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Members in attendance: Senators Antic, Bilyk, Brockman, Carol Brown, Ciccone, Davey, Faruqi, Gallacher, Hanson, Keneally, Lines, McDonald, McMahon, Rennick, Roberts, Scarr, Sheldon, Dean Smith, Sterle, Watt, Whish-Wilson.
AGRICULTURE PORTFOLIO

In Attendance

Senator McKenzie, Minister for Agriculture

Department of Agriculture

Executive

Mr Daryl Quinlivan, Secretary
Ms Cindy Briscoe, Deputy Secretary
Mr Neal Mason, Acting Deputy Secretary
Ms Peta Lane, Acting Deputy Secretary
Mr Malcolm Thompson, Deputy Secretary

Corporate Matters

Corporate Strategy and Governance Division

Ms Tiffany Blight, Acting First Assistant Secretary
Ms Bronwen Jaggers, Assistant Secretary, Parliamentary and Communications
Ms Kylie Barber, Assistant Secretary, HR People
Ms Jasna Blackwell, Acting Assistant Secretary, Workforce and HR Strategy
Mr Jey Hoole, Acting Assistant Secretary, Planning and Governance

Finance and Business Support Division

Mr Scott Brown, Chief Finance Officer
Mr Paul Pak Poy, Assistant Secretary, Industry Support Branch
Mr Shaun Garlin, Acting Assistant Secretary, Industry Support Branch
Ms Anita Tapper, Acting Assistant Secretary, Finance Management Branch
Ms Vanessa Berry, Assistant Secretary, Finance Operations Branch
Mr Peter Moore, Acting Assistant Secretary, Commercial Business Branch
Mr Matthew Ryan, Assistant Secretary, Modernising Agricultural Trade Taskforce

Information Services Division

Mr Peter McKeon, Chief Information Officer
Mr John Mason, Assistant Secretary, ICT Services and Enablement Branch
Mr Ian Scensor, Assistant Secretary, Enterprise ICT Development and Operations Branch

Assurance and Legal Division

Ms Alice Linacre, General Counsel
Ms Amy Nichol, Deputy General Counsel
Mr Jadd Sanson-Fisher, Deputy General Counsel
Mr Lionel Riley, Assistant Secretary Assurance Branch

Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)
Mr Peter Gooday, Acting Executive Director
Mr David Galeano, Assistant Secretary, Farm Performance and Resource Economics Branch
Dr Jared Greenville, Acting Assistant Secretary, Agricultural Forecasting and Trade Branch
Dr Steve Read, Acting Assistant Secretary, Biosecurity, Fisheries, Forestry and Land Branch

Dairy Australia
Mr Jeff Odgers, Chair
Dr David Nation, Managing Director
Ms Sheridan Verwey, Company Secretary
Mr Charles McElhone, Group Manager, Trade and Industry

Australian Livestock Export Corporation (LiveCorp)
Mr Terry Enright, Chairman
Mr Sam Brown, Chief Executive Officer

Australian Pork Limited
Ms Margo Andrae, Chief Executive Officer
Ms Deborah Kerr, General Manager Policy
Mr Damien Howse, General Manager, Corporate Services

Fisheries Research and Development Corporation
Dr Patrick Hone, Managing Director
Mr Crispian Ashby, General Manager Research and Investment
Mr Peter Horvat, General Manager Communications Trade and Marketing
Mr Jamie Allnutt, National Carp Control Plan

Australian Fisheries Management Authority
Mr Wez Norris, Chief Executive Officer
Ms Anna Willock, General Manager
Mr Trent Timmiss, Acting Executive Manager, Fisheries Management Branch
Mr John Andersen, General Manager, Corporate Services Branch

Australian Pesticides and Veterinary Medicines Authority
Dr Chris Parker, Chief Executive Officer
Ms Lisa Croft, Deputy Chief Executive Officer
Mr Alan Norden, Executive Director
Mr Bob Smith, Executive Director, Service Improvement and Integration
Dr Jason Lutze, Executive Director, Risk Assessment Capability
Dr Maggie Hardy, Chief Regulatory Scientist
Mr Hugh Dawick, Acting Executive Director, Registration Management

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
Meat and Livestock Australia
  Mr Jason Strong, Managing Director
  Ms Peta Slack-Smith, General Manager, Strategic Communications and Corporate Affairs
  Mr Andrew Ferguson, Chief Financial Officer

Regional Investment Corporation
  Mr Bruce King, Chief Executive Officer
  Mr Duane Roberts, Corporate Services Executive Manager

Animal Health Australia
  Ms Kathleen Plowman, Chief Executive Officer, Animal Health Australia
  Dr Brendan Pollard, Senior Manager, Emergency Response, Animal Health Australia
  Plant Health Australia
  Mr Rodney Turner, General Manager, Partnerships
  Dr Sussanna Driessen, General Manager, Emergency Preparedness and Response
  Mr Michael Milne, Company Secretary and Chief Finance Officer

Department of Agriculture—Outcome 3

Water Division
  Ms Kirsty Bunfield, Assistant Secretary, National Water Policy Branch
  Dr Louisa Oswald, Acting Director, Great Artesian Basin/Lake Eyre Basin
  Mr Charles Edlington, Director, National Water Policy and Reform
  Mr Adam Sincock, Director, Urban Water and International Engagement
  Mr Matthew Dadswell, Assistant Secretary, Murray-Darling Basin Policy Branch
  Ms Mary Colreavy, Assistant Secretary, Water Recovery

Department of Agriculture—Outcome 1

AGVET Chemicals, Fisheries and Forestry Division
  Ms Cassandra Kennedy, First Assistant Secretary
  Ms Melissa Brown, Assistant Secretary Fisheries Branch
  Ms Michelle Lauder, Assistant Secretary Forestry Branch
  Ms Julie Gaglia, Assistant Secretary Agvet Chemicals Branch

Rural Policy and Farm Performance Division
  Ms Sally Staden, First Assistant Secretary
  Mr Tim Fisher, Assistant Secretary, Farm Performance Branch
  Ms Kerren Crosthwaite, Assistant Secretary, Financial Policy and Farm Business Support Branch
  Ms Courtney Bryant, Acting Assistant Secretary, Climate and Resilience Policy Branch
  Mr Andrew O’Sullivan, Assistant Secretary, Drought Response Branch

Agricultural Policy Division
  Ms Rosemary Deininger, First Assistant Secretary
Ms Jo Grainger, Assistant Secretary, Markets and Competition Branch
Mr Nick Blong, Assistant Secretary, Innovation and Consumers Branch
Ms Alison McMorrow, Assistant Secretary, Levies and Crops Branch
Mr Nicolas Dowie, Assistant Secretary, Food and Supply Chain Branch
Ms Josephine Laduzko, Assistant Secretary, Agriculture 2030 Taskforce

**Trade and Market Access Division**
Mr Chris Tinning, First Assistant Secretary
Ms Amy Fox, Assistant Secretary, Strategic Trade Policy and North Asia Branch
Ms Jodie McAlister, Assistant Secretary, Bilateral Engagement Branch
Mr Matthew Worrell, Assistant Secretary, Multilateral Agriculture Policy and Bilateral Branch
Ms Ann McDonald, Assistant Secretary, Export Legislation and Traceability Taskforce

**Department of Agriculture—Outcome 2**

**Biosecurity Animal Division (including Australian Chief Veterinary Officer)**
Dr Robyn Martin, First Assistant Secretary, Biosecurity Animal Division
Dr Mark Schipp, Australian Chief Veterinary Officer, Australian Chief Veterinary Office
Dr Sam Hamilton, Acting Assistant Secretary, Animal Health Policy Branch
Dr Beth Cookson, Assistant Secretary, Animal Biosecurity Branch
Mr Wayne Terpstra, Assistant Secretary, Animal and Biological Imports Branch

**Biosecurity Plant Division (including Australian Chief Plant Protection Officer)**
Dr Marion Healy, First Assistant Secretary, Biosecurity Plant Division
Dr Robyn Cleland, Acting Australian Chief Plant Protection Officer
Mr Anthony Wicks, Acting Assistant Secretary, Plant Import Operations Branch
Mr Bertie Hennecke, 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, Biosecurity Plant Division

**Compliance Division**
Mr Dean Merrilees, Acting First Assistant Secretary
Mr Richard Chadwick, Assistant Secretary, Enforcement and Sanctions Branch
Ms Caroline Martin, Acting Assistant Secretary, Compliance Policy Branch
Mr Jagtej Singh, Assistant Secretary, Compliance Policy Branch
Mr Andrew Patterson, Assistant Secretary, Civil Sanctions Taskforce
Ms Jessica Mitchell, Acting Assistant Secretary, Compliance Controls
Ms Linda Jennings, Principal Director, Compliance Testing and Intervention
Biosecurity Operations Division
Ms Emily Canning, First Assistant Secretary
Mr Mark Simpson, Assistant Secretary, Biosecurity Operations Branch
Mr Rick Hawe, Assistant Secretary, Inspections Group

Biosecurity Policy and Implementation Division
Mr Matthew Koval, First Assistant Secretary, Biosecurity Policy and Implementation Division
Mrs Shalan Scholfield, Acting Assistant Secretary, Biosecurity Policy and Response Branch
Ms Cathryn Geiger, Assistant Secretary, Biosecurity Implementation Branch
Mr Brian Schmacher, Assistant Secretary, Biosecurity Integrated Information System Program Branch
Mr Ian Thompson, Australian Chief Environmental Biosecurity Officer

Exports Division
Ms Fran Freeman, First Assistant Secretary
Ms Barbara Cooper, Assistant Secretary, Meat Exports Branch
Ms Deb Langford, Assistant Secretary, Residues and Food Branch
Dr Anna Somerville, Assistant Secretary, Export Standards Branch

Live Animal Exports Division
Dr Melissa McEwen, Principal Regulatory Officer
Ms Tina Hutchison, Assistant Secretary, Live Animal Export Branch
Mr Jim Paradice, Acting Assistant Secretary, Animal Welfare Branch
Mr Tom Parnell, Director, Live Animal Export Welfare Policy And Engagement Section
Dr Sally Cook, Acting Director, Livestock Welfare Standards Section

Committee met at 09:04

CHAIR (Senator McDonald): 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 expenditure for 2019-20 and related documents for the agricultural portfolio. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has before it a program listing agencies relating to matters for which senators have given notice. The proceedings today will be given with an examination of corporate matters within the Department of Agriculture. The committee has fixed Friday 6 December 2019 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by the close of business on Friday 8 November 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 a committee. 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 or financial positions of the department and agencies which are seeking funds in the estimates are relevant questions for the purposes 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 asked for explanations of policy or factual questions about when and how policies were adopted.

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

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**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)

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

An officer called to answer a question for the first time should state their full name and the capacity in which they appear. Witnesses should speak clearly and into the microphone to assist Hansard to record proceedings. I please remind everyone present to switch off their mobile phones or render them inaudible.

[9:07]

Department of Agriculture

CHAIR: I now welcome senator the Hon. Bridget McKenzie, Minister for Agriculture; Mr Daryl Quinlivan, secretary of the Department of Agriculture; and officers of the department. Minister McKenzie, do you or Mr Quinlivan wish to make an opening statement?

Senator McKenzie: Yes, Chair, I would. There are two immediate issues facing Australia’s agricultural sector at present—the extended drought affecting many regions and the global threat of African swine fever. At the outset, I would like to make the point that while the impacts of drought are deep and the threat of African swine fever sobering, the performance of the sector as a whole has held up surprisingly well, far better than the
millennium drought and that of the early 1980s, showing, amongst other things, the structural changes that have occurred over the last decade.

I want to again acknowledge the significant trauma that the drought has caused farming families and our rural and regional communities. Our government is taking comprehensive and unprecedented steps to address the impact on households and communities. From March 2018 to August 2019, much of south-eastern and large areas of western and northern Australia recorded rainfall totals in the lowest five to 10 per cent of the historical record. Much of northern inland New South Wales has been particularly dry, with large areas having record low rainfall. The New South Wales wheat and sheep zone is on track to record a growing season, April to October, rainfall total in the lowest one per cent of the historical record for two consecutive years for the first time since 1940 and 1941 and for only the second time in the last 118 years.

In areas severely affected, farm incomes have fallen dramatically from 2017-18, with reduced crop production and much higher expenditure on fodder for livestock, compounding the effects of comparatively low incomes in some regions in the previous year. For example, in the north-west slopes and plains region of New South Wales, average farm cash income has fallen from $221,000 per farm in 2017-18 to an estimated $1,000 in 2018-19. We know it's going to remain very low again this year. The profitability of dairy farms in northern Victoria is estimated to have fallen substantially between 2017-18 and 2018-19. Lower rainfall has combined with significantly higher prices for fodder and irrigation water to see milk production fall and costs increase significantly.

Fortunately, this drought has not been widespread geographically as many previous droughts. Unlike previous droughts, a very strong export demand has allowed livestock prices to hold up well even though more livestock has been turned off the land. Overall, the gross value of agricultural production in 2019-20 is forecast to fall by five per cent to $59 billion. Export earnings are expected to fall by 11 per cent to $44 billion. Sharp falls are forecast for livestock, livestock products and summer crops. Winter crop production is expected to increase but remain low by recent standards.

The outlook for agricultural production depends heavily on seasonal conditions improving. Unfortunately, the three-month outlook from the BoM is not encouraging. We are well aware that in regions across central and northern New South Wales and southern Queensland, where soil moisture levels are extremely low, there is little to no buffer against continued dry conditions. It also looks like the northern monsoon onset will be delayed, which would impact beef production in northern Australia. It's also worth noting that recovery from drought will create its own challenges for some communities when the rains do come. I'm referring here particularly to the dramatic fall in livestock turn-off after it rains as farmers move to rebuild the breeding herd and flock. Given the drop in both cattle and sheep numbers we've seen over this drought, the recovery will take a number of years. This will create a particularly difficult period for livestock trading and the meat processing sectors, which are major rural employers.

The global spread of pest and disease continues to place significant pressure on Australia's biosecurity system. This will keep increasing. African swine fever has devastated pig populations in Asia since being reported in China in August 2018, with predictions that, by the end of the year, a quarter of the world's pig population will have died. Keeping it out of Australia is our government's priority. Since July 2018, the number of passengers arriving
from ASF affected countries has increased by about 6,000 per cent. This has significantly increased the risk of this devastating disease entering Australia. An outbreak of ASF would not only have a serious effect on the $1.15 billion Australian pork industry and the 34,000 Australians who rely on that industry for their employment; it would result in job losses and reduced incomes in regional Australia. It would also reduce the domestic supply of pork products and further ramp up prices for Australian consumers.

The department has taken a number of actions to manage this increased risk. Import pathways for ASF affected product have been reviewed. Import conditions for pork product are revised where necessary. In addition, our border activities have been heightened, including increasing the screening rates at airports and mail centres. As I've reported recently, this has seen 27 tonnes of pork being seized at the border since these checks have increased. That is an incredible amount. Recent testing has found that ASF virus fragments were detected in 48 per cent of seized products, up from around 15 per cent at the start of 2019.

A number of activities have been undertaken to increase stakeholder awareness of ASF—you may have noted that around the traps—of what can and cannot be brought into Australia. Legislation has been strengthened, including cancelling the visas of passengers found to have attempted to illegally bring in high-risk products. Our government is working extremely hard to help Australia's farms by protecting against this significant biosecurity threat and to support farm households in very challenging seasonal conditions. We do have a vision for this sector—to grow, to achieve $100 billion worth of value as a production target by 2030. We're working very hard to achieve that end. Thank you, Chair.

CHAIR: Thank you very much, Minister. I will go to Senator Sterle.

Senator STERLE: Before I flick to Senator Watt, I must put the committee on notice, Chair, that we, the opposition senators, intend to have a spill—over day. We have a heck of a lot to go through. I'll put that on notice now. Minister, I want to touch base quickly on 7.30 from Thursday night. There was the incident at the abattoir in Queensland. Correct me if I'm wrong. That's an export abattoir?

Senator McKenzie: Yes, it is.

Senator STERLE: Correct me if I'm wrong again. There would be a vet on site at all times while production is happening?

Senator McKenzie: Yes. I'm happy for the department officials to go to the details of that.

Senator STERLE: We will go to that.

Senator McKenzie: What we saw on 7.30 was horrific.

Senator STERLE: We're all joined on this one.

Senator McKenzie: Yes, absolutely.

Senator STERLE: Not a problem. It's not a gotcha. What I am asking you, Minister is: are you preparing a ministerial statement on that situation, particularly as it's front and centre in the minds of this committee, because we have just completed a Senate inquiry into horse and horse traceability?

Senator McKenzie: As the committee might be aware, we've got AGMIN with state and territory agricultural ministers at the end of this week. I've requested as a matter of urgency that this matter be addressed at that committee, given that state and territory ministers are
responsible for animal welfare issues. It's really important that we have a discussion, as the country's agricultural ministers, about how we adopt and practise world's best animal welfare standards.

Senator STERLE: Thank you for that.

Senator McKenzie: The department has released a statement over the last couple of days.

Senator STERLE: The department has, but you haven't done a ministerial statement?

Senator McKenzie: Well, I'm making sure that we're discussing it at the highest level of this country's meeting in terms of agricultural ministers.

Senator STERLE: I'll go to Mr Quinlivan quickly. So the department has made the statement? It's on your website, is it, Mr Quinlivan?

Mr Quinlivan: We've made two statements—an initial one and then one that updated that statement when we had some more information. As the minister says, there will be a discussion with all the state and territory ministers on Friday and there will be a ministerial statement, I imagine, after that discussion.

Senator STERLE: I think I am wrapping up here, Chair. Minister, have you called for an immediate inquiry into what the heck happened up there and how we got to this?

Senator McKenzie: Well, my understanding is that we're conducting an investigation. The establishment is fully cooperating with that. So that's being undertaken as we speak.

Senator STERLE: That has answered my question. There is a department statement. You're taking—

Senator McKenzie: We can table that statement now for the committee.

Senator STERLE: Do that. Let's get that out there. And you're going to AGMIN when?

Senator McKenzie: Friday.

Senator STERLE: So we will expect a joint or a ministerial statement coming out of it?

Senator McKenzie: Well, I imagine state and territory agricultural ministers and obviously myself, as the Commonwealth minister responsible, will be making a strong statement on Friday.

Senator STERLE: I know when we have these mishaps, be it biosecurity or whatever, normally the minister is front and centre waving the big stick around. That is the reason I ask this time. It happens to be at the worst time—following a Senate estimates. We know the challenges for the horse industry at the best of times, be it domestic, thoroughbred, pacing or whatever.

Senator McKenzie: If it assists the committee, the department can work through the various responsibilities in this space, because they are varied between state and territory ministers, and our responsibilities looking after exports.

Senator STERLE: I do understand, Minister. I know that you have the big stick in this area.

Senator McKenzie: Given there are a number of people on the committee who don't have your experience, Senator Sterle, it might be worthwhile the department actually walking that through.
Senator STERLE: We'll walk through that. I don't know if you want to do that now or come back to that. I'm relaxed.

CHAIR: I think, given we've started on this, we may as well complete it.

Senator STERLE: Sure.

Mr Quinlivan: I think we were anticipating, in accordance with the schedule, a long discussion on this but much later in the day.

Senator STERLE: Chair, I'm happy to go to it later in the day. This is as important. As we have recognised, there is a lot more that is just as important. It's been around for a while. African swine flu we want to get to before we talk about this. This would be my preference, Chair.

CHAIR: Given that we've now opened it, for the purposes of everybody who is in the room now, we will go through the responsibilities.

Senator STERLE: There may be some other senators, as you and I will be well aware, who will come charging in. They've probably read the schedule. I don't have to mention what colour the party is. They will probably have a lot of questions around it.

CHAIR: We started talking about it, which means now we have our foot on the sticky paper.

Senator STERLE: Yes. I know. I'm just saying to be prepared to go back when Senator Faruqi arrives.

CHAIR: Indeed.

Senator STERLE: I'm just letting you know that.

CHAIR: We can cover off on this again. Mr Quinlivan.

Mr Quinlivan: This is a procedural question, Chair. We can certainly do that, but it would be better not to immediately now. It would be better to do it when we have the relevant people, which we could do with some notice. As the schedule is currently set out, that part of the department would be on after 9.30 this evening. I'm anticipating from this conversation that that conversation will come much earlier. If I could get some guidance on when during the day you would prefer to do that, we can be prepared.

Senator STERLE: We have got significant time that we will require with the department in corporate matters. I am only guessing here. That could be three or four hours at least. I think it's important, especially as the minister has mentioned the swine fever in her opening statement, that that take precedence over the other conversations, though they are at least as important. I think it is very important that we pay attention to that. I suggest that we get to them after we've finished with pork, maybe around there. How does that sound?

CHAIR: I am trying to provide the department with some guidance.

Mr Quinlivan: I will see what session might help. The current schedule would see both the issues identified on the very last session at 9.30 this evening. That is clearly not what you are wanting. If the committee were prepared to do that, we could see how we're going with agencies through the day and at lunchtime make a judgement whether—

Senator STERLE: Lunchtime we could very well—sorry, Mr Quinlivan—still be in corporate. That's why I'm putting the committee and everyone on notice. We've got extensive
questioning in the corporate area. I'm trying to help you out here. Why don't we keep working on it? Understand that I did say we're going to request a spill-over day. But if it pleases the committee, we could come to them after pork. Unless someone thinks they want to put off pork. I don't, particularly as the minister has talked about pork.

Mr Quinlivan: For a bit more clarity there, Australian Pork Limited is on at 10.45, but they're not really involved directly in the biosecurity issues. Obviously, they've got deep concerns about them and they are a participant.

Senator STERLE: Sure.

Mr Quinlivan: The biosecurity issues are principally the department's. Again, that part of the department is listed for late in the evening. Anyway, I will leave it to you to sort out.

CHAIR: Why don't we get through corporate and then we'll see where we're up to then?

Mr Quinlivan: Okay.

Senator STERLE: Thank you. Thanks, Chair.

CHAIR: Senator Watt, have a few minutes and then we'll move back.

Senator STERLE: You've still got your sense of humour.

CHAIR: We'll just churn some time.

Senator WATT: Thanks, everyone, for coming along today. Minister, who is actually responsible for what in this portfolio? We've got two ministers, being you and Minister Littleproud, who are both assisted by this department. I think a lot of people are confused about who does what. What are you responsible for? What is Minister Littleproud responsible for?

Senator McKenzie: Well, I'm responsible for agriculture. Minister Littleproud is responsible for our drought response, which, as you saw yesterday, includes programs in a variety of portfolios. His job is to bring a coordination of the government's response around drought. He's responsible for water. He looks after the Murray-Darling Basin Authority. He looks after water policy and the like. He also does emergency management response.

Senator WATT: Mr Quinlivan, are the lines of responsibility between the two ministers clear to the department?

Mr Quinlivan: Yes, they are.

Senator WATT: Minister, are they clear to you and Minister Littleproud, or is there a bit of dabbling in each other's portfolios?

Senator McKenzie: They are very clear in terms of policy decision making, announcements et cetera. As you would appreciate, when you're dealing in these sort of areas, there is a lot of crossover around regional people representing rural and regional Australia.

Senator WATT: So he is drought or you are drought?

Senator McKenzie: As I said, Senator Watt, as is in his title, he is responsible for the government's drought response, which means coordinating a raft of measures across the whole of government. In terms of specific announcements relating to the drought, I'm only responsible for the farm household allowance.

Senator WATT: So otherwise you don't really worry about the drought?
Senator McKenzie: Senator Watt, that is a complete mischaracterisation. Did you listen to my opening statement?

Senator Watt: I did.

Senator McKenzie: Just because it's not in your title doesn't mean you don't care about it.

Senator Watt: So you're doing the drought? Does Minister Littleproud know that you're doing the drought?

Senator McKenzie: Senator Watt, I am the Minister for Agriculture. Obviously the drought impacts on our agricultural industry's ability to produce food and fibre for the nation for our export markets. As a National Party senator, I'm very concerned about the drought and its impact on our communities and their sustainability. But am I responsible for policy decisions? I'm consulted, as appropriate, but policy decisions around the whole-of-government drought response are a matter for David Littleproud.

Senator Watt: Have you told Minister Littleproud to stick to his knitting and not worry too much about the agriculture and focus on—

Senator McKenzie: He doesn't look like much of a knitter.

Senator Watt: No.

Senator Bilyk: What does a knitter look like?

Senator McKenzie: Pearl one, plain one just doesn't strike me as David's thing. We are crystal clear as a team about who is responsible for what. The department is crystal clear on how they can assist each of us to do the very best we can for Australian farmers in our respective portfolios.

Senator Watt: Is the National Party crystal clear on who's doing what in this space?

Senator McKenzie: Yes.

Senator Watt: If that is the case, why are we seeing reports that many National Party members want to replace you as deputy leader?

Chair: Senator Watt, is that a question to the expenditure of the department?

Senator Watt: The minister's role overseeing this portfolio is entirely about the expenditure of this department.

Chair: I think the minister has been clear on that. Can you move to the next question, please.

Senator Watt: Minister, how long do you expect to remain as the Minister for Agriculture?

Chair: Senator Watt.

Senator Watt: Well, that is entirely about her administration of this portfolio.

Chair: I don't think it is.

Senator Watt: Well, that might be your view.

Chair: And I'm the chair. Senator Watt, another question or we'll move on to another senator.

Senator Watt: Are we going to have another day of government ministers not answering questions that are inconvenient?
CHAIR: Well, that's up to you, Senator Watt. If you ask questions—

Senator WATT: Are you aware that there's a bit of interest in the public's right to know at the moment?

CHAIR: Senator Watt, do you have a question?

Senator WATT: I'm trying to ask a question.

CHAIR: Please stop.

Senator WATT: Minister, how long do you expect to remain as the Minister for Agriculture?

CHAIR: Senator Watt, please stop. Senator Roberts, we'll go to your questions.

Senator ROBERTS: Thank you, Chair. Thank you all for coming today. My question is about the drought or some of the consequences of the drought. Is the department working with other departments such as health to provide integrated support for the ongoing mental health, nutrition and safety of farmers in regional communities who are doing it tough? I will make it clear that I don't expect you to have the responsibility for that, but you're the front line and you would see people with needs and people with problems. What do you do about that?

Senator McKenzie: Thank you, Senator Roberts.

Senator WATT: You are asking about health in agriculture. That is okay, is it, but it's not okay to ask ministers about their portfolio and how long they are going to stay in it?

CHAIR: Would you like that we suspend and have a discussion off the record?

Senator WATT: I am asking for direction about what you're going to allow today.

Senator ROBERTS: So does the Department of Agriculture have a role to play in that area, even informally, because it is a crucial issue for the bush?

Mr Quinlivan: Yes, it is. In the discussions that the minister and the department have had with state governments and in the cabinet on drought matters, mental health and, more broadly, the social health of drought affected communities has been a prominent issue. There have been a number of programs announced by both state and Commonwealth governments in the area of mental health and general programs to try to improve the social health of drought affected communities. I don't have a precise tabulation of them here, but our drought people, when they appear later, can provide that to you. I don't think you should be in any doubt that in all the discussions about drought, mental health and the social health of communities has been a front and centre consideration. The department, as you say, doesn't deliver any of those programs directly but has been involved in the policy development and certainly in giving profile to those issues.

Senator ROBERTS: Thank you for answering the first question. The second part comes to how you integrate that. How do you formalise it within your department to make sure that people who your departmental officers interact with can be familiarised with what is available? If you see a problem or one of your people sees a problem, they can take it further or make some recommendations.

Mr Quinlivan: We don't have people out in the community in the way you might envisage, but we do have rural financial counsellors, which is a major program for the portfolio, providing financial advice and assistance to people in the farming communities.
They are trained to be alert to emerging mental health problems and have ready access to referral services and so on. The state governments do have people out in the field delivering community services. They also are very alert to emerging mental health problems and have access to the right kind of referral services.

Senator ROBERTS: Thank you.

Senator McKenzie: Senator Roberts, you raise a real issue for those going through the drought, particularly as it extends. That's why the government, through Minister Hunt's portfolio, have made rolling changes and additions to our mental health support structures. Farmers and their farming families are able to access high-quality specialist care from the comfort of the station or their farm home rather than having to go into town. As we know, in some rural communities, that can lead to a lot of stigma. So we've also been looking at developing mental health first aid with those people that are directly interacting with those farming communities.

Senator ROBERTS: Thank you. I appreciate your comment, Secretary, about the financial advisers. An allied issue is the dramatic drop, it seems, in boarding school students who are being sent from the bush. Is the government, through this department or another, supporting education for farm kids during these tough times?

Mr Quinlivan: The government does have a program to subsidise expenses for children from remote areas. I'm not sure of the precise name of the program or the criteria; others in the room will know better than me. The government does have that program. We did make direct approaches to many of the organisations providing boarding school services for rural and remote kids asking those schools to create programs to provide continuing access for kids where their families were struggling with an income depression during the drought. Again, I'm not sure what has happened on that score since the government did that, but we could give you some detail later in the day.

Senator ROBERTS: Thank you. Perhaps I will go to, first of all, appreciating the minister's comments early on about the drought data. This is not unusual. It's not nice. It's difficult times but it's not unusual in this country. It's normal, having a severe drought. It's not as severe as the federation drought. It will come again. Perhaps I will just go to asking the department whether it has a vision and a strategy for achieving the vision, because the government is now a huge player in the agricultural sector. I'm thinking particularly of Queensland now, where the state Labor government has introduced some pretty ridiculous and onerous legislation with regard to supposedly protecting the reef. It's not based on evidence at all. I can see property rights, energy costs, Queensland agricultural laws, forestry and fishing all being hammered. Some people in the bush are rightly saying that it is an ideological assault on rural Australia. In addition to the drought, farmers are facing legislative things—ridiculous regulations and ridiculous control over farming. Some farmers are now saying that every input to a farm in Queensland is controlled by someone in government. So it's nationalised farming. Is there a vision? I can remember Peter Walsh, who was a Labor minister, and a very good one at that. He was a wheat farmer in Western Australia. I can remember him saying that one of the problems as he saw it is that the drought subsidies are keeping property prices high. That's not an argument here that I am wishing to prosecute. Farmers have said the same thing. Then they've said we need a proper insurance policy. Is there any comprehensive approach, a vision and strategy for achieving that vision?
Mr Quinlivan: That is a very wide-ranging question.

Senator ROBERTS: It is. That is why I am thinking of corporate.

Mr Quinlivan: I can give you a wide-ranging answer, if you like. The minister, I'm sure, will have some things that she will add. All droughts are different, as you say. This drought has happened at a particularly interesting time for the agricultural sector. It has some quite unusual characteristics. Meteorologically, as the minister said, this is certainly the worst drought in modern history, if not in recorded history. It has been fairly widespread, all the way through northern Australia down to quite a lot of southern Australia. Surprisingly, perhaps, the value of agricultural output has not fallen all that much. There's a couple of underlying reasons for that. One is that, certainly compared to the millennium drought, there have been big structural changes in the agricultural sector. It is now more internationally focused and integrated into the world food market. We've really seen the benefits of that in this drought. If you recall, when it became clear that the southern spring had failed in a couple of years during the millennium drought, as it has this year, the saleyards were rushed with cattle and sheep. Prices fell to extremely low levels—$10 or $15 a head for sheep, and cattle were getting 60c to 70c a kilo.

During this drought, sheep meat prices are at near record highs. In fact, in our saleyards, lamb producers are getting record prices pretty well every week. I think it might have eased back a bit in the last month. Sheep meat prices are at historic highs and cattle prices are also very high by the standards of the last couple of decades. So that's very unusual and probably the first time that has happened. What it shows is that the demand for these products is high. Even though producers are struggling, it has been worth their while feeding these animals through to good condition for sale. They've got good prices in the saleyards. So the incentive structure has changed very significantly compared to the millennium drought and the 1980 drought.

Senator ROBERTS: Because of the international consumption?

Mr Quinlivan: Because of?

Senator ROBERTS: Because of the international demand? Is that what you're saying?

Senator McKenzie: Also because we've got free trade agreements covering so many more areas of our agricultural production. We've got agricultural counsellors in market developing these relationships for our product.

Senator ROBERTS: My question goes beyond the drought.

Mr Quinlivan: I was getting to that. I think the key point, in thinking about beyond the drought, is that the world has changed. The agricultural world has really changed in the last 10 or 15 years. So the experience during this drought is very different. People's commercial health coming out of this drought is far better than in previous droughts. Obviously, there is an exchange rate issue. They've been favourable this time, unlike the millennium drought. Interest rates are very low. They've been high in previous droughts. So the commercial health of the agricultural sector coming out of this drought will be far better than comparable droughts. I think we'll see the benefit of that once the drought is over. Yes, there are all those issues you mention—regulatory, price of energy and all those sort of things. They are all affecting the agriculture sector, as they are affecting other parts of the economy as well.

Senator ROBERTS: Severely. They are affecting them severely.
Mr Quinlivan: Yes. But the underlying health of the agriculture sector compared to the last couple of major droughts is far better.

Senator ROBERTS: So there's no overall vision?

Mr Quinlivan: There is. There is a vision that much of the industry and government share to try to double exports over the next decade. To do that will require a real stretch in policy and investment by the agriculture sector. The industry groups and the Commonwealth and state governments have got this project underway to try to work out all of the policy levers or all of the levers that could be worked to try and achieve that growth trajectory. You'll see the benefit of that over the next six months as that work matures.

Senator McKenzie: I think you're right, Senator Roberts, about the handbrake of state governments that don't want to get on the program. I think of some of the policy settings of your own home state in Queensland. I'm sure Senator Rennick and Senator McDonald would be happy to testify. Decisions around the Rookwood Weir, for instance, by the Palaszczuk government have seen the amount of water drop from 42,000 gigalitres to 20,000 gigalitres with their revised planning. That alone cuts the ability for the lower Fitzroy to grow and develop food and export markets, which is something that that community wanted to do when we announced the Rookwood Weir. So dam policy is important, as is the vegetation and environmental management, as you talk about, and so is workforce. For a state like your own, where your electricity market is controlled by a state government, and particularly farmers who are looking at perishable product and keeping it safe to eat, energy costs play into their profitability and their ongoing sustainability.

Senator ROBERTS: Well, unfortunately, nowadays we can't hold state governments accountable for energy prices because the federal government has interfered so much in the last 20 years. But property rights have been a federal-state joint mess. Energy costs are a federal-state joint mess. Queensland agricultural laws affect Queensland. Forestry and fishing are affected. Fishing is another national mess. Banks and their lack of responsibility and accountability is another one. I'm wondering about things like a rural bank. Let's come back to this drought. I appreciate that is the focus now. Is the end of the drought going to be the end of the effort, or is there going to be some effort to support the farmers as they restock and rebuild?

Mr Quinlivan: Well, you may have noted in the minister's opening statement that she pointed out that when the notional drought ends—when normal rains resume—the impact of the drought will move further up the chain. It will move away from producers immediately, but other parts of the rural economy—the meat processing sector is the obvious example—are going to suffer the aftereffects of the drought for quite a long time. When the drought is over, the impacts of the drought will go on for some years. I think there's no doubt about that. The government has created a number of facilities designed to assist producers manage the transition through good years into a drought and then out of a drought. So there are some tax measures, including farm management deposits, which are designed specifically to allow producers to do that. The Regional Investment Corporation, which is appearing later today, also has a number of products designed at concessional financing to allow producers to manage the restocking process. The obverse of the comments I made earlier is that it will be a more expensive process this time because livestock prices will be very high coming out of this drought. So there will be a lot of demand for new capital from both the commercial banks

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
and the Regional Investment Corporation for producers in the recovery phase. Yes, that's very much in people's minds.

Senator ROBERTS: Any idea of how many farmers are affected, and how many farmers that come out of the drought and how much per farmer?

Mr Quinlivan: All farmers will be affected because it will be a—

Senator ROBERTS: How many?

Mr Quinlivan: It will be national. The price effects and the commercial dynamics will be felt nationally regardless of whether you've been in drought or not.

Senator ROBERTS: I might come back later and ask some further questions, but that's all for now.

CHAIR: Thanks, Senator Roberts. Senator Watt, back to you.

Senator WATT: Thank you, Chair. I go back to the responsibility of the two ministers. Are the different responsibilities, yours and Minister Littleproud's, detailed in your ministerial charter letters?

Senator McKenzie: Yes. My responsibilities are outlined in my charter letter. Essentially, if you look at the breakdown of the department and the policy areas, my areas of policy decision are around agriculture, growing and developing markets and our export potential etcetera. Minister Littleproud's are very specifically water and coordinating the whole-of-government drought response.

Senator WATT: Have you seen Minister Littleproud's charter letter?

Senator McKenzie: I'm not going to comment on the charter letter. We went through this yesterday.

Senator WATT: I'm just asking whether you've seen it.

Senator McKenzie: No.

Senator WATT: You don't know what is in his and you don't know whether there's any crossover?

Senator McKenzie: I'm confident that there is a very clear line of responsibility between Minister Littleproud and me as there is with Minister Littleproud and Minister McCormack, as the water functions are shifting towards the infrastructure portfolio.

Senator WATT: Mr Quinlivan, has the department seen the two ministerial charter letters?

Mr Quinlivan: Yes.

Senator WATT: And they are quite clear as to who has what responsibility?

Mr Quinlivan: Look, I'm not going to comment on that. I've always regarded charter letters as a private contract between prime ministers and ministers. Over the years, there have been lots of charter letters that I've never seen. On this occasion, I have seen them, but I think I should treat them with the same confidence that I have in the past.

Senator WATT: You describe those charter letters as a bit of a contract. Is either minister breaking the contract by stepping outside their responsibilities?

Mr Quinlivan: I haven't seen any evidence of that.
Senator WATT: Minister, are you willing today to table the charter letter?

Senator McKenzie: No, Senator Watt.

Senator WATT: Do I still not need to know what is in that? Is that still your position?

Senator McKenzie: It is correspondence between me and the Prime Minister. Therefore, it is cabinet-in-confidence.

Senator WATT: And all of the campaigning from media outlets around the public's right to know hasn't persuaded you that people should know what the Prime Minister expects of you?

Senator McKenzie: People will know what is in my charter letter because I will be delivering on it in my capacity as Minister for Agriculture.

Senator WATT: So we should just trust you?

Senator McKenzie: Senator Watt, I'm not commenting on the charter letter. The secretary is not commenting on the charter letter. When your side of politics was in government, they didn't comment on their charter letter.

Senator WATT: Mr Quinlivan, does the department have specific teams working directly to each minister?

Mr Quinlivan: Well, we have a discrete group that works on water matters. They work exclusively to Minister Littleproud, although, as you move up through the organisation and into senior management, those people have a broader range of responsibilities. I use the example of me or at the deputy secretary level. Part of our time is spent on water matters. It is very clear in those cases that Minister Littleproud is the responsible minister. The same is true on drought. We have a number of people who work on drought. All of that work reports to Minister Littleproud. But, as you move up through layers of management and ultimately to me, that's only a small part of our work. But I think there's clarity all the way.

Senator WATT: So at what point does a matter become a drought matter for Minister Littleproud or an agriculture matter for Minister McKenzie?

Mr Quinlivan: When it's associated explicitly with the drought. You may have an example in mind. As you ask me the question, I'm thinking of any examples where there might potentially be a lack of clarity, but I can't really think of any. Perhaps the best example where that might have arisen was with the farm household allowance. The government has always been clear that that is a program to provide income support to farming families experiencing financial hardship. At present, the drought is obviously the main driver for that, but it's not the exclusive driver. So that's part of our suite of drought programs but it is not a drought program. It is just helpful during a drought. So in that case, Minister McKenzie is the responsible minister. There has been no uncertainty about that.

Senator WATT: So farm household allowance payments, which are made to drought affected families—

Senator McKenzie: Let's be clear, because this did come out in the review: it's farmers experiencing hardship. For instance, when we had the dairy downturn in Victoria we had a lot of farmers accessing this payment then. Now, the drought is going through. So it can be for any hardship. Yes, it's used by drought affected farmers.

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
Senator WATT: At the moment, the primary focus is drought. So even that's a payment made largely to drought affected farmers that's overseen by the Minister for Agriculture rather than the minister for water and drought?

Mr Quinlivan: Correct.

Senator WATT: I thought we were told that anything to do with the drought was Minister Littleproud, but Minister McKenzie is in there on that issue.

Senator McKenzie: Senator Watt, I can forward you a copy of the review, which said there was a lack of clarity out there in the broader community that the farm household allowance is not just a support payment for farmers in drought. Right now it's being accessed by farmers who are in drought, but it's also over the last four years helped 12½ thousand farmers—$350 million worth—who are experiencing all manner of hardship. Our government has recognised that you don't just go through one period of hardship in your lifetime as a farmer. Therefore, in response to the review, it has changed the number of times you can access it over a lifetime.

Senator WATT: Mr Quinlivan, are you aware whether the two ministers—Minister McKenzie and Minister Littleproud—meet regularly to discuss portfolio matters?

Mr Quinlivan: No, I'm not.

Senator WATT: You're not aware?

Mr Quinlivan: No.

Senator WATT: Minister McKenzie, do you and Minister Littleproud meet often to discuss portfolio matters?

Senator McKenzie: Yes, we do.

Senator WATT: Not just through the media?

Senator McKenzie: No.

Senator WATT: You would talk face to face as well?

Senator McKenzie: Absolutely.

Senator WATT: As well as in the media?

Senator McKenzie: We talk face to face and on the phone, we text, we WhatsApp.

Senator WATT: Journalists?

Senator McKenzie: I've never private messaged him on Facebook. Essentially, we use a range of communication methods.

Senator WATT: Including journalists?

Senator McKenzie: I don't use journalists to contact David.

Senator WATT: What about Minister Littleproud? Does he contact you via journalists?

Senator McKenzie: You would have to ask David Littleproud.

Senator WATT: Well, he's not a senator, so I can't.

CHAIR: Senator Watt, that is the end of your question.

Senator McKenzie: We meet regularly to discuss our joint portfolio responsibilities and broader issues around regional Australia.
Senator WATT: But the secretary of the department isn't aware of those meetings?
Senator McKenzie: No. He's not there.
Senator WATT: Do any departmental staff attend joint meetings?
Senator McKenzie: No.
Senator WATT: So you and Minister Littleproud have private meetings about the portfolio but never with departmental representatives there?
Senator McKenzie: No. As I said, we meet regularly to discuss portfolio issues.
Senator WATT: And you don't have departmental representatives there?
Senator McKenzie: No. We don't.
Senator WATT: Even though they provide advice, they have content, you just don't bother including the department in those joint meetings?
Senator McKenzie: Well, we have discussions about the issues and how we're going to jointly approach things.
Senator WATT: And that's your experience as well, Mr Quinlivan, is it? You're not aware of whether these meetings occur or not because there's no-one from the department there?
Mr Quinlivan: No. As the minister said, we don't participate in those meetings. We spend a lot of time—
Senator McKenzie: There are a lot of meetings that Daryl's not at.
Mr Quinlivan: with the two ministers, obviously. But because the subject matter is pretty discrete, we meet separately and it works fine from a departmental point of view.
Senator WATT: So if you are meeting with ministers, you and your officers will meet with Minister Littleproud about some matters and some matters with Minister McKenzie but never the twain do meet?
Senator McKenzie: And Assistant Minister Duniam for fisheries and forestry.
Mr Quinlivan: I wouldn't use your language. Our reporting lines are clear and we meet with the responsible ministers on specific issues and it works fine.
Senator WATT: And am I correct that the Agriculture Ministers' Forum will be held this Thursday?
Mr Quinlivan: Friday.
Senator McKenzie: Friday.
Senator WATT: This Friday. Where is that meeting going to be held?
Senator McKenzie: Melbourne.
Senator WATT: Is there a finalised agenda for the meeting?
Mr Quinlivan: Yes. There are some issues that are not currently listed on the formal agenda I have that various participants in that meeting have asked to be discussed. So the agenda will be finalised either before or after the minister's only function on Thursday evening.
Senator WATT: Are you able to table a copy of that agenda?
Mr Quinlivan: It's not our agenda. It is an agreed agenda with the states, so I don't really see any problem with that. I would just like to take that on notice and check what the practice has been in the past. In a sense, it's not our document; it's a document shared with all the state governments. I don't see why there would be any sensitivities. Can I take that on notice? Perhaps we'll do a ring-around over the course of the day—

Senator WATT: Sure.

Mr Quinlivan: and see that we don't have any unintended consequences in providing it.

Senator WATT: And what are the other items that aren't currently on the agenda that some jurisdictions want to have discussed?

Mr Quinlivan: They are usually associated with money. This is a very normal practice. These meetings happen sometimes annually and sometimes every six months. We are probably meeting more often than we used to, which is a good thing. They are an occasion for the resolution of anything that is outstanding in the Commonwealth-state arena. Very few things in this sector are exclusively Commonwealth responsibilities. So anything important you can generally assume will be a shared enterprise between the Commonwealth and the states. So for any opportunities to resolve issues that need agreement outside one jurisdiction, they come together. So the process is going quite well, actually, at the moment, I think.

Senator WATT: Are issues to do with drought on the agenda?

Mr Quinlivan: Yes.

Senator WATT: I imagine they would be one of the central items on the agenda this week?

Mr Quinlivan: Correct.

Senator WATT: Minister, which ministers are attending the Agriculture Ministers' Forum?

Senator McKenzie: Sorry?

Senator WATT: Which minister?

Senator McKenzie: Both Minister Littleproud and me.

Senator WATT: Who is the senior minister out of you and Minister Littleproud in this space?

Senator McKenzie: I am.

Senator WATT: Is Minister Littleproud aware of that?

Senator McKenzie: Yes.

Senator WATT: That you're the senior minister. Is that because of your role as deputy leader or just something to do with the portfolio?

Senator McKenzie: It's on that list.

Mr Quinlivan: For our purposes, I would say that Minister McKenzie is chairing the meeting and is responsible for probably three-quarters, maybe a bit more, of the items.

Senator WATT: Beyond the ministerial council, day to day, who is the senior minister out of you and Minister Littleproud?

Senator McKenzie: I am.
Senator WATT: So does that mean that if there is a difference of opinion between you and Minister Littleproud, you've got the final say?

Senator McKenzie: Well, this is why the lines of decision making are so clear—so that each minister can have the independence to work with the department and work within their lines of responsibility to make decisions. That's not how I operate and it's not how Minister Littleproud operates—overriding each other's decisions. We both want to see the best outcome for regional communities and for agriculture more broadly. So we're usually in furious agreement.

Senator WATT: But how do you know that if you don't know what is in his charter letter and you don't know expressly what the Prime Minister has asked him to do.

Senator McKenzie: Senator Watt, we actually have regular meetings not just with Minister Littleproud but with a whole lot of people who want to see the growth and development of regional Australia through agriculture. We're part of a political party that was set up to do that 100 years ago. It's not this fly-by-night conversation we have as we bump into each other accidentally at the gym. We actually have regular meetings, not just with my ministerial colleagues but with backbenchers, Senate committees et cetera to discuss how we can get our policy settings right to grow ag.

Senator WATT: I have a couple more questions on this point and then we're done with the responsibility stuff. With this ministerial council, are there no items where there's a crossover of responsibilities between the two ministers?

Mr Quinlivan: Well, as I explained, I think that's the same question you asked me earlier. As I explained earlier, I can't think of any examples. The one where I thought—

Senator WATT: I'm talking about at the ministerial council.

Mr Quinlivan: the same issue arises, really—yes.

Senator McKenzie: He's got the drought discussion and the other agenda items, which make up the bulk of the agenda I've got.

Senator WATT: This is the last one on this point. The department's annual report at page 57 identifies a number of strategic risks. I'm just wondering how the department handles these strategic risks and communicates them with the two ministers. It does seem that a number of them cross over their responsibilities. One of the risks is—

Mr Quinlivan: Some of them are content related, in which case they are very clearly the responsibility of one minister. The obvious one there is the reference to water programs under the Murray-Darling Basin Plan.

Senator WATT: But even with that one, that has some bearing, obviously, on the agriculture industry.

Mr Quinlivan: Indeed.

Senator McKenzie: This is the multifaceted approach to drought. Yes, of course, access to water is fundamental to growing food. Growing agriculture is fundamental to regional development.

Senator WATT: Sure.
Senator McKenzi: So there's a lot of intersection here. You've got to remember who is actually the lead minister for making the decision.

Senator WATT: So if Minister Littleproud is the water minister and he is essentially responsible for risks regarding the Murray-Darling Basin, even though that has a huge bearing on the agricultural industry in the basin area, that isn't something for you, Minister McKenzie, to take control of? You've got to stay out of it and leave it to Minister Littleproud?

Senator McKenzie: Well, we discuss it, obviously, but it's his responsibility. That's a decision of the Prime Minister.

Senator WATT: I'll leave it at that.

CHAIR: Thank you, Senator Watt.

Senator BROCKMAN: Chair, before we move on, I want to get some clarity. Is the committee going to meet at the break to discuss the program from here?

CHAIR: It will be at lunchtime that the committee will discuss the program. Senator Sterle has flagged that they will require about three hours on corporate services. So it will be around lunchtime that we'll meet and then review what's going forward after that.

Senator BROCKMAN: I want to check with Mr Quinlivan about a particular issue and where it would be best asked.

CHAIR: Please.

Senator BROCKMAN: Mr Quinlivan, I have some questions about the investigation into the live export whistleblower—the cash for cruelty issue. Would they be best directed at the live export team in outcome 2 or at your legal team in this section or both?

Mr Quinlivan: Well, the investigation team who have been doing that work are in our compliance division, which is currently listed under outcome 2 for the last session this evening.

Senator BROCKMAN: So legal in terms of corporate legal is not relevant?

Mr Quinlivan: No. Obviously, they have worked with our internal legal people. The investigators—I think that's where you're wanting to go—and what they've done and found and so on are in our compliance division.

Senator BROCKMAN: Thank you, Chair.

CHAIR: Thank you very much.

Senator STERLE: Mr Quinlivan, you say that AGMIN is starting to meet more regularly. That is great. It's a good thing. It has been once a year since its formation since it replaced SCoPI. This is the second one this year; correct?

Mr Quinlivan: We had two last year. I think this is the second one this year, yes. I will confirm that, but I think that's right.

Senator STERLE: I am excited to think that the AGMIN is really starting to become serious under Minister McKenzie's leadership. Great. Can we see AGMIN meeting more regularly? You're not going to table the next two years of meetings for me, but is this where we're going?

Senator McKenzie: Senator Sterle, I think you're dead right. If we're going to grow agriculture right across the country to $100 billion by 2030, we're not going to do it without
the states. A lot of state governments have fantastic food and fibre plans. They're looking at food manufacturing. They've all got quite unique prospects. We don't grow mangos in Victoria, for instance. WA has beautiful grain et cetera. So I can see that if we're going to achieve our government's goal, build the regions and build ag we need to bring the states with us. On a lot of those areas like workforce, OH&S issues and access to water and land, we need to work in partnership with the states. I'm looking forward to that.

Senator DAVEY: I have a couple of questions that relate to questions Senator Roberts was going to ask and then a few of my own. Senator Roberts was specifically asking about strategy for the drought. I've been reading that the government has a three-step drought response. Can you talk me through what that three-step response is?

Mr Quinlivan: The government has in place programs designed to improve producers' preparedness for drought. It then has programs that are relevant during a drought. That's particularly, again, a shared exercise with state governments. Then there are programs and policies which are mainly relevant during recovery from a drought, as I mentioned earlier with the senator. There has been an intergovernmental agreement on drought with state governments, which has been in place for, I think, now six years, perhaps seven, based on a set of broad policy arrangements that were agreed with the states in 2012. Those policy principles continue to be relevant. In fact, they are more relevant than ever for the reasons I was mentioning earlier, because the agriculture sector is looking to be a more promising part of the economy than it did at the time.

Senator DAVEY: Can you explain that IGA and the separation of powers between the state and the federal governments?

Mr Quinlivan: Well, the main principle in the intergovernmental agreement is that the federal government will look after the interests of people and, in particular, the interests of people experiencing hardship. That was the genesis of the farm household allowance program. It was also the basis for the loan products which the Commonwealth provided initially but which are now part of the portfolio of the Regional Investment Corporation. The states would look after animal related issues, which is their constitutional responsibility, and land management and water and so on. That was the fundamental principle.

Senator DAVEY: I read that the federal government should be doing more to provide fodder for farmers to feed their animals under the intergovernmental agreement, which dates back to 2012. That's actually not the federal government's responsibility? Fodder and animal welfare issues are an issue for the states?

Mr Quinlivan: Correct. I think it would be true to say that the 2012 policy arrangements and the agreement discouraged things like fodder subsidies because of the unintended consequences of those programs. As you are probably aware, it's a point of some sensitivity between states because fodder subsidies—I may get the jurisdictions wrong now—in New South Wales, I think, during this current drought, in the last season, had the unintended and undesirable consequence of seeing a lot of fodder from Victoria and New South Wales that would have been available in those local markets trucked to New South Wales because of the transport and more general subsidies. That's something that is completely contrary to the 2012 and intergovernmental agreement arrangements. Queensland still has drought declarations and so on which are not consistent with the agreement. We're still moving towards those 2012 arrangements. But the basic principles remain sound.
Senator DAVEY: I really want to get this clear. There is a lot of media interest at the moment about what more as a federal government we can do. There is an existing agreement between the states that dates back to 2012, which is before this government came in place—so we can't be accused of writing it—that clearly states that the federal government will look after the interests of the individual people and the state governments will look after the interests of animal welfare issues, land management issues and town water supply, I'm assuming?

Mr Quinlivan: That's right. It reflects the Commonwealth and state constitutional responsibilities.

Senator DAVEY: Thank you. So how much has the federal government spent to date on our drought programs to support people and communities?

Senator STERLE: How much have they spent?

Senator DAVEY: Yes.

Mr Quinlivan: Spent to date? I have—

Senator DAVEY: According to your latest figures, yes.

Mr Quinlivan: I have some information here which goes to this year and the forward estimates. Let me see if I have the numbers to date. I know we do have that information. I'm just not sure I have it here in my folder. Broadly—and I wouldn't give you a precise answer; we can do that later in the day when I've got the right document or we've got the right people here—we have, through various mechanisms spent or allocated to date somewhere in the vicinity of $7.6 billion, I think. That comprises grant programs, payments to individuals and households under the farm household allowance, the loan facilities which have been set aside funded off the Commonwealth's balance sheet by the Regional Investment Corporation and the forgone revenue associated with the capital fund, which is going to fund Future Drought Fund payments starting in 2021. The aggregate of those is in excess of $7 billion. I don't have the precise accounting here.

Senator DAVEY: That's all right. Is it better that we park that until later?

Mr Quinlivan: Yes. Again, based on the current agenda, the detailed discussion of this item would be after the dinner break.

Senator DAVEY: That's fine. I'll park it until then.

Mr Quinlivan: We can provide you with a more precise breakdown of the numbers I've just given you. But I'm pretty confident that the numbers I've given you are broadly correct.

Senator DAVEY: I have two more topics. I want to clarify. Should I park the RIC until later?

CHAIR: Yes. We're coming back to that one.

Senator DAVEY: The final topic is the dairy code of conduct that was announced last week. My understanding is that it was a coalition commitment at the election. When did the department start working on putting that in place?

Mr Quinlivan: Well, I think I can say confidently that we were working on that before the election. There had been some consultation with the dairy sector.

Senator McKenzie: Two rounds.
Mr Quinlivan: I think there were several rounds. We had people who met with people from the dairy industry and communities—in fact, all the dairy industries and communities—at least once, possibly twice, before the election.

Senator DAVEY: So this has been a lengthy and consulted process? It's not something that has happened in the last couple of weeks?

Mr Quinlivan: No. The process has been underway for quite a long time.

Senator McKenzie: Just to that point, Senator Davey—and being a National Party senator, you'll fully appreciate this—when the dairy issue occurred, particularly in Victoria with the clawbacks by Fonterra and Murray Goulburn, the then agriculture minister, Barnaby Joyce, had a crisis meeting in Melbourne. It was determined out of that to have an ACCC inquiry into the dairy industry. That was many, many years ago when Barnaby was the minister. One of the recommendations out of that inquiry was to have a mandatory dairy code of conduct. Since that day, Minister Littleproud, prior to me, began the drafting and the consultation, solidified around nine principles on how to govern the relationship between producer and processors. We've proceeded to that end. It's fantastic, as I announced in the press conference last Thursday, that we'll be having the exposure draft released this week. We've been working on this for a long time.

Bear in mind that a mandatory code of conduct will not be a panacea for the ills of the dairy industry. It's a very unique industry when you take a national focus. I was in Western Australia a couple of weeks ago meeting with dairy farmers, including Nola Marino, a fantastic advocate for the dairy industry. They were telling me about the uniqueness of the WA market. The code will be one aspect of how our government is facilitating a sustainable and profitable dairy industry. We're doing work around standard contracting arrangements, providing legal and financial advice at very low cost to dairy farmers, so that when they are having those negotiations with processors they've got that expertise available to them. We're also working very hard to open up more markets, because that will allow our dairy farmers to have more choice. We're supporting the growth and development of cooperatives because that's another way that dairy farmers can actually have more market power. So it's not set and forget. Not one policy outcome is going to fix the issues for all dairy farmers. That's why we've got a suite of initiatives on the table. The dairy code is one of them. The exposure draft is out this week.

Mr Quinlivan: I can confirm those timings. The code comes—apart from the general discussion about the issue—most immediately from the ACCC's 2018 dairy inquiry. We had two rounds of consultation, one in November 2018 and a second from January to February this year. They included 18 face-to-face public meetings, some tele town hall meetings, a website, a hotline and so on and so forth.

Senator McKenzie: So it's really the advocacy of the National and Liberal MPs out there across regional communities that has meant our government's eyes over the last four years have been wholly and solely focused on addressing the sustainability of the dairy industry in Australia.

Senator DAVEY: From what you're saying, it has been a fully consulted process. Industry have been included in the process of developing this mandatory code. Now it's out for a further round with this exposure draft.
Senator McKenzie: Well, nothing was drafted permanently. What was consulted was nine principles around what we wanted to include in the code. These are the principles that were consulted on. The code must:

1. require parties to deal with each other in good faith and to operate with fair dealing by having due regard to the other party’s legitimate business interests
2. prevent unilateral changes to agreements—
except when there is other legislation out there that may impact—
3. require that annually on a set date processors publicly release a standard form agreement covering the terms of supply and a price …
4. prevent retrospective price step downs—
That was one of the great issues out of the problems with Fonterra and Murray Goulburn in the past. It continues:
5. prohibit prospective step downs unless in specific circumstances …
6. prohibit exclusive supply arrangements—
which really restricts a dairy farmer's capacity of choice of where they want to put all their milk or some of their milk and, therefore, get a higher price for some of it—
7. prohibit processors withholding loyalty payments if a farmer switches processors
It sounds like basic stuff around competition principles, but our dairy farmers have been subject to some pretty horrific practices in the past. This code will seek to address some of them. Alleged breaches of the code will be investigated by the Australian Competition and Consumer Commission, and there are penalties available. We've made a subsequent announcement that there will be an advisory board made up of dairy farmers giving advice to the ACCC about the implementation of this code so that it is going to work for all dairy farmers. The issue we have in Australia with our dairy industry is that Victoria is not the same as Queensland is not the same as WA. We need to make sure the code is fit for purpose for all. That's why we've got a whole raft of measures to assist our dairy farmers to grow and be sustainable.

Senator DAVEY: Thanks. That's all.

Senator STERLE: Thanks, Senator Davey. The Senate is doing an inquiry into the dairy industry that Senator Hanson brought on the other day. You should come and join us.

Senator RENNICK: You'll have the code of conduct written.

Senator STERLE: So we don't need the inquiry? If Senator Hanson has done that, that suits me. We've got other inquiries for the nation. Well done, Pauline.

CHAIR: Has anybody got a question, unless we want to go to smoko early?

Senator STERLE: That's just made my day. We can do road transport instead.

Senator RENNICK: Great. Let's do it.

Senator STERLE: Well done, Senator Hanson, if your officers are listening.

CHAIR: We have 10 minutes.

Senator WATT: Minister, how many farms have you visited since the election?

Senator McKenzie: I'd have to take it on notice.
Senator WATT: Lots?

Senator McKenzie: Lots. I am (a) a National Party senator and (b) I take it really seriously that you can't just be talking to Daryl and peak industry bodies. You also need to be troop testing that on the ground with farmers. So it would have been in the first three weeks after being appointed to the ag ministry that I sought to be all around the country in states talking to peak industry councils and getting on the ground talking to everyone from mango farmers and dairy farmers to wheat growers in the west et cetera.

Senator WATT: And what about regional Queensland particularly? How many times have you been there since the election?

Senator McKenzie: I went to Mackay. I would have to take that on notice, but I can give you the detail. That was one of the most interesting visits that I did in that first period before the winter break.

Senator WATT: It is very interesting going to regional Queensland.

Senator McKenzie: I went to the Bowen Basin.

Senator WATT: I know it well.

Senator McKenzie: I went to the vegetable growers annual dinner there—thank you, Carl, for a beautiful evening—with your state counterpart Mark Furner. What a fabulous, productive—

Senator GALLACHER: Mark?

CHAIR: Hi Mark, if you're listening.

Senator McKenzie: ag minister of Queensland. I also got to meet with mango growers and the like up there and some fishermen.

Senator BROCKMAN: What about Western Australia?

Senator McKenzie: I have been to WA a couple of times. I've seen the Geraldton fishermen's co-op. I've been down with dairy farmers with Nola Marino, wheat growers and CBH, the fabulous grain exporter that they are. It was lovely to be in the Kwinana port in that period of time after being appointed to be at Kwinana watching the grain being loaded, a noodle blend specific for our Asian markets. You've got to be very proud as ag min to see that go off. So lots. Senator Watt, would you like specifics, or was that enough?

Senator WATT: No. I'm happy for you to take on notice your visits to regional Queensland. Mr Quinlivan, how does the department coordinate events for the two ministers in the portfolio? For example, when the Prime Minister orders his ministers to once again go out and listen to drought affected farmers, is that then arranged by the department or is that done by ministerial officers?

Senator McKenzie: Senator Watt, National Party ministers and members don't need to be ordered to listen to drought affected farmers. You've got two exceptional senators here from the National Party who live out in regional New South Wales and Queensland who are listening to drought affected farmers each and every day.

Senator WATT: Then why did the Prime Minister say that he had ordered his ministers to go and visit drought affected farmers?

Senator McKenzie: He's not the leader of the National Party.
Senator WATT: So he should not worry about telling the National Party—to go and order them?

Senator McKenzie: You don't need to. No-one needs to worry about the National Party being engaged with regional communities and the agriculture sector.

Senator STERLE: Can you tell him that?

Senator WATT: But why is he going around? Is it just more spin from the Prime Minister about ordering ministers around?

Senator McKenzie: I think it's a good thing that all ministers of our government get out and about into regional communities. If that's not part of your day job, if that's not part of why you joined politics, then it's good to be reminded that the drought affects us all and we should get out of capital cities when we get the opportunity and talk to not just drought affected farmers but regional communities more broadly.

Senator WATT: Did the Prime Minister order ministers to go and see drought affected farmers or is that just made up?

Senator McKenzie: I read the same papers you do, Senator Watt. It is clear that ministers from across the government are being encouraged to get out there into regional communities, and that's a good thing.

Senator WATT: So the Prime Minister doesn't need to order National Party ministers?

Senator McKenzie: No.

Senator WATT: Does he need to order Liberal Party ministers?

Senator McKenzie: I don't think so. I think when they take the opportunity—

Senator BROCKMAN: I raise a point of order.

Senator WATT: I am just picking up on what the minister has said.

Senator McKenzie: No. You're playing semantics.

Senator WATT: You're the one who picked me up on—

Senator BROCKMAN: This is way off base.

Senator WATT: A minister can answer a question any way she wants to and we can't interrogate the answers?

Senator McKenzie: You don't have to like the answers.

Senator BROCKMAN: No. You're asking questions about what the Prime Minister did. The minister has no responsibility in that area. I think the chair should rule you out of order.

Senator WATT: My question was whether the department—

Senator GALLACHER: What is your point of order?

Senator WATT: arranges—

Senator BROCKMAN: That the question is not in order.

Senator WATT: the visits of ministers when the Prime Minister orders them out. If the minister then decides to answer that question a certain way, we are obviously going to pick up on the answers.

CHAIR: Is that your question: does the department organise the visits?
Senator WATT: Yes.
Senator BROCKMAN: That wasn't your question before.
Senator WATT: It was. If you were listening, the first question was whether the department arranges visits from ministers.
CHAIR: Senator Watt, you want three hours for this section.
Senator WATT: When the Prime Minister orders/encourages/asks/gently encourages with sugar on top ministers to go to drought affected farms, does the department organise those visits?
Mr Quinlivan: We would, whenever requested by a minister or their office, help with the organisation of any visit to regional Australia or overseas or wherever. We would provide briefing for meetings and events. If we were asked to do anything to identify appropriate people to meet with or whatever, we would do that. But the principal organisation of most of these visits is done out of ministerial offices.
Senator McKenzie: Has Albo had any discussion in shadow caucus around getting out into regional communities?
Senator WATT: Yes. Absolutely.
Senator McKenzie: All right. So we'll expect to see a lot more shadow ministers out there than just Albo and Joel?
Senator WATT: I'm happy to give you my diary, if you want.
Senator McKenzie: Present company excluded.
Senator STERLE: And mine.
Senator McKenzie: No. Sterlo, you don't need to be included.
Senator GALLACHER: I can take a point of order now about the estimates being questions to the executive and non-executive senators, but I won't.
Senator McKenzie: And it would be upheld. That would be upheld.
Senator WATT: The most recent photo opportunity for ministers with drought affected farmers was with Minister Littleproud and the Treasurer. Why weren't you there, if you're the agriculture minister?
Senator McKenzie: Sorry?
Senator WATT: At the most recent photo opportunity involving Minister Littleproud and the Treasurer, why weren't you there? You're the Minister for Agriculture.
Senator McKenzie: I think that was the week I was in WA. I was down meeting rural livestock transport operators in WA and dairy farmers in WA. I then went to Carnarvon to meet some vegetable growers. Then I went to Gero to meet the fishermen's co-op. So I was out and about meeting regional communities.
Senator WATT: But if this is the most important priority for the government, wouldn't you think that the agriculture minister would make it a priority to go and not leave it to two other ministers?
Senator McKenzie: Senator, I was very comfortable, as agriculture minister, fulfilling the obligations I have to primary producers in the west. I was absolutely confident that Minister
Littleproud and Treasurer Josh Frydenberg would be handling the east coast regional issues fine.

Senator WATT: On that visit, did the ministers meet with any farmers currently receiving farm household allowance or any farmers who have been taken off farm household allowance?

Senator McKenzie: I'd have to take that on notice because I was on the west coast.

Senator WATT: Yes. You weren't there. You weren't meeting with the drought affected farmers.

Senator McKenzie: I was meeting with other farmers. There are a lot of them around the country.

Senator WATT: Just not the ones in the drought affected areas.

Senator McKenzie: Areas of the Pilbara and the Kimberly are getting particularly dry at the moment.

Senator WATT: Is that where you were?

CHAIR: Do you have a question, Senator Watt?

Senator WATT: I am trying to ask questions about this.

Senator McKenzie: And I've said I'll take it on notice.

Senator WATT: Mr Quinlivan, I think you said something there as well about whether the minister has met with farmers regarding farm household allowance.

Mr Quinlivan: No. I have no knowledge of that, Senator.

Senator WATT: Mr Quinlivan, is the department aware of the criticism by the New South Wales agriculture minister, Mr Marshall? An example is an article in the Glen Innes Examiner on 4 October. Mr Marshall made the point that he thought that Minister Littleproud should not be making drought a partisan issue. Is the department aware of that criticism?

CHAIR: Senator Watt, could you table that article?

Senator WATT: Yes. I'm happy to get a copy of that for you. I might even have it here.

CHAIR: Thank you.

Senator WATT: Mr Quinlivan, is the department aware of that criticism?

Mr Quinlivan: I'm not. Others in the department may have seen that reference.

Senator WATT: Here it is here. The headline is 'Drought blame, Adam Marshall left unimpressed by comments from David Littleproud'. One of the things Mr Marshall, the New South Wales National Party minister, said is:

My only advice to the Commonwealth is, instead of trying to shift the blame onto the states, how about they get their own house into order?

Mr Quinlivan, you're not aware of that criticism?

Mr Quinlivan: No.

Senator WATT: He went on—

CHAIR: I ask approval from the committee to table this article that has been circulated.

Thank you.
Senator WATT: He also made this point—and we discussed this yesterday as well:
...why do they give drought money, $1 million, to councils in Victoria that clearly don't need it and quite publicly don't want it either.

What is the department's response to Mr Marshall?

Mr Quinlivan: Well, I expect that the generic issue is essentially a political one. The specific issue you mentioned, I imagine, was trawled over fairly comprehensively yesterday because the department that administers that program appeared yesterday. So I don't have any comments on that particular program and that particular payment.

Senator WATT: Minister, what have you got to say to Mr Marshall? Why is the Commonwealth trying to shift the blame on to the states, to use his words? Why isn't your government getting its own house in order, to use his words?

Senator McKenzie: I haven't seen the article you're talking about, so I'm not going to comment on it specifically. I do agree with the sentiment about politicising the drought and support for our farmers in our regional communities. I call on all members of this parliament to get behind our government's response over coming weeks, months and, indeed, potentially years.

CHAIR: We're going to have a short break and be back after we've all had morning tea.

Proceedings suspended from 10:30 to 10:49

CHAIR: We are conscious of flights for some people so we're going to keep going with corporate now. Before we do ABARES, we're going to bring Dairy Australia forward in order for them to catch flights at 3 pm. So we'll continue going with corporate. When corporate is complete, instead of going to ABARES, we'll do Dairy Australia and then come back to ABARES and then continue working with the committee to just check everybody does have questions of each of the research bodies. Back to corporate.

Mr Quinlivan: He's not in the room so it's not a good time to do it. When Senator Sterle is back, I can talk to him about the agenda for the agriculture ministers meeting. Perhaps we'll wait until he's back in the room.

CHAIR: I think that would be good. Thank you.

Senator BROCKMAN: I am conscious of what you stated earlier, Mr Quinlivan. I thought I would ask a couple of general questions about communications to the department on particular issues.

Mr Quinlivan: Sorry, communications to the department?

Senator BROCKMAN: To the department or the minister. Are you aware whether you've received communications from any of the 'whistleblowers' about the cash for cruelty issue? Have you received statements from the deckhands and stockmen on board any of the particular vessels that have been investigated?

Mr Quinlivan: We received material from one of those deckhands as part of the initial investigation. We have received some subsequent material from that same person.

Senator BROCKMAN: So you've received subsequent material from the same person?

Mr Quinlivan: Well, I think it would be more correct to say from representatives of that same person, yes.
Senator BROCKMAN: Okay. Can you tell me the nature of the material you have received? What form has it taken?

Mr Quinlivan: It was a signed statement.

Senator BROCKMAN: Did it have an accompanying letter?

Mr Quinlivan: Look, I might have to defer.

Ms Lane: We have received information from a range of sources, obviously, through the course of the investigation that we commenced earlier in the year. I will add to what Mr Quinlivan has said. The information that we received late in September, which I think was copied to a number of people, from one of the deckhands is currently being assessed. That individual had not previously provided information to us. We did have information from other crewmen and other deckhands through the initial investigation.

Senator BROCKMAN: So where in the department is this being assessed? This is being assessed within—

Ms Lane: This is being assessed by the compliance team. Our investigation unit in the compliance division is now assessing that information.

Senator BROCKMAN: Which is on in outcome 2?

Ms Lane: Outcome 2; that's correct.

Senator BROCKMAN: There is one more area. Again, this may be better handled by the compliance team. In terms of this investigation, does Animals Australia have a special status or relationship with the department?

Mr Quinlivan: In relation to this investigation or anything else, I would say the answer is no. I'm not quite sure what you're suggesting.

Senator BROCKMAN: Is there a confidentiality agreement in place?

Ms Lane: Certainly Animals Australia does not have any special status in the context of the investigation. We will receive information from a range of sources. Sometimes that information is provided confidentially, sometimes not. In this case, Animals Australia is being treated the same way as any other who is providing information. Some others have also provided information confidentially. That is not an unusual thing in the context of an investigation.

Senator BROCKMAN: How do you make a judgement? Do you see the information before you accept it as confidential?
Ms Lane: I'm not sure what you—

Senator BROCKMAN: Or is it given to you on the basis that you will treat it confidentially?

Ms Lane: Information is provided to us sometimes confidentially. I think if you're asking whether the information would be provided in the absence of our protecting that confidentiality, that is a difficult question to answer. Information has been provided to us and has been provided confidentially by a number of people. We will always aim to protect that confidentiality through the course of our investigations.

Senator BROCKMAN: But, in doing so, do you in any way tie your hands if that information reveals potential wrongdoing in some other aspect?

Ms Lane: We will always look at the information provided to us, whether it is confidential or not, in the context of actually looking to determine whether offences occurred or not. So whether information is provided confidentially does not necessarily have an impact on our ability to investigate the matter properly, if that's what you're asking. In some circumstances, we may need to ask other people questions about information that is provided to us. We will obviously still do that if that is going to help us determine whether or not an offence has occurred.

Senator BROCKMAN: The day-to-day handling of the investigation is by the compliance team, though. Is that correct?

Ms Lane: That is handled by our investigation unit in the compliance division; that's correct.

Senator BROCKMAN: I'll come back to this. Thank you, Chair.

Senator WATT: I will pick up where we were before the break. I was asking about the comments from the New South Wales agriculture minister Mr Marshall. He's had quite a lot to say. There's another article which I have here. He went on 2GB radio launching what they describe as a scathing attack on his federal counterpart. Mr Marshall made the comment that Mr Littleproud's comments are offensive and infuriating. He said:

"He flies in on his big aeroplane out to regions like Inverell in my electorate, offers nothing, blames everyone, hops back on the plane and flies somewhere else.

"It's my own electorate that he decided to do this in. Didn't even bother picking up the phone, even though I was only an hour away, to let me know that he was coming."

Is that any way to treat your interstate counterparts, Minister?

Senator McKenzie: I think all ministers do their very best to inform particularly their federal colleagues of either party when they are arriving in their jurisdiction. I'm sure that best attempts were made to ensure that both state and federal colleagues were informed of any visit. But I'll have to take that on notice.

Senator WATT: You said that people try to inform their federal colleagues. But wouldn't you think that a National Party federal drought minister would tell a National Party New South Wales agriculture minister, who is the local member, that he is planning to come and have a chat?

Senator McKenzie: I'll have to take that on notice, Senator Watt.
Senator WATT: Would you do that to an interstate colleague—just turn up in their electorate in your big plane with your big hat and not tell them about it beforehand? Would you do something like that? Is that your practice?

Senator McKenzie: Not usually. But over the course of my eight years as a senator, I have forgotten to call colleagues at various times as I've rushed in to do something. I try not to do that. I inform particularly my federal colleagues if I'm entering their electorate.

Senator WATT: You wouldn't do that. So it's a bit rude of Minister Littleproud to do that kind of thing, isn't it?

CHAIR: Senator Watt, is that a question to expenditure?

Senator WATT: Well, I'm sure government expenditure was incurred in Minister Littleproud's flight.

CHAIR: You might have to wait to speak to him.

Senator McKenzie: I think the way the Commonwealth and the New South Wales government have collaborated on drought funding and on dam funding is really the take-home story of what can be achieved when state and Commonwealth governments work together and put drought affected communities at the forefront of their decision-making.

Senator WATT: Minister Marshall hardly thinks there's been collaboration if he's saying that Minister Littleproud doesn't even bother picking up the phone, even though he was only an hour away, to let him know he was coming. That's not exactly collaboration, is it?

CHAIR: Senator Watt, I draw your attention to expenditure questions, please. If you could be a bit more specific, that would be terrific.

Senator WATT: Why didn't Minister Littleproud want to incur the expenditure involved in making a phone call?

Senator McKenzie: I'll have to take that on notice.

Senator WATT: That's how you do it.

Senator McKenzie: That's a big tick. I'll take that on notice, Senator Watt, and find out.

Senator WATT: I've lost track. I know telecommunications costs have increased under this government. Was it was a poor service that Minister Littleproud had? Was he in a black spot?

Senator McKenzie: With the rate we're rolling out mobile black spot towers under this government—over 1,000 funded prior to the election and rounds 5 and 6 announced and going to tender at the moment—I doubt it. But if he was, I will take that on notice.

Senator WATT: He wouldn't have been in a black spot. He doesn't even have that excuse.

Senator McKenzie: I'll take that on notice.

CHAIR: Mr Quinlivan, now might be a good opportunity to inform Senator Sterle of that information about the agenda that he asked you to go away and look for.

Mr Quinlivan: I can do that, Chair. Senator, you asked about the agenda for the ministers meeting on Friday. We've done a bit of due diligence. We can only identify one occasion when the agenda was released publicly ahead of the meeting. It happened fairly recently. All the other members of the ministerial council were pretty unimpressed. So what I think I can do is run you through the agenda. It will give you an idea of the spread of issues there.
Senator STERLE: You can tell me, but can't table the actual agenda?

Mr Quinlivan: Yes. I would prefer not to do that because it would be a bit of a breach of confidence. But I don't think there's anything sensitive particularly about the actual content. There is an opportunity for ministers to share their current experiences with drought and rural finance. There is a discussion about climate change and agriculture. There is a discussion about the Australian food and fibre plan towards 2030 and opportunities for a national effort there. There is the drought and rural finance update from all jurisdictions; the national drought agreement reporting framework; farm debt mediation; animal welfare governance and horse related issues; trespass laws, responding to animal activists and other activists protests; soils update; labour force skills and education; African swine fever; hopefully the finalisation of an aquatic deed; Australia's next national antimicrobial resistance strategy; strengthening Australia's fruit fly management system; harmonising off label use in agricultural chemicals; implications of opposition to the use of glyphosate; the Commonwealth deregulation taskforce and the COAG decision on a national effort to reduce or improve cost effective regulation; the misleading labelling of plant based foods; beekeeping in national parks; overseas market development and promotion; pig traceability; and enhancing Australia's traceability systems generally. I'm sure there will be other issues arising, but that is the wide spread of the agenda for the meeting.

Senator STERLE: That is Minister McKenzie, ministers from six states and two territories. What are you going to do after morning smoko?

Senator McKenzie: That's why we have a dinner the night before.

Senator STERLE: I didn't take it down in shorthand, but I'll probably come back. Thank you for that, Mr Quinlivan.

Senator WATT: I want to go back to something we covered earlier, Minister. As you can see, we're quite keen to understand who does what and who is responsible for what, that kind of thing. I asked you earlier who was the senior minister out of you and Minister Littleproud. I think you told me that it was you. That's a bit different to what you told the Senate in a question on notice. We asked a question on notice on 22 July this year in which you answered that there are two senior ministers representing the portfolio, being yourself and Minister Littleproud. What is the right answer? Is it you or is it both of you?

Senator McKenzie: I'm happy for the department to answer that.

Senator WATT: They can in your name.

Senator McKenzie: I am the senior minister in agriculture. In terms of the Morrison ministry, I can table the document—it's publicly available—where ministers are listed in order of seniority. The Minister for Agriculture is above the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management. He appears in two places.

Senator WATT: So why did you say earlier in this question on notice that there were two senior ministers and you weren't the senior minister?

Senator McKenzie: There are two cabinet ministers, so they are senior ministers in any government. I am the senior minister of those two senior cabinet ministers.
Senator WATT: So you now claim you're the senior minister over Minister Littleproud? He's the junior minister of the two of you?

Senator McKenzie: We're both cabinet ministers with very distinct responsibilities, as outlined by the Prime Minister.

Senator WATT: Is Minister Littleproud aware you're more senior than him?

Senator McKenzie: I think I'm older.

Senator WATT: You're older?

Senator STERLE: No, you're not.

Senator McKenzie: Thanks, Sterlo.

Senator WATT: Is that the only way in which you're more senior than Minister Littleproud?

Senator McKenzie: Well, I'm deputy leader of the party.

Senator WATT: For now.

CHAIR: Senator Watt, can you go back to questions, please.

Senator McKenzie: At the pleasure of the party.

Senator WATT: Have you seen what Mr Llew O'Brien has said about you in the *Courier Mail* in the last half hour?

CHAIR: Senator Watt.

Senator McKenzie: No, I haven't.

Senator WATT: You might want to read it.

CHAIR: Please lead with expenditure questions.

Senator WATT: Is the Prime Minister clear on the lines of seniority in the portfolio?

Senator McKenzie: Yes.

Senator WATT: So the Prime Minister knows you're more senior?

Senator McKenzie: I'm happy to table the ministry document. I think it's available online. There are two senior cabinet ministers. I can't add any more, Senator Watt.

Senator WATT: So you can assure the public that you and Minister Littleproud are entirely focused on issues like drought rather than fighting over leadership roles?

Senator McKenzie: Absolutely.

CHAIR: Okay, Senator Watt. Can you please move to a question on expenditure.

Senator WATT: How much did the drought tour ordered by the Prime Minister, which Minister Littleproud and Minister Frydenberg undertook, actually cost?

Senator McKenzie: I'll ask the officials.

Mr Quinlivan: I think the costs for that trip, as with ministerial trips generally, will have been funded from the Department of Finance and so it would be a question directed to them.

Senator WATT: I will go back to Mr Marshall and his comments. Has the department developed strategies to better communicate with local members before government ministers undertake drought tours?
Mr Quinlivan: As I said earlier, we would do anything along those lines by way of a briefing preparation or general assistance that was sought by ministers' offices.

Senator WATT: So it's really a matter for the minister's office to get in touch with local members and that kind of thing?

Mr Quinlivan: Unless they asked us or others to do that on their behalf.

Senator WATT: Obviously a number of drought tours have now been undertaken by government ministers. Each time these drought tours have occurred, the government has announced new drought funding. Does the department provide advice or fact check the announcements before the announcements are made?

Mr Quinlivan: Well, if there is a portfolio matter where a decision has been made that's going to be announced, we would be involved in advising prior to the decision being made, whether it's a cabinet matter or by correspondence with the Prime Minister. We would be involved in that along with any other relevant departments. Then we would be involved in briefing material for the announcement, whatever form that might take. Again, we would do anything in that area sought by the minister's office.

Senator WATT: So you do what is sought by the minister's office. But does that mean that every announcement or press release issued by, in this case, Minister Littleproud, is fact checked by the department?

Mr Quinlivan: Look, we certainly provide that service. It would be used on almost all occasions. I can't recall any specific cases where that didn't happen, although that is, of course, possible.

Senator WATT: Did Minister Littleproud brief the department as to what new information he obtained from this drought tour that he was ordered to take by the Prime Minister?

Mr Quinlivan: Well, we communicate all the time with the minister on drought related matters as he gathers intelligence from that or any other trip. I have been present at cabinet committee discussions and others where he and others have provided a download to their colleagues on that kind of intelligence gathering.

Senator WATT: I am asking specifically about this drought tour. Did the minister brief you or anyone in the department about any new information he received from that drought tour?

Mr Quinlivan: I've certainly been present when he has talked about the tour and when the Treasurer has talked about the tour and the lessons that they had from that tour. I expect there would have been some communications from members of his staff to the department working on the relevant issues.

Senator WATT: There does appear from various media comments to be some confusion about whether the government does have a comprehensive drought policy. On 6 October on Insiders—I have this, if needed—Minister Littleproud said that a drought strategy has been formulated. Can the department table the drought strategy for us?

Mr Quinlivan: We can provide to you quite a lot of material that comprises the government's drought policy. As we mentioned in the conversation earlier in the day, the basis of it is the intergovernmental agreement on drought and the associated announcements that
the government made when that agreement was made and then supplemented by quite a number of decisions in that sense.

Senator WATT: But there is no document that is pulled together with the drought strategy of the government?

Mr Quinlivan: I think the intergovernmental agreement is a drought strategy. It's not just the Commonwealth's drought strategy. It's a national drought strategy.

Senator WATT: So if we're looking to see the government's drought strategy, we should look at the intergovernmental agreement?

Mr Quinlivan: Plus any other material the government has released since, because that document was signed now two years ago. So there's obviously been quite a lot of statements and material the government has released on drought since then.

Senator WATT: If we want to see the drought strategy for the government, we should pull together the intergovernmental agreement, a range of media releases, speeches and interviews? Is that the drought strategy?

Mr Quinlivan: No. My version of it—and it's clearly an evolving thing—is the intergovernmental agreement, which sets out a framework and principles and so on and roles and responsibilities of the Commonwealth and the states supplemented by announcements on individual measures which have happened since.

Senator WATT: In the same interview, when the minister was asked where that drought strategy was that he said had been formulated, he then backtracked and said that he is waiting for the NFF's drought strategy before he can actually come up with a drought strategy for the government. Is that your understanding of the state of play?

Mr Quinlivan: Well, that's your version. Mine would be that the government does have a drought strategy. As I said, it's an evolving thing. The next evolution of it will be another strategy which the cabinet is considering quite soon.

Senator WATT: Another strategy?

Mr Quinlivan: It comprises updating all the material I mentioned, including a response to Major-General Steven Day's report and taking into account the material the NFF provided to the government last week, I think.

CHAIR: Senator Watt, we might go to somebody else for a go.

Senator WATT: I have about two more questions on this point, if it's okay to finish them off.
Senator McKenzie: I will add to the secretary's comments on that. With the drought summit, we got every premier in the country, regional leaders from across the country, industries, community leaders and other interested ministers to come to Old Parliament House to talk about the drought in the immediacy—what we do as a nation when this won't be the last time we go through this. From that meeting, having immediate action available to those who are impacted by the drought right now is part of our government's response. There is support for the wider community. As the drought goes on, it isn't just affecting farming families. It is affecting service industries and small businesses in our rural communities. There is a raft of initiatives that go to that long-term support and response. We've had that sort of framework with every iteration of response that we've done all along the way. That's going to continue, though, as this goes on. In my opening statement, I made it very clear that, from the BoM's analysis, we are not out of the woods any time soon on this drought. Nor are our communities. Our government is going to be continually using that framework of immediate community and long-term strategies to continue to develop support.

Senator WATT: So if I asked you, Minister, to show me the government's comprehensive drought strategy, you actually can't do that, can you, because it is cobbled together press releases and intergovernmental agreements?

Senator McKenzie: I don't agree with your characterisation of our response.

Senator WATT: You show it to me, then.

Senator McKenzie: I think the secretary has outlined our next steps. As you look at the responses we've made since our drought summit in Old Parliament House, it makes absolute sense to, at the start of the drought, support immediately those farming families affected and then broaden our raft of support as the drought continues.

Senator WATT: So is the fact that you're about to make amendment No. 58 to the drought strategy, or whatever we're up to, an admission that the current strategy isn't working?

Senator McKenzie: No. It's actually being a flexible and adaptive and responsive government. How ridiculous would it be to have a document in place that—

Senator WATT: Well, you don't have a document in place. That's the point.

Senator McKenzie: That really—

Senator WATT: Show us the document.

Senator McKenzie: defines—

Senator WATT: Show us the document.

Senator McKenzie: I'm saying that the drought and its impacts means that we have to be responsive and flexible as a government. We have to manage the finances so that we have money in the bank and we do not have to put a drought levy on everyone, like you guys had to when the floods came through. So having the money in the bank and being able to respond in a timely fashion when and where required is exactly the type of response we need to be initiating, and that's exactly what we're doing.

Senator WATT: I will finalise this. The NFF has provided their drought policy to the government, haven't they?

Senator McKenzie: Yes.
Senator WATT: Has the department received a copy of the NFF's draft policy?

Mr Quinlivan: Yes, we have, yes.

Senator WATT: Can you table that for us?

Mr Quinlivan: No.

Senator WATT: Why?

Mr Quinlivan: Because it is the subject of a forthcoming cabinet process.

Senator WATT: Another secret document from the government. We can't see charter letters. We can't see drought policies from stakeholders. We can't see your own drought policy because it's not pulled together. What can we see about drought policies from this government? Just go on the website and look for media releases?

Senator McKenzie: Is that a question or a long statement?

Senator WATT: Is that the best way? If we want to find out what the government's drought policy is, should we just scroll through every press release?

Senator McKenzie: I'm happy to go through it. We're delivering nearly $7 billion. I can go through all the initiatives. I'm very happy to.

Senator STERLE: I raise a point of order. I think Senator Watt's question was fair. If you don't have it, let's not waste more time than what we have to.

Senator McKenzie: We have seen the NFF's drought policy.

Senator STERLE: Chair, I'm talking to you. I have said very clearly.

Senator RENNICK: She was talking to the chair too.

CHAIR: The minister is trying to answer Senator Watt's question. Let's have the answer.

Senator STERLE: But this is what I'm saying, Chair. With the greatest of respect, the minister doesn't have a plan to read out. I'm not being rude. If the insignificant insect on your left interrupts one more time, I tell you what: I'm going to really sort this out.

CHAIR: Please.

Senator STERLE: I am talking to you and he chips in like a little schoolkid. I'm trying to get some form of consensus here so we can move on.

CHAIR: Do we need a break so everybody can calm down?

Senator STERLE: No. If the minister hasn't got one—

CHAIR: The minister does have one. The minister is just starting the list of the drought—

Senator STERLE: No. The minister doesn't have a plan. We asked whether there is a plan. The minister was going to read her ideas.

Senator McKenzie: I'm happy to clarify for the committee. What I was going to read out was all the drought initiatives that our government has rolled out.

Senator STERLE: Sure. But it's not the plan. I get that.

Senator McKenzie: Have we sighted the NFF's drought response? Yes, we have. It is part of cabinet consideration. Therefore, we won't be tabling it today.

Senator STERLE: There is the answer.

CHAIR: Thank you. Senator Watt, you are finished on that part, you said?
Senator WATT: You might have had an answer to Senator Sterle before. Will the national drought strategy be discussed at the agriculture ministers council on Friday?

Senator McKenzie: We've just read out the draft agenda items for AGMIN, which included a discussion on drought.

Senator WATT: Will you specifically be talking about your latest national drought strategy on Friday at the ministers' meeting?

Mr Quinlivan: Yes.

Senator WATT: Right. So we might then find out what it is?

CHAIR: Senator, you have a document to table?

Senator STERLE: Mr Quinlivan, I've got the transcript from the ABC Insiders that Senator Watt was referring to when you doubted what has been said. It's all there. I would like to table it so you can see.

Senator BROCKMAN: I don't think he doubted what had been said. He doubted the characterisation, Senator Sterle, and quite rightly. I do as well.

CHAIR: Okay, tabled. Marvellous.

Senator ANTIC: There is a lot of detail in there, but I think the Australian people are probably more interested in outcomes and strategies than detail. I'm interested in hearing a bit more about the broad picture. I had a couple of questions earlier about governance and how that all works, but at 11.20, I think we've transcended that and we might move on to some bigger picture issues, if that's all right. I'm interested in learning a bit about the strategies, outcomes and achievements of the department over the last reporting year. Can you tell me a bit about how it is you set those outcomes and the strategy of the department generally, as a starting point?

Mr Quinlivan: We have a corporate plan, of course, which talks about issues that we are giving priority to. They evolve a bit over time. I think we've seen probably two main threads in the portfolio over the last couple of years. One is an increasingly sharp focus on trade related issues. The reason we're doing that is that the growth pathway for all of the agriculture sector is through increased exports. In recent years, the negotiation of trade agreements has opened up the opportunity to negotiate market access into quite a number of new markets. It's this department's responsibility to then go and negotiate that market access. Free trade agreements doesn't provide market access. They simply tell you what the tariff and quota arrangements are going to be once you get market access. We have to go and negotiate that separately. Part of that is managing our biosecurity status—our pest and disease status. So that has become probably the main theme of work in the portfolio over the last couple of years. I think we've already seen the benefits of that through the improved performance of the agriculture sector during this drought.

The second thing we've been working on—and this has a number of different characteristics—is learning the lessons of regulatory failures over the last couple of years. The two examples of that that have been discussed most in this committee have been the outbreak of the white spot disease in prawn farms in southern Queensland and then the live sheep trade problems associated with the Awassi. I think there's a much bigger story around both those issues than regulatory failure, but we have been pretty honest with ourselves about our
deficiencies and sought to learn the lessons of those two things. We've got a big program of work in the portfolio.

So they are the two key things that I would identify for us. We've got the growth agenda that I mentioned earlier—doubling exports through to 2030. Then there is being responsive to the difficulties that inevitably arise from time to time in a portfolio like this. We have biosecurity issues all the time, big and small, to respond to. The drought, obviously, is a crucial issue. We've been responding to that as the government's wishes as the drought has unfolded. In amongst all that is a pretty solid work program for the department.

Senator ANTIC: I notice in your last annual report there's a table of performance.

Mr Quinlivan: Can you point me to the particular reference?

Senator ANTIC: It's page 6, I think. It is entitled 'Our performance'.

Mr Quinlivan: Got it.

Senator ANTIC: It might be a different number on the screen.

Mr Quinlivan: I was looking for the other page 6.

Senator ANTIC: It may well be a different number on screen than it is on print. In any event, there is a series of measures there. They are what you would describe as KPIs, or are they just measures of success? There are quite a few of them there. Could you take me through some of them, starting with the increase in food and fibre exports in the last 10 years. That's a pretty good news story.

Mr Quinlivan: I would argue that a lot of that is down to the market access work that we've done. Obviously we don't claim credit for things that the industry does and the product of investment and sound commercial decision making by the agriculture sector. But we've done a lot to improve the operating environment for agriculture. That's why it's worth including in our performance assessment.

Senator ANTIC: The second one there is that average annual productivity growth is equal to or exceeds annual market sector productivity in the previous 10 years. Once again, would you relate that back to the trade environment mostly?

Mr Quinlivan: Not so much.

Senator ANTIC: It's a productivity issue?

Mr Quinlivan: It's a chicken and egg thing, I guess. In the short term, the influence of the trade environment is mostly going to be via the prices for Australian commodities. Of course, high prices encourage investment, which increases productivity. So improved productivity is a second-round and long-term benefit of improved prices. We're seeing a lot of that in the agriculture industry at present.

Senator ANTIC: I think No. 5 or so states that the department has achieved a substantial cost effective reduction in biosecurity risk. Once again, how is that measured? How did we get to that point? What is the measure of success?

Mr Quinlivan: You are really starting to stretch my command of detail.

Senator ANTIC: It might be a bit too detailed.

Mr Quinlivan: If you go to page 25, you'll see our description of that.
Mr Mason: The particular measure, I think, relates to risk avoided versus the cost we spend on biosecurity.

Senator ANTIC: Thank you. That's probably all from me. Thank you for that.

CHAIR: I apologise for being distracted. I want to alert those members of research organisations who are after Dairy Australia that we won't be getting to you before lunch. If you have other tasks to do, I would like to respect your time. If you need to leave the room and go do something else, you will be notified when we get back to you.

Senator RENNICK: The government has a three-pronged approach to drought: immediate action for those affected right now; support for the wider communities affected; and long-term resilience and preparedness. My question is in regard to long-term resilience. Could you explain the future drought funding plan and when it is expected to commence consultation?

Mr Quinlivan: I will just get the right people to the table.

Ms Standen: Your questions are around the Future Drought Fund?

Senator RENNICK: That's right.

Ms Standen: Specifically, when the consultation period will begin?

Senator RENNICK: Yes. And what sort of programs might be funded through the Future Drought Fund?

Ms Standen: The legislation, the Future Drought Fund Act 2019, passed the parliament on 24 July 2019. There is a total of $3.9 billion in the fund, which will be invested until the balance reaches $5 billion. From 1 July 2020, $100 million a year will be made available for expenditure on programs related to building the preparedness and resilience of the ag sector to drought. There is quite a process around the governance arrangements and the developments of the program. If you don't mind, I'll go through those with you.

Senator RENNICK: Sure. That sounds great.

Ms Standen: The Future Drought Fund will be guided by a framework of what we're calling an overarching plan that is currently under development. The minister will make that plan, we're expecting, in the first part of early next year. It is a disallowable instrument. The funding plan is being developed by the Future Drought Fund Consultative Committee, which was recently announced by Minister Littleproud. It has been meeting with the officials of our department over the last few weeks to develop a plan. They are about to start a public consultation process that will go for 42 days. That consultation process will begin around the beginning of November and will be finished before Christmas.

Senator RENNICK: Awesome.

Ms Standen: The Future Drought Fund will be guided by a framework of what we're calling an overarching plan that is currently under development. The minister will make that plan, we're expecting, in the first part of early next year. It is a disallowable instrument. The funding plan is being developed by the Future Drought Fund Consultative Committee, which was recently announced by Minister Littleproud. It has been meeting with the officials of our department over the last few weeks to develop a plan. They are about to start a public consultation process that will go for 42 days. That consultation process will begin around the beginning of November and will be finished before Christmas.

Senator RENNICK: Awesome.

Ms Standen: The minister will, in considering the plan, develop a number of programs and will do that in consultation with the consultative committee and the Regional Investment Corporation. It's expected that those programs will be able to roll out from 1 July next year. That's the plan at the moment.

Senator RENNICK: Will that money be able to be spent on water saving measures and things like that as well as fencing, do you think?
Ms Standen: Well, the aim of the Future Drought Fund is to do more than just stopgap or short-term initiatives around the drought. The purpose of the Future Drought Fund is not for in-drought support. The government has a suite of other programs and support measures for that. For the Future Drought Fund, there is likely to be a focus on sustainability practices.

Senator RENNICK: Excellent.

Ms Standen: It could also include a program of R&D that is focused on long-term resilience, diversification, risk management and all those sorts of issues that farmers need to consider when they are planning for managing through drought and other challenges that they face.

Senator RENNICK: Excellent. Thanks very much.

CHAIR: Thank you very much, Senator Rennick. Senator Sterle, did you have a question?

Senator STERLE: Senator Watt can finish off his area and I will go to another area.

Senator WATT: I have some last questions about the drought. I really want to get on top of these claims of a $7 billion drought fund. So we've had a number of ministers and the Prime Minister referring to the government providing more than $7 billion in assistance and concessional loans to support those affected by drought. Mr Quinlivan, can the department provide a breakdown on the spend of the more than $7 billion to support those affected by drought?

Mr Quinlivan: So this is expenditure to date?

Senator WATT: I don't know. The ministers keep going around saying they've got a $7 billion drought package.

Mr Quinlivan: I am just asking for a precise description of what you are seeking.

Senator WATT: I want to try to understand these claims about a $7 billion drought fund. Is it possible to break that down by program years?

Senator McKenzie: We've got $3.9 billion in the Future Drought Fund just discussed; $50 million on the on-farm emergency water infrastructure rebate scheme; $186.4 million—

Senator WATT: Whoa. This is important. Have you got something there you could table?

Senator McKenzie: It's part of the broader notes. I'm happy to read it.

Senator WATT: How many items are there all up?

Senator McKenzie: Well, it's $7 billion worth. There's a bit. I will continue.

Senator WATT: So $3.9 billion for the Future Drought Fund?

Senator McKenzie: Which will grow to $5 billion over coming years. So $5 billion. And $50 million will be on-farm—

Senator WATT: No. It's $3.9 billion at the moment, isn't it?

Senator McKenzie: Well, it's reinvesting over coming years to become $5 billion.

Senator WATT: Yes. But how much is in there at the moment? It is $3.9 billion?

Senator McKenzie: It is $3.9 billion.

Senator WATT: And when is it going to get to $5 billion?

Ms Standen: Bear with me. I might have to take that on—
Mr Quinlivan: In 2028-29.

Senator WATT: So it will take 10 years to get to the figure that the Prime Minister is going around telling everyone your government is spending.

Senator McKenzie: Senator Watt, the $100 million that will be spent annually on drought resilience programs doesn't wait until that period of time.

Senator WATT: Fair point. That waits for another 12 months, doesn't it?

Mr Quinlivan: I think the Prime Minister's point is that the government is forgoing the opportunity to book revenue of $5 billion.

Senator WATT: So is it more accurate, Minister, to say that in 10 years the government will have a $7 billion drought fund?

Senator McKenzie: No. I go to Secretary Quinlivan's point. This is about revenue forgone.

Senator WATT: You've got $3.9 billion in the fund.

Senator McKenzie: There is the $50 million on-farm emergency water infrastructure rebate scheme; $186.4 million for changes to the farm household allowance—

Senator WATT: That is $186.4 million?

Senator McKenzie: Yes. There is an additional $5 million to rural financial counselling services to support and improve support for farmers. We are committing $7 million for the Drought Communities Small Business Support Program to help small rural and regional businesses around the country where the drought is having a major impact. We are committing $25 million over two rounds. I note our Queensland and Western Australian senators love this one: it is two rounds of wild dog fencing and other pest and weed management activity in drought affected areas.

Senator STERLE: How much is that one?

Senator McKenzie: It is $25 million over two rounds. There is $157.5 million for the Drought Communities Program, which we discussed yesterday, which is that broader amount of money available to local councils. There is $63.42 million for the Drought Community Support Initiative.

Senator WATT: I have a table here. I am trying to tally this up. How much?

Senator McKenzie: It is $63.42 million for the Drought Communities Support Initiative. That is the $3,000 cash payment through charity services. There is a nearly $1.3 billion investment in the National Water Infrastructure Development Fund.

Senator RENNICK: Wow!

Senator McKenzie: Yes. It's significant. We are establishing a $100 million National Water Grid Authority. There is $15 million to the Foundation for Rural and Regional Renewal, the FRRR, to deliver small-scale grants for social connectedness out in drought affected communities.

Senator WATT: I'm trying to take these down as you are saying them.

Senator McKenzie: Sorry. There is $15 million to FRRR.

Senator WATT: And just tell me again what FRRR is.
Senator McKenzie: There is $100 million to the National Water Grid Authority.

Senator WATT: I got that one.

Senator McKenzie: So the only other one was the $15 million to FRRR.

Senator WATT: And, sorry, FRRR stands for?

Senator McKenzie: The Foundation for Rural Regional Renewal.

Senator WATT: Got it.

Senator McKenzie: There is $75 million for tax measures, including accelerated fodder storage, asset depreciation and the FMD system. So there is $75 million there. There is $27.6 million for the Great Artesian Basin for state governments to implement water security measures. There is $1 billion to the RIC for the loans, which is everything for restocking, replanting et cetera. Senator Davey has been able to help some farmers through hardship getting in touch with the RIC to access funds where they weren't able to under normal circumstances. There is $2.7 million for regional weather and climate guides to help with on-farm decision-making. That is through the BoM. That is critical for farmers to plan their cropping in particular. There is $77.2 million for the BoM radars to address gaps in weather monitoring in North Queensland. There is $774,400 for the online farm hub that is hosted by the NFF. That is a one-stop shop that farmers and interested community members can go to to get information around our government's response and to be linked in with services. There is $29.4 million for Empowering our Communities and the Connecting Youth awareness raising initiative.

Senator WATT: So $29.4 million, yes.

Senator McKenzie: Yes. That is out of the Department of Health. There is $5 million for the CWA. There is $5.6 million to the Joint Agency Drought Taskforce, which has been completed, and $4.2 million to improve and maintain a national drought map.

Mr Quinlivan: In addition, there are a couple of measures in other portfolios. I'm not sure if the minister covered these. There is $63,420,000 for the Drought Community Support Initiative. The minister mentioned the $100 million for the National Water Grid.

Senator WATT: Yes.

Mr Quinlivan: I'm not sure if she mentioned the $7 million for the Drought Communities Small Business Support Program.

Senator WATT: Yes. So that's the lot?

Mr Quinlivan: That is as at 16 October.

Senator WATT: Can we just work our way through that. I take it that if you add up all of those individual figures, you get to around $7 billion?

Senator McKenzie: To $7.586 billion.

Senator WATT: Again, you are including $5 billion in the Future Drought Fund when in actual fact there's only $3.9 billion in there at the moment.

Mr Quinlivan: I think the point we're making is the government made a decision to forgo current and future revenue of $5 billion.
Senator WATT: But if we're talking about the funds that have been spent or set aside right now, when we're looking at the Future Drought Fund, there's $3.9 billion sitting there. Correct?

Mr Quinlivan: I think you would really need to talk to the Department of Finance because you're talking now about public sector accounting practices.

Senator WATT: Come on. Your department has the people who are overseeing all this drought relief.

Mr Quinlivan: No. We are not in this case. We're responsible for the disbursements from the fund starting next year and the policy arrangements for that. We're not responsible for the management of the capital fund.

Senator WATT: So in the Prime Minister's claim that he's got a $7 billion drought fund, he's actually overstating that by $1 billion because there's actually only $3.9 billion sitting in this Future Drought Fund, not the $5 billion? It's going to be 10 years before we get to $5 billion. So it's actually at best a $6 billion drought fund. That's right, isn't it, Minister?

Senator McKenzie: No. I don't agree.

Senator WATT: How can you be claiming that won't be there for 10 years in your drought fund? Are you saying that people have to wait that long?

Senator McKenzie: Senator Antic's point is that it's about outcomes. So the $100 million that will be spent on a drought response—section 3, building a long-term resilience in our farming families and communities—will be beginning very shortly.

Senator WATT: July next year.

Senator McKenzie: That is the point of the drought response. Now, how we book that up—

Senator WATT: It is July next year that those payments start?

Senator McKenzie: Yes. So how we book that is a matter for Finance. Outcome wise, we are spending $100 million.

Senator WATT: So you're spending $100 million a year. It's dishonest to be saying that this is a $5 billion fund because it won't actually happen for another 10 years. In actual fact, it's only spending $100 million a year, so we should actually be logging $4.9 billion off this $7 billion drought package because there's only going to be spending of $100 million a year. So we're down to about $2 billion for the drought package in terms of what is actually going to be paid out to people. Correct?

Mr Quinlivan: As I said, for the management of the capital fund, I think you do need to talk to the Department of Finance. I think in common parlance, the government has forgone an opportunity to book revenue of $5 billion.

Senator WATT: But it doesn't have $5 billion. It has $3.9 billion.

Mr Quinlivan: It has made a decision to do that. It has also agreed—

Senator WATT: It won't have $5 billion for 10 years.

Mr Quinlivan: But it has made a decision to forgo that revenue now, and that's the decision that has been included in this planning.
Senator WATT: We're talking about, for the moment, a $2 billion drought package because it's actually only spending $100 million a year rather than $5 billion, which it won't get to for another 10 years anyway. The Regional Investment Corporation's loans are $1 billion, Minister?

Senator McKenzie: Yes.

Senator WATT: The Regional Investment Corporation loans. So $1 billion of this $2 billion fund is actually loans. There are no grants attached to that. Correct?

Senator McKenzie: Yes.

Senator WATT: Another component is the National Water Infrastructure Development Fund. That also operates on a loans basis, doesn't it? There are no grants to farmers in that?

Ms Standen: That is another portfolio, the infrastructure department. But the National Water Infrastructure Development Fund, I understand, is a grants program. The National Water Infrastructure Loan Facility is a loans program.

Senator WATT: Sorry, the National—

Ms Standen: Water Infrastructure Loan Facility.

Senator WATT: So the National Water Infrastructure Development Fund that you've included in what is now a $2 billion drought package is going to be grants, is it, to farmers?

Ms Standen: My understanding is that that is a grants program. It is managed by the Department of Infrastructure.

Mr Quinlivan: I think it would be better to call it a capital fund. We're not quite sure whether it will be grants or what form.

Senator WATT: What is it? Is it grants or loans?

Mr Quinlivan: Well, they're not loans. They're not loans. They might be provided by way of equity investments, so we don't know whether they're going to be grants or not.

Senator WATT: But it may not be grants?

Mr Quinlivan: I'm sure that there will be some grant components. But you characterise the whole thing as grants. I'm saying they are not loans, so that seems clear, but they may not be all grants either. Some of the funds may turn out to be equity investments and so on. We're just not sure.

Senator WATT: It may involve concessional loans, though?

Mr Quinlivan: I think that's additional.

Senator WATT: Minister, we've got the Prime Minister out there talking about a $7 billion drought package. He is including that $5 billion for the Future Drought Fund which won't get to that point for another 10 years. In actual fact, it's only going to be spending $100 million a year, none of which goes to farmers. So that's overstating things by nearly $4 billion. Another $1 billion of this package is loans from the Regional Investment Corporation, with potentially more loans under the National Water Infrastructure Development Fund. So when the Prime Minister is out there talking about his drought package and what is actually going to be getting out there to farmers and rural communities, we're down to a couple of hundred million dollars all up?

Senator McKenzie: I think Ms Standen will deal with a couple of those issues.
Senator WATT: You are the minister. I'm asking you.

Senator McKenzie: I am very happy to.

Senator WATT: I'm asking you. You've been out there as well talking about a $7 billion drought package.

Senator McKenzie: And our response is built on the feedback that we've gotten from farmers and their communities. Not every farmer wants—

Senator WATT: It's total rot, these claims that you've got a $7 billion drought package.

Senator McKenzie: That's not true. That's why we've got a range of support, from loans to farm management deposits. In good times, farmers can put away a lot of money so that they can draw that down when the drought comes. They're running businesses, after all. We've got a suite of—

Senator WATT: So $5 billion of this alleged $7 billion drought package is tied up in a fund that won't get to $5 billion for another 10 years.

Senator RENNICK: No. That depends on the rate of return.

Senator WATT: In actual fact, it is only spending $100 million a year. So how can you be out there telling drought affected communities that you've got a $7 billion fund when $5 billion of that $7 billion is actually going to be only spending $100 million a year? You're misleading people, aren't you?

Senator McKenzie: No. We're actually making sure that we have a mechanism to deliver drought resilience into the future, far beyond the termination of our government. It is far beyond that—into the next drought and decades to come. We do that by responsibly putting away enough money to make sure that, year in and year out, we build the drought resilience capacity of our farmers and our communities. It's not about coming up with a tip truck and dumping a load of cash. That's actually not going to build long-term resilience in our nation when it comes to drought. We've built a suite of measures based on experience and consultation with industry. I know Ms Standen had some details. You made a claim about what that $100 million would be able to be used for. Ms Standen—

Senator WATT: No.

Senator McKenzie: Under standing orders, I am allowed to refer to an official.

Senator WATT: I am asking you a new question.

Senator McKenzie: Well, I would like to finish the last one, Chair.

Senator WATT: My question is—

Senator McKenzie: Chair, I would like Ms Standen to be able to correct the record—

Senator WATT: Are you feeling under pressure about the fact that your drought fund and drought package is misleading people?

Senator McKenzie: because Senator Watt is misleading in his questions.

Senator WATT: Are you avoiding questions about this?

CHAIR: Minister, that seems reasonable. Senator Watt, how about she finishes the last question.

Senator McKenzie: And then you can ask me the next one.
Senator WATT: Well—
Senator McKenzie: Then you can ask the next question.
CHAIR: Can we just finish the last question?
Senator WATT: My question, Minister—
Senator McKenzie: Ms Standen, Senator—
Senator WATT: You don't get to ask the questions.
Senator McKenzie: She is ready and waiting.
Senator WATT: You're about to ask her to answer something. I've got a question for you, Minister.
Senator McKenzie: I have referred your previous question to Ms Standen. You sat there and said $100 million would not be able to be even accessed by farmers. That is incorrect.
Senator WATT: If you are the senior minister in this portfolio—
Senator McKenzie: I'm asking for that assertion that you made to be corrected by a departmental official.
Senator WATT: We'll come to that. We'll come to that.
CHAIR: Senator Watt, do we need to go back and check Hansard as to what question you refer to?
Senator WATT: Feel free to check whatever. Minister, you're the—
CHAIR: Excuse me.
Senator WATT: Feel free to check.
CHAIR: You're being a bit rude.
Senator WATT: Well, I've got a minister here who doesn't want to answer questions.
CHAIR: No. I don't think so.
Senator WATT: She knows she's under pressure from her colleagues and now she's trying to deflect questions.
CHAIR: We're just trying to finish the question that was being asked. Then we'll come back to your next question, okay. So you still get the opportunity—
Senator WATT: I'm satisfied with the answer to that question.
CHAIR: Well, I don't think it's complete.
Senator WATT: I don't need any further detail. Minister, you're the senior minister in this portfolio. You, the Prime Minister and other ministers are going around the country telling people that you've got a $7 billion drought package. Don't you accept that that is highly misleading, because it's built on a $5 billion fund that won't exist for another 10 years and will only ever distribute $100 million a year anyway?
Senator RENNICK: That's not true.
Senator WATT: It's also built on—
CHAIR: What is your question?
Senator WATT: another $1 billion of loans from the Regional Investment Corporation. Why do you and other ministers, right up to the Prime Minister, continue to mislead drought
affected communities about your drought package? Just be honest and say it's about a $300 million package. Why don't you do that?

CHAIR: Please stop. Please leave your question. Minister, please answer the question.

Senator McKenzie: Thank you, Chair. The cost to the budget is $5 billion.

Senator WATT: It is not. It doesn't get there for 10 years.

Senator McKenzie: That is why we have—

Senator WATT: You are misleading the committee now.

CHAIR: Senator Watt.

Senator McKenzie: a $7 billion drought package.

Senator WATT: It doesn't get there for 10 years.

CHAIR: Order! Let her answer the question.

Senator WATT: Let me draw—

Senator RENNICK: With changes in the rate of return, eight per cent gets in at three.

CHAIR: Please stop. Please answer the question. Senator Watt, if you need time out—

Senator WATT: I don't. I just want a minister who tells the truth.

CHAIR: We can have one.

Senator WATT: Maybe we should get David Littleproud in here.

CHAIR: Maybe we need a bit of a break while you calm down. Are you ready to listen?

Senator WATT: Always.

CHAIR: Excellent.

Senator McKenzie: Do you need to calm down?

Senator WATT: I'm fine. I'm not the one who is in danger of losing their job. That's you.

Senator McKenzie: No-one is in danger of losing their job. We have gone through all the programs and all of the initiatives across a whole range of portfolio areas and departments throughout the government on how we're addressing the drought through the three frameworks we spoke about earlier—the immediate assistance, broadening that out to support communities and, going forward, how we best prepare our communities and our industries for the next drought. That is over $7 billion without lying. The secretary has done it. I've done it. The cost to the budget is that. So it is very much a fact that this is a drought response that is over $7 billion.

Senator WATT: In 10 years, you may have spent or allocated $7 billion, but you're not doing it now, are you?

Senator McKenzie: The cost to the budget is as outlined. If you want to argue the toss with Finance about—

Senator WATT: The cost to the budget—

Senator McKenzie: Well, that's how much it costs, Senator Watt.

Senator WATT: is not $7 billion.

Senator McKenzie: Well, that's how much it costs, Senator Watt.
Senator WATT: No, it doesn't.

Senator McKenzie: That's how much it costs.

Senator WATT: I obviously can't convince you of this basic fact.

Senator McKenzie: No. You can't.

Senator WATT: You've told me that the Future Drought Fund won't have $5 billion for another 10 years. How can you be saying that is a cost to the budget now? That is almost the entirety of your alleged $7 billion drought fund. In actual fact, it's spending $100 million a year. You're lying to people. You are lying to people about what your government is doing about drought.

Senator McKenzie: Senator Watt, the secretary has referred you to Finance. If you want to argue, I can refer you to Senator Cormann either way. We have a drought package that is over $7 billion. We've outlined what it has all been spent on—

Senator WATT: You can say it over and over again. It doesn't make it true.

Senator McKenzie: over a period of time.

Senator WATT: Saying it over and again doesn't make it true.

Senator McKenzie: I've tried to highlight that it's about outcomes.

Senator WATT: Minister Littleproud issued a press release on 27 September claiming that the government is already providing more than $7 billion in assistance and concessional loans to support those affected by drought. Mr Quinlivan, that's just not true, is it?

CHAIR: Senator Watt, I think we've asked the same question.

Senator WATT: No. I haven't asked about that. I haven't asked about the minister's press release. Mr Quinlivan, that's just not true, is it?

Mr Quinlivan: The government has made decisions which have a cost to the budget in excess of $7 billion.

Senator WATT: But the point is that the press release says the government is already providing right now, not in 10 years and not in five years. It is already providing more than $7 billion in assistance and concessional loans to support those affected by drought. That's not true, is it?

Mr Quinlivan: Well, I think the minister means, in saying that, that decisions have been made at a net cost to the budget in excess of $7 billion.

Senator WATT: But the government is not already providing more than $7 billion.

Mr Quinlivan: Clearly not in cash.

Senator WATT: Or in any form.

Mr Quinlivan: Well, in capital. In capital and cash, the cost to the budget—

Senator WATT: Not now. In 10 years, maybe I would accept that they are providing that. But they are not already providing that, are they?

Mr Quinlivan: I really think this is a matter for others. My layperson's description of this would be that the government has made a decision which has an immediate and provisional cost to the budget of $5 billion in the form of the Future Drought Fund.

Senator WATT: Did the department—
Mr Quinlivan: That is a very common way of talking about the cost to the budget.

Senator WATT: Did the department draft this press release from the minister on 27 September?

Mr Quinlivan: I would have to take that on notice. I imagine we would have provided some content for it. But I don't know whether we provided that.

Senator WATT: Is there someone here who would know the answer to that? Is there a communications person?

Mr Quinlivan: Well, we would have to look at that press release and test the history of it. But we can do that over the course of the day.

CHAIR: Senator Watt, that's 25 minutes.

Senator WATT: I'm just about done.

CHAIR: Last question. Thank you.

Senator WATT: I asked you before whether the department fact checks announcements made by ministers in the portfolio. Did the department supply that wording that the government is already providing more than $7 billion in assistance and loans?

Mr Quinlivan: I would have to check that. I will take the question on notice.

Senator WATT: The very last thing here is that there has been some description of some of these programs in the $200 million or $300 million drought package that we in fact have from the government as being demand driven. I presume that means they are available if people apply for them.

Senator McKenzie: If you're in need, you can access them.

Senator WATT: So what will happen to unspent funds in these demand driven programs? Will they go back into consolidated revenue?

Mr Quinlivan: Well, the principle around demand driven programs is generally no wins and no losses for the portfolio department and the consolidated fund. There is effectively, if you like, a line of credit available for those programs which is drawn down as the demand is realised. So it's not so much a matter of returning money to the budget.

Senator WATT: If one of these components has $20 million in it and it's demand driven and if there are only $10 million worth of applications for that form of assistance, what happens to the balance?

Mr Quinlivan: It is not drawn down.

Senator WATT: Does that mean it just goes back into consolidated revenue?

Mr Quinlivan: It never left the consolidated fund.

Senator WATT: So it stays in consolidated revenue?

Mr Quinlivan: Yes. And the reverse is true as well from the portfolio's point of view. If the original forecast expenditure is much higher—double, because demand is higher—that happens at no cost to the portfolio.

Senator WATT: Thank you.

Senator STERLE: The press release you're talking about, Senator Watt, is—

Senator WATT: It is the 27th, I think.
Senator STERLE: It is 27 September. I've got that here, Chair, so I'll table that. I was reading it. Minister, thank you for the update on the expense out there to the drought affected communities. We get that. No-one here is arguing against the principles of what you want to do. I fully support Senator Watt's line of questioning. Can we honestly say, without the bureaucratic speak—if we can just be straight to the point—yes, there's potentially $7 billion that is going to go in drought initiatives and all that, but it could possibly take up to 10 years for the whole $7 billion to filter through. Is that the case? I'm sorry, Mr Quinlivan; I'm not trying to set you up for a blue because I see exactly that there has been a commitment. There has been a cost to the budget. There is no argument. Yes, there's a lot going everywhere. Those of us out there who aren't in drought affected areas would probably think it's $7 billion going now. That is not the case because it hasn't been distributed.

Mr Quinlivan: I was referring to the point at which it was estimated when the fund was created that the capital fund would grow from the additional $3.9 billion to $5 billion. I would say, again, that just as that fund will grow at that time, the decision not to book any of that revenue was made—

Senator STERLE: I understand that.

Mr Quinlivan: They are the origins of it.

Senator STERLE: I understand.

Mr Quinlivan: I think that's quite defensible.

Senator STERLE: I'm not trying to look for a blue. I'm saying to you, 'Minister, yes, you did that. We've heard it. I'm glad we got it all out', because it's great to hear all that. It would be fair to say—I can't put words in your mouth; I'll get pulled up—that, very clearly, the intent of the government is to commit this amount of money and over this amount of time and then we'll get there. But we can honestly say that at the moment there's not $7 billion washing through drought affected communities as we sit here now. Can we get to that language with a 'yes' or a 'no'?

Mr Quinlivan: If you're asking whether there is $7 billion in cash from that fund being injected into drought communities now, well, clearly the answer is no because that's not the purpose of the fund. The fund is designed to support a program of projects in perpetuity, which will improve the drought preparedness of regional Australia.

CHAIR: Thank you, Senator Sterle.

Senator DAVEY: The Future Drought Fund is actually what some would consider to be a long-term drought preparedness strategy, which is exactly one of the comments. I go back to Senator Watt's line of questioning. Minister, Senator Watt may not have wanted to hear it, but I certainly do want to clarify. Senator Watt asserted that the $100 million can't be accessed by farmers. I represent farmers. I really want to hear whether it can or can't be accessed by farmers. I would like to hear that.

Senator McKenzie: Thank you very much, Senator Davey.

Ms Standen: The $100 million a year is being made available through the Future Drought Fund from July next year. As I was explaining to Senator Rennick earlier, we're in the process of developing a suite of programs through the Future Drought Fund and a program of measures and arrangements. There could be a whole range of different types of programs—
grants programs and research and development. We are hoping that we may be able to increase the amount of investment in drought resilience and preparedness activities through collaboration with other organisations, such as research and development organisations and that sort of thing. The intention is that farmers will benefit from that $100 million. I need to emphasise that it is not in drought support to farmers. It's about assisting farmers build their resilience, preparedness for drought and to assist related communities as well.

Senator DAVEY: Thank you.

CHAIR: I am going to assume that Senator Watt is—

Senator WATT: I'm going to pass over.

Senator STERLE: I'm going to do some work finally. Thank you, Chair. I want to go to the biosecurity import levy, Mr Quinlivan and Minister. I really want to do it in this section because I believe it's all under governance. Let's see how we go.

Mr Quinlivan: We'll just need to get the right people.

Senator STERLE: Sure. They should be jumping out of their skins, Mr Quinlivan, that they won't be here at nine o'clock tonight.

Mr Quinlivan: We don't mind, of course, Chair, but corporate has become the vehicle for examining the entire department. It could be that it might be worthwhile revisiting the agenda so we can make sure we've always got the right people here at the right time.

Senator STERLE: I absolutely agree, especially under the new rules of the Senate. It makes so much sense. Maybe the chair and me can sit down at our next meeting with other senators and say, 'How can we do estimates far more efficiently?' Minister, you could give us extra days.

Mr Quinlivan: I will go to my point. The key person on the biosecurity levy was anticipating being examined after 9.30 tonight, so let's see how far we can go without that person.

Senator STERLE: If I were that person, I would be putting my skates on to get here as quickly as possible so I didn't have to be here at nine o'clock at night.

Mr Quinlivan: We'll see how we go.

Senator STERLE: Thanks, Mr Quinlivan. On 12 September, the Prime Minister told the House of Representatives, and I quote:

The matter that the member is referring to is still a matter for the government that the government is consulting on and preparing for legislation. And that's a matter that's under consideration right now.

Previous estimates hearings which followed on from the budget in April claimed that the biosecurity imports levy would start on 1 September this year. Can the department provide an update as to when the biosecurity imports levy will actually commence?

Mr Quinlivan: I think at the budget, the starting date was revised.

Senator STERLE: It was, yes.

Mr Quinlivan: So we're anticipating that there will be a further revision in MYEFO and that will be the anticipated starting date for the biosecurity levy.

Senator STERLE: Sure. The first one, I think, was April, if I remember rightly. I am just trying to walk back. Then we went to September.
Mr Quinlivan: It would have been 1 July.

Senator STERLE: Sorry, yes.

Mr Quinlivan: And then September.

Senator STERLE: Okay. So are you in a position at this stage to indicate when we think we might be looking at the implementation of the imports levy?

Mr Quinlivan: No. That would be a budget leak. I can say—

Senator STERLE: I won't tell anyone.

Mr Quinlivan: I can say that, clearly, the commencement date will be deferred.

Senator STERLE: Sure. Thanks, Mr Quinlivan. Minister, can you confirm if the government is still consulting on the biosecurity import levy?

Senator McKenzie: Well, as you know, we have been handed the Trebeck review. We've consulted following the Craik review. The biosecurity levy is in last year's budget and is under active consideration by the government.

Senator STERLE: So there is still consultation going on, or is it now down to consideration?

Senator McKenzie: Down to consideration.

Senator STERLE: Were other government officers involved in the consultation and the consideration or just this department?

Senator McKenzie: The levy is under consideration by government very actively.

Senator STERLE: Okay. It could be anyone.

Mr Quinlivan: Well, it clearly involves the finance and Treasury portfolios because of the nature of the subject matter, yes.

Senator STERLE: Can the department provide information about who has been consulted post election on the levy? Can you do that for me, Minister or Mr Quinlivan?

Mr Quinlivan: We'll take that on notice now with the expectation that we will provide that information later on when the relevant officers are here.

Senator STERLE: Has the design of the levy been approved by the ERC, Minister?

Senator McKenzie: Nice try. The implementation and decision around the biosecurity levy indicated in our last budget is under active consideration by the government.

Senator STERLE: Can you tell me why the department's website, Mr Quinlivan, hasn't been updated as to what is happening with the biosecurity imports levy?

Mr Quinlivan: Have you got a date you could help me out with there?


Mr Quinlivan: Well, I think we would have to check that.

Senator STERLE: I think it will probably be updated by the close of business tonight.

Mr Quinlivan: It could be. It depends what is out of date on the reference. I'm not assuming anything is, but it is possible.

Senator STERLE: Fair enough. How much has the delay of the levy cost the biosecurity budget bottom line at this stage?
Mr Quinlivan: Yes. The answer to that is zero.

Senator STERLE: But there was an addition to $20 million lost previously, wasn't there? Am I correct there?

Mr Quinlivan: Say again.

Senator STERLE: I'm led to believe that there has been a $20 million loss.

Mr Quinlivan: There has been no loss to the department's biosecurity budget associated with the delay to the introduction of the levy.

Senator STERLE: I will tell you why I was going there. At the last round of estimates—we have the table here—you indicated that a number of biosecurity programs would be funded by the biosecurity import levy.

Mr Quinlivan: Correct.

Senator STERLE: I remember that specifically. How are you currently funding these projects if we don't have the levy that we thought, firstly, was going to be in by 1 July and then 1 September?

Mr Quinlivan: Well, the gap, whatever that might be—you identified the potential for a gap there, at least—is being funded through the budget generally. So the outlays that were envisaged to be funded from the levy in the period between 1 July until whenever we might say the levy commenced are still being funded.

Senator STERLE: I've asked. I have said I think it is $20 million, but you don't have that information here. How could we get that information?

Mr Quinlivan: Well, the answer will depend on when you answer that question. Clearly, the levy revenue is being deferred, but the outlays are continuing. I would make two key points. There has been no reduction in biosecurity spending as a result of the deferral of the levy. The costs are being borne elsewhere in the budget.

Senator STERLE: That's why we want to find out where it has come from. It's like when my kids were teenagers; money just grew on trees.

Mr Quinlivan: It's part of the consolidated budget, so it doesn't have any specific source.

Senator STERLE: Are you going to take that on notice and come back to us on that?

Mr Quinlivan: I think I've given you the best answer I can. Until such time as we have a known date and then we can tell you what the amount is. But the key point then and now is that it doesn't represent a reduction in biosecurity spending.

Senator STERLE: You've said that. It has come from somewhere but it's not affecting services. Chair, if you can indulge me, I want to read out a bit of preamble. On 29 May this year, the Inspector-General of Biosecurity issued a media release relating to the report on pest and disease interceptions and incursions in Australia. Remember that? No?

Mr Quinlivan: Broadly.

Senator STERLE: It happens every year. Dr Scott-Orr found that the department must strengthen arrangements for intercepting pests, diseases and biosecurity risk material pathway by pathway to ensure that effort is being directed to areas of highlight risk. It goes without saying. But a case study of meat and meat products seized from incoming mail and passengers showed some concerning trends. I won't be long, Chair. Over six years to 2017, the
department intercepted over 272 tonnes of meat products at the border, mostly at major airports. Does that sound right? I will just reiterate the question. I have the information over six years to 2017. The department intercepted over 272 tonnes of meat products at the border, mostly at major airports. Is that correct?

Mr Quinlivan: I know the Inspector-General personally. I am very confident she would have the correct number. It is consistent with—

Senator McKenzie: It is consistent.

Mr Quinlivan: What we are experiencing now or have been recently.

Senator STERLE: I am an ex-truckie, and 272 tonnes is a fair bit of freight. This is at the airport. So it's coming in people's bags. When you start thinking about that, you realise that that show on TV is showing only the tip of the iceberg. So we agree that meat can carry foot and mouth disease—

Senator McKenzie: Yes.

Senator STERLE: and African swine fever and other serious diseases? You touched on that in your opening statement, Minister. So 22 per cent of meat interceptions were undeclared, and detector dogs found 53 per cent of them. Does that sound correct?

Mr Quinlivan: I have no reason to think it isn't correct.

Senator STERLE: Nevertheless, the number of detector dogs has almost halved between 2012 and 2017, so less mail and fewer passengers entering were screened over time. Can anyone shine some light on that for me, please, Mr Quinlivan or Minister?

Mr Quinlivan: Yes, we can.

Senator McKenzie: Yes, we can.

Senator STERLE: I made a fatal mistake—the officers came up—of trying to pat the beagle. The lady nearly pulled my head off. I like dogs.

Ms Lane: We can probably provide further detail when officers are here from outcome 2. Generally, I can say that, yes, I think the Inspector-General has noted in some of her reports that we do have fewer detector dogs now than might have been the case a decade ago. There is probably a couple of points to make about that. One is that detector dogs are one of a suite of tools that we have available to us to help detect and manage biosecurity risks. We also obviously use scanning technology in airports. We have physical inspection as well. So dogs are a very important part of the suite of tools, but we do have others. Another thing to note, I think, is that we're now training our dogs for multiple purposes. Previously when we had a much larger number of dogs, they were trained for single purposes. Generally speaking, they would either work in the mail centre or they'd work in airports. We now train the dogs to work in multiple pathways. We might have dogs working in both airports and mail centres. So our utilisation of the dogs is far greater now than it had been in the past. I think we can probably pick up more detail on this later when people are here from outcome 2.

Senator STERLE: Sure. I think the important thing is how many dogs were there before and how many are there now, to give us a clearer picture.

Ms Lane: The officers in outcome 2 will be able to give you previous numbers. I can tell you now, though, that, as at 15 October, we have 35 operational dogs and another four—
Senator STERLE: This is around Australia?

Ms Lane: Yes. That's correct. And another four novice dogs, or four dogs that are in training. I don't have the figures with me on previous numbers, but officers in outcome 2 will be able to provide those details, I'm sure.

Senator STERLE: Is it right to say previously that they were all at the airport but now they're in mail centres and the airports?

Ms Lane: Previously, they were trained to either work in airports or mail centres. Now we use them across multiple risk areas. So they can work in both airports and mail centres. So it's probably fair to say that there was some redundancy in the way we were using dogs previously. We're now utilising them in a much greater way.

Senator STERLE: Sure. I'm just trying to work out how you can make a dog more productive. I haven't quite got to that yet.

Senator McKenzie: I think it's also where they are and what they can detect. We've got a program right now we recently announced about detector dogs learning to detect citrus canker, for instance.

Senator STERLE: Oh, yes. I remember it well.

Senator McKenzie: So rather than just being a specialist dog on citrus, they are actually being trained to detect a wider range of contraband.

Ms Lane: We're also training them to detect brown marmorated stink bugs.

Senator STERLE: What, sorry?

Ms Lane: We're also training them, for example, along similar lines to detect brown marmorated stink bug scent. So they are being used to detect a whole range of risks.

Senator McKenzie: The things I didn't know 145 days ago.

Senator STERLE: Look, I know the citrus canker very well. I know how it destroyed the citrus industry in Emerald in Queensland. We're well aware of that. I will come back to my original statement, where it is 272 tonnes of meat product coming through the airports. Am I right to assume that these dogs that you've got trained are becoming more productive because they're sniffing out bugs and all sorts of other things and drugs, or are they different dogs?

Ms Lane: Our dogs are trained to detect biosecurity risk material. Certainly they do a great job at that.

Senator STERLE: Sure. So where I'm heading to is—I don't have the figures—how big a problem has it been in our mailing centres, where people send through meat products? I'm not discounting the danger of seeds and canker and bugs and all sorts of other things.

Ms Lane: There is no doubt that there is certainly an increasing risk around meat products being sent through the mail pathway and on passengers. I think certainly the majority of seizures that we find on passengers is meat products. Our dogs are working both in the mail centres and in airports and are doing a fantastic job in detecting those. Is it a challenge? Yes, it is. But we are combining the use of our dogs with a whole range of other tools to help us manage those risks.

Senator STERLE: I understand that. Our dog numbers are down and they are not all at the airport and they are split between the mail centre. If the statement had been that we've
doubled the number of dogs because we're now covering the airport and the mailing centres, I would have finished 10 minutes ago.

Ms Lane: I see what you mean. It is about the way we're training the dogs now. We might be able to go into more detail later. Previously we would have trained some dogs to work in the mail centre. They would, say, for example, work a mail centre shift in the morning and then be essentially redundant for part of the afternoon. Now we're actually using those dogs in the mail centre in the morning and then moving them to the airport in the afternoon. So we're actually using them in a much greater way.

Senator STERLE: You've doubled their shift.

Ms Lane: We are very concerned about managing the work health safety of the dogs, of course, so we're not working them more than we need to. But they are serving multiple purposes and managing a greater chunk of the risk, I guess.

Senator STERLE: That is my next life—a sniffer dog.

Senator McKenzie: You raise a really important point, Senator Sterle. We've seen a 172 per cent increase in parcels et cetera coming through our mail system.

Senator STERLE: Yes. I'm well aware.

Senator McKenzie: As part of that biosecurity effort, we've been X-raying et cetera at mail centres to detect that product.

Senator STERLE: Without saying too much about what goes on behind the doors in terms of security, which I won't in this committee, I fully understand that. I would love to see far more dogs. I was watching it the other night. There are deer penises coming in in people's baggage.

Senator McKenzie: Why?

Senator STERLE: Exactly.

Senator McKenzie: That's my first point.

Senator STERLE: My wife said to me, 'What the heck is that?' I'm thinking, 'My goodness me. Crikey.' The reporter said what it was. I thought it was a hairy foot. I will go back to this. How much does it cost to train a dog?

Ms Lane: I think it's about $200,000 a year, but officers in outcome 2 will be able to confirm that figure. I am happy to report back if that's not correct.

Senator STERLE: Why have the dog numbers halved? What was the answer there? I know they are being double shifted, but why have the numbers halved? Have we retired them?

Ms Lane: We're always using the resources that we have to manage biosecurity risk in the best way possible. Yes, we have fewer dogs, but we're not necessarily detecting less biosecurity risk material because we're using them in a much more efficient way.

Senator STERLE: I don't wish to harbour on this. This is great. Bring on more dogs. If we have halved the numbers, are the dogs faster sniffer? I'm absolutely lost.

Ms Lane: Possibly the officers in outcome 2 will be able to talk to the detail a bit more eloquently than me. We are certainly utilising them much more, managing with other tools as
well as detector dogs. So we're also using X-ray technology, of course, and physical inspection. So the dogs are one part of a suite of tools that we're using.

Senator STERLE: But the does the X-ray pick up meat products?

Ms Lane: It does, yes. We also have 3D X-ray trials in Melbourne that are proving that that is working.

Senator STERLE: Sure. Are we screening every package and bit of freight and baggage in every major airport in Australia? Does it all go through screening?

Ms Lane: We use a range of mechanisms to detect biosecurity risk material. We are certainly screening in mail centres and airports at the moment and, particularly in the ASF context, passengers and mail from high-risk ASF countries.

Senator STERLE: I will bring you back. I have been around this a while. Are we screening every single piece of international luggage and all parcels and freight in our airports in Australia?

Ms Lane: We intervene with high-risk passengers and luggage. No, we don't screen every single passenger and, no, we don't screen every piece of mail. But we run a range of risk profiling activities to determine where our highest risks are. I'm sure that we'll be able to get into more of this detail a bit later in the evening.

Senator STERLE: I'm not going to repeat Senator O'Sullivan's analogy of someone from somewhere else and a certain piece of meat being put somewhere else. I won't do that because I know the crap he coped. I go back to the dog numbers being halved. Why have they been halved? Have they taken retirement or a redundancy?

Ms Lane: I'm not sure that I can add much more to what I have already said on that answer. We've got fewer dogs, but we're using them in a much more efficient way.

Senator STERLE: Okay.

Mr Quinlivan: The last point that Ms Lane made is really crucial. Our risk profiling is getting better and better all the time. So it's not just the dogs but our entire biosecurity effort, particularly at airports with passengers, is more and more focused on a better understanding of where the real risks are.

Senator STERLE: I won't be long. I have only a couple more questions. Then I'll move on.

CHAIR: I'm keen to talk dogs too.

Senator STERLE: Join in. Let's have the dog talk. Was the biosecurity imports levy scheduled to restore the number of detector dogs?

Ms Lane: We would have to probably defer that question to outcome 2.

Senator STERLE: To someone who might be closer to the point? Do you know, Mr Quinlivan?

Mr Quinlivan: I'm sorry, but can you just repeat that?

Senator STERLE: Was any of that money from the biosecurity levy going to be targeted to training and getting more dogs on the job?

Mr Quinlivan: Well, it was certainly directed at improving the capacity and performance of the biosecurity system generally. If more dogs were a sensible part of that, that would be
the case. I think generally we would like to increase the number of dogs we have, although they are not a panacea; they're just a very effective tool.

**Senator STERLE:** I fully understand. There's another downside on what you said earlier, Mr Quinlivan. The gap I mentioned—and you haven't sent us there yet—of $20 million has been picked up anyway because you've found another pot of dollars. We just want to know. I just want to know. I am not being disrespectful. As good as the dogs are, I still don't get it. There is the increase in passenger movements. Nowadays it's very cheap to jump on an aeroplane and go overseas and it's very cheap to come here. I'm not knocking what the dogs do. So we don't actually know, Mr Quinlivan, if the money from the biosecurity levy is going to training more dogs. I know you said that it's not a panacea.

**Mr Quinlivan:** It wasn't, but it might be.

**Senator STERLE:** You might be able to confirm that fully later.

**Mr Quinlivan:** I beg your pardon?

**Senator STERLE:** You may be able to confirm that for me later?

**Mr Quinlivan:** No. I think I would be correct in saying that it wasn't because those decisions hadn't been made. But it might be for the reason I gave, which is that it is a logical part of our improved capability.

**Ms Lane:** One thing I can note is certainly investments have been made in our assurance and our activities to best manage risk. So there would certainly have been investments made in our risk profiling work, which would then have been used in terms of the utilisation of dogs and other tools.

**Senator STERLE:** My reason for going along this path is that we have the greatest respect for our inspectors and the department. Everyone wants to keep Australia bug free; we get that. No-one sets out to purposely drop their guard. Unfortunately, there is human failure now and again and we see that in canker; it's mischievous. We see it in white spot; that might have been just a slip-up. So that's why I want to go down that path. This is my last question before I go to the chair. Does drafted legislation exist for the biosecurity imports levy?

**Senator McKenzie:** The biosecurity levy is under active consideration by government.

**Senator STERLE:** You're supposed to say, 'Good try'.

**Senator McKenzie:** Good try, Senator Sterle. Senator McDonald, do you have a question?

**Senator STERLE:** Hang on.

**Senator McKenzie:** Sorry. I forgot where I was.

**CHAIR:** Thank you very much, Senator Sterle, for those dog questions. I want to follow on from that. I was pleased to see Senator McMahon's video with the new sniffer dog in Darwin—Suki, I believe. I'd like you to talk through the role that Suki is playing there. What were the risk factors that made you decide on Darwin? Can you give me a bit more information on that?

**Senator McKenzie:** Thanks, Senator McDonald. As you know, African swine fever has been making its way through Europe and South-East Asia and is heading south. We had recent reports about a month ago that it was found in the Philippines. A few weeks ago, it was
650 kilometres off our north coast in Timor Leste. We know that Darwin airport has nine direct flights from Dili each week. It does not have a detector dog. I contacted the department's secretary and requested that we get a dog to Darwin. We're very glad it was Suki. She's highly experienced, one of our most awarded—what are they?

Mr Quinlivan: She is one of the older ones.

Senator McKenzie: She's one of the older dogs and, therefore, more experienced dogs. She has been very successful even since she has been there, which has been a fantastic outcome.

CHAIR: Has she detected any pork products coming into the country?

Senator McKenzie: Yes, she has. She made a find in her first week, which was fantastic.

CHAIR: A ham sandwich or pork product?

Senator McKenzie: I'll have to get the details.

CHAIR: That's all right. I was just being a bit flippant. I have some people with a burning interest in the far north of Queensland, particularly Cairns airport. We have a lot of flights that come in from Asia. I wonder if there is any possibility—I'm asking this on behalf of Charlie McKillop, the ABC journalist in Far North Queensland, who rings me about this regularly—of a dog at Cairns airport?

Senator McKenzie: Thanks for asking on behalf of Charlie. I'll have to put that through the usual process. Obviously, even though there might not be direct flights from Timor Leste per se, those flights that are coming from South-East Asia from African swine fever affected countries may be going through somewhere like Singapore et cetera. We're interested in making sure we have appropriate biosecurity screening on those flights. I might hand that to the department.

Ms Lane: I can say that we are looking at deploying a dog to Cairns Airport. It is certainly the case in Darwin as well. We previously had our dogs deployed in the major airports. But given that there are a large number of flights coming into Cairns, particularly from ASF countries, we will be looking at the availability of detector dogs moving into Cairns airport.

CHAIR: That's terrific. I assume you will be looking at different airports around the country for deploying them?

Senator McKenzie: You raised this with me a couple of weeks ago.

Ms Lane: We are continually looking at the risk. Certainly Darwin previously was considered low risk. But we've now moved a dog there. So we are continually looking at where the risks are and how we need to deploy both the dogs and our resources. So we will continue to evaluate that and make adjustments as needed.

CHAIR: How long does it take to train a biosecurity dog?

Ms Lane: It takes about nine to 12 months, I think, to train a dog to be fully operational.

CHAIR: Are they all beagles like the one Senator Sterle was trying to pat?

Ms Lane: You're probably exhausting the extent of my knowledge on dogs without the assistance of officers from outcome 2. A large number of them are labradors. I'm not sure if they are exclusively, but we can probably come back to that in outcome 2 with a bit more detail.
CHAIR: That's terrific. Thank you.

Senator McKenzie: Senator McDonald, I've got more information about Suki's detection. It was from an international student. We've got some sausage. We've got some cooked meat and some packaged material, all of which was not appropriate to bring into our country. Thank you, Suki.

Senator BROCKMAN: How much of the pork that is being detected have we tested? Does everything get tested routinely for the presence of swine flu?

Ms Lane: No, we don't test everything. But we have recently done, I think, three rounds of testing for ASF. The minister mentioned those statistics in her opening statement. So we have done some rounds of testing. We don't routinely test everything, though, because much of that product that is coming in isn't supposed to be brought into the country for the reasons that much of it originates in countries we know have ASF. But we have done some testing recently just to see what the risk is.

Senator McKenzie: We've done a batch in February and September. It increased from 15 per cent of what we tested in February to 48 per cent in the September batch. So it's increasing the amount of ASF detection in line with the spread of the disease through South-East Asia.

Senator BROCKMAN: So in the most recent batch it was 48 per cent?

Senator McKenzie: Forty-eight per cent of what we tested was infected with ASF.

Senator WATT: I have a quick question on the dogs.

CHAIR: Senator Hanson has a question. Then we'll go straight back to you, Senator Watt.

Senator HANSON: You're right about the dogs. I think they do a fantastic job. I have watched the training of the dogs and the process that they go through. I think what Australians want to know is what has been put in place—it's all right to have the dogs—to actually deter people bringing food into Australia. We watch these programs such as Border Security. What we see is people—mainly Asians—constantly bringing suitcases full of food. There is such a minimal fine they are given. Is there any will to increase that fine so it will be a deterrent rather than just a slap on the wrist?

Senator McKenzie: That's why, as minister, I sent a 44-year-old Vietnamese woman home on the weekend for breaching our Biosecurity Act. My officers and I are doing everything we can to ensure that African swine fever does not make it into Australia. But the officers we need to go into that level of detail are coming, if you look at the program, in outcome 2 tonight.

Senator HANSON: For the fines?

Senator McKenzie: They'll be able to go to all that detail for you tonight.

Senator HANSON: Thank you very much.

Senator WATT: I have a couple of questions on the security issues. I don't think Senator Sterle has covered this already. My understanding is that two dogs were relocated to Darwin as a preventative measure. Is that correct?

Ms Lane: One dog.

Senator WATT: Where was that dog previously working?
Ms Lane: That dog was relocated from Norfolk Island.

Senator WATT: So how many dogs are now at Norfolk Island?

Ms Lane: We don't currently have any dogs at Norfolk Island. That assessment was made on the basis that Darwin posed a higher risk than Norfolk Island. But we are training another round of dogs very shortly and we will look to deploy another dog to Norfolk Island. So there are four, but there is also another round of training underway, I think, to conclude by the end of the year. There are four currently in training and then there will be another round of training undertaken for dogs. Again, I probably can't give you the details of how many dogs are in that next round.

Senator WATT: Right now, though, there's no dog on Norfolk Island?

Ms Lane: That's correct.

Senator WATT: What are the primary biosecurity risks involving Norfolk Island?

Ms Lane: Again, this might be a question that is better answered in outcome 2, when we have the relevant officers present.

Senator McKenzie: There are no direct flights from Dili.

Senator STERLE: Are those officers on their way, Mr Quinlivan, who could help us here?

Mr Quinlivan: At present, they are currently scheduled way after dinner. I think we're waiting for guidance from the committee at lunchtime on how you want to manage the rest of the day.

Senator WATT: Does it follow that since this dog was only recently moved to Darwin, and it did pick up African swine fever, it is possible, then, that African swine fever has slipped through Darwin airport prior to the dog getting there?

Ms Lane: I'm not sure that we've confirmed, necessarily, that the product the dog detected had ASF. I'm not sure that we tested that.

Senator STERLE: Can we find out?

Ms Lane: I don't believe we've sent those products for testing, but we might be able to confirm that later.

Mr Quinlivan: I want to make a further point here. The numbers that the minister has talked about and that we've referred to here—the 15 per cent and 48 per cent—don't indicate that those detections were of infectious virus. They just mean that there was evidence of the virus in those products. The vast majority of that virus was probably DNA fragments of a virus that wasn't viable, although we haven't tried to grow it out to know that. But that logic suggests that that is the case. The numbers are high and they are disturbing and so on, but it doesn't mean that that material is all infectious. That is almost certainly not the case.

Senator BROCKMAN: That 48 per cent figure shocked me. What we are talking about here is fragments of the virus in cooked meat products.

Senator McKenzie: In part.

Senator STERLE: This is where we need former Senator Back to put it into English for us.
Senator McKenzie: I think the biosecurity officers that will be making their way to the committee later today will be completely au fait with demystifying the details and technicalities around ASF and how it's transmitted with the vectors et cetera.

Senator WATT: You wanted to have an official answer questions about the $100 million drought funding and what that would be spent on.

Senator McKenzie: Yes.

Senator WATT: Could we get them back, because I actually wouldn't mind getting an answer on that.

Senator McKenzie: Okay.

Senator WATT: Was it Ms Standen? During our long exchange—

Senator McKenzie: When you left, Senator Davey mocked it up for you. The answer is on Hansard.

Senator WATT: Mr Quinlivan, can I just get again from you a breakdown of what that $100 million will be spent on?

Mr Quinlivan: I think we gave quite a good account of that. But I'll just check with the officer, who seems not to be in the room just at the moment. If we think there was anything further to add, perhaps he can do that now.

Mr Fisher: I wonder if you could repeat the question.

Senator WATT: It is possible that this has been answered in detail. I want to get a clear statement about what the $100 million per annum that will come out of the Future Drought Fund will be spent on.

Mr Fisher: I think Sally Standen explained earlier that there is a consultative committee established. It is charged with providing advice to the minister on the drought resilience funding plan, which will be a legislative instrument that is disallowable once it's made.

Senator WATT: Will any of it actually go to farming families?

Mr Fisher: I'm just trying to explain, for starters, some of the context here. The funding plan will be put out as a draft instrument for public consultation. That will be a six-week process. Community and stakeholder feedback will be taken on board before final advice is provided to the minister for him to then make the instrument. So in terms of what the fund will be spent on, that will be determined by the funding plan.

Senator WATT: Sure.

Mr Fisher: I'm caveating my comments based on the fact that it's all contingent on the funding plan. I expect that, as you would probably know from the Future Drought Fund Act, the fund is for improving drought resilience and preparedness and that all investments have to be made in the public good. Within that context, yes, it's very likely, I believe that the funds will be made available to farmers for drought resilience initiatives that are in the public good.

Senator WATT: During the budget consideration in detail debate on 18 September, the minister for drought confirmed that funding won't be available from this Future Drought Fund until after 1 July. What he said was that, yes, that $100 million will be delivered on 1 July next year but it is being complemented by the nearly $2 billion that we are spending in the
here and now. Can I get a breakdown of the nearly $2 billion that is being spent in the here and now? Listening to all of those figures earlier, that was including—

**Mr Quinlivan:** I think he is referring to the $2 million net of the drought fund capital and ongoing disbursements.

**Senator WATT:** That is $2 billion?

**Mr Quinlivan:** Yes.

**Senator WATT:** So what sorts of things are included in that?

**Mr Quinlivan:** All the things that the minister ran through earlier, which came to about $2½ billion, I think.

**Senator WATT:** And every one of those things is available to be spent right now in the here and now?

**Senator McKenzie:** The mental health funding, yes. The Drought Communities Program, yes. The RIC loans are all available. The farm household allowance is money on the table right now. Water infrastructure money is on the table right now.

**Senator WATT:** Is any of that nearly $2 billion spend, like the Future Drought Fund, not available right now?

**Ms Standen:** You would understand that a number of these programs that the minister referred to earlier are not part of this portfolio. A range of other portfolios also have programs that do assist farmers and farming communities in drought. So I would have to take on notice to get a detailed answer about each and every one of those programs and when the money is being spent. But to say that it's available in the here and now is true in the sense that the programs are up and running and money is going out the door. But it's not true to say that it's all available this year, because there is a program of work that is planned over the forwards in many of those programs. They may be four-year programs or longer.

**Senator WATT:** If you could take that on notice, that would be great.

**Ms Standen:** Okay.

**CHAIR:** That is terrific, Senator Watt. Thank you. Just in time for lunch. We are going to break. When we come back, we're going to go straight to dairy. But we will be coming—

**Senator McKenzie:** Dairy Australia, the agency, not the outcome?

**CHAIR:** Dairy Australia Limited, yes. Thank you. Then we will come back to corporate.

**Mr Quinlivan:** Is it possible to get some clarification of what that last reference to 'corporate' means?

**CHAIR:** I would be delighted.

**Mr Quinlivan:** It has become a miscellaneous term.

**Senator STERLE:** We won't hide this. There are certain issues around governance and APVMA we want to discuss with you.

**Mr Quinlivan:** All right. That's clear enough.

**Senator STERLE:** Keep in mind APVMA later.

**Mr Quinlivan:** Okay.

**Senator WATT:** And a bit on the staffing profile as well.
Senator STERLE: Thank you kindly, everyone.

CHAIR: We will move through that as quickly as is humanly possible.

**Proceedings suspended from 12:45 to 13:49**

**Dairy Australia**

CHAIR: Apologies for being five minutes late. We are ready to recommence. I want to do a bit of admin. We are going to now go to Dairy Australia Limited. That will be followed by Australian Pork Limited followed by Australian Live Export Corporation Limited. Then we will return to corporate services. Is everybody okay with that? Is everybody clear?

Senator McKenzie: Thanks, Chair.

CHAIR: Representatives from Australian Dairy Limited, do you have an opening statement?

Mr Odgers: Yes, I do. I would like to open by saying that the dairy industry has been through a particularly challenging period over the last three or four years. Obviously there is widespread drought, high feed costs and high water costs in many parts of the industry. But the picture is currently varied across Australia. We are a very diverse industry in many ways. Some areas are less affected and are enjoying record milk prices. Other areas with extended drought conditions are facing a severe lack of profit.

Dairy Australia continues to support farmers that have to manage their farms. This includes technical advice, organising events with peers and advisers and one-to-one sessions with farm consultants. Dairy Australia continues to invest in a diverse portfolio of activities to advance the dairy industry, from R&D to regional extension to industry marketing programs, trade development activities and a world-class sustainability framework.

The reduced milk flow of last year and the need to commission additional activities in the regions did lead to a deficit outcome in financial year 2019 of $3.8 million with our budget. Dairy Australia was prepared for this situation with a capacity to invest reserves. We expect to run a deficit again in the current financial year of around $3.3 million as we continue to support farmers. Another thing to note is that we are working quite strongly with other national organisations on the Australian dairy plan. We've done extensive consultation with dairy farms and different parts of the supply chain this year with the intention of resetting strategic priorities for all of those organisations for the 2021-25 period. The draft of that plan is due for release at the end of November. Thank you.

CHAIR: Terrific. Thank you. Senator Roberts or Senator Hanson, I believe one of you has a question.

Senator HANSON: Yes, I do. I have questions. Thank you very much for coming today. I have your annual report here. You state:

Our purpose is to help farmers adapt to a changing operating environment and achieve a profitable, sustainable dairy industry.

Mr Odgers: That's correct.

Senator HANSON: As you have said. My question to you is: what impact has $1 litre milk had on profitability?

Dr Nation: Thanks, Senator Hanson. One of the challenges with $1 milk is that it was introduced in 2012. Farmers for seven years had no change in their price. It was a challenge
when it happened in 2012 and it became worse and worse and worse with the $1 milk being held for such a long period of time. It was an enormous release to dairy farmers earlier this year in 2019 when the supermarkets finally stopped that policy of $1 milk.

**Senator HANSON:** Maleny Dairies actually refused to sell it at $1. What did your industry do to help the dairy farmers put pressure on Woolworths and Coles and other outlets that were selling $1 milk? We're talking about 2012 up to 2019, which is seven years.

**Dr Nation:** That's correct. I think what we have to be clear about is all farmer representative organisations worked—I have to commend, in particular, the Queensland Dairyfarmers Organisation and what they did—to make really public the damage that was doing to dairy farmers. There's a fundamental difference between farmer membership organisations such as Australian Dairy Farmers and the Queensland Dairyfarmers Association and Dairy Australia.

**Senator HANSON:** I know your organisation split up. Levies are only paid by milk producers. How many were there in the 2017-18 period and how many are there now in 2018-19? That's right. You collect a levy. We'll go back to this. Your organisation is set up for research and development. You actually get paid a levy from milk producers, not those that aren't producing milk.

**Dr Nation:** Yes.

**Senator HANSON:** What was your income last year from the levy from milk producers into your industry?

**Dr Nation:** Our total income was of the order of $55 million. In the order of $30 million was from the farmer service levy.

**Senator HANSON:** Is $33,373,000 about the figure?

**Dr Nation:** That sounds right.

**Senator HANSON:** How much did the federal government put in?

**Dr Nation:** Are you talking about this current year with the annual report we're about to produce or the year before?

**Senator HANSON:** Up to 2019.

**Mr Odgers:** Just north of $20 million.

**Senator HANSON:** Up to 2019. That would be lovely. From the year 2018-19.

**Dr Nation:** In the 2018-19 year with the annual report we're about to produce, that income was of the order of $20 million.

**Senator HANSON:** It was $20,528,000. Does that sound about right?

**Dr Nation:** This year, $20,058,000, yes.

**Senator HANSON:** You say that you actually help farmers. You've had an income of about $56 million yet you're going to run a deficit with that. How many are on the board of Dairy Australia?

**Mr Odgers:** There are nine directors, including the managing director, Dr Nation.

**Senator HANSON:** What does the CEO on the board and the directors get paid?

**Mr Odgers:** The CEO has a base salary of around $400,000 plus superannuation.
Senator HANSON: And the directors? That is the CEO.

Mr Odgers: The directors have a base fee of $40,000. It is slightly more, but it is around $40,000 plus—

Senator HANSON: Travel costs and?

Mr Odgers: Some sitting fees for committees and travel costs. As the chair, I receive $87,000. I am an ex officio member of the two committees so receive another $6,000 there.

Senator HANSON: What are your costs? I'm specifically interested in Melbourne. You've got an office in Melbourne. Is that correct? It is at Southbank in Melbourne?

Mr Odgers: We have an office on Southbank; that's correct.

Senator HANSON: What is your rental there per year?

Mr Odgers: I haven't got that.

Dr Nation: I think we'll have to take that question on notice.

Senator STERLE: You've come to Senate estimates. You don't have any of the basic costings that you face every year at a finger's touch? You must have some. I can't believe you've come all the way from Melbourne and just bought the Women's Weekly and the TAB guide. It's all there?

Dr Nation: It's here.

Senator STERLE: Fantastic. Let's take the time, Senator Hanson, and go through this properly.

Dr Nation: Office rent and outgoings in this last financial year is $686,000.

Senator HANSON: That is for the office rent. If you take out the CEO plus all the other costs and charges of nine, you're looking at $2 million or $3 million. Let's take out $6 million. Then you've got $50 million you've put back into the dairy farmers. Would that be right?

Dr Nation: It's all there?

Senator HANSON: What do farmers seek from you? What do they go to you for? What do they seek from you? Help in what areas?

Mr Odgers: They seek all manner of things to enable them to run stronger, more sustainable businesses and develop their people.

Senator HANSON: Well, someone is not doing their job, because in Queensland we've actually dropped in 1979-80 from 3,052 dairy farms down to approximately 380 at the moment. There was a national average of 21,994 in 1979-80 and now we've got 5,699. That was as at 2017-18, which is about the figures we have today. We've dropped cattle herds in
2005-06 from 1.88 million down to 1.56 million. So something is not working. Can you explain to me?

**Mr Odgers:** It is true that there are fewer dairy farmers. The average size of dairy farms continues to grow. That is a global trend. I am just noting that.

**Senator HANSON:** But cattle herds have dropped. It's not just the dairy farms. The cattle herds have dropped. They've lost—

**Mr Odgers:** The national beef herd is also at a 20-year low. Other sectors have been impacted by the conditions that we're operating with across a number of sectors.

**Senator HANSON:** You are research and development. Your research must tell you why dairy farmers are actually exiting and there are fewer herds now than what there used to be. Could it possibly be because of the price they are getting paid for their milk by the processors? Would that be a factor?

**Mr Odgers:** It's true that farmers in all jurisdictions are finding it challenging to be profitable. There are also farmers in all jurisdictions that are generating earnings before interest and tax of $1 to $1.50 a kilo of milk solids. There are some. But in all states and regions, particularly the northern part of the industry, generating those profits has become harder. I think that's to a fair degree down to the feed base within our farm systems in the climate that we are now operating in. I farm in northern Victoria. There have been some quite significant shifts there in our operating environment in terms of access to water, how we produce feed and how we feed cows and the systems that we run. We find this in many parts of Australia.

**Senator HANSON:** Through your research in dealing with the dairy farmers, would you support, then, that they get a fair farm gate price for their milk from the processors?

**Dr Nation:** We absolutely see the need for a strong milk price for farmers to have a successful farm operating margin. Our challenge is that the Australian dairy industry exports milk and produces more milk than is required for domestic consumption. Thirty-five per cent of milk produced in this country goes into product that is exported out of the country. Effectively, we're part of a global trade. We're part of a global market. Our challenge, like many agricultural commodities, is that farmers are paid a price that is directly related to the prevailing global price for dairy. In saying that, one of the absolute strengths of the Australian dairy industry is that—and even since the year 2000—there has been growing domestic premium. Look at the trend of global prices for the last 20 years and look at the prices received by farmers over the last 20 years. Processors have been successful in driving higher farm prices than you would get if you were just operating directly at global commodity traded prices. So they have been successful in doing better than just following the prevailing global prices.

**Senator HANSON:** Are you telling me that we are tied to some international free trade agreement which dictates the price we pay our farmers here? Is that the reason for our deregulation of the dairy industry—to accommodate free trade agreements? Is that what you're telling me?

**Dr Nation:** No. I'm not saying that. I am talking about the open market that dairy effectively operates in. It is highly informed by what prices companies are able to achieve by
exporting their products. One of the fundamental reasons why Australia is an open market is that we have a genuine open market with New Zealand.

**Senator HANSON:** Meaning what?

**Dr Nation:** The dairy product can move freely between New Zealand and Australia.

**Senator HANSON:** And that is detrimental to our industry here. Is that what you are saying?

**Mr Odgers:** I'm saying that is also one of the major factors that sets a limit on what milk can be traded for in this country.

**Senator ROBERTS:** Have New Zealand dairy farmers had their property rights stolen, their energy costs blown through the roof, water prices blown through the roof, soil and fertiliser restrictions with state governments and federal governments controlling how they farm? There are two sides to this, aren't there, Dr Nation? Profit is price minus cost. We talked about price. What about the damned costs of being a farmer in this country, including a lot of government imposts?

**Dr Nation:** I think we're absolutely on the record saying how it is harder as a dairy farmer to make a profit and definitely has been for the past five years. We've put together an authoritative document called the Dairy Plan situation analysis, which sets that out really clearly.

**Senator ROBERTS:** Does it analyse the cost of government compliance and dictates and control? That's what is killing it.

**Dr Nation:** It doesn't make those statements. It just talks simply about how costs have gone up. It's free to the reader to see and show where costs have gone up.

**Senator HANSON:** So your industry—let me get it straight—would support a viable farm gate price for the milk solids that are paid to the farmer by the processor?

**Dr Nation:** Again, Senator, I just have to clarify the difference between Dairy Australia as an R&D corporation—

**Senator HANSON:** Yes, I know. You are research and development.

**Dr Nation:** and Australian Dairy Farmers as a peak membership organisation that makes industry policy.

**Senator HANSON:** Let me go back to your statement:

Our purpose is to help farmers adapt to a changing operating environment and achieve a profitable, sustainable dairy industry.

That means that they get paid an amount of money for their milk at the farm gate that is going to allow them to be profitable and sustainable. You have admitted here that the cost of maintaining the industry has been an impost and had an impact on them and is not working under the current system. So will Dairy Australia support a viable farm gate price for the dairy farmers?

**Dr Nation:** Again, Senator, the industry policy is made by the representative membership groups, such as Australian Dairy Farmers. Dairy Australia is absolutely consistent with the statement in that document you just read out. Our challenge is to build business skills. Our business—
Senator HANSON: Profitable comes from money. Profitable means money. That's what it comes to.

Dr Nation: Yes. So business—

Senator HANSON: To put it in your statement means that you must support them getting a reasonable amount for their dairy product.

Dr Nation: Our DA organisation works extensively to build business skills. We work extensively to innovate and create opportunities for greater operating margins. We work hard on the technical skills of being a farmer and supporting both through innovation and technology transfer and extension the opportunity to earn greater margins as a dairy farmer. It means the sustainability framework, where we can assure consumers of the good work that we do and the way milk is produced so that consumers are confident in buying dairy products. It means all those things, Senator.

Senator HANSON: We have received 33 million levies from the dairy farmers. How is it calculated? How do they pay you?

Dr Nation: For every kilogram of protein and every kilogram of fat that is produced in the milk, a levy is applied.

Senator HANSON: And how much is that levy?

Mr Odgers: It is the equivalent of 4.7c per kilo of milk solids.

Senator HANSON: They are paying you to represent them so that they can get a viable, profitable amount of money for their milk.

Dr Nation: I want to be clear. They are paying us to undertake research and development extension, marketing and trade activities that advance the dairy industry.

Senator HANSON: Can you repeat that?

Dr Nation: They are paying that money to Dairy Australia to advance the dairy industry through research and development extension, marketing and trade development.

Senator ROBERTS: While they're leaving the industry in droves.

Senator HANSON: I want to put this on the record. In 2000 we produced 12 billion litres of milk. At the moment it's about 8.7 billion litres of milk. We have gone from a population of 19 million people to 25 million people. We have an industry that is basically declining rapidly and yet New Zealand has increased its production—correct me if I'm wrong—to about 22 billion litres for a country of four to five million people. Is it possible that if we keep going the way we are going, we won't have an industry here and we will be importing our milk from New Zealand?

Dr Nation: I think it's really important to state that the industry has declined at the same time as New Zealand's has increased. That is a well-known observation between both countries. It has absolutely been a challenging time to be a dairy farmer in Australia. New Zealand has its own challenges now as a dairy industry and is unlikely to grow further from where it is. That's beside the point. They've been through a massive growth phase. They've had an amazing opportunity in New Zealand to expand the amount of land that is used for dairy production, whereas in Australia, with the amount of land that is used for dairy versus other agricultural commodities or urban encroachment, it has declined significantly.
Senator ROBERTS: We'll see what the socialists do in New Zealand now.

Senator HANSON: New Zealand dairy is actually regulated, isn't it? It's actually looked at twice a year similar to the ACCC. They actually look at what their farmers are paid.

Dr Nation: There is a dairy act in New Zealand. It is largely in place because of the market dominance of Fonterra as a milk company. When they investigate, they are investigating that Fonterra, as a dominant player in the market, is paying a fair price for the milk.

Senator HANSON: So international trade agreements don't affect them because it is surviving, if not growing.

Dr Nation: New Zealand is a fantastic success story for the global dairy industry. They have been able to find a successful farm operating margin. They are even more trade exposed than Australia. So where we have 35 per cent of our product exported overseas, somewhere between 90 and 95 per cent of the milk produced in New Zealand is traded overseas. They are completely exposed to the global marketplace. They have a very large dairy company in Fonterra that is market dominant in New Zealand and manages a lot of that export activity. As a country, it has organised itself very well. As I say, it's a shining light of dairy in the world.

Senator HANSON: What countries do we import dairy products from?

Dr Nation: We import significant quantities of product from New Zealand and the USA in particular.

Senator HANSON: What sort of product from the USA?

Dr Nation: Cheese in particular.

CHAIR: I might have the chair's prerogative for a second. I want to talk to you about the dairy sustainability report. Is that something that you oversee?

Mr Odgers: It is.

CHAIR: Terrific. I thought that was a really good initiative that the industry started. I think it was well ahead of any other commodity or food production market in Australia. So I really congratulate you on the leadership. There are some concerning data in it, which I draw to Senator Hanson's attention. We are talking about the dairy sustainability framework for dairy farmers. The research started five years ago. Is it that long now?

Dr Nation: It was 2012-13.

CHAIR: It has some really interesting stuff in it. It's really important because it does measure profitability, people, welfare and price. One of the interesting things that it does measure—this concerns me from the beef aspect as well—is the consumers' belief that dairy forms an important part of a healthy diet. That percentage is falling. It's falling constantly in Australia. I would be keen to hear what we do, as dairy, beef, wool, sheep and other producers in this country, when our consumer is turning more to artificial foods? They are eating less real foods? Do you have a marketing plan around that?

Senator DAVEY: Almond juice.

CHAIR: Yes, almond juice. Do you have a plan around that?
Dr Nation: Absolutely, we do. In April this year, we launched a new marketing campaign called Dairy Matters. This data precedes the start of that campaign. That campaign is all about connecting with the Australian population and dairy consumers.

CHAIR: Excuse me for one moment. We have a photographer and media in the room. Has anybody got a problem with being photographed? No. Thank you. I remind the media not to go beyond the yellow tagged lines that are on the floor. Thank you. I am sorry for interrupting.

Dr Nation: We are now embarking on a new marketing and promotion campaign—the Dairy Matters campaign. Our early tracking has shown that it has been very positively received by consumers and the Australian population. We expect that to be a really effective way of demonstrating the genuine importance of not only Australian dairy produce being produced in Australia but the way it is produced, which is resonating with Australians.

CHAIR: That is really important, isn't it? We have the highest standards in the world and we should be demanding a premium for that.

Dr Nation: We're proud of our standards.

Senator HANSON: Excuse me. I think you also have to give credit to Alan Jones, who is constantly speaking up for our dairy industry and supporting our dairy industry. I think Alan Jones does a wonderful job.

Dr Nation: One of the real strengths of the dairy industry is the number of people who speak positively about it—chefs, people on radio and the farmers themselves. Such a wide range of people speak positively about the industry. It's fantastic to have that support.

CHAIR: I want to finish that thought. What is important about this sustainability report is that, as farmers and producers in Australia, we like talking about how we have world's best practice and world's best product. But we don't always measure it. What I'm really impressed by is that you are actually measuring the percentage of customer support so that we can keep talking about how much we love it. We need to do the hard work about what the reality is and what to address. You know what to address as far as research. I think it is important to talk about that. Senator Sterle is busting to ask a question, so we will move to that.

Senator STERLE: I want to eat and consume Australian product. I go to Senator Roberts's frustration after Senator Hanson's line of questioning. We can talk up our product as much as we like, but our dairy industry is being decimated due to a number of factors. Some are beyond our control. There are price squeezes and they've been deregulated. It's like our trucking industry. It hasn't got the ability to stand there and say, 'Hey, all I want is an effective, viable, safe, sustainable and profitable industry where I can have cost recovery.' We can talk until the cows come home. Maybe I shouldn't use that analogy. That's probably a bad one.

CHAIR: No.

Senator STERLE: I will go back to this. You are a profitable organisation that collects moneys from the producers. You have a kitty of dollars, which we think is around $30 million-odd, or whatever, that you've got through levies. Where Senator Hanson was going down that path, I want to come back to this. Your remit is a number of things—marketing, R&D and that sort of stuff. Why have you been so opposed to the re-regulation of the dairy
industry when these are the people you take the levies off? I'll go pack to Senator Hanson to carry on.

**Dr Nation:** The only point that I have made in this discussion is that we haven't taken a position because we see it as the role of the peak membership based organisations to take a position on these matters.

**Senator STERLE:** Have you been lobbied by the producers to say, 'Hey, step up to the plate. We want you in our corner?' That's not a loaded question. I don't know. Have you, or do they not talk to you about it?

**Dr Nation:** They also respect and understand that Dairy Australia, as an organisation, is an apolitical organisation and is not allowed to undertake political activities.

**Senator STERLE:** I am not going to put you in a position. If you are collecting levies from producers, have they come to you seeking your assistance? I know the NFF are against it too. I don't know where all the friends of the dairy farmers are coming from apart from new senators around this building. I have to admit that things have changed in the last three or four days. Things are starting to step up. Have they said to you, 'Step up to the plate and back us in. We need your help?' The silence is deafening. They either have or they haven't, gentlemen. Have they said, 'Just take our levies. Don't worry about it?'

**Dr Nation:** I was waiting to see who was going to answer the question first.

**Senator HANSON:** Research and development: research means you must have an ear to the dairy farmers. The question is: have dairy farmers come to you as an organisation? You are in contact with them. Have they said to you, 'Listen, we've got to get a fair price for our milk solids. Please fight for us in any way possible, shape or form. We know you're apolitical, but if you actually have the ear of the minister or the government, will you actually fight for us to get a fair price so that we can stay in the industry and not walk away and have to sell our farms to foreign interests?' Have they done that?

**Dr Nation:** The conversation that we have is: 'We recognise that you are apolitical and that it's our role as peak membership based organisations to take a position and to take the conversation up to politicians.' That's the conversation that we've had.

**CHAIR:** Perhaps you should just go to your purpose again—what you are supposed to be doing. We need to be clear on what your role is as opposed to what the peak bodies' role is.

**Dr Nation:** Yes. I think that's terribly important. Our purpose is to act collectively through industry to do good activities like research development extension, technology transfer, marketing promotion, and trade and development to advance the dairy industry. We do that by the collection of a service levy. Where that levy is used for eligible research, development and extension purposes, that is matched on an agreed basis through funds from the federal government. So our focus and that matching arrangement is for research development and extension. We are also active in areas outside research and development, such as marketing and trade development. That is our role without taking policy positions to government. We support organisations with science based research and development and science based policy research. They can take facts that we produce and make policy positions from that. For example, market insights is a team at Dairy Australia. Most of the statistics being quoted here today are statistics collected and produced for consumption. The sustainability framework
numbers that you quoted is another good example. We describe the market effectively so that people can build effective policy off that information.

**Senator HANSON:** You accept millions from the processors. Is that correct?

**Dr Nation:** I think you are talking about a different organisation. Historically, processors invested in Australian Dairy Farmers as an organisation. That's not Dairy Australia.

**Senator HANSON:** Do processors pay into Dairy Australia?

**Dr Nation:** We co-invest with processors in some activities, such as trade development activities.

**Senator HANSON:** Have processors paid any moneys into your organisation? At one point, they may have given you $11 million.

**Dr Nation:** I'm not aware of historic payments by processors. That number sounds to me more like a situation that has happened with Australian Dairy Farmers, not Dairy Australia.

**Senator HANSON:** Not your organisation?

**Dr Nation:** Not my organisation.

**Senator HANSON:** Do you know that, Minister?

**Senator McKenzie:** Well, I know that Australian Dairy Farmers is a separate organisation to Dairy Australia.

**Senator HANSON:** You have the NSW Farmers Association, the Queensland Dairyfarmers Organisation, the SA Dairyfarmers Association—

**Senator McKenzie:** It is the representatives on it.

**Senator HANSON:** And Tasmania. So you've got all those organisations party to it.

**Senator McKenzie:** So it is the body that voted for a mandatory code that we are delivering.

**Senator HANSON:** These are members of the organisation.

**Senator McKenzie:** Australian Dairy Farmers, not Dairy Australia.

**Senator HANSON:** Correct me if I'm wrong. Please tell me. You basically have two groups of members. You have group A, which are the members of the dairying industry—the farmers themselves. They actually have a membership through the levy. They paid just over $33.3 million a year into it. Then you have the group members, which are all these dairying organisations. Is that correct?

**Dr Nation:** We have two groups of members; that's correct.

**Senator HANSON:** Thank you. On top of that, you have also accepted millions of dollars from processors. Dairy Australia research and development is basically for the dairy industry. Here you have the processors. I want to know why processors are actually paying money into your organisation. What have they got to gain out of it?

**Dr Nation:** Part of advancing the dairying industry is investing in post-farm-gate activities. I just gave trade as an example. We've also invested in post farm gate RDE activities historically. It has always been within the remit of Dairy Australia and its predecessor organisations to invest together for innovation that benefits the whole supply
chain and ultimately benefits the milk price. Our ambition is to innovate, to identify new opportunities to sell a high-value product and to deliver a high milk price to farmers.

**Senator HANSON:** Would there be a conflict of interest? Basically through the whole country there is a code of conduct between the processors and the farmers. Here you have a conflict of interest, don't you, if you have your dairy farmers paying money into your organisation and you have processors paying money into your organisation. Don't you feel there's a conflict of interest there? How can you represent both organisations when they basically need a code of conduct so that the processors do the right thing by the dairy farmers and cease unconscionable behaviour that is being questioned at the moment?

**Dr Nation:** By way of background, there is a peak dairy farmer organisation—Australian Dairy Farmers. There is a peak dairy products federation—the ADPF. They are our two group B members.

**Senator HANSON:** I am fully aware of that.

**Dr Nation:** As organisations, they provide peak representation of dairy farmers and milk processors. They are the organisations that are in conversation about the code of conduct. They are the organisations that take representative positions to support and advance farmers and processors respectively.

**Senator HANSON:** I'm fully aware of that. Your organisation is receiving money from processors. I want to know why they are paying money into your organisation.

**Dr Nation:** Our organisation, largely on a project by project basis, receives some money from processors to innovate and to advance the dairy industry so that there is an opportunity to sell higher value products in both the domestic and international markets. That is the reason for investing together. Farmers have been substantial beneficiaries from working hand in hand with processors to do that.

**Senator HANSON:** I will go back to your statement, which refers to a profitable, sustainable dairy industry.

**Mr Odgers:** I am foremost a dairy farmer. I got out of bed at 3.30 yesterday morning to get my herd of cows in in northern Victoria. What I do at Dairy Australia is primarily for dairy farmers. Of course we work with the whole supply chain. Everything in this world keeps moving. That includes farm businesses and the landscapes that they farm in. The dairy industry has changed in terms of the systems they are running. They are more intense systems in the way we feed cows. They are on average larger businesses. They are trying to adapt to a very different operating environment.

Australia has the most variable climate in the world. It is 22 per cent more variable than South Africa, I am told by scientists. We're tackling that along with the natural variation of seasons and this rotten drought that we're all trying to deal with at the moment. There has been a lot of conversation about that this morning in this forum. Operating in that environment is a much different risk profile for everybody in the chain. In DA, 80 per cent of
our program spend is helping farmers or working with farmers, because they bring many things to us that we try to amplify; it's not just one way. We do a lot of priority setting. It is about how that feed base evolves and how business skills and the ability to plan in this environment evolves. How does the way that we use water evolve? How do we breed animals with genetics that have greater heat tolerance and convert feed better?

We spend $10 million of that money annually towards anchoring funding for DataGene, which is our herd improvement organisation, for DairyBio, which is focused on breeding plants and animals for the environments that we're moving towards, and DairyFeedbase, which has really got an ag tech element to it. It's about taking that technology out of dairy bio and genetics and measuring and monitoring how these systems evolve to a place where they can be more profitable. That is the science end of it. All of that requires that continual evolution of skills on those farms and in the rest of the supply chain in terms of what advisers do. That's what we're trying to do and at the same time stay in touch with our communities, consumers and the rest of the globe as a relevant industry. We still are a relevant industry. We are working as hard as we can at DA to make that industry successful. We really are.

Senator HANSON: And you're working hard so they can get a fair price for their milk? You don't have the attitude of 'Get big or get out'?

Mr Odgers: We talk about margin.

Senator HANSON: You said it's changing. I know it's changing.

Mr Odgers: We talk about margin improvement—trying to build margin and maintain margin in amongst all of those shifting dynamics. Of course, the market is part of that. But market to a large extent is beyond the control of Dairy Australia in terms of what happens in international markets that influence Australian markets. On the positive side, the consumption of dairy in Australia has continued to grow in line with population growth. The average Australian drinks about 100 litres of milk a year and consumes about 13 kilos of cheese. That's fantastic. We have a lot of milk with our coffee. Fantastic.

Senator STERLE: With all Australian milk and cheese, Mr Odgers.

Mr Odgers: I want to touch on the cheese situation. So 38 per cent of the milk produced in Australia goes into cheese. Last year, we produced as a nation 381,000 tonnes of cheese. We exported 166,000 tonnes of that cheese. At the same time, we imported 94,000 tonnes. About one-third of that 94,000 tonnes was cheddar. Some of that goes towards servicing the part of the market where consumers want affordable, private label cheese. It's just a market segment. Some processors choose to create products for overseas markets that can generate a higher margin. There's not a lot of margin in $6 a kilo private label cheese. We all love consuming Australian. To some extent, there are some dynamics of trade here at play. We've got processors that are seeking at the same time the best margins they can in a range of markets.

Senator HANSON: And it is a known fact that there is a bit of a war going on with cheeses because they are being imported from New Zealand. They are a lot cheaper than our own cheese, which is going to have an impact on our industry here.

Mr Odgers: Some of our processors are choosing to export and gain a greater margin than servicing the markets that are met by some of those New Zealand imports. That's what I'm saying.

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
Senator McKenzie: I will unpack that further in terms of what that means. They are getting more money for their cheese if they send it overseas than if they sold it here in a $6 a block market.

Senator STERLE: It's no different to the fishing industry. We understand that. Sorry, but if it is all rainbows and unicorns, why are they leaving the land? Why are our farmers in such dire straits? I understand what Dairy Australia's role is. Have dairy farmers approached or requested Dairy Australia to do a research project about possibly re-regulating for a fair farm gate price? Have they done that?

Mr Odgers: My colleague Dr Nation has said several times that that is the area that Australian Dairy Farmers work in.

Senator STERLE: Stop. Either say to me 'no' or 'yes'. It is a very simple question, Mr Odgers. Have they requested you to do it?

Mr Odgers: My understanding is that in terms of discussions between farmers generally and Australian Dairy Farmers, that conversation has been had in several pockets of the industry. But the industry by and large has not taken that position. It has not taken that position with Australian Dairy Farmers.

Senator STERLE: So they haven't requested for you to do that research project?

Mr Odgers: No.

Senator STERLE: Okay. Thank you. Yes or no. It's amazing, you know—three letters versus two letters and we can move on.

CHAIR: Thank you, Senator Sterle.

Senator STERLE: You said no.

Senator DAVEY: A lot of people here are very keen, myself included, to have a viable or fair farm gate price. Not withstanding the fact that Australian dairy farmers is the representative body who can lobby and advocate and you are a research and development arm, in your opinion—I guess I'm asking you, Mr Odgers, as a dairy farmer—is re-regulation a prerequisite to achieving a fair farm gate price? Dairy Australia's preamble says you are working to achieve a viable, profitable industry. Is re-regulation a prerequisite to that, or do you think it is possible to achieve a fair farm gate price without necessarily going down the path of re-regulation?

Mr Odgers: Dr Nation mentioned the fact that we export 35 per cent of our milk production. That's an important factor to consider. I think we need to look at what happens in other jurisdictions with industries that go down that pathway. I'm not advocating a position where I'm for or against it. I'm just suggesting that the industry and the country as a whole has to balance that in considering what creates a stronger, more sustainable, more globally competitive industry in the long run. The export element is a significant part of that conversation. It is how you get a return for that.

Senator DAVEY: I think that is the important point. I want to see dairy farmers get a fair farm gate price, but I don't want to cut off my nose to spite my face. So I want to make sure they can maximise their returns through whatever means possible. To that end, I come from the southern Riverina. I have quite a significant dairy region right in my home patch. Since the issue we had a few years ago with Murray Goulburn and their restructure, we've had
several new players and new processors come into that region—northern Victoria, southern New South Wales—

Mr Odgers: Correct.

Senator DAVEY: What impact is that increased processor competition actually having on the dairy industry and farm gate prices in that region? Have you done any work on that?

Dr Nation: I don't think we have published official statistics, but we've seen significant anecdotal evidence amongst farmers that there have been some new players in the industry seeking new markets and offering to pay significant premium in the marketplace in terms of farm milk price. They’ve been innovators and very successful in the regions where they are developing their business.

Senator DAVEY: That's very pleasing to hear. I've also heard that some of the new players are offering significantly more attractive contracts, which are making some of the older players have a rethink about how they structure their milk contracts. I think that there are definitely positives there. In your research and development work, the levy that you get from farmers is a regulated levy. Am I right?

Dr Nation: Yes.

Senator DAVEY: Therefore, it is a requirement that you must use that funding on research and development? You can't use it to advocate?

Mr Odgers: There is a statutory funding agreement that we are familiar with.

Senator DAVEY: In your research and development arm, who determines the priorities for your research work?

Mr Odgers: I will speak to that. Dairy actually works very well together in many ways across the organisations. There's quite an extensive environmental scan done through those organisations which reaches into the regions at the same time through those regional development programs to understand those priorities on an annual basis. We will take them into account as we set annual operating plans, but particularly so as we revisit strategic plans, which have been every three years in the case of Dairy Australia. That was a large part of why we embarked on an Australian dairy plan—so that Australian Dairy Farmers, ourselves, the Australian Dairy Products Federation and Gardiner Foundation could essentially do that in sync to essentially enable industry to work better through this flat period that we’ve been in.

Senator DAVEY: Am I right that they are plans that are broken down into your eight dairy regions?

Mr Odgers: There's a regional development program in each dairy region, yes.

Senator DAVEY: And they were developed in recognition of the fact that each dairy region is quite unique?

Mr Odgers: Yes.

Senator DAVEY: My region has a large number of processors and increased competition. Other regions, like in Queensland——

Mr Odgers: It's a long way from the Atherton Tablelands to the Derwent River near Hobart and across to WA.
Senator DAVEY: So what are current priorities in your research and development program?

Mr Odgers: Our three strategic priorities have been increasing the profit margin through the chain, working towards more capable people in the industry and social licence, which is essentially communicating with many people.

Senator DAVEY: Increasing profit is what a lot of the concentration has been here today. What sort of things are you looking at and developing that will help the farmers on the ground increase their profit?

Dr Nation: We have a portfolio of work and a lot of investment in research. Jeff outlined some of our biggest areas of research initiative. We see real pressure on the cost of producing feed. Feed and labour are the two biggest costs on farm. For example, the DairyFeedbase project is a large new five-year program to try and make a massive shift in the way we might manage paddocks in the future, feed cows in the future and dramatically change productivity on farm through new technology and big data with real practical application on farm. That's a great example of the way we invest and the differences we think we can make. So that is an example of research. We invest in all eight regions through those regional development programs. We run a significant number of training programs and discussion groups to improve technical skills, business skills and people skills. We run things like a diploma in HR. As farms get bigger, it's a more challenging environment employing staff and managing larger farms. That combination of research and training and extension are really our primary tools for making that difference.

Senator DAVEY: Some of that training, and particularly the business management training and the HR training, is extended through the dairy industry. So it doesn't matter if you are a big dairy farmer or a family dairy farmer managing a pool of——

Mr Odgers: No. It's available to everybody.

Senator DAVEY: It's available to everyone.

Dr Nation: That's one of the principles; it's offered to everyone—all regions, every farmer. There's widespread access to the program.

Mr Odgers: Our engagement rates with farmers has steadily increased over recent years. Around two-thirds of farmers who attended a Dairy Australia or RDP event engaged in some way. The great part about that is that we want to see the highest adoption rates we can out of new technology as farmers are able to reach for that. I think the challenging thing in recent years is that farm profit hasn't been at a sufficient enough level for quite a few farmers to genuinely be able to contemplate those changes in their business.

Senator DAVEY: Your work is across the supply chain. Am I right? So your research and development work is across the supply chain looking for the end market as well as the production side?

Mr Odgers: It is right across the supply chain, but it is predominantly pre farm gate.

Senator DAVEY: Senator Hanson was asking about your getting income or co-contributions from the processors. What sort of projects would that be used for? Would that be used for the projects that look at post market or market end goals rather than——
Mr Odgers: In terms of the processors, that's mainly about innovation—things that they would reach for as processing businesses within their facilities and their infrastructure. It is about sustainability. You see a connection there with the sustainability framework and processes. I think in the past year we've spent $200,000 on those sorts of projects. One of the significant sustainability ones was around recycling and trying to move towards 100 per cent recycling in those processing businesses. It's an important relationship in that the whole chain needs to work together in various ways. There's a trade reference group, for example, that works with our policy people on, I guess, appropriate direction in terms of international work.

Senator DAVEY: With regard to profitability, is some of the research and development work you do also looking at how farmers can reduce input costs—for example, energy costs? Water is a very difficult issue because supply and demand are not in sync this year and prices are very high. It is also reducing water inputs and reducing energy cost inputs.

Mr Odgers: Yes, it is. David will answer.

Dr Nation: Absolutely. It's a fundamental part of what we can do. Ultimately, farmers are much more in control of their costs than their prices. We've had some fantastic outcomes in irrigation, for example. Some substantive research is coming out of Tasmania. There are some big irrigation schemes going into Tasmania that link with energy as well. Irrigation is, and can be, energy intensive. Reduced energy costs in the way farmers irrigate and much more value for the water that they use means they grow a lot more pasture for that water. Some of those techniques to achieve that aren't very high tech and don't require that much change. So we see some of this new innovation as being very widely adoptable and making a big difference to dairy farms.

Senator HANSON: You mentioned Tasmania. Are you talking about Australian owned dairy farms or the big Van Diemen's Land Chinese owned dairy farm, which is the largest in Australia? Which one are we supporting——Chinese owned dairy farms that export plane loads of milk a week to China and get $9 a litre for it?

Mr Odgers: We support all dairy farms.

Senator HANSON: All dairy farms. Jeff, you are a dairy farmer.

Mr Odgers: I am.

Senator HANSON: How many cattle do you have?

Mr Odgers: We milk 700 to 750 cows.

Senator HANSON: And you're from Victoria?

Mr Odgers: I am from northern Victoria—Shepparton.

Senator HANSON: I know the area. It's a beautiful area. In Victoria, the farmers don't necessarily have to have a contract with processors. Is that right?

Mr Odgers: That's correct. They don't necessarily have to have one.

Senator HANSON: So there's no code of conduct. Victoria hasn't had a reduction in their herds, have they? You've maintained basically just over a million cattle in Victoria. So you're traveling quite well with 64.3 per cent of the herd in Victoria. Is that right?
Mr Odgers: As you say, you know it. Fundamentally, we're underpinned by access to irrigation water over the years. So we've had some changes in the availability and the value of that water. That's impacted all sectors in various ways.

Senator HANSON: That's nationally. That is everywhere. But, in Queensland, dairy herds have dropped considerably. I think we have about 80,000 left.

Mr Odgers: There are three Victorian regions. The two southern regions are more pasture based in terms of their system, so they generally run a lower cost of production. If you want to draw some parallels with the New Zealand industry, those two regions, and particularly Tasmania, run systems that are like New Zealand and have a lower cost of production. Traditionally, they have been more export oriented in terms of where that milk has been sold. Because they have a lower cost of production, they've been able to still generate a margin that has enabled them to grow. I said before that as you work your way north and it's dryer and more humid and the distances are greater, it is harder to run a dairy business. It is harder to generate a margin.

Senator HANSON: You don't get an argument out of me about that. I know. But when—

Mr Odgers: Well, you asked me about the growth.

Senator HANSON: We have gone from 1,500 dairy farmers in Queensland to 380. They were profitable and they were in it for generations. Escalating costs in electricity, water, policies and trade agreements are what is destroying our dairy industry. Does it concern you that over 25 per cent of the agricultural land in Tasmania is foreign owned and a lot of it has dairy farms? Does that concern you?

CHAIR: Is that an opinion, Senator Hanson, you're looking for from the organisation?

Senator HANSON: Well, they are supposed to be for the dairy industry. It concerns Dairy Australia and their research and development. This is all part and parcel of it. I think we should know.

CHAIR: Perhaps just answer, and then I'm going to move the call around. There are a few other people waiting.

Mr Odgers: There are a range of ownership structures right throughout ag. There are various scales and they are funded from many different places. Dairy Australia works with all dairy businesses in different ways. We work with them all. The door is open to them all.

CHAIR: Thank you.

Senator GALLACHER: I just have one question. In light of your statement that they are much more in control of costs than prices, I want to ask you again: does Dairy Australia support the possibility of research and inquiry into regulating farm gate prices?

Dr Nation: We welcome the inquiry that this committee—

Senator GALLACHER: No. I'm talking about your organisation.

Dr Nation: Sorry?

Senator GALLACHER: Your organisation. Does Dairy Australia?

Dr Nation: Dairy Australia welcomes the inquiry that has just been called into—
Senator GALLACHER: No. Do you support dairy farmers re-regulating the farm gate price?

Senator DAVEY: That's a different question.

Dr Nation: I think we're coming back to this position where Dairy Australia—

Senator GALLACHER: No. You brought it up. You said they're much more in control of their costs than their prices. So there's a problem with prices, is there not? Aren't they your words—much more in control of costs than their prices? They are your words.

Dr Nation: They are my words.

Senator GALLACHER: Dairy Australia is in favour of re-regulating farm gate prices?

CHAIR: Just let him finish, please.

Dr Nation: That is talking about a situation that farmers in general go through, where the price is often a commodity price or a commodity price with a premium based on the global trade of agricultural commodities. Farmers work really hard on their costs to maintain an operating margin.

Senator GALLACHER: We totally agree on that. What I'm trying to get to is: do you support re-regulation of farm gate prices?

Dr Nation: We don't take—

Senator GALLACHER: You don't? No is an answer. That's good. It doesn't matter if it's yes or no. I just want an answer. Is yours no?

Senator DAVEY: He doesn't make a position. That's been answered.

Senator GALLACHER: What is the position? Yes? No?

Dr Nation: We don't take a position.

Senator GALLACHER: Thank you. That's all I have.

Senator RENNICK: My question is for Jeff. The dairy industry deregulated about 20 years ago.

Mr Odgers: In the late 1990s, yes.

Senator RENNICK: Who wanted that? The farmers or the government?

Mr Odgers: That was something that farmers had many meetings about. Farmers generally—nothing in this world is ever unanimous—supported that direction.

Senator RENNICK: That's important, isn't it, because it was the farmers that wanted deregulation? It's an important point to make that the farmers, 20 years ago, in the late 1990s, wanted deregulation. It was their decision to break up the co-ops.

Mr Odgers: Dairy farmer leaders, state dairy farmer agri political leaders, chose to take that pathway.

Senator RENNICK: Political leaders or the dairy farmers?

Mr Odgers: After a lot of farm meetings, that was the direction they took.

Senator RENNICK: At the bequest of the dairy farmers, wasn't it?

Mr Odgers: I don't think they would have kept going that way if they didn't think the industry backed them.
Senator RENNICK: Yes. That's right. You said the industry is more intensive. Would an example of that be that water irrigation is a lot more expensive because of the almond farmers and things like that—things outside your industry control?

Mr Odgers: There are a lot of things outside our industry control. I'm saying that farm systems are more intensive and more complex in the way we are needing to run them because that's the sort of operating environment we're in.

Senator RENNICK: That's right. I agree with that. Have you been involved with industry consultation and research into the code of conduct?

Mr Odgers: I haven't been involved in that because that's been run by our representative bodies.

Senator RENNICK: How long have they been involved with that code of conduct for?

Mr Odgers: Australian Dairy Farmers and the state organisations—state dairy farmers such as the UDV—have conducted that industry effort.

Senator RENNICK: And how long has that been going for? That's been going for quite a few years, hasn't it?

Mr Odgers: That's been, I guess, since its inception—a couple of years.

Senator RENNICK: That's all. Thank you.

Senator ROBERTS: Thank you all for attending today. Mr Odgers, you said Australia—and I agree with you totally—has the most variable climate in the world. That means that we need to be more resilient to those variabilities. Right?

Mr Odgers: Yes, it does.

Senator ROBERTS: Which means costs need to be lower. In other words, to go through the prolonged dry periods, which are natural, costs need to be lower to survive?

Mr Odgers: I think the challenge of that is that unless you're particularly agile and you have very resilient systems and you work across much more than annual cycles, it can drive more cost in. We don't want that to happen, but I think that's the part of the phase that you see dairy in at the moment as it endeavours to adjust. Some more costs have come in. There are more capital costs and more fixed costs. You've got to match that with increased productivity.

Senator ROBERTS: Are farmers across the farming sector generally well regarded internationally?

Mr Odgers: They are.

Senator ROBERTS: Yet they've got a higher cost base because of a highly variable climate. That's something they just have to deal with?

Mr Odgers: I think that's true.

Senator ROBERTS: We also need more dams which will carry us through those low periods. There can be many, many years of low rain.

Mr Odgers: It's not an area I've studied.

Senator ROBERTS: Dams would make us robust to variability.

Senator McKenzie: Affordable access to water—

Mr Odgers: Is the key. Water efficiency.
Senator ROBERTS: And we've ended up selling off water rights to foreigners who are not even connected to the land. That's driven up the price of water, which is essential for dairy farmers.

CHAIR: Is that a question, Senator Roberts?

Senator ROBERTS: It is. Does that have an impact?

Mr Odgers: We've got a reasonably open water market.

Senator McKenzie: Is this more appropriate for Friday, when we've got the MDBA?

Senator ROBERTS: I'd like to continue on something that Senator Hanson raised, and that is Moon Lake, Australia's largest dairy producer. Most of my questions will be relevant, but some I'll leave out because I think they are better dealt with by the Foreign Investment Review Board. If they are not relevant, tell me. Are the large Chinese owners of Moon Lake, Van Diemen's Land Dairy, members of Dairy Australia? Are they contributors?

Mr Odgers: We would have to take that question on notice.

Senator ROBERTS: Do they have access to the research? It depends on their membership, doesn't it?

Dr Nation: I will clarify. They do pay a levy, but it is voluntary whether they choose to become a member of Dairy Australia.

Senator ROBERTS: What are the factors, if you've identified them, that drove the sale of that particular dairy to Chinese investors rather than locals?

Dr Nation: My understanding is that it was a business for sale and it was a competitive process to purchase. The Chinese were the successful bidders and purchasers of that business.

Senator ROBERTS: Did the Foreign Investment Review Board consult Dairy Australia about the sale?

Dr Nation: I have been in my role 12 months. I would have to go back to previous records to be able to answer that question.

Senator ROBERTS: I know the Foreign Investment Review Board is pretty heavily worked. Perhaps someone could go back to the records, please, and let me know. What benefits flowed to the Tasmanian economy or the Australian economy and the Australian dairy industry from the Chinese purchase?

Dr Nation: As one of the largest dairy producing businesses, there's substantial local employment and substantial economic activity through the processing of that milk in Australia.

Senator ROBERTS: So the farm would have shut without them?

Dr Nation: I don't believe so, but I wouldn't have an answer to that question.

CHAIR: Senator Roberts, think of the meat industry. The MLA is a research body. For dairy, this is the research body as opposed to—

Senator ROBERTS: I am culling some of the questions because I realise that. How much of the production of Moon Lake or the Van Diemen's Land Dairy flows to the domestic Australian market? It's your biggest producer.
Dr Nation: My understanding is that they sell their milk to a business that does both domestic and export business. The big processing businesses have a combined domestic and export focus.

Senator ROBERTS: Thank you, Chair. I will ask the rest of the questions with the Foreign Investment Review Board.

CHAIR: I will go to somebody who hasn't had a go yet.

Senator ANTIC: I was going to try to tease this out a bit earlier to get a bit of a line of sight on some of the basics. I don't think we ever actually covered how many members Dairy Australia has. Does anyone have a figure for that?

Dr Nation: As at September, we have 3,580 group A members.

Senator ANTIC: This is originally for my own knowledge. In terms of your engagement with them, how does it happen on a day-to-day basis? What actually does the engagement with the levy payers look like?

Dr Nation: In reality, our most substantive engagement with levy payers is through the eight regional development programs, because they are based regionally and have that local contact. In any week, there's typically courses run, discussion groups run and activities supported or sponsored by those regional development programs. It's really that regional organisation touchpoint of dairy farmers.

Senator ANTIC: I think you touched on earlier some of the key projects and some of the innovative recent projects that you're dealing with. I notice from your website there are a few of interest. In broad terms, I want to get an idea of some of the recent innovative projects?

Dr Nation: I did briefly touch on DairyFeedbase earlier. That is one of our landmark projects. There is also DairyBio, which focuses on bioscience, the genetic improvement of pastures and cattle, as well as DataGene, which was mentioned earlier, which is a herd improvement and genetic evaluation organisation for the industry. Let's stop on that for a moment. Every dairy cow in this country we can work out its genetic merits. For every potential sire anywhere in the world that a farmer might consider using as a sire for his herd, we can work out the genetic merit of that animal under Australian farming conditions. We can now do some quite amazing things with DNA prediction in that space as well as the traditional way that we've created international linkages through global collaboration—what is called interval. We have substantial regional based innovation projects. I mentioned earlier the Tasmanian project on irrigation. That location also heavily works on pasture production. We also have a substantive investment in Queensland. That looks at forage quality. It relates to the point earlier that it is harder to farm in the subtropics.

Senator ANTIC: These are research and development projects that Dairy Australia is involved in which ultimately have benefits that flow back to the levy payers in mechanisms like that. Research and development improves the manner in which they can farm—the resilience of the cattle or the production levels, all those sorts of things.

Dr Nation: And that Queensland example is a great example. Ultimately, the challenge in Queensland, being warmer and subtropical, is not growing feed base. So it's not quantity; it's quality. Our research there is entirely focused on how, if you can increase the quality of the
feed, it's much more effective in feeding dairy cows. That is one of the most successful ways we could make the northern dairy industry more productive. So that's a substantial body of work that is with the Queensland state government joined with the University of Queensland. That's an example of R&D. We run training and extension programs regularly around the country. We run focus farms. That is actually one of the more popular things we do. So we have focus farms in every region. They do a fantastic job of opening up their books to show what is happening both technically on their farm and financially on their farm.

Senator ANTIC: Sorry to interrupt. These are two levy payers?

Dr Nation: These will be levy paying farmers, commercial farmers. They do a fantastic job of being a focus farm and having an open policy of people coming and learning about how they are successful. Ultimately, success breeds success. I talk about discussion groups. We have over 100 discussion groups countrywide. We talk about success. Profit and success have been a big theme of today's discussions. We have what we call a dairy farm monitor project. Again, farmers volunteer to be part of it. We have accountants and auditors make sure that it's the genuine economic position of farms. I believe that we've now studied in depth nearly 250 farms across all eight regions. That provides a fantastic benchmarking opportunity for people. They can ask, 'If I'm not as profitable as I want to be, are any of these farms achieving the profit that I desire?' That starts the line of inquiry, 'What can I do to change? How could I be as profitable as that farm?'

Senator ANTIC: Does that overflow into almost an industry group mechanism? Would you still class that as being R&D, that kind of thing? There are all those added advantages in terms of the work you do?

Dr Nation: Absolutely. That's what we would consider part of the development and extension.

Senator ANTIC: I also notice that there's a program relating to managing natural resources called FoodSmart. This is probably my last question. Can you take me through that—what it does and how it's provided some benefit for your levy holders?

Dr Nation: I have a basic understanding of the FoodSmart program. Again, it's been offered to farmers on a widely varied basis to understand how to apply fertiliser differently and produce nutrient plants and how to be more deliberate in where and how they use fertiliser. They can use less fertiliser. Potentially with less fertiliser, you get the same or more pasture grass.

Senator ANTIC: So it's managing the natural resource?

Dr Nation: Absolutely. Fewer inputs.

CHAIR: I'm conscious that the pork people have to fly somewhere. Senator Hanson, would you mind keeping your questions short? Thank you.

Senator HANSON: You've got nine directors, one CEO and the chair. There are nine directors. The chair is out of the nine directors. So you are the chair of the nine directors?

Mr Odgers: There's an eight-member board and a managing director.

Senator HANSON: And a managing director. So that's nine in total?

Mr Odgers: There's nine in total.

Senator HANSON: Can you explain to me how the board is elected or appointed?
Mr Odgers: So the board deliberates annually on our skills matrix, which ties back to the work of the business and the strategic priorities that we are pursuing. On the basis of that skills matrix, there is a board selection committee, which takes applications for potential directors. It interviews and makes assessments about who is recommended to the AGM for approval. The board selection committee is comprised of two representatives from our group B members—two from ADPF and two from ADF—and normally the chair of the board. I did it last year, not this year, because I'm standing. Our chair of human resources from DA chaired the committee this year.

Senator Hanson: So are you telling me it's in-house? Does the membership have any input in selecting who is—

Mr Odgers: The industry forms that board selection committee. Industry organisations do. The voting happens at the AGM.

Senator Hanson: So that is the membership who pay their levies. They actually vote on the boards?

Mr Odgers: The farmers vote.

Senator Hanson: The farmers vote?

Mr Odgers: Correct.

Senator Hanson: Can you tell me the representation of the board? Who is on it? Where do they come from? What states do they represent?

Mr Odgers: They're not appointed on a representative basis.

Chair: Is that a question you could take on notice, Senator Hanson?

Mr Odgers: It's a skills based board. There are four—

Senator Hanson: All right. I'll put it to you—

Mr Odgers: There are four milk producer directors, of which I am one.

Senator Hanson: Is there one representative from South Australia?

Mr Odgers: He's a milk producer who represents the industry. He doesn't represent South Australia.

Senator Hanson: Is there representation from Tasmania, New South Wales, Queensland or Western Australia on it?

Mr Odgers: There is no representation. It's a skills based board.

Senator Hanson: No representation from any of those states. So you have no representation from Tasmania, New South Wales, Queensland or Western Australia on the board?

Mr Odgers: These directors all travel quite extensively and have networks across the nation.

Senator McKenzie: Just to clarify, Senator Hanson: as Mr Odgers said, it's a skills based board, not a geographic representative board. So with regard to ADF, Australian Dairy Farmers, each state has a representative on that decision making body. This is a skills based board, so they're not coming representing a state per se. They're coming bringing a skill set.

Mr Odgers: To a national service organisation.
CHAIR: Is that okay? Are you happy to finish there?

Senator HANSON: You said that we're exporting. That is not true. Exporting dairy products has gone down year by year.

Mr Odgers: The percentage has changed because the overall volume has dropped off and the domestic market has maintained.

Senator HANSON: So our exports are going down. And dairy farmers cannot collectively stop producing or supplying milk because they would trigger the consumer and competition act. So they are forced to supply often below the cost of production. Is that true?

Mr Quinlivan: I think that is a technical question. I think you're asking whether farmers are able to engage in secondary boycotts or boycotts. Is that your question? I'm just not sure what question you are asking.

Senator HANSON: Well, you're supposed to be supporting the farmers out there to get a fair price for the milk. Basically, they are controlled by organisations that you are there to actually support. I just don't feel they are getting the support they need whether you know that or not. Do you know that is true?

Mr Odgers: The whole supply chain is diverse. There are businesses in so many different positions. The cost of production has risen. That is our challenge with margin.

Dr Nation: We're not familiar with ACCC regulations. We are unable to answer that question competently in this way.

CHAIR: Thank you very much, Dairy Australia. It's great to have you here. I think we've milked that dry. I've been working on that all afternoon. Thank you very much.

[15:16]

Chair: I now call representatives from Australian Pork Limited. Do you wish to make an opening statement?

Ms Andrae: I certainly do. Thank you, Senator. I'd like to say upfront thank you for changing the schedule. I've got 100 producers sitting in Young. I'd like to thank all the committee for changing for us. Thank you for the opportunity to be here today on behalf of Australia's 3,700 pork producers, your sector's 36,000 employees and all the families deriving their livelihoods from our $5.3 billion industry.

APL is unique in terms of the livestock industry representation. We are a producer owned organisation. We promote sustainable growth across the Australian pork industry's entire supply chain by overseeing integrated marketing, research and innovation and policy initiatives for the whole industry. Our progressive model means we sit at both the R&D and
representation tables and can truly be one voice for the pork industry. African swine fever will feature prominently in our discussion today, and rightly so, given its threat to Australian agriculture. Australia’s pig industry has been scrutinised publicly for many years. We've embraced that scrutiny and we're proud of where the industry stands today. Producers must be commended for investing in new production and husbandry methods, making Australian pork an environmentally and ethically sustainable industry.

We've reduced our carbon footprint by 70 per cent and our water use by 80 per cent. Producers are adopting technology to make further sustainability progress, including on-farm waste management and electricity generation. Our animal welfare standards and outcomes—the way we manage the wellbeing of sows and piglets—is a journey we're proud of and one we will continue to advance.

Australian pork producers demonstrate the highest level of animal biosecurity of any livestock industry in Australia. So much depends on our disease free status in terms of our production capacity and our market access and our consumer reputation. All this is now at stake. An African swine fever outbreak in Australia would be devastating, remembering that there is no vaccine. For producers and employees, the lasting financial, social and emotional devastation would be akin to the worst kind of natural disaster.

As an industry, we are grateful for the coordination taking place between industry and government agencies, such as the special biosecurity roundtable in Canberra in September convened by Minister McKenzie. The collaboration of agencies and industry groups has given us an opportunity to strengthen our broader biosecurity measures not just for African swine fever, which would cost our industry alone $2 billion. Let's not forget that if foot and mouth disease reached Australia, it would be catastrophic for our entire livestock industry, with an estimated economic cost of $50 billion over 10 years. This coordination, including the imperatives of overcoming cross-jurisdictional overlap between states and agencies, means we are now better placed than we were just a month ago in terms of securing our national biosecurity. This means we're better able to protect not just the pork industry but all livestock industries.

Australian Pork Limited is playing a leading role in strengthening national biosecurity measures because we are at the frontline of this battle and we're determined to continue to play that role. Federal efforts to hold back African swine fever have sparked a 15 per cent increase in biosecurity testing. We welcome the deportation of a Vietnamese woman last week who was caught carrying more than 4.5 kilos of pork products. Such actions send a strong message to travellers.

From an on-property perspective, producers know their front gate is their last line of defence in the fight against African swine fever. With fragments of the virus detected in a large number of products seized at the border, farmers know that our nation's first line of defence will never provide a foolproof safety net. On-farm biosecurity measures, which already represent best practice, are now at unprecedented levels. Producers are determined to secure their farms and their herds and their families' livelihoods. Australian Pork Limited is determined to keep this devastating disease away from Australian pig farms. We're grateful for the emphatic bipartisan support producers are receiving in this fight. I'm conscious of time, so I'll say thank you there.

CHAIR: Thank you. That was very good.
Senator GALLACHER: Can we have the opening statement tabled, please? My first question is: what are the key issues facing the pork industry? I think you just read them all out, haven't you?

Ms Andrae: We have.

Senator GALLACHER: So can you table that statement?

CHAIR: Well, it was just read into Hansard, Senator Gallacher.

Senator GALLACHER: I want it in front of me now.

CHAIR: Right now?

Ms Andrae: I'll send an e-copy, if you like, Senator.

Senator GALLACHER: Well, just copy it like you do anything else and distribute it.

Ms Andrae: I'm happy to.

Senator GALLACHER: I can't read Hansard and do this at the same time. It's impossible to do that.

CHAIR: That's fine.

Senator GALLACHER: Are there any other key issues that you haven't spoken about in that statement?

Ms Andrae: Ongoing animal welfare continuous improvement is something we take very seriously. Obviously the changes in legislation recently around activism have gone a long way to help support our industry. I guess in terms of the opening statement, we are certainly progressing around our environmental standing. But the key issue facing our producers is the cost to operate. Of course, 60 per cent of that is grain prices, which are impacted by drought across this country.

Senator GALLACHER: On 6 September 2019, the Minister for Agriculture, the Hon. Bridget McKenzie, convened an emergency meeting to discuss ASF. Did APL attend?

Ms Andrae: We certainly did. We brought a producer from South Australia to attend as well.

Senator GALLACHER: So you attended?

Ms Andrae: I certainly did.

Senator GALLACHER: Minister or the department, can you provide the names of all the organisations that attended?

Mr Quinlivan: We can do that. I think I can probably organise that while we speak.

Senator GALLACHER: Thank you. Minister, can you outline the outcomes of the emergency meeting on 6 September?

Senator McKenzie: Yes, I can. We released a communiqué. I'll just get it. We were going to discuss that in biosecurity later this afternoon in the outcome because this is APL's space.

CHAIR: While they're looking for the communiqué, Senator Gallacher, would you like to continue?

Senator GALLACHER: Yes.

Senator McKenzie: We're just printing it now.
Senator GALLACHER: We are looking for tangible outcomes from that emergency meeting—any specifics about funding, additional funding and the like. Minister, was the biosecurity imports levy discussed at the emergency meeting?

Senator McKenzie: Sorry, Senator?

Senator GALLACHER: Was the biosecurity imports levy discussed at the emergency meeting?

Senator McKenzie: I think making sure we had an appropriate risk based response and that state and territory and Commonwealth governments adequately funded their biosecurity systems definitely came up.

Ms Andrae: We are very pleased to say that post that meeting we've seen a very strong movement of alignment from the states and the federal governments. We've seen increases in resources—everything through to changes in declaration statements through to dogs being moved to make sure our borders are all protected. We've seen increases in scanning. We've seen the redirection of African swine fever country mail being directed through those scanners down in Melbourne. I think we can actually acknowledge that everyone on all sides is taking this threat very seriously, taking a lot of action and putting a lot of resources into addressing this issue.

Senator GALLACHER: So if ASF were to get into Australia, the 3,700 employers and 36,000 employees and the $3 billion worth of value—

Ms Andrae: It is $5.4 billion.

Senator GALLACHER: Basically, what would happen? Would that be halved, decimated 100 per cent?

Ms Andrae: It would depend in which area it got into. So all of our individual producers have very strong on-farm biosecurity. It would depend on where the pigs are at the time. If it did get into the feral pig population, though, we would be having a very different conversation. We estimate that there are around 24 million feral pigs across the country. In collaboration with all of the industries that sit around the National Farmers' Federation, we're looking to take action on feral pigs as well. But to answer your question, if African swine fever got to our piggeries, there is no vaccine. The pigs will die and it will decimate our industry.

Senator GALLACHER: So it's not that you couldn't eat pork that survived it?

Ms Andrae: I have to be very clear that the virus does not impact human beings. Pork products continue to be safe. This is an animal welfare issue that it will kill the pigs.

Senator GALLACHER: So you will just have thousands of dead pigs on farms?

Ms Andrae: We would. At any one time, we have 2.5 million domestic pigs across the country. Annually, that is 5.4 million pigs that would be decimated. As I said, you need to take feral pigs into account as well if it gets into that herd.

Senator GALLACHER: This community has dealt with all sort of biosecurity threats over the years—white spot and all sorts of things. What was that one with apples?

Senator STERLE: We had canker.
Senator GALLACHER: Canker. Basically, what's in it for a pig farmer who has a pig die to self-identify in these circumstances? Does his farm get quarantined and his business gets shut down? If so, for how long?

Ms Andrae: It would depend on the individual circumstances. I can confirm that there is a compensation package in place that comes under the jurisdictions of the states.

Senator GALLACHER: Awful as it may seem, people may look the other way. You are saying there's a compensation package so there is an incentive to truly self-identify?

Ms Andrae: There is. So there is support from the moment they identify the disease. Whether it's financial, mental or physical, the support is all in place.

Senator GALLACHER: Okay. There are media reports that APL and the National Farmers' Federation have called on the government to prioritise Australia's biosecurity system and ensure that it is funded properly. Was funding discussed at the emergency meeting, Minister, or Secretary?

Senator McKenzie: As I said, what was of concern to the people in the room at the meeting was that we had a system that was functioning—that the federal government was talking to the states, that the states were talking to industry and that we had a response that was stopping ASF getting in. If there was an incursion, it was that we had systems in place to cauterise it, if you like, and eradicate. I have been receiving very regular updates from our chief vet on an almost daily basis on how that's going. Since that meeting, we've had a sense of common unity, as Ms Andrae said, among the state governments, no matter what colour, to make sure that we're ready to meet this threat. We're running a simulation in November if we do get an incursion of ASF and how quickly we can respond to any potential incursion.

Discussing moneys and models et cetera wasn't the purpose of the meeting. It was to actually get all the stakeholders in the room. It was great to have the transport guys there, because they actually made the comment that day that they're not often called to these meetings even though they are the guys and girls who are going on and off farm in and out of saleyards and abattoirs and potentially being a biosecurity risk but not being seen as one. So there were a lot of good outcomes. Do we have the communique?

Mr Quinlivan: We are just getting that now. We've got the list of organisations that were present on the day, so I can table that.

Senator GALLACHER: If you table it straightaway, we don't need to revisit it.

Mr Quinlivan: I will wait until the committee's officer comes back.

Ms Andrae: Senator, you started that conversation with a push by Australian Pork Limited and the National Farmers' Federation for increased biosecurity. We do stand very strongly behind that. This goes back to the comments in my opening statement that we would like the new level of biosecurity at the borders to be the norm to protect all our Australian agricultural industries, particularly the Australian pork industry at this urgent time.

Senator GALLACHER: Do you believe additional funding is required for APL to protect the industry from ASF and other threats?

Ms Andrae: We would always like to see additional funding redirected to biosecurity because it has the ability, if we get it wrong, to destroy our industry.
Senator GALLACHER: Before we go to the feral pigs issue, you have mentioned the deportation of someone trying to bring an infected product in. Is that the only way it can come in—someone bringing in infected pork—or can travellers bring it in?

Ms Andrae: It can come in several ways, including through infected pork products. It can also come in on people's clothing and footwear. If someone comes from an ASF impacted country and comes straight into the country and goes near our piggeries, it can certainly be transferred in that moment. The virus is a very nasty virus. It can live for a long time with no host. It can live in frozen products.

Senator GALLACHER: Hence the question 'Have you visited a farm?' or whatever. I always get my golf shoes dipped.

Senator McKenzie: You raise a really important point. A lot of people, as they are coming back from an overseas country that has ASF say, 'Well, I haven't been on a pig farm, so I don't need to declare that I've been anywhere that requires talking to a biosecurity officer.' The reality is that, given the feral pig populations in many of these countries, if you've just gone for a hike, potentially you could be carrying that infected material. So it's always best to declare.

Ms Andrae: We haven't seen a virus like this before. It moves so fast and human beings are basically the ones moving it.

Senator STERLE: And you can't freeze it to death?

Ms Andrae: You can freeze and it will live frozen for up to six years in products.

Senator STERLE: What about cooked?

Ms Andrae: Cooking actually kills it. So cooking the product—

Mr Quinlivan: Senators, we do have Australia's Chief Veterinary Officer in the room. It is a practical question of whether you'd like to finish with APL, because they've got a time imperative, and then we can move on. You can interrogate the chief vet, if you wish.

Senator GALLACHER: We will go to the feral pigs. There are 15 million to 24 million feral pigs. That is more than the camels, Minister. What are you going to do about that?

Senator McKenzie: Maybe we have a future wild boar industry.

Senator GALLACHER: I thought maybe the Parliamentary Friends of Shooting would take up a bit of activity.

Senator McKenzie: It has been suggested.

Senator GALLACHER: Seriously, where are they contained? Is it North Queensland or the Northern Territory?

Senator McKenzie: It's not contained.

Senator GALLACHER: Seriously?

Senator McKenzie: Everywhere?

Ms Andrae: They're national. Because of the drought impact, New South Wales is probably the most impacted at the moment.

Senator GALLACHER: Do we have a feral pig eradication program?

Ms Andrae: Australian Pork Limited is sitting around the table with other RDCs to look at the problem from an R&D perspective. Last week, with the National Farmers' Federation,
we agreed to all work together to look for opportunities on how we manage this. We are seeing the extension in the wild dog fencing program. Wild dog fences actually keep out wild pigs as well, so that's a positive there. As much as we sort of smile at the senator's comment on boars being exported, there is a small export market for wild pigs which could be expanded. Of course, there's always baiting programs. But the bottom line is that it is a big problem. It affects every industry across Australian agriculture. We all want to start addressing it now.

Senator McKenzie: On the weekend I was at Shot Expo in Melbourne, where a lot of hunters were gathered. There were both Victorian state government and my own brochures about engaging with the hunting cohort and community to say, 'If you're out hunting feral pigs and wild boars'—same thing—'and you come across a sick animal, please report it. We've got a special hotline you can report it to.' That's going to be one of the first indicators if we get it into our feral pig population. It isn't you and I finding it; it's one of our hunting community.

Ms Andrae: And we're working closely with all of those agencies as well, which is a positive that has come out of all of this.

Senator GALLACHER: Just to be clear, there are management plans to reduce the feral pig population?

Ms Andrae: We're working on them now, yes.

Senator GALLACHER: We haven't got anything active at the moment?

Ms Andrae: I would have to defer to the government on whether there is anything active to control the management of feral pigs at the moment. I don't think so.

Mr Quinlivan: Well, the management of feral animals generally is a state responsibility. Clearly, they represent a national biosecurity issue in the context of a potential swine fever incursion. We are discussing with the states at present potential feral pig management and control. Now is a good time to be doing something like that because the population is probably going to be depressed somewhat by the drought and they will be congregating around water sources. So we're having that discussion. The idea of eradicating feral pigs, obviously, is not realistic.

Senator GALLACHER: Perhaps not. They seem to be managing them in ever increasing numbers. Is that not a concern for you federally?

Mr Quinlivan: I don't think that's true. Well, I don't know if that's true. I'd be surprised.

Senator GALLACHER: No-one counts them?

Mr Quinlivan: There is a count from time to time. The number you quoted, I think you just said, is 14 million to 23 million, or something like that.

Senator GALLACHER: Fifteen million to 24 million.

Mr Quinlivan: It gives you an idea of the wide range. So there's not a lot of confidence in the actual number. All we know is that they're very widespread and very numerous in a lot of areas.

Senator GALLACHER: If we wanted information on eradication programs, we would have to get it state by state?

Mr Quinlivan: Well, area by area, actually. It would be localised.
CHAIR: I want to pick up on that because this is something I'm passionate about. Wild pigs are breeding up in ridiculous numbers in national parks in Queensland. They are spreading the Panama trace forward. The banana farmers are desperately trying to manage wild pigs coming in out of the national parks in the mountains behind Tully and Innisfail. It's a very serious problem right across the Cape. The only good thing that came out of the floods in the north was that they washed all the pigs away for a little while. But it's desperately urgent and we can't seem to get the state governments to focus on pest and weed eradication in national parks. I am sorry to interrupt.

Senator STERLE: What is the reason?

CHAIR: I have no idea.

Senator GALLACHER: Because they haven't got ASF yet.

CHAIR: Minister, do you think that there is a place for the federal government, in your AGMIN meeting this Friday, to focus the attention of the state agricultural ministers and state national parks ministers on taking this threat really seriously? What support and guidance could you give them?

Senator McKenzie: Well, I think Ms Andrae and APL raise a really good point. I haven't seen the level of collaboration around biosecurity issues that we're seeing at the moment with the threat of ASF. The engagement of the states is very high. As I said, even on the weekend, the Victorian state government, at their stand at the expo, had brochures communicating to the hunting community about the ASF impact on the feral pig population and how they could assist. I think there is an opportunity within those discussions to be able to say, 'Right, it's not just about our 2,700 pork producers having their own on-site biosecurity plans or our state governments knowing how they're going to spring into action around cauterising any outbreak, should it occur. What are they individually doing to deal with the feral pigs in their jurisdiction?'

CHAIR: Senator Gallacher?

Senator GALLACHER: I have one more question.

CHAIR: One more question and then we'll move it around, thank you.

Senator GALLACHER: Mr Quinlivan, you did mention that the drought was having an adverse effect on wild pigs. What about APL? Does the drought affect you? Does it just cost more for water? You don't free range pigs, do you? How does it work?

Ms Andrae: A percentage of our production is free range. It is only small. We are an intensive industry for the majority of it. But you are right; our producers are paying more. What we're seeing is that we need to push probably harder at the state levels to make sure any changes around water fee structures take into account that we do have intensive industry operations. So the drought is certainly impacting us. The key difference is that we are reliant on grain. We aren't reliant on grass in the paddock. So it's the grain price which makes it not as easy to operate with the export markets. We are expensive because of our cost to operate.

Senator GALLACHER: So, in summary, the drought has brought you higher input costs?

Ms Andrae: It has.

Senator GALLACHER: Are you getting higher prices for them?
Ms Andrae: We are seeing good prices at the moment. But with the increase in grain, those prices and the profits are certainly reducing. But we're coming off a very tough few years.

Senator GALLACHER: So your constraint is imported pork products, is it?

Ms Andrae: Grain. Grain prices. For Australian pork producers, that is their biggest cost.

Senator GALLACHER: When you're selling, your competition is imported pork?

Ms Andrae: It is, yes. We export about 10 per cent of our market. But there is certainly a very strong import market, which comes mostly from Eastern Europe and the US states.

Senator GALLACHER: How would you rate the industry in terms of the drought? You are at a six, seven or five? Where are you?

Ms Andrae: It really depends on location. Our pig producers in New South Wales and in areas of Victoria are doing it really tough, and in Queensland. South Australia is coming okay at the moment. WA is okay. It does depend on the geographic location of the piggery.

Senator GALLACHER: Thank you very much, Chair.

Mr Quinlivan: Before you move on, I have the communique from the swine fever roundtable which I can table. In answer to your question—I'm not sure whether you want this information—we've got some information on feral pig research that the Commonwealth has funded over the last year or two. So if you're interested, I can mention that.

CHAIR: Well, I am very interested. Are you interested?

Senator GALLACHER: Yes. It is not like buffalo, where you had brucellosis and you had to shoot the entire Northern Territory herd to fix it.

CHAIR: And Queensland. A northern herd.

Mr Quinlivan: It sums to about $5½ million over the last three or four years. There was $3 million through the white paper Established pest animals and weeds measure for four competitive grants and one targeted grant. There was just over $1 million for the Centre for Invasive Species Solutions to develop next generation autonomous technologies targeting pest animals, including feral pigs. There was $380,000 to Charles Darwin University to develop a cheaper and simpler to use animal locating technology for so-called Judas pest animal control applications, including feral pigs. There was $360,000 to the WA department to evaluate the effectiveness of aerially deployed thermal sensors to detect the presence of feral pigs. There was $1 million to CSIRO to develop a low-cost and simple system for tracking pest animals, including feral pigs. There is $200,000 to CISS to develop a next generation feral pig bait and $2½ million over four years to a number of state governments towards four projects to build the capacity of landholders in the community to manage feral pigs. So there is a variety of things there. It is not perhaps on the scale that the committee has just been talking about, but they've been happening over the last couple of years.

CHAIR: I hope that maybe it will come up on the AGMIN agenda on Friday.

Mr Quinlivan: It's certainly rising in priority, for sure.

Senator BROCKMAN: Senator Gallacher may have covered this off, but I was out of the room for part of this discussion. Do we have any involvement with, or is there ongoing international efforts to look for, a vaccine?
Ms Andrae: There certainly is. One of the key things is that we don't want the live virus here, so the work would need to be done internationally in the countries that are addressing that.

Senator BROCKMAN: Are we contributing?
Ms Andrae: I would need to defer to the government.
Senator BROCKMAN: I'm happy to ask it later.
Senator McKenzie: You can ask it later.
CHAIR: Senator McMahon? Do we have the answer?
Senator McKenzie: We're crossing over.

Mr Quinlivan: I think we're hoping we can offer APL the opportunity to leave. Then the chief vet can—

Senator GALLACHER: Let's finish with APL and then we can talk to the feedback.
CHAIR: Senator McMahon.

Senator McMAHON: This is a question for APL. Do you see any scope for expanding or developing a wild boar export industry? I know quite some years ago we had a thriving one going. Is there any scope for developing that as an incentive for people to go out and reduce pig numbers?

Ms Andrae: APL represents domestic pig producers. Our levy payers are from that domestic environment. I would probably need to come back to you on that one. For us, I guess the key message is wild pigs are causing concern. We'd like to be taking activity. I believe that's exploring all options on those wild pigs. If that is an opportunity for APL to show leadership in the future, that's something we could work with the government on.

Senator McMAHON: Would you be happy to take that on notice?
Ms Andrae: We will take that on notice.
CHAIR: Terrific. Thank you. Do we have any more questions? Good luck in Young.
Ms Andrae: Thank you, Senator. Thank you, everyone, for pushing us forward. Have a good afternoon.

LiveCorp

[15:46]
CHAIR: Hello. Do you wish to make an opening statement?

Mr Enright: Yes, please. I will outline some of the key issues that people may be interested in, following up from the work we've done before. I am today joined by LiveCorp CEO Mr Sam Brown. I appreciate the opportunity to make this short presentation. Thank you. As you know, LiveCorp was provided with an Australian government grant to investigate the effect of dehumidification technology on livestock vessels, particularly in relation to sheep. I'm pleased to say that we've now carried out that field trial in the Middle East in June. It showed dehumidification can reduce temperature and humidity on an empty ship. So that was a good finding. However, the modelling showed that it isn't a practical solution for the industry at this time as the equipment does not have the capacity to counteract the heat
generated by the sheep once they are on there. We considered the project to be a success as we've gained valuable information to guide further research into this area.

Another point about that is that we released another report recently which outlined the economic analysis of the live sheep trade to the export industry and its value. I think, as a sheep farmer in WA, I've always been well aware of the value of it. That at least put figures on to the table about what the value of the trade is. The two shipments of live export ships in May before the moratorium and the first shipment since the trade resumed in October this year have produced excellent results, safely delivering more than 99.7 per cent of sheep on board.

We have been speaking to the vets and stockies about how the sheep travel—in other words, looking at their welfare—because we know that mortality rates themselves are not the full picture. On the most recent trips, we did encounter some pretty hot weather for a short period of time. But the crew and the animals organised that. Everyone did what was needed to minimise the impact and all the sheep arrived safely. On the points we made in submissions to the HSRA model, which has been talked about quite often, the view was that we see the need to look at real live results when setting the regulations. These shipments prove that you can operate successfully at this time of the year.

Exporters are constantly looking at ways to improve the trade and, for instance, to minimise the risk of cuts getting infected, which is, funnily enough, one of the key reasons for deaths on ships. It's now quite a common practice to not shear the hocks so there's not sheering cuts on their feet. It's very simple but it adds another one or two or three per cent that doesn't succumb to problems. So it's been a very busy year for LiveCorp, the past 18 months particularly, with the government industry reviews going on and on top of all our ongoing work. LiveCorp is a rather small organisation which makes it difficult to carry out research in all the areas we'd like at the same time. However, it's also an advantage in many ways. We are agile and focused. That means we can do things like deliver the dehumidification trial, which we did in just five months from start to stop.

I am trying to make it short so I will leave it there. Thank you.

**Senator GALLACHER:** Can you give us a breakdown of the funding—that is, levy payers and the Commonwealth contribution—to LiveCorp?

**Mr Brown:** The funding that we receive is both marketing and research dollars. For our research dollars, we enter into a partnership with Meat and Livestock Australia. We contribute $600,000 and MLA contributes $600,000. That's matched with $1.2 million of government dollars to make up our R&D program of—

**Senator GALLACHER:** So in total it's $2.4 million?

**Mr Brown:** It's $2.4 million.

**Senator GALLACHER:** MLA, LiveCorp and $1.2 million from the Commonwealth. Thank you. How confident are you that live exports can resume during the Middle Eastern northern summer?

**Mr Enright:** At the moment, there is a moratorium in that period which the industry initially voluntarily put in place and subsequently became legislated. That is the current situation.
Senator GALLACHER: You are not confident you can resume?

Mr Enright: Well, it's a matter for regulation in the industry. The regulations currently state that that is not. From an R&D perspective, we continue to do all the work we can to try and make sure the trade can happen whenever it happens. But, at the moment, that's the regulatory position.

Senator GALLACHER: What welfare indicators do you have other than mortality to measure the welfare of sheep and other animals on export ships?

Mr Enright: This whole matter of welfare indicators we've been working on for some time. The difficulty with welfare indicators is getting measurable welfare indicators that are usable and can be applied in a predetermined way. For instance, everybody knows what bad animal welfare is when you see it. But if you ask one to describe good animal welfare, it's very difficult to describe. It's very difficult to arrive at figures or measures that you can apply. But we're working on it. Obviously panting score is one of them.

Senator GALLACHER: Anti?

Mr Enright: Panting. When the sheep is panting. Then there is the issue of how long it is panting and whether it is actually a discomfort. They pant in Australia quite often in shearing sheds and everywhere else. Panting in itself is not a bad welfare measure, but if it's prolonged for days, it's probably—

Senator GALLACHER: It's a cooling indicator, isn't it? It is an indicator that the animal is cooling itself? Why do they pant?

Mr Enright: They pant for heat. It is an indicator, but it's still a subjective assessment. You could use panting scores.

Senator GALLACHER: I'm not getting any sense that you've developed a set of welfare indicators other than mortality.

Mr Enright: I will definitely get Sam to talk more about the project that is underway. It's done a lot of work so far. But there is data we are now collecting on ships which can apply as welfare indicators.

Senator GALLACHER: Mr Brown, have you got—

Mr Brown: What the chairman is outlining is the complex nature of animal welfare indicators. Since 2017, we've had a research project within our portfolio of research with Meat and Livestock Australia. It is an animal welfare indicators research project. It's due to finish in 2021. The project is looking for measurable, reliable and repeatable welfare indicators for livestock. It's looking for a scientific basis for that. It's quite a complex piece of work. We are also looking at ways in which we could accelerate the use of animal welfare indicators by working in partnership with the regulator, which requires daily reports about onboard conditions, including livestock performance. So we're looking to accelerate some of those indicators and develop them into indicators that are already collected on board livestock vessels. So we're working closely with the regulator to accelerate some of those things whilst our research project is underway.

Senator GALLACHER: Are these regulatory standards set by a non-independent body? How does it work?
Mr Enright: The Australian standards for the export of livestock are the regulatory measures that apply. All exporters operate under them as well as the AMSA requirement for ships.

CHAIR: Senator Gallacher, are you pausing, or can I move to somebody else?

Senator GALLACHER: This is the last question I have. I'm trying to get it into some sort of shape. You are doing research about welfare standards and measuring the welfare of sheep and other animals on boats. Is that what you're doing?

Mr Enright: That's part of it. We do a whole range of R&D for the livestock export industry. The welfare part of it is certainly a large part of it. But welfare is not just indicators. It is welfare in market. We train people in market on the use of stunners for cattle, for instance. In collaboration with MLA, we do a lot of that work. We help design facilities at that end. So there's a whole range of work we carry out as well as R&D into disease mitigation, stocking standards and stocking density.

Senator GALLACHER: You only have $2.4 million per annum.

Mr Enright: That's right.

Senator GALLACHER: So how many projects do you run a year? How many of those projects are on welfare standards?

Mr Enright: Seventy-one per cent of our budget is welfare measures or various parts of the project.

Mr Brown: Welfare related projects.

Senator GALLACHER: Are any of those projects delivering outcomes of measurable indicators of standards other than mortality?

Mr Brown: That is the project I was referring to.

Senator GALLACHER: Are they completed? Are they published?

Mr Brown: As I mentioned, the project is scheduled to finish at the end of 2020 and early 2021.

Senator BROCKMAN: Is this a project that is run through, I believe, Murdoch University?

Mr Brown: Correct.

Senator GALLACHER: I'm happy.

CHAIR: Thank you very much, Senator Gallacher.

Senator BROCKMAN: I have probably covered most of the areas that I wanted to cover. On the dehumidification: learning that something doesn't work is good. Can you talk me through a bit further why it is uneconomic to pursue it further? Obviously, any dehumidification is potentially of benefit. Is it too costly to pursue it further, or you just don't think it will work at all?

Mr Enright: Dehumidification was seen as a possibility. It had never been tried before. Obviously the theory is dehumidifying the air when you're working in a hot, humid environment—and that's what the UAE, Oman and Qatar are at that time of the year. That's where there's potential problems. Theoretically, dehumidification works. What we sought to prove is whether you could do it on a ship. Dehumidification units are used in mines and a
whole range of other industries but they have never been used on a ship, particularly an open ship. So that was the thing to decide; could it be done? Did it bring it down? If it brought it down, by how much? From that point on, it was about measuring the practicalities of whether you could actually put these units on a ship. That becomes an engineering problem and a commercial decision, then, about whether you go forward. But this was base data. We got a lot of it. The report is this thick and it's very detailed.

Senator BROCKMAN: It did work. It did create less humidity. What was the 'but' that meant you weren't going to continue with it?

Mr Enright: Well, we haven't made that decision yet.

Senator BROCKMAN: Oh, you haven't? Sorry.

Mr Enright: No. The report has only just recently been submitted to government. From that point—

Senator BROCKMAN: Sorry, I misunderstood.

Mr Enright: From that point, it will give us an indication of whether we go forward with looking at other options and exploring other options and the practicality of this science after we go through this thing. It was always designed to be a stop-go approach so we don't waste money on it.

Senator BROCKMAN: In terms of the level of cooperation with, I guess, the broader red meat industry, can you talk me through a bit more about the relationship with MLA?

Mr Enright: For 20 years, we've worked closely with MLA as a partner. In practice our money has come from exporter levies. MLA comes from grower levies. Both have an interest in the industry, obviously, so that comes together. So it's a true collaboration working with MLA and LiveCorp on the live export program. So our working relationship with MLA has been, as I said, longstanding. Sam might comment more because he is more day-to-day with the job. It is strategically very important. We jointly work out the priorities and we jointly work on them. It is a very important one. We do certain stuff on our own.

Senator BROCKMAN: I guess my question is: does that fifty-fifty split actually capture where the value is in the value chain?

Mr Enright: Well, we work right across that value chain, so I think it's a pretty good split.

Mr Brown: To clarify the point, we are fifty-fifty partners in our research program. When it comes to our marketing dollars, we aren't fifty-fifty partners. We contribute around 30 per cent of that budget. As the chairman has outlined, it's a unique partnership, where we bring the thinking of live exporters and the levy dollars from live exporters and MLA brings the dollars and thinking from producers. We invest in the mutual benefit of both the producer and the live exporter. For us, the partnership is very important because it allows us to link in with MLA and their international offices and fund resources in their offices to keep a constant flow of information coming back in through the market. From MLA's perspective, it allows them to use us, who are very close to the exporters, to look for changes in shipping and the domestic preparation, sourcing and standards. We are very significant contributors to the review of standards of ASEL and HSRA. We're very active in pulling out our research, interpreting it
and providing it to the government to really improve it. I think our relationship is quite mature over the many years we've worked. We undertake regular reviews of our R&D programs and identify ways to improve efficiencies. We mutually agree on how to improve areas in efficiency for producers and exporters.

**Senator BROCKMAN:** Thank you very much for that, Mr Enright, you spoke in your opening statement briefly about a report into the value of the trade. Is that the one that has been publicly released, or is there new information?

**Mr Enright:** Yes. It has been. It was done by a company called Mercardo. I think that spelt out the value of that. Just briefly, between 2014 and 2017-18, it was 1.8 million sheep with a value of $220 million. They are the sort of values that were established in that. There is quite a lot of other information in that report, which we're happy to provide if you haven't got it.

**Senator BROCKMAN:** I have got it back in the office. Are you looking to update the HSRA tool, the heat stress risk assessment tool?

**Mr Enright:** At the moment, there's been a review of the HSRA model, which we've made extensive submissions to. There has been a second review, which we have responded to. There's a whole range of measures going on. In fact, I've got some notes on it.

**CHAIR:** I am sorry to interrupt, Sam. Would you mind if we go to a break and have afternoon tea, because we still have questions from Senator Faruqi and Senator McMahon? I'm sorry to interrupt you mid flow.

**Mr Enright:** You've got to have your cup of tea, Senator.

**CHAIR:** Absolutely, thank you. We will suspend for 15 minutes and return at 4.20 pm.

**Proceedings suspended from 16:04 to 16:22**

**ACTING CHAIR (Senator Rennick):** Mr Enright, please continue.

**Mr Enright:** Senator Brockman, you were asking about the review of the HSRA model, I think, when we suspended.

**Senator BROCKMAN:** Yes, go ahead, Mr Enright.

**Mr Enright:** Senator, there's currently a review being conducted by the department, which is out now for comment, on possible options for the regulation of the summer trade. We will respond to that review, noting that the submission date is by 28 October. We'll do that. So we're not planning to do too much with the HSRA model until it's clear what regulatory period we're talking about, and what framework we're operating under. We don't want to spend a lot on the HSRA model, because one of the options in the options paper is to not use the HSRA model at all. So I'm not being offhanded about it; we will do work on the model when it's clear what's required.

**Senator BROCKMAN:** I suppose one of my issues, as someone who's an absolute defender of this industry—and, seeing as there's no-one in the room to yell at me, I will congratulate you, Minister, on all the work you've done to keep this industry going—is that it seems to me we're talking about basing future outcomes on the science, when the reality is we have to do a little bit more background work, such as the research project you've currently got on at Murdoch University, to actually work out what the science is that we can rely on. Do you think that's a fair characterisation?
Mr Enright: I think that. But just a word of caution in relation to the HSRA model: the HSRA model is a model, and it was built based on a mortality basis—in other words, predictable, with a two per cent chance of five per cent mortality. If it predicted more than that, it was an unsafe shipment. And that's been built over a number of years, using that model, and, by and large, it's worked quite well, based on the mortality basis. It's not a simple task to just convert that to a model that indicates animal welfare indicators in a predictive sense. We can record animal welfare on the vessels, and it's that area—the practical accumulation of knowledge that we have on the vessels—that I think we need to be much more aware of.

We've got AAV vets on board these vessels, who provide daily reports and a voyage report at the end. We have a report by the master, we have AMSA involved and, on most shipments now, we've got independent observers who are already reporting. And with the new data loggers that we're using on ships now, and some of the research project, LiveCorp is collecting or providing the ability to collect more data. So we're collecting all that practical data—and then, just look at the results. If ships are leaving Australia, arriving there with a 99.9—or 99.7, or 99.8—per cent success rate, and we've also got all the reports to accompany that, which describe the condition of the sheep and how they fared in a welfare sense, that's pretty powerful information. What I'm saying is: let's keep building that information and keep building that database, and that will be of more value to us than a predictive model. Models are only as good as the information you have to do them.

Predicting what the weather situation is going to be is not an easy science.

Senator BROCKMAN: Something that's been raised with me often by industry is the significant difference between various ports in the Middle East, in terms of their heat and humidity profiles. Are you actively working on that issue?

Mr Enright: Well, the model accounts for that, I think. The ports are different. It's a very dry heat in Kuwait, for instance. It tends to be a lot more humid in Qatar and Oman and UAE. Weather conditions are just different. That's why the regulations now are that the ships unload at Kuwait first—first port—and then go to subsequent ports when they're a lot lighter-loaded. But the use of those ports as a reference point varies within the model, I think, doesn't it—yes, the data for each port is part of the model.

Senator BROCKMAN: Going briefly back to the Mercado report you were talking about and to the economic value of the trade, and also going back to the relative balance of spending that's coming from you and from the MLA: have you looked at the relative value that goes to the farm part of the industry, the sheep-producer part of the industry, versus the export part of the industry?

Mr Enright: I think that's contained in the report. I think a very substantial portion of that income is retained on-farm.

Senator BROCKMAN: That's my memory of the report.

Mr Enright: I could pull up the report and give you the actual figures that came out of it, but I don't want to quote them in case I get them wrong.

Senator BROCKMAN: I suspect sheep producers in Western Australia would be willing to see a little bit more of their levy money go towards this kind of research, on balance.
What's the pathway? Is that just a discussion I need to have with the MLA later on, or in private? Or is that a discussion you're having with the MLA?

**Mr Enright:** Sorry, I'm not clear what you're asking, Senator: a discussion to what end?

**Senator BROCKMAN:** How could we see more of levy payers' funds—particularly from West Australian sheep production, who are gaining the majority of the value—going into the R&D in this space?

**Mr Sam Brown:** That's definitely best directed to MLA. They're in charge of their recipients of producer levies for sheep, cattle and goats.

**Senator BROCKMAN:** I'm happy to ask them; I have no axe to grind here with MLA. I think they're doing a great job as well. But I think it's an important question for the industry in WA to ask.

**Senator McMAHON:** With respect to the animal welfare indicator research, you said that was running from 2013 through to 2021 and that welfare takes up 71 per cent of the research budget?

**Mr Enright:** Sorry, I just want to clarify the dates. The project we're operating under now started in 2017.

**Senator McMAHON:** So, the animal welfare indicator research started in 2017?

**Mr Enright:** It is due to be completed in 2017.

**Mr Sam Brown:** We have done indicator work prior to that. We have done work in 2009 and 2014, but the current project we have underway commenced in 2017.

**Senator McMAHON:** Sorry. I thought you said 2013 earlier?

**Mr Sam Brown:** Of our R&D portfolio, 71 per cent of that budget is towards animal welfare projects. There's a range of animal welfare projects we have under way, looking at bedding, environmental management, stocking densities, alternative stunning devices, sheep counting technology. There are quite a lot of projects that make that up. Animal welfare indicators is one of those—salmonella vaccines and so on.

**Senator McMAHON:** For the welfare indicators do you know what the spend is?

**Mr Sam Brown:** To give you an accurate answer, I'll take that on notice.

**Senator McMAHON:** I think you said that's being done by Murdoch University?

**Mr Sam Brown:** Yes, it is contracted through MLA, and Murdoch University is our research partner on that project.

**Senator McMAHON:** They're the only researchers on that project?

**Mr Sam Brown:** I believe so, yes.

**Senator McMAHON:** In the past two years it's been running so far how many papers have been published?
Mr Sam Brown: We haven't published any papers on it. We have received milestone reports as part of our R&D program. We don't publish milestone reports. We provide completed final reports. But we have received several milestone reports to monitor and maintain/update progress on the development of various projects, that being one of them.

Senator McMahon: Two years and not a single paper published would not seem very good value for money?

Mr Enright: It's not the purpose of the exercise to publish papers. The investment from our point of view is to deliver on what we want, and what we want is these indicators. The reason it's taking a while is that somebody has to go on board the ship, sail the voyage and collect the data. It has to be done over an extended period and with different conditions to accumulate the information. Rather than a publishing exercise, you need to look at it as an information gathering exercise. There may be scientific rigour to publish a paper at the end of it, but it won't happen until we finish the project at least.

Senator McMahon: You would hope so. The Australian public would not be very impressed putting money in if there's no credible information coming out. I will put it to you again that two years with nothing published is not very good value for money.

Mr Enright: We're monitoring the project as quickly as we can and, certainly, like you said, we'd like to get results more quickly if we could.

Mr Sam Brown: We provide regular updates to the industry on progress of the research as soon as we receive information and learnings out of milestone reports. We provide that to the industry and those reports, research and development updates are publicly available. Milestone reports are generally attributed to stop-go points in other projects. In this case, it's an opportunity for us always to check in and maintain the researcher's focus. The work we're doing is quite extensive on welfare indicators. The project originally started out with some 54 areas of animal welfare indicators, and the job now is to narrow those down. The phase we're in at the moment is piloting. We've had a researcher accompany sheep/cattle voyages to test and trial different welfare indicators to look at the way in which stock people and AAVs on board are collecting data, to look at the influences, biases and broader environmental impacts that could potentially skew a welfare indication of how an animal or a particular line of livestock are performing.

Senator McMahon: I understand that. Milestone reports are good to have so you know where the project is going. But, again, they give no indication of the quality of the research or the outcomes. I would ask: are there any KPIs in this deal with Murdoch for their research that requires them to publish any papers out of it?

Mr Enright: Certainly there's KPIs in the program. I'd have to take it on notice as to whether it requires publication. As I said earlier, our objective here is not publishing per se but it is to get the indicators. You've got to go through it. The design of the research project when it was done was to outline a research program that would deliver our indicators or usable indicators.

Senator McMahon: I do understand that. The information that comes out is not worth a cracker if it doesn't stand up to scientific scrutiny. If it's not published, there's nothing to acknowledge that there's any value in the information whatsoever.

Mr Enright: We'll take that on notice.
Senator McMAHON: You said you considered the dehumidification project successful, yet it's failed to deliver any real outcomes for the industry. I know you said you're considering it, but where do you see it going from here?

Mr Enright: As I indicated earlier in my address, the report has just been finalised and to finalise that report it required statisticians to work through a lot of the data. A whole lot of data points are being collected. Once that report is complete, we'll assess it. As I said, as to the data that comes out of the report, one of its great values is it will indicate directions where we can take this research further. We may look at something entirely different or we may pursue this further. But the basis of this report gives us a clear indication of what may or may not be possible in this area.

Senator McMAHON: Was this project done by Murdoch as well?

Mr Enright: No. This was done exclusively by LiveCorp. It was managed by LiveCorp, on behalf of the Australian government grant.

Senator McMAHON: Is there a dollar figure that you have spent on this project?

Mr Enright: The grant was $2 million. We haven't spent that. But the project to this point is on time and on budget.

 Senator McMAHON: Was a second phase to the project ever planned?

Mr Enright: Yes. When we planned the project there were two other phases scoped out, but not fully developed because we wanted to get through phase 1 to see whether it was worth going forward from there. We've only actually completed stage 1.

Mr Sam Brown: We have completed phase 2, which is our static trials. The next part of our trial work would be to move to dynamic trials where we would be looking to use chamber trials, et cetera, to involve livestock to replicate the conditions that we had experienced over in the Middle East when we were trialling the commercially available dehumidification technology. As the chairman has outlined, we have new knowledge. We have learnings and information that we've been able to gather from the analysis of the data we collected. We're at another juncture in the project. I think we're far better equipped now to ask a much more detailed question of ourselves and potentially to further tech providers to help bridge gaps in capability that we were missing in our project.

The chairman noted that it was a successful trial. What we mean is that the trial was a success; we followed our methodology and we had independent technical experts overseeing the research. They monitored how we followed and adhered to the protocols and methodologies we set out for ourselves. We collected over 230,000 data points. We have analysed that. We were able to create a model where we were using other research on the HSRA model to replicate the presence of sheep in the vessel, which enabled us to test how far away our gap was. There's certainly things that we would like to understand more. We only used dehumidification. We didn't use cooling. We also have some gaps in our knowledge of the amount of heat generated by the livestock themselves. There's more questions. We have a sharper focus on the types of things we would like to ask some researchers as well as potentially the tech world again.

Senator McMAHON: Those questions may or may not be answered depending on whether this project does or does not continue; is that true?
Mr Sam Brown: Absolutely.

Senator McMahon: It would seem that for $2 million that could have involved some actual research with some livestock to answer those questions. It seems like quite a lot of money. It is kind of like sailing an empty ship to the Middle East and saying we achieved zero mortalities. I would just think that for $2 million it would have actually had some practical aspects to the research. I would question where this is going and how long it's taking. By the time we get to the end of it, are we going to be left with a viable industry?

Mr Enright: In terms of timing, it was done in five months, which is probably the quickest we could have assembled this given that we had to get dehumidification units from Sydney into Dubai. We had to get hold of a ship that was actually in dry dock, put all of the equipment in there, get all of the engineers and other people in there. The logistical exercise was incredible. We had to do it at a time of year when it was actually hot. In terms of timing, we could not have done it any quicker. We haven't spent $2 million. We have spent a portion of that. We always had stop-go points in there.

The third point is introducing livestock. It would have been irresponsible for us to put livestock into that situation before we had assessed the dehumidification technology. It was never intended that we do that until we did that first phase. Until we could establish whether dehumidification worked, it would be pointless having stock in there, anyway. The program has been done according to the design. I'm comfortable with that.

Senator McMahon: Is there a reason the project wasn't undertaken in Australia?

Mr Enright: Yes. It's not hot.

Senator McMahon: I would suggest come to Darwin; it is hot.

Mr Enright: But there's not live sheep ships in Darwin. We're working with an importer in the Middle East. We had to have their cooperation. We had to have access to that vessel for some weeks. Not many vessel owners want to park a vessel for a few weeks while somebody plays around with it. We ship to the Middle East. That's where we wanted to test it. Practically that's the only place we could have got a ship.

Senator McMahon: You've detailed your MLA involvement in your research and development. How would you characterise your relationship with MLA and how that's working in research and development for you?

Mr Enright: We spoke about this a little earlier. The relationship is a very important relationship and a true collaborative arrangement. We work together through the Live Export Program, the LEP program. The operation of that program we reviewed last year. A review was done on the operation of the program and that came up with a number of recommendations that have been gradually over time put in place to try to strengthen the way the LEP program operates. You were involved in some of that work. You might like to add to that.

Mr Sam Brown: We have an extremely good relationship with Meat and Livestock Australia as our partner. We work with them on a daily basis. We access their resources in market. We provide specialist expertise from a domestic perspective and live exporters. It's a very important relationship. It's a mature relationship. We're very open about areas where we can improve and we have demonstrated that through the recent review of our R&D program. There's always lots of things we can do a lot better on both sides. But it's a mutual

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
relationship. We both would be investing in the same pathway otherwise. I think it's an expectation of producers and exporters that we will work together constructively to deliver outcomes for both producers and exporters.

Senator McMAHON: If you're regulating on animal welfare outcomes, and as you've indicated in a couple of years of doing some of this research there have actually been no publications and no verifiable scientific outcomes. Is it still appropriate to be regulating on that? You detailed that panting was one of the outcomes that you were looking at, but that's not necessarily a good thing to measure, because the panting occurs naturally in lots of different situations. If that aspect of the regulation is not working, would it not be better to revert back to something that we can actually measure, like mortalities?

Mr Enright: It's really a matter for the regulator. We do R&D in all these areas and try to facilitate whatever is in place. We're not the regulator. We've got to work within the regulations. The current regulations based on the Australian Standards are what they are.

Senator McMAHON: But you would have recommendations, would you not, from the work you've done?

Mr Enright: We have had input to the regulator from time to time. At the end of the day, the industry makes a decision on what's regulated.

Senator McMAHON: Are you able to quickly detail your annual expenditure on research and development, wages and other on-costs, just broken down into those three areas?

Mr Enright: It's in our annual report. It is available publicly in our annual report.

Mr Brown: We can take that on notice.

Senator McMAHON: You don't have an idea that you can give us?

Mr Enright: The research is about $2.4 million.

Mr Sam Brown: Corporate operations is around $900,000. Our investment in MLA outside of our R&D is a million dollars. We have around $3.2 million that we spend in programs.

Senator McMAHON: That's all in your annual report?

Mr Enright: Yes, it's all there.

Mr Sam Brown: It is in our annual report.

Senator FARUQI: I want to go back to some questions on the dehumidifiers. So, $2.2 million as far as I can remember, was the grant?

Mr Enright: Yes, it was $2.2 million. I said $2 million earlier.

Senator FARUQI: You said only part of it has been spent? Could you tell us how much has been spent?

Mr Enright: Under a million.

Senator FARUQI: Do you have an exact figure?

Mr Sam Brown: I don't have the exact figure on hand.

Senator FARUQI: You said a report has been prepared on that under $1 million spend and what work has been done?

Mr Enright: Yes.
Senator FARUQI: Will that report be made public?
Mr Enright: We submitted the report to the minister. I think there has been something public, the report on the Middle Eastern dehumidification?
Senator FARUQI: Has that been made public?
Senator McKenzie: Yes.
Senator FARUQI: Has that been made public?
Mr Enright: Yes.
Senator McKenzie: On the department's website.
Senator FARUQI: What were the recommendations, for the trial to continue or not?
Mr Enright: That is just the report. Further decisions will have to be based on information taken out of that. There's no recommendations per se.
Senator FARUQI: If the trial goes ahead as was planned initially, would the $2.2 million budget still be enough for that?
Mr Enright: Yes, I think so.
Senator FARUQI: I just want to move on to Meat and Livestock Australia, which in 2018 reported that Indonesia had plans to import 6,000 breeder cattle from Australia. Is there any LiveCorp program to fulfill that demand? Is LiveCorp involved at all?
Mr Enright: We don't export cattle, no.
Senator FARUQI: So, you're not involved in that?
Mr Enright: We're not involved in exporting cattle to Indonesia, no. Some of our members could be, but not LiveCorp.
Senator McKenzie: Research.
Senator FARUQI: Meat and research?
Senator McKenzie: Yes.
ACTING CHAIR: Thank you very much. I think that brings us to the end of this session. We're now going to return to corporate matters.
Mr Quinlivan: Can I mention for the committee's benefit that Mr Enright's appointment as chair of LiveCorp after three terms is finishing in the next couple of weeks. Unless he takes on some other new onerous responsibilities, this will be his last appearance at estimates.
CHAIR: Thank you very much for your service.
Mr Enright: Thank you very much for the kind words. It has been a pleasure. It's always a pleasure to come here and try to keep the committee informed on what we're doing. We do take our job pretty seriously and try to do the best for the industry. I never mind coming here. I know it can be a bit of a stress and a long day, but I think it's all part of the process and I think we should welcome the opportunity to do it. Thank you very much for your questions and bon voyage.
Senator McKenzie: Thanks very much, Mr Enright.
CHAIR: All the best for the future.
[16:51]
Senator FARUQI: Since we don't know whether we will ever come to outcome 2 today or exports and the minister is here, I'd like to ask some questions on horseracing.

Senator McKenzie: Senator Faruqi, we will get to outcome 2. There's a number of issues we have suggested to senators over the past eight hours that they come back for in outcome 2.

Senator FARUQI: The chair is happy with me asking, so I might just go for it.

Senator McKenzie: She is? Okay.

Senator FARUQI: Minister, could you tell me if you watched the 7.30 expose on the horrific cruelty to racehorses?

Senator McKenzie: I have received extensive reports on it. I've seen some footage, and it is shocking.

Senator FARUQI: Did you see the whole show?

Senator McKenzie: No. I didn't watch the whole show.

Senator FARUQI: Do you think as the Minister for Agriculture, who has responsibility as well for abattoirs that export horsemeat, that you should watch that show to find out exactly what is going on?

Senator McKenzie: I think I should find out exactly what's going on and that we should work with our states, as we have agreed to since that particular incident, to make sure we address the horrific animal welfare outcomes that Australians saw and that occurred at that site.

Senator FARUQI: You have not seen them. Could I implore you to please see that episode? As a minister, you won't get the full extent of what actually goes on until you see it. I knew a little bit of what goes on, but it was absolutely horrific. I was bawling my eyes out for the full 40 minutes, as were people across Australia.

Senator FARUQI: You have said this morning as well that there was cruelty and abuse of racehorses. I would like to know when you go to the Friday admin meeting what exactly will you take to the table to improve the situation?

Senator McKenzie: We've agreed with the state ministers to discuss how we, as a group, can actually ensure there's better animal welfare outcomes for the racing industry.

Senator FARUQI: What specific proposals will you take? We know there is cruelty going on. We know there are things we can do to improve that. What are the proposals that you will be taking to that admin meeting as agriculture minister to improve the situation?

Senator McKenzie: I have been in contact with the minister responsible for this jurisdiction, Mark Furner, in Queensland, since the incident has been occurring. He's just launched an inquiry, which is fantastic. I am looking forward to seeing the outcomes of that inquiry. Certain jurisdictions have also added an agenda item to the ag ministers forum which all jurisdictions, including myself, will participate in discussing.

Senator FARUQI: So, you have no idea as to what a federal minister you should do—

Senator McKenzie: Senator Faruqi, I think you are misunderstanding what happens in these sorts of forums.

Senator FARUQI: You will not take any proposal? How about if you take a proposal? At least take some leadership and set up—
Senator McKenzie: Do you know what I'm taking?

Senator FARUQI: a national register for racehorses?

Senator McKenzie: Do you know what I'm taking? An open mind, a willingness to discuss with the ministers responsible for animal welfare how we as a nation can ensure together better animal welfare outcomes for racehorses. That's what I'm taking. If racing ministers in this country don't want there to be a national racing register, then it's not going to happen. We have to be realistic in these forums. So what I can take is a willingness and an openness to have an honest discussion and debate around the issues, and I'm trying to outline to you what principles I'll be taking into that debate. I don't go in there with a set perspective.

Senator FARUQI: Why not, Minister? The reality is that thousands of racehorses have been brutally abused and slaughtered?

Senator McKenzie: I know that—

Senator FARUQI: As a federal minister, don't you think you should take responsibility for taking something to the table that will partly solve the problem?

ACTING CHAIR (Senator Antic): Senator Faruqi, I do not think that is a question, as a point of order.

Senator FARUQI: That is a question. Sorry. I'm asking the minister whether she thinks she should take something to the table and show leadership on this issue. That is a question.

Senator McKenzie: Senator Faruqi, this week I requested that this be a topic of discussion for Friday's AGMIN. Last week it wasn't a topic of discussion for AGMIN. Doing what I can to stimulate sensible, rational debate around this topic with the appropriate ministers is something I'm absolutely committed to. That's why it's on the agenda for Friday. The Queensland government as the jurisdiction responsible for this issue has brought forward a paper that we're all looking forward to discussing as a collective to make sure we can have for the first time a debate about the racing industry and how to ensure better animal welfare outcomes.

Senator FARUQI: Do you think this issue extends beyond Queensland, given a lot of the racehorses were coming from everywhere in Australia?

Senator McKenzie: There's a whole lot of reasons why that was occurring. For instance, in New South Wales my understanding is that you can't send necessarily racehorses to abattoirs and so they were ending up at a Queensland abattoir. There's a whole lot of different ways right across the nation people are dealing with this issue. So it's appropriate that for the first time we as ag ministers come together, debate it and discuss how we can get a better approach across Australia.

Senator FARUQI: Is there a reason you didn't make a statement or you haven't made a statement since that expose has happened?

Senator McKenzie: No. The department has made two statements.

Senator FARUQI: I'm asking you: is there a reason you haven't made a statement after such atrocious treatment of horses in an abattoir that exports meat, which you are responsible for?

Senator McKenzie: My public commentary has been about the distressing nature of the incident. As a department with some responsibility for this area, we're keeping a close eye on
it and working with the Queensland government, which, thankfully, has announced an inquiry today.

Senator FARUQI: Has the government informed the horsemeat trading partners of this incident or what is happening at the abattoir?

Mr Quinlivan: I’d have to take some advice on that.

Senator FARUQI: We know the EU has very strict requirements.

Senator McKenzie: Our officers weren't meant to be here for a little while.

Senator FARUQI: So you don't know? Just tell me—

Senator McKenzie: We are just getting the right officers to the table to answer you.

Senator FARUQI: Has the government informed the horsemeat trading partners of this incident?

Mr M Thompson: We have informed, as far as I know, our counsellor in Brussels responsible for the EU. I can't confirm at this point whether communications are being made with the EU trading partners.

Senator FARUQI: Are you intending to inform the trading partners?

Mr M Thompson: We will be informing the trading partners.

Senator FARUQI: When you certify an abattoir for export, what are the animal welfare conditions that the abattoir has to meet? How do you know that they are met?

Mr M Thompson: That are two separate bits to the question. Again, I'll answer this as well as I can without the officers here available. When the export arrangement for an abattoir is approved by the department, it will depend on the nature of the importing country requirements. The lens that we take as a regulator is through export requirements and the requirements of the country to which the product is being exported. There are two horsemeat export establishments in Australia, and Meramist is one of those. The EU is the primary market, and so we require the approved arrangement to reflect the EU requirements as they relate to animal welfare.

Senator FARUQI: How do you monitor those, that they are met?

Mr M Thompson: That is done through industry standards which the EU recognises and we recognise as meeting compliance with EU requirements. Amongst the EU requirements there is a requirement that an animal welfare officer be appointed by the establishment itself and that that officer be present during the slaughter of animals. We also have an on-plant vet on the establishment, who is looking not only at food and food safety standards but also at animal welfare standards as they relate to what happens on the establishment itself. That officer may not be present in all parts of the establishment, including in the lairage, before the animals arrive, but they will do ante mortem inspections of the health of animals and they will also look at the arrangements for slaughter to make sure that they comply.

Senator FARUQI: How do you actually make sure that the animal welfare officer and the vet are present there? How do you make sure that that actually happens?

Mr M Thompson: The on-plant vet is an employee of the department. Through our Biosecurity Operations Division, which employs these people, we track their presence on the establishment site. The company which provides the animal welfare officer has to provide us
with assurance that the animal welfare officer is there as well. The on-plant vet will be providing oversight of that too.

Senator FARUQI: Have they ever raised any concerns about animal welfare or cruelty at this abattoir?

Mr M Thompson: The on-plant vet, as I understand it, has raised some concerns around animal welfare, mainly in relation to horses and mainly to do with the state of horses presenting for slaughter. Where that's been relevant, the on-plant vet has notified the Queensland authorities about those matters.

Senator FARUQI: Do you know or does the department know what was done in response to those concerns?

Mr M Thompson: I can't answer that in detail, unfortunately, because I don't have officers or the material here in front of me.

Senator McKenzie: This is the issue. Outcome 2 officials aren't requested to be here until 9:30, which is why for serious technical issues on biosecurity, the racing piece and other issues we will require, unless you were going general, you to wait until later on in the evening.

Senator FARUQI: I acknowledged that and I have asked further questions. I just have a couple of questions for the minister and then I'll finish. There is a celebration on in parliament tonight for the Australian thoroughbred industry. Are you going to be there?

Senator McKenzie: I can't answer that in detail, unfortunately, because I don't have officers or the material here in front of me.

Senator FARUQI: From what I understand, there is a celebration tonight for the Australian thoroughbred industry in parliament. I was just wondering if you were going to attend that function?

Senator McKenzie: I have received an invitation. It's something I do usually attend. It will depend on Senate estimates if I get there tonight.

Senator FARUQI: If you do go there, will you be raising these issues that we are discussing right now with the thoroughbred industry?

Senator McKenzie: In your former questioning to one of the department officials about the issues raised, I'd hate for anyone who is listening to our exchange to think that I have not taken my responsibilities seriously or—

Senator FARUQI: You have not seen the expose.

Senator McKenzie: I actually wrote to Minister Furner from Queensland reminding him of the eight reports our officer had made to the Queensland department and requesting an understanding on what had actually been done on those reports. I'm still waiting to hear back from Minister Furner. To suggest or intimate that I and my department aren't serious about dealing with this issue in our relevant capacity would be completely misrepresenting what we are trying to do.

Senator FARUQI: I do hope that you are serious.

Senator McKenzie: Absolutely.

Senator FARUQI: I do hope that you would also consider an independent office of animal welfare.
Senator STERLE: If I can just share with you that the opposition will not require APVMA. We'll need the officers from the end of the agenda to start making their way up the hill quicker than they thought.

Senator McKenzie: Has the committee made a decision? Or are you making a unilateral—

Senator STERLE: I'm just saying: get the officers up. I need the chair back here. The chair and I and others have had conversations about where we can tidy up the agenda, because they keep asking too many questions over there, and the chair is not here. We have agreed on APVMA.

ACTING CHAIR: So, we are saying that APVMA can go and you are asking for those officers working on outcome 2 matters currently scheduled for the last session to make their way up here now?

Senator STERLE: Yes, they should be heading up.

Senator WATT: We are still in corporate. We might deal with the drought funding issues again. There's been a bit of back-and-forth about what the former drought envoy, Mr Joyce, actually did, what reports he produced, what text messages he sent, what other types of media he may have used to convey advice to the government. But is it your position, and the government's position, that the special envoy for drought did not prepare a report to government?

Senator McKenzie: The special envoy for drought produced a lot of advice to government, absolutely.

Senator WATT: He likes to give advice to government, doesn't he?

Senator McKenzie: He's a very knowledgeable man.

Senator WATT: Free roaming with his opinions?

Senator McKenzie: He provided a lot of advice as probably a local MP whose own communities are suffering from drought in north central New South Wales but also in his capacity as former agriculture minister and somebody who was able in his role as drought envoy to travel throughout regional communities affected by drought. He gave a lot of advice to government and a lot of advice to a range of ministers who were administering drought programs.

Senator WATT: It's no secret that he didn't produce a report. We have been trying to get a copy of this report for some time, this report that he allegedly may have provided. There was an order to produce documents in the Senate recently. We got a response from Minister Littleproud which concluded with the words 'the request for the former Special Envoy for Drought Assistance and Recovery's report cannot be complied with as he did not prepare a final report and as such', it says, 'no document exists'.

Senator McKenzie: That is not what I said. I said the former drought envoy provided extensive advice to government. In the former parliament I was responsible for three of those drought programs and would regularly receive a raft of correspondence, personal meetings, phone calls and the like.

Senator WATT: I understand. You have said that, but—
Senator McKenzie: My further advice is that any questions around a written report from the drought envoy should be addressed to PM&C as the department overseeing his work.

Senator WATT: We had a long conversation this morning where you were assuring me that Minister Littleproud, as the Minister for Drought—the junior minister in the portfolio but the one who is all about drought—is the one who signed off this letter back to the Senate saying there is no report from the special envoy. You wouldn't have tabled that letter in the Senate as you did if it wasn't true?

Senator McKenzie: Prior to the election there was a special envoy for drought and there was Major General Day and a raft of ministers with a range of responsibility for delivering on our commitments to support farmers and drought affected communities through this difficult time. Post election the Prime Minister appointed a minister responsible for drought. Mr Littleproud now is responsible for coordinating our response. The special envoy for drought was appointed by the PM and, as such, formally reported through PM&C and to the PM, but in his work he also provided ministers like myself who held responsibility for a variety of programs that we were delivering with individual advice.

Senator WATT: Let's not be too finicky about this.

Senator McKenzie: I'm being as helpful as I can.

Senator WATT: I can get a copy of this if you need it, but I'm looking at a letter you wrote to the Senate President. It's not dated, but I'm guessing it is late September/early October this year—after the election. It states: 'Dear Mr President, this letter relates to the motion of 16 September 2019 to the Prime Minister, Mr Morrison, moved by Senator Sterle ordering the production of documents relating to reports on droughts. Minister Littleproud has responded as he is the minister responsible for drought.' So let us not worry about PM&C. You have responded to this letter, flicking it to Mr Littleproud. He's answered and written the letter saying that there is no report from the special envoy. That's just a statement of fact, isn't it, that something has gone to the Senate?

Senator McKenzie: I'm happy to take it on notice, I'm just letting you know, as a former minister with responsibilities in this area, the advice at an individual level that the former drought envoy gave me and I'm confident he gave a raft of ministers dealing with the drought.

Senator WATT: The reason I'm asking this now—and I appreciate you won't have seen this; I've got copies of the transcript—is that I understand Mr Joyce, the former drought envoy, has been on the ABC this afternoon being interviewed by Patricia Karvelas about these drought reports. I'm happy to table copies of that transcript. It's as good a transcript as we were able to do in the time available.

Senator McKenzie: As I haven't had the opportunity to view it, I would like time to read it.

Senator WATT: Have a look at that while we are talking.

ACTING CHAIR: Perhaps we can give the minister an opportunity—

Senator BROCKMAN: To be clear, where has the transcript come from?

Senator WATT: It has been typed up.

Senator BROCKMAN: By?

Senator McKenzie: By his office.
Senator WATT: By my office. If you feel they have got it wrong, once you have had a look at it, feel free to let me know. I don't think a transcript is publicly available yet. If you had funded the ABC a bit better maybe they could get these things up and running a bit more quickly. They are doing the best they can. Sorry. I'll give you a moment. As you can see, Mr Joyce is quite clear that he produced reports about the drought, which is different to what Mr Littleproud is saying. Who is telling the truth here?

Senator McKenzie: I'm happy to have a discussion with the Prime Minister and Minister Littleproud and take that on notice.

Senator WATT: But it's clearly contradictory, isn't it? We have got Mr Littleproud as the minister telling the Senate that the special envoy didn't produce a report and that that is why we can't see one. We have this transcript now from Mr Joyce from this afternoon.

Senator BROCKMAN: We have a transcript of this interview from this afternoon where Mr Joyce, among other things, refers to having done a Facebook post where: 'I actually showed I think it was eight or nine paper reports, as well as text messages, as well as other electronic means and directly speaking to the Prime Minister at that spot on that day. The assertion that we didn't send written reports is wrong. They've got it wrong.' Who is 'they'? Is that Mr Littleproud? Who would 'they' be? 'The assertion that we didn't send written reports is wrong'—that has to be Minister Littleproud, because he is the one telling the Senate there is no final report?

Senator BROCKMAN: Your office is the one who typed the transcript up.

Senator WATT: Are you saying my office got it wrong?

Senator BROCKMAN: I am not sure why the minister should answer that question.

ACTING CHAIR: If this is going to be taken on notice, it probably should be tendered in the capacity that it is presented, which is a transcript prepared by Senator Watt's office.

Senator WATT: Sure—by my very honest staff. Mr Joyce—

Senator RENNICK: Hang on. Can we take a vote on this? I don't see any dollars and cents on here. Aren't we talking about expenditure? Where is the expenditure?

Senator WATT: We had a long conversation this morning about drought funding. You don't have to have every question involving a dollar and a decimal point. We are talking about drought funding.

Senator RENNICK: This is an ABC interview that took place—

Senator WATT: Mr Joyce goes on to say: 'I have sent reports to the Prime Minister over and over again, Patricia. That is the actual truth.' Can we get copies of these reports?

Senator McKenzie: I've taken it on notice. Obviously I'll have to speak to other ministers about this.

Senator WATT: We have tried to get copies of these reports that Mr Joyce allegedly prepared while he was receiving an additional salary as the drought envoy, travelling around
We have been told when we have tried to get the reports there are no reports. Now we have Mr Joyce out there saying there are eight or nine.

**ACTING CHAIR:** Is there a question?

**Senator WATT:** Are there eight paper reports or nine paper reports?

**Senator McKenzie:** I've taken it on notice.

**Senator WATT:** Mr Quinlivan, can you enlighten us? Are you aware of whether the drought envoy has produced any written reports?

**Mr Quinlivan:** No, I'm not.

**Senator WATT:** You have never seen them?

**Mr Quinlivan:** I've not seen any written reports. The contributions that Mr Joyce made in his capacity that I've seen were verbal in cabinet committees and so on. I've not seen written reports. But he's indicated here that those reports were to the Prime Minister. So there is no reason why I would have done.

**Senator WATT:** Again, this has been a pattern all week. We try to get documents. We are told, 'They don't exist,' 'They've gone to cabinet,' or 'We are not releasing them.' No-one's ever seen them.

**Senator McKenzie:** I'm not saying that. I'm saying I'm presented with some evidence. I know the drought envoy provided me with a lot of advice. I've seen him present to cabinet. I have no reason to disbelieve what he's saying so I will be taking that on notice and discussing it.

**Senator WATT:** I'm being reminded that Mr Joyce spent $675,000 in expenses while he was the drought envoy, and we can't see any reports that he's produced. So the public doesn't have a right to see these reports that he says he's produced?

**Senator McKenzie:** I've taken that on notice.

**Senator WATT:** He seems very keen to defend what he did. He seems very keen to have people recognise the work that he did and these magnificent reports that he produced.

**Senator McKenzie:** He did a significant amount of work. I can personally testify to that. I've seen him presenting in very serious government committees. I personally have been a recipient of high-quality advice from him around responding to the drought and I have no doubt I wasn't alone amongst the cabinet ministers.

**Senator WATT:** Why is Minister Littleproud saying he didn't produce a report?

**Senator McKenzie:** I've taken that on notice.

**Senator WATT:** I do have some questions about the APVMA. I'm not sure whether this technically comes up here, but I thought I would try. There were some questions asked yesterday about the reappointment of the former Governor-General, Mr Michael Jeffrey, as the National Soils Advocate. This won't take long. Can I see whether the right people are here and then we can move on?

**Mr Quinlivan:** He was, as I understand it, reappointed by the Prime Minister, but we'll do our best.

**Senator WATT:** Essentially what we are seeking to find out is: how much has been budgeted for that role?
Mr Quinlivan: My understanding is he’s being supported by staff from the Prime Minister's department directly. We'll be working with him and those staff on some soil related matters. But his support, including the funding, staff complement and so on, is being provided by the Prime Minister's department.

Senator WATT: So, why is he providing updates to the Prime Minister and the Deputy Prime Minister, but not the Minister for Agriculture?

Mr Quinlivan: My expectation, as I mentioned, is we'll be working with him on some soil related matters. My expectation is he'll be reporting to all the ministers who have an interest in this matter, including the environment minister. That is the expectation that we have.

Senator WATT: Including the Minister for Agriculture?

Mr Quinlivan: Yes, absolutely. Why are his updates only to the PM and the Deputy PM? I couldn't answer that, but I think on any matters of substance there are a number of ministers who have an interest in his work. As you probably know, he's a very keen advocate for soil policy. Those ministers will definitely be taking an interest in what he does.

Senator WATT: The last topic I wanted to cover off in corporate is about APVMA. If those officers are here, it might not be a bad idea to have them nearby. However, in the end, Mr Quinlivan, it will probably need to be you who answers a lot of the questions. I appreciate this has been a long-running issue in this committee and there are other senators, in particular Senator Sterle, who have been much closer to this than I am. Sorry if I take some time to have things re-explained.

Senator McKenzie: It's a great story.

Senator WATT: It's a fascinating story—arson, nightclubs, Barnaby Joyce, relocation of public servants.

Senator McKenzie: International scientists flocking to Armidale.

Senator WATT: I don't think that is right, is it?

Senator McKenzie: Yes, it actually is.

Senator STERLE: How many are still in Canberra?

Senator McKenzie: I can get that for you.

Senator WATT: How many are still in Canberra?

Senator McKenzie: I will just get the right page for you. More than half of our regulatory scientists are now located in Armidale.

Senator WATT: So the other half have refused to go?

Senator McKenzie: There are 183 ongoing positions, 140 in Armidale and 43 in Canberra. I had a chance to open the new building, and it was absolutely fantastic.

Senator STERLE: There are still 90-odd here in Canberra?

Senator McKenzie: Of the 90 regulatory scientists, more than half are now located at Armidale. So there was 90—

Senator STERLE: I know that. I've been through this a hundred million times. But there is still a workforce of about 90 here in Canberra when it was supposed to be all off to Armidale.
Senator WATT: As I said, I may get some of these details wrong, but I understand there was previously a police investigation into this. Is it accepted there was arson or do we have to say 'alleged' arson?

Mr Quinlivan: I think it is true to say that there is a continuing or ongoing—I am not sure what the precise word is—New South Wales police investigation underway into a suspected arson.

Senator WATT: In essence what we are talking about is the building that previously stood on the block of land where the APVMA has now been relocated; the building that previously stood there was burnt down in suspicious circumstances and has been investigated by the police; is that right?

Mr Scott Brown: I think that is a fair description, yes.

Senator WATT: My understanding is there was a coroner's inquest. My understanding is that there was a police investigation into the burning down of this building around the time that it burnt down. That investigation was closed, but that investigation has been reopened. Is that correct?

Mr Quinlivan: I'm not sure about the closure and reopening, but it's certainly the case that the investigation is still live.

Senator WATT: Do Mr Brown or Mr Mason know whether that is correct; that the initial investigation happened, finished and was then reopened? Is that correct?

Mr Scott Brown: We'd probably need to double-check that, but that is my understanding.

Senator STERLE: I will help you out. Yes. Just say yes, you lot. For crying out loud. We have gone over this for years and years. Yes, it has reopened.

Senator BROCKMAN: Yes, we have gone over this many times before.

Senator STERLE: Can't someone just sit there and go 'yes'. Far out!

Senator McKenzie: With respect, because you are asking these questions in corporate, you have got our finance officers trying to answer questions around a fire in Armidale. If we had the APVMA here, they could actually—

Senator WATT: Are they around?

Senator STERLE: Minister, I'm going to agree with you. Yes, you are correct, but Mr Quinlivan is the common denominator is here. You are not just brand-new to this. Mr Quinlivan, you are not brand-new.

Mr Quinlivan: I'm not claiming in any way to be brand-new, although I would admit that I've done my best to expunge my memory of quite a lot of this conversation. I think this might be the fourth or fifth go we have had at this issue. I should say also that in previous conversations the senior managers in the APVMA have added a lot of clarity to the conversation.

Senator WATT: Are any of them around?

Mr Quinlivan: I'm not sure if they are here yet.

Senator WATT: If they are next door, it might not hurt if they come in.

Mr Quinlivan: If we are going to do another long run on this issue, I think it would be good to have them here.
Senator STERLE: Yes, no, whatever. Let's just do it, shall we?

Senator WATT: So the police investigation is still underway. What contact has the department had with the police as part of this investigation?

Mr Scott Brown: I can probably answer that question if we can just find the right page.

Senator BROCKMAN: We could look up the answer in Hansard, couldn't we?

Senator WATT: Things have moved on, so maybe more has happened.

Mr Scott Brown: Probably what I can answer straightaway is that nothing has changed from the previous Hansard. What we can advise the committee today is that we did contact the police just before estimates and they did advise that the investigation is still ongoing and they were planning to meet with the state coroner in the next week or so.

Senator WATT: They told you that quite recently, did they?

Mr Scott Brown: Yes, as of Monday.

Senator WATT: Am I right that we've established previously at estimates, including in questions on notice, that there are no staff remaining in the APVMA who were involved in the first tender process regarding the building? There were questions on notice taken about this.

Mr Quinlivan: That was part of the difficulty we had in this conversation. The first process here was conducted by the department, not by the APVMA. In the language we developed to talk about this issue, the second process was conducted by the APVMA using the knowledge acquired during the first process that was undertaken by the department. I'll just mention there was a departmental process and then an APVMA process. The APVMA staff were peripherally involved in the first so-called tender process. That's my first attempt to try and clarify what your question means and which process you're referring to.

Senator WATT: In the previous contact the police have had with the department about their investigation—I appreciate an investigation is underway; we do not want to jeopardise that—what is the general nature of the information they've been seeking?

Mr Brown: Going back a step, we were contacted by the New South Wales police originally on 18 January 2019. Once again, that's in the Hansard. I think they wanted some general information on our process and what was involved.

Senator WATT: The tender process?

Mr Brown: It was a request-for-information process.

Senator WATT: Which is a form of tender.

Mr Brown: Yes.

Senator WATT: So this was the request for information that the department issued back in, what, 2015, I think it was?

Mr Brown: So, 2016.

Senator WATT: Which was the first step in trying to identify a suitable property?

Mr Brown: That is correct.

Senator WATT: So what the police were after was information regarding the department's process around the steps to find a property?
Mr Brown: That is correct.

Senator WATT: Did they tell you why they were interested in that?

Mr Brown: I wasn't party to that particular conversation, but I imagine it would be something to do with they'd become aware of a previous process and they wanted to investigate any impact that might have had on their own investigation.

Senator WATT: They might have been interested in whether the fact that the department was commencing a process to find a property was in any way connected with the suspected arson?

Mr Brown: I cannot put words into their mouth, but possibly, yes.

Senator WATT: Were any warrants issued by the police seeking documents relating to the tender process?

Mr Brown: Yes. On 2 April 2019 the New South Wales police did serve warrants on JLL, who were our property advisor who were running the first RFI process.

Senator WATT: Did they serve any warrants on the department as well?

Mr Brown: No.

Senator WATT: Do you know whether they served them on the APVMA?

Mr Brown: I can't answer that, but my understanding is, no, they didn't. But I'm happy to be corrected if that's not the case.

Senator WATT: So the minister responsible for APVMA now is Minister McKenzie?

Mr Quinlivan: That is correct.

Senator WATT: Minister, have you ever been briefed, written or otherwise, about the police investigation?

Senator McKenzie: It might have been in my incoming minister's brief. But, as a former senator that would sit around this table, I'd heard of the issues but not in any detail. So I haven't had a briefing from legal counsel or anything.

Senator WATT: Do you know whether there was anything in the minister's incoming briefs when she was first appointed?

Mr Quinlivan: I can't recall, and it's entirely possible we didn't include any briefing in the incoming minister's brief because the issue had received a lot of attention and I think at that time we probably would have had the view that it had been tested exhaustively and didn't look to be something the minister really needed to know any more about. I can see we might have thought at the time that it was not something she needed to know any more about. But I'd have to check that.

Senator McKenzie: If it was, it wasn't detailed.

Senator WATT: One of the questions on notice you took from budget estimates—and it looks like Senator Wong was asking questions about this at the time—was question No. 8. It refers to a briefing that was provided to the then Minister, Mr Joyce, on 13 September 2016. It looks like a written brief was provided for a meeting between Mr Joyce and the then CEO of the APVMA on 14 September 2016. It was advising that the department would run a request for information process from 15 September 2016, the next day. Mr Quinlivan, were you or any of your officers present at that meeting on 14 September?
Mr Quinlivan: I'm pretty confident I wasn't there personally.

Senator WATT: You were not?

Mr Quinlivan: No. I don't know if there were others present. We'd have to check the record. I don't recall being asked that question previously.

Senator WATT: Could you take on notice whether there were any departmental officers at that meeting?

Mr Quinlivan: Yes.

Senator WATT: You've said here in the question on notice that the brief was provided. It was talking about the request for information process. If you could also take on notice whether that was the only topic discussed in that meeting?

Mr Quinlivan: I can take on notice and endeavour to find out.

Senator WATT: Question on notice from budget estimates No. 33 talks a bit about the involvement of the minister's office at the time. That question on notice confirms that the minister's office—and I think here we're talking about Minister Littleproud as the pre-election agriculture minister—was not advised about the department being contacted and the APVMA being contacted by the New South Wales police about the department's tender process. Am I interpreting that question on notice correctly?

Mr Quinlivan: Yes, I think so.

Senator WATT: And we are talking about Minister Littleproud's office, aren't we? He would have been the minister at the time that the police contacted the department, if we are talking about January this year?

Mr Quinlivan: That's correct.

Senator WATT: Do you know why it was that the minister's office wasn't advised that the police were now investigating the department's, I'll call it, tender process/request for information?

Mr Quinlivan: I don't think they were investigating. I think they were investigating an arson and collecting—

Senator WATT: Sorry. To put it more correctly, is there a reason why the minister's office was not advised that the police were seeking information from the department and APVMA about the department's actions and their possible connection to a suspected arson? That would seem to me to be a pretty serious matter that you'd normally tell the minister's office about?

Mr Quinlivan: It depends on the context. I'm struggling to recall the conversation at the time. I think at the time we had the impression that it was collecting information. The actual investigation was known about. That wasn't new information. The fact that they were collecting information and talking to relevant people was not really newsworthy.

Senator WATT: Was there ever a request from Minister Littleproud or his office to not be advised of any matters involving this police investigation?

Mr Quinlivan: I think I can say with complete confidence that no such instruction would ever have been given.

Senator WATT: Mr Brown, you're not aware of any requests like that?
Mr Brown: No. I'm not aware.

Senator WATT: Was there any discussion within the department about whether to inform the minister's office or not?

Mr Quinlivan: I couldn't say with complete confidence. I don't recall any conversation. But what I can say is that there were news reports. It had been discussed extensively in this committee, and so the knowledge of the investigation and the sort of general nature of it was widely known. That wouldn't have been something we would have felt the need to tell the minister about, because we would have assumed he already knew about it. As I say, the fact that the police were collecting information is also not something that was newsworthy. I can imagine that at the time people thought that it was not something that they needed to inform the minister about, because the assumption would have been that there was nothing new to say; he was already aware of the matter generally and there was nothing new to pass on.

Senator WATT: Are you aware of whether it was the work of this committee in looking at this matter that led the police to reopen the case?

Mr Quinlivan: I couldn't say.

Mr Brown: I'm unsure, but certainly it was on public Hansard records. It had come up in a couple of Senate estimates, so it may well have piqued their interest.

Senator WATT: Mr Quinlivan, do you know whether Minister Littleproud's office was ever advised about the police warrants that had been issued on JLL?

Senator WATT: I'd need to check.

Mr Brown: We will double-check, but I'm fairly certain that we wouldn't have advised the minister's office that those warrants had been issued.

Senator WATT: I do find that a bit unusual. I would have thought that, if there's a police investigation that is in some way connected to activities of the department, that would be a fairly important thing to brief the minister about. But that didn't happen?

Mr Quinlivan: Again, I think it depends on the context. The issue had been so widely discussed here. It was so well known publicly and we would always provide every assistance in a police investigation. Again, I think the assumption might well have been made that it wasn't newsworthy. If the warrant had been served on the department and went to something new, then clearly that would have been the case.

Senator WATT: It wasn't newsworthy or wasn't worth informing the minister that police were issuing warrants against the person who had helped find the department a property that had burnt down?

Mr Quinlivan: As I say, I think the knowledge that the police were collecting information was widely known and had been discussed here among other places over several years.

CHAIR: Can I just let the agencies know that we can let go with questions on notice Australian Pesticides and Veterinary Medicines Authority, Meat and Livestock—

Mr Quinlivan: Just before you do that, I would make the point that, depending on where this conversation goes, we may need their assistance again.

CHAIR: So Meat and Livestock Australia, Animal Health Australia and Plant Health Australia, you may be excused. Senator Watt, do you have many questions?
Senator WATT: I don't think it will take very long. I could probably do this in five minutes. I will do my best to do these in five. It will not be much more than that. Has any legal advice been provided by either the department's own lawyers or external lawyers to departmental officers regarding their contact with the New South Wales police in this matter?

Ms Linacre: It's not normal practice for us to discuss provision or received requests for legal advice.

Senator WATT: I'm not asking. I'm very familiar with the fact that you can't tell us what the legal advice says, but all I'm asking is whether you've provided any advice—let's not worry about what it says—to departmental officers about this police investigation?

Ms Linacre: No.

Senator WATT: To the best of our knowledge, the last warrants that were issued by the police in relation to this matter were on 2 April?

Mr Brown: Correct.

Mr Quinlivan: Sorry. We are talking about the only warrant that we are aware of.

Senator WATT: That's the only warrant, is it?

Mr Brown: That we are aware of.

Mr Quinlivan: Qualifying your question somewhat.

Senator WATT: That was issued on JLL, and your understanding is still that there hasn't been anything issued on the department or the APVMA themselves?

Mr Brown: That's my understanding, yes.

Senator WATT: Could you take that on notice so that if there is someone in the APVMA who knows differently they can let us know that, please?

Mr Brown: Will do.

Senator WATT: Has the department undertaken a review into the EOI tender process or the RFI tender process to satisfy itself that due diligence was adhered to throughout the process?

Mr Brown: Can you sort of—

Senator WATT: There have obviously been some concerns that there was something a little bit murky here about the fact that I think on the very day or the day before or the day after the department issued a tender seeking premises in Armidale a property burns down, and it just so happens that the department goes on to acquire that property and build these premises there. I'm not saying anything dodgy happened, but it's a bit unusual.

Mr Quinlivan: It is not factually correct, anyway. The department didn't do anything other than conduct a request for information, learn something about the property market in Armidale, pass all that information to the APVMA, which then conducted a tender process. That's the key point. On your question about, have we conducted a review—I would say that we participated in an extensive review with this committee of all of the available evidence—

Senator WATT: But the department has never done its own review?

Mr Quinlivan:—over and over again. We did in the course of that put together all of the available information in the department and in the APVMA. It was discussed extensively. I
don't know how many hours we've spent on it, but I think it was probably over 20. All avenues seem to me to be properly investigated. I feel like not only did we do a review, it was done in public and we were personal participants in it. Maybe I'm bearing some of the scales of all that time. But I feel like there was a review done in a very public way. We haven't done anything in addition to that.

Senator WATT: Is the department satisfied that neither the department nor the APVMA have breached Commonwealth procurement rules in relation to this procurement?

Mr Quinlivan: I don't believe that any evidence of that came forward during the extensive discussions.

Senator WATT: Is the department aware that Ms Kathryn Richards, who I think might be the person who had the licence over the nightclub that burnt down, has written directly to Minister McKenzie about this matter in June this year? Is the department aware of that? It was essentially a request for Minister McKenzie to meet with Ms Richards. Has that been passed on to the department?

Mr Quinlivan: We would have to check that.

Senator WATT: Are you aware of that? It's an email, Minister. Are you aware of that?

Senator McKenzie: I'll have to check my records.

Senator WATT: Do we know whether the department has provided any advice to the minister in response to this request?

Mr Quinlivan: I would be surprised if the letter had arrived in the department and not been brought to my attention and I'd be even more surprised if we provided advice that I was unaware of. I think Mr Brown, our chief finance officer, feels similarly.

Mr Brown: I'm certainly not aware of that letter, but we will double-check to see if it is in the department. But I'm certainly not aware of it.

Mr Quinlivan: Do you have a date?

Senator WATT: It is 16 June. All I was going to ask—and again I don't want to know the content of any legal advice—is has legal advice been provided to the minister in response to this request?

Ms Linacre: No.

Senator WATT: Thank you. Minister, I'm not having a go at you here. It doesn't sound like you're aware of this email?

Senator McKenzie: I'm not personally, but if it's arrived in my office I will have to check my records.

Senator WATT: You don't remember having responded to Ms Richards?

Senator McKenzie: No, I don't, but I will take that on notice.

Senator WATT: Basically she's pleading with you to meet with you. What she says in this email may or may not be true. She says that 'in the last few weeks'—so May-June—'Barnaby Joyce has made several alarming comments on an active New South Wales police investigation on a firebombing case, one which now involves his tender process. The mind boggles as to how an ex-Deputy PM thinks that it's appropriate to comment.' Then she says, 'Bridget, could we meet?' Could you take on notice that request?
Senator McKenzie: Yes, I will definitely take that on notice.

Senator WATT: It sounds like it might be worth getting someone to get in touch with her. Just to wind up, she makes the point, in her view, it's unfortunate that the government didn't invest in proper due diligence, 'which would have told you at the time that you were looking for this property that the property was currently in dispute and awaiting the outcome of an arson inquiry'. Mr Quinlivan, it doesn't cause you any concern that the department acquired a property that was the subject of an active police investigation?

Mr Quinlivan: I think the conclusions we drew in the previous conversations were that it's clear that there's been a tragedy here. There was a death. Clearly there was a tragedy involved. But, when the matter was the subject of a formal tender process by the APVMA, a proper professional process was undertaken. The best outcome was realised for the APVMA. While we had obviously concerns about the death and the fire, the police investigation really didn't bear on the outcome of the tender process.

Senator WATT: Lastly, does the department know whether any warrants have been issued on applicants who responded to the request for information during the first process?

Mr Brown: We are not aware one way or the other.

Senator WATT: Could you take that on notice, please, again mainly so that you can talk to the APVMA and see if they know anything else as well? I will leave it at that.

CHAIR: Thank you. That section is finished.

Senator WATT: One last topic in corporate?

CHAIR: We did have a time constraint.

Senator STERLE: I had clearly said I've still got questions here, but Senator Whish-Wilson had something he needed to go to at six. I said, 'Okay. Fine. You want to go ask some questions.' I don't have to go anywhere until 11.00. I am trying to assist him. I'd rather say, 'Get lost, Pete.'

CHAIR: You're suggesting that we call up Fisheries Research and Development Corporation?

Senator STERLE: No, I am not. I would like to finish this. But that is the request that has been put by Senator Whish-Wilson.

Senator WHISH-WILSON: Chair, I'd like you to call FRDC.

Fisheries Research and Development Corporation

[17:55]

CHAIR: We'll have FRDC up, please, because we can't seem to move through questions at a rapid pace. Do you wish to make an opening statement?

Dr Hone: No.

Senator WHISH-WILSON: I understand from your website that your RD&E plan for 2015-20 is coming to an end and that you're working on a new plan for 2020 to 2025, which I'll ask you about shortly. In relation to your plan that's winding up, on your website under 'A new strategic focus' it says that your first of three national priorities is ensuring that Australian fishing and aquaculture products are sustainable and acknowledged to be so. When you read through that to the next few pages, it talks about how your RD&E program should
support fishing and aquaculture sustainability and improved perceptions of the Australian seafood industry. It goes on to describe your key deliverables in that regard. I'd like to ask you some questions that I asked AFMA at the last estimates; unfortunately, I wasn't able to ask you some questions. Given one of your national priorities for the last five years has been to essentially promote the reputation of the industry, I understand why you would be alarmed and indeed perhaps frustrated that a group of highly credentialed and respected scientists had questioned the sustainability of fisheries management in Australia. I see that you put out a media release on 24 January 2019, 'FRDC upholds Australian fisheries' sustainability record.' Do you recall that media release? In this media release you talk about a report that had just been released by Little et al, and you make comments in regard to that. If I could ask you similar questions I asked to AFMA. Were you part of a coordinated process to respond to Edgar et al? Did you lead the process through FRDC?

**Dr Hone:** Thank you for the question. Firstly, I'll just put on the record that FRDC has no role in promotion. We're an R&D organisation. That's our role. We do extension and adoption, but there is no role in promotion.

**Senator WHISH-WILSON:** But your funding can promote?

**Dr Hone:** No. Funding can do research, development and extension. Promotion is marketing or promotion of the industry. You'd need a marketing levy to do that, and we can't do promotion. If the industry wants to promote, great, but our role is to build confidence in the Australian community around the arrangements that we have through the various fisheries management bodies and that we have the right science to provide evidence based information. That's question one.

The second bit you asked about was the Graham Edgar report. Graham Edgar put out a paper and there were important components of that paper. One component of the paper, though, addressed the Status of Australian Fish Stocks Report and talked about the methodology with the Status of Australian Fish Stocks. Status of Australian Fish Stocks is a bipartisan agreement between all fisheries jurisdictions—the Northern Territory, AFMA—

**Senator WHISH-WILSON:** If I could stop you for a second. My question was very specific. Did you help coordinate a media response and a scientific response to the Edgar paper? What role did you play personally and FRDC in coordinating that response?

**Dr Hone:** Firstly, that is the context. Secondly, as part of that we are part of a group called the Research Provider Network that talks about the integrity of the science. As part of that group we contributed to a rebuttal paper on the Edgar paper.

**Senator WHISH-WILSON:** Did you put out a media release on the day the report was released. Were you aware the Little et al report was going to be released that day? You put out a release on the same day that AFMA and Seafood Industry Australia did. It looked like a coordinated response to the release of the Little et al paper. Would that be a fair assessment?

**Dr Hone:** The Edgar paper, are you talking about? Oh, the rebuttal paper.

**Senator WHISH-WILSON:** No, on 24 January—

**Dr Hone:** Yes, we did. And we did all agree that we would put out our own versions on that, yes. Correct.
Senator WHISH-WILSON: In the paper you welcome 'the defence of Australia's fisheries record'—using your own words. You said:
Researchers defending the integrity of Australian fisheries science …
I just wanted to ask you, specifically: do you see this as being a knee-jerk response to a single scientific report by some very respected and well-credentialed scientists—including Professor Edgar, who was Tasmanian scientist of the year just two years ago? In hindsight, looking back on it now, do you think it was a knee-jerk reaction to, I suppose, a perceived anti-fisheries perspective by some scientists?

Dr Hone: No.

Senator WHISH-WILSON: You don't? You felt like it was a necessary thing to do? You also mentioned in your media release you're pleased to see the scientific process working. Are you aware that, since the Little et al report, there have been two other scientific reports that have been written as part of that scientific process?

Dr Hone: Are you talking rebuttal papers or by the original authors?

Senator WHISH-WILSON: There's a second paper written that analyses the original Edgar paper, and then there is the rebuttal paper by Edgar et al. Have you read both of those two additional reports?

Dr Hone: I have read the original Edgar and the Little report. I'm not sure about the other two you are talking about.

Senator WHISH-WILSON: There's another quite extensive report that looks at the Edgar report. I'm surprised you haven't read it. With the Little et al report—which I understand is on your website, so you're promoting that—they agree with a couple of issues raised in the Edgar report and say they're worthy of merit. The second report agrees with eight of the nine issues raised in the Edgar report. Is there a reason that—it is Gaughan et al—you have not put that up on your website?

Dr Hone: Who is the report by, sorry?

Senator WHISH-WILSON: Gaughan et al.

Dr Hone: Oh, Dan Gaughan from WA?

Senator WHISH-WILSON: Yes, with a number of other contributing authors. They're also critical of the Edgar report, but they start by saying that most of the key issues have merit.

Dr Hone: We're aware that there's a debate out there, to which Dan Gaughan from DPIRD in WA has contributed a paper. Do I read all the papers on that particular debate? No. There's a significant—

Senator WHISH-WILSON: Well, you went to great lengths to get a rebuttal to the original Edgar paper.

Dr Hone: We put in a paper, which we put a lot of merit behind to make sure of the independence, so that on paper there was a rebuttal to make sure that the status of Australian fish stocks was defended. And that's where we stopped.

Senator WHISH-WILSON: On the same day in their media release, Jane Lovell from SIA said:
This paper is an ideological attack on fisheries management and fisheries science …

Do you agree with that statement on the original Edgar paper?

Dr Hone: No.

Senator WHISH-WILSON: Do you understand why the scientists themselves felt that they were being personally attacked, in this coordinated approach by yourselves and AFMA and other agencies, in putting out media releases on the same day with those kind of statements?

Dr Hone: How do I have evidence of that?

Senator WHISH-WILSON: I'm just pointing out the fact that you all put out releases on the same day on the same subject. Now, you may have had different content in your media releases, but some of it was quite strongly worded, as I've just quoted to you.

Dr Hone: I have no evidence of their personal views or—

Senator WHISH-WILSON: Okay.

Dr Hone: There's a science process. We have rigorous debates in the science community on every issue.

Senator WHISH-WILSON: Good. I'm glad to hear that, because this one, as you know, is still very much ongoing. The difference, I suppose, between yourself, AFMA, SIA and other groups that were involved in this debate is that your agency hands out research funding to scientists on research projects.

Dr Hone: Correct.

Senator WHISH-WILSON: Did you have any discussions or any correspondence with the employers of the scientists in the Edgar et al papers?

Dr Hone: Did we talk to the employees?

Senator WHISH-WILSON: The employers, like UTAS, IMAS and the agencies that you give funding to. Did you talk to them at all about the scientists and your concerns over these papers?

Dr Hone: We talk to them all the time—I had a phone call with IMAS yesterday—about science, about defending the science, about making sure that they are willing to actually go in the press and defend their science. That's really important to us. We talk about the independence of their science and that it's important that they get behind their science. We have that conversation all the time.

Senator WHISH-WILSON: Were you aware that at the same time SIA was going through an RTI process to look at all correspondence with Edgar et al and every agency and their co-author?

Dr Hone: I was aware that they were doing an FOI.

Senator WHISH-WILSON: When were you aware that they were going through that process?

Dr Hone: Some period after the paper was released.

Senator WHISH-WILSON: Did they consult with you on that?

Dr Hone: No, we don't expect them to consult.
Senator WHISH-WILSON: You had no input into that process?

Dr Hone: No.

Senator WHISH-WILSON: Do you agree that that's threatening the integrity and independence of those scientists, having their correspondence with other authors put through an RTI process?

Dr Hone: I think you need to ask someone else that question. That's not—

Senator WHISH-WILSON: I'm asking you.

Dr Hone: I don't have a view on it. I'd say no.

Senator WHISH-WILSON: You don't have a view? Okay. In those conversations you had with IMAS or UTAS did you raise any issues about funding those institutions if this kind of research continued?

Dr Hone: No.

Senator WHISH-WILSON: There were no threats at all towards funding?

Dr Hone: IMAS is our single largest contributor to our portfolio.

Senator WHISH-WILSON: In relation to any other papers—for example, Professor Reg Watson has written a number of papers recently that have been, in part, critical of the Australian Fisheries Management Authority. Have you personally raised any issues about those papers with his employers at UTAS or IMAS?

Dr Hone: No. Reg Watson is one of the best scientists around. He's very good.

Senator WHISH-WILSON: He is indeed. You've never had a conversation with anyone around his papers and what's being released?

Dr Hone: No.

Senator WHISH-WILSON: In relation to the Gaughan et al paper, as I mentioned, they agreed with eight or nine of Edgar's original concerns and said they were valid and needed to be further investigated. Does that signal to you that perhaps there's more agreement there than disagreement in the scientific community on the original contents of that Edgar et al paper?

Dr Hone: FRDC will defend the right for the scientists to have a robust science debate about all elements of fisheries. It doesn't matter if we're talking about the Boris Worm paper or the Graham Edgar paper; it is really important to have debates on the science. The day it's not transparent and open is the day we've lost the battle. I will defend the right to have those debates. I think the science community in Australia has done a great job to contribute internationally. As you probably know, IMAS is currently, through the ERA process through ARC, one of the only agencies rated as five in fisheries science. They are an amazing organisation.

Senator WHISH-WILSON: Dr Hone, in terms of defending those rights, you've got the Little et al paper on your website. Would you put the Gaughan paper and the Edgar rebuttal paper up on your website now as part of the scientific process on this debate and promote those papers?

Dr Hone: The only reason we've got the Little paper is that we are very keen to defend SAFS, the status of Australian fish stocks, because that's so critical to underpinning evidence
based science. It's the only reason that paper is there at the moment. We're more than happy to put the other papers up.

Senator WHISH-WILSON: Although I'm not a scientist, I have done a fishery modelling course. I have read the other two papers, and they're very specifically addressing that issue, which, as you know, is a fundamental issue—

Dr Hone: There was a problem with the Dan Gaughan paper, as you probably recall. It's actually behind a pay window. I think they were, from what we gathered, going to make it a non-pay window. We will only put papers up that are publicly available. We'll have a look into that and find out if they've released it.

Senator WHISH-WILSON: If you could. I went to Professor Edgar's presentation at the AMSA conference in Western Australia. I know there were a lot of fisheries scientists there. There were a lot of ecology scientists, if we could call them that. I'm sure you're aware that this debate has also been going on behind closed doors. There have been a number of facilitated forums between fisheries scientists and ecologists talking through their differences of opinion. I'm interested to know where this is going to go from here. It seems to me—and I met dozens of different scientists in Perth at that conference—that there is a bit of a rift, to use my terminology, in the science community on the approach to fisheries management. I'm interested in asking constructively about your 2025 priorities. I know you're finishing consulting on that now. What kind of collaborative work are you going to look at funding in the next five years as a matter of priority? Would you make collaboration between ecologists and fisheries scientists a key priority?

Dr Hone: That's a good question. The consultation process on our plan is still ongoing. In fact, there is another meeting next week.

Senator WHISH-WILSON: I was reading your timelines. Finishing in October?

Dr Hone: Yes, there is another meeting next week. It is still going. Then, as part of the requirement, we still have to talk to our rep orgs and various instruments. The public closes. It's a really important point you make, which is the science of what the general ecology science, which underpins our biodiversity objectives and our fisheries objectives—it's fair to say at the moment that there has not always been agreement between those two levels of science. If you take Graham Edgar—I know Graham really well—he has been pushing very much for a long time things like the reef life surveys, citizen science, building science to look at the broader ecological processes and independence work. Obviously from a fisheries perspective we are very much dependent on fisheries dependent data plus the actual fisheries objectives. Merging those two things into what we call ecosystem based fisheries management, or ecosystem based marine management, in the future should be a goal going out to 2025. I cannot say that will be a goal, because we have to actually get it signed off by the government and various people, but if I had my way ecosystem based management has to be there in the future.

Senator WHISH-WILSON: I do remember, going back to the Borthwick review, in those good old days of the supertrawler, Dr Hone, which you and I had several conversations about, that that was one of the key things they recommended back in 2013.

Dr Hone: Correct.

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE
Senator WHISH-WILSON: It's good to hear that it's at least being talked about again. I've gone through their list of constructive suggestions for areas for more scientific research and more collaboration. 'Collaboration' comes up a lot on your website. In terms of the data observations you're talking about that the Edgar et al report originally relied on, and their call for more fishery independent surveys—do you see a fundamental role for that kind of approach to fisheries management to merge with your existing stock assessment, which has heavily relied on modelling data?

Dr Hone: The need for more data that's fit for purpose for fisheries, which is fisheries independent but is cost affordable—yes. That's why we are big supporters of IMOS, the Integrated Marine Observing System. We see that that plays a significant role. As you probably know, IMOS is also trying to link the physical with the biophysical so that we can understand those processes better. That's why we're big supporters of the Atlantis model that CSIRO have developed and other ecosystem based models which require us to understand food chains, webs, climate and oceanography. I fully support fisheries independent science to inform fisheries.

Senator WHISH-WILSON: Okay. On ce again, it's way too complicated for me to be asking you questions directly. I'm happy to put them on notice. I think Professor Edgar's presentation in Perth was very technical and that not too many people probably could have understood it. A number of these scientists have some very deep criticisms of the modelling approaches and their ability over time to be predictive. I won't go into that now, but there have been a heap of papers written on that model-heavy approach. Some of the criticisms I saw raised when the Edgar et al report was released around marine parks—I personally don't believe it was released because of the marine park debate, but I know there are some sceptics around that issue. Is there any research being done at the moment on the marine park network that's been rolled out and how it can aid a better understanding of fisheries and fisheries management, and will there be any priorities given to that in the next five years given that it's just been established?

Dr Hone: That's a very good question. Parks aren't here, but I can say that the marine parks grants have been released. They are not to do with us. There has been a significant investment through our marine park grants to underpin a whole range of activities. They're not to do with us, because we're not funding them. But I can say that we talk to parks all the time about the intersection of our fisheries science with the work that they are doing to make sure we get the maximum collaboration from our efforts.

Senator WHISH-WILSON: I did look at the data for national parks, and it seemed like a lot of those were helping the fishing industry promote themselves and their own records and sustainability. I'm interested in what kind of observations could be drawn from—

Dr Hone: I'll give you an example. We know that one project they are doing in the south-west of WA is around sharks. It is looking at alternative gear. You might be aware that we did some work with AFMA and others about gear changes in the southern shark fishery. We have been sharing our experiences with them because one of the risk mitigations in marine parks is to change gear. Obviously, parks are looking at whether that is a viable option as part of the multiple use planning for access to sharks but reducing interactions with marine mammals.

Senator WHISH-WILSON: In relation to marine fish, though, do you think that the network, with the way it is set up now, has enough useful reference sites to help with fisheries
management? Do you think it was designed to avoid putting no-take zones in commercial fishing areas?

Dr Hone: I think you need to talk to the Commonwealth government about the policy for parks.

Senator WHISH-WILSON: I want to ask you about stock assessments. A couple of papers—and Graham's presentation at AMSA—were on the track record of stock assessments versus outdated assessments. They quoted quite heavily from Punt et al, which was released in 2018, which looked at the massive errors in past assessments when updates a few years later are provided with more data. For example, stocks not subject to overfishing on the basis of rising stocks has been a critical assumption that you have relied on to promote sustainable fishery; but updated stock assessments show stocks weren't in fact rising in previous stock assessments, and previous diagnoses of stocks not subject to overfishing were wrong. Do you accept that there is room for debate on this approach to fisheries management?

Dr Hone: Do I accept that there are ongoing improvements in fisheries science? Yes.

Senator WHISH-WILSON: And significant uncertainty?

Dr Hone: And Andre Punt, as probably one of the top five fishery scientists in the world, usually nails it. Do we always get the assessments right? No. Do we try and learn from those? That's why Andre published that paper to try and tell us where the assumptions were wrong. We use Andre quite significantly across Australia in different fisheries. Yes, I agree there is room for improvement.

Senator WHISH-WILSON: I don't think you've changed your assessment, but I understand that in your current classifications—I know you do state waters and AFMA doesn't—the Gulf St Vincent area in South Australia is sustainable in the snapper fishery. I know that you are a South Australian who previously worked at SARDI. The South Australian government has just introduced a summer ban on the taking of snapper. They have shut the fishery down and made some pretty strong statements. Are you going to be revising your assessment that that is a sustainable fishery?

Dr Hone: The really good news is that any senator can download the app on the status of Australian fish stocks—free app! You will be able to see the status of Gulf St Vincent and Spencer Gulf snapper. Currently, Gulf St Vincent is green in terms of snapper but the other stock, which is red, is currently declining. Will that be updated? We have just invested a significant amount of money in two areas of research for snapper in South Australia. It is not our job to manage; our job is just to provide evidence, the science. There is a spillover of snapper because snapper stocks through South Australia also share into Victoria. We also have an interaction in the Commonwealth fisheries. So it is important that we get it right.

Senator WHISH-WILSON: But how can it be sustainable if the government has had to shut it?

CHAIR: That seems to be a pretty clear answer, Senator Whish-Wilson.

Senator WHISH-WILSON: But how can it be sustainable if the government has had to shut it?
CHAIR: This is the last question, please.
Senator WHISH-WILSON: It's the same question, Chair.
CHAIR: Indeed it is!
Dr Hone: Spencer Gulf is the main stock that they are closing.
Mr Ashby: And it is currently depleted—in SAFS.
Senator WHISH-WILSON: And western Victoria is still classified as sustainable?
Dr Hone: It's still sustainable
Senator WHISH-WILSON: Okay, thank you. I'll put my other questions on notice.
CHAIR: Thank you.
Dr Hone: It is the stock that goes down to Tassie.
Senator WHISH-WILSON: Yes, down the Tamar River.
Mr Ashby: Correct.
CHAIR: Would you like to do a shameless plug for the fish app again? None of us could find it. I couldn't find it. I was searching for it.
Senator McKenzie: How do we get it off the app store?
Mr Ashby: Just type in 'SAFS' and you'll see it on Apple and Android.
Senator McKenzie: There you go—that's clear!
CHAIR: Excellent. Senator Sterle.
Senator STERLE: Hello, Dr Hone; we're going to be real quick, you and I!
Dr Hone: That's what it looks like!
Senator STERLE: Are you on track to deliver the National Carp Control Plan that we were expecting to be finished by November this year?
Dr Hone: Yep.
Senator STERLE: Wow! Are you confident that the program will actually achieve the eradication of carp from Australia's river systems?
Mr Ashby: That's a really good question.
Senator STERLE: Come on, Doctor!
Dr Hone: A couple of things—
Senator STERLE: Not the big, long bureaucratic one—do a short bureaucratic one.
Dr Hone: Okay. The carp report will be out before the end of the year—it will be with the government. We are pretty confident that the evidence is there for the government to make a decision. It will be up to the government—I'm buckpassing—whether they decide to deploy a virus or think the risks outweigh the merits.
Senator STERLE: But you will present it to them as an opportunity, should they wish to take it, to get rid of all carp? That's mission impossible, remember?
Dr Hone: Yes, that's right.
Senator STERLE: The carp will be gone—even from all the rivers that Mr Joyce talked about in the House of Representatives, including the Peel, the Balonne, the Hunter, the Clarence, the Fitzroy! You know them all.

Dr Hone: I think we have done an amazing job. The scientists have been phenomenal. It has not been an easy problem. We are talking about the hardest thing to do in the landscape of Australia—remove a pest from a system that doesn't have fences. There are no boundaries. It goes from Queensland all the way to South Australia, through Victoria and New South Wales. So it is not a trivial thing. When you see the science report, I think you'll be pleasantly surprised.

Senator PATRICK: Didn't we do it with rabbits? Cane toads?

Senator STERLE: Did you hear that, Dr Hone? That's a bit cheeky from Senator Patrick—'the same as rabbits and cane toads'.

Dr Hone: I think we've done a significant job of reducing the population of rabbits—

Senator STERLE: Not cane toads.

Dr Hone: Someone won the Prime Minister's science award for cane toads.

Senator STERLE: That's fine. You've clearly handballed it into Senator McKenzie's lap—we'll see where that goes! What is the state of the river systems in relation to the carp problem? Has it got even worse since our last conversation? Or has it remarkably stayed the same?

Dr Hone: Subsequent to our last conversation, we have published the science report on the biomass of carp in the River Murray. It was within the estimates that we originally put forward as part of the program. It also maps out the hotspots of carp in the river, which was a key component of developing the risk based approach if you were to deploy a virus. That report has now been published. It's probably fair to say that the carp numbers are as high as we thought they were. They are significant. We are talking about millions of tonnes. The question is: how do you get rid of those fish over such a large network of rivers, streams and billabongs?

Senator STERLE: But you've got the answer—should the government wish to engage it

Dr Hone: There will be propositions and oppositions and options and things!

Senator STERLE: I can feel a Senate inquiry coming! Thanks. Good luck anyway with the good work that you do. Minister, are you aware of the petition against the release of the koi herpes virus? There is a mob called the Aussie Carp Fishos Social Fishing Club. They presented a petition with about 15,000 signatures. Are you aware of it?

Senator McKenzie: No.

Senator STERLE: I was going to ask whether you are going to contact them.

Senator McKenzie: I can, absolutely.

Senator STERLE: We might provide some more details for you after. That's all from me. I'm carped out!

Senator McKenzie: Before the FRDC leaves us: the chair of the FRDC, former senator and National Party champion Ron Boswell, has been a little unwell of late. I know that he'll
be listening in with great attention. Bozzie, if you can hear us, g'day. It's not the same without you.

Senator STERLE: No, the biscuits haven't moved since you left, Bozzie! Good luck, mate.

Senator McKenzie: We hope you're better soon.

Senator STERLE: We do.

CHAIR: Senator Patrick.

Senator PATRICK: My reading of some of the more recent science is that, if you were to release the carp virus as Senator Sterle was indicating, you will end up with carp remaining in the river system except they will be carp with a herpes virus. Is that correct?

Dr Hone: It's called the National Carp Control Plan, not the 'National Carp Eradication Plan'. It was always noted that no method would 100 per cent eradicate them. So the first question is: will there be carp left if the government were to make a decision? The second question is: would the carp still be infected with the herpes virus if it were to be released? The answer is both yes and no. Some carp will obviously still have latent expression of the virus. The question is: to what degree does that latent expression continue after the original release? An epidemiology report will soon be released that will put on the record exactly how that will work.

Senator PATRICK: Carp is pretty robust, isn't it?

Dr Hone: It's a fish species known to handle very poor water quality and a range of quite difficult conditions. So if you were arguing that its ecology is such that it can handle pretty difficult conditions in a river, that's true.

Senator PATRICK: So you'd be disturbed in some sense by the fact that there are now carp involved in fish kills in the Murray-Darling? The threshold is much higher than for the Murray cod, for example.

Dr Hone: We're pretty concerned with the quality of the river like everyone else is.

Senator PATRICK: Just as a measure, if you've got carp dying, that tells you there is something more wrong than what we saw last year, as horrific as that was. Things are clearly getting worse if carp are dying.

Dr Hone: I don't think you can draw that conclusion. One thing we do know about native fish is that they have evolved for our drought conditions better than carp. We know that they have the ability to find the deeper holes to reside in. Their metabolic conditions are such that they can go into almost a no-feeding component, while carp are much more metabolically active. So I don't think you can draw the conclusion that, if you see dead carp, the system is worse. But I can get you some scientific evidence for that if you want.

Senator PATRICK: I'd be interested in a short description of the carp kills that have occurred and whether that is a useful indicator of anything.

Dr Hone: Any fish kill in the River Murray is an indicator that the water quality is not good.

CHAIR: Thank you very much for your attendance.

Senator McKenzie: And thanks for the app.
CHAIR: And thanks for the app—I'm loving it!

Mr Quinlivan: Chair, following up on our previous conversation, I can confirm that the APVMA have not been served by any warrants by the New South Wales Police and are not aware that any other party that has been mentioned in this conversation has been either.

CHAIR: Terrific. Can I just confirm for the purposes of Hansard that we are complete with the Department of Agriculture corporate matters.

Senator STERLE: Yes, we are.

CHAIR: And we've also completed the Australian Pesticides and Veterinary Medicines Authority early.

Senator McKenzie: Can I just confirm that we've got ABARES, AFMA and MLA still coming—or are AFMA, MLA and the RIC out?

CHAIR: No, perhaps I should confirm who's been let go. Meat and Livestock Australia, Animal Health Australia, Plant Health Australia and the Australian Fisheries Management Authority have been excused. That means that we will now go to ABARES and then, following that, we'll go to the Regional Investment Corporation, but I suspect that will be after dinner.

Senator McKenzie: Excellent. Thank you.

Australian Bureau of Agricultural and Resource Economics and Sciences

[18:31]

CHAIR: I welcome the ABARES team. Would anybody like to make an opening statement?

Mr Gooday: No, we're in your hands.

CHAIR: Marvellous.

Senator STERLE: Welcome, gentlemen. I'd like to get through this nice and quick if we could. ABARES's September quarter commodities report forecasts that the value of Australian agriculture will decline by five per cent, down to $59 billion. Is this a conservative figure?

Mr Gooday: Do you mean: is it a conservative figure in terms of how far it will fall?

Senator STERLE: Yes, how far it will go down.

Mr Gooday: The issue at hand at the moment would be what the winter crop will come in at. When we did that forecast in September, we were thinking that the crop in Western Australia would come in at about average. September was very dry in Western Australia, as you'd know, as well as hot, and there were some frosts. So there's definitely some doubt about that. So my guess is that when we revisit the crop numbers at the start of December we'll be revising down.

Senator STERLE: Let's keep our fingers crossed that a miracle lifts us up again. Thanks for that. How does ABARES determine your forecasting for the value of Australian agriculture?

Mr Gooday: We go through a process of forecasting world prices for all the different commodities. We also look at current and expected seasonal conditions and how that will affect production—most obviously how that's going to affect crop production and the turn-off
of livestock and what that means for livestock slaughter. Basically, we put those two things together and come up with a value.

**Senator STERLE:** Thank you. I just want to move to the current cattle/cow herd size. I have seen the MLA report where MLA said that, as of 30 June 2018, we have an estimated herd size of 26.4 million. But I also see that Dairy Australia say in their annual report, which we saw today, that the beef herd is expected to decline to 25.2 million head for this financial year. We know of all the dramas and the flood and all sorts of stuff. Which figure's closer, in ABARES's opinion?

**Mr Gooday:** We look at the MLA number in coming up with our forecasts. At the moment we're estimating the cattle herd will fall to 24.7 million this financial year. That will be the lowest since 1992-93.

**Senator STERLE:** I'm sorry, but 26.4 million is what MLA have put in their industry report.

**Mr Gooday:** I'm talking about this financial year, 2019-20.

**Senator STERLE:** So by the end of this financial year it will be 24 point something million?

**Mr Gooday:** Yes. That's as low as it's been for a long time. That's a fall from about 24.9 million last year.

**Senator STERLE:** I understand. It's getting worse. Multiple reports are suggesting that the culling rates are expected to slow later in 2019, as the country aims to rebuild its herd. Let's hope. Does ABARES use farms with the value of less than 40,000, in your statistical work, similar to the MLA?

**Mr Gooday:** In our farm survey—

**Senator STERLE:** That's right. I'm trying to skip through. I'm trying to be real quick.

**Mr Gooday:** In order to be in our farm survey, you basically have to have the value of production over 40,000.

**Senator STERLE:** A value of production, yes. Sorry, I should have said that. So that's true, that you do?

**Mr Gooday:** Yes.

**Senator STERLE:** Does the minister or their staff seek information about how farm businesses less than 40,000 contribute to the economy? Do we have conversations about that?

**Mr Gooday:** When the ABS made the change, to shift the cut-off for their surveys and census from 5,000 to 40,000, we provided some information on what that would do to the value of production estimates.

**Senator STERLE:** Okay, so the minister and their staff have had the conversation.

**Mr Gooday:** The minister at the time was aware of the ABS change.

**Senator STERLE:** Do we know where all these smaller farms are located?

**Mr Gooday:** They're located all over the place.

**Senator STERLE:** I understand. But do you have detail? If not, it's no worries.
Mr Gooday: We know where they were located last time the ABS did a census. So we know, basically, what they used to produce.

Senator STERLE: Minister, I'll put this one question to you. We're talking about small farmers, under 40,000. Does the government concern itself that the smaller farmers are most likely family farm operations and not reflected in the overall agriculture bigger picture?

Senator McKenzie: We want to see more families on farms. They contribute to the vibrancy of our local communities. They fill our footy teams. They volunteer in our community groups. Having family farms, being the majority landowners, in addition to corporate farming, would be the ideal position, from the National Party perspective.

Senator STERLE: Where that leads me to is, the smaller operations are now no longer used by the ABS data collections—we know. ABARES. We understand that. Will they continue to be able to have access to drought support measures, such as farm household allowance—

Senator McKenzie: Absolutely. We don't use ABARES determining you a statistic—

Senator STERLE: Tremendous.

Senator McKenzie: to assess whether your family needs support during the drought.

Senator STERLE: That's great. Tremendous. Twelve months ago—I am racing through and I've got an eye on that clock, Chair—ABARES gave a presentation to the Drought Summit and stated that you think it's also useful to locate this drought, in its wider policy, in industry context. They said they should:

... acknowledge "the tensions between assisting farmers in times of drought, and promoting the best long-term industry performance" ... "Supporting drought affected farmers has the potential—depending on how it's done—to slow the process of farm consolidation and growth in farm scale, which ...

ABARES estimates—

accounts for as much as one-half of all productivity gains in broad-acre agriculture over the last three decades ...

What I'm leading to is, with the worsening drought, has the minister for drought or agriculture—this is for you, Minister, as well—sought further information about ABARES' analysis, that supporting drought affected farms has the potential, depending on how it's done, to slow the process of farm consolidation in the growth of farm scale?

Senator McKenzie: As the Minister for Agriculture I haven't sought that advice from ABARES. I won't be. I'm very comfortable with the drought settings we have to support our regional communities and our family farmers. I can take it on notice for the minister for drought.

Senator STERLE: Thank you, that would be great.

Mr Quinlivan: Senator, if I could add a tiny bit of context there.

Senator STERLE: Sure.

Mr Quinlivan: I think that was mostly a reference to previous drought policies and things like interest rate subsidies, which ended up being very large payments not necessarily based on hardship or other criteria. ABARES wasn't talking about farm household allowance and those kinds of programs. I think it was really a warning about drought policy not receding to some of its worst excesses of the past.
Senator McKenzie: Of the past.

Senator STERLE: Did ABARES provide information to Major General Day when he was preparing his final report to the Morrison government?

Mr Gooday: We provided information to the task force.

Senator STERLE: When you provided it to the task force, would that include the drought envoy, Mr Joyce, at the time?

Mr Gooday: It would have been a different set of information. There were a couple of meetings with Mr Joyce.

Senator STERLE: I'm happy for you to take it on report, if you haven't got it here. Mr Joyce has said he's prepared 15 reports and text messages to the Prime Minister, so ABARES would have advised Mr Joyce all the way through?

Mr Gooday: Just on general conditions as we saw them in the ag sector at that point in time.

Senator STERLE: General conditions?

Mr Gooday: So the extent of the drought, the price of fodder, grains and hay, that sort of thing.

Senator STERLE: On 6 September, the minister—I'm sorry, I should know if it's you, Minister McKenzie, or not—held an emergency crisis meeting to discuss ASF.

Senator McKenzie: That was me.

Senator STERLE: That would be you, of course. Did ABARES attend the meeting?

Mr Gooday: Yes, Dr Greenville did.

Senator STERLE: Good on you. Thank you. So what will be the economic impact to Australia's pork industry if ASF does come into Australia? Did we cover that earlier? I don't think we did.

Senator McKenzie: It's a $5.4 billion industry, with 2,700 pig producers and nearly 36,000 Australians employed in the industry. But I'm sure Dr Greenville can go to the details.

Senator STERLE: Sure. I think the devastation would be wider than the however many billions of the industry. Doctor, I'm not going to rush you but you've got to rush!

Dr Greenville: We gave a short presentation at the round table. Obviously ASF would have a devastating impact on the industry itself. The other areas that we highlighted as an impact were particularly on the domestic consumer, the domestic market. Obviously prices are already starting to head up with African swine fever in international markets. We import around 50 per cent of our pork consumption from largely the same people that China and other affected markets do. So that's having an influence on price. If African swine fever is kept out, though, there are likely to be some opportunities for our domestic pig industry in terms of back-filling particularly our domestic market.

Senator STERLE: So Pork will be as dear as lamb? Lucky us.

Dr Greenville: Yes, but also just to put it in context, Chinese consumption of pig meat represents about 12 per cent of global meat consumption. The African swine fever impacting China will have a big hole in global protein demand. We're seeing that through increased
demand for our beef exports and sheepmeat exports at the moment. So the opportunities exist for some of our own protein suppliers in filling this whole.

Senator STERLE: I'm sure if Arnold Schwarzenegger can go vegan for the last three years, Senator Patrick can do at least a couple of months! Sorry, Senator Patrick.

Senator PATRICK: I was recalling the trip I did to Queensland with the committee and Senator O'Sullivan, and someone asking for a vegan meal? That was North Queensland, and someone said 'What's one of those?'

Senator STERLE: Let's not give up too much! What happens on the trip stays on the trip!

Has ABARES undertaken any research as to likelihood of ASF making its way into Australia's feral pig population?

Mr Gooday: No, we haven't.

Senator STERLE: Are you going to?

Mr Gooday: I don't think we would be the agency to do that work.

Senator STERLE: Who would?

Mr Quinlivan: That would be probably Animal Health Australia and our department, informed by the Centre of Excellence for Biosecurity Risk Analysis, or CEBRA. It is essentially a mathematical question, informed by the Commonwealth/state chief vets. So it would be a combination of some very sophisticated mathematics and some informed judgements made by practitioners.

Senator STERLE: Especially as we think the herd is somewhere between here and there. So we don't even know—

Mr Quinlivan: Correct.

Senator STERLE: Thank you.

CHAIR: Thank you very much, Senator Sterle, for those well considered questions. I'm sorry you felt rushed. I don't want to rush you at all.

Senator FARUQI: Has any economic modelling on the live sheep trade been conducted by ABARES over the last 18 months?

Mr Gooday: When that was going on we provided some advice to the cabinet process. Also, in our quarterly forecasting reports, agriculture commodities report, we state where our expectations are as far as the live sheep trade goes.

Senator FARUQI: There was some modelling done over the last 18 months?

Mr Gooday: Not so much modelling as an assessment. There's no model as such.

Senator FARUQI: You made an assessment. Did it estimate the assessment of the live sheep ban? Did that assessment include that sort of impact?

Mr Gooday: We haven't published anything that looked at the impact of a live sheep export ban.

Senator FARUQI: Was it done?

Mr Gooday: The work for the cabinet process—I'm not sure how much detail I can go into.
Mr M Thompson: I think we covered this a couple of hearings ago. ABARES did indicate at that time that it had done some work as a basis of advice for government, for cabinet consideration, which is why that assessment is not public. We're not in a position to detail what that went through exactly.

Senator FARUQI: Could you tell us when that was given to the cabinet?

Mr M Thompson: It was post the Awassi incident in April 2018 and there was government consideration of the response to the Awassi incident, including the McCarthy report and those sorts of things.

Senator FARUQI: Minister, do you expect to make that public?

Senator McKenzie: I'll have to take it on notice. That was before my time.

Senator FARUQI: Thank you.

Senator PATRICK: I'll put some context around my questions. I had the pleasure of flying over the southern end of the Murray-Darling over the last couple of months, from Albury through to Mildura, and saw that a significant number of almond farms have popped up. It's a fairly water-intensive crop. I saw lots of other farms that didn't have much water because they simply can't afford to buy the water. That's the context of these questions. I'm wondering whether you keep track of the number of almond plantations by way of acres or hectares or something.

Mr Gooday: Not specifically, no.

Senator PATRICK: You have no data on that at all? Is there something you could do to help me understand the growth in the sector?

Mr Gooday: We have some historical data, obviously, and we're quite interested in the expansion of horticulture as far as it affects demand for water. Mr Galeano might be able to go into more detail on the additional data we might have had a look at.

Mr Galeano: Yes, as Mr Gooday said, we have some historical data on plantings of almonds and data from the Australian Bureau of Statistics data. We use that data in our modelling, so we have an idea of the demand for water from the almond sector. We're in the process at the moment of updating that data because of this issue you mentioned about the expansion of almonds. We're working with a bunch of people to try and get better estimates of almond plantations in that southern part of the basin.

Senator PATRICK: When you say it's historical, what does that mean? Is it going back a couple of years, 10 years?

Mr Galeano: With the data we got from the ABS we have managed to separate almonds from fruit and nuts and it goes back to about 2010. I'm going to have to check the year for you, but it's of that order; about 10 years.

Senator PATRICK: Can you provide some data, some of that historical data and any new data and any caveats that you think should be associated with that new data?

Mr Galeano: I'll make sure that it's possible for us to release that publicly. If it is, yes, absolutely.

Senator PATRICK: Is there some secret associated with it?
Mr Galeano: I've just got to make sure that the data that we've been given from the ABS is something we can release.

Senator PATRICK: It's public data. It's paid for by the public. Why would it be secret?

Mr Gooday: Depending on the region, there might not be enough data points in it for the ABS to allow us to release it publicly. If there are fewer than a certain number and the people can be identified, they won't release the data.

Senator PATRICK: Is that a legislative requirement?

Mr Gooday: Yes.

Senator PATRICK: Luckily, in this forum, in Senate estimates, legislation is subservient to the inquiry powers of the Senate, so you would have to simply advance a public interest immunity claim as to why that data wouldn't be available. So you are released from that obligation, because this question has been asked from a Senate committee.

Mr Galeano: I'm pretty sure it's okay, but I'll just check for you.

Senator PATRICK: Thank you. I just can't imagine how public data could remain secret. That's all. I was happy for caveats to be associated with it. Do you want to say anything?

Mr Quinlivan: I was just going to say that, if we do end up with a concern here, it's a generic and legitimate concern about the capacity of the ABS to get good cooperation with the census and its work more generally. So, if there is a problem, it will be a well-founded one.

Senator PATRICK: Sure.

Mr Quinlivan: And we'd want to work that through very carefully.

Senator PATRICK: You always have the opportunity to advance a public interest immunity claim.

Mr Quinlivan: Correct.

Senator PATRICK: A lot of people turn up to estimates and say, 'There's a law that says we can't,' and that is simply not correct at law. In the Senate you can offer a public interest immunity claim. But thank you. Moving on, consistent with that, I'm concerned with the growth in the almond production. On the number of dairy farms past and present, would you be able to provide that information?

Mr Gooday: We're happy to provide the most up-to-date information we have on that.

Senator PATRICK: And some historical data as well—just a series in some convenient form where I can look at things, comparing apples and oranges.

Mr Gooday: For that region in particular—not in general, I'm guessing.

Senator PATRICK: Yes, perhaps the Southern Riverina. Rice farms past and present?

Mr Gooday: Certainly rice production we can do. Rice farms might be more difficult depending on the way in which the ABS data is organised.

Senator PATRICK: Once again, my concern here simply relates to this: if you take all this water to almond farms, it is hurting other sectors. I know there's a philosophy of value, sending water to the most valuable crop, but actually we can't all eat cotton and almonds.
Mr Gooday: I'm just flagging that, while the population of dairy farms stays relatively constant from year to year and, if you drop out, you don't come back, the population of rice farms is not the same. It's up and down depending on allocations, basically.

Senator PATRICK: Thank you. The number of cows to slaughter and exported?

Mr Gooday: Yes, that data is all publicly available.

Senator PATRICK: By gender—past and present as well, please.

Mr Gooday: Yes.

Senator PATRICK: Do you know which countries the cows go to?

Mr Gooday: We've got information on exports by destination, yes.

Senator PATRICK: That would be appreciated. The number of jobs in the dairy industry and in the rice industry, past and present?

Mr Gooday: We'll see what's available, but that's more difficult, especially the rice one.

Senator PATRICK: Okay. I have faith. The number of jobs in the almond industry? It sounds like you haven't got a lot of data in that particular sector.

Mr Gooday: There are the same caveats there. We'll have a look.

Senator PATRICK: Thank you. That would be appreciated. Do you have any idea of how long it takes, if you've slaughtered a number of cows, to recover from a fairly significant slaughter in terms of stock?

Mr Gooday: It depends how far down it goes, obviously. It will take, given the current state, a couple of years—two or three years. Of course, it will depend on the seasonal conditions as well.

Senator PATRICK: Sure. Are you in a position to forecast that based on the current dataset you have?

Mr Gooday: In our March publication on Australian commodities, we had a look at some confidence bounds around our estimate of herd numbers. From memory, there was more upside than downside, just because the chances of poor seasonal conditions continuing for a long period of time were lower than things improving—and, hopefully, they will.

Senator PATRICK: Do you have any notion of the value to the economy of those sectors of dairy, almond nuts and rice?

Mr Gooday: We can provide the value of production from each of those sectors for you.

Senator PATRICK: This one might be harder. I might need to ask the tax office for this. Do you keep tabs on the tax paid in these various industries?

Mr Gooday: No, we don't. For each of those industries we do a survey and look at profitability and farm financial performance, but we aren't able to pull out the tax paid from the farm business from any of the other tax.

Senator PATRICK: Obviously there are restrictions on that from the tax office, but they may be able to help me out.

Mr Gooday: They might be able to help you.

Senator PATRICK: They typically are very helpful in that regard. Thank you very much. That's greatly appreciated.
Senator STERLE: Do you have any information on how many litres of water it costs to grow one almond? I've heard some things.
Mr Gooday: I don't know.
Senator STERLE: I've heard three litres. Is that right?
Mr Gooday: Mr Galeano might know.
Mr Galeano: I've got some numbers here around total amounts used by different sectors in the basin, but not per kilo, per almond or anything like that.
Mr Gooday: We can see though that at the moment that the returns are pretty good.
CHAIR: Being from the greater state of Queensland—
Senator STERLE: Greater than what?
CHAIR: Greater than everyone else. I notice that there's not a lot of sugar cane data. It that something that ABARES is working on or would consider working on?
Mr Gooday: We produce estimates of sugar production, exports and prices each quarter. We have done some surveys of the financial performance of the sugar industry. The last one was probably five years ago and then some probably 10 years before that. They've all been on request of the Queensland department, last time, and the sugar industry itself. If they were to—
CHAIR: Write to you?
Mr Gooday: request that then we would see how we could fit that in with our survey schedule.
CHAIR: That's terrific. You're doing forecasts on future sugar cane production, milling and so forth based on acres under planting?
Mr Gooday: We know that there's land shifting out of sugar and into horticulture in Queensland. We know what's happening with sugar production elsewhere in the world, which is basically putting a lid on sugar prices and making conditions quite difficult.
CHAIR: Thank you.
Mr M Thompson: There were a lot of questions there about forecasting. It's worth noting that, in our annual report this year, ABARES reported some analysis it has done on its performance as a forecaster. That shows that, over the period from 2000-01 to 2017-18, its forecast accuracy is well within global standards for a public forecasting agency. I think that's a great credit to ABARES.
CHAIR: That's terrific. It's always nice to be able to look back and see how accurate you were. I thank everybody very much for their patience. We're now able to let ABARES go. With everybody's agreement, we'll have a 45-minute dinner break so that we can catch up some time. We will see you back here at 7.45 pm.
Proceedings suspended from 18:59 to 19:49
Regional Investment Corporation
CHAIR: Welcome. Do you wish to make an opening statement?
Mr King: No, thank you.
Senator STERLE: Welcome, gentlemen. I want to flow through as fluently as we can, please. I note that David Foster, the previous chair, resigned on 3 October. How long was that tenure?

Mr King: I am not sure of his actual starting date.

Mr Roberts: I don't have that, but I know he was the chair from inception, essentially.

Senator STERLE: He was there from inception?

Mr Roberts: Yes.

Mr King: Yes. I can confirm the actual date on notice.

Senator STERLE: Yes, that's fine. Can you just inform the committee why the RIC's website hasn't been updated to reflect the resignation?

Mr King: I apologise for that. We are still awaiting formal notification of the resignation of the chair. We understand that has been provided to the department.

Senator STERLE: So you've just got to update the website?

Mr King: Yes.

Senator STERLE: To date, can you tell us how many loan applications have been made under the RIC schemes, including—and I'll go through them: (a) farm investment loans; (b) drought loans; (c) AgRebuild loans—that is for the North Queensland flood; and (d) water infrastructure loans? Do you have that information handy?

Mr King: I do have that information.

Senator STERLE: Ripper.

Mr King: To date, for the full number of applications, we have reviewed 337 loans.

Senator STERLE: There have been 337 in total?

Mr King: We have reviewed 337 applications, and we have approved 272 loans. Sorry, I should say that was to 30 September.

Senator STERLE: Are the other—whatever that number comes to—50 or whatever still under review or have they been knocked back?

Mr King: We have declined 64 loans and other loan applications are currently being reviewed.

Senator STERLE: Can you break them down into the (a), (b), (c) and (d) parts that are available?

Mr King: Certainly. We have approved 35 of the farm investment loans.

Senator STERLE: I'll just write here 'approved'—35 of the farm investment?

Mr King: Yes. We have approved 234 drought loans. Of the AgRebuild loans, we have approved three. We currently have no loans under the national water infrastructure loans scheme.

Senator STERLE: No applications or no loans?

Mr King: No applications or loans.

Senator STERLE: Are we able break it up into states?
Mr King: I can provide that detail to you by state, noting that for any of the states where we've had fewer than 10 loans approved, we're not able to provide that loan detail.

Senator STERLE: Do you want to table it or have you got it there?

Mr Roberts: We're happy to table the document.

Senator STERLE: You can table it now?

Mr King: Yes.

Senator STERLE: That's fine—unless you want to tell us.

Mr Roberts: It might be easier to table it, rather than go through it.

Senator STERLE: In 2018-19, can you tell us how many loan applications in each loan scheme were (a) granted and (b) denied? I just asked you that.

Mr King: Would you like that repeated?

Senator STERLE: No, you've told me. I've got the ones that were applied. So you've got 35, 234 and three, I'm just getting in front of myself here—that doesn't happen too often. Maybe you can just break up how many were denied.

Mr King: I have in front of me the detail since inception through to 30 September 2019. I can provide you that all the way through, rather than just the pure financial year.

Senator STERLE: Yes. And is it also by loan application and state?

Mr King: That information is included in the document that we've just tabled.

Senator STERLE: Fantastic, thank you.

Mr King: Noting that it is through to 30 September 2019.

Senator STERLE: Did you want to tell me the ones that were denied?

Mr King: In total there were 64 loans that were declined through that period.

Senator STERLE: And you've got that broken up into farm investment, drought, AgRebuild, or—

Mr King: That's correct, and by state, in the document just provided.

Senator STERLE: That's brilliant. Thank you. Do we have any applications still awaiting processing?

Mr King: We have received a number of applications that we deem to be incomplete—not all of the information has been provided to allow them to begin the assessment process. Any loan that has provided the complete set of information required to begin the assessment process is being currently assessed.

Senator STERLE: Can you tell us how many there are?

Mr King: In total, at the moment, we have a relatively static number of loans that are incomplete, and that is sitting at 85.

Senator STERLE: Can that be broken up as well into which areas the loans were sought?

Mr King: That is broken up in the information provided.

Senator STERLE: In that document? That's brilliant. Crikey, it's this document! I didn't see that sneak up on me. That's fantastic, thank you. So if it's in there just say, 'Mate, it's
there,' to make it easier. How does that sound? I know this won't be there: how many RIC staff are currently based in Orange?

Mr King: We have 19 staff, of which based in Orange—

Mr Roberts: Senator, at the moment we have—I just need to count up the numbers.

Mr King: I can tell you that it is approximately 63 per cent. I just don't seem to have the number.

Mr Roberts: It's 11.8 FTE working out of the Orange office.

Senator STERLE: Have you got any vacancies up there, or are they all filled?

Mr Roberts: We are just going through a further recruitment round and advertising up to 11 vacancies.

Senator STERLE: Another 11 on top of the 19 you've got there? Are they full-time employees?

Mr Roberts: There's a mix of full-time and part-time vacancies.

Senator STERLE: Have you got that figure?

Mr Roberts: The breakdown of full-time and part-time?

Senator STERLE: You've got 19, which equates to 11.8, there now. You've got 11 positions, I think, that you're seeking to fill, and you said they're a mixture of full-time and part-time. What would the full-time equivalent be, that figure, for the 11 people?

Mr Roberts: The full-time equivalent—I don't have that detail in front of me. I'm trying to do the maths in my head, but I might take that on notice.

Senator STERLE: You're not going to get hung—if it's easier for you, absolutely, no problem. Can you tell us what the travel budget for RIC staff is?

Mr Roberts: For our 2019-20 financial year, our budgeted travel stands at $630,000.

Senator STERLE: To date, how much money has RIC spent on advertising?

Mr Roberts: To date we have spent a total of $60,938, GST inclusive, on marketing and advertising activities in the first quarter—that is, to 30 September.

Senator STERLE: That's advertising and budgeting, did you say?

Mr Roberts: Advertising and marketing activities, and it's inclusive of GST.

Senator STERLE: We mustn't forget that, must we? What are RIC's arrears management policies and procedures? Arrears as in payments; is that right?

Mr King: Arrears as in payments. We do have an arrears management policy in place. Just bear with me—

Senator STERLE: Mr King, if it's easier to table it at this time of night, do whatever is easier for you—no stress.

Mr King: I can explain that we aim to work closely with any individuals who are under arrears and we work to negotiate with them on the next steps in that process.

Senator STERLE: So what are the policies and procedures?

Mr King: Just bear with us a second.

Senator STERLE: Do you have statements on them?
Mr King: Sorry, I'm not sure I understand what you mean by 'statements on them'?
Senator STERLE: I said policies or procedures, but do you have something like 'Here it is on the website'? Or is there something that you could table to show us what it is?
Mr King: We don't disclose them, due to the relatively individual nature of them—
Senator STERLE: No, I don't want know names.
Mr King: nor anything around the specific policy related to arrears management or anything like that.
Senator STERLE: Is there a generic thing, with no way of identifying anyone, on how you handle arrears?
Mr King: No. It is specifically managed on a case-by-case basis.
Senator STERLE: Okay. You might think I've got something up my sleeve to trick you here. I haven't, because I don't know, so how would you answer that?
Mr King: Sorry, what was the question?
Senator STERLE: What are the RIC's arrears management policies and procedures?
Mr King: As I was saying, we do manage those on a case-by-case basis. We aim to work with the clients and understand the nature of the specific industry they're in. Given the nature of the types of people that we're providing loans to—the types of farmers that we're providing loans to—we do accept that they will most likely require some time to come to a resolution.
Senator STERLE: Sure. So it's not one size fits all?
Mr King: Absolutely not. As I said at the start, it's a case-by-case basis.
Senator STERLE: I get that now. Thank you; that's good. To date, has the RIC board waived any loans?
Mr King: No.
Senator STERLE: What are the criteria the board must have regard to when considering a decision on foreclosure of a farm business loan?
Mr King: There are no specific criteria that are called out in the legislation. Again, I would refer to my earlier comment that we do manage anything in that regard on a case-by-case basis.
Senator STERLE: I know it is a broad-ranging question, but would there be any circumstances in which you would consider enforcing a foreclosure?
Mr King: It would only be after we had explored all possible opportunities to the mutual benefit of the customer and ourselves.
Senator STERLE: And case by case again?
Mr King: Entirely on a case-by-case basis.
Senator STERLE: You haven't had to foreclose on anyone?
Mr King: No, we have not.
Senator STERLE: How much money has been loaned so far? I'd like you to break that down by financial year, if you could, and loan type. Are you able to provide that?
Mr King: I can provide you with the information that we've documented already. It doesn't go to the financial year, it is from inception through to 30 September, but in that document you'll see the amount of loans that have been approved to date.

Senator STERLE: So when I'm sitting down at a quarter to 12 and having my Milo I can go through that, and will I be able to assume—

Mr King: You'll be able to see from within that document—

Senator STERLE: The whole total, but not by the year?

Mr King: Not split out to the individual financial year.

Senator STERLE: Is there a reason why it's not done by financial year?

Mr King: I can provide you that. We had thought the committee would be most interested in what we'd done to date since inception, given the relatively young nature of our business.

Senator STERLE: Sure. It would be interesting to see if there's a trend—if it's lifting or going backwards.

Mr King: Certainly. I can point in broad numbers. To the end of last financial year we had approved 166 loans across all types for a total value of $155 million.

Senator STERLE: And that's in there split up?

Mr King: Again, it's not split by the separate financial year and then post.

Senator STERLE: Sorry, Mr King. Is it split up by loan type?

Mr King: Yes.

Senator STERLE: That's great. I cut you off. Would you continue please.

Mr King: And then so far this year, from 1 July this year, we have approved 134 loans for a total of $152 million.

Senator STERLE: A hundred and fifty-two million?

Mr King: Yes, approximately.

Senator STERLE: Do we know how many have been unsuccessful?

Mr King: I don't have that number here. I'm happy to take that on notice.

Senator STERLE: Thank you. Within the water infrastructure component, what is the breakdown of which state and territory governments have applied for loans, and what projects would it apply to? Could you tell us that.

Mr King: We have not had any applications to date for the National Water Infrastructure Loan Facility.

Senator STERLE: None at all?

Mr King: No. As you would imagine, there is a relatively long lead time in those larger infrastructure projects.

Senator STERLE: In respect of the government's commitment that the RIC will develop and provide special plantation development concessional loans, when will the loans be available?

Mr King: We are working with the department to understand what the policy settings will be for those loans. It is not yet available to us.
Senator STERLE: We don't have any set timing? Okay, I understand you don't. But are we talking months, weeks?

Mr Quinlivan: I think that is a matter for the government. There is a complex set of policy issues that will need to be resolved before the facility could open and the government is working its way through those.

Senator STERLE: Minister, would you have any idea what sort of time period we would be looking at before these plantation development concessional loans will be available?

Senator McKenzie: No. We are working through that process as we go. Obviously we want to see our election commitments delivered as soon as possible.

Senator STERLE: So you don't know when. Would you know who will be able to apply for the loans?

Senator McKenzie: We are developing the guidelines at the moment.

Senator STERLE: We will expect that to come out as a bundle when that's resolved by government?

Senator McKenzie: Yes.

Senator STERLE: In respect of the government's commitment, the RIC will amend the operating mandate to allow local governments and the private sector to access water infrastructure loan funding. Has the mandate been amended?

Mr Quinlivan: The mandate has not yet been amended. We are waiting for those changes to be effective.

Senator STERLE: That is within the machinery of government, or—

Mr Quinlivan: Working with the government and the department.

Senator STERLE: Do we know when the loans will be available?

Senator McKenzie: I can take that on notice for the minister for drought.

Senator STERLE: And who they will apply to, please, Minister. I will ask about New South Wales dam water projects funding. What will be the contribution of the RIC funds to the recently announced funding for New South Wales Dungowan Dam project?

Mr King: We are currently waiting. We have not as yet received any applications. We are currently waiting to understand what the RIC's commitment will be.

Senator STERLE: So the government will come to RIC with a request for funding. Is there any capping on it? Are you saying there is funding available for dam projects but only this much?

Mr King: No. There is funding available for dam projects. We understand that provided it fits within the guidelines of our loan products the applicants will be approaching us at some stage in the future.

Senator STERLE: So nothing recently announced—nothing for there. What about the recently announced funding of Mole River project?

Mr King: I would provide the same answer.

Senator STERLE: What about Wyangala?

Mr King: I will provide the same response. We are awaiting an application.
Senator STERLE: Do we know what component of each project will be loan and what will be grant or genuine investment—the percentage, I understand you haven't got the figure.

Mr Quinlivan: I think we can help on that.

Ms Standen: Policy responsibility for those loans and grants are with the department of infrastructure, and they have policy responsibility as far as the relationship with the RIC is concerned. But my understanding is that it is fifty-fifty between grants through the development fund and the loan facility for both those projects.

Senator STERLE: Thank you, Ms Standen. So fifty-fifty, but RIC will lend the money once it is all approved, once the government set the standards. The Department of Infrastructure will be the lead agency, that is correct?

Ms Standen: Correct.

Senator STERLE: Do we know when the money will leave the fund and go to the state for the projects?

Mr King: I would suggest it's too early at this stage.

Senator STERLE: Okay. You will be back here in February. Isn't that fantastic!

Mr King: It is, indeed.

Senator STERLE: It will fly by. It's only two months until Christmas. We will ask you in February. I won't be able to ask you when the start and completion dates are for these projects because we are nowhere near there yet. Are interest rates applied to the loans?

Mr King: Yes, there are interest rates for the loans that we have.

Senator STERLE: Do we know what they are at this early stage?

Mr King: Currently, the suite of farm investment and farm business loan programs are at 3.11 per cent.

Senator STERLE: That is for all the three projects?

Mr King: That's correct.

Senator STERLE: Is that contingent upon whether they got it now? I am not suggesting for one minute this is going to take a long time, but if it's six months or 12 months down the track, would we expect the rate to be different to reflect what is going on out there?

Mr King: That's correct. The loan interest rates are reset every six months and they are a backward-looking reference rate.

Senator STERLE: Okay. Interest rates market analysis is the fund relevant if states can get loans at the same rate?

Mr King: Are we talking about the water infrastructure loan facility or the farm business loan programs?

Senator STERLE: No, the infrastructure facility.

Mr King: There will be and there may be other aspects of the loan that might be attractive, aside from just the interest rate.

Senator STERLE: Okay.

Mr King: Apologies, I misspoke earlier. I should provide an update of the interest rate for the National Water Infrastructure Loan Facility. The farm business loan rate is at 3.11 per
cent and the National Water Infrastructure Loan Facility interest rate is currently at 2.67 per cent.

**Senator STERLE:** How long will the projects have to pay back the loans?

**Mr King:** Are we talking purely about the National Water Infrastructure Loan Facility?

**Senator STERLE:** I believe I am.

**Mr King:** There is a period of up to 30 years that is available.

**Senator STERLE:** And all three are the same?

**Mr King:** The farm business loan program loans are only for 10 years.

**Senator STERLE:** I'm still talking about the dams. So the dams are 30 years?

**Mr King:** Yes.

**Senator STERLE:** If there are more dams or more projects that come on in the infrastructure, will that be the same or is it case by case?

**Mr King:** The specific loan agreement that would apply to a particular loan is agreed on an individual basis, but the loan facility is available for up to 30 years.

**Senator STERLE:** Thank you. Would you believe I am finished?

**CHAIR:** Is the committee happy to accept this tabled document? Thank you.

**Senator STERLE:** I just have a couple more, sorry. You've told us it is 50-50 funding on each of these projects. How much of the contribution is the loan for each project? It is 50, isn't it?

**Ms Standen:** I told you the 50-50 figure. I am not able to answer that question. It would need to be referred to the department of infrastructure.

**Senator STERLE:** You have made that very clear. We will put that to the department of infrastructure in February.

**CHAIR:** Thank you very much to those representatives. You are excused.

**Department of Agriculture**

[20:14]

**CHAIR:** We call back representatives of the Department of Agriculture, Water Division.

**Senator CICCONE:** There was a table 20 in the most recent Department of Agriculture report, 2018-19, that shows that there's a significant underspend of money for water. Could you please explain what the relationship is about the figures contained in that table?

**CHAIR:** What page is that on?

**Senator CICCONE:** It's table 20 in the annual report for 2018-19.

**Mr M Thompson:** Just to be clear, this would cover a range of expenditure related to water—

**Senator CICCONE:** Correct, water.

**Mr M Thompson:** which is both Murray-Darling Basin and non-Murray-Darling Basin. We had the understanding that we would be asked non-Murray-Darling Basin questions here. Most of the funding underspend there is a function of Murray-Darling Basin expenditure. The fact is that monies have not been paid to states and territories to complete projects in
jurisdictions, because they have not advanced to a point of planning where they can get that funding, and also because of the change in rollout and profile of the water for the environment special account, which is the part of the water funding program designed to pay for the 450 gigalitres of water in the MDB.

**Senator STERLE:** Mr Thompson, can we just go through the questions and, if it's about the Murray-Darling Basin, then you say, 'Friday' or you give it a crack. How's that?

**Mr M Thompson:** Sounds great.

**Senator CICCONE:** In the appropriation available for 2018-19, I understand there was around $291 million, but the payments that were made in 2018-19 were around $28 million. Is that correct? I'm just trying to get an understanding between the two figures.

**Mr M Thompson:** I am looking at table 20 in the annual report. Can you point me to the page that you are on there, just to help?

**Senator STERLE:** We don't have it in front of us.

**Senator CICCONE:** No.

**Mr M Thompson:** I am trying to find—

**Senator STERLE:** I've got enough paperwork here.

**Mr M Thompson:** I am not being obtuse. I'm just trying to—

**Senator STERLE:** That's all right. I'm too scared to ask questions of forestry. They'll see all the paper around here.

**Senator CICCONE:** How much has been allocated to water?

**Mr Scott Brown:** I guess I'm referring to the annual report, which is the resource statement.

**Senator CICCONE:** Yes, the annual report.

**Mr Scott Brown:** You will go to page 87 of the annual report. There are the total expenses listed for outcome 3.

**Senator CICCONE:** Yes, outcome 3, table 20, 'Entity resource statement'. That's the one.

**Mr Scott Brown:** Yes. In 2018-19, total expenses for outcome 3—

**Senator CICCONE:** $290,561,000?

**Mr Scott Brown:** $1.2 billion. This is table 23 on page 87.

**Senator CICCONE:** You're talking about table 23?

**Mr Scott Brown:** Yes, table 23 on page 87 of the annual report.

**Senator CICCONE:** I've got table 20 as well.

**Senator STERLE:** This is table 23. It's blown up so you can read it.

**Senator CICCONE:** I guess what I was referring to was table 20, 'Entity resource statement', outcome 3. It is on page 71, if that helps. Outcome 3 is $290,561,000. Then next to it is $27,903,000. What I'm trying to understand is the difference between the two figures.

**Mr M Thompson:** We might have to take that on notice, but, as I said before, I think most of the administered funding in outcome 3 relates to the Murray-Darling Basin.

**Senator STERLE:** Will you be there at Water on Friday?
Mr M Thompson: We will be there at Water on Friday.

Senator STERLE: Maybe under the circumstances, rather than try and weed our way through that, we can just say, 'Let's do it all on Friday.' How does that sound?

CHAIR: I think that's very sound. So will you hold over the rest of those questions?

Senator STERLE: I think it's only fair, because we're trying to decipher and dabble through a mix of the two. If you're happy, I'll pass on to Senator Gallacher, when I see him later, that that's what we've agreed to do because there will be all the support—it's the same officers and the same department at the table—and just stop fluffing about.

Mr M Thompson: I should just say that most of the explanation will lie in Murray-Darling Basin programs, because that's where most of the funding is.

CHAIR: We do have Senator Roberts coming up.

Senator STERLE: Not at the moment we don't.

Senator McKenzie: The committee's just made a decision, hasn't it, Chair?

CHAIR: Okay, so we'll move on.

Senator CICCONE: He will have to wait until Friday, then.

Senator STERLE: But it is all call, Chair, if you want officers to wait while Senator Roberts comes, and we will move on because I really don't want to be here till one o'clock in the morning if that's all right with you.

CHAIR: I would be happy to be here till one o'clock in the morning with you, Senator Sterle.

Senator STERLE: Yes, but you're different.

[20:24]

CHAIR: We'll move to AGVET Chemicals, Fisheries and Forestry Division.

Senator CICCONE: The government announced during the election campaign that a re-elected coalition government would provide $500 million in low-interest loans to plantation growers through the Regional Investment Corporation to help plant more trees. Where is this policy up to?

Senator McKenzie: Sorry, Senator; it related to a question that I answered with the RIC earlier. We're going through consultation at the moment to actually meet with stakeholders, determine the impact of the concessional loans on plantation development and then we'll be going forward in rolling that program out.

Senator CICCONE: Has there been any feedback from industry at this stage about the policy?
Ms Lauder: We've done some very early targeted consultation and we're now about to go out for public consultation. So the public consultation hasn't started yet, and that will definitely be on the web when that's available.

Senator CICCONE: Is there any evidence thus far that raising capital is the key barrier to investment plantation?

Ms Lauder: Sorry, I missed part of that question.

Senator CICCONE: Is there any evidence that raising capital is the key barrier to investment plantation?

Ms Lauder: Look, the public consultation will draw that out more. We've had mixed responses from the targeted consultation: some of the very large plantation companies feel that investment isn't a barrier for them, but there are others that are potentially interested in investment. That's why we want to do quite a lot of public consultation.

Senator CICCONE: I understand during the election campaign Minister Littleproud described the proposed removal of the water rule as 'reckless', whereas the assistant minister with responsibility for forestry, Senator Colbeck at the time, urged the removal of the rule in the Emissions Reduction Fund. Where is this up to?

Ms Lauder: At the moment we are having discussions with the Department of the Environment and Energy on this, but we haven't got a lot further. You would be aware that before the election Assistant Minister Colbeck had written to the environment minister about this. There was no opportunity for her to respond in time because of the election. At this stage we have been discussing, at departmental level, what the options forward might be.

Senator CICCONE: I ask, because about a year ago methodologies were adapted to the RF to enable forestry to fully participate. I don't know if you're able to elaborate on that point.

Ms Lauder: That's true. So there is a plantations method. I think there has been something like 17 successful projects through that. Some have been transforming short-term rotations to long-term rotations and a small number have been completely new plantations. There is also a farm forestry method that is available.

Senator CICCONE: Subsequent to the release of the policy in February, we had a letter from Senator Colbeck to the then environment minister, Minister Price. Senator Colbeck said the removal of the water rule would have 'untold benefits for Australians carbon abatement goals and for our forestry industry'. Is the department aware of whether a response to Senator Colbeck from Ms Price was ever forthcoming?

Ms Lauder: No response was received.

Senator CICCONE: With the new minister, have they expressed any views?

Ms Lauder: Not as far as I'm aware, no.

Senator CICCONE: Is there anyone else at the table aware of any views expressed, or is it just yourself?

Mr Quinlivan: I think Ms Lauder summarised the situation quite well a few minutes ago.

Senator CICCONE: So you're not aware, as secretary?

Mr Quinlivan: No.

Senator CICCONE: When was the last time the Forest Industry Advisory Council met?
Ms Lauder: I think it was 15 August, but let me just look it up to be 100 per cent correct. Yes, 15 August.

Senator CICCONI: When was the last time that met, before the 15th?


Senator CICCONI: Does that meet on a regular basis?

Ms Lauder: It meets twice a calendar year, with the ability to have additional meetings if needed.

Senator CICCONI: Could you provide a list of who's on the advisory council?

Ms Lauder: Absolutely.

Senator CICCONI: And also the current work program?

Ms Lauder: Would you like me to give it to you now?

Senator CICCONI: I'm happy for you to take it on notice.

Ms Lauder: You've got the members in front of me, if you like.

Senator CICCONI: You've got the members? Look, I'll just put it on notice.

Ms Lauder: No worries.

Senator CICCONI: I don't know if there's a work program for the council, too?

Ms Lauder: There's a partial one, and the rest is advice that they provide to the minister, or the minister seeks advice on certain issues and they will provide it. But we'll provide all of that on notice.

Senator CICCONI: In January this year there was an announcement of the first infringement notice issued in Australia under the illegal logging act to a Queensland based importer. I assume you're aware of the matter?

Ms Lauder: I am aware of it. The compliance area will be able to answer detailed questions.

Senator CICCONI: What I'm curious to know is: have there been any other infringements since that time, and, if so, how many and what for?

Ms Lauder: There have been no other infringement notices for the illegal logging side of compliance.

Senator CICCONI: Are you able to provide the committee with any other specifics?

Ms Lauder: I would have to get the compliance people in to the room to be able to do that.

Senator CICCONI: Probably take it on notice—

Ms Lauder: Yes.

Senator CICCONI: unless they're here in the room?

Ms Lauder: They're just in the next room. We will get them.

Senator CICCONI: In the meantime, are you able to outline the government's enforcement of the illegal logging prohibition act and its regulations?

Ms Lauder: Their enforcement of it?

Senator CICCONI: Yes.
Ms Lauder: Again, that is the compliance area's responsibility, so I'll let them do that, just so that I don't give incorrect information.

CHAIR: While we're waiting for the witnesses, did someone else have something to ask in the meantime? Senator Faruqi?

Senator FARUQI: Yes, thank you, Chair. I have a few questions about a report that was published on the department’s website last year. It looked into social attitudes to animal welfare. It was called *Australia's shifting mindset on farm animal welfare* and was done by social research consultancy Futureye. From what I understand, the study had some nine focus groups and did a survey of over 1,500 Australians, and basically it reported that the federal government is highly responsible for ensuring farm animal welfare. Then it had a number of recommendations for the department. I have seen no public statement by the minister or the department on it. It seemed to be just quietly published on the department's website. I just want to know what the department has done to act on the recommendations—if anything?

Mr Blong: Could you repeat the question?

Senator FARUQI: This is about a report that was published on the department's website last year. It looked into social attitudes to animal welfare and was titled *Australia's shifting mindset on farm animal welfare*. Basically, it reported on community attitudes. Nine focus group sessions were held, 1,500 Australians were surveyed, and the report said that the community believes the federal government is highly responsible for ensuring farm animal welfare. It made a number of recommendations for the department, including initiating research into technology to reduce harm to animals, conducting research into community trust in animal welfare certification and labelling schemes, conducting research into barriers to adoption of improved animal welfare practices on farms, and a number of others. So my question is: what has the department done to act on these recommendations?

Ms Deininger: The work was commissioned by the department to provide information to the department about community views on farm animal welfare issues.

Senator FARUQI: Yes. That's exactly what I just said. I'm asking more about the recommendations.

Ms Deininger: I don't have the recommendations to hand and an outline of how we've taken those forward, so I'm happy to take that on notice.

Senator FARUQI: You don't know what has been done on the recommendations?

Ms Deininger: I don't have that information here.

Mr Quinlivan: One of the main issues with the report is that the majority of the things that it talked about are actually state responsibilities. We do have a program of work with state governments to try to improve the governance and implementation of farm animal welfare standards and guidelines; in fact, it's on the agenda for the agriculture ministers' meeting on Friday.

Senator FARUQI: The recommendations of the report are on the agenda?

Mr Quinlivan: No, I didn't say that; I just said that most of the matters that the report addressed are actually state responsibilities.

Senator FARUQI: Sure, but the department commissioned that report.

Mr Quinlivan: That's true.
Senator FARUQI: Have you spoken to the states about those recommendations?

Mr Quinlivan: Yes, we have.

Senator FARUQI: So you have spoken to the states about those specific recommendations?

Mr Quinlivan: Yes, we have, and about, as I say, the governance and implementation of animal welfare standards generally. It's going to be an ongoing work program. We're hoping to make some good progress on Friday, but if we don't then it will continue to be an issue we discuss with the states.

Senator FARUQI: But you're not talking about those recommendations on Friday?

Mr Quinlivan: Not specifically, although most of them are relevant to the work program we have with the states on animal welfare matters.

Senator FARUQI: How much did that report cost?

Ms Deininger: The report cost around $240,000.

Senator FARUQI: The report cost $240,000, and you say none of those recommendations are for the federal government. What were you expecting it to be for federal government? Why did you commission a $240,000 report—could I ask that question? That's a huge amount of money.

Mr Quinlivan: Yes, it is a significant amount of money. It's an important issue.

Senator FARUQI: And you can't do anything with those recommendations except pass them on to the states?

Mr Quinlivan: No, I didn't say that at all. Farm animal welfare is a very important issue for the Australian agriculture sector. It's a very important issue for our future trade performance. If you'll recall, in the last 18 months to two years there have been a number of issues of public concern, so the report was commissioned to try to provide a framework to address those issues and protect the industry's interests and our trade performance. That was the origin of the report. The fact is that most of the matters that need to be addressed and identified in the report are the responsibility of state governments, so we're taking them up with those governments.

Senator FARUQI: How will you take them up with the state governments? What's the process of making sure that they happen?

Mr Quinlivan: We have been doing that. As I said, the matters generally are going to be discussed with state ministers.

Senator FARUQI: Could you be more specific about what you have been doing out of the recommendations? Which ones have you specifically discussed with the states?

Senator McKenzie: We'll take that part on notice. I think the officer did take on notice the actual specifics of the recommendation rollout.

Senator FARUQI: It's a quarter of a million dollars spent on a report which was quietly put up on the website. No-one talked about it. I'm just questioning why that is the case. It's a quarter of a million dollars of public money.

Mr Quinlivan: Sorry. Why is what the case?
Senator FARUQI: Why was it just quietly put up on the website? No statement was made. Surely the public needs to know, if you have commissioned a report that is worth a quarter of a million dollars, what came out of that report and what you're doing about it.

Mr Quinlivan: I don't think there was anything secretive about it. The content of the report has been taken up in the intergovernmental work on animal welfare. When we have some products from that, we'll all be very happy.

Senator FARUQI: I'll just leave that on notice then to get some specific answers.

Senator CICCONE: As I was saying about the illegal logging, my question really went to this: a Queensland based importer was fined under Australia's Illegal Logging Prohibition Act for failing to provide information relating to the sourcing of its timber, receiving an infringement of $12,600. Have there been any infringements since this incident to do with this Queensland company? If so, how many and for what?

Ms Lane: There's only been one infringement issued to date.

Senator CICCONE: When was that?

Ms Lane: That was around May this year, for failing to comply with the due diligence requirements.

Senator CICCONE: Are you able to provide any other details, like which states?

Ms Lane: No, I don't have any other detail with me in relation to that. I'm happy to take that on notice.

Senator CICCONE: You don't have a specific date?

Ms Lane: I know it was paid around May, so the infringement would have been issued shortly before that. I'm happy to provide the exact date on notice.

Senator CICCONE: All right. Are you able to outline what the government resourcing is in relation to enforcement of the act and its regulations?

Ms Lane: We have 2½ FTE who work in the illegal logging team, principally on the due diligence assessments, but I would also say that there are a range of other staff who contribute to the work through education and awareness activities and communication. Also, where noncompliance is referred to enforcement, those resources are deployed to those tasks. So it is much larger than that.

Senator CICCONE: Thank you. That's all I had to ask on that point. More generally on outcome 1, Mr Quinlivan, on 18 July 2019—this year—there was a speech to the National Farmers Federation by the Prime Minister where he announced his government's commitment to growing Australia's agriculture sector to $100 billion. Since that time there have been a number of consultations, from what I understand, within government and with other stakeholders about making changes to Australia's visa system and making this goal achievable. I'm not asking you about the visa system, but what I'm interested to know is whether your department provided any input into the government's announcement.

Mr Quinlivan: Are you talking now about the $100 billion or the labour issues? The $100 billion?

Senator CICCONE: Yes. I want to get a better sense of the agenda set by your department in trying to achieve that goal.
Mr Quinlivan: Yes, you're right: the government has adopted an aspiration of growing the industry to $100 billion in 2030. In rough terms, that means doubling exports over the next 10 years, which obviously would be a very significant growth trajectory. Business as usual—which has been pretty good in recent times, as I described earlier today—would get us roughly halfway there. So it's a very good way of thinking about what policy levers of the federal government, state governments and participants in the agricultural sector might be worked harder to try and double the growth rate. So that's what we're doing. We're working on the full suite of policy issues internally. There's going to be a cabinet discussion on it soon. There will be a discussion with the state ministers about this on Friday, and we've been talking to the agriculture sectors themselves about changes that might be made to policy settings and so on to try and realise that target. It obviously involves a very high level of capital investment and good seasons for an extended period, but it is possible.

Senator CICCONE: Have you also spoken to the Department of Home Affairs, or have they come and spoken to your department about it?

Mr Quinlivan: We have talked to all agencies which have responsibility for things that would be influential.

Senator CICCONE: Are you aware of some of the concerns that have been flagged by the Farmers Federation with respect to the insufficient supply of unskilled labour to meet the demand of farmers?

Mr Quinlivan: Yes, we're aware of that.

Senator CICCONE: Has the department expressed any views to those stakeholders? Have they been in contact with your department?

Ms Deininger: I have not been personally involved in the consultations on the 2030 work you've just referred to, but certainly in discussions with stakeholders. There is, from time to time, reporting of the need to make sure that we have unskilled labour able to assist, particularly with harvesting and pruning and so on.

Senator CICCONE: What consultations have occurred? Have there been formal consultations or informal consultations where you provide details?

Ms Deininger: In relation to the unskilled labour matter?

Senator CICCONE: That's right.

Ms Deininger: Most recently there were some discussions in the Mallee region with growers and with other impacted organisations, including the city council and organisations that work in the local community, to understand the needs of the local community and businesses in relation to their labour sources.

Senator CICCONE: I'm assuming there have been other consultations throughout the past 12 or 18 months on this issue.

Mr Quinlivan: Yes, there have, in relation to the Seasonal Worker Program.

Senator CICCONE: If so, I'm happy for you to take it on notice, but it would be great to know what consultation has occurred between the Farmers Federation and other relevant stakeholders with respect to this issue.

Mr Quinlivan: Yes.
Senator CICCONE: Does the department accept that there's insufficient supply of unskilled labour to meet the demands of Australian agriculture?

Ms Deininger: There are a number of programs available to farmers and other businesses to source labour. For example, there's the holiday visa program, the Seasonal Worker Program and so on. Over time the government has responded to feedback in relation to those programs and has made changes to make them more accessible and more practical to meet the needs of particular businesses.

Senator CICCONE: What's been the department's assessment of those concerns?

Ms Deininger: We work with the Department of Foreign Affairs and Trade, who have some responsibilities in this area, and also with the Department of Employment, Skills, Small and Family Business, to help ensure that those programs are able to meet the needs of employers and that they're able to access labour through those programs.

Senator CICCONE: Has anyone in government, including the minister, asked the department to look at establishing an agriculture-specific visa, or been part of any discussions about the establishment of an agriculture-specific visa?

Senator McKenzie: Is that a question to me?

Senator CICCONE: I could put it to you, Minister.

Senator McKenzie: There's been a lot of chatter around an agriculture visa and all my public statements. I'm more interested in making sure agriculture, to your point, has the workforce it needs with the skills it needs, when and where it needs it, rather than focusing on how we make that happen. We now have, thanks to a lot of consultation, a suite of initiatives—the Pacific Labour Scheme, the Seasonal Worker Program, the backpacker visa program and a raft of initiatives for our domestic workforce to incentivise them to work in agricultural industries. We've also got a series of roadshows which we're now touring around with the Department of Foreign Affairs and Trade, the Department of Home Affairs and the Department of Agriculture. They go into these regional communities so that growers and farmers can actually see and chat to somebody about how to solve their labour shortage needs, which is often one of the barriers. It's all just a bit difficult to actually wage your way through to get the right workforce.

Senator CICCONE: This will be my last question; I know Senator Sterle and others have a few other questions on other issues. Even as late as last year the Prime Minister, as you'd know, gave a speech to the National Farmers Federation National Congress. I don't think he could have been more clear when he mentioned, 'Our government does support moving towards an agricultural visa.' He further talked about working to establish an agriculture visa. We've had a number of reports up in Sunraysia of the federal member for Mallee also making comments about the establishment of an agriculture visa. Where is that up to?

Senator McKenzie: The National Party members that I speak to—and Senator McMahon is right here—have got an ag workforce shortage up in Darwin, particularly to get their horticulture crop off et cetera. This is an issue we're dealing with, day in and day out. We understand that no one farming practice is the same, and so we're going to need a raft of responses in order to get the right workforce into the right place at the right time. So rather than talk about what it's called, it's actually about having policy settings that are flexible...
enough to deliver the workforce that agriculture needs, not just in this coming season but for the decade to come if we're going to reach 2030.

Senator CICCONE: I agree it doesn't matter what it's called, but has something been taken to cabinet? Is there a likelihood that we'll have an announcement of whatever we call this thing? Where are we up to with that?

Senator McKenzie: We are in constant discussions around how we can refine the offering and make sure we get the workforce in the right place at the right time.

CHAIR: Is there nothing more on that first topic?

Senator STERLE: No. Are you going to let forestry run away?

CHAIR: We will.

Senator STERLE: While they run away, can I just ask—

CHAIR: Are we on outcome 2?

Senator STERLE: I just want to ask one question—thanks, Chair. I will go to you, Mr Quinlivan. Can I get a breakdown by state of farmers on farm household allowance and how many farmers would have exhausted their four-year terms by December? Is that to you? Who should I put that to?

Mr Quinlivan: Yes, I think we should have that information—

Senator McKenzie: Not far away.

Mr Quinlivan: Not far away.

Senator STERLE: Okay. There was an announcement for $30 million in the budget for the agricultural biodiversity stewardship program as well. I just want to know where we're up to with that, then I will leave that alone. I reckon any announcement of money is great! Let me tell you, I've got a plan up my sleeve: you should see how hard it has been to get $2.4 million. The government has been brilliant! The department has been very very hard—not this one. I'll tell you later.

Ms Crosthwaite: You asked for the breakdown by FHA recipients by state—is that right?

Senator STERLE: Yes please.

Ms Crosthwaite: Currently receiving FHA in New South Wales: 2,614.

Senator STERLE: That's sad, isn't it? Okay.

Ms Crosthwaite: Yes. Victoria, 1,662; Queensland, 1,304; South Australia, 645; Western Australia, 81; Tasmania, 80; and, for the Northern Territory and the ACT, it's fewer than 20—I don't have the exact number.

Senator STERLE: Thank you for that. It doesn't make me feel any better. How many have exhausted their four-year term, or would have exhausted their four-year terms, by December?

Ms Crosthwaite: I don't have that number to December at hand. I can take that on notice.

Senator STERLE: Sure.

Ms Crosthwaite: However, I do have the number who we expect to exhaust their four-years by the end of June 2020, if that would assist?

Senator STERLE: Yes, that would assist, thanks, and then the other part on notice, yes.
Ms Crosthwaite: We anticipate that around 1,800 individuals—so farmers and their partners who are currently on FHA—would have exhausted their four-year entitlement by 30 June next year.

Senator STERLE: Is that state-by-state?
Ms Crosthwaite: I don't have state-by-state with me. That's something I can take on notice.

Senator STERLE: Okay. Thank you very much for that. That's fine. I was asking about the announcement of the agricultural biodiversity stewardship program. Is that in the same—

Mr Quinlivan: Yes.

Senator STERLE: Fantastic. Where is that up to?
Ms Standen: I might make a couple of introductory comments and then I'll pass to my colleague, Ms Bryant. We're in the process of consulting with a wide range of stakeholders on how the Agricultural Stewardship Program will look. There are a range of complexities involved with stewardship type programs, particularly in relation to being able to measure outcomes. Given that this is a pilot program, we are really focusing on how we can measure outcomes more effectively than perhaps we have in the past. In order to do that, we need to consult with a wide range of people. I should also mention that the other component of the package relates to a certification pilot. The National Farmers Federation is to be funded to undertake that pilot. We are currently in discussions with them about that.

Senator STERLE: Thank you. That's fine. Can I have a figure of how many farmers had exhausted the FHA by 30 June this year? Would you have that figure close by?
Ms Crosthwaite: No farmers would have exhausted their fourth year by 30 June this year, because that date didn't arrive until the end of July.

Senator STERLE: Should I have asked by the end of July?
Ms Crosthwaite: The program has only been in existence since 2014.

Senator STERLE: So it's not four years yet?
Ms Crosthwaite: Yes.

Senator STERLE: It seems like it's been around forever!
Ms Crosthwaite: It may feel like that!

Senator STERLE: I'll put some questions on notice.

Senator DAVEY: We heard earlier today that the farm household allowance is not limited to people suffering drought. You can apply to be on the farm household allowance for different reasons. Do you monitor the hardship reasons for why people are on the allowance?

Ms Standen: We don't have that information as far as I know. The farm household allowance is made available to farmers who are suffering hardship. They make individual applications through the Department of Human Services. We're not privy to data on individual circumstances. However, I think it's safe to say that under current drought conditions a significant number of people who are on farm household allowance are there because of the drought conditions that they are currently in.

Senator McKenzie: The New South Wales figures and the increase in applications pending is—
Senator DAVEY: I appreciate that it's trying to work out what sort of response we need to make for the drought as opposed to existing and standardised policy going forward. Thank you.

Senator McMAHON: By early June this year, approximately half a million head of cattle were removed from Northern Territory properties, predominantly in the Barkly region, due to the effects of the drought. The Northern Territory Cattlemens Association sought assistance from the NT government for help with the costs of transport for stock and fodder, as has occurred in other states. Supporting their request, the Northern Territory Road Transport Association also noted there was virtually no fodder left on any Barkly properties. Is your department aware whether there has been any assistance provided to producers from the Northern Territory government for the transport of stock or fodder?

Mr Quinlivan: I think we can say we were aware that there was a big problem with feed in the Barkly area. I can recall being told that half a million cattle were being moved out of that area. I don't think the federal government was asked by either the cattlemens association or the Northern Territory government for any assistance. Had that happened, I think our answer would have been, at least so far as current policy settings go, that we don't have programs to provide that kind of assistance. In fact, that kind of assistance has been discouraged under the current drought policy arrangements between the Commonwealth and the states because of the unintended consequences. Yes, we were aware, but I don't think there were any approaches.

Senator McMAHON: So you weren't requested by the Northern Territory government to provide any assistance?

Mr Quinlivan: Not to my knowledge, no.

Senator McMAHON: Did the Northern Territory government provide any form of assistance to producers at all?

Ms Standen: I'm quite sure that we would be aware one way or the other, but I don't have that information with me. I'll have to take it on notice.

Senator McMAHON: Thank you.

CHAIR: Are there any more questions for this segment, outcome 1?

Senator ANTIC: My question is about Australian Wool Innovation.

Mr Quinlivan: Australian Wool Innovation wasn't asked to appear today, but we might be able to help you depending on the question.

Senator ANTIC: There are a few. You can take them on notice if need be. There was an independent review by EY which was released by Minister Littleproud on 9 July last year. It made 82 recommendations. How many of the recommendations have been implemented?

Ms Deininger: I understand that as of recently—this is based on advice from AWI—41 of those 82 recommendations have been implemented, and the others are at varying stages of implementation.

Senator ANTIC: Do you know what the reasons are for those not being implemented at this stage? Are they variable?

Ms Deininger: I think it's fair to say that the EY recommendations were quite broad ranging. A number of those recommendations were able to be described as perhaps being
easier to implement than others. Some, for example, we understand may be going to their annual general meeting in November for consideration. We understand that AWI has been in the process of implementing those recommendations over time but that they have varying levels of complexity.

Senator ANTIC: Does the department have any concerns about AWI's ability to implement all 82 of the recommendations?

Ms Deininger: I think that it's important that AWI has the opportunity to go through their governance processes. AWI has an independent board and so, of course, we will review the progress of recommendation implementation with AWI as we have been to date, particularly following the general meeting later on in November.

Mr Quinlivan: To add to that: I think successive ministers have made it clear to the AWI board their expectation that the EY report and its recommendations would be implemented in full.

Senator ANTIC: Is there anyone with any degree of oversight in relation to whether AWI are actually implementing them? Is there a review body or a body monitoring whether the implementations have been done correctly?

Mr Quinlivan: We are watching closely, obviously.

Ms Deininger: AWI also have an internet site that they report the progress of the implementation of the recommendations on.

Senator ANTIC: In relation to the issue of the election of directors to the board, that occurs at their AGM, I believe?

Ms Deininger: Yes

Senator ANTIC: Are there any concerns surrounding those processes at this stage from the department's point of view?

Ms Deininger: One of the recommendations was that the board nomination committee have a representative nominated by the department. We have implemented that recommendation. As I mentioned earlier, we will await the outcome of the annual general meeting and the votes of members in relation to board nominations.

Senator ANTIC: Did Minister Littleproud have any expectations of AWI when the EY report was released? Was this communicated to them as far as you're aware?

Ms Deininger: The EY report was publicly released. It was a broad-ranging report and it outlined a number of areas for potential focus for innovation. Not only for RDCs, but for the sector more generally. I'm not familiar with whether or not the minister made any particular overtures or had any particular discussions with AWI.

Mr Quinlivan: The minister was absolutely clear with the AWI chair and board that he expected to see all of the EY recommendations implemented.

Senator ANTIC: When will the review of WoolPoll take place?

Ms Deininger: The review of WoolPoll will be undertaken by the department. We've undertaken some preliminary work in relation to that, and that is progressing in accordance
with the EY recommendations. I apologise, Senator, I misunderstood your reference to the EY report. I was thinking of another EY report.

**Senator ANTIC:** That's all right. It's late in the day. Who's going to be responsible for leading the WoolPoll review?

**Ms Deininger:** The department is undertaking that review.

**Senator ANTIC:** It will be the department's responsibility?

**Ms Deininger:** That's right.

**Senator ANTIC:** Thank you.

**Senator McKenzie:** On that issue, Senator Antic, when I was sitting in that seat right there a few estimates ago, prior to the EY report, we had significant concerns raised around AWI governance, benefit for levy payers et cetera. This really initiated the EY report. On becoming agriculture minister, I've had a meeting with AWI to be personally walked through how they're implementing those recommendations.

**Senator STERLE:** In the mirror room?

**Senator McKenzie:** We all remember the mirror room and the back pocket full of proxies. Check it out; it's one of this committee's highlights. I also have written to the chair of Australian Wool Innovation, Ms Collette Garnsey, to let her know, and AWI know, my expectations as the new agriculture minister around implementing the EY recommendations. I'd like to table that letter.

**CHAIR:** As we have no more questions, we can complete outcome 1. [21:08]

**CHAIR:** Moving on to outcome 2. Are there any questions for Biosecurity Animal?

**Senator STERLE:** No.

**CHAIR:** Are there any questions for Biosecurity Plant?

**Senator STERLE:** No.

**CHAIR:** Are there any questions for Compliance?

**Senator STERLE:** No.

**CHAIR:** Do we have any questions for Biosecurity Operations?

**Senator STERLE:** No.

**CHAIR:** Are there any questions for Biosecurity Policy and Implementation?

**Senator STERLE:** No.

**CHAIR:** Are there any questions for Exports?

**Senator ANTIC:** Yes.

**CHAIR:** We will move to Exports, please.

**Senator DAVEY:** Can I put on record that the reason I haven't got biosecurity questions is because we dealt with them quite adequately earlier in the day. It's not that we're ignoring the very important issue of biosecurity, but I think we covered it quite adequately during the day.

**CHAIR:** We did spend quite a bit of time on it earlier today, so thank you for making that point, Senator Davey.
Senator STERLE: I have a few questions. Let's see if we can plough through them. I am not looking for long-drawn-out answers if we can avoid that, please. I want to go to questions around the *Avassi Express* revelations last year where Minister Littleproud said that every live vessel leaving Australia would have an independent observer. How many have actually had an independent observer on board as these ships have left?

Ms Hutchinson: The total number of voyages from 1 April 2018 to 1 July to current, total 506. The number with independent observers, 184.

Senator STERLE: I am led to believe—correct me if I am wrong—that the minister's statement was that every live export vessel leaving Australia would have one. Do we have a reason why only 184 out of 506 have had them?

Dr McEwen: There are a number of reasons why those numbers are not one for one. The first is that the announcement came in October. This number is for the whole of the period.

Senator STERLE: That was from April?

Dr McEwen: Yes, from April last year. Secondly, sometimes it isn't possible to place an independent observer on a ship for a range of reasons, primarily around cabin space. If there isn't room for an independent observer to take a cabin, we need to ensure we are not displacing vital personnel, whether it is—

Senator STERLE: I get that. They can't stand up all the way to Kuwait.

Ms Hutchinson: That's right. They need to have a cabin to sleep in. Another reason is that occasionally we've had issues with gaining visas or sending staff into countries where there are travel advisory warnings.

Senator STERLE: I understand we have got April through to October. Can you tell me how many vessel movements there were from October through to—when was the other date you gave me?

Ms Hutchinson: To now. I have April to 30 June 2018. I then have the financial year. So 1 April to 30 June 2018, there were 82 voyages with 10 IOs deployed. From 1 July 2018 to 30 June 2019 there were 337 voyages with 134 IOs deployed. From 1 July to current, which is to 1 October by the look of it, there were 87 voyages with 40 IOs deployed.

Senator STERLE: I have to be the devil's advocate here. If they say they haven't got any cabins, how do we know that is the case?

Ms Hutchinson: We have several processes that we go through. One is that we require statutory declarations from the companies involved. We get a statement that indicates how many placements they have available on a particular voyage. It is not just about cabins; it is also about room in life rafts and other things. So what capacity does the vessel have? How many crew are they crewing with and what is the gap left over? Every export voyage must have a LiveCorp accredited stock person on it. Some vessels then carry engineers or others for work that they need to do. Under the current departmental policy, some vessels must carry accredited vets, and then we make an assessment of what room is available to carry an independent observer. We have done work with our colleagues from AMSA to understand cabin space on vessels and a variety of other verification mechanisms to determine, to the extent of our ability, whether we accept that there isn't space available on a vessel.

Senator STERLE: You said we had visa problems. With any countries in particular?
Dr McEwen: It's more about the timing of visas. We receive the information about a voyage 10 days out from the voyage. That sometimes can be a difficult turn around period to get visas. As you'd imagine, we have to identify the IO; we have to ensure that we know what the destination is; get their passports and get them to embassies, et cetera. Sometimes 10 days is just a very short time frame to make that happen.

Senator STERLE: Do we not know further in advance? The sheep and cattle are not on the trucks and into feedlots at the last minute. We would have fair notice when a voyage is being put together.

Dr McEwen: The statutory requirement is a 10-day notification period. We do sometimes find that exporters make changes really right up to the last minute.

Senator STERLE: Is the department considering any changes to the independent observer? Firstly, for all of those reasons now we can't meet the commitment that the minister gave. I think that needs to be clear. We have cleared that up and I know the number of reasons why. What is Plan B? I'll tell you why I say this. I hate the live export trade, but I understand why it is there. I get that. I am from WA. I would much rather see it going out of the box and people being employed here. But I don't knock it down. I know it is part of life. But it's only going to take one more incident and here we go again.

Dr McEwen: What we are trying to do at the moment is we are moving to a more risk based deployment approach. Because we have had quite a number of voyages now with independent observers on them, we have a much clearer picture of where the risks are, what are the voyages where we think there are more likely to be issues that we want to track. So we are going to try and move to a position where we can ensure that we are using our resources where they are most needed.

Senator STERLE: Does that go to different levels of exporters, too? There are some very reputable exporters and there are some that keep popping up all the time, the usual suspect or two. Is that part of your work?

Dr McEwen: At the moment we are look at a longer-term deployment policy which we are going to be consulting on with the industry. At the moment it is more around destination and type of animals exported.

Senator STERLE: Rather than who the exporter is. I have got the minister nodding.

Dr McEwen: That could be part of a longer-term approach to this. At the moment, what we have done is identify particularly the shorter export routes to South-East Asia, where we usually see cattle that are more acclimatised to temperature and humidity and more able to cope with voyages that are shorter. They have been the first area where we have essentially accepted that the risks are lower.

Senator STERLE: I get that. I know that. But we know where the footage is going to come. We know it's going to come again. It's going to happen. Here we go. Then we're all going to sit back and go, 'Oh, my goodness me.' The farmers will be up in arms and we are still talking about dehydration and can we get past the moratorium? We have a minister who is not saying too much at this stage. AMSA is saying one thing, but then there are people in the industry pushing for another thing. It's all going to fall off the edge of the cliff again. I am trying to say clearly that this is not filling me with great inspiration. I am not being rude to you.
Senator McKenzie: Senator, I think you raise a very good point. There are some good operators and some not so good operators. Any system that we set up has to not just recognise the types of things Dr McEwen talks about, but also the practices on ship, the culture of the organisation, et cetera. That will absolutely be taken into account with profiling the independent observers.

Senator STERLE: Are the independent observers doing any filming on the voyages they are doing?

Dr McEwen: Yes.

Senator STERLE: Is the department intending to release any of the video footage to stakeholders?

Dr McEwen: At the moment we're going through a process of examining how we can most usefully release footage in a way that is compliant with our legislative requirements and provides useful footage that is able to be explained and understood.

Senator STERLE: Who will you share that footage with? Who will be seeing this footage?

Dr McEwen: This is part of the process that we are going through to try to determine how we release it publicly or in what way.

Senator STERLE: You want to try and do the right thing, but I know what will happen if there is anything bad. I don't want to go down this path.

Mr M Thompson: To put it into context, the independent observers and the footage and records that they take and the observations that they make on vessels are first and foremost about helping us as a regulator to identify poor performance and to act on that performance. There have been comments made publicly about the delay in releasing independent observer summary reports et cetera. We accept that and take it on the chin, but really our first interest after receiving independent observer reports is to take any regulatory action that is required. That is what we use them for primarily. We also understand that there is a high public interest in this area and in this trade, which is why Dr McEwen mentioned that we are thinking through how we can make footage available more publicly.

Senator STERLE: You are in a no-win situation here. You are damned if you do and damned if you don't.

Mr M Thompson: To come back to your earlier comment, I understand where you are coming from. I think, and I think the department thinks, that the introduction of independent observers is a significant shift in the regulatory practice, not unlike ESCAS.

Senator STERLE: But they're not there. That's the problem. It's no fault of yours. I'm not blaming you.

Mr M Thompson: But we are putting them there.

Senator STERLE: Independent observers? No, you are not.

Mr M Thompson: On most of the high-risk voyages.

Senator STERLE: You are identifying high-risk voyages. I wouldn't trust half of these exporters as far as I could throw them, pretty clearly. I am saying that very clearly because there has been evidence in this committee on many occasions. There is one company that
keeps popping up all the time. Yet there are good ones. But how do we know, how does the public know, which are the good ones and which are the bad ones? What is high-risk? How do we trust it is high risk? If we don't; if for some reason our good people—the inspectors and everyone who wants to do the right thing—because it's not me you have got to win; it is the public out there—if you are not allowed on the vessel, how do you win that argument? I am not having a crack at you.

Mr M Thompson: The onus is on us to explain what we mean by a risk based approach and why we think it's going to work.

CHAIR: Thank you, Senator Sterle. Could I table the minister's letter that was circulated earlier. Senator Smith?

Senator DEAN SMITH: Have there been any recent significant developments in regard to live export matters concerning the key players? Any recent developments in the last week or so?

Mr Quinlivan: Are you talking in relation to administrative or other legal sanctions? It is a very broad question.

Senator DEAN SMITH: It is a broad question. I am led to believe that the department might have been provided with the affidavit or have a copy of the affidavit made by Mr Mazir. Is that correct?

Mr Quinlivan: Yes. We spoke of that earlier today. That is correct.

Senator DEAN SMITH: My apologies for not being here. I don't want to recap old territory.

Mr Quinlivan: Senator Brockman asked a few questions on this matter.

Senator DEAN SMITH: Just for my sake, and I won't take up too much of the committee's time, when was that received? Was that a question that Senator Brockman asked?

Mr Quinlivan: I don't know that he actually asked the date. He asked a number of questions about it. I don't recall him asking the date, be I think we can probably help you.

Ms Lane: The most recent information was received in late September—the 26th, I think, from memory.

Senator DEAN SMITH: Again, in summary for me, if you have already answered these questions for Senator Brockman, what have you done with the information contained in the affidavit?

Ms Lane: I will just recap briefly on where we were prior to receiving that information. As you know, we had released a statement in July with the outcomes of the investigation at the time. In late September we received some information from Mr Mazir, which we now need to assess in light of that original investigation. We have made contact and we are making some inquiries of him in relation to the statement.

Senator DEAN SMITH: How long do you think those inquiries will take? You've had it since September already, is that correct?

Ms Lane: It is a little hard to determine. He is not in the country at present. So that adds to the time it takes to communicate back and forth. We certainly are seeking to conclude those inquiries as soon as we possibly can.
Senator DEAN SMITH: So you have made contact with him?

Ms Lane: We have made contact, yes.

Senator DEAN SMITH: Is he being cooperative?

Ms Lane: He has agreed to provide some further information and answer some questions from us, yes.

Senator DEAN SMITH: Going to the issue of time frame, what do you think is a reasonable expectation around the time it might take to speak to and verify—

Ms Lane: It's a little hard to say how long I think that will take. We have asked some questions of him, prompted by the information he's provided to us. That may also require us to make some inquiries of other people, so, depending on their availability, that takes as long as it takes. We're very mindful obviously of the interest, but we will make the inquiries and get the information that we need to make an appropriate assessment. It's hard to say how long that will take.

Senator DEAN SMITH: But, internally, you must have an idea in terms of what would be a reasonable amount of time?

Ms Lane: It's a difficult question to answer. It really depends on the availability of the people we're making inquiries of. We will want to obtain all of the information that we think we need, so it's a little hard to determine.

Senator DEAN SMITH: So I should come back at next estimates in February?

Ms Lane: We try to work as efficiently as we can, but we're not necessarily running to a time line. We're trying to do a thorough job when we make these inquiries.

Senator DEAN SMITH: Thanks very much. Secretary, were you going to say something?

Mr Quinlivan: I was thinking about making the observation that a lot of these investigations that we do involve talking to people—and taking statements and so on—who are not Australian residents, and sometimes it's very hard to make personal contact with them. So we always hope to do them quickly, but generally the reality and the logistics mean they take some time. But—

Senator DEAN SMITH: So what logistics might you employ in these particular circumstances?

Mr Quinlivan: I think we're making every effort to be in contact with him sufficiently well to get the information we need.

Senator DEAN SMITH: Are you making contact with him via email or telephone?

Ms Lane: He's not in the country at the moment, so obviously we haven't had a chance to meet with him, although we have indicated we'd be keen to do that, and he has indicated, if he is in the country, he would make himself available. But, at the moment, we're just making some inquiries pertaining to the statement that he's made.

Senator DEAN SMITH: Thank you.

Senator HANSON: I want to go to the government red meat export inspection program. It's run on a cost-recovery basis whereby exporters, who have no control over inspection costs, are required to fully reimburse the department for the service. I understand that puts red
meat exporters at odds with other major competitors, such as in Brazil and the USA, because they cover the inspection costs. Is the government going to address the high cost to the red meat export industry of the inspection costs that they actually have to absorb?

Mr Quinlivan: I will ask Ms Freeman to describe what services we provide, just to get the facts clear, and then we can go to your second question.

Ms Freeman: All our export programs are cost recovered, including the red meat program. At the moment, the cost of the program for red meat would be of the order of about $82 million or thereabouts each year. That's the cost of the regulatory services we provide under export legislation to provide assurances that legislation and importing country requirements are met. Currently government policy is that it is cost recovered. And, for a range of all our other export programs, the same policy applies.

Senator HANSON: You employ about 200 meat inspectors?

Ms Freeman: I would have to get you the numbers. There is a range of them. I would have to take that on notice, but there would be a range of several hundred meat inspectors and also people performing various different roles that are on meat establishments, but also some of the people we would have in biosecurity operations and, here in Canberra, running the program.

Senator HANSON: Why would meat inspectors travel from Rockhampton, which is the meat capital of Queensland—

Senator McKenzie: Actually of Australia. It's the beef capital of Australia, Senator Hanson.

Senator HANSON: Why would meat inspectors travel from Rockhampton to Brisbane to do inspections in Brisbane when we have meat inspectors in Brisbane? Why is there that added cost?

Ms Freeman: I would have to go to the actual running of the program with my colleagues, but basically, as it stands now, the companies have a choice of which model they would like to use. You can have a traditional inspection model, where there would be more government inspectors on the establishment, or you can have approved arrangements where you can have a third party provide you with the majority of those services on the establishment. Roughly, 50 per cent of establishments choose one model, and the other choose the third party. I think the only major requirement that we would have would be to export to the United States you need to have a government inspector on the end of the chain. That is an importing country requirement so that would obligate having a government inspector there.

As to the specifics of why people would travel, I'd go to the operation of the program for that. Usually there is a range of reasons as to why people would travel to meet shift requirements, but I would anticipate that there are inspection staff operating both in Rockhampton and in the Brisbane area that would fulfil a number of roles. If there is a specific example, obviously I'm happy to take that.

Senator HANSON: I have been told that the private sector is able to provide the service a lot cheaper.
Ms Freeman: As it stands, the government policy is that companies can choose whichever model they use.

Senator HANSON: So they're not forced?

Ms Freeman: No, they are not forced.

Senator HANSON: They don't have to have government meat inspectors?

Ms Freeman: The only place you have to is when you ship to the US. To ship to the US you need one inspector on the end of the chain. For the rest of your inspectors on plant you can choose what we refer to as the traditional model, in which case there are more, or you could have a third-party model, where you can employ your own inspectors. We have been told anecdotally that the cost of going with the third-party model is not necessarily cheaper. Obviously in some areas some of those third-party providers might find it difficult to recruit staff in potentially remote areas. You hear a range of stories, Senator; it's not necessarily one or the other. But, as far as the department is concerned, it's up to the establishment and the company to decide which model they want.

Senator HANSON: Is the government proposing any increase of the cost to the exporter?

Mr Quinlivan: We're not considering any increase to costs, but we're certainly considering an increase in our prices because we're currently not fully recovering our costs.

Senator HANSON: Well, that's what I was sort of asking. You're looking at increasing the cost to the exporter of supplying your—

Mr Quinlivan: Yes. We're looking at doing that right across the board, because we're currently not recovering our costs on any of our export programs and it's compromising the department's financial sustainability.

Senator HANSON: How much is it actually costing the department then?

Mr Quinlivan: I think across all of the export programs it is—

Senator HANSON: Just in the red meat inspection program. That's all I'm interested in; I'm not interested in the other.

Mr Quinlivan: I should defer to the chief finance officer.

Mr Scott Brown: I can give you the meat export arrangement. Last financial year we lost $3.2 million.

Senator HANSON: That's what you ran out of deficit?

Mr Scott Brown: That's a deficit.

Senator HANSON: That's a lot, $3.2 million. You recovered $82 million—is that right?

Mr Scott Brown: I'll give you the revenue we had last year, which was $84 million. The expenses were $87 million. So we're about $3 million down.

Senator HANSON: That's fine. Thank you very much; that's all I've got.

CHAIR: Senator Hanson raises a good point about the cost to red meat exporters and how, if those costs weren't incurred by the processors and exporters, that is money that could flow back towards the producers. Minister, in order to achieve the $100 billion of agricultural production by 2030, is this something that we could consider as to how this might be a stimulus to the red meat sector? I'm thinking aloud.
Senator McKenzie: I'll take that on notice and have further discussions with you. Senator McDonald, I know how passionate you are about a thriving, profitable beef industry.

CHAIR: Thank you very much.

Senator HANSON: I did raise the issue. I'd be very interested in following this up.

Senator FARUQI: Thank you. I want to follow up on the independent observers and the questions that Senator Sterle was asking. From what I understood, it's less than 50 per cent of the voyages, or even less than that, that have independent observers, even though the minister basically said every live export vessel leaving Australia would have an independent observer. That's clearly not happening. One of the reasons you've given is there may not be space. Why are those vessels allowed to be sailed when there was a commitment made by a minister that every single voyage would have an observer? Or why aren't those ships, for instance, being modified? Animals are being put at risk just because of a logistical issue which surely can be resolved?

Dr McEwen: The first thing I would say to that is that animals aren't being put at risk any further when there is or isn't an independent observer on board. The role of the independent observer is to observe. It's not actually to intervene or to engage in animal welfare.

Senator FARUQI: But reporting back on that would hopefully improve the next time. It would improve animal welfare outcomes when you find out things aren't happening the way they should be.

Dr McEwen: Yes. We do hope that has increased outcomes through surveillance. The person is not engaging in actual animal welfare activities on board. Their role is a regulatory one.

Senator FARUQI: So why have them there at all?

Dr McEwen: Their role is a regulatory one as, Mr Thompson pointed out.

Senator FARUQI: So why have them there at all?

Dr McEwen: Because they're like an auditor. They observe what is going on and report back, and then we can take action beyond there.

Senator FARUQI: But that only works if they are on every single ship. Is there a new approach now? Again, I quote from the previous agriculture Minister David Littleproud who on 27 May this year said:

We can't slip back, there is more work that needs to be done … The department still needs to get independent observers put in across all the boats.

Is this new approach backtracking on the previous minister's commitments? It clearly is, from where I'm sitting.

Mr M TOMPSON: We wouldn't call it a backtracking.

Senator FARUQI: So what would you call it?

Mr M TOMPSON: We would call it moving to a risk based deployment of independent observers. You may not accept that, but that's the basis on which we are looking to make sure that both the regulatory regime that we run is more well targeted in terms of our effort and the effort of our staff, but is also sustainable in a cost sense for industry. Both of those things are important, because that's government policy as well.
Senator FARUQI: I think the industry wins out on this one, I have to say.

Mr M Thompson: I don't agree with that.

Senator FARUQI: Of course you won't agree. There was a note from an article in the Sydney Morning Herald that the RSPCA had applied for footage from one particular vessel to be released under Freedom of Information, but the department has refused that application. The article said:

It is possible that the footage would be selectively used by those who are opposed to the industry to lobby for the banning of the trade, to the commercial detriment of the organisations involved …

Is that really a legitimate basis to refuse a Freedom of Information request?

Ms Hutchison: Yes, it is.

Senator FARUQI: So you're concerned. How bad is that footage, if you're concerned that there'll be a loss to trade?

Dr McEwen: It's not necessarily about how bad the footage is. It's about the way that any piece of video footage can be manipulated, cut and used to focus on. If we provide, I think the request was, for several hours worth of footage, that could be reduced to a five-second piece. There were legitimate concerns raised that this could occur and that was something that the decision-maker accepted.

Senator FARUQI: But that video shows animal cruelty on the voyage?

Dr McEwen: No.

Senator FARUQI: So what five seconds would be used against a commercial operator?

Mr M Thompson: I think we're saying that the footage could still be taken out of context and edited in such a way that it could cause detrimental commercial harm to the export.

Senator FARUQI: That is even though there were no problems with that footage and there was no animal cruelty on that voyage. What feasibly could happen if there was nothing in that video which shows any animals in distress or anything? How could be done?

Mr M Thompson: We are not saying there were no problems. I don't know the particular footage in detail. If there are problems identified, then we act on them as the regulator. That's the point I was making before.

Senator FARUQI: Have you acted on this one?

Mr M Thompson: Have we acted on that particular voyage?

Senator FARUQI: Yes.

Mr M Thompson: I don't know. We'd have to take it on notice.

Senator FARUQI: Yes, could you take that on notice. I have just one last question on this particular topic. Could you explain why sometimes it takes such a long time to release the reports by the independent observers? One in particular, I think in November 2018, the Maysora voyage to Jordan and Israel, still hasn't been released. It's been a year, and it hasn't been released. Is any reason for that?

Ms Hutchison: There are a range of reasons that publishing of IO reports have been delayed, and they have been canvassed here previously. The program was set up immediately, overnight. There are a whole range of legislative, operational and technical procedures that need to be put in place to support the implementation of any such program. They took a
significant amount of time, including putting human resources to the range of things that need to—

Senator FARUQI: So you don't have enough people to do all the reports.

Ms Hutchison: We have a process whereby we receive the information. That itself can be problematic, particularly in the early days of the program. In the early days of the program, when we were receiving quite large video files and other things, there were some delays in technically getting them into the department and then reviewing them. Then we need to go through them and assess them. We need access to the independent observer who took the footage or attended the voyage. That can be problematic if people get redeployed. We need to work through that process. So we have been doing that, and we took the decision to publish reports as they became available, not necessarily to publish them sequentially. In terms of the delays, you are specifically asking about one on 8 November, sheep and cattle to Israel and Jordan. We have prepared a summary. We are engaging with the independent observer, which has been difficult. I understand that it is a lengthy—

Senator FARUQI: It's was a year ago.

Ms Hutchison: amount of time. As you can appreciate, the department publishes a range of information from voyages, including independent observer reports, reports to parliament and a range of others. We do have a number of quality assurance checks that we go through to make sure that we understand fully what is going on in a particular voyage. In this particular one, we're continuing to seek further clarification and ask questions to make sure we have a full understanding of what happened on this voyage before we publish the report. We are aware of it, and we are working our way through it.

Mr M Thompson: It's a fair question, and we're getting it from a number of quarters. We have put a lot more resources into clearing the backlog in the last three months in particular. We recently posted on our website—I'm happy to provide the link—a bit more explanatory material around why some of the delays occur and what we use this information for it.

Senator FARUQI: That's good to know. Moving onto another topic, has the minister or the department received any animal welfare concerns about Australia's breeder cattle sent to Indonesia?

Mr M Thompson: The department is aware of some issues of an animal welfare nature in relation to breeders into Indonesia. As you probably know, there is a breeder trade into Indonesia that complements the live cattle trade. Some of that is a requirement of Indonesian government policy. The breeder cattle, for the most part—in fact, almost exclusively, I think—are purchased by the Indonesian government. They become the property of the Indonesian government, and the Indonesian government is then responsible for management arrangements there either at a high level or at a local level.

Senator FARUQI: You were probably also aware that in Sri Lanka there were some issues with Australian dairy cattle that died. Now there are issues in Indonesia. I'm just wondering what lessons the live export industry has learned. As I understand, there is no ESCAS-style in-market traceability system. Do you think there should be something along those lines? How do we ensure Australian cattle are treated well no matter where they end up and through whatever program?
Mr M Thompson: It's a good question. We have grappled with this as a department. Previous governments have grappled with seeking to establish some form of scheme to provide the sort of assurance we get in ESCAS. The main difference, as I'm sure you'd appreciate, is that breeder cattle have a continuing life. ESCAS covers up to the point of slaughter. We don't have mechanisms that allow us to track or control the supply the chain for breeder cattle, because they can be on-sold, moved around farms et cetera. This is something we have been giving some thought to off the back of, primarily, the Sri Lanka dairy cattle experience, although, in that context, Wellard, the exporter, believes they did have quite strong arrangements in place as a commercial operator those cattle into Sri Lanka. There's not an easy solution. So we are doing some thinking internally. We're preparing to brief the minister on this issue in more detail.

Senator FARUQI: So you are looking at some ways? Otherwise we shouldn't be exporting them.

Mr M Thompson: There is a growth in interest in getting access to Australian breeder cattle.

Senator FARUQI: Sure, but we have to make sure the animals are treated well.

Mr M Thompson: We do; that's right. But there is an issue around when the responsibility becomes that of the commercial entity or the government that might be purchasing?

CHAIR: Senator Faruqi, have you got many questions left? We have a few other people who want to ask questions.

Senator FARUQI: I do have a few more questions, but we can move around if you like.

CHAIR: Yes, we're just trying to move through.

Senator FARUQI: Sure.

CHAIR: Senator Sterle.

Senator STERLE: I want to go to the latest public consultation paper on managing heat stress in live exports. Minister, we've had the McCarthy, ASEL, the HSRA, blah, blah—you know they will keep coming. I think three of the four options were talked about. The heat stress assessment does not include the implementation of the revised HSRA model, so what possibly could be the justification for thought implementing a revised HSRA model after views have conclusively shown the inadequacy of the current model?

Senator McKenzie: That's why we've got the discussion paper out. There's a raft of research that's been conducted not just in the confines of what discussion of this committee and government have done but right around the world. We wanted to open that up and make sure that the discussion paper is broad ranging and all stakeholders get to put forward a case, whatever that may be. You're right: we've put in there a range of options for submitters to address. I'm confident we'll get the settings right.

Senator STERLE: You and your office are running the paper to improve it, tweak it, change it? That's correct?

Senator McKenzie: The discussion paper has been released on the department's website. Stakeholders are engaging with it now.

Senator STERLE: You'll have final carriage as the minister?
Senator McKenzie: It closes soon, on 28 October. I'm sure the department will then examine the submissions and will bring forward a recommendation.

Senator STERLE: Okay. How many abattoirs are approved under ESCAS?

Ms Hutchison: Internationally?

Senator STERLE: Yes.

Ms Hutchison: I don't think I have that number in front of me, but I can take it on notice.

Senator STERLE: Take it on notice. It's too late to stress out on it. While you're at it, could you please take on notice how many are approved for unstunned slaughter?

Ms Hutchison: I can, yes.

Senator STERLE: Very quickly: we have the moratorium completed in January, I think—is that correct? The one about the live exports in the summer months to the—

Mr M Thompson: No, there was a prohibition—

Senator McKenzie: There was a prohibition.

Dr McEwen: The moratorium—

Senator McKenzie: You've got to get the language right!

Dr McEwen: There was an industry moratorium, which was for three months. There was a regulatory prohibition, which ended on 22 September.

Senator STERLE: Right, but we haven't landed anywhere yet, is that correct? I know you're not AMSA, but one of the exporters came and saw me, and probably saw Senator Brockman and Senator Smith and co as well. They were saying they can cart the sheep in the summer months by single stacking instead of double stacking. Are you aware of this, Minister?

Dr McEwen: I think you're referring to the changes to a marine orders for AMSA regulations—

Senator STERLE: Yes.

Senator McKenzie: AMSA regulations, which we should have addressed yesterday—

Senator STERLE: Yes I know we should have, but I got all excited talking about other things—

Dr McEwen: The dual tier versus twin tier—

Senator STERLE: Yes, that's it.

Dr McEwen: doesn't make any difference to the prohibition at the moment.

Senator STERLE: Let's leave it. We'll follow it up with AMSA—

Senator McKenzie: But that may be something—

Senator STERLE: I think we share the same concern here.

Ms Hutchison: Excuse me Senator, I do have the number of ESCAS abattoirs: 620.

Senator STERLE: Great—620 abattoirs. And, of them, do you have the number for how many are approved for unstunned—

Ms Hutchison: I do not, I would have to take that on notice.

Senator STERLE: Thank you so much.
Mr M Thompson: I think that number would have to be very, very low, if not zero.
Ms Hutchison: No, because stunning is not required by the UAE, so there are—
Mr M Thompson: Oh, okay.
Senator STERLE: Yes, there will be some. Thank you very much.
Senator McMAHON: In the Northern Territory we have a very vast area of land crossed by heavy vehicle transport, often multibogie road trains carrying livestock, fodder, fuel and other goods. They're also in and out of the Northern Territory into the surrounding states. There is currently no cleaning and disinfection option for these vehicles in the Northern Territory whatsoever, presenting a very large biosecurity risk for the transport of plant and animal pests and diseases. Would the department consider it prudent to establish some cleaning and disinfecting truck washes in the Northern Territory: for example, on the Barkly Highway, the Victoria Highway, Katherine and Alice Springs as a biosecurity precaution?
Mr Quinlivan: I think we would take advice from the Queensland and Northern Territory biosecurity agencies on what the risk was of the transmission of plant or animal biosecurity problems across the border. We were talking earlier about the drought in the Barkly, and I know there have been a lot of cattle movements. I don't recall any discussion between those agencies about biosecurity problems. There certainly have been concerns about the movement of fodder from one region to the other and the transmission of weeds, but I can't recall that concern being expressed about those northern movements. But we would take advice from the two relevant agencies.
Senator McMAHON: Is that something you would follow up?
Mr Quinlivan: We could do. I understand that you have a general issue, but is there a particular disease or pest concern that you—
Senator McMAHON: Not a single, particular concern, no.
Mr Quinlivan: I think that if there were one—if one of those two agencies had one—I'm pretty sure we would have heard about it because they would have wanted to put in place some restrictions, and to my knowledge they haven't.
Senator McMAHON: No, it's a general concern.
Mr Quinlivan: Whereas New South Wales has been petrified about getting some weeds from WA with the movement of fodder. I'm not quite sure what you've got over there, but it certainly worries people on the east coast!
Senator STERLE: Louisa Bilato from the Northern Territory Transport Association would be well able to speak about that, wouldn't she?
Senator McMAHON: Yes.
Senator McKenzie: WA Livestock guys have the same thing.
Senator FARUQI: I have some questions about stocking densities. The final report of the review of the Australian Standards for the Export of Livestock was released in March 2019 and the department supported all 49 recommendations, including those relating to stocking density reductions for sheep and cattle. I note that the department has implemented the recommended stocking density reduction for sheep but still has not implemented the recommended stocking density reduction for cattle despite releasing an export advisory notice.
indicating that this would occur by 1 June 2019. Could you please explain why the recommended stocking density reduction for cattle has still not been implemented and when it will be implemented.

**Dr McEwen:** That has been a victim of competing priorities. Because there is an ability for exporters with a good track record to access a lower stocking density, we had done some preliminary consultation. But then, as we moved to implement all of the ASEL recommendations, which will be doing early next year, we realised we probably needed to make sure we had those settings really right. So we have just released a consultation paper on a number of issues about the implementation of the revised ASEL for early next year. Once we get the responses for that, we will be looking at that. At the moment, we imagine that we will be implementing it at the same time as the rest of the ASEL recommendations.

**Senator FARUQI:** Which is when?

**Dr McEwen:** In the first quarter of next year.

**Senator FARUQI:** I have a question on another scandal in live exports. This time I'm referring to the footage of Australian cattle being roped and slaughtered inhumanely in Indonesia. Who reported that particular footage to the department?

**Dr McEwen:** I believe it was Animals Australia.

**Senator FARUQI:** What was reported was a breach of ESCAS, wasn't it?

**Ms Hutchison:** It's still under investigation.

**Senator FARUQI:** Is it correct to say that International Livestock Export is the company that has admitted to the cattle being theirs?

**Dr McEwen:** I believe they have.

**Senator FARUQI:** So it was the great work of Animals Australia that identified the particular incident. Is Michael Standen the managing director or the director of International Livestock Export?

**Dr McEwen:** Yes.

**Senator FARUQI:** Has Michael Standen been charged with animal cruelty by the Western Australian government over the Awassi incident?

**Dr McEwen:** That's my understanding, yes.

**Senator FARUQI:** Why has a party that has been charged with animal cruelty in WA and admitted responsibility for this grave ESCAS breach not had its licence suspended?

**Dr McEwen:** Until an actual court action has been taken, I believe we have to abide by the presumption of innocence in that case.

**Senator FARUQI:** Even though they have been charged with animal cruelty previously as well, and have admitted to it?

**Dr McEwen:** We are currently looking into the ESCAS breach, and we will take appropriate regulatory action once that investigation is completed.

**Senator FARUQI:** When will that investigation be completed?
Dr McEwen: As with all investigations, it is hard to say. It should be over the next month or so. It depends on evidence-gathering, response times and a range of things.

Senator FARUQI: I want to go back to the treatment of horses in abattoirs. This afternoon, when we are talking about it—

CHAIR: We're doing live export now.

Senator FARUQI: We're doing exports as well?

CHAIR: We're doing live animal exports.

Senator FARUQI: So exports and live animal exports?

CHAIR: Yes.

Senator FARUQI: That is about export, of course.

Mr Quinlivan: Yes, it is.

Senator FARUQI: This afternoon, when we had a few questions around that, I think the minister pointed out that there were eight reports that had been sent to the Queensland government about animal cruelty.

Senator McKenzie: From our vet.

Senator FARUQI: Yes.

Senator McKenzie: I think there is an update that it is nine. But on Friday, when I wrote to the Queensland minister, we were aware of eight.

Senator FARUQI: Yes. So nine reports of animal cruelty that was happening at the Caboolture abattoir had been sent from the vet to the Queensland government. I just want to know the time line of those reports. What was the time period of those nine reports?

Ms Cooper: Those nine reports are from January this year to date. I don't have the precise dates when those incidents were raised, but I can tell you that it is from January this year to today.

Senator FARUQI: Were those nine reports over almost a year being responded to by the government, and what action was being taken if they weren't being responded to?

Ms Cooper: Our role is to raise those incidents with the state regulator, which is DAF Queensland in this case. We provide the incident reports, and we respond to any questions and provide any back-up evidence if required, but it's then up to the state regulator to prosecute. We don't always get a response to that. Investigations can take some time.

Senator FARUQI: Sure, but there were nine reports of animal cruelty over a year.

Ms Cooper: Correct.

Senator FARUQI: And you don't know what was being done with them.

Ms Cooper: Correct.

Senator FARUQI: Don't you think that is a bit irresponsible for the federal government?

Mr Quinlivan: We're also not clear that the particular examples relate to this abattoir per se. Some of them relate to the state of the animals when they arrived at the abattoir, which would be an issue of the conduct of the previous owner and possibly the trucking contractor and so on.

Senator FARUQI: But the Commonwealth vet was reporting.
Mr Quinlivan: Correct.
Senator FARUQI: No matter where they were—
Mr Quinlivan: No, I'm just saying—
Senator FARUQI: Yes, sure. Do we know how many of those reports were on the condition of the horses entering and how many were—
Ms Cooper: They were all in relation to the state of the animals as they arrived at the abattoir—either emaciated animals or animals injured either prior to being loaded onto the trucks or on the trucks.
Senator FARUQI: So none of them were actually about what was happening in the abattoir?
Ms Cooper: Correct.
Senator FARUQI: So how was this cruelty missed if there were a vet and an animal welfare officer from the federal government present in the abattoir? They did not see this happening, and we now know it is happening.
Mr M Thompson: Just to clarify, I think I made it clear earlier that the on-plant vet is an employee of the Commonwealth, of this department, but the animal welfare officer is employed by the company, and that's a requirement under—
Senator FARUQI: That is a requirement of the Commonwealth?
Mr M Thompson: It is part of our approved arrangements, consistent with the requirement of the EU as the importing country.
Senator FARUQI: What is the oversight for that animal welfare officer? How do you know that that is a useful position to have in terms of improving animal welfare? We now find out that it isn't, obviously—an animal welfare officer present and under whose eyes this was happening. I guess what I'm asking is: what does the Commonwealth think needs to change in this situation? Have you given that any thought?
Ms Cooper: At the moment, we're in the process of investigating the incident. Not only have we reviewed the footage of the incident that was aired on 7.30, but we have also conducted what we refer to as a critical incident response audit, which is our usual action where we think that something critical has occurred. We are currently investigating that and reviewing the information that we've obtained from that audit. One of the things that we are aware of is that those incidents actually occurred up to about six months ago, which is where we can time it at this stage. But we are still trying to verify exactly when those incidents occurred.
Senator FARUQI: Is the department also reviewing the Caboolture abattoir's licence to export in the light of what's happened?
Ms Cooper: As part of the critical incident response audit and the policy that covers that, we are considering what actions we will take, which under our legislation could include sanctions and could include suspension of the abattoir's approved arrangement. But, as I said, we are currently reviewing the audit and the footage, and we will be making that decision in the next week or so, I would anticipate.
Senator FARUQI: Okay. Thank you.
CHAIR: Thank you, Senator Faruqi. Senator Brockman, only because you are my favourite senator of the day!

Senator BROCKMAN: I've heard everybody say that, Senator, except for Senator Patrick.

Senator McKenzie: No-one else is saying that right now!

CHAIR: We're all saying it inside!

Senator BROCKMAN: I'll keep this very quick. I promise you that I want to be out of here as well. Can you give me a really quick status update on the Emanuel appeal?

Dr McEwen: The AAT appeal?

Senator BROCKMAN: Yes.

Dr McEwen: I think submissions of evidence between parties have finished and we're currently negotiating a date for the appearance through the AAT.

Senator BROCKMAN: What are your prospective time frames?

Dr McEwen: The last advice I received was April.

Senator BROCKMAN: April? Goodness gracious! The wheels move slowly, don't they? What's the current status of your investigation into the 'cash for cruelty' issue?

Mr M Thompson: Our live animal exports division colleagues don't investigate that, Senator; it's our compliance folk. I think we covered a bit of this earlier.

Mr Quinlivan: I think we've had two goes at that already today.

Senator BROCKMAN: Have we?

Mr Quinlivan: Yes.

Senator BROCKMAN: Okay. In that case, this is going to take less time than I thought! Are any provisions on confidentiality handled by compliance, or is that handled by live export?

Mr M Thompson: Because it's part of the investigation, it's with compliance.

Senator BROCKMAN: I shall have to do this another time.

Mr Quinlivan: Chair, can I correct one matter relating to dog training? The pups take 12 months to grow up and three months to train.

Senator McKenzie: So you can't start training at eight weeks when you pick them up.

CHAIR: An excellent clarification. Thank you, Mr Quinlivan. That concludes today's proceedings. The committee is due to recommence its examinations of the supplementary budget estimates on Friday 25 October. I thank Minister McKenzie, officers of the Department of Agriculture and all witnesses who have given evidence to the committee today. Thank you also to Hansard, Broadcasting and the secretariat.

Committee adjourned at 22:07