wales agencies concerning the Upper North East and Lower North East regions.

Why has the removed from the new RFAs a claim that the signing of the RFAs constitutes the meeting of the Commonwealth's threatened species obligations?

CHAIR: That's your last question, Senator.

Ms Lauder: The Department of the Environment and Energy were concerned that we wouldn't be able to use the term 'accredited'—the New South Wales forest management system—because of the EPBC Act. The act that came in after the start of the New South Wales RFAs didn't allow for that—didn't have any kind of process that allowed us to accredit a forest management system or framework through the EPBC Act; hence, the wording was adjusted.

CHAIR: Thank you, Senator.

Senator KETTER: Just coming back to you, Ms Standen, and the report that you talked about into the farm household allowance and the application process: can you tell me whether that report will be made public?

Ms Standen: That will be a matter for the minister.

Senator KETTER: Okay. Turning to the issue of the drought envoy: can the department provide information about how it's working? In particular, what type of support does the department provide to the drought envoy, including staff or administrative assistance and whether the department bears any of the costs related to the drought envoy?

Ms Standen: We are not providing any specific support in terms of staff or any funding or any other services to the drought envoy.

Senator KETTER: Do the department or the minister for agriculture formally meet with the drought envoy?

Ms Standen: I cannot speak for the minister specifically, but certainly the department has met with him on a number of occasions.

Senator KETTER: Can you table the dates and times?

Ms Standen: I can't at this time but I can certainly take that on notice.

Senator KETTER: Okay. Have reports been provided by the drought envoy?

Ms Standen: Not that I am aware of.

Senator KETTER: No reports?

Ms Standen: Certainly not into the department.

Senator KETTER: Minister, have you formally met with the drought envoy?

Senator Colbeck: Have I met with the drought envoy?

Senator KETTER: Mr Joyce, the drought envoy.

Senator Colbeck: On drought matters?

Senator KETTER: Yes.

Senator Colbeck: I've certainly met with Senator Joyce, Minister Joyce, former Minister Joyce—he's had too many incarnations for me at this time of night!—

Senator KETTER: In particular in relation to this role?

Senator Colbeck: On drought matters, no, although we did attend the Drought Summit together.

Mr Quinlivan: Mr Joyce has reported to subcommittee meetings of the cabinet dealing with drought matters, and briefed the PM, and has also attended and briefed the drought finance committee, where the Treasurer and other ministers meet with the banks, and has also provided briefings to ministers and the PM in other forums where drought was on the agenda.

Senator KETTER: If the department is not working closely with the drought envoy, what is the purpose of the role of the drought envoy?

Mr Quinlivan: The drought envoy has been tasked by, initially, the Prime Minister to consult with the community and provide him with advice, and he's done that, as has the drought coordinator.

Senator KETTER: But, in terms of written reports from the envoy, do you have any—

Mr Quinlivan: I'm not aware of any written reports, but he's certainly provided verbal reports on his public consultations to those various meetings that I talked about.

Senator STERLE: I'm not being smart, but what does he actually do?

CHAIR: He has explained it.

Senator STERLE: He goes around and talks to people?

CHAIR: And he has briefed—

Senator STERLE: There are no reports.

CHAIR: the Prime Minister.

Senator STERLE: On what? What does he say—'We've got a drought'? I mean it seriously: what does he actually do?

Mr Quinlivan: He has provided feedback to the Prime Minister and to senior ministers on a variety of drought related issues that I'm personally aware of. I don't know about more generally.

Senator STERLE: I'm not belittling the problem of the drought, but is it just verbal?

Mr Quinlivan: I'm not sure if there have been written reports but, as I say, I've been present when he's provided verbal reports on various drought issues, including farm household allowance and access to the scheme on fodder shortages and water shortages in northern New South Wales.

Senator STERLE: We the Senate, or the taxpayers, might say, 'It'd be nice to know what he is actually reporting on,' but there is no trail to know what he is reporting on, because it's just a—

CHAIR: Well, we don't know that.

Senator STERLE: No, we don't know. That's right, Chair.

CHAIR: But Mr Quinlivan has given evidence that it's not within the scope of his knowledge. There may be 100 reports out of that.

Senator STERLE: Well, has he?

CHAIR: Mr Quinlivan said he doesn't know.

Senator STERLE: Does anyone know? Can anyone tell me what the drought envoy does?

CHAIR: They can take it on notice.

Senator STERLE: No. It's all very well having a title and a wage to go with it and all that. It's not unfair for us to say, 'How the hell do we know exactly what he's doing, apart from having a verbal?' Has he rolled up his sleeves and leant on a bar with a beer in his hand and said, 'PM, it's dry out there'? I'm deadly serious.

Mr Quinlivan: I've told you what I know; he's been a participant in quite a number of cabinet discussions—

Senator STERLE: You're a participant in a few things that he's told—

Mr Quinlivan: on drought related issues.

Senator STERLE: I want to know exactly what he does!

CHAIR: Senator, I've got some questions here—significant questions—

Senator STERLE: No, I'm not satisfied that I know what a drought envoy—hey! If there is a trail of reports and recommendations, and he's going out there consulting then where's his diary and who is the meeting with? What are the results of his conversations? That's not an unfair request. Every day we sit there—Senator, you know that—and we have to report what we do, where we've been—

CHAIR: Okay, well, put your questions to them—

Senator STERLE: I have! I haven't got an answer yet.

CHAIR: Are they done?

Mr Quinlivan: Well, Senator—

Senator STERLE: They're not having a crack at it. I want to know what Mr Joyce does.

Senator Colbeck: I wouldn't agree that you haven't had an answer, because Mr Quinlivan has taken—

Senator STERLE: No, you're right. I have had an answer, but I—

Senator Colbeck: He's told you a number of things that he knows the envoy has done. He's been in meetings where the envoy has reported. So I can't agree with your characterisation, as colourful as it might be, that you haven't had an answer, because you have.

Senator STERLE: No, okay. Well, let me—

Senator Colbeck: You might not be satisfied with the answer to your question—

Senator STERLE: No, I'm not; you're right. But let me put this to you, Mr Quinlivan: when I'm out in the bush—

Senator Colbeck: but Mr Quinlivan has actually given an answer to your question.

Senator STERLE: Yes, sure. When I'm out in the bush, Minister, there is no secret there: we list who we meet with. There are *Hansard* recordings of everything that we do publicly, and anyone can sit there and go, 'What has the Rural, Regional Affairs and Transport Committee?' we have that title, 'done, wherever they've been in this grand nation?' But how do I find out what Mr Joyce does?

Senator Colbeck: As a committee, having travelled with you and the committee a number of times, for that part of the process where the committee is meeting formally you're right—it is fully recorded. All the other conversations that we have around that process aren't necessarily recorded, as it is that the other activities we might undertake as elected members may not necessarily be recorded. So I think—

Senator STERLE: But, Minister, let me help—I'm not cutting you off. When there is a request for ministerial and parliamentary services when I'm out of my home base of Perth, I can prove everyone who I've met with because it's all in my diary. I don't have a trail of conversations I've had, but I'm not the drought envoy. I don't even know where Mr Joyce's home base is—I wouldn't have a clue, and that's not being clever, I don't know where he is—but if he's out travelling on the taxpayer's purse and he's having meetings about the drought, I don't think it's an unfair request for the Senate committee to ask who he's meeting with. What's the whole idea of him being out there?

Senator Colbeck: I think it's fair enough that you do ask the question.

Senator STERLE: Well, I am.

Senator Colbeck: Mr Quinlivan has given you the information that he has to his level of knowledge.

Senator STERLE: Minister, then what I would request through yourself—and take it on notice—is that the committee would like to see the travel itinerary of the drought envoy; where he has been and who he has met with. I know you can't answer that right now, but I don't think it's unfair for me to ask you to take that on notice.

Mr Quinlivan: We will do that.

Senator Colbeck: We'll take that on notice, and also note that there is a public reporting process for everything that we do as members of parliament.

Senator STERLE: Of course.

Senator Colbeck: That's worth noting at this point as well.

Senator STERLE: And I would ask if you would take this on notice as well, through you Minister, to you, Mr Quinlivan: I think it would be fair to ask if there are any reports or recommendations that the drought envoy has made to the Prime Minister, to the Treasurer or to anyone in the executive—Mr Littleproud?—that we should be informed of what that is, what the outcome was, where that idea came from and who were the ones who supported it. What was the consultation process—dates?

CHAIR: That's a good way for me to segue into a question, because I did ask the drought commissioner to take up with Leanne Kohler, in Longreach, about the prickly acacia. That's a critical drought issue, as you know. You, kindly, sent up one of your staff officers to have a personal inspection up there—do you recall that?

Mr Quinlivan: Yes, I do.

CHAIR: Do you have anyone here who would be able to answer some questions on prickly acacia, because I've got some prickly questions to ask?

Mr Quinlivan: I'll look around!

CHAIR: Hands up if you're ready for a prickly question!

Senator Colbeck: There may be quite a few people who have been listening to your earlier instructions, Senator.

CHAIR: Okay.

Senator STERLE: It looks like you're flying solo: they've bolted!

CHAIR: Mr Quinlivan, would it be unfair for me to ask you to agree—you had a relatively senior person who went up, and I've submitted to you—that the prickly acacia problem is a serious problem?

Mr Quinlivan: Yes, it is a serious problem.

CHAIR: Yes, and it covers tens of thousands of hectares up in the upper reaches of the Murray-Darling, and I think we're going to see an absolutely catastrophic explosion of prickly acacia now, because this is really the first big wash we've had, sadly, for the people involved up where the concentration is, on the Diamantina and to the east of the Diamantina, below Richmond and in that country there. Do you realise that the only funding in the country from the Commonwealth to deal with prickly acacia ends in September this year? We're not investing one cent in confronting what I've described as the biggest challenge of Western Queensland. Indeed, when it flows down—there are 72,000 seeds in each plant—and gets lifted up in this water down through the channel country, you'll have prickly acacia in the main street of Adelaide within a few years, and we are delivering no more funding come September. Do you want to have a crack at trying to explain why we have stopped the funding for this program out there?

Mr Quinlivan: I wasn't aware of that.

CHAIR: Well, we can't do much about it tonight. Would you take it on as a matter of serious priority and—quite apart from informing the committee as to what the thinking is—would you be kind enough to personally let me know with a call or have one of your people ring me.

Mr Quinlivan: Yes, I'll do that.

CHAIR: I only learnt about this two days ago. I'm going to do an impersonation of myself over the next couple of weeks over this, and it won't do us any good as a government if I go out on this and blow the bugle on the fact that we've stopped funding on a very critical issue. If I had to choose between dingos and prickly acacia, I'd take the dingos and get rid of the prickly acacia.

Senator STERLE: May I ask how much is funded.

CHAIR: It's only \$600,000 a year, but the work they've done is absolutely remarkable. Using drones, they've taken out about a third of the infestation up there over quite a number of years—six or seven years. But this woman, who's a phenomenal woman, has been warning that, when this gets into the Murray-Darling Basin, it will become a problem so big that the country won't be able to afford to eradicate it. I made my point previously. She came into my office. I was gobsmacked when she told me that the funding ends in September. I know you're a busy man, but I'd like you to treat it with great priority if you could.

Mr Quinlivan: I'll do that.

CHAIR: You'll take that on board?

Mr Quinlivan: I will do that. I did know—and we've discussed this before—that the next big floods would likely take the infestation from the top of the channel country down through all that country, so I was aware that that was a risk in the next big flood event.

CHAIR: Where it infests, not a single blade of grass grows under it. It takes out thousands of hectares. You can't ride through it on a horse, you can't crawl through it on your hands and knees and there's nothing under there. There are no native animals under there. It absolutely suppresses the growth of anything whatsoever. It is a fodder. As you know, it was brought into the country because, in really dry times, cattle will eat it. They won't thrive on it, but they'll survive on it. But the legacy it's leaving is just ginormous. I go back to you, Senator Ketter, but when you run out I'll take us through to stumps.

Senator KETTER: Thank you.

CHAIR: And can you keep Senator Sterle from asking questions in the meantime.

Senator KETTER: I just want to follow up on Senator Sterle's last question, about the drought envoy. Just to finish up on that point, in announcing that the member for New England was the special drought envoy, is there a statement of expectations or a job description? What do we look at to find out what we expect as an outcome from it?

Mr Quinlivan: The support for the drought envoy's work, as I understand it, is provided from the drought task force in the Department of the Prime Minister and Cabinet, which is also supporting Major General Stephen Day, the drought coordinator. So we will have to take those previous questions up with the other department. We'll also see what we can find by way of terms of reference or job description. I think the Prime Minister would have included a job description in the announcement of the creation of the envoy, but we'll find what we can and provide it to you.

Senator KETTER: All right. I just want to move to another matter finally. Is the department aware of the UNICEF report titled *In their own words: the hidden impact of prolonged drought on children and young people*?

Mr Quinlivan: I'm not personally aware of that report, no.

Senator KETTER: That report talks about the fact that young people have particular experiences of drought including increased responsibility and workloads, balancing schoolwork with farm work, coping with the long and stressful days of managing all of those commitments, stigma and stress. According to that report, youth representatives should be involved in all aspects of drought response so that those issues specific to young people can be responded to appropriately. With regard to the work undertaken by the department in relation to drought and support measures, is the department undertaking any work to assist children and young people who are suffering from the effects of drought?

Ms Standen: The Department of Agriculture and Water Resources is not specifically undertaking any programs or work in relation to that. However, the response to the drought is a whole-of-government response, and we are aware that the Department of Health has invested significant funding in extending its primary health network, which is available throughout rural and regional areas to support communities and individuals with specific health needs. While I can't give you any specifics on what that might look like, we could take that on

notice and get some more information for you. There is also additional funding for mental health services, which would no doubt have a youth component to it as well.

Senator KETTER: Do you know if there's a young person involved in the Prime Minister's Joint Agency Drought Taskforce?

Ms Standen: The task force is made up of public servants, including representatives from the defence forces, so I think that, in terms of somebody being there specifically to address youth issues, I would have to say no.

Senator KETTER: You don't believe there's any youth representative on the task force?

Ms Standen: No.

Senator KETTER: If that's the case, can you tell me why there is no person to represent young people experiencing drought on the task force?

Ms Standen: Well, as I said, Senator, it's a task force made up of public servants. They're there for their expertise in delivering public programs, developing policies and coordinating activities. That's the main reason that we have military representatives on that task force. I don't know how else to answer your question.

Senator KETTER: Is there an opportunity for people outside the Public Service to be involved in the whole-of-government response?

Ms Standen: I think, Senator, that you're heading towards what sorts of consultation processes the major general, the drought coordinator, is having within the community. I would have to take on notice the specifics around those consultations, but I do know that he's been travelling extensively in drought-affected areas, and I would assume that the specific issues that young people have to address during drought will have been raised with him. But again we can take that on notice and provide you with some more details.

Senator KETTER: Okay. Thank you.

Senator Colbeck: Senator, you might ask questions of the Department of Health specifically on that. Mental health is a part of the response to the drought, but specific measures are probably coming through the Department of Health as part of that delivery process.

CHAIR: Yes, there was \$3 million announced a bit over a week ago for mental health out there. I know that some of the people administering that program have got a keen eye on youth at the same time.

Senator KETTER: Thank you, Chair.

CHAIR: I want to come back, if I might, Mr Quinlivan. The overall coordination in the space of agricultural policy worries me sometimes. What efforts are being made?

I'll give you an example, and I want to use the prickly acacia as an example. Funding for woody weeds and funding for feral animals are often in the same basket. Does that remain the same or has there been a change?

Mr Quinlivan: There has been a pattern in recent times of having pests and weeds programs which have tended to cover the field, as you say.

CHAIR: Then you find—you'd be conscious of this, I imagine—that out there there's competition for this funding.

Mr Quinlivan: There is indeed, yes.

CHAIR: My take on it in the last few years, at least in my home state west of the great divide, is that the dingoes are winning.

Mr Quinlivan: Well, there's been a lot of money spent on dog fences.

CHAIR: The majority of it has been spent on dog fencing as opposed to woody weed management.

Mr Quinlivan: Yes.

CHAIR: What concerns me is that, knowing this, are we going to look to bring some balance to this?

Mr Quinlivan: One of the rationales for the investment in dog fences has been to try and reintroduce sheep into those—

CHAIR: I do understand, and it's working. I'm hearing reports of lambing ratios being up by about 80 per cent, so it's working. But my point is: why does one thing have to exclude the other? They're both really serious problems facing the west. It's like pushing down on a waterbed—you can fix the dingoes and a big bulge will come up over there with the prickly acacia. But, look, I've made my point on that.

I want to make one other point and then we'll wind up. Are you aware now of the increase in properties, particularly in the more marginal country—and there's a lot of that, as you know—where the properties have no-

one on them anymore? There are a whole range of reasons as to why that's so. We've got properties west of Charleville that have been bought, as I understand it, by Japanese interests and they're using them for carbon offsets back in Japan. I met some people west of Charleville who went there in 1989 or 1988—I can't remember exactly—and at that point they lived on the corner of a crossroads where there were 19 families represented on the school bus, and now they are the only family occupying on those 19 properties. The other 18 properties are serviced by the big corporates, who just send in mustering teams, harvest weaners and do nothing. Woody weeds are out of control; it's a haven for feral pests. I don't know whether you experience that in the west, Senator Sterle.

Senator STERLE: In the west we've got dogs.

CHAIR: Is someone thinking about that and having a look at that and contemplating policy? These things are slow and insidious. 1989 until now is 30 years, but, if you had to reverse that now and try and populate those 19 properties, it's beyond reach. Have you got someone thinking about this, looking over the horizon with some of this agricultural policy?

Mr Quinlivan: It's another version of the same problem we were discussing with ABARES earlier in the day, really.

CHAIR: Correct.

Mr Quinlivan: It is a concern that, I think, about 80 per cent of the auctions under the Emissions Reduction Fund have been won by projects which were essentially regrowth in the form you're describing. While that's an important contribution to our emissions effort, it does have other consequences, and that pattern is going to continue into the future because the Emissions Reduction Fund will continue in some form or other well into the future. So it is a big problem.

CHAIR: Here's my final question. If I waved a magic wand and we slipped ahead 30 years and now prickly acacia occupied the entire Murray-Darling Basin in massive forms, do you think government would pay attention to it and consider the few billion dollars it might take to eradicate the problem? Or do you think we'd say, 'No, bugger that—we'll carve that off, secede it to Papua New Guinea and just move further east and west'?

Mr Quinlivan: In my experience, in every budget the agriculture minister makes a pitch for additional investment in weeds and pests. As you say, there's been an emphasis on dog fences in recent times, but I'll do my best to make sure that prickly acacia figures more prominently in the next version.

CHAIR: Just make sure this program stays alive until everyone wakes up—that's all I'm asking.

Mr Quinlivan: I'll see what I can do.

CHAIR: Thank you. I'm not going to ask if senators have any more questions because I don't care! Thank you, Mr Quinlivan and, through you, all of your staff. It's late. We thank you for your effort and your preparation. We wish you safe travel home. To the secretariat, as always, and to our good friends who sit up there quietly and record it all, we thank you. We stand adjourned.

Committee adjourned at 22:55