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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Tuesday, 3 March 2020

AGRICULTURE, WATER AND THE ENVIRONMENT PORTFOLIO

In attendance

Senator Ruston, Minister for Families and Social Services
Senator Duniam, Assistant Minister for Forestry and Fisheries, Assistant Minister for Regional Tourism

Department of Agriculture, Water and the Environment

Executive

Mr Andrew Metcalfe AO, Secretary
Ms Cindy Briscoe, Deputy Secretary
Mr Matt Cahill, Deputy Secretary
Mr Dean Knudson, Deputy Secretary
Ms Lyn O'Connell, Deputy Secretary
Mr Malcolm Thompson, Deputy Secretary

Corporate Strategy and Governance Division

Mr Neal Mason, First Assistant Secretary
Ms Paula Goodwin, First Assistant Secretary
Mr Adam Carlon, Assistant Secretary, Communications and Media Branch
Mr Jey Hoole, Acting Assistant Secretary, Strategy, Planning and Governance Branch
Ms Bronwen Jaggers, Assistant Secretary, Ministerial, Parliamentary and Portfolio Coordination Branch

People Division

Mr Neal Mason, First Assistant Secretary
Ms Giorgina Strangio, Assistant Secretary, HR Branch
Ms Kylee Barber, Assistant Secretary, HR Branch
Ms Jasna Blackwell, Acting Assistant Secretary, HR Branch
Ms Cate Leyland, Director, Workplace Relations and SES Unit

Finance and Business Support Division

Mr Scott Brown, Chief Finance Officer
Mr Chris Ramsden, Assistant Secretary, Transition Team
Mr Paul Pak Poy, Assistant Secretary, Industry Support Branch
Ms Tanya Howitt, Assistant Secretary, Finance Management Branch
Mr Troy Czabania, Assistant Secretary, Commercial Business Branch
Ms Sophia Farmakis-Moss, Acting Assistant Secretary, Finance Operations Branch
Mr Matthew Ryan, Assistant Secretary, Modernising Agricultural Trade Taskforce
Mr Peter Moore, Director, Commercial Business Branch

Information Services Division

Mr Peter McKeon, Chief Information Officer
Mr Ian Scensor, Assistant Secretary Enterprise ICT Development and Operations

Assurance and Legal Division

Ms Alice Linacre, Chief Counsel
Ms Amy Nichol, General Counsel
Ms Cassandra Ireland, Acting General Counsel
Mr Lionel Riley, Assistant Secretary, Assurance Branch

Agvet Chemicals, Fisheries and Forestry Division

Ms Cassandra Kennedy, First Assistant Secretary
Ms Mel 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 Standen, First Assistant Secretary
Ms Courtney Bryant, Acting Assistant Secretary, Climate and Resilience Policy Branch
Ms Kerren Crosthwaite, Assistant Secretary, Financial Policy and Farm Business Support Branch
Mr Tim Fisher, Assistant Secretary, Farm Performance Branch
Mr Andrew O'Sullivan, Assistant Secretary, Drought Response Branch

**Agricultural Policy Division**
Ms Rosemary Deiningier, Acting Deputy Secretary
Ms Cassandra Kennedy, First Assistant Secretary
Ms Joanna Stanion, Assistant Secretary, Markets and Competition Branch
Mr Nick Blong, Assistant Secretary, Innovation and Consumers Branch
Mr Richard Webb, Acting 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

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

**Knowledge and Technology Division**
Ms Beth Brunoro, First Assistant Secretary

**Future Drought Fund Consultative Committee**
Mr Brent Finlay, Chair

**Biosecurity Animal Division (including Australian Chief Veterinary Officer)**
Dr Robyn Martin, First Assistant Secretary
Dr Mark Schipp, Australian Chief Veterinary Officer, Australian Chief Veterinary Office
Dr Beth Cookson, Assistant Secretary, Animal Biosecurity Branch
Mr Scott Turner, Acting Assistant Secretary, Animal and Biological Imports Branch

**Biosecurity Plant Division (including Australian Chief Plant Protection Officer)**
Dr Marion Healy, First Assistant Secretary
Dr Gabrielle Vivian-Smith, Acting Australian Chief Plant Protection Officer
Mr David Ironside, Assistant Secretary Plant Export Operations Branch
Mr Peter Creaser, Assistant Secretary Plant Systems and Strategies Branch
Dr Robyn Cleland, Assistant Secretary Plant Import Operations Branch
Dr David Dall, Acting Assistant Secretary Plant Sciences and Risk Assessment Branch
Mr John De Majnik, Acting Assistant Secretary, Plant Health Policy Branch

**Compliance Division**
Ms Peta Lane, First Assistant Secretary
Ms Barbara Cooper, Assistant Secretary, Compliance Controls Branch
Mr Richard Chadwick, Assistant Secretary, Enforcement and Sanctions Branch
Mr Jagtej Singh, Assistant Secretary, Compliance Policy Branch
Ms Linda Jennings, Principal Director, Compliance Testing and Intervention Branch

**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**
Ms Cathryn Geiger, Acting First Assistant Secretary
Ms Kristin Sykes, Acting Assistant Secretary, Biosecurity Implementation Branch
Ms Josephine Laduzko, Assistant Secretary, Biosecurity Policy and Response Branch
Ms Katherine Waterhouse, Acting Assistant Secretary, Biosecurity Policy and Response Branch
Ms Caroline Martin, Principal Director, Biosecurity Levy Unit

**Exports Division**
Ms Fran Freeman, First Assistant Secretary
Ms Deb Langford, Assistant Secretary, Residues and Food Branch
Ms Nicola Hinder, Assistant Secretary, Meat Exports Branch
Dr Anna Somerville, Assistant Secretary, Export Standards Branch
Mr Andrew Patterson, Meat Exports Branch

**Live Animal Exports Division**
Dr Melissa McEwen, Principal Regulatory Officer
Dr Carol Sheridan, Assistant Secretary, Animal Welfare Branch
Ms Tina Hutchison, Assistant Secretary, Live Animal Export Branch

**Inspector-General for Biosecurity**
Mr Rob Delane, Inspector-General for Biosecurity

**Inspector-General for Live Animal Exports**
Mr Ross Carter, Inspector-General for Live Animal Exports

**Water**
Ms Mary Colreavy, Acting First Assistant Secretary
Mr Matthew Dadswell, Assistant Secretary, Murray-Darling Basin Policy Branch
Ms Kirsty Bunfield, Assistant Secretary, National Water Policy Branch
Ms Liana Grieve, Acting Assistant Secretary, Sustainable Water Branch
Mr Ramzi Jabbour, Assistant Secretary, Inspector-General of Murray-Darling Basin Water Resources Taskforce
Mr Craig Bradley, Director, Southern Basin Branch
Mr Tony Bigwood, Acting Assistant Secretary, Water Recovery Branch
Mr Christopher King, Acting Director, Water Purchase and Northern Infrastructure Branch

**Dairy Australia**
Mr Jeff Odgers, Chairperson
Dr David Nation, Managing Director
Mr Charles McElhone, Group Manager, Trade and Industry
Mr Gerry Eeman, Legal Manager

**Meat and Livestock Australia**
Mr Jason Strong, Managing Director
Mr Andrew Ferguson, Chief Financial Officer
Mr Matthew Peacock, Corporate Communications Manager
Mr Josh McIntosh, Media Manager

**Australian Wool Innovation**
- Ms Colette Gamse, Chairperson
- Mr Stuart McCullough, Chief Executive Officer
- Mr Jim Story, Company Secretary
- Mr Jeff Sorrell, Corporate Affairs Manager
- Mr Nigel Gosse, General Manager, Operations

**Regional Investment Corporation**
- Ms Prue Bondfield, Acting Chair
- Mr Bruce King, Chief Executive Officer
- Mr Duane Roberts, Executive Director, Corporate Services
- Mr John Newcombe, Executive Director, Program Delivery

**Australian Grape and Wine Authority**
- Mr Andreas Clark, Chief Executive Officer

**Australian Pesticides and Veterinary Medicines Authority**
- Dr Chris Parker, Chief Executive Officer
- Ms Lisa Croft, Deputy Chief Executive Officer
- Mr Bob Smith, Executive Director, Service Improvement and Integration
- Dr Jason Lutze, Executive Director, Risk Assessment Capability
- Mr Alan Norden, Executive Director

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

**Fisheries Research and Development Corporation**
- Dr Patrick Hone, Managing Director
- Mr Crispian Ashby, General Manager Research and Investment

**Animal Health Australia**
- Ms Kathleen Plowman, Chief Executive Officer
- Dr Brendan Pollard, Senior Manager, Emergency Preparedness
- Ms Jackie Poyser, Executive Manager, Communications and Training Services

**Plant Health Australia**
- Mr Greg Fraser, Executive Director
- Mr Michael Milne, Chief Financial Officer and Company Secretary
- Dr Susanna Driessen, General Manager, Emergency Response and Preparedness

Committee met at 09:03

CHAIR (Senator McDonald): Good morning. 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 Agriculture, Water and the Environment Portfolio, excluding the environment. All questions on the environment go to the department's appearance before the Environment and Communications Legislation Committee. The committee may also examine the annual reports of the departments and agencies appearing before it.
The committee has before it a program listing agencies relating to matters for which senators have given notice, and the proceedings today will begin with an examination of corporate matters within the Department of Agriculture, Water and the Environment. The committee has fixed Friday 17 April 2020 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business on Friday 20 March 2020.

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 to 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 departments 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 the discretion to withhold details or explanations from the parliament or its committee, unless the parliament has expressly provided otherwise.

The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy, and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. I particularly draw the attention of witnesses to an order of the Senate from 13 May 2009 specifying the process by which a claim of public interest immunity should be raised, which will be incorporated by Hansard:

The extract read as follows—

Public interest immunity claims

That the Senate—

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

(b) re-affirms 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.
[09:06]

CHAIR: I now welcome Senator the Hon. Anne Ruston, Minister for Families and Social Services and Senator the Hon. Jonathon Duniam, Assistant Minister for Forestry and Fisheries representing the Minister for Agriculture, Drought and Emergency Management—he will be appearing later today—and Mr Andrew Metcalfe, secretary of the Department of Agriculture, Water and the Environment, and officers of the department. Minister Ruston, do you or Mr Metcalfe wish to make an opening statement?

Senator Ruston: I don't, Chair, but I believe Mr Metcalfe would.

Mr Metcalfe: Thanks very much, Minister. Good morning, Chair and senators. I would like to take the opportunity to make a brief introductory statement as this is the first time we have appeared before you as the Department of Agriculture, Water and the Environment, and it's the first time that I've appeared before you in my capacity as secretary of the department.

I would like to place on the record my thanks to everyone across the department who have enabled us to come together and to be successfully operating from day one on 1 February. I would particularly like to acknowledge the work of my predecessors—Daryl Quinlivan in Agriculture and David Fredericks and Finn Pratt from the department of the environment—and thank them for their work. As you would expect, considerable work has been undertaken to bring together the new department, including movement of the Energy functions and people from the former Department of the Environment and Energy out to the newly formed Department of Industry, Science, Energy and Resources.

Our new department includes all of the previous functions of the former agriculture and water department and the environment elements of the former Department of the Environment and Energy. We now have five outcomes. The first two relate to environment matters; the remaining three outcomes relating to agriculture and water, which are the subject of the committee's inquiries today, are unchanged from the previous outcomes for the former department of agriculture.

Our department contributes to the stewardship of the Australian continent, and 42 per cent of Antarctica as well. We believe that we have an extraordinary opportunity to leverage the countless synergies between the former departments and to deliver better outcome across agriculture, water programs and the environment for communities and Australians right throughout our country. Last week, we put in place a new interim structure for the department built around our enabling services being brought together under our chief operating officer, Cindy Briscoe. The interim structure that I put in place also provides more of a focus on key priority areas and obvious areas of synergy between the former departments: a focus on drought and bushfire response, recovery and resilience; on climate adaption; on agricultural trade; and on broader strategic matters. In the longer-term I have initiated a comprehensive review to enable us to make the most of the opportunities that new department presents.

I think it would be remiss if I didn't note that Australia and Australians have had a very difficult summer coming off the back of the continuing terrible drought. More than half of Australia's population have been affected in some way by bushfires. Around 10 per cent of our land mass, farmlands, forest and coastal areas have been burnt. At least a billion native animals have been killed. Large impacts have been felt across the primary producer sector, including for some farmers, fishers, beekeepers and horticulturalists, parts of our wine industry and our forestry industry. These natural assets not only are core to our national identity, but also power our
economic prosperity, particularly in regional Australia, and sustain industries such as agriculture, tourism, forestry and fisheries.

The coronavirus epidemic also has major implications for us and for our industries. We believe that we’ve been at the front and centre in supporting the government and the community in helping respond to the ongoing epidemic.

We’re particularly supporting the ministers for agriculture and environment in hosting a series of stakeholder roundtables in relation to bushfire recovery with attendees ranging from non-government organisations, land and forestry managers, scientists, businesses and philanthropic sectors. On the coronavirus front our biosecurity officers are at the frontline of screening for COVID-19 related human health issues at airports on behalf of the Department of Health. Since 1 February they have been boarding all flights from China as they arrive, providing passenger information and conducting health screens. Indeed, biosecurity officials from the department were on the various assisted departure flights back to Australia that brought more than 700 Australians back home. We're obviously also working very closely with agricultural exporters affected by the trade impacts of coronavirus.

I should note that, as I am sure you're aware, ABARES is holding its current outlook conference today and tomorrow. The timing of that was settled about 12 months ago and I think that that occurred before the estimates timetable was put in place. I understand that a special estimates hearing has been put in place for 4 pm on Friday and I thank the committee very much for its understanding with that.

Finally, I just want to note that Senator Sterle wrote to me on 25 February 2020 asking that the department provide information at the start of the hearing about the National Landcare Program, the Agricultural Stewardship Package and the Onshore Biosecurity Levy. The department has provided the necessary information on those two matters, which I am happy the table if that is okay with you. In the same letter Senator Sterle also asked for information about the educating kids about the agriculture grants, ongoing FOI matters, Modernising Agricultural Trade task force, drought and bushfire response, machinery of government integration, future department review and the code of conduct. We would propose that we respond to all of those matters as we move through the agenda today. Chair and Senators, we are very much looking forward to assisting you in your deliberations today. I will table those two document that I referred to.

CHAIR: Thank you very much. We will accept those documents for tabling this morning. Unless the committee has any issues to raise? No. Terrific. Thank you. Senator Sterle, are you going to start?

Senator STERLE: Yes. Thanks, Chair. Firstly, Mr Metcalfe, you and I haven't had the pleasure of exchanging ideas across these tables over the years, but I am sure that we will start off on the right foot. What I would like to say is congratulations. Ms Briscoe, I look forward to working closely with you. I want to say this: this committee, over the many years that Senator Ruston and myself have been involved, no matter under whose stewardship it was, works to depoliticise and deliver the best outcome for Australia's food producers. On the whole we have done that. I would also encourage if we can continue the fine work that this department has been a leader in—not mucking around with trying to take everything on notice, and I hope that that continues. Unfortunately, the Senate estimates circus of the last couple of years has been nothing, in my opinion, more than degrading to the people who are watching. Let's have the opportunity to get questions out. Let's give you and your officers the opportunity to answer. The last thing you need is to go back and spend hours and hours and tie up valuable time. If we do come out and say, 'Let's have an answer,' I understand there is quite a good supply of information and resources in the backroom. I would encourage that if you don't have the answer now, you or your officers could say, 'They're in the backroom. We'll have it to you in the next hour or so,' that's acceptable to us.

Mr Metcalfe: That's how we tend to operate.

Senator STERLE: This sounds fantastic. We can only go from strength to strength. On that, I'll go back to sleep and go back to Senator Ciccone.

Senator CICCONE: I don't know if the minister has anything to add.

CHAIR: No, the minister didn't have an opening statement.

Senator Ruston: I don't want to waste any of your time. I'm waiting for your questions.

Senator CICCONE: That's all right. Good morning, everyone. This goes to the letter that Senator Sterle wrote. I don't know if you want to take an opportunity now, Secretary, to go through a couple of the areas that Senator Sterle's letter touches on. The three key areas for me this morning are around the National Landcare Program, the Onshore Biosecurity Levy and the Educating Kids About Agriculture program. I don't know if there's anything that you can add further to your statement.
Mr Metcalfe: We're very happy to proceed as the committee wishes. We've put a fair bit of information on the table through those documents around the Landcare Program and the biosecurity levy. There was less specificity around the other matters raised in Senate Sterle's letter. I was proposing that we simply deal with those as we go through the necessary outcomes, but if you wish to raise those particular issues I can ask the various officers to come forward, and we'll deal with them during general questions now.

Senator CICCONE: Maybe if we could start Educating Kids About Agriculture.

Mr Metcalfe: I'll ask the relevant officers to come forward. They may just be in the room next door.

Senator Ruston: That's alright. We have time. We've got all day.

Senator CICCONE: That's a good target—I'm with you!

Mr Metcalfe: For the benefit of my colleagues, Senator Ciccone wanted to look into the matters that Senator Sterle wrote in his letter around the Educating Kids About Agriculture: Kids to Farms grant program.

Senator CICCONE: This is on page 3 of Senator Sterle's letter. There were a couple of particular points that the senator requested information on, and I was hoping the department might be able to shed some light on those three areas.

Mr Metcalfe: Are those the areas related to research and modelling, funding bodies and when the PIEFA was considered?

Senator CICCONE: Correct. I might read it out for the Hansard. The first dot point was with respect to research and modelling on the taken as to the effectiveness of the program design. I don't know if you're able to provide any information to the committee on that first dot point.

Ms Deininger: In relation to this particular measure, this was an election commitment of the government. What we have been doing is working with agencies who have a lot of experience in managing these kinds of programs and helping children to understand agriculture and understand where our food and fibre comes from. In terms of the research, modelling and establishment of the program, we've been working with the Commonwealth Department of Education, Skills and Employment and we've been working with our state and territory counterparts in agriculture departments as well as a subcommittee of the Secretary's group on agriculture. We've also been consulting with state farming bodies who already have some programs in this area underway. We've been working with a range of people who have experience with these programs to develop and design the program that was announced by the government last year.

Senator CICCONE: When do you expect the program to be up and running? We've now had a change in ministry. Has that altered what Minister McKenzie, as the former minister, may have signed off on? Has the new minister decided to alter the program?

Ms Deininger: The program went out for tender for grant applications and those applications closed on 26 February. Those applications for grant funding are being assessed under the guidelines that we issued. There is the usual process whereby the grant guidelines are agreed on by government. That occurred in this case, and we're progressing on that basis. Certainly, with the change of minister, there was no change for the closing date for applications or anything like that.

Senator CICCONE: So no other aspects of the program have changed?

Ms Deininger: There have been no changes to the guidelines, that's right.

Senator CICCONE: Were any of the state bodies promised funding to deliver the program prior to the election?

Ms Deininger: The program went out for tender for grant applications and those applications closed on 26 February. Those applications for grant funding are being assessed under the guidelines that we issued. There is the usual process whereby the grant guidelines are agreed on by government. That occurred in this case, and we're progressing on that basis. Certainly, with the change of minister, there was no change for the closing date for applications or anything like that.

Senator CICCONE: The second dot point that Senator Sterle flagged is whether state farming bodies are best placed to increase children's understanding of where and how their food and fibre is produced. What could you add to that?

Ms Deininger: As I mentioned earlier, the state farming bodies are already active in this area. We've also facilitated and encouraged, through the guidelines, state farming bodies to work to build a consortium with others who might have expertise in this area or where they think they can build a more full proposal. Certainly we've...
facilitated that in the guidelines, because we recognise that there are many organisations that may have some capacity in this or may have some expertise that they can bring to bear.

Senator CICCONE: You talk about them working with others. Who are the others?

Ms Deininger: It's really up to the state farming organisations to build that consortium, if that's the way that they wish to apply for the grant. It might be that there are education organisations or others who have relationships with schools or in the education sector that they might be able to build ties with or use existing ties and apply for a grant that they would deliver as a consortium.

Senator CICCONE: The third point that Senator Sterle's letter goes to is whether the Primary Industries Education Foundation Australia was considered to deliver the program.

Ms Deininger: PIEFA is an organisation that is active in this area. We know PIEFA and we meet with them from time to time and certainly they are very active in working with schools and in developing education materials and so on their website. The government's commitment was that state farming bodies would be able to apply for these grants and, as I mentioned, there is the opportunity for people to build a consortium, so if PIEFA wanted to be part of that consortium, then they could do that. Any other organisation could do that as well; it's not limited to PIEFA.

Senator CICCONE: Other areas of interest that Senator Sterle has flagged with the department are in a range of other areas that we will probably also touch on throughout the day. I thank the Acting Deputy Secretary. With respect to the Educating Kids About Agriculture: Kids to Farms grant program, no doubt you'll be more than happy to provide any other information to the committee. I know the Secretary has already provided us with some information with respect to the onshore biosecurity levy and National Landcare Program. Will you be able to provide that in a similar style, in a written form, on the educating kids program?

Ms Deininger: We can do that.

Mr Metcalfe: If there's anything to add, we're happy to provide that in writing, but I suspect that Ms Deininger has provided as much information as we can, given that we have now received applications and are in the assessment process. We obviously can't pre-empt that process. We are, of course, happy to cooperate, but I don't know if there's any value in us writing down what we've just said. It should be in the Hansard.

Senator Ruston: There's quite a lot of information around about the program itself. Are there any particular things that you would like us to come back with additional information on? Clearly, for the program itself, there was quite a lot of information when the announcements were made and when the information was provided to the various potential recipients. So is there anything in particular? I'm more than happy to take it on notice. It's a great program, and we'd love to provide more information about it.

Senator CICCONE: Are you able to provide any other information, Minister, apart from what the department officials have provided to the committee this morning?

Senator Ruston: Only in as much as I'm more than happy to provide you with the background information about the reason for the program and what was announced. The response, certainly from the wider community, in terms of media was very, very strong.

Mr Metcalfe: Consistent with the discussion earlier, we would be in a position, I suspect, to provide that to the committee through the course of the hearings today, because it's all on the public record.

Senator CICCONE: Yes, that's right.

Mr Metcalfe: As to the other question—and I've just checked with Ms Deininger: in the ordinary course of events we would expect to have made decisions about the program prior to the next estimates, so no doubt in the May estimates, if there are any questions, we'll be happy to respond about decisions that have actually been taken.

Senator CICCONE: Thank you. Just before the other officials head off: are you happy to provide the committee with any figures on how many applications have been received since 26 February?

Ms Deininger: I don't have that to hand. But, consistent with the earlier discussion, I can come back to the committee later on today. As I said, we're working with the grants hub to assess the applications in order to be able to come to decisions.

Mr Metcalfe: So we'll come back later, through the course of the hearing today, with the material that's publicly available about the program, and we can also provide you with information as to the number of applications received.

Senator STERLE: Sorry, I was out; I had to make a call to Perth before business started over there. Is this the fund where the NFF have some funding to do some training? This is not that one?
Ms Deininger: No.

Senator Ruston: This is the program where you take the city kids to the country and the country kids to the city so you can get that recount activity. As you and I both know, the disconnect between the country and city has been widening over the last little while. This is a response by the federal government to make sure that our city kids understand where their food comes from.

Senator CICCONE: I might go to some matters that relate to the administrative arrangements, if that's alright.

Mr Metcalfe: Yes, sure.

Senator CICCONE: I appreciate the secretary's opening remarks this morning. I refer to the Administrative Arrangements Order that was signed off by the Governor-General on 5 December and that came into effect on 1 February this year. Under the new arrangements, who is the senior minister for the department?

Mr Metcalfe: The Prime Minister made it clear, when the announcement was made about the departmental structures on 5 December, that the senior minister for the environment would be the environment minister, Minister Ley, that the senior minister for agriculture would be, at that time, Senator McKenzie and that the senior minister for water would be, at that time, Minister Littleproud. Of course, those ministerial positions have changed somewhat since that time, but I have no doubt in my mind that the senior minister is the minister responsible for that particular part of the portfolio that we're dealing with.

Senator CICCONE: Just for the record, we've got three—

Mr Metcalfe: We have three cabinet ministers, Ministers Ley, Littleproud and Pitt, and two assistant ministers, Ministers Duniam and Evans.

Senator CICCONE: So, unlike the previous arrangement, there's no lead minister as such?

Mr Metcalfe: I think the Prime Minister made it clear that each of the cabinet ministers is the lead for their area of responsibility, and that is very much the way that the ministers in the department are working together.

Senator Ruston: Senator Ciccone, it's probably worth noting: it is not unusual to have more than one cabinet minister within a portfolio. Prior to these particular MOGing arrangements coming into place—there are two cabinet ministers in my portfolio area.

Senator CICCONE: Will the department provide the committee with a copy of the org chart showing the reporting relationships to each minister?

Mr Metcalfe: I don't have one that provides the reporting arrangements, though we could easily talk you through what those arrangements are. But I do have a copy of the organisation chart, of which we can make copies available this morning.

Senator CICCONE: That would be good. How come you don't include any of the reporting relationship? Is that just something you don't do in the—

Mr Metcalfe: We all know what they are, so as far as the organisation chart is concerned they're not there. But I'm very happy to talk you through the chart, and if you wanted an updated chart with those arrangements then we could add that—

Senator CICCONE: It would be great if you could assist the committee by providing that level of information rather than talking it through, just to save everyone's time, given that we've got a target.

Mr Metcalfe: Yes. That's now being provided to you, I think.

Senator CICCONE: Thank you. Could you take it on notice to provide the org chart with the updated reporting relationships.

Mr Metcalfe: That's fine. I obviously report to all three cabinet ministers.

Senator CICCONE: Lucky you!

Mr Metcalfe: As to my deputy secretaries—as will be apparent, some report to one minister. For example, Ms O'Connell in biosecurity reports to Mr Littleproud; for the Enabling Services Group, Ms Briscoe obviously has a focus on all three cabinet ministers, and so on. So the reporting arrangements will be to one, two or three ministers, depending upon the role of the deputy and the areas under their control. We'll endeavour to put an additional line into that chart through the course of today and provide that back to the committee.

Senator CICCONE: This goes to the other point I touched on earlier: given how big this department is and how big other departments are—they've been described as megadepartments—I find it odd that we've got three ministers looking after three big portfolio areas and yet there's not one senior go-to minister in cabinet. I take what
the minister said earlier. But, with a department of this size, hasn't it usually been the case that there is at least one minister who's assigned as the lead minister?

Senator Ruston: It isn't unusual for that to be the case. I'd just put on the record that the reasoning behind this change in arrangements was on the back of making sure that we reduced the level of bureaucracy and made it easier for Australians to access departments that had a level of common interest associated with them, which is what has happened, particularly in Agriculture, Environment and Water, but it was also to reduce the number of departments, as Mr Metcalfe said. In the case of some of the activities of the agency, you only need one human services department, you only need one ICT, you only need one payroll et cetera. So it's about trying to streamline and create efficiencies and areas of commonality within portfolios. At the end of the day who the minister is, and how they report through cabinet, is not the issue here; it's about how the services are delivered on the ground to the people who need the services of Agriculture, Water and the Environment—we're delivering those services in the most effective and efficient way so that the people who need to can navigate them most easily. That's the outcome that was foremost in the minds of those that made the decisions in relation to changing these. And, for the puncher on the street who needs the services of any of these agencies, I don't think they care who the minister is and how they report through to cabinet; they just care about the service they're being delivered.

Senator CICCONET: My point is: there's a whole chart here, but who's looking at the whole-of-department strategy when it comes to what the minister touched on about delivering those services? At the end of the day, surely there's someone that's looking at the big picture for the department as a whole.

Senator Ruston: Of course.

Senator CICCONET: All three can't operate in silos; they've got to have an overarching strategy.

Senator Ruston: That's the point. We don't want them all to be operating as silos.

Senator CICCONET: Then who's the lead minister that puts all that together?

Senator Ruston: They're three ministers who clearly have responsibility for their particular portfolio areas that sit within a group of portfolios that have a lot of commonality. By putting them into the same agency, you get the efficiencies of the back-of-house operations, but at the same time you also put them in the same space so that there is a much greater cross-pollination between the particular portfolio areas within that superagency. I think it is actually the opposite to what you're saying. I think there is a much better opportunity for sharing of views and issues in relation to the portfolios because they are in the same agency grouping.

Senator SHELDON: The question the senator is asking is: cross-pollination is one thing but there is difference of views, difference of priorities, difference between those ministers. They will be rightly advocating for the work that they have a deep interest in and the groups that approach them. Does this all then lead to the Prime Minister's office, so the Prime Minister's office will make all the decisions of this supergroup? Someone has to be coordinating, and the only person I can see that's coordinating those groups and these competitive interests, competitive resources and challenges on allocation of projects is the Prime Minister's office. It seems like the Prime Minister has just allocated a hell of a lot more centralised influence within his own office, which doesn't mean more efficiency, because in actual fact that is a hell of a lot of responsibility. You have ministers to make sure they can carry out their work. Then, when you have a series of ministers competing with each other in the same department, you're competing with the same people to get work carried out. I think it's extremely dangerous.

Senator Ruston: Obviously I'm not in this portfolio grouping but I sit in a portfolio area with two cabinet ministers, and I can assure you that that isn't the case. Decisions are not made by the Prime Minister; they're made within the portfolio and within the agency group. I find it extremely useful that we have such a close working relationship between me and my other cabinet minister on issues within my portfolio.

Senator STERLE: But you're special. You're one of the good ones.

Senator Ruston: That's very kind of you to say so, Senator Sterle, but I do think that the benefit of having portfolios of common interest grouped together is overwhelmingly greater than any of the concerns that you've expressed, and I would be very clear to say that, in my experience, this is not a delegation of responsibility to somebody else for decision-making. There is a very clear expectation that decisions will be made within the portfolio area and recommendations come out of those agencies appropriate.

Senator SHELDON: When there is competition for resources, for the department's attention and maybe the secretary of the department's attention, how does that conflict of priorities get dealt with? Those priorities from various ministers may be legitimate, certainly in the ministers' minds and certainly in the department's minds, because they're looking within a certain prism, but they want their projects carried out; they want the concentration of the secretary and resources from the department to be concentrating on their work. When there's
a conflict—and there are inevitably conflicts in any organisation, including the most collegiate—how does that get resolved? Does it go to the Prime Minister's office?

Mr Metcalfe: No. Certainly that's not my experience. As secretary, I—

Senator SHELDON: You'd probably be the first person in any organisation that doesn't have any conflicts whatsoever. Congratulations! The last person ended up on a cross.

Mr Metcalfe: I didn't say that. I simply said that my role is to work—

Senator SHELDON: He had a few conflicts too!

Mr Metcalfe: My role is to work with all three cabinet ministers and to work in relation to those priority settings. Of course, at the highest level, priority setting in government occurs through the cabinet process, and all of our three ministers are part of that, so key strategic decisions of government occur through cabinet, and key resourcing decisions are taken through the budget process—and we're, of course, in the middle of a budget process at the moment. But my role and that of my senior colleagues is to work with our ministers to ensure that we do what needs to get done, that the right resources are in the right places. As I said in my opening statement, we already see significant areas of commonality—for example, in our response—

Senator SHELDON: Mr Secretary, I appreciate you said that in the opening statement, and I did take it on board. What I'm not clear on and you still haven't explained to me is: how do you deal with conflicts of interest between the ministers? Do you set the agenda—is that what you're saying? I'm not saying this is a conflict, because there aren't genuine priorities being discussed. I'm not saying it's a conflict because the projects or proposals being put forward aren't of significance. How do you address the issue of conflicting resources between those ministers when they all require certain work to be carried out? And I appreciate there's a cabinet process, but you're not seriously saying that the cabinet deals with every ministerial decision and when it gets to the secretary the cabinet's made a decision on all those priorities. That sounds almost ludicrous. To be able to do that is unrealistic.

Mr Metcalfe: What I can say is that, in bringing together the department on 1 February, effectively, as you'll see from the structure chart, there are large elements of the previous Department of Agriculture which remain in place—for example, the biosecurity group; and there are large elements of the former Department of Environment and Energy which remain in place—for example, the environment group. We have obviously sought to look at areas of common interest and activity to bring together those synergies, consistent with what the minister indicated about providing better services to the community. In the corporate services group, of course, we have brought together corporate services from the former departments and we're in the process of bringing those into one area. But I don't see that there is an inherent conflict or disagreement in the allocation of resources. There are of course discussions and decisions have to be taken, but my experience is that those are worked through properly and professionally.

Senator CICCONE: Maybe this is something for the minister, but at the end of the day what happens when ministers disagree? Is it normally the case that the lead minister will therefore try and facilitate either an agreement amongst the ministers or make a decision and take that to cabinet?

Senator Ruston: I can only speak on the experience that I've had in my agency, but it serves the same purpose. It is incumbent on the two ministers in my portfolio—and the three in this case—to make sure that they sit down and prioritise, on the basis of the government's agenda at the time, the things that are contained in their charter letter and how they go forward. But I suppose the other thing that's probably worth mentioning is: if you have a look at the organisational chart, there still is quite clear resource allocation within the policy areas within the department that clearly apply to the various portfolio responsibilities. Biosecurity sits within Agriculture. Obviously, the new waste and plastics would sit within Environment. Obviously, clearly water is very defined around the Murray-Darling Basin Plan and the water grid and all the things that sit within Water. Within the agency structure, there are units that are completely dedicated to the outcomes of a particular minister. I want to make sure that we're not overemphasising that there is some sort of free-for-all and everybody just goes into the department and grabs whatever resource they want or can get their hands on. There are already clearly defined roles and responsibilities within the agency about the roles in relation to the particular portfolio areas that sit within it. But I like to think that, like me and my other cabinet minister, they would sit down and actually work through the priorities of the government of the day and make sure that their time and energies were focused on delivering those outcomes—and I'm sure they do.

Senator CICCONE: We might move onto other questions about the administrative arrangements. What's a typical process that the government follows when two groups of employees are covered by two separate enterprise agreements?
Mr Metcalfe: I'll get Ms Briscoe to respond to that, Senator.

Ms Briscoe: As a result of the changes to administrative orders, the Department of Agriculture no longer exists so the rules provide that the employees of the previous Department of Agriculture and Water move into the enterprise agreement for the new agency which was the existing enterprise agreement for the Department of the Environment and Energy.

Senator CICCONE: How's that decision made? Why does that agency no longer exist and the other one does?

Ms Briscoe: That was a decision of government in relation to machinery-of-government changes and the administrative orders.

Senator CICCONE: What's the big difference with the two enterprise agreements? Is one better off than the other?

Ms Briscoe: Enterprise agreements obviously entail all terms and conditions of employment. So, quite substantial—

Senator CICCONE: No, no; I'm aware of that. My point is: has there been any analysis done to show whether employees who are now under the new enterprise agreement are better off overall compared to the previous enterprise agreement?

Ms Briscoe: So, analysis of better off overall: I would have to say the rules require that people can't be worse off—

Senator CICCONE: What rules?

Ms Briscoe: The rules of machinery-of-government changes require that staff can't be worse off in terms of their salary as a result of a machinery-of-government change.

Senator CICCONE: Only salary or conditions?

Ms Briscoe: Salary.

Senator CICCONE: So, when a decision was made to merge the two departments or create this megadepartment, was that analysis done? This might be something for the minister, but was that analysis done prior to the Prime Minister's announcement?

Ms Briscoe: I'm not aware of that analysis. That would probably be a question for either the Public Service Commission or the Department of Prime Minister and Cabinet.

Senator CICCONE: Are any employees now worse off under the merger of the departments?

Ms Briscoe: Our process that we went through as a result of the decision—we commenced work to move our staff from Environment to the Environment and Energy agreement. That involved us moving staff onto the new salary rates in Department of Environment and conditions. We then commenced some analysis, working with the Australian Public Service Commission, to determine if there were any conditions that we needed to preserve for the purpose of being able to maintain our business continuity. You're well aware the department has a range of biosecurity officers—meat inspectors and veterinarians—who work quite different work patterns than an employee might in the Department of Environment. So we did need to make a case to preserve some of those conditions to ensure our 24/7, 365-day-a-year operation for biosecurity. They were done through a determination called a 24(3).

Senator CICCONE: That was the process that followed the merger?

Ms Briscoe: That's right. In addition to that, we are currently consulting with staff in relation to other allowances that we may be able to preserve under another determination called a 24(1), and that consultation is underway now.

Senator CICCONE: So it's fair to say that some employees probably have lost some conditions—not wages but some conditions?

Ms Briscoe: Yes. There will be some employees who've gained certain conditions and allowances. There are some that weren't covered and they're the ones that we're consulting on now.

Senator CICCONE: Can you provide on notice to the committee what was lost and what's been gained?

Senator Ruston: Senator Ciccone, I think it's really important to note, though, that any person who has gained as a result of the change from one agreement to the other, that's fine. There are a lot of people who have actually had an improvement in their both their salary and their conditions as a result of this. For those who have been identified by those particular conditions that existed by virtue of their work, as Ms Briscoe has stated, we are in
the process of seeing if those determinations can be maintained and transferred over to recognise the specific activities of those—particularly things like biosecurity officers. So, whilst at the moment there is possibly a situation where somebody, as they sit now, may be worse off, there is action underway to remedy that.

Senator CICCONE: I appreciate that, Minister. Thank you. Have there been any offers of redundancy, or any staff being terminated, as a result of the mergers?

Ms Briscoe: No. There have been no—

Senator CICCONE: There's been no reduction in staff?

Ms Briscoe: There have been no voluntary redundancies or terminations as a result of the machinery of government. We've basically joined the two at this point and then, as you're aware, a number went over to the Department of Industry as well.

Senator CICCONE: So it's quite likely, and as the minister mentioned earlier, for instance, inspectors might be paid more but some of their conditions are still yet to be determined.

Ms Briscoe: There are only a very small number, and we're happy to take that on notice. As I said, this week we're out consulting with staff and CPSU on them. We can get you a list of those things we're consulting on on notice.

Senator CICCONE: Does the shift of employees to different enterprise agreements represent any overall cost savings or cost increase for government?

Ms Briscoe: The salaries in the Department of Environment and Energy were subject to a two per cent increase as a result of staff entering into a new determination for a two per cent pay rise at the expiration of their previous enterprise agreement. As a result of that, many of the staff moving across from the Department of Agriculture have received an increase in salary.

Senator CICCONE: Analysis probably has been done. Are you able to provide the committee with details of the cost of the changes?

Ms Briscoe: Certainly we can take that on notice.

Senator CICCONE: I don't know if you are able to provide that figure later today, but if you could take it on notice that would be appreciated.

Ms Briscoe: Certainly.

Senator CICCONE: I'm assuming it would represent a high expense for government. Can the secretary of the department commit to absorbing these additional expenses?

Mr Metcalfe: I'm always mindful of my budget position and we are in the middle of a budget process at the moment. So at this stage I'll need to await the outcome of the 2020-21 budget process to ascertain our overall financial situation.

Senator CICCONE: I appreciate what you've just said and I understand that there is a budget process. I'm just a bit concerned that, if there is an increase, the department might try and pass on those increase costs to farmers through increasing levies and other fees collected by the department. Given the drought and a few other natural disasters we've had, the last thing they need is another burden placed on them. So I just wanted to get your commentary on the increase in expenditure.

Mr Metcalfe: I can't comment at all on what you've just described other than to say we're in the middle of a budget process and the outcomes will be known on the second Tuesday in May.

Senator CICCONE: So there have been no plans to increase any of the existing levies?

Mr Metcalfe: I can't comment on that matter.

Senator STERLE: We'll ask you in three months.

Mr Metcalfe: You'll ask me on 22 May, or whenever we come back together, and it will be apparent at that point. It is just not appropriate for me to rule anything in or out. And you shouldn't regard me as being evasive; there is a well-known protocol on that.

Senator SHELDON: When you add the figures up, what is the overall decrease or increase in the workforce as a result of the enterprise bargaining agreement?

Mr Metcalfe: I think, as Ms Briscoe has said, there is an increase because effectively people have—

Senator SHELDON: What's that figure?

Mr Metcalfe: We are now working through what the actual quantum of that increase is, and we've undertaken to come back when we have that information.
Senator SHELDON: After a number of weeks, you don't have the quantum of the increase?

Mr Metcalfe: We're still working it through because those matters are still the subject of discussions.

Senator Ruston: There are a couple of determinations that, after the consultation, will impact on what the change will be.

Senator CICCONE: So the department hasn't really determined how it will pay any differences in extra costs?

Senator SHELDON: It seems extraordinary to me that we have departments coming together and costs incurred by the Commonwealth, and there has been no planning about those costs. I am very much of the view that when you have no senior minister when there are conflicts within the department on priorities and between ministers—conflict is not always unhealthy. Sometimes conflict can be healthy, but you need someone to resolve it. And you say the Prime Minister's Office doesn't do that; there is nobody doing that. So it seems like a bit of a shambles. I'm not saying the department is not doing what it's supposed to do, I'm not saying the department is not stepping through the right steps. I'm saying the policy decision to do this has been ill prepared and ill planned.

Senator Ruston: I want to be really, really clear here. The concept of having more than one minister in a portfolio grouping is not uncommon. It is something that has occurred under governments of both persuasions. I think you do a disservice to all of us, whether we be in a coalition government or a Labor government, by not sitting down and talking to my fellow cabinet minister in my portfolio area.

Senator SHELDON: Minister, I can give you a large number of examples. But I simply am a very strong supporter of Newstart going up—so are some members of the National Party, but certainly the Liberals aren't. That is a very major conflict of policy within the government over Newstart. There are umpteen other examples that I can give that are in the public arena, let alone in the private arena.

Senator Ruston: But I'd also point out to you that government policy is government policy until government policy is changed. Just because a number of backbenchers may have made comments about any area in government policy across the board does not impact on the issue that you're raising here about the ability of senior cabinet ministers being able to sit down and determine the prioritisation of the policy development within their particular areas. I think you're conflating two issues here.

Senator SHELDON: If you go to a cabinet meeting, the cabinet meeting, as I understand it, will make a decision. There's a potential for a vote to take place. There's capacity for that to happen. There's a feel within the room about what the consensus is. I'm still baffled that the system hasn't any clear direction on it and it certainly hasn't been costed. So, I'll leave it at that at the moment. I'll hand back to Senator Ciccone.

Senator CICCONE: Not that I want to dwell on this point too much but, Secretary, just to be clear: you haven't determined how the department will pay the difference in increase in wages, and that the increase in wages and the cost to the department won't be passed onto farmers in the form of higher cost-recovery efforts?

Mr Metcalfe: What I've said, Senator, is that, of course, we will pay our wages bill.

Senator CICCONE: I would hope so—make it interesting for question time next week.

Mr Metcalfe: Indeed, just another factor is that, effectively, the Environment employees were ahead of the Agriculture employees in the cycle of pay rises. So, to a certain extent, it's a catch-up for Agriculture or a bring-forward. It's very important to us that staff doing the same job at the same classification sitting next to each other, are paid the same amount so that there's none of those morale or other issues that come if people are paid differently. On the issue of the overall portfolio budget, as it is every year, that is a matter for the budget process. Decisions will be taken by government over the weeks and months ahead, and announced on the second Tuesday in May.

Senator CICCONE: I've got some questions—although it might be more appropriate in trade and market access later on in the day—with respect to the administrative order. So, I don't know if it's better to—

Mr Metcalfe: If you wanted to flag it now, Senator, we can—

Senator CICCONE: Yes, I'll flag it and we could probably come back to it a bit later. But, in the administrative orders, the Department of Foreign Affairs and Trade is charged with international trade and commodity negotiations and market development, including market access whilst the Department of Agriculture, Water and Environment is given commodity marketing, including export promotion, and also responsibility for

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commodity-specific activities. I have a range of questions I'd like to ask. Would you like me to put them on the record now or wait until later on?

Mr Metcalfe: I think we should do them later on, but that's very helpful so we can be prepared.

Senator CICCONE: I'm sure the other officials might be listening to this.

Mr Metcalfe: To the best of my knowledge, that element of the administrative orders has not changed for a long time. DFAT does its job. We do our job. We work very closely together, as does Austrade.

Senator CICCONE: I'll also flag, just for the benefit of officials, that I'll ask questions around export cost recovery arrangements as well.

Mr Metcalfe: Absolutely, yes.

Senator CICCONE: Thank you. I might have a bit of a break on that note.

Senator RICE: Thanks, Chair. Welcome, Mr Metcalfe. It's good to see you here, and welcome, Minister Ruston.

Senator Ruston: Thank you, Senator Rice.

Senator RICE: You mentioned in your opening statement, Mr Metcalfe, of what a difficult summer we've had and the impact of the absolutely unprecedented fires, and obviously the ongoing drought and the impact that that's having. I want to refer you to the findings of the ABARES report, _The effects of drought and climate variability in Australian farms_, that refers to the cost to broadacre farms of around $1.1 billion a year. Obviously we've got that and then we've got the impacts of the fires on the agricultural sector, and that's at only just over one degree of global heating. With the ABARES report, that's the existing cost at just over one degree. Is there any work being done to extend those forecasts?

Mr Metcalfe: I note that ABARES, as I mentioned earlier, is not here today and will be here on Friday afternoon if you wanted to pursue those questions then. But Mr Thompson will endeavour to respond to your questions.

Mr Thompson: As the secretary said, ABARES is due to appear on Friday, but, in terms of the work that ABARES prepared and released last December, they were estimates comparing the last 20 years with the previous 20 years. It wasn't a projection. They are continuing to work in the area of better informing decision-making by farmers and policy decision-makers around the potential impacts of climate change, so they are preparing to do some work which will be projections based, drawing on the modelling capability that they're building in that area. The ABARES Outlook conference, which is on today and tomorrow, has a session where they talk about some of those issues, but they have not prepared projections of the kind that you're asking for.

Senator RICE: In terms of their forthcoming scenarios, do you have details of what temperature increases they are looking at for those projections?

Mr Thompson: That forthcoming work is at a very early stage of development, so I don't have any details about what scenarios they'll be using.

Senator RICE: Okay. Going more broadly, we heard evidence from the Bureau of Meteorology yesterday acknowledging that the world is heading for 3.4 degrees of global heating, and that's under the Paris targets. That's what we're heading for. When that was put to the bureau yesterday, they said for Australia we're actually probably looking at more like four degrees by the turn of the century. What work has the department done looking at what the consequences of that four degrees are for agriculture and our economic prosperity—the whole gamut of agricultural production?

Mr Thompson: I watched the hearing yesterday, and the work that was referred to under the UN banner, including the World Meteorological Organization, has not fed into, specifically, as far as I know, thinking within the department. But I think it's fair to say that managing for a highly variable climate has always been a hallmark of Australian agriculture and Australian farming. This year of all years we know that Australian farms have been managing during a period of very hot temperatures, low soil moisture, low rainfall et cetera.

You referred earlier to the work that ABARES did. That started the beginning of some analysis that ABARES did in previous years but is seeking to expand. We know also that new technology will underpin our farm sector's ability to adapt. In that context, the RDCs, the Rural Research and Development Corporations, which are part of the architecture of the innovation system for agriculture in this country and which the government strongly supports through the levy system and direct payments and which the department supports, will be pretty critical to supporting adaption efforts. The fact that we've not yet reflected those particular scenarios that only recently came out of the UN and WMO in our work doesn't mean that the farming sector and the department aren't well prepared to continue that work and to seek to adapt.
Senator RICE: Why haven't you looked at what the consequences of four degrees of warming are going to be? I note the Department of Agriculture Corporate Plan 2019-20 identifies the following strategic risk:

We do not develop and implement policies and programs that account for the effects of climate change.

Isn't this being completely irresponsible to all of your stakeholders? Under four degrees of warming, the climate of all our major wheat-growing areas will become like the climate of the Central Desert. We know that we don't grow wheat in Hermannsburg. We know that the impacts of drought are that we are going to have communities left without water and massive impacts on people's health and their ability to work outdoors. Why isn't the department doing any work on it?

Mr Metcalfe: The department is doing work on this issue. One of the features of the new structure that I introduced a week or so ago is a division specifically focused on climate adaptation and resilience, because that is one of the areas where we think that adapting to a change in climate is relevant, both to the environment as well as to our agricultural industries, and one of the synergies that we believe is brought about by the new structure. In addition, I draw your attention to the Future Drought Fund the government has established, which has a very strong focus on resilience and adaptation to a drier and warmer climate in the future. There is also a working group under the Commonwealth and state agriculture ministers in relation to climate adaptation.

Australian farmers have been adapting to changing climates for decades. This is not a new phenomenon, in the sense that we have noticed this warming trend and drier trend across parts of the country now for quite some time, and our industries have adapted as a result. There has been adaptation through science and innovation, through the development of new plant varieties and through the different uses of water. The establishment of the water market has clearly had a major impact on the way that agriculture operates in parts of the Murray-Darling Basin, for example. So, I don't think it is a correct characterisation to say that we are asleep at the wheel on these issues—or the words that you used. Quite the contrary, it is a major area of focus not just for the department but for agriculture departments around Australia, for the research and development community and, indeed, for our farmers.

Senator RICE: In your new climate adaptation resilience, are you looking at attempting to develop scenarios for adapting and being resilient to four degrees of warming?

Mr Metcalfe: I am not going to use that specific temperature increase, but certainly, as we have indicated, there is early work underway. But adapting to a warmer and drier climate is very much part of what we are looking at.

Senator RICE: When you say you are not going to use that specific temperature increase, that is what the Bureau of Meteorology, the government's adviser on climate and meteorology, is saying—that Australia is going to heat up by the turn of the century, within the lifetime of children today. Do you reject that—

Mr Metcalfe: No, I'm not—

Senator RICE: or are you open to using that to develop scenarios as to what Australia's agriculture is going to look like, or would look like, under four degrees?

Mr Metcalfe: I am not rejecting that. But I did listen very carefully when the director of the bureau was here yesterday and I think he used his terminology very carefully. I would refer you back to the Hansard transcript from yesterday for the precise terminology and rationale that the director placed in relation to that report.

Senator RICE: What are the heating scenarios for any work the department has done? What is the temperature increase under the work that you have done?

Mr Cahill: I think the important thing from the Bureau of Meteorology's evidence by Andrew Johnson and his team yesterday was that that was a scenario they were looking at, but how that manifested locally across Australia's continent would be very different. Our focus will be, and is, to be able to look at what tools, information and actions we are taking in different regions of Australia. For example, for the Murray-Darling Basin, there is key advice being put together by the Bureau of Meteorology, and forecasts for the basin. Then there are a range of initiatives through drought funds and other actions that are enabling local communities to adapt to what we are going to be changes in the practices they will need to take, because it will be very different across the Australian landscape.

Senator RICE: But looking at those scenarios going forward, what sort of temperature rises are you doing work for? That was my question.

Mr Cahill: I don't think—

Senator RICE: Are you looking at 3.4 degrees, which is the globally accepted global average that we are on track for, that government policy is signed up for. We are saying that we are on track for our contribution towards
meeting the Paris targets, and if the world only meets the Paris targets we are on track, globally, for 3.4 degrees. In Australia the Bureau of Meteorology is saying four degrees by the turn of the century.

Mr Cahill: I would go back to the evidence of the Bureau of Meteorology yesterday. I am not an expert in climate risk, but the industry department is, and has those people. I am mindful that there will be changes in the Australian landscape, due to climate change, and it will be variable. Our focus is to be able to support that. I think that unilaterally looking at one scenario for the whole Australian continent is not going to help us to be able to make Australia adapt. Therefore, we are looking at what practices need to be put in place, depending where you are in Australia.

Senator RICE: You are saying it will be variable. In the work that the Bureau of Meteorology and CSIRO did with the natural resource management assessment of how Australia's climate was going to change, their projections, under four degrees of heating, and their climate analogues showed that the conditions in our major wheat-growing areas, under four degrees of heating, become like the climate of the central deserts. How do our wheat growers adapt or become more resilient to that?

Mr Cahill: I would have to look at that specific report.

Senator RICE: That was the most recent work that CSIRO and the Bureau of Meteorology have done on how Australia's climate is going to change—their projections of climate. Basically, it is saying that if we reach four degrees of warming, as is predicted and as we are on track for, that is what happens to the climate of our wheat-growing areas.

Mr Thompson: The fundamental point that we are seeking to reiterate is that we do rely on the best available evidence from CSIRO and the Bureau of Meteorology. I know that, particularly, in the water area for the Murray-Darling Basin the work of both of those organisations is heavily integrated into the work of the Murray-Darling Basin Authority.

Senator RICE: That is my point. Those scenarios and the projections for how Australia's climate is going to change have been available now for, I think, three or four years.

CHAIR: Senator Rice, perhaps these questions might be better directed at the RDCs.

Senator RICE: No, they are directed at the department and in fact the government, because this has been staring us in the face. I want to know what the department is doing in terms of informing your stakeholders—telling the truth to farmers around Australia that this is the future we are facing. And it is not just our wheat-growing areas. Our dairy farmers—our dairy cattle are not going to cope with four degrees of warming. We have massive economic impacts across the whole of the country and the government is in denial about it. What you are telling me today is not giving me any confidence at all that we are seriously looking at what these temperature rises mean for Australian agriculture.

Senator Ruston: Now you have had your doomsday rant—

Senator RICE: It's not a doomsday rant; it's the reality.

Senator Ruston: Let's get back to listening to the answers that the members of the agency have given you—that the government is well aware that we are in a changing climate—

Senator RICE: But we are not modelling it.

Senator Ruston: Senator, do you think it would be okay—I let you have your rant and I am going to have mine now.

Senator STERLE: I'll have one after that!

Senator Ruston: Sure. Of course you can, Senator Sterle—you're the deputy chair! The government acknowledges that we have a changing climate and we have committed significant funds to a number of initiatives to address both the impact on our farming community, as well as the impact on our environment, particularly our river system, to make sure that we build resilience and adaption into our communities to make sure that they will be able to deal, ongoing, with changes in the climate. Coming in here and making the kind of outrageous statements that the Greens make here and in the other place serves no purpose. What I would be happier to do is to sit down and talk through the initiatives, whether it is the drought fund or the work the agency and the RDCs are doing in relation to how we are dealing with adaption. One of the greatest adaption examples and victories of Australian farmers has been how they are growing wheat in a land that has significantly lower rainfall than in the past and a much hotter climate—and we are now getting much better yields for our wheat crops. I think there are some amazingly good news stories and I'm sure you would be delighted to speak to the agents at RDCs about the work that they've done in research and development, and talk about how we can move together, going forward in a positive way to deal with an accepted change in our climate.
Senator RICE: We're not growing wheat in Hermannsburg. That's what the climate of our wheat growing areas will become. In terms of the processes that have been going on in government, since mid-2019 has there been any meetings of the Secretaries Group on Climate Risk?

Mr Cahill: That committee is convened by the department of industry and climate change. I'd have to defer to them to see when they last organised that meeting.

Senator RICE: But to your knowledge has the department of agriculture be involved in a meeting of that group?

Mr Cahill: I would have to take it on notice. I can't recall the specific date of the last meeting.

Mr Metcalfe: We'll check on that through the course of the hearing today.

Senator RICE: The project climate ready?

Mr Cahill: Again, that's with the department of industry.

Senator RICE: And you would have to check whether the department has been involved in that?

Mr Cahill: I would.

Senator RICE: The Australia Government Disaster and Climate Resilience Reference Group?

Mr Cahill: That is the deputy secretary forum. I chaired that forum and reconvened that just over a fortnight ago.

Senator RICE: That's good to hear. What were the scenarios examined by the Australian Government Disaster and Climate Resilience Reference Group at that meeting as well as a previous meetings?

Mr Cahill: That meeting was specifically convened to engage with the CSIRO and the expert panel chair, Alan Finkel, on the basis of the advice on the report that had been commissioned by the Prime Minister into adaptation and resilience.

Senator RICE: What was the temperature scenarios that you were looking at?

Mr Cahill: It wasn't specifically about the temperature scenario; it was about engaging across the Commonwealth and supporting the CSIRO's work in its report on resilience and adaptation for the Prime Minister.

Senator RICE: What were the scenarios for resilience, and adapting to what?

Mr Cahill: That wasn't specifically discussed at that meeting because it wasn't for that purpose. There was no specific scenario. This was about CSIRO briefing us on the approach to the report they are giving to the Prime Minister and engaging with the Commonwealth to ensure that we are able to give input to it. It did not go to the specifics of any scenario.

Senator RICE: Thank you.

CHAIR: Is this part of the department covering off on the emissions reduction plan or fund?

Mr Cahill: That was actually in the machinery of government changes transferred to the Department of Industry, Science, Energy and Resources.

Senator SHELDON: Minister, this goes to the question of how the department with its new configuration is going to interrelate and how the ministers will interrelate with clashing priorities. Prior to the leadership challenge, before entering the ballot count to regain the Deputy Prime Minister's position, Barnaby Joyce said that he promised to overhaul the coalition agreement should he win. He said that he will muscle-up to Mr Morrison by reminding him he had more political and leadership experience. Shortly after the leadership challenge, the Prime Minister committed his support for more dams to be built—that was on 13 February this year—stating that he had no concerns about a breakaway Queensland LNP faction forming or another challenge to Mr McCormack's leadership. In fairness, Mr Morrison said:

He has the full support of his colleagues. He has my full support as the Prime Minister. We've got a lot of work to do, we've got dams to build, we've got roads to build, we've got the economy to continue to build, and rural and regional Australia, which is going to bounce back.

The coalition government has been in for seven years and they haven't built one dam, even though they continue to talk about doing so. How will the new super department progress the Prime Minister's desire to build more dams?

Senator Ruston: Thank you for your question, but I will probably direct it to estimates on Friday, where issues on water have been collected together so you will have the necessary officials in relation to where things are up to with the development of water policy, including dams.
Senator SHELDON: It also goes back to a policy question about the preparedness to build dams and about the conflicting position within the coalition about calling for dams to be built but no dams being built. So I think this is actually a policy issue.

Senator Ruston: I don't understand the conflicting position you say the coalition has about dams. I don't think there is a conflicting position.

Senator SHELDON: Someone's stopping the dams from being built. Or is it just there is no intention to build dams?

Senator Ruston: I would suggest you might like to have a look at some of the state governments around the place, bearing in mind that dams are built on sovereign state territory. Many of the dams that I think the coalition government would like to proceed with are not going ahead as quickly as we would like them to because of the resistance of state governments, particularly the Queensland state government.

CHAIR: That is a point well made. The Queensland state government, when we are desperate to build dams, completely delays, puts off, stands in the way and doesn't provide approvals. I do think, though, that this is a topic for Friday. Water is going to be covered off extensively then. I am keen for you to explore it to whatever extent you like, but I do think this will be better placed then.

Senator SHELDON: I might go to a different aspect of it, then. Former agriculture minister Barnaby Joyce, who does have significant influence over the Prime Minister and the current Deputy Prime Minister, has previously said to farmers in Shepparton—

Senator Ruston: You can't make that statement, Senator Sheldon. How would you know what influence Mr Joyce has over the Prime Minister or the Deputy Prime Minister?

Senator SHELDON: There are conflicting views about that. This is what former agriculture minister Barnaby Joyce said:

We have taken water, put it back into agriculture, so we could look after you and make sure we don't have the greenies running the show basically sending you out the back door, and that was a hard ask.

Barnaby Joyce said that in a speech he gave to irrigators in an attack on 'greenies'. And it was reported:

The deputy prime minister, agriculture and water minister told a gathering at a Hotel Australia in Shepparton that he had given water back to agriculture through the Murray Darling Basin plan so the “greenies were not running the show”.

He also said, 'My concern is, post the restructure by the Prime Minister and the Deputy Prime Minister, with the current minister, David Littlepround, both the agriculture and water portfolios may be run by greenies in the environment department.' Was the previous minister Barnaby Joyce false in his claims? This goes back to the conflicting model that we have.

Senator Ruston: The current arrangement within this particular government as we sit here today is that Michael McCormack is the Deputy Prime Minister and David Littlepround is the minister responsible for agriculture. What a backbencher may have said, whether in a previous capacity or now as a backbencher, is not relevant to government policy as we sit here today. Government policy is made by the executive of government. Barnaby Joyce can say whatever he likes, but the fact is that Mr McCormack and Mr Littlepround are the ones that are responsible for government policy in the area that you are referring to as we sit here today.

CHAIR: We are going to run out of time, Senator Sheldon. So could I ask you to come to a question or would you mind moving on to your next questions, please.

Senator SHELDON: I want to ask a question of the department: are they dominated by greenies? I find it offensive to be saying that of the department. In the short period I have been here, the fact is a number—

CHAIR: What was the question?

Senator SHELDON: I am asking the question of the secretary: is the department run by greenies?

Mr Metcalfe: My department consists of many thousands of officers who operate on an entirely non-partisan basis. We work for the government of the day and provide the best possible advice and services. As I am sure you know, ideology doesn't enter into any of our considerations or our support.

Senator SHELDON: Thank you, Mr Secretary.

Senator CICCONE: Just on that, within the department, whereabouts would dams or the creation of dams sit? Which policy unit looks after that?

Mr Metcalfe: The government architecture in relation to that is that the department of infrastructure and resources has within it the National Water Grid Authority. It is the authority charged with administering Commonwealth funds and working with state governments in order to hopefully construct more dams. Water
policy matters sit within the department under Deputy Secretary Matt Cahill. The Commonwealth Environmental Water Holder, which is a statutory position, sits within the environment group of the department, and of course the Murray-Darling Basin Authority is a statutory authority that also sits within the portfolio. So on Friday, when we discuss cross-portfolio water matters, all of those agencies will be here and able to answer questions.

**Senator CICCONE:** But from a strategy picture point of view from your department, where does that sit?

**Mr Metcalfe:** The Commonwealth water policy function sits within the department under Deputy Secretary Cahill.

**Senator CICCONE:** Will the Future Drought Fund be used to build more dams?

**Mr Metcalfe:** My expectation is that funding available to the National Water Grid Authority will be used to build more dams. But if you want to ask questions in relation to the Future Drought Fund, I'll ask relevant officers to come forward.

**Senator CICCONE:** And when you say 'expectation', are you anticipating a decision on that?

**Mr Metcalfe:** As the chair indicated earlier and the minister indicated earlier, ultimately it is up to state governments as to whether dams proceed but the Commonwealth has made it very apparent that it wishes to support that through significant funding.

**Senator CICCONE:** I am aware of that. I guess it is whether the Commonwealth might provide a bucket of money for state governments to build the dams. Ultimately, the federal department still has to come up with the idea and say, 'We have gone through a whole process—'

**Mr Metcalfe:** That is exactly what the National Water Grid Authority is doing.

**Senator CICCONE:** Just to move on to other areas, what has been the cost of the creation of the new department to date?

**Mr Metcalfe:** We actually took a question on that from one of your colleagues in the other committee yesterday, so we will provide that.

**Senator CICCONE:** If you could provide a breakdown of the costs associated with the restructure, that would be good. You can take it on notice.

**Mr Metcalfe:** We can probably provide a document to you, which I think is what we did yesterday afternoon.

**Senator CICCONE:** If you could, that would be fantastic. In December last year the Prime Minister said the changes were not a savings measure and 'there were no job losses expected'. However, is it the case that the department may undertake a future department review? And what are the key objectives of this review?

**Mr Metcalfe:** I'll get the terms of reference put in front of me.

**Senator CICCONE:** If you are able to provide a copy.

**Mr Metcalfe:** That is an initiative of mine, as the in-coming secretary, to help realise the opportunities that exist in bringing together two substantial organisations into one. Indeed, that interim structure I put in place a week ago is first element of that. So I am very keen that we look at the entire organisation to ensure that it is working efficiently, that the synergies that exist across agriculture, water and environment are able to be realised. There is a great deal of scientific capability within the organisation, for example. We are a very large regulator, so how can we ensure that we are a best-practice regulator? We are an agency that has a critical support for industries through much of the work we do, so how are we able to provide that better? So the challenge that I have given to the team working on that future department review is to consult widely within the department and with key stakeholder groups. They are starting that work now to really look forward at what would the Australian public, what would the Australian government expect in a high-performing agency that is critically focused on the natural resource management of the entire Australian landscape, provides services to tens of thousands of Australian businesses and millions of Australians, operates at the highest level of scientific research and so on and so forth? So that is effectively the task that they have.

**Senator CICCONE:** You obviously have assigned a deputy secretary to that to lead the review, I am assuming?

**Mr Metcalfe:** I have seconded in Andrew Tongue, who is an associate secretary. His last role in the Commonwealth was head of the Indigenous Policy Group. He is also is a former secretary of the Victorian Department of Premier and Cabinet and has extensive experience in public administration.

**Senator CICCONE:** Is he reporting directly to you?

**Mr Metcalfe:** He reports directly to me. Indeed, when I was first appointed Secretary of the Department of Immigration in 2005, he came in and helped me with a similar role 15 years ago.
Senator CICCONE: That is alright. I'll be quick with a few more questions because I know that a couple of colleagues need their cigarettes or a quick little coffee. In your annual report in 2018-19 on page 40, on separation rates, there's been a steady increase, I've noticed. Are you able to provide any commentary around why that is the case?

Mr Metcalfe: I'll just ask the right people to come to the table.

Mr Mason: Separation rates will vary depending on the program outcomes and on the work that the department does, noting our overall figures as at the end of January prior to the change in machinery of government had the overall staffing numbers higher than they were at that previous point in 30 June 2019.

Senator CICCONE: So has there been any work in terms of trying to address the problem?

Mr Mason: Separation isn't always a problem. Obviously, you want regular turnover to bring in new capabilities as organisations change the requirements that they have. So at 10 per cent, that is not uncommon for an organisation of that size.

Senator CICCONE: How does it compare to other departments?

Mr Mason: I'd have to talk in general terms but it would be consistent with other organisations, noting that the type of work our organisation does is quite different to others within the public sector.

Senator CICCONE: Are there any specific divisions or areas in the department with high separation compared to others?

Mr Mason: I would have to take the specifics by division on notice. But as I said before, as programs terminate, we may have a cadre of non-ongoing staff that may stop as a result of that program terminating. We may move staff into other programs as programs change.

Mr Metcalfe: It's not an issue I looked at, because 10 per cent is what I'd regard as sort of more or less normal, but we will let you know what that means in terms of other agencies. I suspect there is a phenomena occurring across the Australian Public Service more generally. As those of us who were born prior to 1964 and the baby boomers start hitting age 55-plus, there's probably a fairly natural demographic change occurring as people start entering retirement age. And it's well-known there was a particular quirk in the old Commonwealth Superannuation Scheme that actually incentivised departure prior to one's 55th birthday. Whether that has any factor, I'm not sure but I would be surprised if it wasn't a bit of a factor. What I was pleased about was that one of the first things I was able to do on starting my new job was to welcome our large cohort of new graduates joining the department. We have probably 70 or 80 young people who will be very much part of our future joining us. So, organisations, of course, have turnover of staff—

Senator CICCONE: Yes. Will this be part of your review that you've commissioned?

Mr Metcalfe: It wasn't something specifically. But certainly ensuring that we've got a workforce, and a workforce plan, that ensures that we have the skills and people available for the tasks in the years ahead is certainly something within scope.

Senator CICCONE: You wouldn't be looking at restructuring within the department?

Mr Metcalfe: I would never rule out structuring ourselves to provide the optimal support for the community and the government.

CHAIR: We're going to take a break for 15 minutes.

Proceedings suspended from 10:34 to 10:52

CHAIR: Mr Metcalfe, you had some documents or responses to table?

Mr Metcalfe: Yes. Earlier, I was asked for a breakdown of the machinery-of-government costs, and I can table a document that provides information about them. The same document was tabled with the Environment and Communications Legislation Committee yesterday. Senators also asked for a copy of our structure chart, indicating the areas of focus of our particular ministers, and so we've updated the chart that we circulated earlier, essentially, under each of the deputy secretaries. As to which ministers have primary focus, I obviously don't need to make the point that the ministers should be at the top of the structure chart, not underneath the deputies, but it's just for ease of reference as to where the various groups go.

Senator STERLE: They know their place in the pecking order!

Mr Metcalfe: We all know their place, and that's right at the top.

Senator STERLE: That's very different!

Mr Metcalfe: I will table that as well.
Senator Ruston: That's hilarious. I was going to say I reckon I'd sack my secretary if he did that to me!

Mr Metcalfe: I'm just trying to be helpful, but we all know who the bosses are.

CHAIR: So the committee will accept the tabling of those documents. Thank you very much, Mr Metcalfe.

Senator BROCKMAN: Mr Metcalfe, I have a couple of questions on the decentralisation agenda. What's your current thinking on decentralisation—moving functions away from Canberra, and potentially capital cities, out into regional areas?

Mr Metcalfe: It's not an issue that I've dealt with personally in the four weeks I've been in the role. I'll ask others to assist me.

Senator BROCKMAN: Fair enough.

Mr Metcalfe: But, as a matter of principle, I would note that the department has very large numbers of staff outside Canberra.

Senator BROCKMAN: Would that be the highest of any department?

Mr Metcalfe: No, I'd say that Senator Ruston's department, and particularly Human Services, would be by far the largest.

Senator BROCKMAN: Of course.

Mr Metcalfe: The tax office is very large. But we have a large number of our biosecurity officers, of course, in airports and ports around Australia. We have a large number of staff in national parks through our environment programs and Indigenous programs, particularly northern Australia. The Antarctic Division consists of 400 staff. They are based south of Hobart and in three bases in Tasmania. I haven't done a figure as far as the department's concerned but a very large number of people are located outside Australia, providing services outside Canberra. We also have around 20 or so staff based overseas involved in agricultural trade work.

Senator BROCKMAN: In terms of regulatory decision-makers, and I'm particularly thinking about the live animal export area of the department, what is the balance there?

Mr Metcalfe: I'll need to check on that precise point.

Senator BROCKMAN: I'm happy to ask them later if that's more appropriate. But I don't want to get there and then they say I should have asked it here.

Mr Metcalfe: No, thank you for flagging that with us, Senator. Live animal exports are part of outcome 4, and we'll be ready to answer questions on that, and particularly where those decision-makers are located, when we get there.

Senator BROCKMAN: Mr Metcalfe, just generally, then, are you aware of the call from the member for O'Connor, Rick Wilson, that he would like to see the live animal export section decentralised out of Canberra?

Mr Metcalfe: That's not something I'm personally aware of. It probably reflects my newness. But I'm sure my colleagues are aware of that.

Senator BROCKMAN: I will ask some questions about that then.

CHAIR: Thanks, Senator Brockman. Senator Sheldon.

Senator SHELDON: Thanks to the secretary. Regarding a matter with the Australian Pesticides and Veterinary Medicines Authority, and in particular regarding the circumstances of Kathryn Richards and the department moving its operations to 91 Beardy Street, and the company property to Armidale, can the department confirm that Kathryn Richards—who was the owner of the Armidale club on 91 Beardy Street before it was burnt down in an arson attack—is seeking compensation from the Commonwealth due to defective administration and detriment to her business?

Mr Metcalfe: I am aware of that matter. I know that there has been a history of discussions in this committee about the matter. I think the right people have now come to the table to assist.

Mr Czabania: Yes, the department has received a CDDA claim, that was received on 21 November 2019. We wrote to Ms Richards on 5 February this year updating her on the status of the claim. A preliminary view on the CDDA application was provided to Ms Richards last week on 28 February 2020. The outcome of that review was that the delegate formed the preliminary view, and it is preliminary at this stage, that there was one instance of defective administration in relation to the RFI process undertaken by the department, and this was the acceptance of a late submission, which I've talked about in this committee before. But that acceptance of the late submission was not linked to, and did not result in, any detriment claimed by Ms Richards. As such, the preliminary view is that no compensation is payable to Ms Richards under the CDDA claim. But I did mention it is preliminary. Ms
Richards now has 30 days to provide a response to the delegate's view, and a final decision will be made after that period, taking into account any response that she has.

**Mr Metcalfe:** I would note that we are mindful that this is a matter between Ms Richards and the department, and in no way would I want to breach any sort of personal, privacy or other issues. I know that this matter has been well and truly in the public domain. I do know that privilege attaches to this conversation. But I'm working on the basis that my colleagues are of the view that the applicant is comfortable about these matters being discussed in this forum.

**Senator SHELDON:** Good, thank you. As we know, the matter that arose involved arson, which the police have investigated and have said that arson was involved. Can the department confirm that it was a previous minister for agriculture Mr Barnaby Joyce who asked the department provide support to the APVMA to do a request for information about accommodation options in Armidale?

**Mr Metcalfe:** Before my colleagues answer that, can I place one other matter on the record. Senators are probably aware that, prior to my current appointment, I was a partner in a major global professional services firm for some years. I just want to put on the record that that firm and I were involved in providing some of the advice to the government around the issue of the proposed relocation of the APVMA—the benefit-cost analysis, to be precise. As the record, I'm sure, indicates, that work was essentially overtaken by an election commitment by the then Minister Joyce to relocate the organisation. So I don't see any inherent conflict whatsoever in the previous work that I performed and in these or any other issues related to the APVMA, but I do want to place that on the record.

**Senator SHELDON:** Thanks, Mr Metcalfe. In your previous life, were you involved in an assessment of the property, the move and the potential costs involved? I'm not asking for details; I'm just trying to be aware of—

**Mr Metcalfe:** The work that my previous firm undertook was a benefit-cost analysis of the potential move of the APVMA from Canberra to Armidale. Part of it involved a survey of staff to indicate how many would be prepared to transfer and to enable the calculation of costs associated with it. The economic modelling was undertaken by the economics part of the practice. I am not an economist. It was not something that I had any input to. But on the policy aspects in particular there was a series of consultations we undertook with key people in Armidale about the benefits of the location of the organisation there. I recall specifically that we met with the Vice-Chancellor of New England, for example. That was part of that work. To my knowledge, that particular document was made public—I'll correct that if I'm wrong. It did not go into any specifics as to the possible location of any office. Indeed, my recollection—and it was some years ago now—was that there was still an active issue as to whether the agency may have been accommodated within the precinct of the university itself. We finalised our report and it was provided. But that was after an election commitment had been given and the government had indicated that, if returned, it would proceed with that commitment. The rest is history, and I had no further involvement with that matter. So there was certainly nothing specific about any particular property issues.

**Senator STERLE:** In the time you were in that company, you had absolutely no conversations about the current location with the previous owners or the developer?

**Ms Briscoe:** None whatsoever. It was really about what it would cost, what the benefits would be, what the impact would be on the economy of Armidale and what the impact would be on the economy of Canberra were the move to take place.

**Senator STERLE:** You wouldn't like to provide a copy of all that work to the committee, would you?

**Ms Briscoe:** I thought that it may have been publicly available. We will check that.

**Senator STERLE:** If you could point to us, that would be great. If it wasn't made public, I'll put that on the record.

**Mr Metcalfe:** As I said, it was sort of overtaken by the decision by the department to proceed. But the then secretary, my predecessor, asked us to complete our report and no doubt it formed something in subsequent budget processes associated with the funding of the agency going forward.

**Senator STERLE:** So you'll come back to us at a later stage?

**Mr Metcalfe:** I'll come back to let you know whether it is public or not. Senator Sheldon, certainly we didn't go anywhere near particular issues. I'm just trying to recall whether the property advisers in my former firm were involved in an assessment of the general cost of office rent and that type of thing. But it was certainly nothing about any particular location in Armidale.
Senator STERLE: And with it being taxpayer dollars there should be absolutely no reason why it should be secretive, because you are commissioned to function for and on behalf of the Australian taxpayer.

Mr Metcalfe: That's correct. What happened subsequently were the processes that have been discussed at some length before this committee to identify suitable properties and the other events that Senator Sheldon is referring to.

Senator STERLE: Thank you.

Senator SHELDON: Can the department confirm it was the previous minister for agriculture, Mr Barnaby Joyce, who asked the department to provide support to the APVMA and do a request for information about accommodation options in Armidale?

Mr Czabania: We have covered the timeline before in this committee and shared the timeline with the committee. Essentially, on 9 June 2016 the Coalition election commitment to relocate the APVMA was announced. There were discussions between the minister's office and the secretary in the department. The property team was first engaged on 25 August 2016 and we engaged JLL to undertake that initial request-for-information process on 30 August 2016.

Senator SHELDON: That was specifically a request from the minister's office and from the minister himself, Mr Barnaby Joyce?

Mr Czabania: Yes. At the time the request was around searching the market for possible options in Armidale.

Senator SHELDON: So, specifically, that included a direct reference from the then minister for agriculture, Mr Barnaby Joyce; yes or no?

Mr Czabania: Yes. We have tabled evidence before and the secretary has given evidence before. There was a face-to-face meeting on 12 July 2016. There were subsequent meetings after that, and we wrote to the minister's office on 13 September informing the previous minister about the RFI that would be released the day after, on 15 September. All of this has been tabled.

Senator SHELDON: Can the department confirm that the request for information was advertised on 15 September 2016 and that the following day, 16 September 2016, the Armidale Club was burnt down in an arson attack?

Mr Czabania: Yes, that's correct.

Senator SHELDON: Can the department confirm that Gary Burgess was the owner of both 91 Beardy Street and 102 Taylor Street in Armidale, which are the current sites of the APVMA and Centrelink?

Mr Czabania: At the time; that is correct.

Senator SHELDON: Can the department confirm that Kathryn Richards continues to hold a liquor licence and current hotel licence over the site of 91 Beardy Street, Armidale?

Mr Czabania: I don't know about that.

Senator STERLE: Does anyone in the department know? Mr Brown, you were around at that time. Could you confirm? You're the only one left.

Mr Brown: I actually wasn't around at that time either.

Senator STERLE: And you're still the longest-serving officer? Crikey!

Mr Brown: I seem to have been here a while! No, I don't know the answer to that.

Senator STERLE: No-one can confirm? Okay. Well, we'll help you out; she does.

Senator SHELDON: You mentioned before that there has been a report in response to an application for compensation. In a nutshell—and correct me if I'm not presenting this clearly—the response has been that there isn't a case where the Commonwealth, in its view, owes Ms Richards any compensation.

Mr Czabania: Yes, that is correct. We found one instance of defective administration. In accepting the tenders in our RFI process, one was accepted late after the closing date; again, we have disclosed that in this committee before. The review found that that would have led to defective administration. However, it wasn't linked to and didn't result in detriment claimed by Ms Richards. So, as such, the preliminary view is that no compensation is payable in relation to that event under the CDDA scheme.

Mr Brown: I could probably help here—and I know you haven't been at this committee before. There were two processes. One was a request for information, which is the process we're talking about currently. Where that finished: we provided a report to the APVMA, but that process ceased. What happened a number of months later was that the APVMA and Services Australia went out with a new process. So, our particular process essentially
didn't go anywhere. That is the reasoning behind the preliminary decision in the CDDA. Our process just ended. Our report didn't get used, and five or six months later a new process kicked off, upon which the outcome came from that process.

Senator SHELDON: Is it possible for us to get a copy of that first report, and is it possible to get a copy of the second report?

Mr Brown: I think we've been through this in previous committees, and I'll refer you to our legal counsel.

Mr Czabania: A copy of the first report has been withheld under public interest immunity. That was a claim at this committee on 23 October. Senator Colbeck at the time made a public interest immunity claim over the documents on the basis that disclosing those documents would amount to commercially sensitive information being put into the public, essentially.

Senator SHELDON: I'm wondering whether the new minister has the same view. Or are we still able to insist on those reports?

Senator Ruston: Obviously I'm more than happy to seek clarification from the new minister on his position in relation to this.

Senator SHELDON: Yes, because they are significant matters. The assistant secretary is across the issues with Ms Richards. But I'm concerned about how the decision gets made. Maybe you can explain this to me, and maybe Mr Brown will be able to help. There's now advice to say that there's no compensation to be paid. Yet those in the most senior positions—at least one—aren't aware that Ms Richards also held a liquor licence and a current hotel licence over that property. Maybe there's some straightforward explanation for this. That's a fairly material question when an arson attack had occurred. The sequence of events: APVMA want to purchase the property; part of the arrangement to purchase the property is a desire to have 91 Beardy Street as well; there's an RFI put out on the 15th; and then the following day there is an arson attack. That has been identified by the police as an arson attack in which petrol was used, and they still haven't found the culprit. The sequence of events here involved a suicide, which may or may not be related, and the police are actively investigating that connection as a result of the arson attack. The government then proceeded to buy the property, even though Ms Richards had a thriving business employing many locals in a hotel business there and still holds a licence. But people seem to think that she's not entitled to any compensation and that the department doesn't have a responsibility there. I just find the fact that there isn't an understanding about a hotel licence there to be pretty fundamental. Maybe someone could explain to me why you wouldn't understand that to be a critical question.

Ms Linacre: The scheme for defective administration is very particular. The application that Ms Richards has made is pursuant only to that scheme. There's no statement here about a broader claim that she may choose to make where dealing with the CDDA claim. In terms of a CDDA claim, there is a requirement that the department had some form of a defective administration that has led to a detriment. In this instance, the department examined the actions it took over the course of the events, in relation to the RFI, which is, as Mr Brown has set out, the relevant part of the department's activity to which Ms Richards' claim relates. The RFI didn't end up in any outcome and the defective administration that we found within that RFI process was the acceptance of a late tender. Because the acceptance of that late tender didn't actually lead to an outcome, the detriment that Ms Richards claimed, which related to the eventual arrangements in relation to the property, had nothing to do with the actual detriment. It's a very particular test and a very particular process.

Senator SHELDON: So the department investigates itself and comes up with the conclusion it doesn't owe any money?

Mr Czabania: The department investigates whether there was defective administration. We do that and then we determine whether the claim for compensation that Ms Richards made relates in this case to if there was or wasn't defective administration. So in this instance—

Senator SHELDON: I am not putting any aspersions on anyone who has done the investigation. I'm just saying this is the sequence of events: the department investigates itself and decides it's not liable for any monies to be paid. That might not be surprising to most people, because when someone investigates themselves—I ask my kids if they've done anything wrong sometimes and they say, 'No, of course I haven't.'—

Mr Metcalfe: Sorry to interrupt. I just want to make it very clear: the department's role is quite limited and quite specific in relation to this issue. It essentially commenced a process to identify possible locations for the agency and that process went nowhere. There's absolutely no suggestion that the department or anyone was involved with those that owned the building or had anything to do with the events that occurred.

Senator SHELDON: No-one is suggesting that.
Mr Metcalfe: There was a subsequent process, of course, run by the APVMA, which resulted in a series of tenders being brought forward. The APVMA is here later, and I'm sure they can talk about that. I am sort of struggling to find what the connection there might be.

Senator SHELDON: The RFI goes out. The following day a hotel that was being considered as a potential purchase is firebombed. There's on-going business, which still has a licence in that particular property. The person who runs that business and employs a number of people in Armidale no longer has a business. Regardless of there being a police investigation and a the New South Wales coroner investigation into all of these matters, the department decides to continue to carry on with the purchase of that particular property and then does a report, taking into account its own internal processes. It's not an independent report from the department; it's an internal department report that says they're not liable. I think there's a fair bit of embroiling. To me it seems like an enormous decision to go ahead and purchase that property when it was embroiled in the first place. It raises serious concerns in my mind about the desire to continue to pursue that property. It concerns me that there are injured parties, in the case of Ms Richards's business, where there has not been any compensation paid. The next question I was going to ask was: in light of this latest report, what is the next step that takes place?

Senator Ruston: Senator Sheldon, can I seek clarification. You just made the comment straight through about the situation that occurred with the arson attack and the damage that occurred to Ms Richards and her business.

Senator SHELDON: Yes.

Senator Ruston: Are you making some sort of connection between those two events and the federal department?

Senator SHELDON: No. I am not suggesting that the department is embroiled in carrying out an arson attack.

Senator Ruston: Well, that's good. That's a good start.

Senator SHELDON: What I'm clearly saying is that the department continued on purchasing a property when that property was embroiled in a lot of controversy. It just seems to me to be unusual, but maybe someone says it is a usual thing to do in those sort of circumstances—that is, to continue to look at that property. It's got a coroner investigating and a business woman who had been running the business and was successfully employing locals had her business firebombed. You had a whole series of events that were embroiled with that property and yet the department continued to pursue that property as a purchase, when it had all of these question marks about what was happening with that property and who was liable for that property. Then the department did an internal inquiry itself. Again, I am not saying it was illegitimate. It followed its departmental rules, I would expect. I'm not suggesting otherwise. But it hasn't been independently looked at in terms of compensation for this woman, and it raises some serious concerns.

Senator Ruston: I'm interested in your pursuit of compensation for Ms Richards from the Commonwealth. What are you alleging here? Are you suggesting that there's compensation payable to Ms Richards from the Commonwealth? What is your allegation of the Commonwealth's involvement in Ms Richards' damages?

Senator SHELDON: What I am saying, clearly, is there is a question of where that compensation may fall and it is a matter for appropriate authorities to make a decision about.

Senator Ruston: I'm interested in where your allegation is.

Senator SHELDON: And what I'm saying is that having an internal investigation is one step along a pathway. I was about to ask the department, before you asked me a question—I thought I was here asking you questions—what are the next steps in this process, as has been communicated by the department to Ms Richards or Ms Richards to the department?

Mr Metcalfe: I should, for the absolute sake of clarity, say that the process about which Ms Richards has sought relief from the department related to the initial search for property solutions in Armidale, which, as the officers have indicated, came to a halt and did not proceed. As Mr Brown, I think, indicated, it sort of came to a halt. The department's role at that stage ceased. The APVMA, and possibly in consortium with what's now Services Australia, initiated a second process and that led, ultimately, to the property that is subject to this discussion being identified as the suitable location and the preferred property for a new building to be constructed and leased by the Commonwealth. I just want to make it very clear that the department's role was limited and had ceased and the inquiry that the officers have undertaken in relation to Ms Richards' application under the CDDA is therefore specific to that particular process. On the issue you have raised, as to why the decision was ultimately taken to lease that property, that's a matter for the APVMA, who are appearing here later today. I just wanted to put on the record exactly what our role was. Perhaps Ms Linacre can answer the question that you are asking.
Ms Linacre: A preliminary decision has been sent to Ms Richards. She has 30 days to consider that information and respond.

Senator SHELDON: Can the department provide to the committee all correspondence between the department and Ms Richards?

Ms Linacre: I think I should take that on notice, Senator. I think that we would want to consult with Ms Richards before we committed to that.

Senator SHELDON: So, if Ms Richards approves that, you wouldn't have a difficulty with it?

Ms Linacre: No. I don't see any reason—

Senator SHELDON: What are the department's legal costs associated with Ms Richards' matter?

Ms Linacre: Legal costs?

Senator STERLE: You know how lawyers don't work for love or for free. Sometimes they do—sorry.

Senator Ruston: It's called pro bono.

Senator STERLE: Yes, good pro bono. But, when they have their hands in other people's pockets—

Mr Metcalfe: We would need to make a determination of how much time our officers have spent on this particular matter. If they weren't working on this, they would probably have been working on something else. I suspect it's more an opportunity cost than a real cost. Fortunately, these officers don't charge every six minutes. They're paid in a different way.

Ms Linacre: To expand on the secretary's comment, there is no external legal cost attached with this. It would all be within the internal legal budget. So that would be a matter for us to determine.

Senator STERLE: It's assuring, but not to Ms Richards, I think.

Mr Metcalfe: Senator Sheldon, to answer your question, it might be more in terms of how many hours of effort we believe have been involved in working on these matters.

Senator SHELDON: That would be helpful. So there hasn't been any external legal opinion sought on this matter?

Ms Linacre: Not that I'm aware of.

Senator SHELDON: Well, double-check if that's all been internal in the department.

Ms Linacre: Yes.

Senator SHELDON: You may already have answered this, but I want it to be clear in my head: is it true that the department is of the opinion that no defective administration or detriment has occurred to Kathryn Richards following the department's request for information, which you just outlined?

Ms Linacre: As I've already answered, no.

Senator SHELDON: How is it possible that a third party company, New Club Armidale Pty Ltd, still owns the current hotel licence—the one I mentioned in regard to Ms Richards—over the site at 91 Beardy Street, Armidale, which is the new address of APVMA, Centrelink and Medicare? Are you aware of why it's possible that the hotel still owns the licence over the property where the APVMA are?

Ms Linacre: No, I'm not.

Senator SHELDON: I note from the assistant secretary's report that there wasn't an understanding—again, correct me if I'm wrong—of the fact that Ms Richards had that licence and the current hotel licence over the property.

Mr Czabania: I'm only aware of that she did have a licence because of media reports. But, as part of the RFI process, we wouldn't ask—

Senator STERLE: Sorry, say that again—you're only aware because of what?

Mr Czabania: Media reporting that talked about—

Senator STERLE: Hang on. Senator Sheldon asked you earlier if you were aware that she still had the liquor licence, to which you said no.

Mr Czabania: I think the question was if I was aware at the time of the fire. Sorry if I—

Senator STERLE: But you didn't know until we raised it.

Mr Czabania: And media reporting that I've read—
**Mr Czabania**: I'm not aware that she currently holds a liquor licence. That's correct. Sorry for the confusion.

**Senator STERLE**: Okay. You confused me then—not that that's hard for you to do!

**Mr Czabania**: Probably last year when we started to look into this case—that she had a licence at the time of the fire—a bit more.

**Senator SHELTON**: Early last year?

**Mr Czabania**: That's all I know. As part of the RFI, that wasn't a requirement.

**Senator SHELTON**: When you say 'last year', was that early last year, late last year or the middle of last year?

**Mr Czabania**: It would have been early last year.

**Senator SHELTON**: Was that taken into account when you were considering the questions on the compensation?

**Ms Linacre**: I don't believe so. It wasn't part of the application.

**Senator SHELTON**: How is it possible that the same third party, New Club Armidale Pty Ltd, Ms Richard's business, has current development applications valid until 2021? Are you aware of that?

**Ms Linacre**: No.

**Senator SHELTON**: How is it possible that New Club Armidale Pty Ltd and its director, Ms Richards, were not notified or identified as an interested party to the site during due diligence?

**Mr Metcalfe**: You would need to direct those questions to the APVMA, who I think had a major property search firm undertake work for them. I suspect that some of these questions are probably issues for the current owner of the land or the building as opposed to the quite limited role the department had in relation to it.

**Senator SHELTON**: The questions were to the assistant secretary as well, and, by all means, you may wish to make some comments on the chief counsel. They are doing assessment about potential liabilities. I would have thought that those sweeps of fundamental information, before it's decided whether it's relevant or not, would be considered in making a decision as to whether it's relevant to the considerations that the department has to take into account. I think it's appropriate to be asking the assistant secretary and chief counsel whether they took into account a due diligence inspection being carried out when they were doing the relevancy of Ms Richard's claims.

**Mr Metcalfe**: I'll ask the officers to respond, but I think Ms Linacre indicated earlier that the scheme is about defective administration; it's not a sort of general scheme in which we may be required to compensate someone if we are somehow negligent or whatever. The CDDA scheme, which has existed for a long time, is really: if we do something that harms you in the exercise of your business or whatever it might happen to be—and we receive a few applications from people because decisions we've taken in relation to biosecurity controls or other issues may impact on their business—

**Senator SHELTON**: In this case, Ms Richards is talking about an arson attack on a property that was subsequently purchased.

**Mr Metcalfe**: That's right, and the question is: did we do anything from a defective administration point of view that contributed to that?

**Ms Linacre**: As I've given evidence, the first step is: was there defective administration? We looked at the RFI and found that there was one instance of defective administration: acceptance of a late tender. The next task for the officers was: could that instance of defective administration be connected to the detriment claim by Ms Richards in her application? The answer was determined in the preliminary decision to be no. The detriment she claimed was unconnected to the RFI process, which was never resolved and did not lead to the eventual property decisions or outcomes.

**Mr Brown**: Senator, can I just give you a bit of background on how RFIs work, just so you have a bit of context?

**Senator SHELTON**: That's absolutely fine.

**Mr Brown**: What an RFI normally does is just testing the market, identifying what properties might be in a particular market. Once a suite of properties is selected which may be suitable—if the process had continued, the...
next step would have been due diligence. What essentially happened is we came up with a report, with a number of possible properties. The next step in our process, if it had continued, would have been the due diligence work. But, because with that particular property the whole process finished, the due diligence didn't happen.

**Senator STERLE:** How come Ms Richards was not an interested person in all this when that was happening, or the owner of the tavern or the bar?

**Mr Brown:** Once again, it was just submissions for property developers and owners of the property who may be interested in doing a submission. It was publicly advertised at the time. Essentially anyone—

**Senator STERLE:** So she probably didn't even know why they were talking to the developer. That's probably why.

**Senator SHELDON:** Whilst the consideration by the department of the claim that Ms Richards put forward was being done, did the department take any steps to say what, if the department came to a negative view, the potential compensation would be, or what potential issues would have to be considered if compensation were awarded? Did it take any of those matters into consideration?

**Ms Linacre:** First, can I just correct the record? I gave some evidence earlier that the licence issue was not part of the CDDA application. In fact, it was claimed as an item of economic loss, so that was in the application. However, it didn't lead to anything, because the detriment wasn't connected to that loss was the outcome. Sorry; what was your next question?

**Senator SHELDON:** You've clarified that. That leads me back to another question. A person puts a claim in. They make a series of assertions. You're assessing whether those assertions have validity, so you consider those assertions. Some you might feel personally are a little bit wild. Some might be a little bit right on the money. Some might be exactly on the money. I'm not talking about this particular case but any matter. But you make an assessment of all those things that are put to you. So there was an assessment about her owning the hotel licence and the detriment?

**Ms Linacre:** No. The assessment was made: was there defective administration and did that lead to a detriment, whatever that detriment was? It's that link between the two that was assessed. In this case it was determined that the defective administration—the acceptance of the late tender—had no connection to any detriment or loss claimed.

**Senator SHELDON:** They may have been fully aware that she owns the hotel—some by media reports, some by the claim that was put in. It was in the back of people's minds that, if there was liability there for the department, there would be some sum of money potentially involved.

**Ms Linacre:** Again, the job of the department was to determine whether the defective administration led to the detriment. Only if we had found that the defective administration could potentially have led to the detriment would we have assessed what that detriment was, in terms of value.

**Senator SHELDON:** Well, I'd imagine, and it would certainly be in the backs of people's minds, that a successful running business in Armidale that was employing a lot of local people and had been firebombed—and subsequently the land was purchased by the department—would have been seen as quite a considerable amount of money, potentially?

**Ms Linacre:** The RFI is the only process that we considered. It's the only process that the department was involved in, and it did not lead to that eventual commercial or property outcome, so—

**Senator SHELDON:** No, sorry, what I'm saying—you've said that before, and I fully respect what you're saying. That's the process that you followed. But it would be artificial to say that it wasn't in people's minds that, if we found that there was a detriment in this case, there would be a considerable amount of money that would be potentially owed to Ms Richards?

**Mr Metcalfe:** Clearly Ms Richards has had a significant impact on the business, because the premises that she occupied were the subject of an arson attack. We reject that there is any link between anything the department did and the loss of her business or an income. It's clearly a highly regrettable and very distressing issue for Ms Richards, but it's nothing to do with us. The only thing that we did was to commission an RFI process, which ultimately went nowhere and which was in no way linked to the fact that one of the properties that was identified was in fact the property that she had been a tenant in. Were she to have any legal redress, I would have thought it would be against whomever committed the act of arson. And the coroner, of course, has declared a 'no finding'. They declared, I think, that there certainly was arson but they've not been able to identify the perpetrator of that crime.
Senator SHELDON: Sorry, the question goes back to the question of due diligence and when the assessment was being made about whether there was a detriment. If a detriment was found, I am assuming that there was a potential for compensation of some amount to be paid.

Senator Ruston: I'm not sure I understand. You said 'when the detriment was found'?

Senator SHELDON: Going back through, as I understand the process that was just explained—I'll ask, then: what would be the next step for chief counsel if the assertions made by Ms Richards had been found to have been correct by the department? I'm clear that the department did not find them to be correct, but what would be the next step if her assertions had been found to have been correct?

Ms Linacre: It would be hypothetical and speculative in this instance. In general instances the steps that we undertake are: was there defective administration; was there detriment; was the detriment caused by the defective administration; and what is the quantity or quality of an assessment of that detriment?

Senator SHELDON: That's the point I'm making—that is, that whilst those steps are being followed, there's a clear understanding in the department that, if those circumstances were found and it was to follow through that procedure, there would be an amount of money that would be liable to Ms Richards. That hasn't been found; I understand that—

Senator Ruston: But what you actually said, and what I was questioning, was 'when the detriment was found'.

Senator SHELDON: No, it is my job to question you.

Senator Ruston: No, no, you said 'when the detriment was found'. You've now clarified that that wasn't what you meant, and that's fine. But when I asked you, it was when you said 'when the detriment was found'.

Ms Linacre: Just to clarify, the task is a complicated one and officers spend a lot of time working it through. They don't think ahead to the next step; they're assessing the boxes as they go, if that makes sense. They're overcoming a barrier, then they get to the next one. They're not jumping five steps ahead.

Senator SHELDON: Thank you for that, and thanks for saying how you believe the officers handled it. But the point I'm making is: if Ms Richards's assertions were proven to be correct, at some point some compensation would be available. Obviously, that would have to be in the mind of anyone doing the investigation—not about the amount or the sum, but, if it were found that we would have to go to the next step of compensation, that would have to be in somebody's mind. I'm not talking about influence. I'm saying that would be in somebody's mind.

Mr Metcalfe: As we've said a number of times, the only possible action that you can link back to is the commissioning by the department of the RFT process. We do not believe that there is any causal relationship whatsoever between the commissioning or undertaking of that process with the fact that some individual decided to burn down a building in Armidale. We do not believe that there is any relationship between those things. Now, if someone decided—

Senator SHELDON: The coroner hasn't made a decision on that, and nor have the police.

Mr Metcalfe: Ultimately you would have to, effectively—

Senator SHELDON: Mr Metcalfe, if you know something that the police don't know, then please tell them.

Mr Metcalfe: We know what we know—that is, that we ran a process and that the department identified that there was an element of poor administration in accepting a late application, but that process ultimately went nowhere. We do not regard there being any link back to any damage caused to Ms Richards. Of course, we acknowledge and accept that her business has been substantially disrupted and, no doubt, there was a great deal of upset and economic harm done to her. But, to be perfectly blunt, that's not our fault; it's the arsonist's fault.

Senator SHELDON: At any time during Ms Richards's correspondence with the Department of Agriculture, the APVMA and its ministers, did anybody check or seek advice in relation to the asset of the general hotel licence that Ms Richards's company owns?

Mr Metcalfe: I think Mr Brown said earlier that the process that was run by the department, or by a property consultant on our behalf, was at the very initial, high level of, 'Are there properties that might be available?' I think, Mr Brown, you indicated that, had the process proceeded, then the next level of question would be, 'Are there any impediments or other issues that relate to it?' Those are matters, I'm advised, that this committee has been briefed about before. The subsequent process initiated by the APVMA and other agencies—Centrelink and Medicare—to acquire a long-term lease on a premises in Armidale is a matter that they can talk about. I think they're appearing before the committee later this evening.
Senator SHELDON: I was specifically asking: is there correspondence between the department and its minister and Ms Richards? Was there an attempt to seek advice on whether the general hotel licence that Ms Richards's company owns—

Mr Metcalfe: We've undertaken to check with Ms Richards as to whether she's comfortable with that correspondence being made available to the committee. If she is, we're happy to provide it to the committee.

Senator SHELDON: Thank you. Are you aware of any precedent for Commonwealth government agencies to be operating with encumbrances such as a full hotel licence?

Mr Metcalfe: I think the answer's no, as far as we're concerned.

Senator SHELDON: Is the department aware of who the current owner is of 91 Beardy Street and 102 Taylor Street, Armidale?

Mr Metcalfe: We can check, but the lease is with another part of the Commonwealth, so I don't know whether we have any details as to who the owner is.

Mr Czabania: Who the owner currently is?

Mr Metcalfe: Yes. That's the question.

Mr Czabania: You'd probably need to ask that of APVMA this afternoon, in terms of the current owner.

Senator SHELDON: Does that mean you don't know, or you can't tell us?

Mr Czabania: I don't know.

Mr Metcalfe: We would need to check with them to find out. Since they're here later today, we'll let them know that you're looking for that information.

Senator SHELDON: Thank you. I'll leave those questions for later.

Senator STERLE: Don't tell me it's hypothetical! Does the department have a process for, if they are looking into purchasing certain properties and something is firebombed, a red flag goes up straightaway and you would cease processing down that road for you to negotiate?

Mr Metcalfe: I think it's rare for us to buy properties. But I think you probably mean all these premises as well?

Senator STERLE: I beg your pardon?

Mr Metcalfe: It's rare for us to buy anything, but in terms of leasing a property—

Senator STERLE: Okay, let's go with leasing. If it was firebombed, would you continue?

Mr Czabania: As part of our normal property process—yes, we would. And generally it might be JLL that would do that on our behalf. They're our current property service provider. Yes—we would undertake a full and proper due diligence in relation to any properties that we are looking at.

Senator STERLE: Thank you.

Senator RICE: Minister, you just referred to me before as having a doomsday rant when I was referring to the very real prospects of how Australia's agriculture would likely be impacted by four degrees of heat. Are you calling the scientists of CSIRO and the Bureau of Meteorology doomsday merchants?

Senator Ruston: No, I didn't. I referred to you as that.

Senator RICE: For four degrees of heat.

Senator Ruston: Senator Rice, you know damn well that when you came in here, you put your interpretation on what you thought the consequences were of some commentary that had come from some of our scientific bodies. I drew that to your attention.

Senator RICE: I was referring to the evidence from the Bureau of Meteorology that Australia is currently on track for four degrees of global heating. Could I refer you to the specific report that I've been referring to: the CSIRO and Bureau of Meteorology report, Climate change in Australia: projections for Australia's NRM regions, which was published five years ago. Are you aware of that report?

Senator Ruston: You might table it for me—if you would.

Senator RICE: It's all online at Climate Change in Australia. As I said, it's been out for five years.
Senator Ruston: I could probably see if I can bring an officer forward that actually has an understanding of the specific report you're referring to because, as you'd be aware, many reports have been written in this area, and I wouldn't like to—

Senator RICE: Minister, this is the CSIRO and bureau's—basically, their predictions and the most recent predictions of how Australia's climate is going to change under global heating.

Ms Brunoro: The report you're referring to is the report that was provided to the Climate Action Summit—or, one before that?

Senator RICE: It's the one that's been out since October 2014, I think, produced by the CSIRO and the Bureau of Meteorology.

Ms Brunoro: Since then, there have been a range of reports that the CSIRO and bureau have been involved in that put forward Australia's projections. Some of that actually occurs as part of the global effort under the International Panel on Climate Change.

Senator RICE: Yes.

Ms Brunoro: The Australian government supports Australian scientists being in the International Panel on Climate Change. Currently, the sixth assessment report is underway. But a lot of those reports that you've been referring to would have been in the context of the last assessment report.

Senator RICE: That's right. And there hasn't been an assessment report done since these NRM reports were released. The CSIRO and the bureau—it's all reflected in their current website. It's where the climate analogues that I have been quoting come from. As a compilation of what's known about the science, it is the most up-to-date published science as to how Australia's climate is changing. What we heard from the bureau yesterday was that essentially we're on track for the highest range of emissions. What I want to know is: is the government incorporating the predictions from both that report and future reports, which only consolidate that information, in your planning?

Ms Brunoro: The government continues to support our engagement in those international science efforts.

Senator RICE: But that's not my question.

Ms Brunoro: There's the last report that you're referring to, the most recent report. There's the State of the climate report. That was released in 2018. There are also recent papers that are coming out to support Australia's efforts in the Intergovernmental Panel on Climate Change, in which the bureau and CSIRO are key participants. Dr Johnson said yesterday that there was a contribution from the bureau in the report, which was a synthesis that was provided to the Climate Action Summit that occurred last year. What that report did was actually to demonstrate what the current nationally determined contributions of countries were providing globally with respect to the temperature outcome. In terms of those particular pieces of modelling efforts, what the bureau and CSIRO do is actually model a range of representative concentration pathways with respect to greenhouse gas emissions.

Senator RICE: Yes.

Ms Brunoro: That report is talking about current initial efforts under the Paris Agreement. You would be aware, Senator, that under the Paris Agreement there are a range of mechanisms for that ambition to be building over time, as part of the global effort under the Paris Agreement.

Senator RICE: Thank you for all of that, but that's not my question. My question is: given all of this science, how is it being incorporated into the government's planning—for example, the scenarios of the climate of our wheat-growing areas becoming like the central deserts and, Minister Ruston, your home town of Renmark becoming like Andamooka?

Ms Brunoro: To answer that question, Senator, it's then connecting that science to the policy and program activities across the government. From within this portfolio, I think the secretary was outlining a range of initiatives which are looking at the climate science, including things like the Future Drought Fund. There is work that's being done on research and development corporations to consider the future climate and how that will have a bearing on things like crops and, as you would be aware, activities such as those in the water space, with water efficiency measures and those sorts of things. So those activities are a range of things that departments do to respond to the risks that are being posed, coming out of the climate science.

Senator RICE: In terms of your current planning and any modelling that the department's doing, are you planning and modelling and preparing policy and projections on the impacts on Australia's agriculture for any increase in temperature at all by the end of the century?
Ms Brunoro: A couple of years ago, the climate in Australia projections were done for the natural resource management organisations. There was a new Climate science for Australia's future report released before Christmas. One of the 10 strategic actions in that was the planning for the next round of projections, which would then—

Senator RICE: But currently. Currently, are you planning, in agriculture policy and planning and modelling, for any increase in temperature at all by the turn of the century?

Senator Ruston: Can I just come in here?

Senator RICE: It's a pretty simple question. It's yes or no.

Senator Ruston: The answer is actually yes.

Senator RICE: Good.

Senator Ruston: Back in 2018, the ag ministers met, and they made a determination at that time that the chief officials of the agriculture departments across the whole of Australia—states and territories as well as federal—would develop a paper on climate change adaptation in agriculture. In particular, they had five key areas that they sought to have that particular paper respond to: potential climate change scenarios and impacts over time; the analysis of risks and opportunities presented by climate change to agricultural industries; a description of the current work that was being undertaken around managing emissions within the agricultural sector; a stocktake of approaches to adaptation across all jurisdictions; and a proposed work plan.

Senator RICE: Thanks, Minister.

Senator Ruston: Let me finish.

Senator RICE: You know I've got limited time, Minister. You're taking up a lot of that limited time at the moment.

Senator Ruston: With very useful information that you don't seem to want to hear.

Senator RICE: It's not going to my question. You've just said yes: you are planning for an increase in temperature. My next very simple question is: what is the range of temperature increases that the department is currently planning for?

Mr Thompson: I think I mentioned before the work that ABARES is planning to do in terms of projections—kicking off their work, which was completed in December of last year. They're not at the table today, so we're unable to answer the specific question about what scenarios are used.

Senator RICE: In terms of scenarios that the department is currently using for its projections as to how Australia's agriculture is going to be impacted by the climate change, you said you acknowledge that there will be an increase in temperature. I want to know the range of increase in temperatures that you are currently acknowledging is a potential scenario.

Ms Brunoro: What we do do is look at this scenarios that we model with the global community through the International Panel on Climate Change and then we communicate those scenarios to different groups, including the agriculture sector. In terms of ABARES' projections, they will be using the range of concentration pathways in the International Panel on Climate Change.

Senator RICE: We have just heard about those concentration pathways and the high end, and that we are heading for four degrees by the end of the century. That is what the bureau is telling us. Is the department incorporating potential planning for four degrees of global heating in the current planning?

Ms Brunoro: The current programs look at what the range of risks are that are coming out of the climate science.

Senator RICE: Yes, but is that four degrees within your range of current planning or are you not being up-front with the Australian public and the Australian agricultural community about what the likely impacts of global heating are going to be?

Ms Brunoro: The higher end of the representative concentration pathway does include those higher end projection outcomes and a range of outcomes, so that individual decision makers can look at the risk to their particular business across those range of scenarios and understand what it means for their particular circumstances.

Senator RICE: How is that being communicated to the Australian agricultural community?

Mr Thompson: We have already indicated that the department is one source of advice in relation to this matters. ABARES is an important source of that for the ag sector. I also touched before on the RDCs, the rural
research and development corporations, and the work that they do in informing decision makers and also the work directly on practical means of adaptation through technology and innovation.

Senator RICE: There was an answer to a previous question on notice that specified that the Australian Government Disaster and Climate Resilience Reference Group examined scenarios on 23 November 2017, 6 April 2018, 20 July 2018, 28 February 2019. On notice, could you provide the scenarios that were used at those meetings?

Mr Thompson: We will take that on notice.

Senator CICCONE: Secretary, this is about the document you tabled earlier—the high-level breakdown of the MOG costs. Can you explain what the costs mean with respect to enterprise agreements—the $267,000 figure and that of delegations, the $192,000 figure?

Mr Metcalfe: Ms Briscoe will respond in detail. One of the aspects of the creation of the new department and the abolition of the previous Department of Agriculture and water to create the new Department of Agriculture, Water and the Environment was the fact that many of the delegations that flow from the minister or from the secretary needed to be remade. You can picture the scene. My appointment commenced at midnight on 1 February and at midnight on 1 February, I was sitting up signing delegations of power to our thousands of staff who exercise powers, particularly under biosecurity and other legislation and who may well have been using those powers in the early hours of that morning as planes arrived from overseas. The preparation of those delegations was a job undertaken within the department and required a substantial amount of work to bring them right up-to-date and to ensure that they were fit for purpose. So that is just one example of something that was involved.

Senator CICCONE: Legal costs?

Mr Metcalfe: I'll get Ms Briscoe to provide that.

Senator CICCONE: I don't want to take too much of the committee's time. Perhaps take it on notice. If you could provide on notice, I would appreciate that.

CHAIR: I think that's a good solution, unless you have the answer right here.

Mr Metcalfe: I am conscious of the fact that we can provide that information now and it's probably—

Senator CICCONE: Can you table something?

Ms Briscoe: It's not long. In relation to delegations, it's the cost of consolidating over 600 instruments of delegation and authorisation into 60 new ones. That's the cost of our legal staff in order to prepare those. In relation to the enterprise agreement, just to be clear, it's not the costs of the salary; it's the cost involved in our people working through both agreements to determine what conditions may need to be preserved as a result of the MOG change, determining that in conjunction with the Australian Public Service Commission and analysing various aspects of our old agreements and the new agreements. So they were essentially the costs of that process.

Senator CICCONE: Our people would be—what?

Ms Briscoe: Staff.

Mr Metcalfe: Within our department.

Senator CICCONE: So why is there a cost if you've already got staff from the department?

Mr Metcalfe: It's not an additional cost; they would have been doing something anyway, but this is the amount of time they spent on this particular task. It's more of an opportunity.

Ms Briscoe: There were some external legal costs involved in the delegations as well as our internal staff.

Senator CICCONE: Alright. Thank you.

CHAIR: Thank you for your presentation.

Wine Australia

Mr Metcalfe: Chair, I think the practice of this committee is that, when statutory authorities appear before the committee, the departmental secretary remains at the table just in case there are any issues, so I'm very happy to be here or I'm very happy to take a back seat.

CHAIR: Thank you, Mr Metcalfe. Mr Clark, do you wish to make an opening statement?

Mr Clark: I have no need to make a statement. I'm in your hands with the questions.

Senator CICCONE: Are you able to provide an update on the current situation with regard to the drought and fires on Australia's wine-growing regions?
Mr Clark: Certainly. It's undoubtedly been a pretty tough start to the year—

Senator CICCONE: It certainly has been.

Mr Clark: for the grape and wine sector here in Australia, but they are a very resilient bunch and are already coming to terms with those challenges. For the key headline figures in terms of the impact of the fires, there are probably two key measures to take into account to put it all in context. When doing so, you never want to diminish the impact on individual growers and/or winemakers who have suffered harm recently. To put it in context, the direct damage in terms of vineyards burnt through fire events over the last few months is a bit less than one per cent of the total vineyard hecetage across the country. Then there is the ongoing issue of assessing the impact of smoke across many regions. At this point in time we estimate that the impact of that will be around four per cent of our average production each year, so in the order of around 60,000 tonnes.

Senator CICCONE: Is the four per cent because of the smoke?

Mr Clark: Correct. That's having impacts across a number of regions, and there's a lot of testing that's ongoing at the moment to ascertain the impacts and the actions they can take as a result.

Senator CICCONE: What assistance is Wine Australia providing to producers who have been impacted?

Mr Clark: Obviously we've mobilised pretty quickly, and the primary means of assistance is through an organisation called the Australian Wine Research Institute, which are one of our major R&D providers for the sector. We provide them with a significant amount of funding each year to deliver activities. The AWR have mobilised very quickly. They've been out in regions across the country, undertaking workshops to help people understand what their options are, what the latest science is with respect to smoke taint and what responses people can plan accordingly. Also, they've got a testing capability. They're not the only one; there are other providers as well, but they're providing a lot of testing to help people understand the results and how growers can undertake some testing to see what their actions or options are once they're ready to harvest the grapes.

Senator CICCONE: Do you have a breakdown of the assistance by region across the country—in particular, obviously, to those that have been impacted by the fires?

Mr Clark: Not with me today, but I can absolutely provide that on notice.

Senator CICCONE: If you could take that on notice, that'd be great.

Mr Clark: Yes, that's fine.

Senator CICCONE: As well, could you provide any other stats with respect to the current situation on drought and fires in Australia by region?

Mr Clark: Sure.

Senator CICCONE: Any information you can provide the committee would be much appreciated.

Senator Ruston: There are a number of other actions that the government has taken. We can provide you with a combined response about everything that has been provided to our wine industry that has been affected by fires and drought.

Senator CICCONE: Do you know which areas have been worst impacted, in terms of region, at the moment? Would it be up around the Hunter or in my home state Victoria?

Mr Clark: There are various regions. We're always very careful not to write off a particular region, because there can be variable impacts within a region. Certainly, there are a number of producers and growers in the Hunter who have come out publicly in terms of the impact they're suffering. Also, close to where we are now in the Canberra district, we've seen some local producers here declare that they're not going to be producing a vintage this year.

Senator CICCONE: Which is a real shame.

Mr Clark: Yes, absolutely.

Senator CICCONE: There are some really great wines around here.

Mr Clark: But it's important that we always remind ourselves that we're a vast country, obviously, and we're going to produce a lot of quality wine this year. That's the message we need to continue to tell the world throughout all of this.

Senator CICCONE: You mentioned the Hunter. There's a vigneron, Mr Tyrrell. He's obviously a quite well-respected wine producer. There have been numerous things that he has been reported as saying. In particular, he's quoted in some reports as saying that numerous wine growers were faced with no income this year and should be eligible for bushfire relief grants. Can you provide comment with respect to his comments?
Mr Clark: I think that question is regarding the $75,000 grants.

Senator Ruston: I know there has been a lot of work going on behind the scenes. We have somebody who might have the answer here. I know that if, in relation to the fire impact, the area is declared a category C area, then they will be eligible for the primary producer grants, but I'll let you give us some more detail, Ms Deininger.

Ms Deininger: Certainly, as the minister has mentioned, the government has announced a range of assistance, not only the grants but also other assistance such as mental health appointments and care that people can take up and an extension of the Rural Financial Counselling Service. In relation to those vineyards that, for example, have been directly impacted by the bushfires, they can seek eligibility under that $75,000 grant.

Senator CICCONE: How many people have been provided with assistance so far?

Ms Deininger: Under the $75,000 grant?

Senator CICCONE: Yes.

Ms Deininger: I'll check and I can come back to you on that. These numbers are obviously changing over time. We do work very closely with the states and territories because they are the organisations that are actually having the interface, if you like, with the applicant.

Senator CICCONE: So there is the $75,000 grant?

Ms Deininger: Yes.

Senator CICCONE: What other assistance is also offered to wine growers?

Ms Deininger: In relation to wine growers?

Senator CICCONE: Yes.

Ms Deininger: The assistance that has been announced relates to an extension of the Rural Financial Counselling Service, and there's also additional mental health support, and there are the $75,000 grants.

Senator CICCONE: So what is that assistance? You talk about assistance, but what other assistance is there? There's the $75,000.

Ms Deininger: Yes.

Senator Ruston: We will provide you with a list. Under category C, when an area is declared as category C for the purposes of a disaster—

Senator STERLE: That's the worst, is it, category C?

Senator Ruston: No, category D is the worst. But, in terms of things like smoke taint, for instance, if you were in a category C declared area, in terms of the impact of the bushfire, then you would be eligible for these. Under category C there are a number of things that you would be eligible for.

Senator STERLE: Can you tell us about those? This is the first I have heard about it.

Senator Ruston: I am hoping that my people out there are going to come in here and provide that. In addition to that, under the government's $2 billion Bushfire Recovery Fund there are a number of other things that are available to not just wine growers but other primary producers. They include the $50 million offset.

Senator STERLE: As important as that is, can we focus on the $75,000 category C—

Senator Ruston: The wine growers. I will hopefully get you a piece of paper very shortly that will tell you what that entails.

Senator CICCONE: I am just trying to understand this. How do you determine an impacted area? Is it by local government areas? Is it by region? Who says, 'This wine grower will get a grant and that wine grower won't'?

Senator Ruston: I'll let the officials answer. They have much more detail than I do.

Mr Fisher: I can answer that question. States nominate the areas that they wish to declare under category C of the DRFA. Those arrangements are administered by Emergency Management Australia. In this case, four states have nominated areas—Queensland, New South Wales, Victoria and South Australia. In terms of smoke taint, under the grant guidelines, wine grape growers in declared areas are able to claim costs associated with salvage cropping of their grape crops that are affected by smoke taint.

CHAIR: Just to continue on that, when the states declare areas it is by local government within the state. That is correct, isn’t it?

Mr Fisher: That's correct.

CHAIR: I just wanted to clarify that for you, Senator Ciccone.
Senator CICCONE: So the state declares, not the local government?

CHAIR: That's right. The local government goes to the state and requests that they be listed. The state makes the decision and then they go forward to the federal government.

Senator CICCONE: For money, basically?

CHAIR: For the declaration.

Senator STERLE: You have a $75,000 grant. That is up to $75,000.

Mr Fisher: Correct.

Senator STERLE: So not everyone can get $75,000? Break it all up for us. What do you have to do to get $75,000?

CHAIR: No, $75,000 is the one amount—

Senator STERLE: Everyone gets $75,000?

Mr Fisher: No, that is not correct. Guidelines were developed in consultation with those states. Those guidelines now apply for all states with those category C declared areas. There is also an agreed application form that was worked up in consultation with the states. There are a raft of areas where primary producers can claim grants. Those areas are set out in the guidelines. So there are quite a number of things—

Senator STERLE: Sorry, Mr Fisher; I am just trying to get back to this. It's very important. Firstly, am I right in saying there are possible grants up to $75,000 and one size doesn't fit all? Does everyone get $75,000 if they have smoke taint?

Mr Fisher: No.

Senator STERLE: Right, because we might have some who are growers and winemakers and then we might have some that are just growers. Then we have affected staff and incomes that are not coming out. This is what I am trying to break down. How do you get to it? What do you have to do to be able to apply for it successfully and not just have the state government saying: 'These are good people. Give them $75,000.'

Mr Fisher: Applicants can provide in their application a written list of bushfire related damage, with cost estimates. That can be supported by photographic evidence. Where they have already incurred expenses, they should produce evidence of that expenditure. They of course have to meet the eligibility criteria. The administering agency in each state government is also free to request further information, if they require it.

Senator STERLE: Is it a cash lump sum, whatever the amount, or are bills paid on their behalf?

Mr Fisher: Applicants can claim either at once or in stages up to that $75,000 amount.

Senator STERLE: Has this money started rolling out through to the affected areas now or are you still in paperwork mode?

Mr Fisher: Yes, quite a lot of money has been disbursed. The majority of applicants have been in New South Wales. As of a week or so ago, New South Wales had received over 1,000 applications, and 575 of those had been approved and over $32 million had been disbursed. South Australia had 116 grant applications, with 72 approved and $4.7 million disbursed. Victoria had 144 grant applications, with 88 approved and a little over $6 million disbursed. Queensland, with just one local government area at the moment, had received four grant applications, which at that time were still under consideration.

Senator STERLE: What do you have to do to be eligible to get the maximum $75,000? What is the criteria there? You started to say salvage cropping—

Mr Fisher: You need to be able to demonstrate that the costs that you have incurred or will incur add up to that amount or greater.

Ms Deininger: If I might just add to Mr Fisher's evidence, there are many farms who aren't in the wine sector but who may have lost fencing or who may have lost irrigation systems and things like that. So they would be able to, if they wished to, or if they met the overall eligibility criteria and they needed to replace those items, then they could seek to do so within that grant.

Senator STERLE: So they can seek assistance out of this bucket of money?

Ms Deininger: That's right. The $75,000 is designed for all producers who might be affected by the bushfires, not only a particular sector. We were just giving some examples about the wine.

Senator STERLE: I thought it was just wine, because we've got Wine Australia here.

Ms Deininger: No. It's all primary producers. That's why the criteria of expenditure that might be reimbursed, if you like, or might be covered, is quite broad.
**Senator STERLE:** Obviously it wouldn't be open—what's the value of this pot of money? Is there a figure on it?

**Mr Fisher:** For the $75,000 grants program, $100 million has been allocated.

**Senator Ruston:** It's not capped; we need to be clear. It was estimated at the time that it was put forward as part of the bushfire recovery fund—the $2 billion. It was estimated at $100 million, but it is a demand driven scheme.

**Senator STERLE:** Sure. We got figures earlier about how many have been accepted and how many are still waiting, but we've passed $100 million now already?

**Mr Fisher:** No, we haven't passed that.

**Ms Deininger:** No. I think the minister is making the point that, at the beginning, when the program is established, we don't know what the individual impact is on all of the farms and all of the local government areas. So, because it's a demand driven program, the ultimate cost of the program will depend on the success of applications and information that they've put forward in their applications.

**Senator STERLE:** So how much have we disbursed so far?

**Mr Fisher:** As of 27 February, $43.5 million has been disbursed.

**Senator STERLE:** I can't remember the numbers, but we still have a lot more to be approved yet. There are a lot already accessing and moving now and getting the money, but there are still a lot more in the—what's the word?

**Senator Ruston:** Pipeline.

**Senator STERLE:** Pipeline.

**Mr Fisher:** Yes, there are still applications in train. We're expecting, I guess, that there will be further applications. People are able to apply for grants under this program until 31 July.

**Senator STERLE:** That's the cut-off. If we have a flurry of activity in the last week, that doesn't matter, as long as they are in by the 31st?

**Mr Fisher:** That's correct.

**Senator CICCONE:** As part of the information you provide the committee, can you also provide which local government areas have been declared as well?

**Senator Ruston:** Yes, sure.

**Senator CICCONE:** Mr Clark, has Wine Australia spoken to or requested any assistance from government? Have you made any official representation to government for any wine producers, winemakers, on their behalf?

**Mr Clark:** The lead on those conversations for the grape and wine sector is the industry representative body, the national body called Australian Grape & Wine. They've been in discussions with the government.

**Senator CICCONE:** So you haven't or your office hasn't?

**Mr Clark:** They lead on the discussions and then, off the back of that, the department will get in touch with us and ask for factual information to help inform those deliberations that they're having with the industry.

**Senator CICCONE:** So industry goes to government; government then comes to you for advice. Is that right?

**Mr Clark:** Effectively, yes.

**Senator CICCONE:** You haven't made any direct representations to government about any particular regions that need assistance?

**Mr Clark:** No. That's not our role. As an RDC, we don't jump into the policy advocacy space.

**Senator CICCONE:** I get that, but that's not my question. It is: have you made representations to government on behalf of any regions?

**Mr Clark:** No.

**Senator CICCONE:** Alright.

**Senator SHELDON:** I wasn't clear about this: has $75,000 has been paid to any wineries for producers for tainting of the wine? Has that actually been paid to anyone, and are there any claims for smoke taint of the crop? Have there been any claims? How many claims are there? Have there been any paid? How many have been paid, if they've been paid?

**Mr Fisher:** I believe so, but I would have to take that question on notice to be able to answer it.
Senator SHELDON: You'd better come back to us today.

CHAIR: You'd have to take it on notice because it's through the National Bushfire Recovery Agency?

Ms Deininger: And the states and territories actually receive the applications.

Mr Fisher: Yes. We would have to get that information out of the states and territories. I'm sure they'd be happy to provide it, so I can take that on notice.

Senator STERLE: It's because you don't have it.

Mr Clark: Correct.

Senator Ruston: The other thing that's probably worth mentioning is that, because of the difference in the maturation of different varieties of grapes, there's testing still going on, so, in a lot of instances, vigneron and winemakers would not necessarily even know the extent of the smoke taint, as we sit here today, on their plantings. The claims are likely to come further down the track than those people who have been directly impacted and have had fences and the like burned.

Senator SHELDON: I'm probably going to ask the question a slightly different way. Are you aware that claims have been made for tainted crops?

Ms Deininger: I'm not personally aware of any of those claims.

Senator SHELDON: Are we aware that there's a capacity to make claims for tainted crops? Has it been settled that claims can be made?

Mr Fisher: For the costs of salvage cropping, yes.

Senator SHELDON: In the case of wine producers?

Mr Fisher: Wine and grape growers, yes.

Senator SHELDON: I understand that Wine Australia will be releasing its 'Vision 2050' document. When do you expect the release of the document?

Mr Fisher: That's the document of Australian Grape and Wine, the peak industry body, which they're expecting to release shortly. That is to provide the overarching industry vision for the sector to 2050. What we're focused on at the moment is our next five-year plan. Our current plan expires on 30 June this year. Indeed, I've got a board meeting tomorrow where the major focus will be reviewing the draft plan, and then there'll be further consultations with Australian Grape and Wine and then a submission to the minister for approval ahead of a 1 July commencement.

CHAIR: Marvellous.

Senator BROCKMAN: Very quickly, Mr Clark. Trade impacts of coronavirus: are you getting any feedback from the larger exporters as to how the supply chain is performing at the moment?

Mr Clark: We have no hard figures as yet. As you'd appreciate, it's still early days. Our next set of export figures will be released for the March quarter in April. But, certainly, anecdotally, absolutely, a number of companies are reporting challenges already. Indeed, one of the major producers, Treasury Wine Estates, released an update to the ASX last week or thereabouts, flagging that it was going to impact upon their results for this year.

Senator BROCKMAN: When will we see reporting on those numbers?

Mr Clark: We'll see from our export perspective. We release the export figures on a moving annual total basis. We release that every quarter.

Senator BROCKMAN: Every quarter. When will your next release be?

Mr Clark: The March quarter will be released during the course of April. It's usually around the third week of April or thereabouts. By that time, we'll have a sense of the overall impact, in terms of the export pipeline. But I am expecting to see a dip, based on everything that I'm hearing and from talking to exporters.

Senator BROCKMAN: Okay. That's all I have, Chair.

CHAIR: Thank you very much, Senator Brockman. Senator Sterle, I think you have a couple more?

Senator STERLE: Yes. Mr Clark, Wine Australia is going to be releasing your 'Vision 2050' document soon. Can you tell us when?

Mr Clark: I will refer to my previous answer—

Senator STERLE: If you've already answered it—
Mr Clark: That document sits with Australian grape and wine and our strategic plan is our focus. The two talk together. Our strategic plan is around delivering on some of the aspirations that the industry wants us to focus on.

Senator STERLE: If you've asked those questions—I was too busy talking to someone.

Senator RICE: Thank you, Mr Clark, for your evidence so far. In your opening statement you talked about the extent of the impact of the devastating fires on vineyards and winegrowing this summer. You mentioned in a percentage term the amount affected by fire. Do you have an updated estimate of the total hectares of vineyards that were affected by the fire, both being burnt out and in terms of smoke?

Mr Clark: In terms of the vineyards directly impacted the figure is just under one per cent of the total hectarage—

Senator RICE: But how many hectares?

Senator BROCKMAN: Just to be clear, is that one per cent have been impacted by smoke or one per cent has been burnt out?

Mr Clark: Burnt, so we're talking—

Senator RICE: How many hectares is that?

Mr Clark: We are talking around 700 to 800 hectares across the country.

Senator RICE: I think there were previous media reports that had an estimate of 1,500 hectares of vineyards in fire affected zones?

Mr Clark: Correct. I think that was in the early stages. As more news has come to hand that number has come off a bit, but overall around one per cent of the total hectarage.

Senator RICE: Around 800 hectares, so that's in terms of actually being burnt out?

Mr Clark: Correct.

Senator RICE: How about the area that was affected by smoke taint?

Mr Clark: With smoke taint it's still evolving because testing is ongoing. We estimate at this stage, and I don't expect it to go any higher than this, that it is around four per cent of what would be our normal production. Our average production each year is around 1.73 million tonnes. We're talking about around 60,000 tonnes we expect won't be harvested and turned into wine because of high levels of smoke impact, which makes it undesirable, obviously, to turn it into wine.

Senator RICE: That's 60,000 tonnes. What does that mean in terms of volume of wine that's not being produced because of smoke taint?

Mr Clark: From a volume perspective, on average you get about 750 litres from a tonne of grapes. From a volume perspective—do the maths—

Senator RICE: There are 750 litres by 60,000. I'll do the calculation. Do you have any estimates of what the total economic impact of the fires has been to the wine industry?

Mr Clark: That is a very good question. It is something we have been focused on quite a bit. I hasten to add there are a lot of assumptions that you naturally have to make at this juncture in terms of landing on a number, but our internal analysis produces a figure, and we're looking at the ultimate value of those wine sales which won't be going through when they ordinarily would, of around $160 million to $180 million for those wine sales. Obviously, there are additional impacts on tourism, but we haven't done any assessment on the tourism impact as yet. We have just focused on the wine sales aspect.

Senator RICE: So $160 to 180 million. Any estimates as to job impacts, both in terms of currently and ongoing?

Mr Clark: Not at this stage, no.

Senator RICE: Under these extreme fires that were unprecedented globally, we have got an estimate of $160 million to $180 million of impact. That's under just over one degree of global heating. In terms of the research that has been done on the impacts of our climate crisis and global heating on the wine industry, there was a paper that was done that had, over the 1993 to 2009 period, grapes maturing on average 1.7 days earlier each year. The trend to earlier maturity was associated with warming temperature trends for all of the blocks assessed in the study, and this was looking at over 115 years of data. So we know the impacts bushfires, as well as heating, are having on wine production. How is the wine industry taking this into account?
Mr Clark: The sector's certainly seen the impact of a changing climate for a number of years, in terms of harvest dates moving forward and compressed harvests and the impact on the grapes. So we've had a steady program of investment in a whole range of relevant R&D activities to help support our growers and winemakers adapt to those changes, whether that's around managing irrigation, sunscreen on the vineyards or mulching options et cetera. We've got a long portfolio. It's been a key focus during the current five-year plan and will, undoubtedly, be a key focus of our next five-year plan. I mean, we're in the business of providing very practical assistance to our grapegrowers and winemakers to adjust to the changing climate that people are seeing.

CHAIR: Terrific.

Senator RICE: I've got a few more, please. Are you aware of predictions that were reinforced yesterday by the Bureau of Meteorology that we're currently on track for four degrees of global heating by the turn of the century in Australia?

Mr Clark: Not until today; I've been sitting here today, obviously, listening to some of the commentary.

Senator RICE: As wine industry Australia, have you met with the Bureau of Meteorology to seek briefings on what the impact of four degrees of global heating would be on the wine industry?

Mr Clark: No. We haven't met with them.

Senator RICE: So have you done any predictions of what the cost of four degrees of global heating would be on the wine industry?

Mr Clark: No, we haven't.

Senator RICE: You mentioned your Vision 2050—your overarching industry vision. What degree of global heating is incorporated into that vision?

Mr Clark: That document is owned by the industry, so I can't speak to it. But I think the key point is: it's front and centre in terms of future planning around this as an issue that the sector needs to closely deal with.

Senator RICE: But what are the scenarios that are being incorporated into that?

Mr Clark: I'm not aware of what scenarios.

Senator RICE: 'Not aware'—

CHAIR: Just being clear: he is the RDC body, not the industry body.

Senator RICE: Yes.

Mr Clark: It's not my document; it's the industry's document.

Senator RICE: But would you agree that four degrees of global heating would have massive impacts, beyond what can be adapted to, for the wine industry?

CHAIR: I think that's your position, Senator Rice. Can we just wrap it up there? We've got to time.

Senator RICE: Given that, do you agree that action on reducing our carbon pollution is going to be necessary to protect the wine industry in Australia?

Mr Clark: We're focused on, as I said before, providing real, practical assistance, through our R&D program, to adjust to what's happening out there at the moment.

Senator RICE: Would you agree that 'practical assistance' would also include communicating to wine growers what the likely costs are going to be of four degrees of heating, and what the impacts on the industry are going to be, given that is what current government policy is heading us towards?

Senator BROCKMAN: That's not the responsibility of the agency, Chair. Come on.

Senator RICE: The research body has a responsibility to communicate to their members as to what the impacts of this scenario are going to be.

CHAIR: No, the research body doesn't have a responsibility to communicate; that's for the industry body. So I think we'll call that a day. Can we just finish on a positive note: that, on the basis of 60,000 tonnes of smoke affected grapes, it's 3.5 per cent of wine affected, which means we should still have 96½ per cent of terrific Australian wine ready to be drunk and exported and enjoyed around—

Unidentified speaker: How many litres is that, Chair?
CHAIR: I have not calculated the litres.

Senator STERLE: What—you're not exporting it to China in big vats—

Senator Ruston: Not anymore, we're not, Senator Sterle—not our high-quality Australian wine; it's going out in bottles.

Senator STERLE: with your free trade agreement.

CHAIR: So, let's continue enjoying that. Thank you very much. We'll release you, Wine Australia.

Mr Metcalfe: Chair, I have some further information on an issue that we were discussing earlier. But I was also just going to note that the Future Drought Fund Consultative Committee are here and were listed to appear before lunch. So, obviously they're in your hands, but, if you wanted to deal with them, you could then deal with them.

CHAIR: Well, we do have Minister Duniam here, and he is excited about being here at the same time as fisheries and forestry. So perhaps if we could do the Future Drought Fund Consultative Committee after fisheries and forestry, would that assist you, Mr Metcalfe?

Mr Metcalfe: Absolutely. That would be very kind.

CHAIR: The committee is pleased to do that.

Senator BROCKMAN: Chair, are we looking to get that wrapped up by 1 pm still, or do we think we're going over?

CHAIR: I think that might be optimistic.

Mr Metcalfe: Chair, there was some discussion earlier about the report prepared by Ernst & Young in relation to the benefit-cost analysis of the move of the APVMA from Canberra to Armidale. I can advise that that is a public document. I understand that it has been emailed to the committee secretary and is available for senators. It is dated 1 August 2016.

Senator STERLE: That's great. Thanks, Mr Metcalfe; I appreciate that.

Department of Agriculture, Water and the Environment

Ms Kennedy: It has been quite a terrible time not just for the fishery and forestry industries but more broadly. Our assessment so far is that, generally speaking, the bushfire impacts have been minor and localised for fishers and aquaculture producers, and mainly in the areas around the South Coast of New South Wales, the eastern coast of Victoria and on Kangaroo Island in South Australia. There is a suite of measures in place to support eligible individuals and businesses, including fishers and aquaculture producers, who have suffered direct loss or damage of assets from the fires. I think we had someone from the department come up just before and speak about how some of those programs apply more broadly. In the broad sense, the programs that might be relevant are around—

Senator STERLE: Could you table the document. I'd like to see every little bit that is available, every program, where it's targeted to, who's got it, how many have accessed it and how many are waiting for it.

Ms Kennedy: There aren't specific programs targeted just at fishers or aquaculture producers at this stage, but there is a suite of broader assistance that eligible fishers and aquaculture producers are able to access.

Mr Metcalfe: In the same way that there was not a specific wine program. There are programs for people who were impacted by bushfires.

Senator Duniam: In addition, there has been an Austrade appointed contact for the coronavirus specifically.

Senator STERLE: We're not quite there yet, Minister, but we'll get to that.

Ms Kennedy: I can run through it quickly. I think it's similar to what you would have heard for the wine industry just previously. There was immediate financial support for individuals who were adversely affected by the bushfires through the disaster recovery payment and the disaster recovery allowance—that was DSS.

Senator STERLE: Let me make it easier. Have any fishers, producers, processors, businesses or whatever come forth seeking assistance at this stage?

Ms Kennedy: The detail of that would be something that the relevant areas would need to answer. I'm not sure whether—
Senator STERLE: What are the relevant areas? You mean the crab fishery—
Ms Kennedy: Here comes Tim; he can probably answer in terms of primary industry.

Senator STERLE: Here comes Tim.
Mr Metcalfe: It's the area that's dealing with that whole suite of responses to the bushfires.
Ms Kennedy: Perhaps I can help by saying that we are aware of three businesses that have been directly impacted by the fires and, in the conversations that we've had with them, have certainly been engaging with the government in terms of the assistance that they can get hold of. That was the Mallacoota abalone cooperative, which I'm sure you would be aware of as well because there's been a lot of media about that.

Senator STERLE: Yes.
Ms Kennedy: There were another couple of oyster producers in New South Wales who had quite significant impacts on their infrastructure there. Other than that, there are obviously flow-on impacts as well. I will pass to Tim.

Mr Fisher: I don't have details at hand of how many applications have been submitted and considered and approved, but I can take that on notice. Again, I'll have to get that information from the relevant state governments.

Senator STERLE: That would be good. Thanks very much. Tremendous. So, on bushfires, is there anything else you want to tell us about? If it's still in the very early stages and there's nothing to report, I understand that's all part of a greater measure.

Ms Kennedy: That's right. To be honest, compared to some other industries that come within the portfolio, the fisheries and aquaculture sector probably had more flow-on impacts than direct impacts from the bushfires this year. So that was fortunate for them.

Mr Thompson: Just to add to Ms Kennedy's answer, on the regulatory side there has been at least one establishment come to us with bushfire damage, and we're working with them around changing their regulatory arrangements so that they can be recognised for export when that's fixed.

Ms Kennedy: I think that might be that same—
Senator STERLE: With the bushfire assistance to the fishing industry, is there a certain cap? With wines we heard it was up to $75,000. Can you shine some light on it?
Mr Fisher: The grant scheme is capped at $75,000 for all primary producers who apply under the scheme, whether it's in fisheries or agriculture.

Senator STERLE: Alright. That puts a different light on it. Thank you very much for telling me. I do want to move through the questions, but you need to tell me if I've missed anything. I know we're going to get on to coronavirus.

Ms Kennedy: Quickly then, just for completeness's sake. There is also a program run by the state governments, or administered by them anyway, which is the Small Business Bushfire Recovery Package. We're aware that affected fishing industry businesses might be able to access concessional loans up to $500,000 under that scheme.

Senator STERLE: I'll just stop you there, Ms Kennedy. The committee has changed significantly in the last 12 months, but this committee has never been a great lover of concessional loans. My old mate Senator Heffernan, God bless him, with his warts and all, was very clear that the last thing the agriculture industry needs when it's in the manure is more debt. Anyway, I'm just flagging that with you. You will table it, but I don't want to go down that path.

Ms Kennedy: Noted. The RFCS has been in a position to help affected businesses as well.

Senator STERLE: Can these affected businesses seek compensation from a number of pots? Are they allowed to do that?
Ms Deininger: As Mr Fisher mentioned, the $75,000 program is a broad-ranging program for people who have been directly impacted by the bushfires. So rather than there being individual programs for different sectors or for different areas, there's that broad-ranging program.

Senator STERLE: They've answered that, thank you. Now I'll cut you off, Ms Kennedy, because I don't want to talk about concessional loans. What else did we have?

Mr Metcalfe: Did you want to continue on to forestry and bushfires or coronavirus and aquaculture?
Senator STERLE: We're in the fishing area, we've got the minister for fish and crabs and prawns and everything sitting with us. We have an agreement with the chair for what we're going to talk about.

Mr Metcalfe: We can keep going on the seafood industry.

Senator STERLE: Yes, let's please do.

Mr Metcalfe: We can move to coronavirus, Senator.

Senator STERLE: I'm really keen because, as I said, we had the industry up here three weeks ago, and, boy oh boy, there are some worried boys and girls.

Mr Metcalfe: We might also ask our trade experts to come forward to the table as well.

Senator STERLE: Fantastic, thank you.

Ms Kennedy: I think colleagues from the Trade and Market Access Division will be able to give a broader overview of trade impacts going forward. I can see others coming up. To answer your question, it has had an impact, particularly in relation to the export of live rock lobsters—

Senator STERLE: Yes, we heard.

Ms Kennedy: and other live seafood such as abalone. The flow-on effects are also being experienced more broadly across the seafood industry. As the minister mentioned previously, a range of actions have been undertaken by the department and by the minister in terms of making sure that we're staying in touch with those who have been affected and making sure that they can access alternative markets, for instance, and other things. As you would be aware, there is the Torres Strait Tropical Rock Lobster Fishery, which is managed partly by the Commonwealth. That is AFMA, who I think will be appearing later this afternoon. The other fisheries for rock lobster are managed by the state fisheries, and there's a range of assistance that they've put in place.

Senator STERLE: Yes, because there are going to be a few questions. Let me roll through mine, and then we can start darting off in different directions should we need to. What has been the government's response to the specific representations from the industry in terms of financial assistance and removal of waiting periods for, very importantly, stood-down crews? So, there are two parts to that question. This is the fear. I don't need too much preamble. This is huge. There are many families who are really sweating this out.

Ms Kennedy: In terms of access to Newstart and the waiting periods for that—which I think is what you're referring to in relation to those crew members—that would be a matter for Services Australia to advise on more specifically, and I understand that it's a decision that is within their remit. But I'm happy to take that on notice and follow up with them to provide information on that.

Senator STERLE: Are you working with Services Australia? Is the department on the phone saying, 'Come on: we need to get our act together here; what are we going to do?' or are we just sitting back and saying, 'It's not our fault, not our responsibility'? I mean, we really need to know. This is a serious issue.

Senator Duniam: Representations were made to me directly by representatives of industry at both a federal and a state level, and Jane Lovell from Seafood Industry Australia, who—

Senator STERLE: She does a wonderful job.

Senator Duniam: Yes, a very good job, with limited resources, but was one of the first on the phone—

Senator STERLE: You could slip her a few bob, you know!

Senator Duniam: Well yes, the question has been asked—indeed. Also there is Eric Perez from the Queensland Seafood Industry Association and Julian Harrington from the Tasmanian entity—all talking about similar themed issues that fishermen and their crews are facing. My office has been in touch with Senator Ruston's office about those specific issues insofar as they relate to access to Newstart. The provisions around waiting periods, depending on how much income they've earnt, all apply of course. But those concerns have been relayed to the appropriate minister's office and we want to—

Senator STERLE: So, Minister Duniam, are you in the position to say, 'We've got this by the throat'? Are we going to make an announcement at lunchtime?

Senator Duniam: What I have committed to those who've reached out to my office is that if you are having trouble accessing these services that you need I want to know about it so we can make sure that, with the provision of services that have already been made available, like Newstart, we can get you in touch with who you need to be in touch with—

Senator STERLE: Sorry, Minister, I don't want to cut you off, and I want to work with you, but this has been around now for a number of weeks. We know the severity of it. They're really starting to panic. This is not new, and I know the wheels of the machinery are so slow—it's unbelievable. I'm not being party political. That's just
how it is, always. We can run into these chambers and we can make drought announcements within 24 hours and do all sorts of things—which we should—but something as simple as this, Minister: I understand that you are the front and centre for the industry coming through and saying, 'We need help.' Are we there, mate? It doesn't sound like we're there yet. What's holding us up?

**Senator Duniam:** My understanding is that regarding the provisions around being able to access this support for an employee—the crews that you were talking about—no changes have been required to that. So, if they want it, the crew, they should apply. If they are having trouble, they need to let us know so we can help. And we made that commitment to the industry. I had a phone hook-up with Jane, Julian and Eric last Thursday to reiterate that.

**Senator STERLE:** So, we have circumvented all the nonsense that goes around, all the red tape and that sort of stuff and they can get to it straightaway now. Can you tell us: are they actually accessing it?

**Senator Duniam:** I can't speak to that, but the Social Services portfolio I'm sure would be able to provide responses on how many people out of this cohort are accessing it. But certainly I reiterate my commitment to the industry: if you're having trouble accessing what's there now, tell us so we can help find a way.

**Senator STERLE:** Let's move our way through and see how we go, because there are others waiting too. Minister, can you tell me if the government or the department is considering the SIA—Seafood Industry Australia—request for access for fishers to the farm household allowance or for the implementation of an equivalent scheme for fishers?

**Senator Duniam:** They have made contact. They have specifically asked for that to be considered. We convened a hook-up last Thursday of representatives from the department and those three entities I mentioned before—TSIC, QSIA and SIA—to go through exactly what—

**Senator STERLE:** Why only those three?

**Senator Duniam:** They are the three that have made specific contact with me on this particular issue.

**Senator STERLE:** Western Rock Lobster Council hasn't?

**Senator Duniam:** Not on FHA. But Jane Lovell is the federal representative; I'll come to state and federal on this in a moment. We met to talk through specifically what the impediments might be of making a carbon copy of FHA as it stands, which is accessible to aquaculture and terrestrial farmers, and translating it across to wild-catch fisheries. The following day, as I understand it, the department went through in finer detail with those three entities about exactly what their members were seeking in terms of access and how we could make a program work. So it's something very much under active consideration, and it is something that needs to be dealt with quickly. I have made it pretty clear to those who were present in that phone hook-up, though, that changes like this or the creation of a program similar to FHA would take time. Legislative change would be required.

**Senator STERLE:** But, Minister, under the national disaster that we are facing, I couldn't see any hold-up coming through the chamber. I could probably safely say that there wouldn't be a senator or member that would oppose assistance, because FHA, as we know, is hardship. This is hardship, so what would be taking so long? We can rush anything through this joint when the political will is there.

**Senator Duniam:** Obviously guidance from industry has been critical to this. They are providing to us, as at last Friday, the detail around who they believe, out of their members, should be getting it and what criterion they need to establish to be able to access an equivalent to FHA. We will work through those to make sure that whatever we proceed down the path to do—

**Senator STERLE:** I'm not going to nail you to the wall here—you did say it could take a bit of time—but are we talking weeks or months? What's in your remit?

**Senator Duniam:** I'd like to be able to respond to this request from industry as soon as practically possible. As you said, these are very, very difficult times for an industry facing this situation, so it will be as soon as we possibly can—in partnership with industry, because they need to be happy with whatever we take forward. If there is a workable solution then we'll get on the skates and do it. But that's what we're working through right now with industry.

**Senator STERLE:** Has the department or AFMA assessed the impacts of drought, bushfires and market closures due to coronavirus on the fishing industry in general and Commonwealth fishers in particular? Have you done that work? I don't want to be alarmist, but it's not going to get any better in the short term.

**Mr Thompson:** What you're asking is whether we've done a cumulative analysis of all of these things. I think the answer is no. We've done analysis on each of those to the best of our ability, based on the information that we've got, including the extent of the fire scar and the likely impacts—as you probably know about—on the fishing industry from bushfire. Water quality in estuarine environments and fish breeding areas is something that
will play out over a bit of time. It depends on some of the climatic conditions and some of the other rainfall events that will happen. Coronavirus is considered to be a short-term shock impact, but it may drag on a bit longer. So the answer to your broader question is no, but we have done quite a bit of analysis, through ABARES in particular, of the impact of all of those.

Senator STERLE: I suppose where I want to go to there, Mr Thompson—with your indulge, Chair—is that I'm not that confident. You say it's short term, but what is short term? I don't know what someone's definition of 'short term' is as to the sustainability and viability of a fishing business. So it doesn't really give me a lot of comfort. Every time we open the paper now, every time I open this thing here, there's another pop-up. Here's the latest one: person-to-person transmission. Oh my God, we've got more Aussies infected! Here's another travel ban. Can you instil some confidence in me that the department would say: 'Hang on! Whaa! This is not something where we'll just cross our fingers and think it might go away in two weeks.'

Mr Tinning: We're in very regular touch with industry to track the impact of the coronavirus. We've held five roundtables with them over recent weeks. We continue to engage with affected businesses. We're conscious of the impacts both short term and, potentially, medium term to long term. We're tracking demand in China very closely. Fortunately, we're seeing some rebound in things such as seafood prices, which gives us some hope that there will be a bit of a rebound in the medium term.

Senator STERLE: A rebound in seafood prices where?

Mr Tinning: In China. Buyers are returning to the market in China, which is a good sign. The prices remain well below what they were before the coronavirus, so there's still an impact there, but we're hopeful that the rebound will continue as restaurants begin to open again.

Senator STERLE: We've had shock waves like this in a number of trade areas—and fingers crossed that something else doesn't come up and whack us—but that's encouraging, as much as we can expect it. But, if something happens, are there other markets out there? I'm not having a crack at you. It's very hard to go to some other country and say, 'We didn't want to know you for the last 20 years because we were getting more bob from this mob.' The harsh reality is: what opportunities are out there?

Mr Tinning: There are alternative markets; for instance, for lobsters. They can go to Malaysia or other markets at the moment. Obviously, price is an issue for exporters. They're conscious of the fact that the China price is higher than in many other markets. But they do have alternatives now, and we're helping industry to make sure they're aware of those alternatives.

Senator STERLE: No doubt we'll be back again in May, and I'd love to sit here and say, 'You know what, Mr'—I'm sorry; I can't read your nameplate—

Mr Tinning: Tinning.

Senator STERLE: Mr Tinning and Mr Thompson, do you remember all those questions I asked you in February? Thank God we didn't have to follow it up.' I would like to think that there is one big eye from the department on where the heck we're going to go if this doesn't get any better. Anyway, that's more of a statement.

Mr Metcalfe: I would reinforce the point that we're keenly aware of the impact on the industries and we're working very hard. It does appear, from what Mr Tinning says, that the initial shock we saw in China is starting to wear off. But, as you've been saying, who knows where this will lead us? Seafood is particularly trade-exposed to China because there have been very good profits to be made out of working with China. When we come back in May we'll obviously be happy to update you. The department is very focused on how we can support our industries.

Senator STERLE: That's good.

Senator Duniam: Just in addition to that, I jumped the gun a little earlier on with reference to the Austrade point of contact available to industry to help with market diversification. It's not just this department and its officials in the relevant area; the Department of Foreign Affairs and Trade has been working assiduously too. There was a phone conference with all stakeholders from around the country, including individual business operators, on this very issue to talk through—

Senator STERLE: Thank you for that. You will find that this is not me having a cheap shot at you, because this is a problem for our nation—all of us—but I was having a conversation with representatives at the same function you were at, Minister.

Senator Duniam: Yes.

Senator STERLE: It was with the Western Rock Lobster representatives. At that stage there was about 100 to 150 tonnes of live catch sitting in tanks around WA. I said, 'What are you going to do with that?' They were
talking about putting them back in the ocean. Is that still the conversation? Has anything happened? If so, what are the challenges? You said it's the same for abalone as well, didn't you?

Senator Duniam: The fact that some of these fisheries are state managed is an important fact to recall. I have to commend some states, which have been very proactive in their approach to enabling these fisheries to manage the situations they're facing—that is, by having quota rollovers and season extensions, and by waiving fees and levies and things like that. As to exactly where the WA government is at with regard to the rock lobster fishery and—

Senator STERLE: That's a WA government one?

Senator Duniam: I believe so, yes.

Senator STERLE: I'm trying to be quick, but surely the Commonwealth has got to— You're not going to dump them all within three miles of the coastline, so why is it just WA?

Senator Duniam: To be clear, I have made—and the officers might have more to add here very quickly; I know we're up against the break.

Senator STERLE: No, no, I've got—

Senator Duniam: You've got special dispensation?

Senator STERLE: The chair said I can have another five minutes but no more.

Senator Duniam: I have reached out to every single one of the state and territory fisheries ministers to understand exactly what it is they and their governments are doing to support fishers. As to what they expect us at a Commonwealth level to partner with them on, I know there have been officer-level discussions. Did you want to say something with regard to WA, Ms Kennedy?

Ms Kennedy: Yes, I can provide some advice from WA and it's certainly something we can take on notice to have more detail on, but at this stage there hasn't been any confirmation of measures implemented by the WA government to address the impacts there. We are aware of WA rock lobster's requests for actions to be undertaken, including things like extending the crayfishing season to the end of June and providing an option for fishers to convert their entitlement to a local sale, allowing them to sell lobsters in the local market. We understand the WA government is currently considering those possibilities and we'll be able to report back on that.

Senator STERLE: That's great, but where I want to come from is probably more Ms O'Connell's remit. Is Ms O'Connell here? Hey, you're still here. Are there any biosecurity issues? Do we talk about it here? Do we come back later? I don't know. If the crabs—I keep looking at you, sorry, because we were talking about crabs—

Senator Duniam: We were talking about crabs, yes.

Senator STERLE: We had a great discussion about crabs with wonderful crab fishermen from Victoria and South Australia. Is that more for this area, Ms O'Connell? You don't have to—

Mr Metcalfe: We might come back to that later.

Senator STERLE: Alright, we'll come back to that later, fantastic. I have to get through—I can feel the stare coming at me. You can be the minister for carp now, can you? Is that you too? Minister Duniam, are you the carp man? Let's have a go quickly. With regard to the final—final!—National Carp Control Plan, what is the expected timetable for the department to provide advice to the minister?

Senator Duniam: The FRDC are coming up later, who would probably be the best entity to speak on this.

Senator STERLE: Let's leave it until then, if it is better done by them, but if I forget—

Senator Duniam: I'll remember to raise it. We will definitely come back to that.

Senator STERLE: Do you have the report? I'm asking the department now.

Mr Metcalfe: Which report?

Senator STERLE: The final report. I had my tongue stuck in my cheek. The final national carp—

Mr Metcalfe: We will bring forward Ms O'Connell in relation to carp.

Senator STERLE: Did you have questions on carp as well, Senator Davey?

Senator DAVEY: I'll listen to yours.

Senator STERLE: I was thinking about the time. Do you want to come back and finish—

Senator DAVEY: Won't we come back after lunch?

Senator STERLE: or do you want to do it later? Let's do it now. Why don't we just knock off now.
Mr Metcalfe: Ms O'Connell will be here for quite a long time if you want to see her after lunch.

Senator STERLE: I have a couple more. I want the report. Do you have the report? Can it be made public?

Mr Metcalfe: We might bring Ms O'Connell forward, rather than trying to answer questions from the back.

Senator STERLE: Hello, Ms O'Connell. How long have you been sitting there?

Ms O'Connell: All morning. In relation to the FRDC's report on carp they did furnish us with a preliminary report about a month ago, the last day of January. We had some further discussions with FRDC. They still have a couple of pieces of research underway that they need to conclude before they are able to finish their advice.

Senator STERLE: It is not finished yet?

Ms O'Connell: No, they plan to have that by the middle of the year.

Senator STERLE: Sorry, I bumped into Dr Hone and he looked like the cat that swallowed the carp!

Ms O'Connell: He will of course be appearing here later on the timetable as well.

Senator STERLE: We might leave that; let's talk about the report then.

Ms O'Connell: There is still work to be done. When it is final and complete and when we have it, we will—

Senator STERLE: We will be the first to know. Thank you, Ms O'Connell. That sorts that out.

CHAIR: Should we attempt to hear from Senator Davey? Is that going to be the end of fisheries and forestry?

Senator DAVEY: It's forestry. It's just three questions.

CHAIR: How does everybody feel about going to quarter past?

Senator STERLE: We have forestry as well.

CHAIR: We will have lunch and we will come back in one hour. Thank you very much.

Proceedings suspended from 13:04 to 14:05

CHAIR: We will recommence.

Senator RICE: You're probably not surprised that I am going to start with forests and forestry.

Senator Duniam: I was interested in your question last Wednesday for the Minister representing the Minister for the Environment, where you did state that this summer's devastating bushfires have seen more than 20 per cent of Australia's mainland forests burnt. I assumed by that you meant all forests. I think you were referring to the Nature Climate Change report which was just published.

Senator RICE: That's right.

Senator Duniam: This is everything. This is all forests: commercial plantations, native forests and other forests, which is the smallest portion of all of that. The biggest portion is native forest, as it's categorised here. The figure verified by ABARES was that it's 131 million hectares in area, with the most significant impact there. I think that it is important for us to proceed with caution around figures like that. That report talks about a portion of our forest estate; therefore, the 20 per cent figure that was cited and has been reported on in media, understandably, is not quite accurate.

Senator RICE: It's the figure for the definition of the type of forest that they were looking at in that nature paper.

Senator Duniam: I accept that, though your question talked about mainland forests, not TBLM forest bio, which is totally different. I want to make sure that both you and anyone who would happen to have the time to listen to Senate estimates knows.
Senator RICE: The point of that was that it was an extraordinary and unprecedented proportion of forest, whether it's the temperate broadleaf forest bio or of any other forest type anywhere in the world. What I want to ask you is about the department's analysis of the level of forest that was burnt, and also the level of plantation estate that has been affected.

Senator Duniam: Sure. As I stated before, the area burnt of all forests by hectares across the country was over eight million three hundred thousand hectares, which was 6.2 per cent of all forest estate. If you want to look at native forest estate, 6.2 per cent was burnt. Of commercial plantation, 6.6 per cent was burnt and for other forests, 4.6 per cent was burnt according to the figures before me, which add up to a total for all forests of 6.2 per cent total forest area.

Senator RICE: Of that 6.2 per cent of native forest or the 20 per cent the temperate broadleaf forest, how does that compare with the loss of other areas of forest in previous years?

Senator Duniam: We'll take that on notice.

Senator RICE: My understanding is that in previous years the amount of forest that's been burnt has been more in the order of a million hectares rather than eight million hectares.

Senator Duniam: I wouldn't want to guess, but what we will do is take that on notice. You say 'previous years'. Do you have a specific—

Senator RICE: If you look at the extreme fire years of the last 30 years—

Senator Duniam: Significant fire events.


Senator Duniam: Sure.

Senator RICE: Regarding the level of forest that's been burnt, there seems to be general acceptance that the climate signal was significant in the extent of the bushfires and the intensity of the bushfires—just over one degree of warming. What I want to know is whether the department has done any work on predicting what are we looking at under hotter conditions than that—in particular, taking into account the fact that the Bureau of Meteorology confirmed yesterday that we're currently on track for four degrees of warming?

Senator Duniam: The department might wish to answer that.

Ms Lauder: I know Mr Thompson and others answered that more generically earlier across the department for work that ABARES was doing. FWPA, the Forest and Wood Products Australia, the RDC for forestry, is currently looking at what research is needed for forestry considering those things you were talking about. Is it different genetics, different species et cetera? I'm not sure how much research has been started, but I know they've been having conversations with me about needing to look into these things over the coming years.

Senator RICE: When you say, 'Look into these things,' what scenarios are they looking at? Who are they being informed by in terms of those scenarios?

Ms Lauder: I would have to take that on notice and ask them for that information.

Senator RICE: That's FWPA. Within the department itself, is any research going on as to what the impact of a hotter world and a hotter Australia is going to be?

Ms Lauder: Nothing in addition to what was answered earlier about what ABARES and the department is doing.

Senator RICE: In particular, on the work that FWPA are doing, are they looking at a scenario with four degrees of warming by the end of the century?

Ms Lauder: I can't tell you exactly which scenarios they're looking at. I know they've been looking at a number of scenarios, but I would have to take it on notice rather than guess.

Senator RICE: Given the massive fire event, with all of the implications and the huge amount of damage and lives lost that we experienced with just over one degree of warming, do you think that it is important that this work is done, particularly to inform the forest industry and the plantation industry of what the future is likely to be like, and also what the cost of a hotter world is likely to be, because of both increased heat and increased number of fires?

Senator Duniam: Just before the officers answer that, I think it's important also to accept that there are other factors that contribute to this, including fuel load management, for one. Things like that need to be considered as well, in terms of how they interact with fire situations and the severity. Of course, we have the bushfire royal commission and the House of Representatives inquiry, which will be looking at these things. So, while it is
important for us to answer the questions you're asking, I just want to make sure that, as a committee, there is not a view that this is the only thing that influences the outcomes and severity of bushfires across the country.

**Senator RICE:** Yes. So it's in terms of the importance of actually researching and then communicating with stakeholders about what the implications for forests and forestry are going to be under four degrees of global heating.

**Ms Lauder:** Yes, it is important. The industry has already done some research into which species to use for more cyclones, for example, in the north of Australia. But there's a lot more to do, as you say, with changes to temperature, more fires et cetera. As you're aware, research done through the RDC's is partially funded by levies from the industry, as well as by funding from the Australian government. So, it is a priority for industry, and they're putting their money where their mouth is, as well as for us. As you said, that information will need to be shared and communicated.

**Senator RICE:** I suppose my question is: what exactly is it that is an agreed priority—whether it is just a broad yes, the world is getting hotter and we need to adapt to be more resilient, or is it that by the turn of the century we're looking at four degrees of warming and that's what current government policy is heading towards? I think it's particularly important for forests and forestry, because 80 years isn't a long time when you are talking about forests and trees.

**Ms Brunoro:** The only thing I would add to what has been raised is that you'd be aware that the Prime Minister has tasked the CSIRO to do a report on practical measures, both disaster and climate resilience, that can be taken across sectors, and be bringing that as a conversation to the Council of Australian Governments. It will be looking at the range of climate scenarios and possible climate risks, so that it can inform, above what's already been done in the research space, what needs to further happen in forestry, in the environment sector, in a range of sectors, to respond to a changing climate.

**Senator RICE:** What's the time frame on that work being done?

**Ms Brunoro:** There will be a preliminary report discussed with first ministers on 13 March, and the final report will be, I believe—I'll take that on notice—in the middle of the year.

**Senator RICE:** Does the March report include consideration of the RCP 8.5 pathways?

**Ms Brunoro:** The CSIRO, like the bureau, will be talking about the climate scenarios that are considered in the climate science. They have a range of scenarios, as you're aware, under the Intergovernmental Panel on Climate Change. But I can specifically come back to you with more detail on those issues.

**Senator RICE:** Going back to this summer, is there an estimate of what the cost has been to the forestry sector, let alone the burning of such a huge area of forest?

**Senator Duniam:** We are still working with the states and territories, who manage all of the forests that have been burnt—there is some private in there as well. Assessments are still underway. That's work we're undertaking with the states and territories to properly understand the extent and nature of the damage. Have forests been fully destroyed or are they salvageable? There's infrastructure associated with it—bridges in forestry reserves and other types of—

**Senator RICE:** But you haven't done that?

**Senator Duniam:** No, that work is still being undertaken.

**Senator ROBERTS:** Following through on Senator Rice's questions, before I get on to my main questions, are you aware, Minister, that the area of fire-damaged bush in Australia in 1939 was several times greater than this past summer?

**Senator Duniam:** A little bit before my time!

**Senator ROBERTS:** Mine too!

**Senator Duniam:** I wasn't implying that it wasn't! We spoke to the 2019-20 bushfire area of damage in hectares but we didn't canvass 1939.

**Senator ROBERTS:** And there were more fatalities, sad that that may be, and that doesn't diminish from the serious losses this year.

**Senator Duniam:** Sure.

**Senator ROBERTS:** Also, more property was damaged in 1939, when the population was lower density. Also, the area damaged under fire in 1974 was much greater than this past summer. Are you aware that, according to the Bureau of Meteorology's own temperature records, it was warmer in the 1880s and 1890s than today?

**Senator Duniam:** No, I was not.
Senator ROBERTS: Are you aware that CSIRO has admitted to me that they have never said there is any danger from human production of carbon dioxide, and that they have admitted that today's temperatures are not unprecedented?

Senator Duniam: I wasn't aware of that conversation, no.

Senator ROBERTS: Okay, so let's move on to agriculture and fishing. Continuing on with Senator Sterle's line of thought, Mr Secretary, what has been the effect of the coronavirus outbreak on the export of seafood products from Australia and in what ways have those effects been—I imagine that our exports have been curtailed, but are there any other impacts?

Mr Metcalfe: I'll ask others to join me at the table. We canvassed a little bit of this earlier. Certainly, there has been a trade impact on particular commodities, most notably lobster and abalone exports to China. But as Mr Tinning indicated earlier, there is some evidence now that the market is returning—

Senator ROBERTS: I was encouraged to hear that.

Mr Metcalfe: It is certainly not returning to where it had been, but it seems to have bottomed out and be heading back in the right direction. Although, prices remain quite low for those particular commodities.

Senator ROBERTS: But, as someone said earlier on, there's a sign of an uptick?

Mr Metcalfe: Mr Tinning may choose to add to that. In addition, we're obviously aware that a number of other exports have been impacted, particularly those that have a very significant China focus—everything from wool through to some meat products. I think I noticed an article in the media this morning quoting Roger Fletcher, who is one of our biggest exporters of sheep, that although the impact had been significant, again, he was seeing signs of a recovery as the virus appears to be—and I'm not a doctor, but the information I have is that there appears to be a slowing of the spread of the virus in China itself. Beyond China, there could be a whole series of other impacts as other countries become more affected. But because China is so much of our agricultural exports, the impact has been quite swift—

Senator ROBERTS: Has the reason for the decrease in our exports to China of seafood and agricultural products been the closing of the borders or just demand decreasing.

Mr Metcalfe: It's been demand associated—

Senator ROBERTS: Purely demand?

Mr Metcalfe: As far as we can say.

Senator ROBERTS: No unofficial closing of the borders?

Mr Metcalfe: Not that we've detected. The other issue that potentially has an impact is a reduction in the number of air flights between Australia and China, and the rest of the world, and also an impact on shipping. But the main impact, I think, is because of a reduction in demand, as China has effectively shut down many of its markets.

Senator ROBERTS: What has that done? Apart from the decrease in demand, which is significant, what are the flow-on consequences of that in, particularly, our fishing industry?

Mr Metcalfe: I'll get Mr Tinning to add further details.

Mr Tinning: Obviously, the effect varies across sectors. As the secretary indicated, the seafood industry has probably been the most impacted in the short term. But those prices are rebounding and demand is rebounding in China as restaurants begin to open. We haven't seen a major closure of supermarkets or anything like that, so most non-premium food products remain relatively unaffected at this point.

Senator ROBERTS: So it's mainly the premium products that have been hit?

Mr Tinning: Yes—that hardest in the short term. That is correct. But there's also been a fall in manufacturing in China, as many workers have not returned to work at this point. That's got effects for industries such as wool.

Senator ROBERTS: What plan is in place, if any, to revive the industry when trawlers stay in port and harbours that fish have limited markets to be satisfied? I guess I am building on Senator Sterle's question about what we do.

Mr Thompson: On the trade side, we've been working with industry to identify other markets to which they might send their products and work on market access arrangements for those. A number of those markets already have—

Senator ROBERTS: Can you tell me what you mean by improved market access?
Mr Thompson: Working with the industry to identify those countries that they can already access because we have agreements around phytosanitary arrangements or food safety arrangements—we already have existing regulatory agreements with those countries.

Senator ROBERTS: So, markets where we would have a competitive advantage against someone else?

Mr Thompson: Potentially.

Senator ROBERTS: Or easier access?

Mr Thompson: That's right. That's a business decision for industry itself. For example, in the case of rock lobster, one of the concerns the industry has in accessing other markets—as Mr Tinning indicated before, other markets include Malaysia or Singapore—is that they won't receive the same premium price that they would in China. So, it may not be as advantageous. But on the trade side that is one of the things we have been doing to assist them. As Mr Tinning said, there have been five roundtables so far that the department and Foreign Affairs and Trade have hosted with industry to talk about coronavirus and the impacts.

Senator ROBERTS: What about dealing with the stockpile of already harvested fish? Is there much that can be done about that?

Ms Kennedy: That's a matter for the relevant management agencies, in large part. But we are—

Senator ROBERTS: Area fishing management?

Ms Kennedy: So taking rock lobster as an example, most of the rock lobster fisheries around Australia are state managed. There is one where the Commonwealth has part of the management responsibility as well. And there are different decisions and considerations being taken by each of those jurisdictions, depending on what the needs of the industry are at the time, so for some of them, particularly in relation to rock lobsters, for instance—

Senator ROBERTS: So that is the answer you gave Senator Sterle, for instance?

Mr Metcalfe: Exactly, but they're able to be kept for quite a long time in holding tanks, for instance, and there could be an option for those going forward. For others, there are other considerations that might be able to be taken. Alternative markets around frozen product, for example, is a good one. I mean, there are options there. I think that the best answer is to say that each of the jurisdictions and management agencies are working closely with the fishers involved to make sure that we can come up with a good solution.

Senator ROBERTS: So freezing fish or seafood requires energy to keep it frozen. The energy price is now pretty high. That's not your responsibility; I'm not putting that on you. I asked a question on 6 February of Senator Birmingham in his capacity of representing the Minister for Agriculture. In his answer, he incited quite a bit of anger amongst our constituents because he said, 'At the moment, we don't import crustaceans'. In fact, we do. We import lobsters, lobster tails, crabs from Florida, I believe, and from other countries. Is there any thought about restricting imports to look after our own fishermen?

Mr Thompson: At this stage, there's no consideration being given to restricting imports. Part of the reason for that is that many of the regulatory arrangements that we have and market access arrangements that we have with other countries that I touched on before are reciprocal. So if we were to restrict imports from those countries, it's very likely that we would face retaliatory action from those countries in our access to their markets. So at this stage, that's not something being considered.

Senator ROBERTS: So that's one of the consequences of free-trade deals?

Mr Thompson: It's a function of more global trade and free trade, yes.

Senator ROBERTS: I have a very simple one and I think that the answer is pretty simple. I just needed to ask this. I understand that the coronavirus initially came out of a Chinese fish market. If you could confirm that—yes or no. But the more important question is: are there any routine checks, if this virus can be transmitted through seafood? Because I understand that it can now be transported through animals like dogs. Are there any ways of checking the importing of our fish? Because we import three-quarters of the seafood that we eat.

Mr Metcalfe: I don't think that we're the right people to confirm or not confirm exactly where the virus originated.

Senator ROBERTS: I respect that.

Mr Metcalfe: But obviously it came from Wuhan. On the issue of transmission, my understanding is that it was only human-to-human transmission, but I will double-check to see if there's any more information about any other form of transmission.

Senator ROBERTS: These viruses are prickly customers.

Mr Metcalfe: I'll take that on notice and I'll check.
CHAIR: Thank you, Senator Roberts, so we release Fisheries—

Senator RICE: No, I have quite a few more, as I said.

CHAIR: We are running out of time. So can we move through this very quickly because we have quite a few departments waiting here to be seen. Another five minutes? Please?

Senator RICE: Alright, I'm going to ask about RFAs. I asked environment yesterday, but I know that agriculture looks after them. So what is the situation with the Victorian RFA renewal?

Senator Duniam: Negotiations have gotten very much to the pointy end, and I'm now considering the documentation that's been presented to me by the department and, hopefully, we can provide some certainty for the forest industry in Victoria in the very near future.

Senator RICE: How have the implications of the loss of forest due to the fires and the Victorian government's planned phase-out of native forest logging interacted with the renewal of the RFAs?

Senator Duniam: Obviously the Victorian government's unilateral decision to alter its policy on native forest harvesting, notwithstanding the negotiations that have been afoot for some time in good faith, did delay things and have altered obviously what the Victorian government's view is coming into the RFA negotiating process. In terms of the fires, obviously the assessments of the extent of the damage with regard to different types and age classes of timber are still underway. So we can fully understand, but obviously my intent going into this—the Victorian government can speak on behalf of themselves—is to ensure that the native forest industry in Victoria does have a future. I've publicly said I believe the Victorian government should alter, and indeed reverse, its position on native forest harvesting. I know that's something that you don't agree with, Senator Rice, but that is my view and I echo that position today. Having said that, I note that the negotiations are where they are, and hopefully we'll have something to put on the table very soon.

Senator RICE: When you say you have something that you are now looking at, is that a shared position from the Commonwealth and Victorian governments?

Senator Duniam: Obviously, officers from the Commonwealth and Victoria have spent a lot of time in negotiations on various clauses—obviously, things arising out of the Victorian government's change of position on native forest harvesting and other matters. I've had meetings with Minister D'Ambrosio on behalf of the Victorian government to understand some of the issues they were looking at discussing. There's obviously input from both parties into this. I don't know whether there's anything to add.

Senator RICE: So what you're looking at now is something that has come through negotiations and is a shared position?

Senator Duniam: Correct.

Senator RICE: And you are looking at signing it off on the time schedule, by the end of March?

Senator Duniam: It is my intention to be in a position to do that, to provide the certainty that the industry needs to keep going.

Senator RICE: In terms of the comprehensive, representative and adequate reserve system that underpins the RFAs, how is that being considered in a potential rollover of the regional forest agreements?

Ms Lauder: In the negotiations, the CAR reserves and matters of national environmental significance were considered very carefully. Victoria had got some funding through a recent budget and done further assessments, and all of that fed into the assessment report and the changes we are proposing to the RFAs. The fires obviously have had an impact on the CAR reserve.

Senator RICE: What's the expected time line for when that assessment of whether the reserves are still comprehensive, representative and adequate will be undertaken by?

Ms Lauder: The detailed assessments are still underway. We have a number of things that we're proposing in the RFA to enable us, once the data and information assessments and analysis are available after the fires, to reconsider things that might have been impacted by the fires and whether that has any bearing on the RFA or the documentation and rules underneath it.

Senator RICE: What's the expected time line for when that assessment of whether the reserves are still comprehensive, representative and adequate will be undertaken by?

Ms Lauder: We really haven't locked that down, but my understanding is that detailed assessments will take at least another two months before they have that information—possibly longer. As you're aware, there were maybe eight million hectares of native forest burnt nationally. In Victoria, it will take quite a while to do all of the biodiversity assessments as well as the forestry assessments. Some of the $50 million for wildlife and habitat will help with some of those assessments for biodiversity.
Senator RICE: Is it intended to sign off on the rollover of the RFAs before these assessments are undertaken?

Ms Lauder: Yes, that's the intention.

CHAIR: Thank you very much, Senator Rice. We are now ready to move to AFMA.

Senator STERLE: Can I stress for those listening, Chair, that we still haven't finished outcome 3.

CHAIR: That's correct.

Senator RICE: Actually, before they go, could I just ask one last question: in what ways is the department or the minister communicating with the logging agencies about post-fire logging activities in native forest?

Senator Duniam: By 'the logging agencies', do you mean the state governments?

Senator RICE: Yes. There are proposals for so-called salvage logging to be undertaken in the habitat of critically endangered swift parrots in south-east New South Wales. The Victorian government is talking about undertaking so-called salvage logging in areas of burnt forest. Is there any oversight by the federal government of these proposals?

Senator Duniam: Obviously, these things are highly regulated by the states. The information I have received from the agencies you've just asked about is that all of those oversights are being put in place. They are going through all the checks and regulatory barriers that they encounter in trying to access the areas that should be salvaged to ensure that environmental values are protected.

Senator RICE: Is there any oversight from the Commonwealth? You're saying the states are looking after it?

Senator Duniam: Commonwealth environmental laws apply where they apply and, if there is a need for Commonwealth environment laws to apply—

Senator RICE: Can I just clarify that there is no specific oversight which the Commonwealth is undertaking with regard to—

Senator Duniam: Nothing in my area of remit.

CHAIR: Thank you very much.

Australian Fisheries Management Authority

[14:36]

CHAIR: Welcome. Thank you, Senator Sterle, for putting your questions on notice so we may keep moving forward.

Senator WHISH-WILSON: Can I ask something in relation to this United In Science report which was released two days ago. It's a joint initiative of the UN Climate Action Summit 2019. Co-authors of that were the CSIRO and the Bureau of Meteorology. One of the recommendations from the report is that, on the basis of the current Paris Agreement commitments, the world is on track for 3.4 degrees of warming. We found out from BOM, the Bureau of Meteorology, yesterday that Australia is on track for four degrees of warming by the end of the century based on current emissions trajectories under the Paris Agreement. My first question is: has AFMA read the report?

Mr Norris: No, I'm not aware of the report and we haven't conducted an analysis of it.

Senator WHISH-WILSON: Okay. That was going to be my next question. Will you be conducting an analysis of it and will you be seeking briefings from both the Bureau of Meteorology and the CSIRO around the impact of four degrees of warming and what that will mean for oceans and fisheries?

Mr Norris: Yes, we certainly will be. At least in respect of discussions with CSIRO, that will be a continuation of an ongoing discussion that's informed by our research agenda.

Senator WHISH-WILSON: Could you elaborate a little bit more about that ongoing discussion?

Mr Fisher: Yes, certainly. We have—and I think we've reported on some of these in the past—eight projects that either have recently been completed or are underway as part of our forward planning and in conjunction with the Fisheries Research and Development Corporation. To broadly summarise those, they try to answer four questions: what's happening, what's going to happen into the future, what does that mean and, most importantly, what do we do about that? Over the years, we have been progressively moving down those questions.

There have been a number of media articles, including some recently, about a project that was looking forward as far as 2050 at what the distribution variability and productivity changes of Commonwealth managed species might be. There are certain recommendations coming out of that work that have now been picked up in other projects that are about to commence or have just commenced. For us, as a management agency, it's about working out how we change the way that we do business and how we change the way that we look at fish stocks and...
manage fish stocks and manage the people that rely on those in order to account for some of the trends that we know are coming up.

**Senator WHISH-WILSON:** In relation to that, what kind of assumptions are you using in fisheries management models now for warming oceans?

**Mr Norris:** The main project that I mentioned before is the one on decadal projections which was completed by CSIRO in 2018. That used—it is getting a little dated now—a 'highest emissions' scenario. So we are looking at the potential worst case in trying to predict the way these things will go forward. I will say that it's pretty difficult to work out what's going on with fish right this second, let alone trying to look 30 years into the future under different scenarios. So all of this is to inform a collaborative process as we go forward rather than to provide definitive answers.

**Senator WHISH-WILSON:** Let us take a step back from looking at impacts on fish stocks. Obviously ocean temperatures are a factor in individual stock assessments. Have you any idea what a 3.4-degree or a four-degree warming trajectory would mean for ocean temperatures, without talking about impacts on fish stocks?

**Mr Norris:** No, I can't answer that specifically at the moment. One of the findings was that sea temperature levels and sea temperature rises around Australia will be drastically different under different scenarios—in the Gulf of Carpentaria compared to in other parts. We can provide a little more detail coming out of that FRDC report, if that is helpful.

**Senator WHISH-WILSON:** Okay; I might come back to some more questions on that. In relation to what we're seeing at the moment, we've seen a series of marine heatwaves occur with just 1.1 degree Celsius of atmospheric warming. Four degrees is going to be a significant multiple of that; I know it's not necessarily linear. What has been the impact on fisheries in Western Australia, where we've seen mass fish mortalities over summer? Has there been any impact on commercial fisheries there that AFMA is aware of or has heard of through its fishing stakeholders?

**Mr Norris:** To answer that, I have to go back to the fact that our remit is the management of Commonwealth fisheries resources. We haven't experienced any of those issues in Commonwealth managed fisheries.

**Senator WHISH-WILSON:** So it's only been in state waters, within the boundary?

**Mr Norris:** Yes.

**Senator WHISH-WILSON:** What about the Great Barrier Reef? It's on the cusp of another marine heatwave. We are keeping our fingers crossed it doesn't happen; there might be a cyclone in the next few weeks. I notice that last week NOAA predicted a 90 per cent chance of another mass coral bleaching by mid-March. We do have commercial fisheries in the Great Barrier Reef. What is your prognosis there? Are there any concerns you have there?

**Mr Norris:** I'm not trying to avoid your questions, but the fisheries in the Great Barrier Reef are managed by Queensland.

**Senator WHISH-WILSON:** By GBRMPA and by—

**Mr Norris:** The Queensland government.

**Senator WHISH-WILSON:** Okay. In relation to the modelling work that's done, do you take your assumptions directly from CSIRO? Is that who does the bulk of the stock assessments?

**Mr Norris:** I think it's fair to say CSIRO is by far our biggest research provider but not our only one. ABARES, within the department, provides advice. Some of our research projects are put out to tender and some are done by private research providers and universities, but CSIRO would be the biggest.

**Senator WHISH-WILSON:** In terms of the science, you said there are eight projects informing you broadly on the impacts of climate change. Could you give us a rough idea—you can take this on notice—of how long-ranging these projects have been and when they were initiated? Has there been an increase in funding allocated through the FRDC to climate based impacts on fisheries?

**Mr Norris:** I can certainly provide the detail. What I can say is that the first one was completed in 2018 and the last one is only a concept at this stage; we're looking to roll it out sometime in 2020. Certainly, from AFMA's perspective, issues of climate change and how we adapt to it and build resilient management strategies is of growing importance and is featuring more heavily in our internal budget allocation.

**Senator WHISH-WILSON:** Do you accept climate change has already been a significant factor in decadal-long declines in major fish stocks in Commonwealth waters managed under AFMA?
Mr Norris: One of the key findings—I keep going back to the main project—is that there has been a two-degree temperature rise in at least one of the fishery areas that we manage.

Senator WHISH-WILSON: Two degrees over what time period?

Mr Norris: It was 80 years. We are already seeing trends in terms of difficulties in managing some of our fisheries; we're having to challenge the normal assumptions in fisheries management. So, where we have specifically reduced catch and effort in a fishery that was in decline, we haven't seen the level of rebound and rebuilding that we would have normally expected. So these are the drivers for our need to better understand how the productivity and variability of species are being influenced by these external factors.

Senator WHISH-WILSON: And what other key factors would you include, apart from changing ocean climate conditions?

Mr Norris: There are a number of factors that complicate our ability. One of them is the shared jurisdictional arrangements between the state and Commonwealth governments.

Senator WHISH-WILSON: Like in-shore development, for example?

Mr Norris: First of all, just straight from a fisheries management perspective, you have state managed fisheries that are catching species that the Commonwealth has management responsibility for and vice versa and so on. That creates a lot of uncertainty in the monitoring and science. In some of our fisheries, at least, there have been concerns about other anthropogenic impacts, such as runoff, but, by and large, the fisheries we manage are offshore and so a little bit removed from those.

Senator WHISH-WILSON: Would it be fair to say that, based on what you said to me then about the challenges of not seeing fish stocks rebound as you would like, business as usual is not an option for AFMA anymore? You're looking at new ways of both researching and approaching fisheries management going forward?

Mr Norris: Yes, I think that would be accurate as a general statement. Obviously every fishery has different characteristics—

Senator WHISH-WILSON: Of course.

Mr Norris: —and we manage 20 of them. But, certainly in the fishery I was referring to before in the south-east of Australia, that's the case for us.

Senator WHISH-WILSON: I'll obviously ask FRDC this next, but you're confident that a new national science initiative or approach is occurring in relation to risks like climate change?

Mr Norris: Yes. I think we're getting the advice that we need. Translating the advice into a management response is a very big challenge. As I've said, there's a lot of uncertainty around it. We have to manage people as well as just the fish—

Senator WHISH-WILSON: I understand, yes.

Mr Norris: so it's difficult to translate that into the management action. But, yes, the information is coming through.

Senator Ciccone interjecting—

Senator WHISH-WILSON: I reckon I know the answer to that question. But on that point, there are two parts to that. Obviously, we'll continue asking these questions and we'll be happy to come and have a briefing with you if that's possible, but firstly, how long until you will be able to calibrate those management responses, and what would that look like? Secondly, what kind of feedback do you get from commercial fishing stakeholders who are fishing these waters? Do they understand that things are changing? Do they broadly agree or disagree with the idea that, for example, climate's making things a lot more challenging?

Mr Norris: In terms of some of the management responses that we're already working on, we're talking very short-term time frames—in the next two years. Using the south-east shark and scalefish fishery as an example, one of the management responses that we're looking for is to change our harvest strategy framework to be from a harvest strategy that applies to each individual species to being able to apply a single harvest strategy to multiple species. In doing so, that will make it more responsive to ecosystem-wide changes. That's a management project that's been underway for at least the last 18 months and it's progressing well. So, I think, there won't be a single watershed change step; it'll just be a series of incremental changes in the way that we look at the fisheries.

Senator WHISH-WILSON: What about new approaches to targeting rebuilding fish stocks rather than just harvest strategies? I know that sustainable harvest strategies will allow stock to recover, albeit at an optimal level, but are you thinking of actively engaging in any rebuilding of fish stocks in Australia?
Mr Norris: We have a number of fish stocks that are rebuilding. They're managed in a variety of different ways, ranging from a simple harvest strategy approach—reducing the quota available for them—to spatial management—trying to restrict, or restricting, fishing to areas where breeding doesn't occur or where we know there aren't spawning adults or whatever the case may be. So we do already employ a variety of ways to approach rebuilding. And that goes hand in hand with the marine protected areas network as well.

CHAIR: Senator Whish-Wilson, could I ask that this be your last question, please?

Senator WHISH-WILSON: I can put more questions on notice. Perhaps if I could ask two brief ones.

CHAIR: Two, thank you.

Senator WHISH-WILSON: You've got to recognise that the scale of marine fish decline we've seen in the past decade is probably unprecedented in terms of the recorded history of fisheries management. I know there has been a changeover from licensing to quota based management. We've been hearing for years that quota based management is essentially going to solve the problems, but do you recognise that we've seen unprecedented changes in the ocean and in fish stocks?

Mr Norris: Can I just ask for a clarification? Are you talking about in Commonwealth managed fisheries?

Senator WHISH-WILSON: Yes, in Commonwealth managed fisheries. If I'd asked you about state waters, you would have said it wasn't your jurisdiction.

Mr Norris: I'm more comfortable talking about global fisheries, Senator.

Senator WHISH-WILSON: Of course.

Mr Norris: In some fisheries we have seen declines and in others we haven't: they're still going along at the level they have been. In others, there have been increases in TACs and they're being taken up. In some cases, the reduction in TACs is to reflect a reduction in the abundance of the stock. In other cases, the reduction in catch doesn't reflect the status of the stock. That's a real management challenge for us in terms of our economic objectives, working out why—if the fish are there and the TAC allows for it—industry isn't making the most of it. In some cases it's because of our own regulation: we've made it too difficult.

Senator WHISH-WILSON: Is that the precautionary principle that you're referring to there?

Mr Norris: No, not that. In that first example that I used, where the TAC is reflecting the reduced status of the stock, that's the precautionary principle.

Senator WHISH-WILSON: My last question, and I'll put the other ones on notice, is in relation to an article in The Guardian today related to the Indian Ocean dolphin population. The authors agreed there was a lot of uncertainty, and it was a fairly broad estimate, but they talked about 80 per cent of Indian Ocean dolphins having been killed by commercial fishing. I know AFMA produce an update on how many dolphins are actually included in bycatch in Australia. Could you let us know when that's going to be released next? You used to provide an annual update on recorded dolphin deaths.

Mr Norris: Yes, Senator, and I can also comment on that study if you like. You asked if we would be prepared to do a briefing before, and yes, we certainly would, at any time that is convenient for you. We update the figures of all threatened endangered protected species interactions quarterly on our website. I will have to take on notice when the next quarterly update will take place.

Senator WHISH-WILSON: You don't provide them on an annual basis, on a quarterly reporting schedule; you just provide them on a quarterly basis?

Mr Norris: We just update it every quarter.

Senator WHISH-WILSON: Do you annualise them at all for your own spreadsheets?

Mr Norris: My apologies; it's reported on an annual basis. If you log on it will say '2019-20' and it will have all of the detail, but in a quarterly's time it will be updated.

Senator WHISH-WILSON: You publish those, so I can look them up.

CHAIR: I think that's everything now for this group. Thank you for your attendance.

Fisheries Research and Development Corporation

[14:53]

CHAIR: Do you wish to make an opening statement?

Dr Hone: No, Senator.

CHAIR: Marvellous. Senator Sterle.
Senator STERLE: Dr Hone, I did refer to you today as the cat that caught the carp last time I saw you. Chair, with the greatest respect, the carp plan is not out yet. I'm going to put my questions on notice. We've got far too much to get through. Please don't take it personally.

Senator WHISH-WILSON: Dr Hone, you were here for my previous questions. I'm going to ask you similar questions. You saw we had an update from BOM about the warming trajectory for Australia for this century. Could you give us a brief update on the kinds of research we're doing? You'll remember that the environmental committee had quite a large inquiry in 2015-16 into warming oceans and it made a number of recommendations about an increased allocation of research funding to this particular issue. Could you briefly update us on the kinds of research projects you're doing on the impacts of warming oceans on fisheries?

Dr Hone: I think we can provide a complete written report on those questions later. To summarise, FRDC has a significant body of work on climate change, and it extends to recreational, commercial, Indigenous and commercial wild catch—a whole range of aspects. To go into all the details now would be tricky.

Senator WHISH-WILSON: That's fine. If you could provide me with the details on notice, that would be great.

Dr Hone: Yes, I'm more than happy to.

Senator WHISH-WILSON: Just remind us again what your allocation is for research funding and what percentage that would be of your total budget in terms of what you hand out in research grants.

Mr Ashby: Into specific climate change research around the nation?

Senator WHISH-WILSON: Yes, more broadly.

Mr Ashby: Again, we'd probably have to take that on notice to get an accurate figure, but I'd say it would probably be around 10 to 15 per cent, if not more. It does vary because we're doing a lot of biological work that goes into some of the attributes that could be changing, such as feed regimes and regime shifts and so forth, so there will be some overlap of projects into that area.

Senator WHISH-WILSON: Okay. Perhaps I could get a breakdown, and then I can either come in for a briefing or ask you more specific questions.

Dr Hone: Just a comment, you talked about that previous Senate inquiry. Since then, I don't know an aquaculture industry or wild-catch sector which doesn't have climate change in its strategy and a funding response to it. Whether that's coral trout in the north, whether that's work in Antarctic fisheries, whether that's biological parameters, there's a significant body of research happening. As my colleague, Crispian, has just said, the really difficult part of any of the work that we're doing is turning it into a realisable management outcome.

Senator WHISH-WILSON: That's correct.

Dr Hone: So we're very cognisant we are working with people like all the directors of fisheries on how to actually turn this information into the right type of information so they can make management decisions.

Senator WHISH-WILSON: We heard from AFMA recently, and they recognise that some target fish populations aren't rebuilding as quickly as they would have liked. I'd be interested in getting a breakdown on how that's allocated. In terms of the issue we discussed last time we were at estimates, Dr Hone, about fisheries ecologists getting together with fisheries scientists to look at new approaches to fisheries management, can you give us a breakdown on any kind of collaborative work that's going on? I asked you specifically last time, in terms of a new five-year plan, if one of your major goals for that five-year plan be funding collaborative research between fisheries ecologists and fisheries scientists.

Dr Hone: There is no work that we don't do that's not collaborative. I think that's the first point. The second one is, because we're an applied base research agency, we always work from a client based focus, so it's always about identifying what the client wants and then we put the right teams together, whether that's marine ecologists, marine fishery specialists—whatever the right team is.

You're probably well aware that we have a really good group, which is the National Marine Science Committee. Australia spends some billion dollars plus in R&D in marine science, let alone aquatic science. In that group, we have groups like BOM and Navy, and we have fantastic infrastructure in terms of the Integrated Marine Observing System. We build on all that all the time. In fact, we have a meeting on Thursday to talk about the next decadal component to that to try and make sure that we're updating the plan continuously.

Over the summer people have been asking lots of questions of the marine science community about providing even better real-time data, so we're asking ourselves if we have the right systems for decision-makers, because there is a lag between science and decision-makers and we're trying to work out how to fix that.
Senator WHISH-WILSON: You mentioned clients earlier. Could you elaborate a little bit more on that? What do you mean by clients? Are you talking about the commercial fishing industry there?

Dr Hone: We do multiple parts of the NRM equation, and it can be everything from ports and infrastructure and how those assets are used through to aquaculture and the siting of aquaculture farms or ensuring our biosecurity systems are aware of the emerging risks from global warming or changes.

Senator WHISH-WILSON: So those clients would be the biosecurity department or—

Dr Hone: It could be the biosecurity department, it could be northern Australia—for example, we have a fantastic sea ranger program up north that runs a biosecurity component. It's all about informing all of these people.

Senator WHISH-WILSON: Okay. Roughly, what's your breakdown between funds that are allocated for research that are levered from clients, like the fishing industry, versus federal or state government funding?

Dr Hone: We're in a very fortunate position. Because of the nature of the work that we work in, so natural resource management, currently the federal government contributes at least 65 per cent of our dollars. Then we have a range of other contributors to that, including the commercial wild catch, aquaculture and rec sector, but we also have other partners who contribute.

Senator WHISH-WILSON: Okay. When we spoke last time we talked a bit about a rift or a conflict that had developed between fisheries ecologists and fisheries scientists, and this scientific process that has been underway. Are you aware of the meetings convened in places like Hobart between fisheries scientists and ecologists to talk through their differences in what they think should be research priorities?

Mr Ashby: Is that in Hobart with the meeting of ecologists and research scientists?

Senator WHISH-WILSON: Yes. I think CSIRO and UTAS probably had carriage of that particular meeting.

Unidentified speaker: I think we're aware of it, but not involved.

Mr Ashby: We would encourage all researchers to basically talk and debate. That is the nature of science, and we'd basically encourage any of those science institutes to get together. There's also a research provider network which allows those people to basically discuss some of the ideas and issues that they're facing as well, and we encourage that. We're not necessarily a part of all of them, but we do encourage it.

Senator WHISH-WILSON: Are you aware of the outcomes of those particular meetings?

Mr Ashby: Not personally, no.

Senator WHISH-WILSON: Have you seen draft notes of the scientists involved in those meetings, what their recommendations or statements were?

Mr Ashby: No, not as yet.

Senator WHISH-WILSON: Could you take on notice whether you've requested that from CSIRO or UTAS?

Dr Hone: No, we haven't, so we don't need to take that on notice.

Senator WHISH-WILSON: You haven't? Alright. Obviously it's a very important issue, and I'm just wondering why you're not aware of the outcomes of those particular meetings.

Dr Hone: I know a lot of people in the public think there are truisms about science. There aren't. It's an evolving body of science.

Senator WHISH-WILSON: Of course, yes.

Dr Hone: And whether we're talking about our interactions with marine mammals or our shark research or our general ecology research, at any one time around the country we will be having science debates. We encourage it; we try to have forums. As you know, there's the Australian Marine Sciences Association, there's the Australian fisheries sciences—

Senator WHISH-WILSON: I was at the last one in Perth.

Dr Hone: Yes, I know. We encourage those debates, but we don't keep a track of all of those. I think you're talking about the work with UTAS and CSIRO, but—

Senator WHISH-WILSON: Correct, and they've got a range of scientists working at those institutions from those two different fields. I understand what you're saying about science and encouraging the differences, Dr Hone, but the reason I asked about it was because my understanding was that the focus of that meeting was very much about the fisheries management responses to the science and where the future research was going to go and that these meetings were essentially calling for an intervention in Australian fisheries management and the way we do business, so a total overhaul of the system. You're not aware of any of those kinds of—
Dr Hone: No, and I think those questions are probably more suitable for CSIRO, if they were attending.

Senator WHISH-WILSON: We'll certainly be raising it with CSIRO, but given the obviously important role that FRDC play in allocating research funds, and you're about to engage in an—have you actually released your next five-year plan?

Dr Hone: The draft is out for comment.

Senator WHISH-WILSON: Okay. And that's on your website?

Dr Hone: No. It's out just in public. It's been distributed to a whole lot of email trails.

Senator WHISH-WILSON: And when does that comment process finish?

Dr Hone: End of March, and then it goes through another iteration, with a final for the end of June.

Senator WHISH-WILSON: What role do you actually play in setting those? Do you give a list of options for people to consider, or is it totally open to anyone who's a stakeholder, I suppose, to put in what they think the priorities for FRDC funding should be?

Dr Hone: I shouldn't give a long answer on this one! I have to tell you that I'm actually really excited about our next plan, and I think I'm very excited because the industry have stood up and are talking about where they want to be in 2030. It's the first time they're actually stating where they want to be. As a researcher—

Senator WHISH-WILSON: Do you mean the fishing industry?

Dr Hone: No, everyone.

Mr Ashby: The broader stakeholder group.

Dr Hone: All the broader stakeholders. They're talking about the circular economy, they're talking about the future workforce, they're talking about how we can maintain and grow our industry in a smaller footprint. It's a fantastic commentary and it's all set to the tone about how regional and rural Australia can have a fantastic and vibrant industry and recreational sector. It's really excellent, what they're doing, and for the first time we're trying to build the science platform to give them the evidence to make that happen. We're more than happy to send you the draft.

Senator WHISH-WILSON: Don't get me wrong: I was surprised yesterday, like I think a lot of the country was, with BoM's statement of a four-degree rise in temperature. We follow this stuff very closely, and that was more than even we had forecast, and we know about the changes we're seeing in the ocean and the unprecedented marine heatwaves. Things are tipping fairly quickly and it's a very dynamic environment, so I suppose that calls for a strong management response and recognition of those threats and risks to fisheries and to fishing communities. I'd be interested in whether that excitement about where the industry wants to be in 2030 reflects the dire state of the world at the moment, and the changes to our weather.

Mr Metcalfe: Senator, I might just jump in there. There has been quite a lot of discussion about the four-degree term, and I think it is important to go back to the evidence given yesterday by the director of the bureau. And I think Mr Cahill or Ms Bruno or were going to put something on the record here today about that.

Mr Cahill: Senator, I think the reference to the report was not actually a CSIRO or Bureau of Meteorology report. There was an individual who made a contribution to that report, and the Bureau of Meteorology then made a clarification about what that would mean. In essence, the Bureau of Meteorology's evidence was that historically Australia has warmed at a ratio of 1.4, as compared to the global warming factor. Against the Paris target of two degrees of global warming, Australia is likely to warm by around 2½ degrees. The head of the bureau, or one of the bureau officials was then asked, 'Given this report by another author, if the scenario of 3.4 was applied, what would that mean?'. He said, 'Theoretically, but I'd have to check, in applying that ratio you start to get into the vicinity of four.' So, it wasn't the bureau or CSIRO's position as to that global warming factor; it was more a report that was in the domain that wasn't authored by either of the agencies and they were asked the question, 'What would that mean?'

Senator WHISH-WILSON: Yes, that's my understanding.

Ms Bruno: To add to that: obviously, the United in science report that was done was looking at current commitments under the Paris agreement, and what they added up to, to obviously inform the global community about what further ambition needs to be built in under the Paris agreement to move towards the temperature goals within that. The work that underpins that global work looks at a range of scenarios. Obviously it's important to do a timely stocktake of what those current commitments get you to. And as I indicated earlier, and our industry colleagues mentioned last night, there are elements under the Paris agreement for the global community to raise their ambition over time so that we can avoid those worst impacts of climate change.
Senator WHISH-WILSON: I certainly hope we do, but just to be clear: they're saying, based on the current trajectory, we're looking at 3.4-degree warming by the end of the century and BoM came out and said, as you were saying, Mr Cahill, that would equate to a four-degree warming for Australia. So that's based on the best available science.

Ms Brunoro: Just to be clear, it wasn't a bureau/CSIRO report.

Senator WHISH-WILSON: No, it wasn't the bureau saying that; they were responding to the report. But that's what they were saying the implications would be for Australia if that was correct.

Ms Brunoro: If nothing changed—

Senator RICE: Currently our government is not giving any indication that they are interested in lifting our Australian ambition.

Ms Brunoro: They're questions for the industry department. But, as a signatory to the Paris Agreement, they, along with the global community, are working together on—

Senator WHISH-WILSON: Perhaps fishing industries around the country could lobby the government for a very ambitious target, so that we don't have problems with warming oceans in the future.

Senator Duniam: The government is, clearly, now dealing with coronavirus, as discussed.

Senator WHISH-WILSON: They'll have to deal with the consequences if it doesn't happen, Senator Duniam.

CHAIR: Thank you all very much for appearing this afternoon. I think that means we can also let you go, Minister Duniam.

Senator Duniam: If there's a replacement here.

CHAIR: Well, I'm sure they are rushing!

Mr Metcalfe: We'll keep him hostage until we get another one.

CHAIR: Whilst the Future Drought Fund Consultative Committee representatives come up, the minister may appear.

Senator STERLE: I might just ask a question while we're waiting. Mr Metcalfe, I've just been informed that your department has been in touch with Kathryn Richards.

Mr Metcalfe: You're ahead of me, then, Senator.

Senator STERLE: I believe that Ms Richards has requested that all information be given to the committee, so please make sure that information flows through.

Mr Metcalfe: Thank you very much, Senator. We'll endeavour to do that through the course of the hearings today.

CHAIR: Minister Duniam, how are we going to proceed—are you able to supervise?

Senator STERLE: Supervise? He's got the guru sitting next to him! He's been through more ministers than he's had bloody long pants. Crikey!

Senator Duniam: I reckon we're good to go. By the time the question's finished, I expect that, magically, the minister, who knows what she's talking about, will have appeared.

Future Drought Fund Consultative Committee

[15:11]


Senator WATT: I've been so quiet today that Senator Roberts didn't recognise me. I have some questions about the Future Drought Fund and about drought funding in general.

Mr Fisher: Brent—the chair of the Future Drought Fund Consultative Committee—and I are only able to talk about the Future Drought Fund.

Senator WATT: Minister Duniam, maybe if I can start with you—

CHAIR: Perhaps we should wait, then, for Minister Ruston, or move to another question, Senator Watt.

Senator WATT: Mr Metcalfe, you'd be familiar with the fact that the Prime Minister has, on a number of occasions, talked about his $7 billion drought fund?

Mr Metcalfe: Yes.

Senator WATT: Can you show me in the budget papers where that fund is?
Mr Metcalfe: I'll get Ms Deininger to respond.

Ms Deininger: I understand there has been some discussion in relation to this figure in the past, and that it included the $5 billion drought fund. Is that the basis of your question?

Senator WATT: Yes—and, again, if the Prime Minister's willing to go out and make lots of statements about having a $7 billion drought fund, I'm just interested to know where I can find that in the budget papers.

Ms Deininger: I'm happy to pull together the reconciliation, if you like, of the different funding that is being provided. But certainly my understanding is that there's been funding set aside for the drought fund, the interest on which would then be used to fund particular programs.

Senator WATT: With this claim about a $7 billion drought fund, is it more of a notional fund than an actual fund that's sitting available for distribution?

Ms Deininger: I think we've already provided information in relation to the set-up of the drought fund.

Senator STERLE: Where?

Ms Deininger: I think there were some responses to questions on notice on this matter that have been provided previously.

Senator STERLE: On the $7 billion?

Ms Deininger: Yes.

Senator STERLE: Senator Watt, rightfully—there were a lot of questions last time that there wasn't the answer. In all fairness, that's not just to try and say: 'We've answered it. We don't want to answer it anymore.' You're not saying that, are you?

Ms Deininger: No. I'm happy to take the Senator's questions.

Senator STERLE: Good. Just checking.

Ms Deininger: I'm just cross-referencing to the—there were questions before.

Senator STERLE: There are going to be a lot more. Don't worry about that.

Senator WATT: Mr Metcalfe, when we asked your predecessor, Mr Quinlivan, about this $7 billion fund last time, he said in answer to questions from Senator Sterle:

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 …

Is that still the case?

Mr Metcalfe: Again, I'm going to ask the relevant deputy secretary or colleague to respond to that.

Mr O'Sullivan: The answer is the same, but it's in the sense that there's not a $7 billion fund—or, indeed, it's $8 billion now. It's $8 billion that has been committed towards drought relief or recovery or for future drought resilience.

Senator WATT: But there isn't $8 billion sitting in government's accounts that's being spent on drought communities now, is there.

Mr O'Sullivan: There has been $8 billion that's committed; there's not $8 billion in spending right now.

Senator WATT: So there isn't $8 billion or $7 billion being spent on drought communities right now.

Mr O'Sullivan: Not right now. It has been committed and there will be spending flowing from that, because $5 billion of the $8 billion is the Future Drought Fund, and it funds $100 million per year from 1 July.

Senator WATT: How long will it take before we actually get to having a $7 billion or an $8 billion drought fund?

Mr O'Sullivan: There is no fund, as such, beyond the Future Drought Fund. That's a $5 billion fund it's going to grow to. The $7 billion or $8 billion figure is a commitment figure to drought response and relief. Some of that is the Future Drought Fund. Some of it is other programs that have been committed towards drought response and relief, with various levels of spending that have come out of them already.

CHAIR: Senator Watt, just to be clear, this agency isn't responsible for the entire drought funding.

Senator WATT: No. I realise it's broken up across different—

CHAIR: Yes.

Senator WATT: But I don't think there's a better agency to be asking about drought spending in general.

CHAIR: Alright—just so long as we're across that they won't have all the answers specifically.
Ms Deininger: I might just add to Mr O'Sullivan's answer. There have been a lot of consultations in relation to the Future Drought Fund and how that might be utilised to the benefit of regional communities and those who rely on it. That is one of the reasons why we're not able to give an expenditure profile, if that was what the committee was after, because we're still undergoing consultations in terms of how the fund will be utilised.

Senator WATT: The Prime Minister and various other ministers have, on many occasions, talked about their $7 billion drought Fund. I'm told it has now risen to an $8 billion drought fund. And you're saying that a large component of that, $5 billion, is the Future Drought Fund?

Mr O'Sullivan: Yes.

Senator WATT: How much is sitting in the Future Drought Fund at the moment?

Mr Fisher: The Future Drought Fund has an initial $3.9 billion. That is to grow to $5 billion over time.

Senator WATT: When will it reach $5 billion?

Mr Fisher: Within a decade.

Senator WATT: So it will be in a decade—

Mr Fisher: Within a decade—yes.

Senator WATT: that the Future Drought Fund will have $5 billion.

Mr Fisher: Correct.

Senator WATT: So if $5 billion of this $8 billion drought fund won't materialise for up to a decade, that means that the claims that there's a $7 billion or an $8 billion drought fund—we won't get to that point for up to a decade either, will we?

Ms Deininger: As Mr O'Sullivan mentioned, the government has given a commitment to set these moneys aside—and so there is a mixture—

Senator WATT: They have, but they've also—I'm happy to get you the press releases from the Prime Minister and other ministers that talk about their $7 billion drought fund, but what they're actually talking about is a fund that will be in existence in up to a decade's time.

Mr O'Sullivan: There is a legislative commitment to grow that $3.9 billion initial amount from the Future Fund to $5 billion over time.

Senator WATT: I understand that. If we look at the budget papers, we could add together every component of this drought fund and, as things currently stand, it doesn't add up to $7 billion or $8 billion and it actually won't do so for up to a decade, when the Future Drought Fund reaches $5 billion. Is that correct?

CHAIR: Senator Watt, did you attend the finance and public admin committee last night?

Senator WATT: Yes, we've done it there as well.

CHAIR: So you've done this already?

Senator WATT: No. We asked Finance on their aspects of it and we're now asking the agriculture department—

CHAIR: I think you are asking agriculture for the whole number whereas really what they can address is the funding for the future drought fund, which is the group we called.

Senator WATT: I'm talking about the Future Drought Fund. That won't reach $5 billion for up to a decade?

Ms Deininger: I might just go back to your question about the budget papers. The budget papers, of course, only go over the forward estimates period. We're happy to work with our Department of Finance colleagues to make sure we respond to the questions you put to that committee earlier today.

Senator WATT: But it's pretty straightforward. If the Future Drought Fund, which we're told is a $5 billion fund, won't actually reach $5 billion for up to a decade, then equally the overall drought fund, which is $7 billion to $8 billion, and includes the Future Drought Fund, won't hit that figure for up to a decade, will it?

Senator Ruston: I think we may be somewhat at cross-purposes here.

Senator WATT: No, we're not. You're just not willing to admit that we've got another fund—

Senator Ruston: No. Don't verbal me. I'm about to try and give you some information. At the end of that, if you would like to ask some more questions of me or the agency officers you can. The drought fund had $3.9 billion put in it. The purpose of the drought fund was to make a dividend per year which was able to go into the drought response for agriculture, and part of the dividend that was earned on the money that had been put into the drought fund was to go towards continually increasing the value of that fund up to $5 million within 10 years. In
2020, $100 million of the dividend that is going to be generated from that fund that was put away, that annuity that has been put away by government, will be made available to the agricultural sector in response to drought. In addition to that, there is about $3 billion in other initiatives making up the total amount.

The drought fund has been set aside so that the benefits of that investment are made available to the agricultural sector in response to drought. It is an ongoing fund like the Future Fund. It wasn't meant to be spent today. It was meant to be there in perpetuity to assist our farming communities as they deal with drought and the changes in climate over the coming years. So that's your drought fund. It has $3.9 billion now and $100 million has been spent this year. The rest of it is going towards building it up to $5 billion.

On the other side of it, there are a number of other measures. I can run through them or I can table them.

**Senator Watt:** We did this last time.

**Senator Ruston:** So what is your question? I heard what you were saying and I didn't think the answers were meeting what you are asking.

**Senator Watt:** The Future Drought Fund does not currently have $5 million in it and it won't for up to a decade.

**Senator Ruston:** Possibly. It would depend on the interest rates during that period. It has $3.9 billion in it now.

**Senator Watt:** Correct. It has $3.9 billion sitting it now and the expectation is that it will get to $5 billion within 10 years.

**Senator Ruston:** Yes—and at the same time paying out $100 million a year to drought.

**Senator Watt:** I understand that. The $7 billion overall drought fund—

**Senator Ruston:** So that we don't mix up the nomenclature, let's call it a drought package. One of the components of that drought package is the fund.

**Senator Watt:** Sure, let's call it a package. That's fine. The $7 million drought package, which we are told today may now actually be $8 billion—$5 billion of that is the Future Drought Fund, correct?

**Senator Ruston:** Correct.

**Senator Watt:** But we won't get $5 billion in the Future Drought Fund for up to a decade, correct?

**Senator Ruston:** No, there's $3.9 billion in it as we sit here today.

**Senator Watt:** And won't get to $5 billion for up to a decade?

**Senator Ruston:** Right, okay; your point being?

**Senator Watt:** That means, when the Prime Minister and other ministers are talking about their $7 billion or $8 billion drought package, what they're really talking about is a package that will take up to a decade to reach that figure because it's reliant on the $5 billion. It's got all the other programs in it as well.

**Senator Ruston:** No, that's not correct. As we sit here now $3.9 billion is sitting in the drought fund. That is a drought measure. It is designed for a particular purpose. We've got $3.9 billion there. We accept that?

**Senator Watt:** Yes.

**Senator Ruston:** In addition to that—I mean, you don't want me to run through all of the other things?

**Senator Watt:** No, I don't.

**Senator Ruston:** But, you know, farm household allowance—

**Senator Watt:** Yes, we got all them last time.

**Senator Ruston:** They all add up to probably $3½ billion by the time you put them all together. If you add that $3.5 billion to the $3.9 billion sitting in the drought fund at the moment, you have got something that looks somewhat like $7-plus billion.

**Senator Watt:** It doesn't, because the biggest component of this $7 billion or $8 billion drought package is the Future Drought Fund, and that doesn't contain $5 billion in it.

**Senator Ruston:** No, but it contains $3.9 billion and there's another $3½ billion. If you add $3.9 billion and $3.5 billion you get $7.4 billion. It's pretty easy.

**Senator Watt:** We can go through the maths again and see that there's not $3½ billion worth of other programs if you'd like to?

**Senator Ruston:** You accept the purpose of the drought fund, I'm assuming?
Senator WATT: Okay, I can't push this any further, other than—

Senator Ruston: It bothers me that either you're not understanding what I'm saying, which means that I'm not communicating with you clearly enough, or you're choosing not to hear what I say. I hope it is the former.

Senator WATT: What bothers me is that we have a Prime Minister who repeatedly claims to have funds, like the drought fund or the drought package. Yesterday we learned that the $2 billion bushfire fund isn't real either. We've got a Prime Minister who's happy to go out and make announcements—

Senator Ruston: What do you mean it's not real?

Senator WATT: Go back and have a look at the—

Senator Ruston: Half a billion dollars has already been spent.

Senator WATT: Go back and have a look at the Bushfire Recovery Agency's evidence yesterday.

Senator Ruston: I was here with you yesterday.

Senator WATT: You were, and then I went and talked to them.

Senator Ruston: But I can tell you that half a billion dollars is already out the door.

Senator WATT: This is not the right committee—

Senator BROCKMAN: I wouldn't necessarily accept Senator Watt's characterisation.

Senator WATT: The Bushfire Recovery Fund, we learnt yesterday, is a notional fund, in that you can flip through every single budget document and not find any reference to it. It's not real; nor is the drought package.

Senator BROCKMAN: Because it will be in the budget document.

Senator Ruston: Are you telling me—

Senator BROCKMAN: This is getting very silly now, Senator Watt.

Senator WATT: All that's available to people right now out of the Future Drought Fund is $100 million a year.

Senator Ruston: That was the purpose of the drought fund.

Senator WATT: You don't think that anyone in a drought affected community might hear the Prime Minister, when he says that he's got a $7 billion drought package, and think that he might be spending $7 billion at the moment, when in actual fact $5 billion of it is tucked away?

Senator Ruston: If you go back and read all of the information that was given to the public at the time that the Future Drought Fund was set up, it was very clear that this was set up as an annuity, so we could continue into the future to always have funding available to address the issues of a changing climate that manifest in drought.

Senator WATT: Why doesn't the Prime Minister level with people and say—

Senator Ruston: Well, he has.

Senator WATT: Leaving aside the Future Drought Fund for a moment, let's take your figures and say that he's got another $3 ½ billion in funding for drought measures, but he's actually spending only $100 million a year out of this Future Drought Fund. Why does he describe that, then, as $5 billion of drought funding when he's actually spending only $100 million per annum?

Senator Ruston: No, he's not spending $100 million.

Senator WATT: You just said that he is out of the Future Drought Fund.

Senator Ruston: I said, 'out of the drought fund'. Once again we're mixing up the package with the fund.

Senator WATT: No, I even used hand movements. I said, 'setting aside the Future Drought Fund, you say there's $3 ½ billion'—

Senator Ruston: Okay, so what about the $300-plus million that goes out every year in farm household allowance? That's real money.

Senator WATT: That's in this package over here. I'm not saying it's not.

Senator Ruston: But I think we've been very clear about the future fund. You're choosing not to accept what I'm saying, and that's your prerogative, but I'm saying that, when the Prime Minister announced the Future Drought Fund, he said at the time that it was going to be built up to $5 billion, which was going to be form an annuity-type mechanism by which this money would be available. In addition to that, there are about another $3 ½ billion worth of initiatives that sit within another package around things like rural financial counselling, farm household allowance, the Great Artesian Basin, tax measures, on-farm efficiency water infrastructure rebates,
water for fodder, Drought Communities Program, Building Better Regions Fund. There are a whole heap of things that fit within the $3.5 billion. But I think, clearly, we need to separate these two things out.

Senator WATT: So how much has the government spent on drought affected communities from the Future Drought Fund so far?

Senator Ruston: A hundred million dollars was made available out of the Future Drought Fund in 2020 for the purposes of drought.

Senator WATT: Commencing when?

Senator Ruston: It will be made available on 1 July.

Mr Metcalfe: It commences in July.

Senator WATT: So actually no money has been made available to drought affected communities?

Mr Metcalfe: Mr Finlay, who is chair of the consultative committee, has been here today and is probably able to explain what thinking is going on in relation to that $100 million.

Senator WATT: Just before we come to that, how was the $100 million figure per year determined as being adequate to address drought communities' needs?

Senator Ruston: It was just one of a suite of measures that are available under this government for people who are in drought affected communities.

Senator WATT: But why $100 million a year? Why not $200 million; why not $50 million?

Senator Ruston: Obviously, there was a calculation. Does it come under the drought recovery agency?

Senator WATT: No, it's under this—

Mr Metcalfe: I understand the Future Drought Fund was established by an act of parliament, so there would have doubtless been debate in the parliament last year about all of these issues. But it is very much, as the minister has indicated, an investment in the future of farming, in relation to preparation for and resilience to the effect of future drought. It is a classic example, I think, of the investment that is being made in climate adaptation, which we've been discussing with Senator Rice and others. In addition to that $100 million, I think we have already heard evidence, and doubtless will hear more evidence, from research and development corporations and CSIRO and others in relation to the work they're doing in preparing for future droughts and a climate that is, in many parts of Australia, warmer and drier than it has been.

Senator WATT: I understand what the fund is intended to do. Why $100 million per year?

Senator Ruston: This has been through the parliament, Senator Watt.

Senator WATT: Yes.

Senator Ruston: You voted on it.

Senator BROCKMAN: They voted for it, didn't they?

Senator Ruston: Thank you, they did. And the farmers of Australia thank you for voting for it.

Senator WATT: Yes, but the estimates can be used to ask questions about government expenditure. Someone must know why it's $100 million a year.

Ms Deininger: I understand that it is in the act that it's $100 million, so just drawing on the secretary's point in relation to that, we can see if there is any additional information that we can provide. But certainly it's been on the public record, given that it's been through the parliament, that that was the amount of funding provided.

Senator WATT: Was it essentially that that was the amount that you could afford to spend from the fund if it were to ultimately reach $5 billion?

Ms Deininger: I don't have any information on that here. I'm happy to take that on notice.

Senator Ruston: I'm sure there will be a calculation. I'm happy to take that on notice and get it for you as soon as possible.

Mr Metcalfe: What it does indicate to me, coming back to these issues, is that the government has indicated not only is it prepared to spend $100 million on preparedness for future droughts; it's hardwired that in by creating a fund established by an act of parliament that ensures that there will be that annuity payable. It is not just as part of the annual appropriations of the budget; it's established a fund, in the same way the future fund exists, to guarantee that funding forever into the future. So that's the thinking behind it. Rather than simply having ad hoc annual programs or programs that run for a period of the forward estimates, it's actually a long-term commitment in relation to preparedness for future droughts.
Senator WATT: Minister, I think you corrected this, but you said that $100 million will be spent this year, but you mean from 1 July?

Senator Ruston: Yes, 1 July.

Senator WATT: Mr Finlay might be able to answer this: how will Future Drought Fund programs be designed? Will the funding be delivered through a competitive grants program or will the minister provide direct funding to various organisations?

Mr Finlay: The consultative committee is deep in program design now. That's what we're actually doing now. We hope to that finalised towards the end of this month for it to go back to the minister. Part of that will obviously have programs that will be able to be rolled out on 1 July next year.

Senator WATT: Do you have any leaning towards whether the money to be allocated on a competitive grants basis?

Mr Finlay: That's potentially one of the ways the money will come out of the fund.

Senator WATT: Will individual farmers be able to apply for direct funding?

Mr Finlay: It's not for individual farmers' benefit; groups of farmers can come together to make application to the funding programs when they're available.

Senator WATT: Groups of farmers? Do you mean representative bodies or neighbouring farmers?

Mr Finlay: Neighbouring farmers. My history is being part of a farm production group. When we went through public consultation around Australia we heard a lot about groups and the importance of groups—the way the groups network together and how they share the information. That will certainly be one way the funding will come out of the programs.

Senator WATT: Is it intended that the $100 million per annum will be spent evenly across Australia?

Mr Finlay: We had a number of very good meetings in Western Australia, and that issue was raised on most occasions. The way I've explained it is a contest for ideas, a contest to make the applications to come to the programs. It's open and everybody is eligible, and we look forward to rolling the programs out and seeing the applications and the quality that will come in the application. This is a unique opportunity for Australian agriculture.

Senator WATT: I take it that funding will be delivered to programs from 1 July this year?

Mr Finlay: That is the intention, to start. Obviously, as we are now building the programs, there is a lot to be done between now and 1 July.

Senator WATT: So it could be later in the financial year that people start receiving money?

Mr Finlay: Again, it will depend on the applications that come into the programs.

Senator WATT: I'm not sure if you've seen the Drought Resilience Funding Plan 2020-24. Page 3 states: The Plan serves as a framework for all expenditure from the Agriculture Future Drought Resilience Special Account. Before the Minister for Drought allocates funding, the minister must first:

- seek advice from the Fund's Consultative Committee (the committee) on the design of programs to ensure they comply with the Plan
- seek independent technical expert advice from the Regional Investment Corporation Board—and other expert advice if necessary—on the making of individual grants or arrangements.

Can you confirm whether the minister will be able to ignore the advice from both the consultative committee and the technical expert advice from the Regional Investment Corporation?
Mr Fisher: I can confirm the minister must take account of that advice.

Senator WATT: They must take account of it, but they don't have to follow that advice?

Mr Fisher: It's just advice, so yes, the minister must take account of that advice in arriving at his decision.

Senator WATT: They must take account of it, but they don't have to follow that advice? It's only a recommendation?

Mr Fisher: Correct. The minister may also seek other advice as well.

Senator WATT: What is meant by 'technical expert advice from the Regional Investment Corporation Board'?

Mr Fisher: The Regional Investment Corporation Board does have certain technical skills and knowledge, and I guess it just reflects that factor.

Senator WATT: Are there any qualifications that this technical expert needs to have with regard to future drought programs?

Mr Fisher: Not specifically, no.

Senator WATT: Wouldn't they have to have some qualifications to be a technical expert?

Ms Deininger: The advice is, I believe, coming from the board as a whole, as opposed to a specific individual, and of course the board has a range of expertise and skills.

Senator WATT: And under the same plan—the Drought Resilience Funding Plan—it also says on page 3:

As stated in the Future Drought Fund Act 2019, the purpose of the fund is to enhance the public good by building drought resilience. This means the benefits generated by the funding must be able to be accessed and/or shared by many rather than be captured solely by individual businesses or industries solely for private commercial gain. It also means the benefits achievable from the funding should outweigh the costs. Wherever projects could deliver both public and private benefits, the fund should seek to leverage private or industry co-contributions.

Can you confirm that, based on the information from the plan, individual farmers will not have access to the Future Drought Fund? I think you've sort of answered. That is ruled out.

Mr Fisher: Yes.

Senator WATT: And how will programs be assessed for the effectiveness in enhancing the public good by building drought resilience?

Ms Deininger: That's being determined as part of the development of the program.

Senator WATT: So, that's subject to ministerial decision at this stage?

Ms Deininger: Well, ministers will sign off on the programs.

Senator WATT: I mean, in general terms how would you assess the effectiveness of a proposal in enhancing the public good?

Mr Fisher: One of the roles of the committee is to advise the minister on the funding plan and also, as Mr Finlay observed, to advise the minister on the design of those programs. That advice is important in the minister's deliberations. In addition, you've pointed out that there is a role for the RIC Board in advising the minister on specific funding proposals. The department is working on and monitoring an evaluation plan to assess the Future Drought Fund programs as they roll out. And the act requires that three years into the four-year life of the funding plan the Productivity Commission review the effectiveness of the funding plan in delivering its outcomes. So, there are a range of mechanisms there to test and measure and ensure that the Future Drought Fund delivers value for money and delivers against those outcomes.

Senator WATT: Okay. I think there's still a bit of a mystery around the kinds of programs that this fund will fund. So, can you give us some examples of the kinds of things that would be able to be funded? Is it about building infrastructure projects? Is it about research? What sorts of things would it fund?

Mr Metcalfe: My understanding is that the fund's expected to support a range of initiatives, including research and innovation, improved farm business planning and decision-making, adoption of new and existing knowledge and technology, improved environmental and natural resource management, a range of community resilience initiatives, and support for small-scale infrastructure projects. So, as I think has been mentioned already, it's not intended to go down to the individual farmer level but is more focused on some of those broader objectives.

Senator WATT: So, if I'm a drought-stricken farmer or shopkeeper or someone else who's suffering as a result of the drought, this Future Drought Fund won't end up providing any sort of cash injection for me to help pay my bills or—
Mr Metcalfe: No, it's not intended to provide that direct benefit. It's more about preparedness for future droughts so that farmers and farming groups and communities are able to better withstand the effects of a lack of moisture in the environment.

Senator WATT: How will the fund seek to leverage private or industry co-contributions?

Mr Fisher: There are a range of possible measures that are under consideration right now.

Senator STERLE: Mr Finlay, are you chairing it?

Mr Finlay: I'm chairing the drought fund, yes.

Senator STERLE: Okay. I just see you dying to answer a question, and everyone is jumping over you! I'm trying to give you an opportunity.

Mr Finlay: No, that's alright. They have the technical expertise.

Senator STERLE: Sorry, Mr Fisher. Keep going with your technical expertise!

Mr Fisher: I'm sorry, Brent. There are a range of potential mechanisms there to be resolved through the program design phase. One of them is to introduce a competitive element. One is to look for co-investors, wherever they may be—in state and territory governments, in the research sector or in private industry—and we're hopeful that we can leverage more than just the $100 million a year provided for under the fund by doing that.

Senator WATT: Will those private or industry groups have any influence in the development of funding programs?

Mr Fisher: We did have a six-week public consultation process late last year. That was a very successful process. We engaged with very many people on the road. Brent chaired the committee, which was very active in that process, and we also received quite a number of submissions. Brent, you may wish to add to that.

Mr Finlay: Yes. Through the public consultation period, we were gathering ideas. When you start going through rural and regional Australia and talk about the funding plan, people sit down and focus on drought and also on what ideas and what projects that they would have. We ask them to put them forward, because that helps us formulate what those programs will be when they are fully developed.

Senator WATT: I conclude where I began with this alleged $7 billion or $8 billion drought fund that will materialise in 10 years time. In the last estimates hearing, then Minister McKenzie broke down that $7 billion into the various subprograms, some of which were managed by this department and some of which were managed by other departments. That's all in the Hansard already; I won't bother repeating it. What I would like to know, though—and feel free to take this on notice—is how much has actually been spent from each of these subprograms. I know that, again, not all of them are managed by your department. But, for simplicity's sake, would it be possible to get your department to coordinate an answer to that? I want to make sure we get the terminology right. When I say 'spent', I don't just mean that it's popped in the budget and ready for allocation; I mean that it has actually left the government. So, for instance, I think $1 billion of this drought fund are loans through the Regional Investment Corporation. That's overseen by this department, isn't it?

Mr Metcalfe: It comes under our portfolio for a period—

Senator WATT: What I would like to know for that one is what the value of loans actually provided are. Similarly, when it says that there's $157.5 million for the Drought Communities Program, how much has actually left the federal government and is out there being used?

Mr Metcalfe: Yes, for sure.

Senator WATT: The concern, I think—

Mr Metcalfe: We understand what you're saying. It's being delivered to individuals, community groups, councils or whatever. In relation to the loans from the Regional Investment Corporation, I think they're due to appear here tonight. So they may well be able—

Senator WATT: I just put that up as an example. I don't need to get that now.

Mr Metcalfe: to answer that. As you know, some of those programs, of course, sit in other portfolios. To the extent we can provide that information, we will. The farm household allowance is obviously primarily coming through the minister's portfolio. The Drought Communities Program extension comes through the infrastructure portfolio. But the one that's firmly in our control is the Rural Financial Counselling Service. We'll endeavour to try and find that information and bring it together as a consolidator, and, if we can't, we'll let you know why.

Senator RICE: Thanks, Mr Finlay, in particular, for your evidence today about the design of the fund. You said that you were currently deep in program design. When do you expect that program design to be completed?
Mr Finlay: We're looking to hopefully have the programs to the minister towards the end of this month. We are meant to be having a hook-up today with the committee to do so as well.

Senator RICE: When you say 'the details', can you talk us through exactly how comprehensive that is going to be in terms of determining what the criteria are for where moneys will be spent?

Mr Finlay: That's all within the programs. A lot of work goes into the programs but it's also about having that criteria to make it as clear as possible for those who may wish to make applications. It's really important not to waste people's time.

Senator RICE: So you're a long way down the track of doing all the work and all that design?

Mr Finlay: We are. We still have more to do. The committee has worked very strongly with the department through, I guess, what has been a reasonably short timeframe, but public consultation, certainly, focused where the programs need to be.

Senator RICE: Is it expected, at this stage—you said you don't yet know exactly how the moneys are going to be allocated—that if they are grants that they will come under the Commonwealth Grants Rules and Guidelines?

Mr Fisher: Yes.

Senator RICE: Yes. And is that committed to as of now or is that still to be determined?

Mr Fisher: I think that we're bound to comply with those grants guidelines, and we'll do our best to make sure we do.

Senator RICE: So you'll be publishing grant outcomes on GrantConnect, as is required under those guidelines?

Mr Fisher: Yes.

Senator RICE: Has there been any expenditure made so far by the Future Drought Fund to date?

Mr Fisher: The fund is not able to spend money until the start of the next financial year. That's when the funding is provided for in its legislation.

Senator RICE: So all of the work to date is coming out of other departmental resources?

Mr Fisher: That's correct.

Senator RICE: Right. What scenarios of global heating are being presumed in the work that you've been doing so far in program designs to make decisions as to where money should be allocated?

Mr Finlay: Through the draft funding plan that's in front of the parliament now, we talk about climate change and the implications of climate change. Farmers deal with that every day. I'm a farmer, and we're very conscious of that. In discussing numbers, no, we haven't actually sat down and discussed numbers and put them forward, but we're very conscious of climate change. We talk about that in the plan. There are programs around dealing with that through research, innovation and extension. That's a very key part of what the fund will fund.

Senator RICE: There's climate change and then there's climate change. In terms of working out where money should be spent, it's just vague that we're heading towards a warmer, drier climate overall in Australia, or is there anything more specific in terms of scenarios that are informing your work?

Mr Finlay: We acknowledge that in the plan.

Senator RICE: Yes, but are there more specific scenarios informing your work?

Mr Finlay: As we develop the program, which is around research and innovation, a really key part will be extension. Monitoring and evaluation and will come into the program.

Senator RICE: But you're looking at allocating money with people requesting for moneys in four months time.

Mr Finlay: When we finalise the programs.

Senator RICE: Yes, but you're saying you'll be looking at that further along. How do you know whether the moneys you'll be requesting applications for in four months time will be appropriate if you haven't yet determined what scenarios of global heating Australia is likely to be experiencing?

Mr Finlay: Part of having research and innovation as one of the funding programs—a very key funding program—is also to allow the applicants or the applications that come to that program to address issues like what you're talking about.

Senator RICE: Yes, but what I'm getting at is, in terms of you deciding whether the applications being put to you are appropriate, what are the scenarios you're going to be assessing them against? It's very different to say you...
can hear methods of adapting and being resilient under the one degree of warming that we're currently experiencing compared to four degrees of warming. Are you looking at potential scenarios of four degrees of warming? As we've been discussing today, that's what we're currently on track for in Australia by the turn of the century.

Mr Finlay: Within the committee we're not looking at four degrees but we're certainly looking at a warming climate.

Senator RICE: Why aren't you looking at four degrees?

Mr Metcalfe: If I could just add to the answer: the funding plan that's actually before the parliament at the moment, tabled by the minister a couple of weeks ago, makes it very clear right at the beginning that, for the purposes of the Future Drought Fund, 'drought resilience' means the ability to adapt, reorganise or transform in response to changing temperature, increasing variably and scarcity of rainfall and changed seasonality of rainfall for improved economic, environmental and social wellbeing. So it's not prescriptive to how much. The whole idea of the plan is to provide flexibility in the responses going forward.

Senator RICE: So you're saying yes to changing temperature. As I said, it's very different looking at changing temperature of one degree by the end of the century—

Mr Metcalfe: It's about drought resilience.

Senator RICE: You can have resilience under one degree that is impossible under four degrees.

Mr Metcalfe: I think it's the whole idea, as Mr Finlay has indicated, about research and innovation programs, together with the other aspects that I just outlined to Senator Watt, and this, of course, comes on top of other work that is being done. We have already heard from one of our research and development corporations. In fact, two—wine and fisheries—have indicated they're looking at these issues, as is CSIRO and so on. There is no suggestion that anyone is denying that we need to look forward to a drier future, to droughts in the future, and that's exactly what this fund has been established for.

Senator RICE: Denying the potential extent of that—that's what we're critically saying. The potential of four degrees of global heating is transformational. It's more than transformational; it's incredibly serious and devastating for the Australian economy.

Mr Metcalfe: I'm not disagreeing with you, Senator. Firstly, I just refer to the evidence given earlier about what was actually said by the director of Bureau of Meteorology yesterday in relation to that.

Senator RICE: I heard the evidence before. I know I have got limited time. I'm sorry, Mr Metcalfe. I have one more question and I can see the chair is looking at me sort of sideways! What I want to know is: how important is the consultative committee in advising on the direction of your work?

Mr Finlay: We came together as a committee in September last year. Part of our role was to work with the department to develop the draft plan. We then went out to consultation for six weeks, right around Australia. We did public forums, we did meetings with industry—

Senator RICE: Yes, I understand the important work the consultative committee has done. I want to understand how important the consultative committee is in informing the Future Drought Fund.

Mr Finlay: It's a clear role of this committee to work through the programs and provide those programs to the minister. We've been directly engaged with the minister, consistently all the way through to now.

Senator RICE: I have what the consultative committee consists of. There has to be expertise and experience in two or more of the following areas: drought resilience measures; climate risk; the agriculture industry; rural and regional community leadership and resilience; rural and regional development; applied research; agricultural extension; and economics. I wanted to go to the climate—

Senator STERLE: Write that down!

Senator RICE: risk perspective. As we've been discussing, climate risk is obviously of critical importance in making wise decisions about where expenditure is to be made. Where is the climate risk expertise in your committee?

Mr Finlay: Senator, you've got a list of the names of the people on the committee and their specialities.

Senator RICE: But can you tell me where the climate risk expertise lies in the members of your committee?

Mr Finlay: Across most of the committee, there are elements at—

Senator RICE: Can you tell me, if you go through the committee, where the climate risk expertise lies?

Senator Ruston: How could anybody be more aware of the risk of climate than a farmer?
Senator RICE: That's what I want to hear: what climate risk expertise exists on the committee. Climate risk is an incredibly significant field and there are a lot of very, very experienced people looking at the risk, particularly for Australian agriculture, from climate change.

Mr Finlay: Again, Senator, you have a list of the committee in front of you and the areas that they cover off.

Senator RICE: Can you tell me which members of your committee in particular have expertise in climate risk?

Mr Finlay: I haven't got what is next to them, but we have Dr Wendy Craik on the committee.

Senator RICE: What's her expertise in climate risk?

Mr Finlay: Wendy has been involved in agriculture for many years and has held many positions within agriculture. We have Dr Kate Andrews whose background is natural resource management.

Senator RICE: But do they have specific expertise in climate risk?

Mr Finlay: I think a lot of expertise is gained as you go on the journey.

Senator RICE: That was a specific area that was identified when we were talking. It's not just drought resilience in the agriculture industry and rural and regional communities. Yes, they have got that. What I want to know is the specific expertise they have in climate risk, which was seen as being important enough to be specifically mentioned in the expertise that was required by the committee.

Mr Finlay: Through the process of drafting the draft plan and also through the process of drafting the programs, we have access to a lot of departmental staff and other agency staff as well.

Senator RICE: So you're saying that in fact you don't have specific climate risk—

Senator Ruston: I'm actually going to take objection—through you, Chair—to the line of questioning that Senator Rice is going on here. Mr Finlay has obviously quite clearly answered Senator Rice's question by saying that the people on his committee, he believes, have a myriad of experience when it comes to climate adaptation and resilience.

Senator RICE: I'm happy to leave it here.

Senator Ruston: The fact that she doesn't like the answer that he's giving her because he hasn't said that he's got 17 scientists that write reports that Senator Rice reads doesn't mean that there is not a power of expertise on his committee. So I would ask you, Chair, if you could suggest to Senator Rice that she stop badgering the witness because he doesn't give her the answer that she wants.

Senator RICE: I'm giving Mr Finlay the opportunity to specify where the climate risk lies. We've heard about Wendy Craik and Kate—I can't remember what Kate's last name was. So I'm happy to leave it there. Thanks very much.

Senator DAVEY: Can I just put on record that Dr Wendy Craik is on the Climate Change Authority, and therefore, through that, not only has she got acknowledgement of climate change but she also has access to a lot of scientists that help her through that.

CHAIR: Terrific. I think that's a super end to that—that expertise. So thank you, Mr Finlay. We can release you and the Future Drought Fund Consultative Committee. We will remain with the Department of Agriculture, Water and the Environment and continue with outcome 3.

Department of Agriculture, Water and the Environment

[16:02]

Senator STERLE: Mr Metcalfe, while the officers are working their way around, you and I are going to play a game: I'm going to ask your officials a question, and they're going to answer yes or no. How does that sound?

Senator Ruston: What are you going to ask him? What kind of question.

Senator STERLE: It's that time of the day when I'm starting to think—

Mr Metcalfe: I'm not sure if I should say yes or no to that, Senator. We'll do our best to be succinct.

Senator STERLE: I know you will.

Senator Ruston: We can ask them to be relevant, but we can't tell them how to answer the question. Remember that.

Senator STERLE: Alright, let's see how we go.
Senator RICE: Can I just ask one question about drought specifically? It should be a quick one, I think. It is a yes or no, before you start, Senator Sterle. I just want to know whether the Drought Finance Taskforce is still in operation.

Mr Metcalfe: I think that that starts taking us into rural policy and farm performance on that list there, Chair, so I'll ask those colleagues to—

Senator BROCKMAN: So was that yes or no?

Senator RICE: Is it yes or no—or is it not a quick question? In that case, I'm happy for Senator Sterle to go.

Mr Metcalfe: They're nodding at me, so I'll risk my arm and say yes.

Senator RICE: Okay, I'll wait until it's my turn again to ask some more questions about it.

CHAIR: Terrific. Senator Sterle, back to you.

Senator STERLE: Great. Can the department provide an update on the progress of the Agricultural and Veterinary Chemicals Legislation Amendment (Australian Pesticides and Veterinary Medicines Authority Board and Other Improvements) Bill 2019?

Senator BROCKMAN: You can answer that with a yes or a no.

Senator STERLE: I'll say, 'Can you provide an update,' they'll say, 'Yes,' and I'll say, 'Good; make it less than 50 words.'

Mr Metcalfe: Yes.

Senator STERLE: Great. Where are we up to? Come on.

Senator BROCKMAN: You set the rules!

Senator STERLE: He was talking about this in the chamber the other day.

Ms Gaglia: Senator, I can answer your question. The bill is currently before the Senate. We're waiting for it to come on for debate. We're hoping that that will be later this month.

Senator STERLE: I think we started it last week, didn't we? I'm sure we did. Yes, we did. In regard to the board, is the department aware of statements by both CropLife and Animal Medicines Australia that they do not support the establishment of a board at present?

Ms Gaglia: Yes, we are.

Senator STERLE: Why has the government chosen to combine the establishment of the governance board with other measures which seek to improve the streamlining and other efficacies with regard to regulatory requirements?

Ms Gaglia: The government supports having a governance board in place and wanted one piece of legislation rather than two.

Senator STERLE: Has the department provided advice to the minister's office that industry is opposed to the board?

Ms Gaglia: Sorry, can you repeat that.

Senator STERLE: Have you advised the minister that the industry is opposed to the board?

Ms Gaglia: Yes.

Senator STERLE: This is the new minister now we're up to?

Ms Gaglia: Yes.

Senator STERLE: Is he aware that it's thwarting the effort to streamline and other efficiencies that the bill should remove the governance board?

Ms Gaglia: Yes.

Senator STERLE: In the Agricultural competitiveness white paper—I remember the white paper. Let's go to page 23 of the white paper. I'll make it easy for you. I'm quoting:

The Government will build on this work by further streamlining the approval of agricultural and veterinary chemicals to reduce industry and user costs by around $68 million and to improve the timely access to productivity-enhancing chemicals, while still ensuring appropriate safeguards.

How was the $68 million figure determined? I know it was five years ago.

Ms Kennedy: I'm sorry; I think we'll have to take that one on notice, but we should be able to come back to you later tonight. It's just that it was a little while ago.
Senator STERLE: I'd appreciate that. Thank you. With regard to the $68 million figure, can you also take on notice and come back to us with the time frame in which the reduced cost to industries and users would be achieved. Thank you.

Dr Chris Parker announced his resignation on 12 December 2019. Has his position been filled?

Mr Metcalfe: No.

Senator STERLE: Okay. So, when we talk about—

Senator BROCKMAN: Sorry, Senator Sterle, do you mind if I find out where the process is up to on filling the CEO's position?

Senator STERLE: No. I'm going to do it too, so you can take the pressure off me. We'll do it together, Senator Brockman.

Mr Metcalfe: Mr Parker remains in the role. There's a selection process currently underway, but not completed, for his successor. Mr Parker will return to the department as a division head following the commencement of his successor at the APVMA.

Senator BROCKMAN: So it's been advertised?

Mr Metcalfe: It has, and interviews have taken place.

Senator BROCKMAN: When was that?

Ms Kennedy: Applications closed on 12 January, and interviews have taken place since then.

Senator STERLE: We don't want to jeopardise anything, but have we got a few people who've applied?

Mr Metcalfe: I think we're happy with the field.

Senator STERLE: And do we have an idea of when you will be appointing the new—

Mr Metcalfe: It is a statutory appointment. It hasn't, as far as I know, yet been taken to the point of finalisation to go to the minister, who would then need to take it through the appointment process. So it will be a little while yet. We are certainly, I think, all keen to have the new arrangements in place so that Mr Parker can move on to his next job.

Senator STERLE: Back at the department?

Mr Metcalfe: Yes.

Senator STERLE: I have some questions on forestry. I'm going to put them on notice.

Senator SHELDON: We held these questions over from earlier. They're on the Richards matter. Is the department aware who the current owner of 91 Beardy Street and 102 Taylor Street in Armidale is?

Mr Metcalfe: We'll need to get the right people back here, Senator.

Ms Kennedy: I was watching proceedings earlier and I think you were holding those over until APVMA arrived. This is still Agvet Chemicals, within outcome 3 for the department.

Senator SHELDON: Do you know what? I've completely jumped the gun again. There you go. I've done it twice.

Senator STERLE: That's because you thought we were up to speed with the program. That's how we trick everyone.

Senator SHELDON: I'll leave that question for later.

Senator STERLE: While I've got you here, Mr Metcalfe, I want to ask questions around the NFF's annual road map scorecard. I believe it commended:

… the Federal Government announcement in July 2019 to develop a national plan which will enable the agriculture, fisheries and forestry industries to reach a $100 billion by 2030.

Can you let the committee know whether the work to develop a national plan has commenced.

Ms Laduzko: As you mentioned, the NFF did indicate that that was a goal for the industry, an aspirational goal of $100 million by 2030. We've certainly been giving some thought to that within the department. The 2018-19 figure for production levels is about $62 million, so, obviously, there's still a way to go to reach the $100 million. But there's certainly been discussions with our state and territory counterparts, and industry, in relation to how the sector might grow over the next 10 years.

Senator STERLE: So can you tell us when the national plan will be completed? Do we have a date—an expectation of a date?

Ms Deininger: Do you mean the NFF's national plan?
Ms Deininger: They've issued a road map—

Mr Metcalfe: I think this is the NFF's work rather than the department's work. My understanding is that their annual report card had its first progress report on 14 October 2019.

Ms Deininger: That's a matter for the NFF, Senator.

Ms Laduzko: I think the NFF, when it released its road map, committed to doing annual scorecards against progress towards the target and delivery of their pillars which are set out clearly in their plan. They've issued their first one, so I would expect that each October they will issue another scorecard where they look at how all of it—industry, governments—is progressing towards delivery of those commitments.

Mr Metcalfe: We know that they had a report card provided on 14 October 2019.

Ms Laduzko: NFF has its road map out and it believes, after a long, extensive consultation process, that it reflects their aspirations for the sector and they've got a target. Are you talking about a national plan in terms of the government's looking towards its role in enabling the growth or are you talking specifically about the NFF's road map?

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Ms Deininger: Yes. Their road map.

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relation to developing such a register—animal welfare, theft of horses, safety of riders, biosecurity and so on. Our role will be to bring the various aspects of our department, including biosecurity, to those discussions around the Horse Traceability Register.

Senator FARUQI: The department will have a representative on the working group. Is that what you're saying?

Ms Deininger: Yes, and we will contribute; that's right.

Senator FARUQI: Will the contribution be in terms of budget or just staff resources?

Ms Deininger: In terms of staff resources.

Senator FARUQI: Is there a time line for when this will end? When will there be a proposal for the horse register?

Ms Deininger: My understanding is that the Queenslanders and the Victorians will develop a work plan, and there will be a report back at the next AGMIN meeting, which is mid-year, around June or July.

Senator FARUQI: So they will develop a work plan and that will be reported? You said July?

Ms Deininger: That's right—June or July. The final date for that meeting hasn't yet been set.

Senator FARUQI: Is there a particular reason why Victoria and Queensland are leading the formation of the register, rather than the federal agriculture department, given that it is a national register?

Ms Deininger: Certainly the standards and guidelines that the states operate, in terms of animal welfare, are all administered and legislated by the states and territories, and clearly Queensland has a particular interest in horse traceability, given the recent events at the Meramist abattoir. This came in part through the recommendations of the Martin inquiry. So there's some real expertise—not only veterinarian and animal welfare expertise but on-the-ground expertise—that the states and territories can provide.

Senator FARUQI: Minister, as you are aware there was a Senate inquiry into the feasibility of a national horse traceability register, which reported in November last year. It's been three months since they reported. I'm wondering when there will be a government response to the recommendations of that inquiry.

Ms Deininger: If I may—the department has prepared a response, and it will go to the minister. We just needed to make sure that it took into account the most recent decisions of the ag ministers meeting, which was only about a week ago. We're just making sure the response to the Senate report is current. So we'll be providing that and we hope it will be provided to the committee very shortly.

Senator FARUQI: As in a few weeks?

Ms Deininger: It needs to be provided to the minister. The minister will consider it and then provide the response.

Senator FARUQI: When will you provide it to the minister?

Ms Deininger: I expect in the coming couple of weeks we'll provide it to the minister. But we did need to update the response, given the recent decisions and the work of the states and territories.

Senator FARUQI: There was another issue discussed in the Agriculture Ministers Forum—and the communique referred to that—which was that Queensland will also lead a review of the suitability of horses within the Australian Animal Welfare Standards and Guidelines for the land transport of livestock. The guidelines do allow horses to be without water for, let's say, 24 hours. I just want to know: are those the sorts of things that it will be looking at?

Ms Deininger: Yes. I understand that there are some concerns to make sure that, when horses or indeed other animals are loaded onto transport vehicles, they are in a fit state to travel. That's going to be the focus of that Queensland work—to make sure that the land transport guidelines for livestock, and horses in particular, are appropriate and current and take into account the latest thinking and standards.

Senator FARUQI: Those are federal guidelines, though?

Ms Deininger: No. They're state and territory guidelines.

Senator FARUQI: From what I understand the Australian Animal Welfare Standards and Guidelines are federal guidelines.

Mr Blong: The Australian Animal Welfare Standards and Guidelines are a harmonised set of state and territory regulations. The regulations are in state and territory law. They might be agreed nationally, but they're not seen in federal regulations.
Senator FARUQI: What role would the federal department have in reviewing those guidelines with Queensland?

Ms Deininger: Similarly to the contribution we'll make on horse traceability, we obviously have a lot of veterinarian expertise and understanding of the abattoir system and so on, so we'll be bringing that expertise. But, as Mr Blong mentioned, the guidelines are legislated in the states and territories, so that's why it's appropriate for them to lead.

Senator FARUQI: Thank you.

Proceedings suspended from 16:19 to 16:36

CHAIR: We'll resume.

Senator STERLE: I've got my act together now. I missed a page, so I want to go back to those three questions. This stems from the government's plan to enable agriculture, fisheries and forestry to reach $100 billion by 2020. The NFF came out and endorsed it and said it was a great thing.

Senator Ruston: That's not correct.

Senator STERLE: No, the Prime Minister threw his support behind the National Farmers Federation's plan.

Senator Ruston: Yes.

Senator STERLE: That's it. Now I've got it. Thank you. So he backed in their $100 billion vision; correct? The PM was saying the government would develop a comprehensive plan to achieve that growth target. So it's the government's plan, right?

Ms Deininger: Yes. Work is being undertaken as to how we might support the sector.

Senator STERLE: Right. Fantastic. So what work have you done?

Ms Laduzko: Yes, that's correct. The PM did announce that government would be working towards a national plan to help enable industry work towards its vision to be a $100 billion industry by 2030. We dedicated a few resources and started in August. We've thought about what that might mean. It's not just a matter for this portfolio; it's a whole-of-government initiative. As you would know, there are many factors that would help support our agriculture sector to grow that aren't inside this portfolio. We did some targeted stakeholder engagement with a range of groups. As you would know, there is a House of Reps standing committee inquiry currently underway on opportunities and challenges for industry in achieving that goal. We've been watching its submissions very closely. We also did some targeted engagement with different groups in the lead-up to Christmas last year. We've also, as I think Ms Deininger mentioned before, initiated a working group process with states and territories to see how we fit together in this story and are having some discussions with other portfolios within the Commonwealth with a view to how best the Commonwealth can assist industry in its growth objective, including long-term growth. Irrespective of the specifics of the metric, it's about a long-term vision for supporting industry to grow.

Senator STERLE: Cool. When will your plan be completed?

Ms Laduzko: We don't have a finite reporting date. If you take the PM's statement, we had originally intended to be working towards a mid-year conclusion of the strategy. We already talked today about the impacts of the drought and the coronavirus. That was a very important short-term priority for the government to think about. We concluded we need a bit of time to bed down the implications of those events before we finalise a strategy. We probably anticipate needing more engagement with industry before we conclude any positions.

Senator STERLE: Yes, I think you would want to. In that case, then, how will your plan address pillar 2 of the NFF's road map?

Senator CICCONE: Just on Senator Sterle's earlier question and your answer, are you able to provide the committee with all the groups you met and on what dates?

Ms Laduzko: Yes, I'll take that on notice and provide that information. So pillar 2 is 'growing sustainably'. I suppose, in some ways, we just need to step back a bit. We were looking at what we thought would be the key drivers to support growth in the sector. It would be no surprise that a sustainable sector will be important to the future growth of the sector. We have been looking at what we've already committed to and having a few discussions around how best you would roll that out and whether there are any particular gaps where the Commonwealth is a particularly effective player in that. I don't have carriage of a number of the specific responsibilities there, but there have been government commitments to stewardship. We've just heard the Future Drought Fund talk about drought resilience—

Senator STERLE: Sorry, but that talks about the ambitious target of achieving carbon neutrality by 2030?
Ms Laduzko: That's right. That's an NFF ambition they have set for industry. From our point of view, the NFF have done comprehensive road map of what all members party to this agenda need to contribute. We have been looking at where specifically Commonwealth contributions would be most effective rather than asking, 'How do we meet each one of these?' I think you have heard evidence before around how the red meat sector has set its own objectives around carbon neutrality for its industry.

Senator STERLE: Yes, there is work in progress there.

Ms Laduzko: We are in the same shape—"Where can we best assist the agenda?" But we can't do all of it, and NFF would not expect that either.

Senator STERLE: I want to move on and talk about sugar. Whose area does the Sugar Code of Conduct fall into?

Ms Deininger: That's my area.

Senator STERLE: Let's have a look. We know there were a few bits of activity around there. This committee did a fair bit of work on this many years ago to support the sugar growers. We know that. I believe it's 400 days now since the minister announced that an amendment was to be made to the code. So there's been a review. The particular amendment I'm talking about is being made 'to avoid unintended consequences and to provide millers with investment confidence'. That amendment hasn't been made, has it?

Ms Deininger: I'm not familiar with that amendment.

Senator STERLE: I want to work our way through this. I don't want to go through two hours of preamble, but, if I'm missing something, give me a look and I'll go through the two hours of preamble. On 18 September 2019 in question time we had the former agriculture minister, Senator McKenzie, refer to the departmental review of the code, saying:

In 2017, our government introduced the Sugar Code of Conduct to provide for pre-contract arbitration when growers, millers and marketers fail to agree to terms, contracts or agreements …

Is that correct? You are aware of that?

Ms Deininger: Yes.

Senator STERLE: Senator Roberts, I think you'll be all over this too. She also said:

The review of the code last year sought feedback and evidence as to whether the code was operating as intended. Are you aware of that?

Ms Deininger: Yes, there was a review.

Senator STERLE: She then said:

Following significant consultation, the government committed to retaining the code, which continues to provide certainty for growers, millers, marketers and the many thousands of Australians employed in the sugar export supply chain. With the code in place, growers, millers and marketers are now able to get on with the job. Can the department confirm that there were mixed views from submitters to the sugar code review that the code provided certainty?

Ms Deininger: I don't have a list of all the responses in the submissions process. When you have an open submission process, it is often the case that people have mixed views. I would make that as a general statement—that often these things have mixed views.

Senator STERLE: I did the inquiry. You didn't have 400 growers in Townsville all coming into the one hallway. They didn't have a mixed view, I can tell you that. But, yes, I do understand what you are talking about. Did the Australian Sugar Milling Council call for a repeal of the code, saying it had 'added complexity, uncertainty and cost to the industry, deterring investment, arresting growth'—I've never heard of 'arresting growth', but anyway—'and undermining competitiveness'. Are you aware of that?

Ms McMorrow: We don't have on hand the exact submission by the Australian Sugar Milling Council, but I can say that, in general, the millers would like to repeal the code.

Senator STERLE: Yes, sure. I'm not going to hang you by your toenails if you can't go verbatim. That's fine. Thank you. Is it true that the ASMC submission to the review also said:

Following a period of strong investment post deregulation in the 2000s, it is estimated by milling companies that the recently re-regulated environment—

that's your fault, Senator Roberts—

has seen a reduced level of discretionary capital investment by up to 90%.
Are you aware of that statement?

**Ms McMorrow:** Again, we don't have the submission on hand.

**Senator STERLE:** Is it far away?

**Ms Deininger:** We can check.

**Senator STERLE:** Well, I wouldn't lie to you—have a look at this head!

**Ms Deininger:** I'm happy to check if that's their feedback.

**Senator BROCKMAN:** It's not going to be your policy as well, is it, Senator Sterle?

**Senator STERLE:** Mate, I worked hard. You know where I stood on the sugar, against all from my side. You know exactly where I was on that. I'm for any worker that wants to make a dollar, especially our truckies—let's not start on how they get screwed. That's for another one. Now, it is also true that to address uncertainty of investors, such as milling companies, the review recommended amendment of the code to clarify the scope of the arbitration provisions. Are you aware of that?

**Ms Deininger:** Yes, that's correct.

**Senator STERLE:** Does the department consider that the former minister misled the Senate when she stated: With the code in place, growers, millers and marketers are now able to get on with the job.

**Ms McMorrow:** I'm not in a position to comment on what Minister McKenzie or other ministers may or may not have said in the parliament. I think it's fair to say, as we've discussed, that in the submission processes there are varying views in relation to all codes, I would suggest. It's not necessarily just in relation to sugar. There will be different views in relation to other codes—food and grocery or other things.

**Senator STERLE:** Yes, me too. Did the current minister, David Littleproud, bring forward the sugar code review?

**Ms McMorrow:** Yes, the sugar code was reviewed under Minister Littleproud.

**Senator STERLE:** Can you tell me why it was necessary to bring forward the review date?

**Ms McMorrow:** I don't have that at hand, although I will note it was only brought forward by a couple of months.

**Senator STERLE:** I don't know. I have no idea of the dates, but I just want to confirm that it was brought forward and why.

**Ms McMorrow:** It was brought forward by just a couple of months.

**Senator STERLE:** It doesn't matter. If someone's death sentence got brought forward a couple of months, it'd be bigger.

**CHAIR:** As a senator who lives in Townsville, I can tell you that it was brought forward because growers asked for it to be brought forward. Did you know that?

**Ms Deininger:** Thank you, Chair.

**Senator STERLE:** You didn't? So, Senator McDonald, my next question is to you!

**CHAIR:** Thanks very much, Senator Sterle.

**Senator STERLE:** Is it true that the current minister, on 12 December 2019, stated in a media release that the government had accepted five of the six recommendations made by the review team?

**Ms Deininger:** We would have to take that on notice.

**Senator STERLE:** You have no knowledge of that?
Senator BROCKMAN: I'm sure all members of the government supported it with enthusiasm.

Senator STERLE: The 'Fast facts' section of the MR states:

- The review included sixty written submissions and face to face meetings with key stakeholders.

Can you recall that?

Ms Deininger: There was certainly consultation.

Senator STERLE: If I said there were 17,000, what would you say then? You'd say: 'That's a load of BS. It wasn't 17,000; it was more likely about 60 or something.' So have your best shot. You aren't going to get in trouble. Does it also state:

- The code sets out a strict process for pre-contract arbitration when growers, millers or marketers fail to agree to terms of contracts or agreements with each other.

Are you aware of that?

Ms Deininger: Yes.

Senator STERLE: Great. Thank you. Does it also state:

- The code will be amended to make it clear that pre-contractual arbitration only applies to raw sugar and not to any other products from sugar cane.

Mr Thompson: That's correct.

Senator STERLE: Okay. Can you confirm it also says:

- This code is secure and any changes to it in the future will be subject to a disallowance process. Any attempts to repeal it would be subject to parliamentary oversight.

Ms Deininger: My understanding of codes generally is that it's a regulation, it's tabled and it's subject to a disallowable period.

Senator STERLE: Sure, and you can only change it or repeal it through parliamentary oversight.

Ms Deininger: Yes, because of that process of disallowance.

Senator STERLE: Great. Does it also state:

- The provision that allows growers to choose their marketer will remain.

Ms Deininger: That's correct.

Senator STERLE: Thank you. And:

- A further review of the code will be undertaken in four years' time to assess whether the code is still needed.

Ms Deininger: Yes, that was in the government response.

Senator STERLE: Great. Thank you. And:

- The review will consider recommendations made by the Australian Competition and Consumer Commission (ACCC) in regards to penalties and investigative powers at the next review to determine if further ACCC involvement is needed.

Ms Deininger: We don't have the full response here, but perhaps we can move on and come to your question.

Senator STERLE: Yes, sure. The Morrison government—the Morrison one now—committed to amending the code post the review. Has that amendment been made?

Ms McMorrow: No, it hasn't.

Senator STERLE: Did the department present the current minister or his office, before the election, with a proposed amendment?

Ms Deininger: We're not in a position to talk about the content of specific advice that we give to the minister. Certainly it's the case that the amendment hasn't been made.

Senator STERLE: No, I'm just saying: did you have a proposed amendment? There was going to be an amendment. Did you present it to the minister?

Ms Deininger: I wasn't in the role at that time, so I would have to check.

Senator STERLE: You see, that's the sort of answer that doesn't flare me up.

Ms McMorrow: I can take that question.

Senator STERLE: Great. Thank you.

Ms McMorrow: We did provide advice to the then minister for agriculture, Minister Littleproud, on 26 March 2019.
Senator STERLE: Thank you kindly. If you don't know, pass to your colleague. Then I don't have to sit here and get cranky. Did you say 16 March?

Ms McMorrow: It was 26 March 2019.

Senator STERLE: Thank you. Did the department present the former minister, Senator McKenzie, or her office with a proposed amendment?

Ms McMorrow: We did provide advice to Senator McKenzie on 18 October 2019.

Senator STERLE: Thank you. Has the department presented the current minister or his office with a proposed amendment?

Ms McMorrow: We have discussed with the current minister the proposed amendments.

Senator STERLE: And the date?

Ms McMorrow: Over the last week or so. I don't have a specific date.

Senator STERLE: Sweet. Thank you. Does the department know why the agriculture ministers are refusing to act on the recommendations of their own review? Do you have any insight?

Ms Deininger: We can seek the views of the minister in relation to that. You're asking for the minister's opinion.

Senator STERLE: He may have shared it with you.

Ms Deininger: He has not shared with it me.

Senator STERLE: He may have said, 'Wilmar might go broke or something if they have to pay a few bob.' I don't know.

Ms McMorrow: The minister hasn't shared with it me either.

Senator STERLE: Thanks. Can you tell us the current status of the amendment and how many days it has been since the agriculture minister committed to implementing four of the review's recommendations?

Ms McMorrow: The government response was released on 12 December 2018. I don't have the number of days in my head.

Senator STERLE: Okay. When was the Sugar Code of Conduct first invoked by any party? Do you know?

Ms Deininger: It's just recently been invoked in relation to the pre-arbitration clauses.

Senator STERLE: Just recently? I'm sorry; I missed that.

Ms Deininger: It's being utilised currently in a dispute. I'm just trying to find the date.

Ms McMorrow: I've got it. In November 2019, the Tully cane growers requested that the Treasurer appoint an arbitrator under the code.

Senator STERLE: That's the growers.

Ms McMorrow: Yes.

Senator STERLE: Okay. So just recently. You said 'the Tully cane growers', so they're obviously having a blue with Tully Sugar; is that correct?

Ms McMorrow: There is an arbitration under the code, yes.

Senator STERLE: There is an arbitration between them. Was the arbitrator appointed by the Treasurer at the request of Canegrowers?

Ms McMorrow: Yes, it was.

Senator STERLE: Who's the arbitrator?

Ms McMorrow: The arbitrator is Mr Russell Thogood.

Senator STERLE: Does the arbitrator have until 17 March of this year to make his determination? Is that correct? Is that the final date when the hammer comes down?

Ms McMorrow: That's correct, yes.

Senator STERLE: Is it that, once he's made the decision, that's it—no way to appeal or anything like that?

Ms McMorrow: That is my understanding, but I could check that.

Senator STERLE: Okay. Do the matters in dispute relate to any other matters besides raw sugar? Do you know?

Ms Deininger: We're not privy to the arbitration and the terms thereof.
Senator STERLE: Has the arbitrator been informed that the matters on which he should arbitrate are limited to raw sugar?

Ms Deininger: We've not had any interactions with the arbitrator. That's a matter that's handled by the Treasury portfolio.

Senator STERLE: Okay. That's no worries. Do we know what the minister would do if the arbitrator made a determination on a matter other than raw sugar? Have you had those conversations?

Ms Deininger: I'm not in a position to talk about things in the hypothetical.

Senator STERLE: Let me help you out. If you ever want to move your house, I'll come and do it for you because I'm a furniture removalist. So why don't we just do this: you're a dep sec; if you don't know, say, 'I don't know.' I'll be pretty relaxed with that. Don't practise the bureaucratic things you learn at bureaucratic school, please. Now, after that, media reports claim that Tully Sugar has asked the Queensland Supreme Court to declare the code invalid. Are you aware of that?

Ms Deininger: Yes.

Senator STERLE: Has the department sought legal advice in relation to that Supreme Court action?

Ms Deininger: No.

Senator STERLE: You do know it has happened, but are you aware of what the basis is for Tully Sugar asking the court to declare the code invalid?

Ms Deininger: No. We're not across any of the details. That's not a matter that is within our purview. That's before the courts.

Senator STERLE: Yes, no problem. That will do on sugar for now, but I'm sure there are other senators who want to ask questions around sugar.

Senator BROCKMAN: I still have some on outcome 3.

CHAIR: Okay. Senator Brockman and then Senator Roberts.

Senator BROCKMAN: The wheat port access code: that is outcome 3, I think—ag policy.

Ms McMorrow: Yes, it is.

Ms Deininger: That's right.

Senator BROCKMAN: Where are we up to?

Ms Deininger: The review of the code was published in October 2018, and we're working with the Treasury and the ACCC in relation to the response to that.

Senator BROCKMAN: When are we expecting an outcome?

Ms Deininger: We'll need to brief the minister. We're doing some investigative work with Treasury and ACCC. You might recall that one of the recommendations was in relation to applying the code to all grains rather than just wheat, so we're undertaking that work with Treasury and ACCC.

Senator BROCKMAN: With the very important caveat that Western Australia did not want to be part of the code. It is my understanding that that remained the position of the Western Australian wheat industry. Is that still the case?

Ms Deininger: My understanding is that the code has to apply in all jurisdictions, rather than—

Senator BROCKMAN: Yes. But, as it currently stands, Western Australia has an exemption from the code.

Ms McMorrow: Senator, I think you're referring to the fact that a number of ports do have exemptions from parts 3 to 6 of the code, is that correct?

Senator BROCKMAN: Yes.

Ms McMorrow: Yes, that remains the case.

Senator BROCKMAN: And does that remain the West Australian grain industry's broad position: that they wish to maintain those exemptions? Is that your understanding?

Ms McMorrow: I'm not sure of their position, to be honest.

Senator BROCKMAN: Can anybody else answer that?

Ms McMorrow: We can take that on notice.

Senator BROCKMAN: Okay. I just want to make sure that the position of the West Australian wheat industry is still being factored in to this decision-making process, which seems to be dragging out.
Ms Deininger: Yes, we'll check.

Senator ROBERTS: I've got two sets of questions, one to do with farmers getting access to assistance, and another with access to the Indonesian market for grapes. It has come to my attention from many rural constituents that obtaining direct small-grant assistance is difficult, with many claims being rejected on the basis of harsh criteria. Are you aware of that?

Ms Deininger: Are you able to elaborate which program that is in relation to specifically?

Senator ROBERTS: No, I'm not. It's small-grants assistance—it's assistance with regard to the drought. I haven't got the title with me.

Mr Metcalfe: Senator, there are a whole range of programs associated with the response to the drought. It would probably help us if we could find out which of those particular programs you were referring to. We're very happy to be of assistance to you if we can, but I think we just need to know a bit more detail.

Senator ROBERTS: I'll get from that my office and send it to you. In the meantime, I'll just give you some description of why people are upset. They're being asked what items they have in their fridges, or being asked to produce unpaid or overdue bills to prove a need. Isn't that process demeaning for rural people who, quite clearly, are drastically affected by the drought and need this assistance urgently? Many rural people are very proud and they don't want to take what they may see as welfare—but they need it.

Ms Deininger: These grants, Senator, might be run through the department of infrastructure. I understand they have a number of small-grant programs that might be run through the not-for-profit sector. It might be those that you're referring to. But, certainly, if you were able to get the name of the grant, we can then check. I suspect, from what you're describing, that it might be those that are administered by the department of infrastructure.

Senator Ruston: They could also be grants that are administered under the drought recovery task force. They could be grants that sit in my portfolio area that are administered through the Department of Social Services, particularly the money available to people impacted by bushfire. They could be a number of different grants.

Senator ROBERTS: Thank you, Minister. I think they're more recently-released grants—in the last six months or so.

Senator Ruston: If they were released in the last couple of months, they're quite possibly in response to the bushfires.

Senator ROBERTS: I'll get the exact titles. When I send that to you, I'd also like to know: are small-business owners included in this relief program?

Senator Ruston: For small-business owners, there was a specific grant round that was made available under the bushfire response, and it was up to $10,000, I think. But I'm keen to make sure I get you the right information. And there's a small-business support program as well.

Senator ROBERTS: That's for the fires, though, isn't it?

Senator Ruston: No, that one's drought. There are so many different programs that have all responded to floods, fire, drought, et cetera that, without knowing the exact program, we could be giving you misleading information.

Senator ROBERTS: Dorothea McKellar was pretty accurate. Let's move to access to the Indonesian market. On 10 February I asked the minister for trade, Senator Birmingham, about market access for Australian primary produce in Indonesia, specifically table grapes. Senator Birmingham offered to accept direct representations from farmers and said that those would be advocated on to Indonesia. I thank the minister for that. I'm aware that at least one farmer has taken up his offer. What is the state of that representation?

Mr Thompson: I can't speak to what the representations were from the farming sector to Minister Birmingham specifically, but both Minister Littleproud and Minister Birmingham are very well aware of the issues that the industry is facing in gaining access to Indonesia for table grapes this season. There appears to be a problem with the Indonesian government signing off on approvals for Indonesian importers to bring in Australian table grapes. Both ministers have been working closely with the department and Minister Birmingham's department to raise this issue at the most senior levels. Minister Littleproud has written to his counterpart, Minister Limpo, seeking his assistance to urgently resolve this issue. Senator Birmingham, as I understand it, has also raised the issue with the coordinating minister for economic affairs in Indonesia to resolve the issue. And our head of mission, our ambassador in Jakarta, is also making representations on behalf of the sector. I might just ask Mr Creaser if there's anything that he wants to add.
Mr Creaser: Probably the only other thing I would add to that is that we are in regular contact with the peak industry body, the Australian Table Grapes Association, which does represent growers in Victoria and other states. On that representation made by them, we have been continually engaged with them over this period of time. It is really critical for the industry to get those permits, and so we're very conscious of the importance of this matter to the industry.

Senator ROBERTS: I've got a few more questions on that. Do you have any time frame for the outcome? I guess it's difficult.

Mr Creaser: Really we're very much beholden to Indonesia's process here. As Mr Thompson has indicated, it's very much in the hands of the agriculture minister to sign the appropriate paperwork.

Senator ROBERTS: Perhaps we might have another discussion, or an extended discussion. Are you aware that Indonesia has a policy of self-sufficiency in agriculture? To quote Indonesian President Joko Widodo, 'I'm convinced that, in the next four or five years, we'll be able to achieve the so-called food self-sufficiency, food security and food sovereignty.' He said that in his opening speech to the Jakarta Food Security Summit in 2015. So 'four or five years' is now. In last year's presidential debates, President Widodo refused to contradict his main rival, General Subianto, when he called for a total ban on food imports to protect Indonesian farmers—a total ban. Has your department considered that we have signed a free trade agreement that strikes at the heart of the Indonesian policy of food self-sufficiency and, as such, won't be honoured?

Mr Thompson: We are aware of the Indonesian government's aspirations and their policy in relation to food self-sufficiency, but also, importantly, balancing that with food security. And we're very conscious also that the Indonesia-Australia Comprehensive Economic Partnership Agreement represents a very significant step forward in the improved trade arrangements between the two countries, in particular in relation to agricultural products. We—and I understand the government—have no fears, at this stage at least, of Indonesia honouring the IACPEA, as we intend to do so.

Senator ROBERTS: President Widodo, on his recent visit to sign the Indonesia-Australia Comprehensive Economic Partnership Agreement, did not mention the food importation aspects of that agreement in his remarks. Is that correct?

Mr Thompson: I'm not aware of that, sorry.

Senator ROBERTS: The 45-point joint communique between our Prime Minister and the Indonesian President issued after the signing mentioned most other aspects of the Indonesia-Australia Comprehensive Economic Partnership Agreement but did not mention market access for agriculture. Is that correct?

Mr Thompson: I did scan that document at the time of the President's visit, but I don't recall agriculture not featuring in it.

Senator ROBERTS: So what confidence can Australian farmers have to make business decisions to invest in export crops when Indonesia appears to have no intention of honouring the agreement?

Senator Ruston: I would like to perhaps request that you reconsider what you've just said, in saying that the Indonesian government has no intention of honouring this agreement. I don't think that you are in a position to say that. And I'd respectfully suggest that that is not a helpful comment for a senator of the Australian government to be saying.

Senator ROBERTS: I understand your concern, but I'm just quoting the two senior officials in Indonesia—the President and his rival for the presidency. They both seem to support food self-sufficiency and banning of imports of agricultural products.

Senator Ruston: Their desire for food self-sufficiency is obviously a very honourable desire for them to have. But to then extrapolate that out as that they were not intending to honour an agreement that they've entered into with the Australian government I think is a bridge too far.

Senator ROBERTS: I have lot of respect for you, Senator Ruston. However, all I'm doing is quoting them. I'm not extrapolating. It's not a bridge too far.

Senator Ruston: You are. The point that I took offence to and suggested that you might reconsider is when you said that you believed that the Indonesian government was not intending to honour its agreement. The comments you've made from that release are one thing, but to say that you don't believe that they will honour the agreement is taking it a step further, I think, and I would ask you to reconsider that comment.

Senator ROBERTS: Let's put it another way, then. Is it a possibility that the Indonesian government would honour the commitments of the Indonesian President in the last election and the Indonesian opposition leader in the last election?
**Senator Ruston:** Given the very close economic relationship that we have with Indonesia, I think it's reasonable to expect that, like us, and the Indonesian government is—will honour the agreement that it has with Australia.

**Senator ROBERTS:** Are you aware that nations can use non-legislative barriers, such as bureaucrats waiting six months for import licences or not staffing an office for import licences adequately?

**Mr Metcalfe:** So-called non-tariff trade barriers—

**Senator ROBERTS:** Yes.

**Mr Metcalfe:** are a feature around the world. In fact, some people accuse Australia of employing those tactics, which, of course, we completely reject.

**Senator ROBERTS:** And our lack of subsidies here would tend to reinforce your position.

**Mr Metcalfe:** That's right. We strongly believe, and I think the evidence shows, that there is a very strong flow of trade between Australia and many countries, and we are overwhelmingly a significant exporter of agricultural products and food to many countries, including Indonesia.

**Senator ROBERTS:** That doesn't mean, though, that we can't be a bigger exporter, or that there aren't restrictions, officially or unofficially, in our way.

**Mr Metcalfe:** There's been some discussion earlier about the aspirations of the NFF and the wider industry to grow to a $100 billion industry, and that's going to be achieved by trade. But I do note that this is in the context of a world where populations are growing, particularly in key markets to our north, and where consumers are becoming more wealthy, generally. Australian agricultural exports have got a very strong future because of the qualities they have: their safe, clean and green nature. So, in general terms, agricultural trade will be critical to the growth of the sector, but we find ready markets in relation to the products because the quality of our products is so good.

**Senator ROBERTS:** I agree with you. Our farmers are second to none, aren't they. And yet we don't seem to have the infrastructure planned. We don't seem to have some of the taxation policies we need to be really competitive. We don't seem to have the policies that will give us, our farmers, confidence that they won't be ripping out their crops.

**Mr Metcalfe:** I don't agree with that. I think that Australian farmers have—for decades, over a century—shown the extraordinary ability they have in farming this continent to produce goods that are second to none on the world stage and will continue to do so. The role of the government, or governments more generally, in facilitating that is really: how can we help through promoting research and innovation, through promoting trade and market access. How do we find ways to not provide impediments. How can we help exporters get their goods away more quickly—particularly where we have a role around export certification, for example. So I think that one of the clear objectives, not only in my department but of our counterpart state departments, is helping our farmer sector grow and prosper. A lot of that's going to be through trade. A lot of that's through working with our trading partners. We have a network of around 20 agriculture officials in key locations around the world who are down in the detail on those very issues that you talked about—about ensuring that there is market access. And, of course, we work very closely with Austrade and DFAT and the commodity organisations in that goal.

**Senator ROBERTS:** While I agree with much of what you said, having been around the Murray-Darling Basin and outside the Murray-Darling Basin, there's a lot that's left to be desired for ensuring the productive capacity of this country, agriculturally, into the future.

**Mr Metcalfe:** We can always do better. Again, part of the discussion here this afternoon has been about investment, such as the Future Drought Fund, and the ability to help adaptation in what is a drier and warmer climate in a country that many people from the outset would say is a pretty difficult place to farm. So I think that the capability of our farmers and others in the agricultural sector, their innovation and, increasingly, their trade focus is extraordinary. Later tonight you'll hear from Meat & Livestock Australia. Australian beef is the champagne of the global beef industry. The quality is second to none. Australian grass-fed beef and lamb are second to none globally. But there are many areas that governments and industry will continue to work together in to ensure that profitability.

**Senator ROBERTS:** And we've got to be careful of things like live cattle bans, which hurt those industries.

**Senator Ruston:** I'll just put something on the record in response to Senator Roberts's questioning to reassure you: the Indonesian parliament ratified the IA-CEPA—the FTA agreement between Australia and Indonesia—on 6 February this year.

**Senator DAVEY:** I have a few questions about organics and market access.
Mr Metcalfe: We'll get our organic person to come forward!

Senator DAVEY: Thanks. My understanding is, to sell organic produce both in Australia and in the export market, you have to go through an approved certifying organisation. So how does the department assess who can be an approved, organic-certifying organisation?

Ms Langford: We undertake a process, including looking at the fit and proper status of the individuals involved in the business, the way that they go about assessing other organisations and their organic status and a range of other criteria which I can provide on notice, as I don't have them available to me right now. That includes annually reviewing their business processes, witness audits and things like that to make sure that they're undertaking correct processes to be able to certify on behalf of the Australian government.

Senator DAVEY: Do you check whether all approved certifying organisations have an ISO 17065?

Ms Langford: I'd have to take that on notice, I'm afraid.

Senator DAVEY: Please do, if you wouldn't mind. My understanding is that there are importing countries that actually require the accreditation to be approved under an organisation that has an ISO 17065.

Ms Langford: Yes. There are two aspects to the assurance we provide to markets. One part of that is what we certify on the export side of things—what we require an organic certifier to certify to. Everything labelled 'organic' leaving the country must have an organic produce certification attached to it. That's within our regulatory framework. Like with all exports, there are also sometimes additional things that we certify to because the importing country requires that. That is actually different, market by market. So that's why I'd have to take that one on notice—because it does actually depend on the market that we're dealing with as to what additional requirements they might need as part of that certification.

Senator DAVEY: Therefore, if we do have approved certifying organisations who don't hold that ISO, they would be limited, as the products that they certify would not be able to access those markets.

Ms Langford: It would be depend on the market.

Senator DAVEY: Please take that on notice, because I think that's quite important. How many approved certifying organisations are there, currently?

Ms Langford: There are six.

Senator DAVEY: Currently six?

Ms Langford: Yes.

Senator DAVEY: But you can't tell me if they all have that ISO?

Ms Langford: I'm sorry, no. I don't have that detail with me.

Senator DAVEY: Just quickly, on SDN-1 gene editing, what methods of traceability have the department put in place so that organic producers can be confident under the changes that we've just imposed—that they're still going to have adequate market access and protections?

Ms Deininger: My understanding is that at the moment there is not technology available which can identify whether an SDN 1 change happened naturally or has been subject to a modification. So that's really, I guess, the first hurdle, if you like, or the first barrier to doing that test unless, of course, an organisation explicitly says they've made that gene adjustment. But certainly at the moment, my understanding is that there's no technology to make that distinction.

Senator DAVEY: And is that why, because of that lack of technology, there are other countries that are still erring on how they treat gene-editing SDN-1?

Ms Deininger: I think with SDN-1, because it kind of looks the same whether it's been modified either naturally or through editing, you can't test. Does that answer your question?

Senator DAVEY: Kind of yes, but no. I guess the gist of my questioning is: will there be repercussions on international markets with us allowing SDN-1 and allowing that to be considered organic?

Ms Deininger: I'm not really in a position to make a judgement on that.

Mr Metcalfe: Yes, foreign country markets are still determining how they approach it, so I think they're in different positions on it.

Senator BROCKMAN: The reality is, I think, as Ms Deininger said, it's—

Senator DAVEY: It could be natural—

Senator BROCKMAN: There is no way—
Senator DAVEY: That's right. So what I'm trying to get out, though, is that we've actually proactively made a decision that other markets are still scratching their head about. So we could actually be leading the way?

Senator BROCKMAN: I think we are.

Senator DAVEY: Yes. So I'll put that on record, that we are.

Senator CICCONE: I'm going to ask some questions around the National Agriculture Workforce Strategy, if that's alright. You might need to reshuffle some of your officials, Secretary. I might just start off by saying the government announced $1.9 million prior to the last election to develop a National Agriculture Workforce Strategy. Can the department provide the committee with an update on the progress of that strategy?

Ms Deininger: There has been a panel appointed led by John Azarias to lead the work on the workforce strategy. In the last week or so—I can't recall the date exactly—a paper has been released to seek views on how the agriculture workforce might be fit for the future, so covering things like—

Senator CICCONE: Is it on the website?

Ms Deininger: Yes, it is on the department's website. And the workforce committee will also then engage in a series of consultations, as well as having that formal consultation process.

Senator CICCONE: So who else is assisting? Sorry, it was John—?

Ms Deininger: John Azarias is the chair for that committee.

Senator CICCONE: Who's assisting John Azarias?

Ms Deininger: Professor Ruth Nettle is the deputy chair. Mr John Williams is the co-deputy chair. The other members are Mr Will Barton, Professor Hermione Parsons, Mr Geoff Richards, Dr Angelina Achariya, Ms Julie Aldous, Associate Professor Jacki Schirmer, Mr Robert Hinrichsen and Mr Clayton Nelson.

Senator CICCONE: That's not John Williams the former senator?

Ms Deininger: Yes, it is.

Senator STERLE: Good on ya, Wacka! We miss ya, mate.

Senator SHELDON: He is a decent bloke, Wacka.

Senator STERLE: Absolutely.

Senator CICCONE: Sorry, you've just thrown me right off on that one. I was just going to say he is a good bloke. How long have they been asked to be engaged for with this strategy? They've obviously put out a paper. Has that gone out to industry peaks? I mean, who's been asked to provide feedback?

Ms Deininger: The consultation process is open to all members of the public, and obviously the committee will be engaging with a range of stakeholders, not only in the agriculture sector but also in the education sector. Really it's about the agriculture workforce for the future. Perhaps what we might often see in the press as being the workforce needs of agriculture around harvesting and so on but it's also about people who can fly drones in the future or who can be agronomists or who can meet those hi-tech jobs.

Senator CICCONE: Are you or any of your staff involved with assisting that workforce?

Ms Deininger: Yes. The department is providing the secretariat to the committee.

Senator CICCONE: Is there any policy research in any other capacities?

Ms Deininger: In supporting the committee, the committee may task them to undertake research and other liaison—

Mr Metcalfe: I can confirm it is up on the website. I've got it here in front of me. So I'm sure if you google the National Agriculture Workforce Strategy—

Senator CICCONE: I'm sure one of my staff watching this would be on that right now.

Mr Metcalfe: There is a PDF there, and we're asking for comments by 1 June.

Senator CICCONE: As part of that strategy, is there any discussion around labour shortages in the agriculture sector?

Ms Deininger: That is part of it. The government has already had a number of programs and initiatives, including around the Seasonal Worker Program and the Pacific Labour Scheme. So that is one aspect—the potential for short-term labour force needs. But it's also, as I mentioned, looking at the longer term labour force needs of the sector, because we expect, with the advent of new technology, there will be new jobs and skills needed in agriculture. And if we are to have a more skilled workforce then that will also help with the benefits to regional communities and towns, because you will have a more diverse workforce supporting the sector.
Senator CICCONE: Yes. I just want to take you back to 2018. The Prime Minister, Scott Morrison, was at the National Farmers Federation conference. In his speech, he said that his government supports moving towards an agriculture visa and there's never been any question about that. Putting aside what the government is doing with respect to the Working Holiday Maker program, the Seasonal Worker Program and any other schemes in the Pacific, what actions has the department taken or been directed to undertake with facilitating the establishment of such a visa?

Ms Deininger: Just on the point about the Prime Minister's comments, he's made a range of comments in relation to the agriculture visa, so I don't wish to comment on one comment in particular. But certainly there is work being done. The Regional Agriculture Migration Package also included some work that we were going to do in relation to a horticulture industry labour agreement, which is something that the department of immigration is taking forward. So what I would say is that the government's strategy for tackling those immediate labour needs and labour shortages in some areas is through things like a horticulture industry labour agreement through the Seasonal Worker Program and the PLS. There's also been some more work done on the ground to better connect farmers and other employers to those programs, so a better on-the-ground presence from the department of employment and others so that—

Senator CICCONE: How are you better connecting farmers?

Ms Deininger: Because there's a regional coordinator who can assist the farmers to connect to the department to then seek the workers that they need.

Senator CICCONE: How many coordinators are there? You can probably take that on notice and maybe provide me with the different regions the coordinators look after.

Ms Deininger: Yes. It's run out of the Department of Employment, Education and Skills.

Senator CICCONE: I guess my specific question was about this establishment of an ag visa. We've heard this not just from the Prime Minister but also from previous ag ministers. Has the department been asked or has the department had any discussions with other departments about the establishment of an ag visa?

Ms Deininger: Our focus, as I mentioned, is around—

Senator CICCONE: No. My question is very specific about the establishment of an ag visa.

Ms Deininger: I personally am not involved in that. I'm happy to take it on notice to see if other parts of the department—

Senator CICCONE: Secretary, are you aware—

Mr Metcalfe: I certainly haven't been involved in those discussions but I'm very new. But obviously in my former service with the Australian government, including as secretary of immigration for seven years, I have been extensively involved in the issue of labour market access and issues, including establishing the Pacific Island scheme. But the short answer is no.

Senator CICCONE: So there's been no—

Mr Metcalfe: The short answer is that I do not have any knowledge. I think Ms Deininger has said we will take that matter and come back to you.

Senator CICCONE: Are there any officials here that are able to come forward to the table? My understanding is that there's been a committee of some sort between your department, the Department of Home Affairs and the department of employment on establishing an agriculture visa.

Mr Metcalfe: Senator, we'll check and we'll come back to you soon.

Senator CICCONE: If you could. I'd appreciate if you could provide me any details on that subject matter. Does the department agree with the view of many industry groups in the agriculture sector and other stakeholders that there is an insufficient supply of unskilled labour to meet the needs of Australian agriculture?

Ms Deininger: One of the things that the committee led by John Azarias will be doing is trying to better gauge that. Certainly in the Wimmera Mallee there were a number of consultations undertaken that involved not only growers and grower representatives but also people like the local council and other businesses to try to get a handle on that. We want to make sure there is good connection on the ground between farmers who need the labour. Rather than a general conversation, if farmers need labour at a particular point in time, they'd have good connection in the programs so they'd be able to source the labour through the programs.

Senator CICCONE: Is this workforce looking at the unskilled labour as opposed to skilled labour?

Ms Deininger: It's looking at the workforce in general. We'll have an area of focus around unskilled labour but also around skilled labour.
Senator CICCONE: That's part of the terms of reference?
Ms Deininger: Yes.
Senator CICCONE: Are the terms of reference public or part of discussion paper that has been circulated?
Ms Deininger: I don't believe the terms of reference are part of the discussion paper, but we can certainly take it on notice.
Senator CICCONE: Can you provide me with a copy of the terms of reference?
Ms Deininger: Yes, we can take that on notice.
Senator CICCONE: Has there any feedback received by the workforce so far?
Ms Deininger: To the committee? The committee hasn't engaged in consultations as yet. They've been focusing on developing the discussion paper in readiness for the consultation phase.
Senator CICCONE: Have they consulted anyone about putting out this paper, apart from within the department? Is there anyone external?
Ms Stanion: The committee has made its own decisions and they've talked among themselves. The discussion paper has just been released with the survey. I believe a couple of days ago we had one submission so far. But it's very new, so we are expecting—
Senator CICCONE: Have there been any parties that have assisted the committee to date on the consultation paper that has been circulated?
Ms Stanion: Not at this stage, no, Senator.
Senator CICCONE: In the last round of estimates, I think I have actually—
Mr Metcalfe: Senator, I can confirm that in appendix A of the discussion paper, the terms of reference of the advisory committee are set out. Page 24 of the discussion paper contains in appendix A the terms of reference of the advisory committee.
Senator CICCONE: Have any assessments been conducted by the department to determine if the current suite of visa products are meeting the needs of the agriculture industry?
Ms Deininger: We work closely with our colleagues who manage those programs, whether it's DFAT, employment or immigration. Any of those kinds of investigations or evaluations would be undertaken by those organisations.
Senator CICCONE: Given how important this issue is to primary producers, particularly in horticulture, has the minister ever requested a brief specifically on the issue of an agriculture visa?
Ms Deininger: I'm happy to take that on notice. We do a lot of briefings in relation to all agriculture matters.
Senator CICCONE: I know you do, but on an ag visa?
Mr Metcalfe: We'll need to check that, Senator.
Senator CICCONE: Thank you. One thing I want to be clear about is that I'm just surprised that none of the officials here, whether at the table or behind you, Secretary, are aware of any of the work that has taken place to date on the establishment of an ag visa, despite the Prime Minister and previous ministers in the ag portfolio who have time and time again committed publicly to the establishment of an ag visa. I'm not sure if there is an issue of semantics here. Ms Deininger has clearly outlined that there has been extensive work on a whole series of issues to do with visas relating to agricultural workers. The shorthand way of describing that as an ag visa as opposed to a whole range of visas might be relevant, whether it's the replacement for the 457 program or various unskilled labour programs et cetera. We have undertaken to respond to you, and we will.
Senator CICCONE: Thank you. Since the recent appointment of Minister Littleproud to the Agriculture portfolio, have there been any interactions between Agriculture and the Department of Home Affairs with respect to comments that were made by Minister Littleproud in the Sunraysia Daily on 5 September 2019, where he said, in relation to an ag visa, 'We're still working towards that? Does the department share the minister's view that, in relation to an ag visa, they're still 'working towards that'?
Ms Deininger: As I mentioned earlier, our interaction with the immigration department has been in relation to establishing a horticulture industry labour agreement, which we understand in consultations with the industry is something that they are committed to and interested in pursuing.
Senator CICCONE: I'll just make this point again: time and time again we have report after report after report in local papers. The minister's very clear it's about the establishment of an ag visa but not so much about all
the other band-aid solutions out there at the moment. The frustration for me is that the department doesn't seem to be able to provide an answer as to what the minister and the Prime Minister have been saying to farmers, when they go out to regional Australia, about addressing the shortage of unskilled labour in Australia.

**Mr Metcalfe:** I think we've provided extensive evidence to the committee over the last quarter of an hour in relation to a whole range of ways that they're being addressed, including through the establishment of the advisory committee and various other programs. We have undertaken to respond to you on some specific questions, and we will.

**Senator BROCKMAN:** Ms Deininger, just to loop back to the wheat port access code: I have a strong memory that we were expecting sign-off late last year or early this year. Is there something that has delayed the process?

**Ms Deininger:** As I mentioned, it is certainly the case that the review was published about 12 months or so ago. We have been working with our counterparts in Treasury and the ACCC on this.

**Senator BROCKMAN:** Can you just talk me through where it's at in the process. Is it before the minister at the moment?

**Ms McMorrow:** We have developed a draft government response in consultation with Treasury and the ACCC, and we are in discussions with our minister's office on the next steps.

**Senator BROCKMAN:** But we don't have any particular time line as to when?

**Ms McMorrow:** No, not as yet.

**Senator BROCKMAN:** If there are changes to the port access code, will a regulatory impact statement be done and will that include cost to the industry if there are any changes to regulation?

**Ms McMorrow:** We will develop any changes to the wheat port access code in consultation with the ACCC. Whether a RIS is required may depend on the nature of those changes.

**Ms Deininger:** For example, if the changes were minor a RIS wouldn't be required. I think any changes would come as a disallowable instrument; is that right?

**Ms McMorrow:** That's my understanding, yes.

**Ms Deininger:** And so there would be scrutiny by the parliament in relation to those changes and any impacts on individual sectors.

**Senator BROCKMAN:** Does a regulatory impact statement in that context, assuming it is material, have to look into costs?

**Ms McMorrow:** That's correct, yes.

**Senator BROCKMAN:** So, if there are material changes to the port access code, then the RIS will contain what the cost to industry will be?

**Ms McMorrow:** That's my understanding, yes.

**Ms Deininger:** PM&C will make a judgement about whether a RIS is required or not. It's not a judgement that we make ourselves—just so that there's consistency across government and so that there's transparency.

**Senator BROCKMAN:** Are we finished with outcome 3? I'll just put one question on notice.

**CHAIR:** No, we're not, unfortunately.

**Senator BROCKMAN:** I'll see if I feel like putting it on notice or asking it. I'll see how quickly Senator Sterle can progress.

**CHAIR:** Terrific. Senator Sheldon?

**Senator SHELDON:** I have a question regarding the farm household allowance. Can the department provide a breakdown as to how many farmers are currently on the farm household allowance and how many farmers have been kicked off the FHA due to exceeding the four-year limit? Sorry; I know you're just sitting down. I jumped in too quickly. Would it be helpful if I repeated it?
Mr Metcalfe: I think the question was: how many are in receipt of it and how many are no longer receipt of it? Is that the question?

Senator SHELDON: Yes. How many are on the farm household allowance now and how many have been taken off it as a result of exceeding the four-year limit?

Ms Crosthwaite: Currently receiving FHA are 6,657 people across Australia.

Senator SHELDON: And how many farmers have been taken off the FHA due to exceeding the four-year limit?

Ms Crosthwaite: As of 3 January 2020, 973 FHA recipients had exhausted their four years of entitlement.

Senator SHELDON: How many farmers does the department estimate would be eligible for FHA since the recent amendments made to their application criteria?

Ms Crosthwaite: Do you mean additional people who might not otherwise have been eligible?

Senator SHELDON: That's right.

Ms Crosthwaite: The analysis that ABARES has done for the policy area on potentially eligible recipients of FHA suggests that, in addition to those who currently are in receipt of FHA, there may be an additional 21,000 people who don't currently receive it who could become eligible. I just want to qualify that. That is not necessarily as a result of the changes that have been introduced through the farm household allowance review.

Senator SHELDON: Can you just explain to me why that figure is 21,000?

Ms Crosthwaite: It is 21,700. That is based on an analysis of the number of farmers who could be eligible based on having an asset base of $5 million or less, which is the key eligibility criterion for FHA.

Senator SHELDON: With regard to the lump sum relief payments, is the minister considering making a second round of payments for farmers who were kicked off the FHA? If so, when can FHA recipients expect to receive the payment?

Ms Deininger: That will be a matter for government to determine whether or not it wishes to extend that policy.

Senator SHELDON: Sorry; I looked that way and I said 'minister'. I didn't mean to imply it was to you. It was to the minister.

Senator Ruston: I'll have to take that on notice for you, Senator Sheldon.

Senator SHELDON: So there was no consideration of second payments for farmers that have been taken off the FHA?

Senator Ruston: I will have to take that on notice, I'm sorry. I don't have the answer for you.

Senator SHELDON: Was there a consideration by the government for that to occur?

Senator Ruston: That would be a matter for the minister.

Senator SHELDON: We did notify you that there were a number of issues that we wanted to talk to the government about, including, from Senator Glenn Sterle, issues concerning the drought. This has been an issue of high controversy and conflicting views about how it's best rolled out. It would seem to me to be a very fundamental matter that would have been considered by the minister.

Senator Ruston: Let me see if I can find out during the dinner break.

Senator SHELDON: Thank you for finding out tonight.

Senator Ruston: I said I'll try to find out during the dinner break, if I can access the minister.

Senator SHELDON: The second part of that question, as you're requesting that from the minister, was: if there is an intention to have a second round of payments for farmers that were taken off the FHA, when would those recipients then expect to receive payment? So there are two parts to that question. Just going back to the department, how does the department expect farmers to survive for up to six months without any financial assistance, as occurred with farmers who were kicked off the FHA from 30 June 2019?

Ms Deininger: My understanding is that those FHA recipients were then eligible for the one-off payment of some $13,000.

Ms Crosthwaite: It was $13,000 per couple.

Senator SHELDON: Does the department know how many farmers have left farming post that who were on the FHA payments?

Ms Crosthwaite: Sorry, can you repeat that question?
Senator SHELDON: Does the department know how many farmers have left farming post being on the FHA payments? So the FHA payments finish; how many farmers left the industry?

Ms Crosthwaite: I'll have to take that on notice. We do conduct an exit survey of FHA recipients when they cease payment. The results of that, though, are across all reasons why someone might cease being on FHA, not just those who have exhausted their four years. But I will take that question on notice.

Senator SHELDON: Alright. I will ask you this, then—and you're taking on notice the FHA aspect about the payments discontinued?

Ms Crosthwaite: Yes.

Senator SHELDON: Including those who leave FHA, can I include all circumstances that you have the figures for—all the people that leave after the FHA payments have ceased—regardless of the reason they may have left?

Ms Crosthwaite: To the extent that we have that data available, yes, I will take that on notice.

Ms Deininger: I might just add that it's a voluntary survey, so, in those circumstances, of course we can't always guarantee that 100 per cent of people will complete the survey. Therefore, it won't necessarily provide a complete picture in that sense.

Senator SHELDON: Obviously, you're going to give us the figures, but could you also give us the figures of how many people actually filled it out in comparison with the numbers if 100 per cent had filled it out?

Ms Crosthwaite: Yes.

Ms Deininger: We can seek to do that.

Senator SHELDON: That's good. Also, how many FHA recipients have accessed the activity supplement, which was increased from $4,000 to $10,000, which can be used for travel and accommodation to undertake training?

Ms Crosthwaite: I'll have to take that on notice. I don't have with me those figures about the number of people who have accessed the activity supplement.

Senator SHELDON: When you say you'll take it on notice, is there somebody here who can answer that question?

Ms Crosthwaite: No.

Ms Deininger: If we can get the figure this evening, then we'll seek to do that in the dinner break or later on this evening. We will see if we can get that figure.

Senator SHELDON: I won't be too harsh about it, because you may have it this evening. But I want to draw to your attention that we did ask for these issues—which have been very controversial issues about FHA and how it has been administered, what support it has given and if there has been effective support to its full extent. I would be very disappointed if we don't get it tonight.

CHAIR: To be fair to the department, the letter just asked for the department to be sufficiently briefed to answer questions relating to a number of them, and one of them is a dot-point drought and bushfire response. It is
a pretty broad topic. I just want it on the record that the department wasn't asked to come specifically with those
details, because it would sound like they haven't turned up prepared, when in fact that is a very broad area.

Senator SHELDON: Chair, I respect your view on it. I have a different view to that.

CHAIR: Do you think that was enough detail to make them come with the details you just asked them for?

Senator SHELDON: Considering that this is one of the most topical issues regarding drought relief and
assistance, I would have expected, yes, that the department would come with that information, but I appreciate
that you don't.

CHAIR: It was just very specific. Do you want to keep going?

Mr Metcalfe: Just reflecting on that, we obviously will provide you with everything that we can. On these
issues that tend to run from estimates to estimates, quite often I think a pattern emerges of a series of questions
about quite precise data that senators may be looking for and in that circumstance we would usually come
prepared, knowing that you would be asking those particular questions. I don't have a sense that we've gone to this
level of detail prior to this. We certainly have people back in the department who are looking at the television and
if we can get this information to you tonight, we will. What I'm saying is that I suspect that when we're back here
in May you will be asking us similar questions, and we would expect to have the more detailed information
available to you.

Senator SHELDON: I hope I'm not waiting until May.

Mr Metcalfe: No, you won't be waiting until May. I suspect you'll ask us the same questions in May. You've
asked questions now, and we can tell you now, but I would be surprised if you don't ask us the same questions in
three months time—

Senator SHELDON: Thank you. How is the FHA program audited?

Ms Crosthwaite: The program is audited by the Australian National Audit Office, as a Commonwealth-run
social security program.

Mr Metcalfe: All our programs are audited by the ANAO and our financial statements are signed off by the
ANAO.

Senator CICCONE: Going back to the comments earlier about going back to May—the relief payments
provided to farmers in December. How do we expect farmers to survive with a payment for up to six months? By
the time we get to May, what other support is out there for farmers? We're almost—

Mr Metcalfe: I don't want there to be any confusion. I was trying to be helpful. It is my experience, having
attended many estimates committee hearings on many issues over the years, that quite often senators will ask at
each occasion a detailed series of questions and the department will be prepared to respond to those. We have
some detail coming now—

Senator SHELDON: I appreciate you said that before and I am fully aware of what you said. I respect that
you said that.

Mr Metcalfe: Thank you. In relation to Senator Ciccone's comment, it was always clear, I think, that this was
a four-year program. People entering into the program were aware that it was a four-year program. The
government, of course, has brought in arrangements in relation to people reaching the end of that program—and a
sort of one-off payment. This is also in connection with availability of the Rural Financial Counselling Service
and various other mechanisms to provide to people in order to make decisions about their future. So, the
combination of measures, I think, does provide significant support to farmers who are in great distress through the
drought period and through other circumstances.

Senator SHELDON: Can the department confirm that the FHA is not available to fishers or foresters?

MS Deininger: The FHA payment is available to aquaculture people.

Senator SHELDON: So it's not available to fishers or foresters?

MS Deininger: It's not available to wild-catch fishers and it's not available to foresters.

Ms Crosthwaite: That's correct.

Senator SHELDON: FHA is to support farmers who are facing hardship challenges. This question is directed
to the minister: does the minister believe that fishers and foresters do not face hardship challenges that warrant
access to the FHA? Should the FHA be extended to also include fishers and foresters?

Senator Ruston: I believe the matter was raised with Minister Duniam, who is the Assistant Minister for
Forestry and Fisheries. I can find out what his response to that was, given that's his direct area of responsibility.
Senator SHELDON: That would be of assistance. Is it possible to do that this evening?

Senator SHELDON: Thank you, Minister. Could you also advise whether the minister is in any discussions on this issue and whether there is a time frame when the minister might actually be considering implementing a policy that would be extended to fishers and foresters.

On 20 February, the minister for agriculture put out a media release titled, 'More money for cash-strapped drought communities', which claimed that, under the new Drought Community Outreach program, the Country Women's Association and Rotary Australia World Community Service would receive a further $5 million to provide vouchers of up to $500 to farming households that are experiencing hardship due to drought. The media release states:

Led by the Coordinator-General for Drought, the Hon Shane Stone AC QC, the National Drought and North Queensland Flood Response and Recovery Agency is bringing a renewed focus to working in partnership with all levels of government, farmers, regional communities and small businesses, industry and not-for-profit organisations to respond to the current drought, as well as prepare for future droughts.

CWA and Rotary will also partner with the National Drought and North Queensland Flood Response and Recovery Agency to support community outreach activities.

Given the local knowledge and expertise in regional Australia possessed by members of the CWA and Rotary, it made good sense for the Agency to partner with them in its community outreach activities throughout 2020.

How does the coordinator-general communicate information back to the Prime Minister and the minister for agriculture? Is it in a written form or a tabled form?

Mr Metcalfe: The coordinator-general appeared before a Senate estimates committee last night, and I'm sure he would have given evidence on this matter.

Senator SHELDON: Are you able to tell me how the coordinator-general—

Mr Metcalfe: He communicates in a variety of ways. I must declare that I'm on the advisory board for the coordinator-general—and so through that mechanism we obviously work very closely with that agency. As you would expect from a government agency, the coordinator-general and his staff communicate with a variety of ministers through both written briefings and oral discussions.

Senator SHELDON: So they have written and oral briefings, meetings, discussions, consultations and those sorts of things?

Mr Metcalfe: They're a statutory body, Senator.

Senator SHELDON: Did the coordinator-general suggest that $500 vouchers be given to drought affected farmers at country shows et cetera?

Ms Deininger: That program is run by a different department. It's run by the department of infrastructure, so I think specific questions should be directed towards them.

Mr Metcalfe: I was going to say that it's not us.

Ms Deininger: Sorry, my apologies. It's run by the drought agency, not by the department of infrastructure.

Senator SHELDON: Who is it run by?

Ms Deininger: The National Drought—

Mr O'Sullivan: The National Drought and North Queensland Flood Response and Recovery Agency—the coordinator-general's agency.

Senator SHELDON: The coordinator-general reports to the minister, so isn't the minister responsible for that program?

Mr Metcalfe: The coordinator-general, or the agency, is actually within the Prime Minister's portfolio and, for that reason, he appeared before the Finance and Public Administration Legislation Committee late last night in Senate estimates. The Minister for Agriculture, Drought and Emergency Management obviously has a supervisory role in relation to that agency.

Senator SHELDON: Does the coordinator-general not report to the minister?

Senator Ruston: It does, but not to this agency. Minister Littleproud has responsibility for drought and emergency response as well as agriculture. The agency that's before you at the moment is the agriculture agency. Drought and emergency response was on yesterday.
Senator CICCONENE: When you say 'supervisory role', when does the minister get informed or advised of information? Does it go via the PM's office first and then to the minister?

Senator Ruston: Are you speaking with respect to the minister for agriculture or with respect to the minister for drought and emergency response?

Senator CICCONENE: Either.

Senator Ruston: This agency is about agriculture, so I don't know there's any response in relation to—

Mr Metcalfe: No, but in relation to the National Drought and North Queensland Flood Response and Recovery Agency, as I've said, they're an agency within the Prime Minister's portfolio. The Prime Minister is the portfolio minister, but Minister Littleproud is also assisting in relation to drought matters. He is the minister responsible for agriculture, drought and natural disasters, and clearly he has a direct relationship with the agency head.

Senator BROCKMAN: I've been asked about the review of the RDC. Who do I talk to about that?

Mr Metcalfe: You can talk to us about that.

Senator BROCKMAN: Where are we up to with that one?

Mr Metcalfe: Minister Littleproud was briefed on this and many other issues when he was sworn into the portfolio a few weeks ago and is currently considering how he takes that matter forward. The previous minister had issued a discussion paper in relation to a series of matters around the future of the research and development corporations and a number of submissions have been received. So that matter is now one for the minister to determine how he takes that issue forward. I can say, though, that he regards the whole issue of innovation in the agriculture area—research, science, innovation and the application of that innovation to the farm level—at a very high priority.

Senator BROCKMAN: There's been a change of minister, but are the discussion papers still afoot? Are they still live?

Mr Metcalfe: Effectively the discussion paper was designed to illicit views and responses on a variety of issues. Those views and responses have now been provided, and it's now for the minister to determine how he wishes to proceed on that matter. But I can repeat myself and say: the minister regards this whole issue of ensuring that our farmers, fishers and foresters are the beneficiaries of the best possible science and research as a very high priority, and there are a range of other areas there as to how we can better attract private investment and other areas into this area.

Senator BROCKMAN: But, at this stage, where to from here is not yet decided?

Mr Metcalfe: The minister will make some announcements in due course, but I don't have the timing of that.

Senator BROCKMAN: As part of the process so far, there has been some discussion about ALEC and LiveCorp being merged, and I understand the department had some concerns about that. Could you talk me through those concerns and where that discussion is up to. Does the department have a view about whether adequate separation of functions could be put in place in a merged entity?

Mr Metcalfe: I've had a discussion with the previous head of ALEC Simon Crean, who raised that matter with me, and I listened intently. I know that there are a variety of models applicable across the R&D and industry body network. I think pork is a good example of that. In terms of whether the department has expressed any particular views, I'll defer to my colleagues.

Ms Deininger: There has been a range of discussions in relation to mergers—for example, the dairy industry has some proposals on foot and red meat generally. And now we've got the ALEC and LiveCorp merger. I think we've been consulted informally in relation to that, and in those consultations we noted there were other RDC reform discussions happening. That was the tenor, if you like, of our feedback in those discussions.

Senator BROCKMAN: The concern is the R&D levies and the matching government funding getting dragged into some of the more advocacy political aspects of agricultural industries.

Ms Deininger: At the moment Australian Pork Ltd is unusual in the sense that it does have an advocacy role, but otherwise the RDCs aren't involved in advocacy.

Senator BROCKMAN: How's that managed in the pork industry, in Australian Pork?

Mr Dowie: The difference with APL and the other entities in this space is that APL is both the industry association and the RDC.

Senator BROCKMAN: Is it just a historic reality that we've inherited rather than a planned difference in structure that allows them to do this where others don't?
Mr Dowie: I can't speak to the history of how they have this status. I understand it occurred around 20 years ago, but I'm not across the exact machinations that led to that point.

Ms Deininger: There are other bodies within the red meat sector or the dairy sector who do advocacy. Some advocacy happens that's not done by the RDC.

Senator BROCKMAN: Absolutely.

Senator Ruston: It's probably also worth noting that the RDCs all have quite different structures and different terms of operation.

Senator BROCKMAN: That's why I'm wondering if this is review seeking to harmonise that a little more. Is it seeking to replicate success?

Senator Ruston: I think the review was largely driven—I was actually the person that started the review when I was the assistant minister for agriculture—by having a look at a system that had been in place for 20 years to see if it was still fit for purpose, whether there were any improvements that could be made to enable greater effectiveness and efficiency of the research and development and marketing spend of these industries and their organisations. It was just a timely review. Subsequent to that, Senator McKenzie continued on in her role as the minister for agriculture. Now I think Minister Littleproud is intending to use all of the submissions that have been made to the review that was put in place by Minister McKenzie to inform him on how he may recommend to move forward on any changes that came out that process. I don't think anything has particularly changed apart from Minister Littleproud being particularly keen to accelerate any changes that will bring improvements.

Senator BROCKMAN: So what's the structure of this? Is there a committee inside the department? Is there a committee outside the department? Is there going to be a panel appointed?

Mr Metcalfe: Chair, in responding to Senator Brockman, can I again put on the record that in my previous role I undertook a major piece of work for this department in relation to the future of agricultural innovation in Australia and consulted extensively and produced a report that's now in the public domain. There were a number of reports prepared on this broad issue: the Academy of Science, the council of RDCs, the report that I was the author of. I just wanted to declare that I have worked in this area in a different capacity in the past.

Now as secretary, the short answer is that the department, having had some initial discussions with incoming Minister Littleproud, is preparing a more comprehensive briefing to him on all of the issues. We've yet to complete that. It is something that we are working on right now and no doubt the minister will think about that and consult as necessary with whoever he wants to consult with. I'll just repeat that he regards this as a very significant issue and a key part of helping agriculture move to $100 billion in 2030.

Senator BROCKMAN: Obviously the RDC is an important part of research and development in the ag sector, and so are some of the CRCs that are out there, but is this review going to incorporate the interaction between the CRCs and the RDCs?

Mr Metcalfe: Ultimately that's a matter for the minister, but it is true to say that there is a very substantial investment in the agricultural portfolio around research and development. There is a very significant contribution by growers and producers through the levy payments and of course, the matched funding that the Commonwealth government—the Australian taxpayer—provides. But you're absolutely right: beyond that, there is a major contribution to agricultural research and innovation through other public organisations, particularly CSIRO, the CRCs and public funding into universities and other organisations such as the Bureau of Meteorology. There is a very sizeable publicly funded commitment and commitment funded by growers and producers to this area. One of the many issues that has been floating around is what can be done to increase the level of private investment and the application and commercialisation of many of the good ideas and innovations that have occurred. We're very good at science, but we're not so good at commercialisation of those ideas. All of those matters are playing out in where the minister wants to take this forward.

CHAIR: Thank you very much, Senator Brockman. I think we have been very patient this afternoon and I'm just keen to get an understanding of how much longer you intend to go. The MLA are waiting. They have flights to catch. We have outcome 4 to do. We have Dairy Australia, Wool Innovation and the Regional Investment Corporation. We have a number of other committees. We've flogged this all around the country this afternoon. Senator Shelton, can you let me know your questions? We haven't got to the point. Please let all of these people out of their misery and get to the point as quickly as you can.

Senator STERLE: No way. If I'm stuck here, they can stay here.

CHAIR: I'm sure they don't want to stay with us all afternoon.
Senator SHELDON: I'll move off the coordinator general question, because I've taken on board what the Secretary said. I'm also mindful that on Thursday 22 February, the drought minister, David Littleproud, announced the Commonwealth would provide $5 million to the CWA to provide vouchers of up to $500 to farming households experiencing hardships due to the drought. I'll withdraw asking more questions at the moment. I'll come back to it.

Senator CICCONE: I have questions on a different topic. I have a few questions on the Landcare grants. It also goes to the Secretary's earlier document from this morning. Thank you for providing that.

With the Landcare Program, in particular the Agriculture Stewardship Package: the program was announced 12 months ago and, as I understand it, there weren't any guidelines or start dates or project scope on how the program would be evaluated. I understand that today Minister Littleproud at the ABARES conference down the road gave a speech where he said that he wanted 'a more sophisticated approach in the form of a biodiversity stewardship fund,' and that he 'wanted the system in place by the end of the year'. Is this the same pilot program that was announced 12 months ago?

Ms Deininger: I'm not familiar with the comments that Minister Littleproud has made to the outlook conference today, because we've been in the hearings today. Certainly, as we have indicated in our information that we've already tabled, we have been working to develop the program and the various aspects that you mentioned around auditing and so on.

Senator CICCONE: So you're not aware that the minister or his office had asked for a brief about a speech he was delivering today down at ABARES?

Ms Deininger: No, I'm not aware of that, Senator. There may be others who—

Senator CICCONE: Okay. Is the program still a pilot?

Ms Deininger: Yes.

Senator CICCONE: Has the minister decided to turn that pilot into a program?

Ms Deininger: The wording that I have here is that it is called an 'Agriculture Biodiversity Stewardship Pilot Program'.

Senator CICCONE: How many department staff have been working on that?

Ms Bryant: I would have to confirm this, but there is a team of probably four or five people. Some are part time, and they work on other matters as well.

Senator CICCONE: I'm assuming the program crosses over into other portfolio areas or other aspects of the department?

Ms Bryant: Yes, we also consult with the biodiversity area within the former Department of the Environment and Energy.

Senator CICCONE: With this package, will farmers have to wait for the certification program to be developed before they have to have their product accredited to seek the premium price for instituting environmental improvements on their properties?

Ms Bryant: The grant you're referring to is for the National Farmers Federation. It's to look at a certification or a verification scheme. It will investigate what's already out there, what's already happening, and looking domestically and internationally. Then we'll run a trial for a 12-month period as part of that grant to assess whether the industry is ready or looking to that type of thing, and then there will be a final grant report. But it is not implementing; this program is about pilots and trials and so forth rather than implementing one of them.

Senator CICCONE: So you're not aware that the minister has made the decision to change it from a pilot to a full-pledge program—

Ms Bryant: I think it's—

Senator CICCONE: It's still at pilot stage?

Ms Bryant: Yes, it's still, as Ms Deininger said, a pilot program.

Senator CICCONE: I note from the answers that were provided this morning that the NFF received $4 million in a non-competitive one-off grant process. Is that common for organisations to receive a non-competitive one-off grant?

Ms Bryant: There are provisions under the grant guidelines to do that. In those requirements we document the reasons why, and the reasoning for that was to look at the particular nature of what this type of project was trying
to do. NFF was seen to have the skills, as the peak farming organisation, to be able to look at this project, to be able to engage with the farming community on this and to look at the readiness of the farming community.

**Senator CICCONE:** So who made the decision?

**Ms Bryant:** The department briefed the minister with advice to use this process, and the minister agreed to use this process and to make the grant to the National Farmers Federation.

**Senator CICCONE:** If the program is no longer in pilot at some stage, will the NFF have to provide back to the Commonwealth some of the $4 million? Or is it just the $4 million regardless of when it turns from a pilot to a full-pledge program?

**Ms Bryant:** There are two different elements. There is a pilot element, which looks at the pilot program, and there is the grant to NFF, which is looking at certification. They're trialling to look at certification. They've got a program in which they will look at evidence, look at examples and trial something and provide a grant report at the end. Obviously, further decisions could be made by government as to what to do at the end of that process.

**Senator CICCONE:** Okay. Twelve months ago, the ag minister promised farmers would be paid both for improving biodiversity and for practices that absorb carbon, yet it doesn't appear there is any information about how that program will work. Are you able to provide me and the committee with any further information?

**Ms Bryant:** That's is the other component. There is the certification grant, and there's the program. That's still in the design phase at this stage. That program will then roll out as a pilot in a trial.

**Senator CICCONE:** You may be able to help me out here. I'm trying to understand: is there also, as part of the Landcare grants, a Building Landcare Community and Capacity grants program?

**Mr Fisher:** Yes, that's correct.

**Senator CICCONE:** Would you be able to provide me and the committee with some details? I'm curious to know what is the total amount of funding that has been allocated by the department to that grants program?

**Mr Fisher:** The total amount of funding allocated to that program is $32.93 million out of the National Landcare Program.

**Senator CICCONE:** And that's annual or just over a certain period?

**Mr Fisher:** That's over a six-year period.

**Senator CICCONE:** How many grants have been given as part of the program?

**Mr Fisher:** Bear with me a moment and I can tell you.

**Senator CICCONE:** While you're figuring that out, can I also ask: can the department provide a list of those organisations that have received a grant, the value of the grant and for what purpose the grant was issued?

**Mr Fisher:** Yes, we can do that.

**Senator CICCONE:** What is the process that an organisation has to go through to apply for a grant?

**Mr Fisher:** The grants are not made open to application.

**Senator CICCONE:** Sorry, you'll have to speak up.

**Mr Fisher:** I'm sorry, Senator.

**Senator CICCONE:** Bear with me a moment and I can tell you.

**Mr Fisher:** Bear with me a moment and I can tell you.

**Senator CICCONE:** Typically, I guess, a grant opportunity comes to the attention of the government or the department, and that is then subject to provision of advice by the department.

**Senator CICCONE:** Okay. I'm assuming they're advertised so that people know the grant exists?

**Mr Fisher:** No.

**Senator CICCONE:** So how does one come to receive a grant then?

**Mr Fisher:** Typically, I guess, a grant opportunity comes to the attention of the government or the department, and that is then subject to provision of advice by the department.

**Senator CICCONE:** What do you mean by 'grant opportunity'?

**Mr Fisher:** Basically, I would say it's an opportunity to progress the objectives of the program, which are to work directly with the Landcare community and industry organisations to support the sharing of knowledge and achievements; promote community leadership and resilience development; engage with youth, women and Indigenous people in land care; recognise the achievements of land carers; and support the adoption of sustainable agricultural practices that will deliver a more productive and profitable agricultural industry.
Senator CICCONE: That's all great, but where does one find that information?

Ms Deininger: We've taken on notice how many grants have been provided—

Senator CICCONE: So you can't provide me with an answer of how many grants have been given?

Ms Deininger: Not at the moment, no, but we can take that on notice. Also, I'll check what information is available in relation to this aspect of the Landcare program.

Senator CICCONE: On what basis are grant applications typically approved then?

Mr Fisher: They're approved based on advice provided to the minister.

Senator CICCONE: I'm assuming the department has criteria for that.

Mr Fisher: Basically the department looks at the objectives and considers the merits of the opportunity for a grant.

Senator CICCONE: So which officer is in charge of making those recommendations to the minister's office?

Mr Fisher: Which officer?

Senator CICCONE: Yes: official officer within the department. Who's in charge of administering this grant that no-one knows about?

Mr Fisher: I am currently, but I've not been in charge of this program for any of the grants that have been made to date.

Senator CICCONE: Who was the previous official who looked after this program?

Mr Fisher: Emma Cully was the assistant secretary responsible for providing that advice.

Senator CICCONE: Is Emma Cully still employed by the department?

Mr Fisher: No.

Senator CICCONE: So is the program not subject to any independent review or auditing?

Ms Deininger: We can take on notice what the arrangements are. As we discussed earlier, there are audit arrangements that the ANAO does, but we'll check what information we can provide about the program.

Senator CICCONE: So when was the last time the department had provided recommendations to the minister's office about approving such grants?


Senator CICCONE: Okay. And how are such recommendations placed or given to the minister? Is it through an official briefing?

Mr Fisher: Yes.

Senator CICCONE: Are there any spreadsheets involved?

Mr Fisher: Not to my knowledge, no.

Senator CICCONE: Not to your knowledge or you just don't know?

Ms Deininger: We don't have a copy here of the brief that was mentioned.

Senator CICCONE: I'd like you to take that on notice and provide the information back to the committee. Perhaps you could also look at the information you provide to the minister and if the minister's office has provided you with any recommendations about particular organisations or individuals that should receive the grant. Are you able to do provide the committee with any information or enlighten me on that aspect?

Mr Fisher: We can take that on notice.

Senator CICCONE: So you don't know?

Mr Fisher: No, but it would—

Senator CICCONE: So, to the best of your knowledge, you don't—

Senator STERLE: You don't know, or what?

Ms Deininger: Well, we've taken it on notice.

Senator STERLE: No—sorry, not you. Mr Fisher said, 'We don't know and—' Unfortunately Senator Ciccone didn't hear him.

Mr Fisher: I'll be able to provide that information.

Senator STERLE: Good.
Senator CICCONE: Have any peak bodies in agriculture received any money about this program, like the National Farmers Federation?

Mr Fisher: Yes, Senator.

Ms Deininger: We'll take on notice the recipients. We'll provide you with the names and the number of recipients. I think that was an earlier question that we took on notice.

Senator CICCONE: I'd also like to know, if you could take this on notice: the purpose for each of the grants that were given, all the organisations and the dates.

Mr Fisher: We can provide that information, Senator.

Senator CICCONE: Is the department aware of an article that was published in *The Weekly Times* on 24 December 2019 entitled 'National Farmers' Federation receive cash grant to join environment review'?

Mr Fisher: No, I'm not aware of that article.

Senator CICCONE: In that article—just for a bit of context—it says the NFF was provided with $150,000 to consult with its own members regarding changes to the Environment Protection and Biodiversity Conservation Act. Are you aware of that?

Ms Deininger: The EPBC Act is administered by a different part of the department, by the former Department of the Environment.

Senator CICCONE: Sure, but did they receive money to consult their members about changes to that act?

Mr Metcalfe: We'll need to check with officers from the environment side of the department. They're not here today because they were before Senate estimates yesterday.

Senator CICCONE: You may need to take this on notice too, Secretary, but I would be curious to know how this grant came about.

Mr Metcalfe: We'll take that on notice.

Senator CICCONE: Does the department think it's appropriate to provide public funds to what is, effectively—it could be perceived like this—a lobby group in order to allow it to consult with its own members?

Ms Deininger: We'll take that on notice because it relates to the other program.

Senator CICCONE: Perhaps you could also provide me with other responses. What other grants has the NFF previously received from the department to facilitate consultation and engagement with its own members? Perhaps you could take that on notice as well.

Mr Metcalfe: We'll take that on notice.

Senator CICCONE: Does the department provide funding to other organisations or members of the public in order to get their views on proposed changes to legislation?

Mr Metcalfe: We will take that on notice.

Senator CICCONE: Given not all farmers are associated with one of the member bodies of the NFF, does the department think that it is enough to simply consult with the NFF in order to ascertain the view of farmers on various matters?

Ms Deininger: As we've discussed on a number of issues, including RDC reform and the labour force working group, there are many other examples of where we have public consultation processes where we engage in town hall meetings or where we have other ways for people to comment on a discussion paper. There are many ways that the department seeks to engage with members of the public and interested parties.

CHAIR: Thank you very much, Senator Ciccone. Senator Rice, five minutes.

Senator RICE: I go to a complete change of pace. My questions regard a paper called 'Regulatory implications for trade and market access of GM agricultural crops', which I understand was provided to a ministerial council in relation to the change in classifications of GMOs. Have we got somebody here who would know about this paper?

Mr Metcalfe: I'm just looking around to see if there's anyone available.

Senator RICE: I go to a complete change of pace. My questions regard a paper called 'Regulatory implications for trade and market access of GM agricultural crops', which I understand was provided to a ministerial council in relation to the change in classifications of GMOs. Have we got somebody here who would know about this paper?

Mr Metcalfe: I'm just looking around to see if there's anyone available.

Senator RICE: Great. There were two paragraphs in this paper that stood out for me. One says that 'some stakeholders have indicated that, depending on how a trading partner's definitions and requirements are constructed, defining SDN-1 organisms as not being GMOs may provide trade advantages'—that is, the commodity is not referred to as 'GM'. The other paragraph says: 'It is not clear whether marketing implications will arise due to the proposed amendments to the GT regulations, noting that several countries have clarified their positions to be consistent with, or have wider exclusions than, the technical review recommendations. However,
many others have not formulated a position at this stage and the implications of the recent European Court of Justice decision are yet to become clear.' What monitoring is the department currently doing with regard to market access for GMOs?

Mr Worrell: Senator, could you just clarify what paper you are referring to?

Senator RICE: It's entitled 'Regulatory implications for trade and market access of GM agricultural crops'. I'm told it was provided to the ministerial council.

Mr Worrell: And the date of that?

Senator RICE: Sorry, I don't have the date. It was recently released under freedom of information.

Mr Thompson: It was recently released by our department?

Senator RICE: Yes, I understand.

Mr Thompson: We are still not familiar with that particular document—

Senator RICE: Let's see how we go anyway with those two statements, I'm told it was sometime in 2008 and the FOI was via the South Australia government—it came via the ministerial council the South Australia government was involved in, but it came out of your department.

Mr Thompson: I think your general question was about what monitoring we do.

Senator RICE: That's right.

Mr Thompson: Specifically in relation to GM, obviously we monitor market access issues around the world. The EU is often a particular focus for us. We conduct that monitoring through our councillors in Brussels and in other European posts, including London. We pay particular attention to EU market access issues because not only is it a major market in its own right, but it can be a signal of what might happen in terms of market centres in other countries.

Senator RICE: You say you do monitoring. What does that mean?

Mr Thompson: Our councillors, in post, track decisions of the European parliament and the EU and its regulatory decision-making. They provide information back to our Trade and Market Access Division in Canberra, and other export divisions in the department in Canberra. And we'll often provide information to our agricultural producers as well.

Senator RICE: Do you have an amalgamated document that covers the research that is undertaken as a result of that monitoring or other research on the status of other countries in terms of accepting SDN-1 organisms?

Mr Worrell: No. Our understanding of other countries' approaches is that the United States, Brazil, Argentina, Chile, Colombia and Japan do not regulate SDN-1 products as GMOs. They have a similar approach to that taken by the Australian government and in some cases go beyond it.

Senator RICE: And there are other countries that have a very different approach?

Mr Worrell: The European Union and New Zealand have indicated—

Senator RICE: And China as well, I understand.

Mr Worrell: There are a number of countries that are in process, I guess, and that is a bit of the difficulty in us getting a clear understanding. This is obviously a new technology. Australia is one of a number of countries that are at the forefront of looking at this issue. As you are aware, there was a recent review that was seeking to clarify the regulations.

Senator RICE: Absolutely. I haven't got much time. What impact has the European Court of Justice decision, which found that SDN-1 organisms are GMOs, had on GMO status and market access into Europe?

Mr Worrell: To my knowledge, no trading partner, including the European Union, has raised concerns with the regulatory changes that were made here in Australia.

Senator RICE: Could you take it on notice to find out whether there are any concerns about it. In this paper that I'm citing, there are references to stakeholders who cite the regulatory change to the status of SDN-1—that is, whether they are regulated as GMOs—including with trading partners. I'm interested to know what stakeholders were consulted. If you don't know the paper it is going to be difficult. But what stakeholders were consulted with the recent change of deciding that SDN-1 organisms weren't GMOs?

Mr Worrell: Obviously the Department of Health leads with the National Gene Technology Scheme and the various reviews that have been conducted, and I understand one is underway at the moment by FSANZ. As part of that the Office of the Gene Technology Regulator undertook extensive consultation and review as part of their
review of the gene tech regulations. That involved talking to stakeholders, community groups, NGOs and others about a range of issues in the space of the Gene Technology Regulations.

**Senator RICE:** In fact, I have a bit more information. This paper was from the Legislative and Governance Forum on Gene Technology, an attachment to a paper dated 17 August 2018.

**Mr Worrell:** Yes. I think in a previous Senate estimates hearing, Secretary Quinlivan at the time referred to that advice and gave a concise overview of that at the time. However, given it was an information paper into a decision-making fora, the secretary spoke in general terms about that advice.

**Senator RICE:** If you could take on notice who the stakeholders referred to were and the specific trading partners as well, given that the trading partners were also referred to in that paper.

**Mr Thompson:** We'll take that on notice.

**Senator CICCONE:** I wanted to go to the questions I flagged this morning with respect to trade and market access. In the same administrative arrangements order that I spoke about morning, the Department of Foreign Affairs and Trade is charged with 'international trade and commodity negotiations' and market development, including market access; whilst the Department of Agriculture, Water and the Environment is given commodity marketing, including export promotion, and is also responsible for commodity-specific activities. What is the difference between market development and commodity marketing?

**Mr Thompson:** As I think the secretary flagged earlier today, and Mr Tinning might add to this, the particular bits of the AAOs that you're referring to have not changed.

**Senator CICCONE:** Take it on notice, because I'm mindful of time.

**Mr Thompson:** In general terms, the Department of Foreign Affairs and Trade—and that portfolio includes Austrade—works specifically on trade promotion matters. We work closely with Austrade on trade promotion matters. Our emphasis is more market access and non-tariff barriers.

**Senator CICCONE:** If you could take on notice what the technical market access arrangements are and which department in the government is responsible for negotiating them, I'd appreciate that.

**Mr Thompson:** Yes.

**Senator CICCONE:** Does the department employ persons with specific qualifications and experience in international relations to assist it in negotiating technical market access arrangements?

**Mr Thompson:** Yes, we do. And our trade—

**Senator CICCONE:** That's alright; that's all I needed to know. Given that commodity negotiations listed in the new administrative arrangements order has been the responsibility of DFAT, why does the department have a role in negotiating these agreements?

**Mr Thompson:** Because it's absolutely fundamental to the growth of the ag sector that we have a thriving export trade, and that's been seen for many years now as key and core business for this portfolio.

**Senator CICCONE:** And do you believe that the department's better placed to undertake this work rather than DFAT?

**Mr Thompson:** We work closely with DFAT. I think having two arms on the tiller is better than one.

**Senator CICCONE:** My next question has five parts. I understand that under the previous minister there may have been plans to introduce new export recovery cost arrangements that would have increased the charges levied on primary producers to export their goods. Does the new minister intend to proceed with this?

**Mr Thompson:** The government's previous position on this, as I understand it—and colleagues from our finance area might be coming to the table—was to pursue increases in export cost recovery to make up a shortfall in the cost of the department's regulatory activity.

**Senator CICCONE:** What is that shortfall? Do you know what the figure is? If not, take it on notice.

**Mr Thompson:** Yes, I will take it on notice.

**Senator CICCONE:** Given the government's commitment to grow ag to a $100 billion industry by 2030, does it seem odd with this commitment that the government would levy the significant cost recovery charges on farmers who are trying to export their goods overseas?

**Mr Metcalfe:** I think that falls into the general government policies around cost recovery for services provided. But the point you make is understood.

**Senator CICCONE:** What percentage of the department's expenses are offset by fees and charges to farmers?
Mr Metcalfe: I'll see if the CFO is available and whether he can provide a straight, quick answer or whether we take it on notice.

Mr Brown: I probably will have to get back to you on that. I'll try and get that for you this evening, depending on what staff are back in the office.

Senator CICCONE: I'd really appreciate that if you could. Has the department undertaken any analysis to determine if the level of cost recovery is in line with those of other comparable economies?

Mr Thompson: That analysis is regularly undertaken by many parts of the agriculture sector. We find ourselves analysing that analysis, if that makes sense.

Senator CICCONE: If you have any other information you can provide the committee I'd really appreciate that you take that on notice.

Mr Thompson: We'll take it on notice.

Senator CICCONE: Again you might take this on notice, I'm also interested to know how does the department's cost recovery compare with other like countries—let's say New Zealand for instance who I understand have very similar arrangements? If you could take that on notice unless you're able to provide me with feedback tonight?

Mr Brown: I think we'll take that on notice. We'll give you what we can. I think historically trying to compare apples with apples is a difficult thing, but we'll give you what information we have because that—

Senator CICCONE: That's alright—or kiwi fruits or whatever it is we're trying to compare. Where I'm trying to go is how can the government expect Australian farmers to compete on the international market when costs and levies, and other sorts of recovery measures, are placed upon them? It goes back to my earlier point that I was trying to talk about with the ag visa. We're trying to get to this $100 billion industry by 2030, but yet farmers seem to be punished—

Mr Metcalfe: It goes to the broader issue about cost recovery for services provided by government and that is a very longstanding policy that's been around for decades.

Senator CICCONE: Thank you very much, Chair.

CHAIR: Thank you very much, Senator Ciccone. I think that is the end of outcome 3. Thank you very much to the department for your presence on outcome 3.

Meat & Livestock Australia

[18:43]

CHAIR: Welcome. Senator Sterle is going to kick off.

Senator STERLE: Thanks, Chair. Mr Strong, congratulations on your new role. I want to get rolling because of the time and I know you have got a plane to catch. I am impressed by the ambitious target for carbon neutrality by 2030, recognising that the MLA were early movers in the agriculture sector. Can you explain MLA’s thought processes behind the decision to strive to become carbon neutral by 2030?

Mr Strong: Certainly. Thank you for the question and the opportunity to spend some time talking with you about our programs. The Carbon Neutral 2030, or CN30, program is quite topical within the industry and more broadly, particularly in this last week or 10 days of the discussions around climate policy. A number of years ago the CSIRO released a report that gave really strong indications that, with the right investment and approach to research and development, it was possible for the red meat industry to get to a carbon-neutral position. When you line this up with the shift in community sentiment—the interest in sustainability and the different perceptions that exist around livestock's contribution to that—and our exposure to the international market, which takes 70 per cent of our beef products and half our sheep meat, the industry thought it was important to be very proactive about the way we position our product, particularly from a sustainability point of view. We wanted to establish a position where we could demonstrate our sustainability credentials and create an ambitious target. We could then support the nation as far as our contribution to managing climate impact and, just as or more importantly, have a really good story to tell our consumers, giving them more confidence in the product that we're supplying.

One thing that's most important to remember is that this is an ambition, or really a goal, that can't be thought of in isolation. There are a number of factors around financial success, the efficiency of our sector—the industry and individual operations—and the intergenerational sustainability of these businesses as well. There's no question that, at the same time as wanting to leave the environment in a better state than we found it, as an industry we absolutely have to have businesses that are sustainable on an intergenerational basis, and we absolutely have to make sure our industry is more profitable and efficient. Those three things are very closely tied together.
Senator STERLE: You wouldn't have an argument from me on profitability, sustainability and efficiency, so well done, Mr Strong. Do you have the red meat sector's support?

Mr Strong: There are varying views, but yes is the short answer. There are a range of views in our sector and across the industry not just about climate but also about how we go about attacking these things. But, when look at the consumer data and knowledge and information, and the fact that we're exposed—with 70 per cent of our beef and half of our sheep meat—to international markets, and the increasing interest from the community and our consumers in how our product is produced, it's something we have to be very proactive about.

Senator STERLE: Has MLA got the support of Minister Littleproud for its carbon neutrality targets?

Mr Strong: We haven't had a direct conversation about this with the minister in recent times. It has certainly been part of the discussions in previous roles. The secretary mentioned earlier the minister's commitment to innovation and investment in solutions that will set us up for long-term success. It's certainly something we look forward to discussing with the minister over time.

Senator STERLE: That's great. Can you tell us the percentage of emissions, within the agricultural sector, the red meat sector accounts for?

Mr Strong: It's about 10 per cent. It's a 57 per cent reduction on the 2005 inventory figure. It's not just the current percentage, at about or just above 10 per cent; it's also the commitment that the industry's made to making investments over the next 10 years to progressively improve that target on the same basis as what we've done since 2005.

Senator STERLE: That's good, Mr Strong. Thank you. Is it true that there are already several carbon-neutral beef producers here in Australia?

Mr Strong: There are. There are a number of beef brands. We've featured four of them in some of our most recent materials, and we're happy to leave those for the committee, along with a one-pager that summarises the activities we're currently working on. Those four brands are fantastic flags and examples of the industry taking a leadership position in this area. It's worth saying that those brands, a number of them particularly, at this stage include investment in some offsets. While the CN30 program does not focus on offsets, it looks at productivity, efficiency improvements and interventions that will allow us to reach the target separately to thinking about offsets.

Senator STERLE: Does the information you're going to leave us have in it why the four brands have chosen to go carbon neutral? Is that information in there?

Mr Strong: No, it doesn't. It's not. We haven't left any case studies, but we've got some of those that we can get to you, which would provide some—

Senator STERLE: Thank you. That would be great.

Mr Strong: Absolutely. No problem at all. We've got a number of case studies on producers and on some products, but that's one of the projects we're working on—developing a broad suite of case studies about people who are committed to achieving this target and what has been done already.

Senator STERLE: That would be handy. I must congratulate MLA. In the last few years, they've really stepped up to the plate. It was no secret about where I thought they were five or six years ago, but, anyway, that's good. Are MLA aware there are several politicians who have said that moving towards carbon neutrality by 2050 will shut down the entire ag sector? Have you heard those comments?

Mr Strong: We have.

Senator STERLE: Look at that—Senator Canavan is here! Fancy that! Tada! Boom-tish!

Senator CANAVAN: The CSIRO said that, too.

Senator CICCONE: So my question is to Senator Canavan!

Senator STERLE: Are you aware of that?

Mr Strong: We are, Senator, yes.

Senator STERLE: It's a shame. What do you think? It's not hypothetical. The MLA would have to say, 'Come on, guys and girls, what are your reasons for it?' Are you out there lobbying to explain things to these politicians who have an Armageddon view? They've gone past the $100 for a leg of roast lamb or whatever it was and are now saying the whole entire industry will be shutting down. That would upset your customer base, your clients and your members.

Mr Strong: There are a whole range of challenges for us in the question. We're not out there lobbying, because that's not what we do. We are very aware of some of those views and I think we're also aware of the
sensitivity and challenges around this issue. I think part of our responsibility as an RDC is to make sure that we have the best information available that relates to the community and our consumers and the potential demand and risks that are presented to our industry and put in place things that allow us to respond and react to those in the best way we possibly can. We understand there are some differing political views, and we'll stay out of that as much as we can, but, at the simplest level, we don't agree with that being the case. If people have those sorts of concerns then we have an obligation to work on getting in front of them, and that's absolutely what we're doing. I go back to what I was saying before: the CN30 goal is absolutely connected to intergenerational sustainability of these businesses and increasing the efficiency and profitability of our industry. Those three things have to remain directly connected to each other.

Senator STERLE: I'll just say that this is not political—we know Senator Ruston is a good supporter—it's just a couple of those on the outer fringes. What is Australia's current cattle herd size?

Mr Strong: It's about 24 million point something—sorry, I don't have the number.

Senator STERLE: That's alright.

Mr Strong: It's 24.5 million or 24.6 million. There are differing numbers. You may have seen numbers out of ABARES, for example, or some ABS numbers which differ somewhat to ours. That's largely from a change in the counting of those numbers. In the stats captured by the ABS, the herds below $40,000 from a business value point of view aren't included in the statistics any more. We know in our industry, particularly in some states, there are a large number of small herds that contribute a material number of livestock. On the projections we put forward, we take all the information we can find from our market data, from the ABS statistics, from what we know about the industry, and from sales and trades to try to come up with the most accurate number on the herd. So our number will be higher than the ABS one.

Senator STERLE: Yes, higher than ABARES'. You're counting Daisy in the backyard—

Mr Strong: We are. We'll still eat Daisy's calf!

Senator STERLE: There you go! Mr Strong, thanks so much.

CHAIR: I disclose that I have a longstanding interest in the red meat industry and that I sat on the advisory board for the sustainability framework with RMAC. But I do want to ask you, Mr Strong, about this week's announcement of one of the farmers of the year—one of the retailers, Mr Olsen. He has been investing in pasture improvement and productivity gains, and he has been able to receive Emissions Reduction Fund funding through the government at $14 a tonne. I understand that the EU pays it at $41 a tonne for the same sort of productivity gains. I wonder if the MLA has done work in understanding this 'carrot' incentive for farmers to achieve greater productivity through pasture and whatnot? Has the MLA looked at these funds and how they might work? Do you have a comment on that?

Mr Strong: Certainly part of what we are doing in our research programs is working on the mechanisms for quantifying those impacts. One of the challenges I think we have is that a lot of the science around carbon sequestration has varying views and the accounting varies quite substantially. We are very supportive of getting a solution to that. We currently aren't doing any significant amount of work on the actual commercial trading mechanism. Our focus is actually more on how to get more accurate measures and understand the capture of carbon in those pastures. Certainly being able to provide information that would support those types of transactions and claims is absolutely what we are investing in.

CHAIR: I understand that one of the big red meat producers in the country applied for this funding and received $80,000—terrific; it cost them $30,000 to do it. It would be interesting if you could do some work around those application projects and perhaps come back to government with some recommendations on how that might be easier to access.

Mr Strong: Yes, we can certainly look at that.

Senator BROCKMAN: Just to follow-up on this. I detected from your earlier answer to Senator Sterle's question, Mr Strong, that a technical solution to this goal versus an offset solution are different in economic terms.

Mr Strong: No. I didn't say that. What I was wanting to be very clear about is that offsets are not the solution where focusing on. There are already mechanisms for people to invest in offsets to get themselves to or on the path to carbon neutrality. That is something that already exists, so there is no real value in us investing in that, and that actually doesn't provide an improvement in industry efficiency or productivity for what we are already doing. Our focus is very much on how we actually operate and manage current redmeat businesses and how we make them more efficient and more profitable, and get them on the path to carbon neutral.
Senator BROCKMAN: A straight offset arrangement would be outside your scope of operations as an RDC, I would have thought.

Mr Strong: I guess, yes. Demonstrating that something was beneficial to one of our members, to one of our levy payers, I think we could go down that path, but it's not part of what where interested in, no. We are not investing in R&D around offsets.

Senator BROCKMAN: Could you say that first bit again.

Mr Strong: If demonstrating that offsets provided a benefit to one of our levy payers in reaching a carbon neutral position, we could argue that we could make an investment in that area but we are absolutely not. I think where the offsets become important is being able to demonstrate to the absolute deniers that you can actually make progress. People say, ‘You can't get to carbon neutrality.’ Well, they can actually plans sufficient trees to offset the number of livestock they have. They say, ‘That's too expensive and it has too big an impact on productivity.’ Yes, but they said it was impossible. It actually sets a beachhead on one end of the scale and at the other end of the scale it's making significant financial investment.

Senator BROCKMAN: How would an offset influence productivity?

Mr Strong: Because you are using land for planting trees rather than growing livestock on it.

Senator BROCKMAN: That's why I would have thought offsets would be outside your scope of activities.

Mr Strong: That's why we not investing in them.

Senator BROCKMAN: We're all on the same page.

Mr Strong: Yes, so we end up in the same spot but a different way.

Senator RENNICK: How many tonnes of CO2 does the redmeat industry emit?

Mr Strong: The exact number I don't have in front of me.

Senator RENNICK: How are you going to reduce that down to zero? You have a target so what's your plan?

Mr Strong: There are areas of investment that we have identified and there are four key areas: around emissions avoidance, carbon storage, integrated management and the way that we manage our operations to capture the benefits.

Senator RENNICK: What do you mean by carbon storage?

Mr Strong: Carbon sequestration in soils, pastures and existing vegetation.

Senator RENNICK: When I look at it very simply, you've got a feedlot. You're going to have to have a tractor and plant some wheat and harvest that and then that will be your grain for the feedlot. With the whole supply chain, a lot of energy goes into raising cattle and taking them to market. You are then going to have an offset mechanism on the other side where it's the soil that absorbs the carbon? Is that the offset?

Mr Strong: Soil or pasture is one of the things that we're testing. Then there are other things like feed additives, for example. There was a product that was developed between CSIRO, James Cook Uni and us called red Asparagopsis, which is a form of seaweed which has a massive impact on reducing methane production by livestock and, in the initial trials, it looked like it had a slightly positive impact on productivity.

Senator RENNICK: When you say C02-neutral, that's all emissions neutral?

Mr Strong: It is. We work off a C02-equivalent position. Part of the challenge, for example, is how methane is accounted for at the moment. Accounting for methane takes into consideration the number of cattle, how long they live, the amount of methane they produce and then how long that methane stays in the atmosphere and the impact that it has as one of the gases in the atmosphere. We're looking at the overall project on a C02-equivalent basis.

Senator RENNICK: When you talk about planting trees, what do you mean by that? I'm from mulga country in Western Queensland. The planting trees option hasn't done us any favours because we can no longer push mulga. There is 60 or 70 million hectares of the stuff out there that could have been used in the drought, but, because of this obsession we've got with saving the trees, we couldn't use that. I'll give another example. There
was an article in *Queensland Country Life* that I thought was very good. It said Landcare has planted something like a million trees and a large chunk are eucalypts. The author says: 'They shouldn't really be planting eucalypts. If we want to make this country less prone to fires, we should be planting other tree types that don't go up in flames as quickly.' Can you elaborate a bit more on your strategy for trees.

**Mr Strong:** We don't have a specific strategy for planting trees. We're looking at how we manage land use, which might include types of pastures. It might include how we manage the total land area that we have. It might include planting vegetation, which might include trees. But we don't have a position around planting trees. One of the most important pieces is that it has to be practical, long term and impactful. So the examples you used would be the sorts of things that we would want to understand—how would we do that better or how would we do that differently, or how can we demonstrate that there are ways you can manage existing vegetation to increase or maintain productivity and still have the same or a positive impact on the environment?

**Senator RENNICK:** With your seaweed, how widespread is that particular one?

**Mr Strong:** It's in late-stage R&D and early-stage commercialisation. There's still work to be done.

**Senator RENNICK:** Is that something that not just is going to reduce emissions but is a fattening supplement as well?

**Mr Strong:** It was tested as a feedlot supplement. There were repeated trials. It had a significant reduction on methane and a slightly positive impact on production. Those sorts of things give us hope and confidence that there are investments that we can make which will provide benefit and get us further along the path. Total tonnage is 54.8 million tonnes.

**Senator RENNICK:** The Australian total is 534 million tonnes, isn't it? So that's—

**Mr Strong:** We are just at 10 per cent.

**Senator RENNICK:** Okay. Thanks.

**Senator RICE:** Thanks, Mr Strong, and congratulations on your commitment to carbon neutrality by 2030. It's a commitment that other agricultural sectors would do well to emulate. It is a pity that the government overall doesn't share your level of ambition. In your planning for going carbon-neutral, you're obviously aware of what the implications of our climate crisis are. What levels of global heating are you expecting that the red meat industry is going to have to endure over your planning horizon?

**Mr Strong:** We're aware of a lot of the work that's being done around modelling what potentially might happen with global heating, but it hasn't been a focus for us to date. Modelling those types of results and information isn't part of our expertise. There are quite a number of other organisations that do that, so we look to them for guidance in those areas. When we looked at the impact on the environment from a whole range of different things, the choice that was made a couple of years ago was to focus in this area in the next 10 years because we saw that as being where we could manage and control the things that were inputs. We were quite confident or ambitious or hopeful about the ability to have an impact on that in that period of time. Part of that was about identifying and making a decision about where we could be ambitious and with a high probability of success in an area on which we could be impactful. So we certainly understand those other things which are being talked about and the challenges that would come from them. The 2100 four-plus degrees report has already been mentioned today. Those things are really quite concerning. But, from our focus, these are the areas where we feel we can be most impactful. We're certainly very aware of those other things.

**Senator RICE:** Have you sought any advice about what the impact of four degrees of heating would be?

**Mr Strong:** No, not directly, we haven't. That hasn't been by any level of proactive omission. It has been a case of, 'This is a pretty big gorilla for us to wrangle at the moment.'

**Senator RICE:** So you wouldn't have any estimates of what the cost of four degrees of heating would be for the red meat industry?

**Mr Strong:** No, we don't. It's not something we're ignoring, but it is not something we're focusing on as an impact at the moment. We've set out a runway for the next 10 years on the CN30 piece. We see that as being very impactful and something we can manage where we will have an impact that is very positive and well received by the community and our consumers but will also allow us to put a significant base under the sustainability of our industry. Certainly, as we go down the path, we'll obviously take into consideration other things around climate as well. But, at the moment, our focus is very much on the CN30 program of work.

**CHAIR:** We could talk all night about red meat, but we can't. We're going to eat some!

**Senator RENNICK:** I would like to say this on record. If industry reduce their carbon emissions by 50 million tonnes, I want to see a 50-million tonne reduction in the city as well.
CHAIR: Terrific. Thank you very much, MLA. You are excused.

Proceedings suspended from 19:07 to 20:04

Senator RICE: I want to talk about the onshore biosecurity levy. We had an independent recommendation for the levy in 2017 and a steering committee that reported in June 2019, and now, I understand, there is an industry group. I want to go to the industry group. How many times has the industry working group met?

Ms Geiger: The industry working group has met six times.

Senator RICE: Can you give me the dates of those meetings?

Ms Geiger: Sorry, I don't have those dates to hand, but it was throughout January and February.

Senator RICE: So six times over two months. Can you take on notice the exact dates?

Ms Geiger: Sure.

Senator RICE: When is it expected that it is going to provide recommendations to the government?

Ms Geiger: We've made good progress with the industry working group over the last couple of months and we're anticipating that we will be close to a design of the levy in the next few weeks.

Senator RICE: So by the end of the month. Minister, once the working group gets its recommendations, when is the government expecting to introduce legislation to implement the levy?

Senator Duniam: Those matters are subject to a whole range of considerations. I'd have to take on notice for you what the time frame would be.

Ms O'Connell: Just to put it in perspective: the levy is to be implemented on 1 January 2021. So clearly there is a period of time between the recommendations and implementation on 1 January 2021.

Senator RICE: That's good to know. Presumably, as long as it is done not too close to the end of the year, it will be on track for January 2021. With the work that's going on at the moment, is it still expected that the levy will provide for the raising of $325 million over three years as originally planned?

Ms O'Connell: That was the original amount with the originally devised budget, announced in the 2018 budget; it was $325 million over three years. It will be a matter for government consideration, depending on the design, about how much the levy will raise.

Senator RICE: With the recommendations that the working group is making good progress towards, is it expected the levy will raise less money than that?

Ms O'Connell: We can't say at this point. It'll be a decision of government. The working group is working with us on the co-design of the levy but we need to put that to government for consideration in this year's budget, and that will include a projection of the revenue to be raised at that time.

Senator RICE: I'm interested in the structure of the working group. I note that there are no environmental or community representatives on the working group, even though the Pet Food Industry Association of Australia and all sorts of other industry reps are on the group. Why was the decision made not to include any environmental or community representatives in the group?

Ms O'Connell: It wasn't so much a decision made on who not to have on it; there was a decision made on who to have on it. In terms of who those groups are and represent, it is a balance between having a workable number of people and, in particular, having the people who are most likely to be involved in the payment and collection of the revenue. So that's why it is focused on that group.

Senator RICE: So it was felt there was no need to include expertise from community or environmental representatives?

Ms Geiger: Once we are closer to a design of the levy, there is an intention to have some broader consultation. We're intending to hold that consultation in two ways; one is through a mechanism we have on our website called Have Your Say, which will invite submissions, and the other is through a webinar.

Senator RICE: It still looks like the rest of the community hasn't been involved from the ground up, which I have heard a lot of concern about.

Ms O'Connell: The idea of the levy came from the independent review, as you mentioned, that was published in 2017. That independent review had extensive consultation, was very open and was a long process. Environmental groups were involved and contributed, and community groups were involved and contributed. So people did have their say about the concept of having a levy on imports at that point in time.
Senator RICE: What was the reason, in summary, for redesigning the levy? It really looks like it was the government caving in to a scare campaign by importers who were obviously unhappy to be paying the levy.

Ms Geiger: We received the report of the industry group that was convened previously, the industry steering committee, and considered the views that we heard through that process. It was decided at that point that we would move to doing an onshore biosecurity levy.

Senator RICE: I won't pursue it because I'm running out of time. I want to move on to the Biosecurity Futures Group that was announced on 27 November to meet twice a year and provide advice to the minister on biosecurity. It was established. What's the membership of that Biosecurity Futures Group?

Ms Geiger: The Biosecurity Futures Group is chaired by the minister and has the following members: Paul Zalai from Freight and Trade Alliance, Margo Andrae from Australian Pork Limited, Stephen Annells from Fertilizer Australia, Carolyn Macgill from the Food and Beverage Importers Association, Jane Lovell from Seafood Industry Australia, Tony Mahar from the National Farmers' Federation, Mary Osmond from Tourism and Transport Forum, Tania Constable from the Mineral Council of Australia, and Mike Gallacher from Ports Australia.

Senator RICE: Again, no community or environmental representative on that group?

Ms Geiger: The group is designed around giving some high-level expertise to—

Senator RICE: There is no high-level expertise that's useful from the community or environment representatives?

Ms Geiger: We do have other mechanisms for engaging with environmental stakeholders.

Senator RICE: But they're not seen to be important enough to be actually on your high-level advice group?

Ms O'Connell: Senator, to be fair, we have a chief environmental biosecurity officer who engages regularly with environmental roundtables quite extensively.

Senator RICE: It still seems to be a massive gap that you haven't got environment or community representatives on this group. But I will move on. Has this Biosecurity Futures Group been established instead of the industry and community biosecurity committee that was recommended in the 2017 biosecurity review and endorsed by the government in November 2018?

Ms Geiger: This group does respond to that recommendation.

Senator RICE: But that recommendation was for an industry and community biosecurity committee. You've established a committee that excludes the community. Why is that the case?

Ms Geiger: As I mentioned, there are other mechanisms for engaging—

Senator RICE: That was a recommendation from the review and it was endorsed by government. There was going to be an industry and security biosecurity committee. Minister, do you know where the community have been excluded from this high-level committee?

Senator Duniam: I'm just wondering who from the community, Senator Rice, you propose to join it.

Senator RICE: There are people such as the Invasive Species Council and other people who have expertise in the community on issues of biosecurity.

Senator Duniam: The individuals that have been listed are representatives—

Senator RICE: They're all industry representatives.

Senator Duniam: Yes, of course. I just wonder who in the community specifically—you have just mentioned the Invasive Species Council. Are there other councils that need to be represented too? Where do we draw the line?

Senator RICE: It's not up to me to decide who they are, but I know that there are experts—

Senator Duniam: Ms Geiger has outlined the process where the community get to have a say on both counts now. I think that's a good thing.

Senator RICE: I would just note that there was a recommendation, that the government endorsed, to establish an industry and community biosecurity committee, which you have now replaced with a committee that doesn't include the community.

Senator Duniam: But a process that does take into account community feedback, which is important.

Senator RICE: That was also part of the recommendations. It is not either/or.

Senator Duniam: Community feedback will be sought, and I have faith in this process.
Senator RICE: It's not either/or; the recommendation—
Senator Duniam: It's both.
Senator RICE: But this isn't both. You haven't got the community on this committee.
Senator Duniam: We are getting community feedback.
Senator RICE: Let's not pursue it; time is short.
Senator Duniam: I'm glad you agree.
Senator RICE: My final question was regarding biosecurity issues in general and, in consideration of biosecurity concerns, how much the government has taken into account the impacts of global heating.
Ms O’Connell: The agricultural ministers have actually considered issues on the changes in temperature and the impacts. Indeed, the National Biosecurity Committee has been asked to do some work in looking at the impacts directly on biosecurity as a result of changes to climate. So that work is underway.
Senator RICE: That's good to hear. What scenarios and what temperature ranges are you looking at for how biosecurity is going to be impacted?
Ms O’Connell: I don't think we're looking at it from specific temperature ranges. It's about the impact in terms of biosecurity concerns. Typically, the sorts of things that would be of consideration with biosecurity would be the extent to which particular pests or disease could—
Senator RICE: I know the sorts of impacts. But there are different impacts depending on the different levels of heating. In particular, is the biosecurity sector looking at what the impacts of four degrees of global heating are likely to be on biosecurity risks to Australia?
Ms O’Connell: We're looking at the impacts of changing climate and temperature to biosecurity.
Senator RICE: Including scenarios of four degrees?
Ms O’Connell: I don't think we've set the exact scenarios in terms of temperature, because when you're looking at establishment of pests and diseases—
Senator RICE: I'll take that as: no, you haven't considered the impacts of four degrees of warming on biosecurity.
Ms O’Connell: Not specifically four degrees, but we have considered the impacts of changes in temperature—
Senator RICE: As I said, there are different impacts. Given that, you haven't considered what the cost to Australia may be of four degrees of warming on biosecurity risks, have you? There has been no consideration of what the potential costs would be of four degrees of global heating?
Ms O’Connell: Not until we've done the work looking at what the impacts are. Then we can assess the costs.
Senator RICE: Thank you.
Ms O’Connell: But that work is underway.
CHAIR: Thank you very much, Senator Rice. Senator Canavan?
Senator CANAVAN: I just wanted to ask some questions about some media reports that quote a Pakistani seafarer, Mahmood Raza Mazher. In these news reports he claims that he was paid by Animals Australia in connection with the Awassi vessel of a few years ago. He's the second individual to come forward over the last couple of years and claim that Animals Australia had made payments to seafarers who had been involved in taking footage of mistreatment of animals on that particular vessel. Is the department aware of these media reports?
Ms Lane: I think what you're referring to are the claims that were made in relation to potential payments to crew members for footage on a range of live animal export vessels. We did undertake an investigation of those claims last year, and we did make a statement in around July last year—
Senator CANAVAN: Yes. I'm aware of that.
Ms Lane: indicating that we had not found any evidence of a breach of the legislation. However, at the last committee hearing when this issue was raised, we did mention that one of the crewmen on one of those vessels,
Mr Mazher, had produced some statements to a range of people and had indicated he had some information to provide to the department about that matter. We have been making inquiries of him since that time. He is located overseas, so those inquiries are ongoing. It is time-consuming. He has provided some information in relation to his initial statement about that matter, and we're seeking to seek some clarifications on the initial information provided and also make some inquiries of others in relation to the statement he has provided to us. So that matter is ongoing at the moment.

Senator CANAVAN: So, in summary, you are investigating the veracity and implications of these latest allegations at the moment?

Ms Lane: That's right. The latest information provided needs to be assessed in light of the original statement we produced, and that is ongoing.

Senator BROCKMAN: Do you have a statutory declaration from this individual?

Ms Lane: We do have a range of information provided by him in September last year. We've asked some questions of him in relation to that statement. He has provided some information back to us, and we've sought some further clarification around some of that information. We have been back and forth with him on a number of issues.

Senator CANAVAN: Do you have an expected end date or expected timing for the investigation at this stage?

Ms Lane: It's difficult to put a time frame on it. As I said, he is located overseas, so it is difficult to—he also travels intermittently with his employment, so it is difficult to have those communications while he's overseas. We would like to be able to resolve the matter in the next few months, but it will just depend a little bit on availability of him and others.

Senator CANAVAN: Have you interviewed any Animals Australia officials, either past or present, in relation to these latest allegations?

Ms Lane: We have interviewed a range of people in the context of the initial investigation that we undertook, and we've also made some inquiries again of others, in relation to the latest information provided.

Senator CANAVAN: And Animals Australia in particular?

Ms Lane: I would have to take that on notice.

Senator CANAVAN: If you would take it on notice. What are you using: are you relying on statutory powers here to conduct the interviews, or is this simply a voluntary exercise?

Ms Lane: No, because he's located overseas, it is difficult for us to compel him—

Senator CANAVAN: Sorry; I meant more with the alleged conduct of people in Australia. Have you got any statutory powers to compel them to provide evidence?

Ms Lane: Potentially in the general sense, but, in relation to this matter, because in the initial investigation we undertook we could not find evidence of a breach, it was very difficult to exercise those powers.

Senator CANAVAN: And when you say breach, are you talking about a breach of Commonwealth laws broadly or state and federal laws?

Ms Lane: Commonwealth legislation.

Senator CANAVAN: And that could be anything, not just what's in your remit as the department of agriculture?

Ms Lane: Principally, we were looking for breaches of the Criminal Code—potentially, dishonestly influencing a Commonwealth official or providing false information.

Senator CANAVAN: Have you involved the Australian Federal Police at all in these investigations?

Ms Lane: We have certainly discussed the matter with the AFP, yes.

Senator CANAVAN: Given that you're looking at breaches of the Criminal Code, wouldn't this be a matter you could or should think of referring to the AFP for them to investigate?

Ms Lane: There were some similar claims, we understand, referred to the AFP at the time we were undertaking our investigation.

Senator CANAVAN: The first one, do you mean, pre-July last year?

Ms Lane: Yes, that's right. The AFP did not progress those claims any further, but we certainly have discussed our investigation with the AFP during the course of that period.
Senator CANAVAN: There's a question here, that you're looking into, obviously, about whether a law has been breached. For me, at least, there's another question of whether this conduct is ethical, particularly for a body that purports—in this case, Animals Australia—to be an ethical standard-setting type body. Are you looking at all at whether that has implications for any future communication or interaction you have with Animals Australia?

Ms Lane: For this investigation, Senator, we've been looking at whether or not there is any breach of Commonwealth legislation.

Senator CANAVAN: Okay, this investigation is just purely focused on the criminal matters. Putting aside this matter and the Awassi Express, does the department maintain contact with Animals Australia, more broadly, as a stakeholder in this space?

Ms Lane: I might have to refer that to my colleagues in live animal export.

Senator CANAVAN: I'm not asking about any formal investigation; more generally, when you're looking at live export policy, do you sort of have a chat? Is Animals Australia part of the stakeholders you consult with?

Mr Thompson: The short answer to that question is yes.

Senator CANAVAN: In your first investigation, have you established that payments were made to these individuals, putting aside whether any laws were broken?

Ms Lane: Without going into the detail of the investigation, I would say it's certainly not an offence to make such payments.

Senator CANAVAN: I'm not asking that. I'm just asking, was a payment made to a seafarer on the Awassi?

Ms Lane: I'd prefer not to go into the detail of what the investigation found, other than to say there was no breach of any Commonwealth legislation.

Senator CANAVAN: Given it involves an individual organisation, I'm happy if you could just take on notice whether the department has established that a payment has been made. And I'm happy for you to take this on notice too: did you or the Australian Federal Police have access to bank statements from Animals Australia and/or the individuals involved here that alleged receipt of these payments?

Ms Lane: Again, without going into the detail of exactly the information we examined through the course of the investigation, we certainly sought information from a range of sources and a range of types of information as well to inform our investigation.

Senator CANAVAN: Could you take that on notice?

Ms Lane: I'm happy to take it on notice, although we would not typically not provide detail on exactly the types of information we collect during the course of an investigation.

Senator BROCKMAN: Did Animals Australia admit that they or their agents made a payment to those seafarers?

Ms Lane: Again, I would rather not go into detail of who said what to us and what information was provided. I can say we did talk to Animals Australia, of course. They've certainly said that publicly about this matter.

Senator CANAVAN: If it were found that an organisation was making payments for footage, I presume that the department would no longer really want to have contact with that organisation in any official capacity.

Ms Lane: For this investigation, we are principally interested in any transactions between any individuals and whether or not those transactions constituted a breach of legislation.

Senator CANAVAN: Okay. I'm happy for you to take these on notice: would you be able to provide to the committee correspondence between you and Animals Australia in relation to the previous pre-July investigation and the one that you're currently conducting?

Ms Lane: I'm happy to take that on notice. It's not something we would typically provide.

Senator CANAVAN: When it's taken on notice, you'd have to come back with a public interest immunity reason for why such correspondence would not be tabled to a Senate committee. I'm struggling myself to understand what such a reason would be. Could you also table any correspondence between you and Mr Mazher, or Masher—I've seen both variants. This is the individual involved with the allegations in September. In that story that I've got from sheepcentral.com, Mr Mazher makes the claim that he'd been trying to get in touch with the government for some time but there was no response or feedback. Have you established what happened there?

Ms Lane: We certainly did attempt to make contact with him during the initial investigation but were not able to locate him. As you know, he's subsequently indicated he had information he wanted to provide.

Senator CANAVAN: The Daily Telegraph found him.
Ms Lane: We did try to make contact with him.

Senator CANAVAN: Okay. I think that's about it from me.

Senator BROCKMAN: While we are on this topic and the officials are at the table—this is more for you, Mr Metcalfe—is there a policy or guideline within the Public Service that would require conflicts of interest and external memberships of organisations to be declared if it directly relates to your performance of your duties?

Mr Metcalfe: I will just answer that very carefully. I think the answer is yes. Certainly, for departmental secretaries, there's a requirement that any such obligations be noted. But I might just take advice from our HR people if they are still here. They may have left us.

Senator BROCKMAN: I accept that that was probably a corporate question, so I'm happy for you to take it on notice. But, just to be clear, could a line officer making decisions on a particular area be a member of an external organisation, a voluntary organisation, and not declare it?

Mr Thompson: I think it would be considered good practice for them to declare that to their manager. As to whether there's a requirement, there are certainly harder requirements more generally for the SES, the Senior Executive Service, in the Public Service, but in general terms it would be good practice to declare those interests.

Senator BROCKMAN: Is there a formal process for making such a declaration?

Mr Thompson: There certainly is for the Senior Executive Service. I'm not aware that there is for more junior staff.

Senator BROCKMAN: When does that kick at in? At the SES level?

Mr Metcalfe: Yes, that's been in place for quite a long time. There's an obligation for all of the SES officers of the department to provide a statement to me of their material interests and memberships of organisations et cetera, and that's on the basis that the SES officers are in overall control of the organisation. In relation to staff below the SES, there are general obligations under the Public Service Act and Code of Conduct that relate to the proper discharge of their duties, so it would be our normal expectation that, if there were any conflicts arising, they would be appropriately managed. But, in terms of a formal declaration process, I think that's probably mainly at the senior executive or departmental secretary level.

Senator BROCKMAN: For this part of the department, Ms Lane, can you give me a bit of a breakdown? I heard that for the overall department it is about 60 per cent out of Canberra and 40 per cent in Canberra. For your particular section, do you have a rough breakdown of how many people in your area—and I'm particularly thinking about the animal welfare and live exports area—

Ms O'Connell: Just to clarify: Ms Lane runs our compliance area. Part of that is the enforcement and investigation function, which is what has been talked about in terms of pursuing this investigation, but if you're talking more broadly about our biosecurity workforce or our live animals export workforce—

Senator BROCKMAN: I want to go to live export. Is that later?

Ms O'Connell: No, it's now, but just a different person.

Mr Thompson: We try and keep the separation, understandably, between the two.

Senator BROCKMAN: Fair enough. Very good. In terms of live animal exports, what's the balance of your workforce?

Dr McEwen: We have around 50 per cent of our staff in Canberra and around 50 per cent in the regions. That's a combination of policy staff and biosecurity staff who undertake inspections and do decision-making at the docks.

Mr Thompson: Just to be clear on that, the live animal exports division, which is mainly around policy, certification and standard setting, is primarily based in Canberra. There are a couple of regionally based people. When we talk about the live animal exports regulatory function, we take in colleagues in the biosecurity division as well. Ms Canning leads that division. Many of those who work in the regulatory function are based outside of Canberra.

Senator BROCKMAN: Is it possible, on notice, to get a break down in those two distinct groups?

Mr Thompson: Yes.

Ms O'Connell: Although, if you wanted, Ms Canning could talk to the operational people who are outside of Canberra. They're within her group.

Senator BROCKMAN: Just in the interest of time, I'll probably just get you to provide that on notice, if that's okay.
Mr Thompson: We can do that.

CHAIR: Good choice. Good decision.

Senator BROCKMAN: I'm conscious the Chair's eyes are boring into my back. Finally, Mr Thompson, are you aware—I believe he's written to the minister about this as well—my colleague from the other place the member for O'Connor, Rick Wilson, has suggested that it would be a positive thing from the industry's point of view if more of the regulatory decision-makers were outside of Canberra, such as in my home state of WA or Queensland or the Northern Territory. What's your position in relation to that? Are you actively looking at decentralising more of your workforce in that regard?

Mr Thompson: I'm aware of that correspondence from Mr Wilson. We've only just received that, I think, in recent days or in recent weeks. So we're not actively looking at decentralising yet. We haven't had that conversation with our minister, and that would be a decision for government.

Ms O'Connell: The operational staff who do make the regulatory decisions are all around Australia.

Senator BROCKMAN: I am keen to see that breakdown.

Ms O'Connell: There are 2,000 of them.

Dr McEwen: Most of the regulatory decisions are made by regionally based staff.

Senator BROCKMAN: In that breakdown, can you just give me an understanding of what regulatory decisions are centralised and what are outside?

Senator CANAVAN: I just have one very quick follow up question. The inquiry that you're doing, Ms Lane, is an investigation that's being led internally by the department?

Ms Lane: It's led by the department, yes.

Senator CANAVAN: Have you given any consideration to having an external person appointed to look at this matter, given you've already looked at it once?

Ms Lane: We certainly did discuss the matter originally with the AFP.

Senator CANAVAN: But you haven't involved the AFP as yet with this latest iteration?

Ms Lane: No.

Mr Metcalfe: Can I just add quickly to Senator Brockman—I know he just left the room—the Australian Public Service Code of Conduct does require employees to take reasonable steps to avoid any conflict of interest, real or apparent, in their connection with their employment. It then sets out more detail. So there is a scheme that applies to more junior officers as well as senior staff on the issues he related earlier.

Senator FARUQI: I have some questions for live animal exports and exports as well. The department recently released a draft regulatory impact statement on proposed options for live sheep exports to the Middle East during the northern summer period. In this report I see that the department's preferred option, option two, does not actually include the implementation of a revised heat stress risk assessment model in line with the recommendations of both the McCarthy review and the Heat Stress Risk Assessment review. Could you explain why that is the case?

Dr McEwen: In making a decision through the regulatory impact statement process, what we are doing is trying to find the balance between the economics of the trade and the welfare risk profile. As I think we've discussed in previous hearings, the heat-stress risk assessment review that was undertaken was a technical review that was purely based around welfare; it was a scientific literature review. In coming to the decision, the reviewers took a very conservative approach because there is a lack of scientific evidence at the moment around issues such as the duration of exposure to heat, the impact of diurnal variation, respite at night and so forth. When contemplating both the economic impact for the trade and the scientific evidence around a risk that came from veterinary association's view, the department came to the view that a sensible middle ground did not actually significantly increase the risk. The risk that we've been working off in terms of the reviewers was around about the 95th percentile of temperatures reaching that level, whereas the review that the heat stress risk assessment panel came to was at a 98th percentile, so it is a fairly small variation in risk and that is just that the temperature will hit 29 degrees at any point in that voyage—that's the 95th percentile chance of that versus the 98th percentile. The department came to the view that it was a sensible approach to balance those risks with this middle option.

Senator FARUQI: Are you aware of what the Australian Veterinary Association's view is on the need to adopt the revised heat stress risk assessment model in accordance with the technical panel's recommendations?

Dr McEwen: I'm aware that is their view.

Senator FARUQI: That it should be adopted?
Dr McEwen: Yes, that's correct.

Senator FARUQI: And you aware of what the WA Department of Primary Industries and Regional Development's views on the need to adopt this revised HSRA model are?

Dr McEwen: I understood their view was that they supported the implementation of option 2.

Senator FARUQI: From what I know from their very strong submission is they actually support the implementation of the revised HSRA model, so maybe you need to relook at their submission. It was a very strong statement made by them. Are you aware of RSPCA's view on the need to adopt the revised model?

Dr McEwen: Yes.

Senator FARUQI: They support the adoption of the revised model.

Dr McEwen: Yes.

Senator FARUQI: I'm a bit baffled with all these really strong submissions. Did you just ignore those views and the view of the technical support panel?

Dr McEwen: No, we took them into account when coming to our view and we are considering those submissions at the moment before we come to a final decision.

Senator FARUQI: But you have favoured one option in the—

Mr Thompson: In the draft

Dr McEwen: In the draft.

Senator FARUQI: And what you told me before was: really, it comes down to that you are prioritising commercial interests over the welfare of animals.

Mr Thompson: No, the legislation is—as I think we've rehearsed here before—requires us to look at the sustainability of the live animal export industry. And the RIS, as Dr McEwen said, is to look at the economic implications as well as the animal welfare implications. That is the context of where the department expressed a preference in the draft RIS and, as Dr McEwen said, we are still considering the final.

Senator FARUQI: Your legal obligation—you just talked about legislation under the export control animals order—is to ensure the travel arrangements are appropriate for the animals' welfare. Is that not correct?

Dr McEwen: Yes, that's correct.

Senator FARUQI: So I'm still kind of surprised. You said you're making a final decision and you have all the evidence in front of you.

Mr Thompson: Well, this has been subject to quite extensive consultation both through the heat stress risk assessment technical panel process, the discussion paper and the draft RIS, so, yes, we are considering all of that information.

Senator FARUQI: So your decision might change in the final report. Is that what you're saying?

Mr Thompson: It may. We are not going to be definitive on that because we haven't finalised our position.

Senator FARUQI: What role did the minister's office play in informing the regulatory impact statement, the draft of it?

Mr Thompson: We're obviously in contact with the minister's office, particularly the former minister's office. I briefed our current minister recently on where this is heading. That's normal practice that we would keep them abreast of what's going on here and we would seek their views.

Senator FARUQI: So you have already got the views on the draft? Before you released the draft, had you sought the views of the minister on the draft?

Mr Thompson: Yes, because, as you might recall, the decision to undertake a regulatory impact process was a decision of government.

Senator FARUQI: The recommendations that the department made, did they change at all after the minister had seen the RIS?

Mr Thompson: I would have to take that on notice in terms of when we briefed and what the drafts were.

Senator FARUQI: If you wouldn't mind taking that on notice. I just have a few questions on a recent decision by the Deputy Prime Minister and the Minister for Infrastructure, Transport and Regional Development, which granted an exemption for a 20-year live export vessel from having to comply with marine order 43, which actually prohibits the use of twin-tier livestock vessels from 1 January 2020. Do you have any more information on the reasons why this twin-tier livestock vessel was prohibited in the first place for live animal export?
Dr McEwen: That would be a matter for AMSA, who are the regulator of ships. However, my understanding is that it's around ventilation.

Senator FARUQI: So it is about animal welfare, though, isn't it?

Dr McEwen: It was a decision of government at the time of the Awassi.

Senator FARUQI: From an animal welfare perspective, which you would look at, did it have anything to do with animal welfare and the welfare of personnel?

Mr Thompson: I think animal welfare was a key consideration in that. But as Dr McEwen said, the Australian Maritime Safety Authority is the regulator, so we work closely with them.

Senator FARUQI: So you do work closely with them?

Mr Thompson: Yes.

Senator FARUQI: Do you know why the exemption has been granted, from your perspective?

Mr Thompson: I think there were some industry concerns about the impact of the timing of the introduction of the ban on twin-tier vessels, which the government was keen to consider. And the exemption helps extend the period of adjustment for the industry to adapt.

Senator FARUQI: But from what I understand, Mr Thompson, the twin-tier vessels have been discussed directly with the industry for the last eight years, if not longer. Don't you think that's enough time for a phase-out to happen?

CHAIR: Senator Faruqi, I think you're asking for an opinion of the secretary and so you need to ask on other matters, please.

Senator FARUQI: Sure. So what are the conditions of the exemption? Do you know? How long will the exemption last?

Dr McEwen: Those are issues for the department of infrastructure, who granted the exemption.

Senator FARUQI: There was no involvement from your department or your branch in that, given that there were live sheep exports that were happening?

Dr McEwen: Under the approach to the exemption, we had to agree an animal welfare plan with exporters who are exporting on any ship that's granted an exemption.

Senator FARUQI: So you have agreed on an animal welfare plan?

Dr McEwen: That's right.

Senator FARUQI: Is that publicly available?

Dr McEwen: No.

Senator FARUQI: Can I get a copy of that on notice?

Dr McEwen: I'll take that on notice.

Mr Thompson: We can talk in general terms about that.

Senator FARUQI: About what?

Mr Thompson: The animal welfare plan and what's included, if that helps?

Senator FARUQI: Yes, that would be great. I just want to know when there has been an assessment and there has been reason why these vessels were prohibited, how does it become acceptable to put thousands of animals on board when basic ventilation requirements can't be met? Does the animal welfare plan include that basic kind of meeting of ventilation requirements?

Dr McEwen: The animal welfare plan addresses concerns about animal welfare in that way. It looks at a number of different mitigation measures, including more space for animals on board, additional time at registered premises, additional quality insurance inspectors, additional visits by accredited veterinarians and having an additional stock person on board.

Senator FARUQI: Who will be enforcing these requirements?

Dr McEwen: They are enforceable through each exporter's approved arrangement. We will enforce the exporter requirements, while AMSA enforces requirements around the vessel.

Senator FARUQI: Are there independent observers on this vessel?

Dr McEwen: Yes.

Senator FARUQI: How many?
Dr McEwen: We only ever put one independent observer on a vessel, but it has been our practice to require independent observers on all sheep voyages to the Middle East in the last 12 months.

Senator FARUQI: Have there been other exemptions granted as well?

Dr McEwen: Not as yet.

Senator FARUQI: Are there any that have been requested?

Dr McEwen: I think there is one other that is currently being considered.

Senator FARUQI: And that will be the same case—you'll prepare an animal plan for that?

Mr Thompson: Yes.

Dr McEwen: Yes.

Senator FARUQI: Is there an agreed timeline for the phase out? I guess there was. But is there a new agreed timeline?

Mr Thompson: We would have to take that on notice. It is a matter for AMSA, primarily.

Senator FARUQI: But from your perspective? You do know?

Mr Thompson: We're not aware of one. If I was aware I would tell you, but I'm not actually aware.

Senator FARUQI: Do you think it actually risks the community getting even further wary of the department's role, in terms of improving the lives of sheep on those vessels? We know there has been a huge community outcry on this issue. Are you concerned about that?

Mr Thompson: Through the animal welfare management plan, we're looking to manage for good animal welfare outcomes, even in this circumstance.

CHAIR: Further to Senator Faruqi's question, when was the last notifiable or reportable incident on board a sheep shipment?

Dr McEwen: I would have to take that on notice, but it has been at least two years. I think actually the last reportable sheep mortalities were on the Awassi.

CHAIR: So, there have been none in that period?

Mr Thompson: That triggered the reportable threshold of one per cent.

Dr McEwen: Yes.

CHAIR: Could you take on notice and let me know how many shipments and how many sheep were transported during that period.

Senator FARUQI: There are companies, I understand, who have invested in complying with the new regulatory requirements. Then there are companies that haven't, and 30-year-old live export ships have been granted exemptions. Do you think this is anticompetitive or it could be considered as a form of regulatory favouritism? Are you at all concerned about that?

Mr Thompson: You're kind of asking my opinion again and it is about a policy area that is not our direct responsibility. It is about the regulation of shipping, and driven by that. I know there are animal welfare concerns that underpin that and we are very much part of advising on that. But I can't give an opinion.

Senator FARUQI: And you have no concerns about animal welfare on these ships, which—

CHAIR: Senator Faruqi, I think that is a matter of opinion.

Mr Thompson: What I have already answered is that we are seeking to manage the animal welfare concerns.

Senator FARUQI: I have a few questions for exports.

CHAIR: We are just about out of time.

Senator FARUQI: I have just a few questions for exports. These are on horse slaughter and export abattoirs. At the estimates last October, the department advised that they had conducted a critical incident response audit of the Meramist abattoir in Caboolture in response to The 7.30 Report program, and that you would be making a decision on the abattoir's licence in the next week or so. What has been the outcome of the investigation?

Ms Freeman: In response to the footage, we did undertake a critical incident response audit. From that, we found, and the establishment itself admitted, that they weren't compliant with their approved arrangements, particularly as they related to animal welfare. They were asked—off the basis of that, they were issued a number of CARs, what we would call, which they needed to address a number of matters relating to animal welfare in particular. That related to sort of particular elements of their noncompliance, if you like, and areas where we thought they needed to improve. We did that. CARs were issued and we went back and checked again several
weeks later. The decision was made that the establishment had made a number of efforts to address matters that they had provided to us, and what was a critical action plan under our arrangements. We decided then that they needed a bit more time for some of their training and some of their structural elements on their establishment and that we would go back again and check, so they weren't given the all-clear in November. Another critical incident level 2 audit was carried out several weeks ago, and they have been passed on the range of improvements that they have made. I would say though, as the regulator, we decided that there were matters outstanding that we needed to perhaps be more prescriptive about in relation to ensuring that the establishment meet their regulatory requirements under the approved arrangements, and we have actually sought to vary their approved arrangement to more explicitly meet the requirements against the Australian standard and importing country requirements.

**CHAIR:** Further to the 7.30 report, were you aware that that footage was taken over an extended period of time—some two years, I understand—and that it was some time in the past?

**Ms Freeman:** Yes. We believe that footage was taken over a number of years. It wasn't just at the registered establishment. We believe it was taken at a number of places, including sale yards. Obviously, our regulatory remit covers that export establishment.

Probably also of relevance is that the establishment itself and our on-plant vet at the establishment had reported numerous animal welfare incidents of the state of livestock upon arrival or ante-mortem, prior to their slaughter. That got referred to the state regulator. In 2019, there were 15 separate incidents reported relating to 26 horses which referred to the state of the animals upon their arrival. That's a very serious but separate matter as opposed to how well the establishment manages animal welfare. That's equally a matter of concern. There were certainly horses that were emaciated et cetera upon arrival, which go to broader animal welfare issues.

**Senator FARUQI:** Was anyone—

**CHAIR:** I'm just trying to separate the practice at that facility and the representations that were made by the establishment is meeting its requirements under the approved arrangement that that establishment has, to our job isn't to sit and check their footage.

**Senator FARUQI:** There were big issues at the abattoir.

**CHAIR:** I don't disagree, but I'm also keen that we are clear that the show wasn't necessarily representing the facts.

**Senator FARUQI:** What steps have you actually taken to make sure what happened at that abattoir doesn't happen again?

**Ms Freeman:** I'll pass to my colleague Mr Patterson but really it went to a number of things that they are required to do. They have installed CCTV cameras. We've required far greater training for their animal welfare officers. They have had to make a number of improvements to the yards, for example. They have also had to make sure that the suppliers of horses to their establishment are meeting a code of practice, effectively. That's the nature of the sorts of things—

**Senator FARUQI:** I think it would be fine if you provided those on notice. On the CCTV, will the department regularly view footage?

**Ms Freeman:** No. To be clear, through the approved arrangement that that establishment has, they have a number of requirements in relation to food safety, traceability, animal welfare, and it's our job to get assurance that they're meeting the requirements of the approved arrangement. Our job isn't to sit and check their footage.

**Senator FARUQI:** That's the whole problem with the issue: if you never check, what's the point of having CCTV?

**Ms Freeman:** I'd argue that we do check them. We don't sit there and look at the CCTV as a matter of—

**Mr Thompson:** We do have other regular audit programs—

**Ms Freeman:** Exactly.

**Senator FARUQI:** This is my last line of questioning. Has the department reviewed the final report of the Queensland government's inquiry into animal cruelty in the management of retired racehorses in Queensland? That's the Martin review.

**Ms Freeman:** Yes.
Senator FARUQI: What action is the department taking in response to the deficiencies that were identified in that report, particularly the deficiencies in the department itself?

Ms Freeman: That report has approximately 55 recommendations, and—if my colleague Mr Blong is here—there are a range of them that relate to horse registers, traceability et cetera. Some were considering issues regarding the MOU that we have with Safe Food Production Queensland. We have one now, so the question, in considering that recommendation, is really what that would mean. There's a range of other suggestions, which are also under consideration, about having an additional state member from Safe Food Production Queensland with our on-establishment vet. They are still under consideration. I think there are a range of issues that need further thought. We have worked cooperatively with our Queensland colleagues on this matter, including having them attend some of our audit activities. So I think, in relation to where we go next on the Martin review, it's still under consideration.

Senator FARUQI: The particular ones that I was interested in were the deficiencies in the department's approach in responding to animal welfare incidents. One criticism in the report is that the department of agriculture arrangements for reporting animal welfare incidents to state animal welfare authorities were deficient due to delays and flawed evidence collection, which limited the ability for further enforcement. Will you be going through these recommendations and then responding to the report?

Ms Freeman: Yes, we are considering it. I should also say, as part of our—

Senator FARUQI: Considering it, or will you actually do it?

Ms Freeman: I'll finish my answer. Part of it, regarding our action against the establishment, has been their animal welfare monitoring and reporting and the speed with which they do that. So I would argue some of that has already been actioned, and we're seeing now, through our second audit, which was done in recent weeks, that the establishment is more expeditious. So some of that is also happening. We are looking at our practices with regard to the timeliness of our reporting to them. I would say it is under active consideration, some of which has been implemented.

Senator FARUQI: I have a very simple question: will you be responding to those recommendations, whether you've already implemented some and not others?

Mr Thompson: We expect we will.

Senator FARUQI: Thank you.

Senator McMAHON: Can I go back to my colleague Senator Faruqi's questions on the Al Shuwaikh sheep boat and the exemption. My understanding was that that boat sailed recently. It has one deck that is a single deck, not a two-tier deck, and, because of the wording of the exemption, they were not able to load cattle onto that single deck. Is that your understanding of what happened?

Dr McEwen: Yes.

Senator McMAHON: Do you know why? My understanding of the wording of the conditions of that exemption, applying section 6(3)(b), is that, where livestock is carried in single-tier areas of the vessel, a mechanical ventilation system must provide air from a source of supply with a velocity across pens in the area of at least 0.5 metres square. But that was not a single tier; that was actually a single deck. So do you know why that ruling was applied in this case?

Dr McEwen: That's a matter for AMSA. But the single deck is what that is referring to. That's my understanding.

Mr Thompson: As I understand it—and my colleagues will correct me very quickly if I'm wrong—the issue you identified, with carriage of livestock on that single deck, was not related to marine order 43, which was around twin-deck vessels.

Dr McEwen: It's still marine order 43, which covers everything. But the wording of the specific exemption, in my understanding, is about twin tiers. That deck didn't meet the air speed requirements, the ventilation requirements, that AMSA has for all livestock vessels.

Senator McMAHON: For twin tiers, though?

Dr McEwen: No, for all tiers—for all parts of all livestock vessels.

Senator McMAHON: Yet the exemption allowed sheep to be loaded on all of the other decks which were twin-tier decks?

Dr McEwen: That's correct.
Mr Thompson: That’s right, because the exemption covered the double-decking and those twin tiers met the other requirement in relation to air speed ventilation across those decks.

Senator McMAHON: Was it that the single-tier deck was completely different from all the other decks on that boat, with regard to ventilation?

Dr McEwen: Really, to get a complete answer to this, you would need to ask AMSA as the regulator. Because twin tiers do reduce the ventilation across those decks, it was only specifically about where twin tiers did that. For all other ships, at all times, they have to meet the half-a-metre-per-second ventilation requirement.

Mr Thompson: We’re trying to be helpful here, but we’re probably confusing things a little bit. It is a decision of AMSA rather than us. We’re happy to take that on notice and get you a clearer explanation, if that helps.

Senator McMAHON: Yes, it would, because it seems strange—

Mr Thompson: It does.

Senator McMAHON: that twin tiers would come under the exemption, yet a deck that’s single would not and they would have to sail empty on that deck.

Mr Thompson: That’s right. It goes to the nature of the exemption that’s been granted. We’ll come back on notice.

Senator McMAHON: Is that something that can be looked at and hopefully sorted out before the next voyage?

Dr McEwen: Again, that would be a matter for AMSA or, in fact, a decision of government—whether there should be other exemptions—

Mr Thompson: Other aspects of the vessel.

Senator McMAHON: Moving on to the issue of the breeder cattle to Indonesia last year, there was a grant given to LiveCorp for the after-sale support of breeder cattle to Indonesia. Are you aware of the value of that grant?

Mr Thompson: Yes, Senator, I’m aware of the value of that grant. This was a grant that was provided to the Indonesian Society of Animal Science, working with the Indonesian cattle industry. That grant, excluding GST, was $306,000. It was to be paid between 13 November last year to 7 June 2020.

Senator McMAHON: My understanding is that there were two grants. One was to that and the other one was to LiveCorp. Is that correct?

Mr Thompson: There were separate grants paid to LiveCorp to undertake monitoring—to work with industry in Indonesia and undertake some monitoring of the welfare of breeder cattle in Indonesia.

Senator McMAHON: What was the value of that grant to LiveCorp?

Mr Thompson: I’d have to take that on notice. There were a couple of grants to LiveCorp over that period, so, to be certain, I want to take it on notice.

Senator McMAHON: Okay. Are you aware of how that money was spent by LiveCorp and what the outcomes were?

Mr Thompson: Yes. LiveCorp provided a summary of its report on its website.

Senator McMAHON: That grant is full expended now?

Mr Thompson: To LiveCorp, I understand it is. Again, I’ll correct that on notice if it’s incorrect.

Senator McMAHON: Again with regard to the breeder cattle, I have been made aware that the Indonesian government will soon issue a tender for a further 15,000 head of breeder cattle. What steps have you taken to ensure that the same situation doesn’t eventuate?

Mr Thompson: Well, as we’ve discussed in these hearings previously, our regulatory reach on breeder cattle is very limited, because obviously we’re dealing with animals that have a continuing life in another country, so the reach of Australia’s regulatory obligations or impositions on exporters and importers is very constrained by that. We indicated I think at the last hearing that we were briefing the then Minister for Agriculture on options to look at breeder cattle and how to better assure animal welfare outcomes for breeder cattle. We did that, and we’re preparing to brief our current minister, Minister Littleproud, on those issues.

Senator McMAHON: Okay. So, you haven’t briefed him at this stage?

Mr Thompson: Not formally, no.

Senator McMAHON: Thank you.
CHAIR: That is the end of outcome 4. Thank you very much, department representatives.

Mr Metcalfe: Chair, perhaps while the next witnesses are coming to the table I could come back on a matter we were discussing earlier today relating to the evidence we were providing earlier today in relation to Ms Richards and the APVMA matter. This morning the committee requested a copy of the RFI assessment document in relation to the Armidale property search in 2016. My colleague responded that the document was subject to a previous public interest immunity claim. Senator Ruston agreed to speak to Minister Littleproud about that matter. We've now checked and we've realised that the particular document requested was not part of the previous public interest immunity claim. However, the RFI assessment document does contain commercial information that's subject to a new public interest immunity claim that the minister will come to in a minute. The minister has a statement from the minister in relation to that. The minister is happy to provide a redacted version of that document, but Minister perhaps you'd like to make that claim.

Senator Ruston: Certainly. Thank you. I've received a statement from the minister in relation to the requested information in relation to the relocation of APVMA, and it's the Armidale market search, December 2016: 'Release of parts of the document may damage the commercial interests of third parties and would materially impact the Commonwealth's ability to negotiate and contract with commercial entities. The documents sought by the committee include details of commercial strategies, fee, price structures, details of intellectual property, details of contracting processes, including tender content and assessment of individual tenders, and other information which will be of significant commercial value. Government Guidelines for Official Witnesses before Parliamentary Committees and Related Matters—February 2015—attachment B lists information such as this as inappropriate to disclose where it could cause disadvantage to a contractor and advantage their competitors in future tender processes. The release of this information would set a precedent and could result in commercial firms ceasing to engage in or respond to processes such as a request for information in process that was undertaken or to enter into commercial arrangements with the government on the basis that such an engagement could risk publication of commercially sensitive information. This outcome could materially impact the Commonwealth's ability to negotiate and contract with commercial entities. In these circumstances the government considers that the harm that may occur in relation to commercial interests outweighs the public interest in tabling the document to this committee.' However, the minister has subsequently agreed to release the document, but with the information as outlined in our claim of immunity redacted. So the remainder of the document is available for the committee's consideration.

Mr Metcalfe: We can provide that to the committee. The other matter that we were discussing, Chair, was in relation to copies of correspondence between Ms Richards and the department in relation to her CDDA claim. Officials have contacted Ms Richards and she has consented to the provision of that information, apart from some sensitive personal information. We have that material with us and will table it. We have redacted some personal details from Ms Richards's correspondence, such as her driver's licence number, credit card details and the personal information of non-departmental individuals included in the correspondence. I have a copy of that to provide to the committee as well.

CHAIR: Is the committee happy to accept both of those documents? Yes. Thank you very much.

Senator Ruston: On another matter, Senator Sheldon asked me some questions in relation to farm household allowance. I sought the advice of the minister during the dinner break. I can table the response of the minister but would note that there is additional information still to come, particularly in relation to some numbers that he asked for. I will table that as well.

Senator SHELDON: Thank you, Minister.

Mr Metcalfe: Finally, Chair, we were asked about the percentage of expenditure covered by fee-for-service revenue within the department. This relates to the agriculture part of the department, not the entire department's income. I'm advised that in 2018-19 financial statements, departmental income through cost recovered fees and charges was $409,371,000; total departmental expenses were $847,741,000; and the percentage, therefore, of expenditure covered by fees and charges that were cost recovered was 48.3 per cent.

Senator STERLE: Before we go to Senator Sheldon, can I just suggest that we don't have questions for Animal Health Australia or Plant Health Australia.

CHAIR: In the absence of any senators here having questions for either of those groups, we now release them. Thank you very much.

Regional Investment Corporation

[21:13]
Senator CICCONE: On the RIC's website it states that it's approved 251 loans valued at $273 million for farmers this financial year as of 31 January 2020. Are you able to provide a breakdown of the value and the number of loans for each of the loan programs that RIC administers, including drought loans, ag business loans, farm investment loans, water infrastructure loans and ag rebuild loans?

Mr B King: I would like to request, if possible, for our acting chair to make an opening statement.

Senator CICCONE: Sorry; I got ahead of myself.

CHAIR: I do apologise; that was my oversight. Welcome to Ms Bondfield and Mr King from the Regional Investment Corporation. We welcome your opening statement.

Ms Bondfield: Thank you. It's been a very busy year for the Regional Investment Corporation, RIC, since we were last here in October 2019. Our affordable loans for farmers and farm related businesses are in high demand, which is evident in our numbers. In this financial year to 31 January we have approved 251 loans valued at $273 million and 418 loans valued at $430 million since 1 July 2018, our inception, when we were established into the farm sector. Included in the loans approved this financial year, to 31 January, are 224 drought loans valued at $206 million for drought affected farmers. Farmers are using their RIC drought loans to prepare for, manage through, or recover from drought. They are also able to use the loan to restock and to replant.

Less than six months ago, shortly after the October 2019 hearing, the federal government announced new loan settings for the RIC drought loan. This provides a two-year interest-free period with no repayments, followed by three years interest only, then five years principal and interest on a 10-year loan. Demand for our drought loan quadrupled overnight following this announcement. Since then, we have heard many drought affected farmers tell their stories of the life-changing benefit this financial relief has provided to their family and farm businesses. Farmers refinancing up to 50 per cent of their existing commercial debt with RIC can potentially save $250,000 in interest repayments on a $1 million loan over the first five years at the current variable interest rate of 2.11 per cent. Our customers are realising that RIC loans make good business sense to enable faster recovery.

The consequence of this demand has been a significant stretch on our resources, and our focus is on consistently processing loans as quickly as possible. To do this, we are expecting our Orange, New South Wales, based team, which has been located there for just over a year now, to increase by 15 new full-time roles starting within the next three months. These customer focused roles will support customers through their application process and collect the required information for timely processing. It currently takes six months, on average, to process a RIC loan from when an application is submitted to when the money is deposited into the account. Of this, the RIC handling time is around 65 days, which we are working to reduce to less than 45 days. The remainder is accounted for by customer turnaround times and the time the applications spend with commercial lenders. We are working closely with the Australian Banking Association, rural financial counsellors and accountants to improve the process and close the gap. A RIC loan is a long-term solution, so we must deliver a robust process that ensures we are responsible with taxpayers money and deliver it in a reasonable time frame.

Senator STERLE: Sorry, have you got much longer to go because, with the greatest respect, we do want to get to questions. You could probably table—

Ms Bondfield: There's not much longer. We're just going to refer to the water loans.

In addition, our AgRebuild loans for North Queensland farmers and graziers affected by last year's monsoon trough are also helping with restocking post event. We've had 100 per cent application approval for this loan, valued at $54 million.

We are collaborating with all levels of government on the National Water Infrastructure Loan Facility and how that can support sustainable water projects. Up to 50 per cent of potential projects have been identified. These large-scale projects do have a large lead time. Our team is proud of the work we're undertaking to build a stronger regional Australia. I'll now open to questions, thank you.

Senator CICCONE: Just in continuation from my earlier question before you provided the opening statement, can you provide those figures by state as well?

Mr B King: I do have the figures for loans approved nationally. We can take on notice the figures by state and come back to that.

Senator CICCONE: Fantastic.

Mr B King: The total for all loan amounts approved for this financial year is $272.7 million. We've had $12.4 million farm investment loans approved. We've had 224 loans approved in our drought loan program to a total of $206.4 million. We've had 17 AgRebuild loans, which look after the North Queensland farmers, approved for a
total of $53.9 million. You also asked about the AgBiz loan. This loan product only launched on 20 January, and we are yet to approve loans in that one.

Senator CICCONE: How many loan applications have you received this financial year?

Mr B King: The total number of loans we've had requested is 666. Of that, there has been a large number of incomplete loan applications—that is, loans where we don't have all the information. In terms of completed loan applications received to date, we have 324 loans to a total of $408.1 million.

Senator CICCONE: How many farmers who have applied for loans been declined?

Mr B King: Total loans declined so far this financial year is 39.

Senator CICCONE: I don't know if you can provide on notice a breakdown by state. That would be helpful.

Mr B King: We can certainly provide those figures as a breakdown by state.

Senator CICCONE: Is it the case that some farmers have had to wait six to 12 months to hear whether their loan application has been accepted?

Mr B King: As my chair disclosed earlier, the average loan time for settlement is 187 days. That doesn't mean that the applicants are waiting that full period to hear whether their loan has been approved. Once we approve the loans, there is a negotiation that occurs with the banks around the deed of priority and that can contribute to that amount of time.

Senator CICCONE: So once it has gone in, the average, as outlined by the chair, is—

Mr B King: That's from receipt of a completed application through to funds in the bank account of the applicant.

Senator CICCONE: Is that the average for the last couple of financial years or just the last financial year?

Mr B King: We have only been in operation since July 2018.

Senator CICCONE: Good to know; I've only been in this job for a short period of time too! How many farmers have had to wait over three months? Can you enlighten the committee to any other delays?

Mr B King: I don't have that figure to date specifically.

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

Mr B King: Thank you.

Senator CICCONE: What's the operational cost for RIC?

Mr B King: The RIC's budgeted appropriation for the 2019-20 financial year is $15.477 million.

Senator CICCONE: What's RIC's current loan budget?

Mr B King: We have loan funding available to RIC of $2 billion for our farm business loans and $2 billion for our National Water Infrastructure Loan Facility.

Senator CICCONE: Are you able to advise what the cost associated with travel undertaken by RIC staff has been?

Mr B King: I am. Our forecast expenditure for travel is $444,000.

Senator CICCONE: I understand the previous CEO resigned last year, on 3 October; is that correct?

Mr B King: I think you may be referring to the previous chair.

Senator CICCONE: Sorry; the previous chair. When do we expect a permanent chair to be—

Ms Bondfield: I was appointed acting chair on 3 October. I haven't got the date of the previous chair's resignation. I believe, from the department of ag, that the appointment of a new chair might be imminent. The minister will be referring that to cabinet this week, as far as I understand.

Senator CICCONE: That's good news. How many positions are vacant within the organisation?

Mr B King: We currently have ASL approval of 31.6. Our current full-time equivalent staffing level is at 26.3 and we are seeking to fill those vacancies as soon as possible. For example, we're currently recruiting for a business development manager for Western Australia and we expect that position to be filled soon.

Senator CICCONE: I noticed there were positions based in Perth and South Australia as well.

Mr B King: The business development manager will potentially cover both WA and South Australia.

Senator CICCONE: Do you have staff based in other capital cities?

Mr B King: We do. We have a staff member based in Sydney and a staff member based in Canberra.
Senator CICCONE: And what are the costs associated with those positions in Canberra and Sydney?
Mr B King: I don't have the specific costs for those individual roles to hand.
Senator CICCONE: Can you take it on notice?
Mr B King: Yes.
Senator CICCONE: Thank you. I understand there was a question on notice—I think No. 130—from previous estimates that related to water infrastructure loan funding. I understand that the answer at the time stated that the government is currently working on implementation details for changes to the National Water Infrastructure Loan Facility. Have the changes been made?
Mr B King: We are still working with the government on effecting those changes.
Senator CICCONE: When do you expect the changes to be implemented?
Mr B King: I think that's potentially a conversation for the department or for the minister.
Senator CICCONE: Mr Metcalfe, do you know?
Mr Metcalfe: I don't have anything to add. I will check.
Senator CICCONE: How long has the $2 billion Water Infrastructure Loan Facility fund been available for?
Mr B King: As mentioned earlier, we began operation on 1 July 2018.
Senator CICCONE: So, from the start. How many staff currently work to administer that?
Mr B King: To administer the RIC loan business?
Senator CICCONE: The Water Infrastructure Loan Facility?
Mr B King: We have one full-time equivalent on the business development, plus myself.
Senator CICCONE: Last question: my understanding was that during the election the government made up a commitment to set up a loans facility for a new plantation development. Do you know if this has been done?
Mr B King: We're working with government and the department on effecting relevant legislation to enact that.
Senator STERLE: Young officials watching how to answer questions at estimates should film you.
Unidentified speaker: High praise indeed.
Senator STERLE: He's very good. He doesn't muck around.
Unidentified speaker: We kept the best until last, you see.
Senator STERLE: Mr King, a couple of quick ones. You talked about positions in Perth and Adelaide. Was it the intention, when RIC was set-up, to have people based in capital cities or was there talk of regional centres?
Mr B King: It is not our intention that they will be based specifically in those capital cities. As I stated before, we've advertised for a business development manager role for Western Australia and for South Australia. There is no requirement that they necessarily be based in either Perth or Adelaide.
Senator STERLE: Sorry, I misinterpreted the answer. I thought they were going to be in Perth or Adelaide. You're advertising in Western Australia and South Australia.
Mr B King: That's correct.
Senator STERLE: One last question: why does it take so long on average to get a loan approved?
Mr B King: The loan approval time is not actually that long. When I talked about the 187 days, that was going all the way through, on average, to settlement into a customer's account. If you consider the loan application process, we have some policy requirements we have to tick off on to ensure the eligibility is correct. We then go through a financial assessment period. Once we have approved the loan we then are negotiating with the banks, with the customers, around the appropriate security-sharing arrangement between the bank, the RIC and the applicant. That can take an extended period of time. As our acting chair shared in the opening statement, the RIC involvement in the application process in terms of time is currently 65 days.
Senator SHELDON: I just want to ask one quick question. How many water loans were also issued?
Mr B King: No water loans have been issued, as our chair indicated. There is quite a long lead time on water infrastructure projects. We enter into those with the states and territories. They take the lead on that arrangement.
CHAIR: Thank you very much for your appearance. I'm very grateful for your patience.
Mr Metcalfe: While the APVMA are coming Ms Deininger has an update on a matter we discussed earlier.
Ms Deininger: I just want to provide some additional information in relation to the activity supplement. There was some questioning in relation to that earlier today. I can advise the committee that, since 1 July 2014, 4,352 people have used the activity supplement and $10.86 million has been paid, with the average payment being $2,496 per person. The change to the FHA to increase the activity supplement to $10,000 will not commence until 10 June this year. The earlier figures do not reflect those changes.

**Australian Pesticides and Veterinary Medicines Authority**

[21:29]

**CHAIR:** I now call witnesses from the Australian Pesticides and Veterinary Medicines Authority. Do you wish to make a brief opening statement?

**Dr Parker:** That would be good, thank you. Given it is likely my last appearance at Senate estimates in this role I'd appreciate your indulgence. As an independent regulatory authority funded predominantly through cost recovery the APVMA balances the quality of our regulatory decisions with timeliness, cost and risk. I was appointed to the position of CEO in June 2017 at a time of considerable upheaval at the APVMA. I decided to focus on four core pillars: stabilising the financial position of the organisation; relocation and its associated physical requirements; improving performance, including managing staffing and knowledge retention; and modernising the IT system and its infrastructure, including business processes.

The APVMA has recorded significant business-as-usual operating losses since 2013-14. Efficiency measures, coupled with the financial sustainability plan I implemented in 2017-18, have mitigated the realising of even greater business-as-usual operating losses, despite real cost increases across the agency's operations. In parallel with the effort to increase efficiency and reduce expenses we have been seeking to maximise revenues. Recently, concerted efforts by staff recovered about $1.2 million in unpaid fees. Separately I took the decision to limit the number of staff to fewer than 183, down from the forecast 190 in the 2018-19 portfolio budget statement. This has returned about $1.8 million to the budget.

On 3 June 2019 the APVMA finalised its move to its new purpose-built office accommodation in Armidale, ahead of schedule and within budget. This was a significant milestone for the authority and marked a new chapter for the APVMA. Moreover, the remaining staff in Canberra, about 40, will soon relocate to a smaller office. Taken together the relatively cheaper lease costs in Armidale and the smaller office footprint in Canberra have reduced the APVMA's annual rental expenses by about 20 per cent or $366,000.

Our performance has continued to improve. In the June 2017 quarter 41 per cent of major product registration applications were processed on time. This has almost doubled to 80 per cent in the December 2019 quarter. Overall the APVMA has finalised 87 per cent of all applications within timeframe in the December 2019 quarter, up from 58 per cent in the June 2017 quarter. In the same period we have reduced the number of overdue major applications from 223 to 50. Furthermore, in the past two years the APVMA has reduced the average time taken to process an application to 5.7 months, a reduction of two months compared with assessments completed in 2016-17.

We continue to take immediate regulatory action to manage human health and safety and risks to the animals and the environment. In August 2019 we made final regulatory decisions on methiocarb, which was followed in September by a final regulatory decision in relation to home garden and domestic products containing chlorpyrifos. In October 2019 we published the proposed regulatory decision for 2,4D. We have also announced reviews of neonicotinoids and we have had voluntary cancellation of a couple of other products, all of which is good work associated with our chemical review functions.

The APVMA's Enabling Technology program is moving us to a modern business system and process model, building on the work underway to stabilise our existing systems and migrate to a cloud based environment. The program remains on track to deliver the objectives of our digital strategy: infrastructure stabilisation, digitisation, modernisation and transformation.

On 12 December 2019 I announced my decision to resign as CEO. I had inherited an agency that faced significant challenges, challenges that have received considerable public airing. I leave the APVMA in a stronger position, having reformed it to provide world-class chemical regulation and working to make sure the cost of operations is appropriately reflected in the fees, levies and charges. As the APVMA moves forward it is better positioned to deliver efficient, effective, timely and science based decisions that are proportionate to the risks being managed. APVMA staff are professional and committed. Their positivity, their expertise and their skill will be vital to the agency's continued success as a world class regulator. The APVMA has emerged from the process of relocation with a bright future, with many opportunities, and I have every confidence agency staff will grasp those opportunities and rise to the challenges.

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**RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE**
Senator SHELDON: Thank you for your opening statement, Dr Parker. Even though it's late at night, it is appropriate to give a statement like that, considering that this is the last time you're appearing in this role in front of the committee. I want to ask a couple of questions, which you may be aware of because I also raised them earlier today. Is the department aware who the current owner is of 98 Beardy Street and 102 Taylor Street in Armidale?

Dr Parker: Yes, we are. We're their tenants.

Senator SHELDON: Are you aware who the current owner is?

Dr Parker: Yes.

Senator SHELDON: So, who is the current owner?

Dr Parker: I'll ask Mr Smith, who manages these issues, to give you the current owner.

Mr Smith: The current owner of the company is The Trust Company Limited, who is listed as the new owner, custodian and agent of the building, and they act on behalf of MPG Funds Management Limited who are the responsible entity under the contract.

Senator SHELDON: Does the department know how much the property rights were sold for at 98 Beardy Street and 102 Taylor Street?

Dr Parker: To which transaction are you referring, Senator? The property was owned originally by an individual company.

Senator SHELDON: Yes.

Dr Parker: It was purchased from them by Stirloch, who have since on-sold. Which particular transaction are you referring to?

Senator SHELDON: The on-selling to the latest purchaser.

Mr Smith: APVMA was not provided any advice on the commercials associated with the contract.

Senator SHELDON: I have a series of other questions. How many positions are currently vacant at the APVMA?

Ms Croft: We currently have 12 recruitment actions underway.

Senator SHELDON: Does the APVMA use recruitment agencies or consultants for recruitment?

Ms Croft: We use a combination of in-house sourcing of recruitment as well as some external providers.

Senator SHELDON: How many are currently engaged with consultants at the moment or recruitment agencies?

Ms Croft: I'd have to take that on notice, Senator.

Senator SHELDON: How much has the APVMA spent on recruitment agencies and consultants since the decision to locate the APVMA to Armidale?

Ms Croft: $917,000.

Senator SHELDON: What is the total cost of the recruitment process due to relocating the APVMA to Armidale?

Ms Croft: That is the same cost, Senator.

Senator SHELDON: Sorry, that's the—

Dr Parker: The 900,000.

Ms Croft: The 917,000 is the total we've spent on all recruitment activities since the relocation was announced.

Senator SHELDON: Is it correct that the APVMA has reduced its corporate services team from 40 staff to 25?

Ms Croft: That is correct.

Senator SHELDON: Has the significant reduction in staff led to cost savings?

Ms Croft: The staffing level has remained relatively the same; however, what we have done is reduce the corporate footprint to ensure that we can invest in other areas of the business, particularly our risk assessment and registration management activities, which are essentially our assessment services for the applications we receive.

Senator SHELDON: I'm sorry, I misunderstood that. So, you've gone from 40 to 25?

Ms Croft: Yes.
Senator SHELDON: That's the corporate services team. And you've increased the number of staff elsewhere? I'm not quite clear on that.

Ms Croft: Yes. Overall, the staffing levels have remained about the same, but the savings we have achieved in the corporate space we've reinvested in our scientific assessment services.

Senator SHELDON: Has the significant reduction in corporate services staff impacted the APVMA?

Ms Croft: No, Senator. We've achieved efficiencies in that space that has allowed that reduction.

Senator SHELDON: How many of these staff have received redundancy?

Ms Croft: In total, we had about 40 staff take a redundancy at the beginning of the financial year.

Senator SHELDON: Does the APVMA think that staff within corporate services are adequately skilled to complete the work that should be completed by people with training in regulatory science?

Dr Parker: I'm not sure I understand the premise of the question. In the process of moving, we lost a significant number of staff. Some of those were in the corporate area. I took a decision. It seemed to me, for a small agency, a very high percentage in the corporate area. We took the savings we made by not employing corporate people and invested them in employing regulatory scientists and others to do the science based work of the organisation. It's not as though we moved those people physically and said, 'Sorry, you're not doing corporate now; you're going to do scientific assessments,' because clearly they wouldn't have that level of skill.

Senator SHELDON: That's why I'm asking the question.

Dr Parker: And I just answered the question.

Senator SHELDON: On 9 April 2019, you told the committee:

We've improved our budget position, and as we look to the future we continue to work on the cost recovery implementation statement … Work is progressing well on the CRIS, and we'll be consulting with industry and stakeholders over the coming months.

Dr Parker, can you please provide an update on this process and your consultation with industry and stakeholders to date.

Dr Parker: I think Ms Croft has a timeline there.

Ms Croft: Yes. We've undertaken a number of activities in relation to the CRIS. All the way back in 2017, PricewaterhouseCoopers did a review of our cost recovery arrangements. Then, from June to August 2018, we released the APVMA financial sustainability plan. We've had various discussions with our relocation advisory committee and industry board meetings and roundtables throughout 2018 and 2019. We then released our first CRIS discussion paper on 28 August 2019, followed by a discussion forum on 3 September. We then released our cost model that underpinned that discussion paper on 25 September, followed by a formal draft CRIS on 4 November, on which industry had until December to provide feedback. We've received the feedback and had a follow-up discussion with industry since that time.

Senator SHELDON: What specific cost containment and efficiency dividend measures have been put in place? I know there were some comments passed before. You can traverse over the same ground.

Ms Croft: Yes. We've undertaken a number of activities in relation to the CRIS. All the way back in 2017, PricewaterhouseCoopers did a review of our cost recovery arrangements. Then, from June to August 2018, we released the APVMA financial sustainability plan. We've had various discussions with our relocation advisory committee and industry board meetings and roundtables throughout 2018 and 2019. We then released our first CRIS discussion paper on 28 August 2019, followed by a discussion forum on 3 September. We then released our cost model that underpinned that discussion paper on 25 September, followed by a formal draft CRIS on 4 November, on which industry had until December to provide feedback. We've received the feedback and had a follow-up discussion with industry since that time.

Senator SHELDON: In the future, do you see that there's room for a further improved financial position?

Ms Croft: Certainly in terms of the work that we are doing in the enabling technology space, which is essentially modernising our ICT arrangements and our business process improvements, there is potential for that. However, we are only at the beginning phase rather than the end phase of that. So it might be too early to predict what the value of those savings might be, but we would expect some efficiencies in that space.
Senator SHELDON: I direct this to the department: Mr Secretary, what is the department's view of conducting this CRIS review when the government has recently announced a first-principles review of the Agvet Code?

Mr Metcalfe: I can't answer that. I think that colleagues under outcome 3 might have been able to, but they're no longer here. So I will have to take that on notice and come back to you.

Senator SHELDON: Shouldn't the CRIS review wait until the first principles review is complete as it may well identify areas to improve efficiency?

Mr Metcalfe: I'll also come back to you on that.

Senator SHELDON: Let's see if we can get an answer from Dr Parker. What is the total cost to date of the relocation of the agency?

Dr Parker: Ms Croft has those figures.

Ms Croft: The total appropriation was $25.627 million and we have spent $20.584 million of that.

Senator SHELDON: The original estimated cost was $25.6 million?

Ms Croft: Yes.

Senator SHELDON: What costs are still to be incurred?

Ms Croft: There are still some expenses relating to our infrastructure component, largely around our ICT. There are still some salary and staff learning and development costs that are yet to be forthcoming, and we still have costs associated with some contractors in that space as well.

Senator SHELDON: Dr Parker, considering that the government gave a commitment to meet the costs of this exercise, can you confirm that all relocation costs have met and not in fact been borne by the farming sector?

Dr Parker: That's correct. All costs associated with the relocation have been borne by the appropriation money the government provided for the relocation.

Senator SHELDON: Why did the APVMA not release its quarterly support for July to September but, rather, release a six-monthly report for July to December 2019?

Dr Parker: We would have released a quarterly report at the same time. It's not as though we've hidden it; it's there.

Senator SHELDON: So somewhere in the system we've missed the quarterly report. If you could provide a copy of the quarterly report—

Ms Croft: It is in the December report. The December report has every quarter, so you can see the September quarter separately identified in the December statistics. There is nothing else to provide.

Senator SHELDON: Hadn't you previously released reports on a quarterly basis?

Dr Parker: The time frames had been slipping. Given that the performance of the organisation had stabilised, it wasn't necessarily a priority to put them out exactly on time—and 'on time' is essentially a discipline we have put in ourselves. Again, when we put out the December quarter it included the September quarter.

Senator SHELDON: I note that there has been a reduction in the corporate services team. Do some of that team have direct and indirect responsibility for the quarterly report?

Ms Croft: Not in terms of the staff reduction.

Senator SHELDON: On the reporting lines for the quarterly report: would it have gone to some of those positions that previously existed?

Dr Parker: No. The reporting lines usually go from our statistician—for want of a better word—to Mr Norden and then they come to Ms Croft and me. Then we provide them to the minister in a brief and then we release them publicly.

Senator SHELDON: For the transparency of the decisions and work that is being carried out by the department, it is critical that the reporting be done on a quarterly basis. So I have concerns about going to a half-yearly report. Is it the intention to continue to make these reports on a half-yearly basis?

Dr Parker: I haven’t turned my mind to it. Again, the performance of the organisation has consistently been in the 80s for at least the last five quarters, from memory. It didn't seem to be something that was generating an enormous amount of interest like it was previously.

Senator SHELDON: Did you alert stakeholders to the fact that a July-September report was not being released?
Dr Parker: No, I don't believe I had a conversation with stakeholders. I don't believe they contacted me pursuing the particular report either.

Senator SHELDON: So stakeholders, you are saying, don't really take much of an interest in your reports?

Dr Parker: Certainly the last couple of reports did not seem to generate an enormous amount of interest amongst our stakeholders. I assume that is because the performance of the organisation is satisfactory in their mind.

Senator SHELDON: The most recent performance stats for the APVMA shows a steady improvement. While the overall time frame performance for the major assessment applications has increased from 60 per cent to 80 per cent, major applications for veterinary medicines, at 69 per cent, are still low. What is the APVMA doing to increase these time frame approvals?

Dr Parker: I might get Mr Norden, who is actively involved in some of those measures, to run you through that area.

Mr Norden: The veterinary medicines area has been clearing a significant backlog of applications and that has a significant impact on our performance and time frame as we clear overdue applications. In the pesticide space we took a significant hit as we finalised overdue applications, and then we've seen exponential increase in the performance of the pesticide applications. And that's what I'm expecting to see as we go forward. At the moment, we have only 20 veterinary medicine applications currently overdue. So if you actually look at our performance of our work in progress, the work that we actually have in the building, that is significantly improving in its time frame performance where it is currently at the moment.

Senator SHELDON: Thanks. Of the applications not meeting the time frames, how many days on average are they overdue?

Mr Norden: I'd have to take that on notice.

Senator SHELDON: Mr Parker, would you be able to assist us with that? I appreciate that you have put in a number of systems and new technologies and KPIs.

Dr Parker: We would have to take on notice the number of days on average that overdue applications are overdue. It is a range of applications with a range of time frames. It is not like a single time frame.

Senator SHELDON: How long would it take to come back with a position on that? I'm not suggesting tonight.

Dr Parker: This is part of our systems that is still somewhat manual.

Senator SHELDON: So we didn't get that computer system quite the way you wanted it?

Dr Parker: We'll get there.

Ms Croft: We are still undertaking the enabling technology program.

Senator SHELDON: Could you give me just a rough idea? I'm not going to hold you to the date.

Dr Parker: I would think two weeks.

Senator SHELDON: Thank you. If you can do it quicker than that I would very much appreciate it.

Dr Parker: If we can do it quicker than that we will.

Senator SHELDON: What does the APVMA need to do to increase the time frame approvals, assuming the APVMA is trying to achieve 100 per cent completion?

Dr Parker: That is an interesting assumption.

Senator SHELDON: I am happy for you to put another figure on there.

Dr Parker: My figure in my mind, all along, is to get as close to 100 per cent as is physically and financially possible. In all areas will we reach 100 per cent? I don't think so. But we are approaching that in some areas already. For minor pesticides applications, I think we're close to 100 per cent now. The complexity of the work that we do, and our desire to ensure that we get the science absolutely right before we will allow a product to be registered, means that sometimes we aren't going to meet the legislated time frames. It's a hard question to answer because I don't think in all categories we will get everything to 100 per cent. Certainly in some categories we will, and we are very conscious, particularly in the majors, to focus our work on that. As Mr Norden pointed out, the significant work by staff to clear the backlog is really starting to show dividends now. Again, as you pointed out, within the veterinary side of it, we anticipate an increase because a lot of work has gone into clearing that backlog out.

Senator SHELDON: Thank you for your answer. If we had more staff, would the APVMA come even closer to or maybe even complete that 100 per cent?
Dr Parker: I haven't done the work on exactly how many staff you would need. But I can tell you that, in our desire to ensure the organisation is not continuing to lose the sort of money it was losing since 2013-14, I've taken a decision that we won't staff right up. I mentioned that in my opening statement. We've been able to take some savings there, but it does mean that some components of the work that we do, particularly in our chemical review area, are not getting done to my satisfaction. But these things are always going to be a balance between the amount of staff you've got, the amount of work you've got, and the funds available. It's our desire, and I believe it's industry's desire through their engagement in the CRIS process, that we put the organisation on a more sustainable footing to ensure we can do the full suite of work we are required to.

Senator SHELDON: So if we did get extra staff we could possibly get to that higher completion, but you are saying you're weighing that against cost questions?

Dr Parker: If I had the money I would welcome more staff, because it would take the pressure off some of my existing staff, who are working extremely hard. But how long is a piece of string? What's the cost benefit of putting on extra staff to pick up a one per cent increase which may not significantly have an effect on a product coming to market more quickly or a product being available on the market. We haven't done that sort of work yet. I've been focused on trying to make sure we get the budget as balanced as possible. The work we've done on the revenue side and the work we've done on the expenses side would indicate that for this year's budget.

Senator SHELDON: I'm looking forward to asking your successor about whether they'll have time to concentrate on some of those other questions about getting 100 per cent.

Dr Parker: Hopefully, if we're able to get the CRIS implemented, the new CEO will have a better financial position and a better income position to manage some of those risks.

Senator SHELDON: Dr Parker, you chose not to be interviewed for a 2019 60 Minutes story with regard to glyphosate. Do you think Australia's regulator should make itself available to explain its role to the Australian public?

Dr Parker: I think I've been asked this question before at Senate estimates.

Senator SHELDON: You're being asked by someone who hasn't been here before.

Dr Parker: I've had the question from others who have been here before. The APVMA offered to provide 60 Minutes with a full briefing on the issues of glyphosate. They refused to take that offer up.


Dr Parker: I made a public statement—it's on our website—that articulates the APVMA's response to the 60 Minutes story and also articulates the date and, I think, even the time when that offer was made to 60 Minutes. They did not take that offer up. We made the offer, as a national regulator, to put balanced science into a story. They chose, for whatever reason, not to take that up.

Senator SHELDON: Just of interest, how many staff are there at APVMA that deal with media communications?

Ms Croft: We have four.

Senator SHELDON: I just want to turn to questions about the coronavirus impact. Dr Parker, on 25 February, the APVMA provided information about coronavirus and that availability of agvet chemical imports may be affected. Can you provide us with an update on the impact and how this will potentially affect agriculture, fisheries and forestry sectors?

Dr Parker: I'll make a start, and my staff will jump in if I get it wrong. We have a number of manufacturers and formulators in this country who source both finished product and also actives—which they put in and formulate up into a finished product—from overseas. A number of those approved premises are in China. To my understanding, the Australian government, through Border Force, has put in place some restrictions on vessel entry from some of those countries. We felt as a regulator that it was a responsible thing to do to notify, on the website, our clients that they would need to consider in their business planning those sorts of issues in order to ensure that they were able to manage supply. We just wanted to make sure they understood what the Australian government's actions were and how they might affect them. I am not sure whether they will or won't. I don't know every individual company's sourcing policy. But for those that did, we wanted to make sure that they were aware that there had been some changes put in place that may affect their business.

Senator SHELDON: This is an important question. You rightly made people aware, as best you could, of potential effects that were coming. Has there been assessment of the actual effects and potential ongoing effects. You just mentioned that you're not sure exactly what the mix is of—
Dr Parker: We have not made an assessment. As a statutory authority, that's the regulator of agricultural chemicals. It is not something that I would spend time or money on. I'm unaware whether work has gone on, either within government or outside of government, by companies or consultants in regard to that matter.

Senator SHELDON: Minister, this is an important question. Is there someone within government who is making an assessment of the actual impacts and potential impacts of coronavirus on the delivery of agricultural and veterinary chemicals that will affect the fisheries and forestry sectors and agriculture? Dr Parker has just explained that, at best, they could explain to industry what some of the effects could be. I'm wondering whether there has been an assessment of the effects and what the potential effects are of receiving these important products.

Senator Ruston: The most I can tell you is that the government very broadly takes this particular issue that we have before us very seriously. The details in relation to the specifics of the actual detailed assessments and analysis and actions that have been taken would be something on which I have to seek the advice of the minister's office. I'm more than happy to get that to you as soon as possible.

Senator SHELDON: I appreciate that, Minister. I'm sure that for all those people listening at 10:05 at night—and there will be somebody listening—it is going to be a really critical issue. They will be concerned about what the potential impact is on a very important part of our economy.

Dr Parker: It would be fair to say—and I just checked with my staff—that we haven't received any representations along those lines, other than some representations from the veterinary industry around the issue of sending people for audits into China. We have set some things in place to ensure that that doesn't have an impact on their business.

Senator SHELDON: Getting back to something I asked before, is it correct that the statutory requirement of the performance figures is 100 per cent?

Dr Parker: That's correct.

Senator SHELDON: We're not meeting 100 per cent. If it is a statutory requirement, how does the chief executive not aim to meet that requirement?

Dr Parker: We've discussed this at previous estimates as well.

Senator SHELDON: Statutory obligations don't count? I always think they did.

Dr Parker: Please, if you'd let me finish the answer. The organisation went through significant upheaval. It had significant issues associated with performance. We're working to get as close to that number as possible, which is what I answered before.

Senator SHELDON: In actual fact you gave an answer before in which you stated that's not what you were doing. You were doing it on the basis of cost and financial impact on the operations. That was what you were making decisions about. When I specifically put to you about going to 100 per cent, you made it quite clear—well, I am using my words, but certainly the way you described it to me I took it as being arbitrary.

Dr Parker: I think I said it may not be possible for some classes.

Mr Metcalfe: And I think Dr Parker said that certainly his objective was to get to as close to 100 per cent as he possibly could.

Senator SHELDON: I also should take from the information Dr Parker said, and that is that one of the considerations that was put in there is the actual costs that were involved to reach the 100 per cent. He had a number of priorities, and the priority of meeting the 100 per cent—certainly from the way you described it to me and the impression you gave me—wasn't a high priority in comparison to the other priorities that you'd set yourself.

Dr Parker: I don't think I said that, and I'm not sure that's a reasonable characterisation.

Senator SHELDON: No, you didn't say it in exactly the same way, but you certainly gave me that impression. So correct my impression. I'd appreciate it.

Dr Parker: The organisation under my leadership has put a significant focus on the performance of the organisation in meeting those statutory time lines. I don't believe the organisation has ever met those statutory time lines, but we are working to get as close to that as possible. There are some other areas of our business where we don't necessarily have statutory obligations—specifically in the chemical review part of our business—and where we have seen, as part of our budget measures, some reduction, or not necessarily filling some of those positions, to have the budget savings. So we continue to work. As to whether they were realistic or not, I'm hoping that the first-principles review will make some comment on whether those statutory time lines are
realistic. As I said, I have not done the work to be able to tell you exactly how many staff or how many resources would be required to meet the 100 per cent.

**Senator Ruston:** I think it's probably worth noting that Dr Parker works under a cost recovery regime, and there is always a balance in terms of meeting industry's desires as to whether they want to spend the amount to get that last little bit or whether they'd be accepting of that. I think that needs to be factored into the consideration of achieving that 100 per cent, as desirable as it obviously is.

**Senator SHELDON:** I respect what you've said, Minister, but I'm also mindful that the calculations haven't been done to work out how to achieve that.

**Senator Ruston:** Yes.

**Senator SHELDON:** So doing that, to my mind, hasn't been prioritised highly enough.

**Dr Parker:** The priority to improve performance has certainly been one of the major things that we are focused on.

**Senator Ruston:** In fact, it's been the only priority since I've been sitting in this chair.

**Senator SHELDON:** Yes.

**Senator SHELDON:** Thanks, Minister.

**Senator CICCONE:** I have a final question. It's just about an earlier question that Senator Sheldon asked. I think it was to Mr Smith. When was Stirloch sold—the land and building—to the trust company?

**Mr Smith:** When they made the transaction?

**Senator CICCONE:** Yes.

**Mr Smith:** We were advised that the notice of attornment had been signed on 10 December.

**Senator CICCONE:** Of?

**Mr Smith:** 2019.

**Senator CICCONE:** Thank you.

**Senator STERLE:** Dr Parker, you don't need to take offence, but, if you do, harden up: why are you hanging around when you've got the most competent offsider? I'm being fair dinkum!

**CHAIR:** You're handing out the compliments tonight, Senator Sterle.

**Senator STERLE:** That's because you're not in Infrastructure.

**Dr Parker:** Senator, thank you for that question.

**CHAIR:** You don't need to answer it.

**Dr Parker:** No, I'm actually going to answer it, because it is an indication of the quality of staff at the APVMA and the quality of the team that we've been able to draw together. I consider myself extremely lucky to have worked with Ms Croft. She's an outstanding public servant, and we were very lucky to pick up someone with her senior skills in Armidale. I could not be prouder of the work that she does and the support that she provides to me. You don't need me answering every single question. I've got extremely competent staff who can do that, and I'm thrilled that you recognise the quality of the staff that the APVMA has employed. So thank you for the question.

**Senator STERLE:** Thank you, Dr Parker. I wish you well in your next reiteration within the department. Ms Croft, if you do apply for the job, good luck. Have you applied for it?

**Ms Croft:** I have not.

**Mr Metcalfe:** Could I also put on the record the department's appreciation for Dr Parker's work as the CEO of the APVMA in recent years. We obviously look forward to him rejoining the department, and you'll probably see him here in another capacity at the next estimates.

**Senator STERLE:** You poor bastard! You've got to come back here again.

**Ms Croft:** In a different capacity.

**Senator Ruston:** Just for the record, the government would also like to recognise the extraordinary job that Dr Parker has done in turning around the fortunes of the APVMA since he's been the chief executive. It's been phenomenal.

**CHAIR:** We have one last question.

**Senator ANTIC:** I'll miss the sound of everyone else's voice!

**Senator Ruston:** I hope it's not about the Mardi Gras!
Senator ANTIC: We didn't get an answer to that. We will, though. Dr Parker, I think you mentioned this in your preamble and your opening statement, but, just for the sake of the record, could we have a brief update in relation to the cost-recovery process. Where is up to and when will it be finalised?

Ms Croft: We've issued a draft CRIS and we have received industry feedback. We are working through that feedback and we will provide advice to the minister shortly.

Senator ANTIC: Any idea when that'll be completed?

Ms Croft: We would anticipate that the new arrangements will come into place by 1 July 2020, but that would be subject to agreement from government.

Senator ANTIC: Thank you.

Mr Metcalfe: There is one document I can table in response to questions this afternoon relating to the kids to farms grants program. I should say that, according to forecasts from the Bureau of Meteorology, we are expecting quite a significant rain event over north, central and much of eastern Australia over the next two or three days. While it's certainly not drought-breaking, I'm sure it will be very good news for many farming communities and farmers through the Murray-Darling Basin and elsewhere. We've talked a lot about drought. This is not the end of the drought, but it all helps. A couple of inches of rain will do a lot of good.

CHAIR: What a terrific way to end. I know far western Queensland is all abuzz. I want to comment on the presentation from the APVMA. It was very impressive. As an ex-accountant, I appreciated the process that I imagine you went through with the restructure. To have such a big change in moving the organisation and at the same time making it faster and more efficient with a team that sounds like it is working well together is a terrific high to go out on. I hope you reflect on that over a refreshing drink.

Senator RENNICK: The distinction is interesting. You guys have to operate on a cost-recovery basis, but the ABC doesn't. It is true. Why is it? Is it something to do with the regions and—

CHAIR: Okay. That concludes today's proceedings. I thank Minister Ruston, Minister Duniam, officers of the Department of Agriculture, Water and the Environment, and all witnesses who have given evidence to the committee today. Thank you also, as always, Hansard, Broadcasting and the secretariat.

Committee adjourned at 22:12