

Chapter 3

Agriculture and Water Resources portfolio

3.1 This chapter considers the key issues discussed during the hearing for the Agriculture and Water Resources portfolio on 27 February 2018.

3.2 The committee heard from divisions of the Department of Agriculture and Water Resources (the department) and portfolio agencies in the following order:

- Landcare Australia;
- Meat and Livestock Australia;
- Wine Australia;
- Dairy Australia;
- Australian Wool Innovation;
- Plant Health Australia;
- Grains Research and Development Corporation;
- Australian Fisheries Management Authority;
- Australian Pesticides and Veterinary Medicines Authority;
- Department of Agriculture and Water Resources Corporate Matters (finance and business support, corporate strategy and governance, information services, assurance and legal, Australian Bureau of Agricultural and Resource Economics and Sciences);
- Department of Agriculture and Water Resources Outcome One (farm support, sustainable agriculture, fisheries and forestry, agricultural policy, trade and market access); and
- Department of Agriculture and Water Resources Outcome Two (biosecurity operations, exports, biosecurity animal, biosecurity plant, compliance, biosecurity policy and implementation).

Landcare Australia

3.3 The committee sought information about the role of Landcare Australia. Ms Tessa Matykiewicz, the CEO of Landcare Australia clarified that as a company limited by guarantee, Landcare is independent of government and that its relationship with the department is limited to a specific contract to deliver a range of services. These services, focused on the promotion of Landcare, include knowledge-sharing within Landcare Groups, and recognition of Landcare Groups through programs such as the National Landcare Awards.¹

3.4 The committee was informed that the ability to access small grants was fundamental to Landcare Groups. The Smart Farms Small Grants and some small

1 Ms Tessa Matykiewicz, Landcare Australia, *Proof Hansard*, 27 February 2018, pp. 5–6.

grants administered by the Department of the Environment and Energy allow these groups to undertake local projects. The committee was told that applications have closed for the Smart Farm grants, which are a part of the second phase of the National Landcare Program, with an announcement expected before the end of the financial year.²

Meat and Livestock Australia

3.5 On 22 November 2017, Meat and Livestock Australia (MLA) announced that the red meat industry could be carbon neutral by 2030. Managing Director, Mr Richard Norton, informed the committee that as a first step, MLA had initiated work with the CSIRO to identify different pathways by which the livestock industry could achieve carbon neutrality. The initiative is looking to establish how much carbon is emitted by the red meat industry – from farm gate through to the processing sector – in order to conduct research and identify methods to reduce carbon across the value chain.³

3.6 The committee sought information about a bid by Cargill/Branhavan to patent the genetic makeup of cattle in Australia. MLA challenged the application. MLA expressed the view to the committee that if the patent application is successful, it will affect the genomic selection of all cattle production traits, as all cattle production traits are affected by multiple genes.⁴

Wine Australia

3.7 The committee received a detailed explanation of the \$50 million Export and Regional Wine Support Package. This package includes three grant schemes worth \$11 million in total, \$32.5 million set aside for an international marketing campaign, and \$2 million to support export readiness and tourism readiness.⁵

3.8 Wine Australia has been involved in the negotiations around the Trans-Pacific Partnership (TPP) for some years. Mr Andreas Clark, CEO, highlighted a range of benefits that the TPP would bring for the wine-exporting community including accelerated tariff reductions in Vietnam and access to markets in Malaysia and Mexico.⁶

Dairy Australia

3.9 Dairy Australia provided an explanation of the Focus Farms program. Farms apply to their regional development program and if they are successful they receive funding of \$20 000–\$30 000 and participate in a two-year program. Farmers participating in the program have a support network of up to 25 farmers and an

2 *Proof Hansard*, 27 February 2018, pp. 7–8.

3 Mr Richard Norton, Meat and Livestock Australia, *Proof Hansard*, p. 8.

4 *Proof Hansard*, 27 February 2018, pp. 10–13.

5 *Proof Hansard*, 27 February 2018, pp. 15–16.

6 Mr Andreas Clark, Wine Australia, *Proof Hansard*, 27 February 2018, pp. 16–17.

adviser. Every six months the farmer will host an open day which local farmers can attend.⁷

Australian Wool Innovation

3.10 The Department of Agriculture and Water Resources has brought forward a triennial performance review of Australian Wool Innovation (AWI). It is expected that the review will be conducted over the next six months in order to be completed prior to the next WoolPoll. WoolPoll voting is set to take place over a six-week period between 17 September and 2 November 2018.

3.11 AWI stakeholders will have an opportunity to participate in the review, with the findings to be made available to levy payers ahead of the WoolPoll to help inform the vote.⁸

3.12 The committee discussed AWI's response to recent accidents in shearing sheds, including providing safety signage in shearing sheds and encouraging a move from shaft-driven systems to electrical down-tubes.⁹

3.13 The committee questioned AWI about a decision by its board to send its CEO to Stanford University in 2013 to complete an international course at a cost of just under AUD\$70 000. The committee sought information about the decision-making process undertaken by the board with regard to the choice of university and related expenditure.¹⁰

Plant Health Australia

3.14 The committee discussed the role of Plant Health Australia in responding to incursions of fruit fly.

3.15 Plant Health Australia officials explained the difference between the response to exotic fruit flies and Queensland fruit flies. It noted that largely, the Commonwealth only has a role in response to exotic fruit fly outbreaks. In endemic outbreaks in an area free from fruit fly, the responsibility primarily lies with the state, although the Commonwealth will provide staff to assist with management.¹¹

Grains Research and Development Corporation

3.16 The committee discussed the 'hub and spoke' model of the offices of the Grains Research and Development Corporation (GRDC). Officials explained that the purpose of the model is to facilitate greater engagement with stakeholders. In addition to the primary office in Canberra, GRDC has offices in Toowoomba, Adelaide, Perth, Dubbo and Melbourne. The committee discussed the cost of leasing these offices.¹²

7 *Proof Hansard*, 27 February 2018, pp. 19–20.

8 *Proof Hansard*, 27 February 2018, pp. 20–21.

9 *Proof Hansard*, 27 February 2018, pp. 23–24.

10 *Proof Hansard*, 27 February 2018, pp. 24–29.

11 *Proof Hansard*, 27 February 2018, pp. 35, 37, 114.

12 *Proof Hansard*, 27 February 2018, pp. 44–46.

3.17 The committee explored the development of the levy payer register. A trial was conducted in 2017 by way of a pilot study which considered the feasibility of utilising the department's current levy collection system. The committee was told that by 1 July 2018, a working grains levy database register will be operational.¹³

Australian Fisheries Management Authority

3.18 The committee explored the establishment of an Australian Fisheries Management Authority (AFMA) office in Lakes Entrance in Victoria, including the rationale for the location. The office is currently undergoing a fit-out to be ready by 30 June 2018. The design and office construction cost around \$104 000 while ongoing operating costs for the office will be approximately \$19 300 per annum.¹⁴

3.19 AFMA provided a summary of the locations where staff work, including Canberra, Darwin, Thursday Island and Lakes Entrance. The Lakes Entrance office is expected to have eight staff delivering fisheries management and compliance services.¹⁵

3.20 The committee also sought information on the conditions under which foreign fishing vessels would be issued licences to operate in Australia.¹⁶

Australian Pesticides and Veterinary Medicines Authority

3.21 The CEO of the Australian Pesticides and Veterinary Medicines Authority (APVMA) delivered an opening statement which provided information on key activities of the agency since the supplementary budget estimates round.

3.22 In January, the APVMA published an independent review of operational performance which confirmed the volatility of the agency's workload. This is caused by the varying quality and complexity of the applications received by APVMA, making it difficult to predict and manage the agency's work in line with the legislative time frames. The program of reforms to address these issues is focused on enhancing efficiency and effectiveness while longstanding issues with the operational budget also need to be addressed.¹⁷

3.23 The committee sought information about the relocation costs for staff moving from Canberra to Armidale, including the arrangements for the relocation of the CEO. It was informed that APVMA staff can receive up to \$55 000 reimbursement for reasonable costs associated with their relocation.¹⁸

3.24 The committee inquired about staffing levels and retention within the agency, and the employment of overseas workers on 457 visas. APVMA told the committee

13 *Proof Hansard*, 27 February 2018, pp. 49–54.

14 *Proof Hansard*, 27 February 2018, pp. 55–57.

15 *Proof Hansard*, 27 February 2018, pp. 57–59.

16 *Proof Hansard*, 27 February 2018, pp. 59–60.

17 *Proof Hansard*, 27 February 2018, pp. 61–62.

18 *Proof Hansard*, 27 February 2018, p. 63.

that in 2017–18, 42 staff members left the agency, while 42 new staff members commenced.¹⁹

3.25 APVMA informed the committee about an e-working trial it is conducting. Since January 2018, twelve participants have been trialling arrangements whereby they work from home for three days and work in the office for the other two days. The agency expects a formal report will be produced by April.²⁰

3.26 The committee also questioned the agency on the percentage of approvals for pesticides and veterinary medicines completed within the legislated timeframes. APVMA told the committee that in the December quarter of 2017, the total number of approvals within the timeframe was 74 per cent, an increase from 58 per cent in the previous quarter.²¹

Corporate Matters

3.27 The committee asked about the processes for Freedom of Information (FOI) requests within the office of the Minister for Agriculture and Water Resources. The department recently provided comprehensive FOI induction training to the staff of the minister.²²

3.28 The committee considered a grant awarded to Cattle Council Australia (CCA) on 26 October 2017 under the Leadership in Agricultural Industries Fund. As one of 27 groups awarded a share of the \$5 million fund, CCA was awarded \$500 000 to support activities leading to the establishment of Cattle Australia. The funding was provided to realise a recommendation of the Senate Rural and Regional Affairs and Transport References Committee which called on the government to provide financial and other assistance to the grass-fed cattle sector to transition to a new producer representative body.²³

3.29 However, in January 2018 after the grant was awarded to Cattle Council, it withdrew from the process to establish a directly elected representative body. The department informed the committee that the CCA is currently working on an alternative model for its own structure, including methods of board appointment and membership. The department is now negotiating the grant with CCA based on the conditions under which the original grant was agreed to and supported.²⁴

19 *Proof Hansard*, 27 February 2018, pp. 65, 77.

20 *Proof Hansard*, 27 February 2018, p. 70.

21 *Proof Hansard*, 27 February 2018, p. 76.

22 *Proof Hansard*, 27 February 2018, p. 85.

23 Senate Rural and Regional Affairs and Transport References Committee, *Inquiry into the effect of market consolidation on the red meat processing sector*, 12 September 2017, Recommendation 4, https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/RedMeat45/Report/b02 (accessed 13 March 2018).

24 *Proof Hansard*, 27 February 2018, pp. 86–92.

Outcome One

3.30 The committee sought information regarding the Regional Investment Corporation. The department outlined the process for establishing the board, including the criteria used to assess applications.²⁵

3.31 The committee discussed the review of the Intergovernmental Agreement on National Drought Program Reform, which officials advised was undertaken by a working group of the Australian Agricultural Senior Officials' Committee. The department told the committee that the outcomes of the review will likely go before a meeting of agriculture ministers in April 2018.²⁶

3.32 The committee sought an update on the Farm Household Allowance and the Farm Business Concessional Loans Scheme. The department advised the committee that 2196 farmers had exhausted their three-year farm household allowance, with an additional 332 farmers expected to exhaust their allowance by June. The department also told the committee that the total allocated amount for the Farm Business Concessional Loans Scheme is \$250 million per year. For the 2017–18 financial year, \$180 million has been allocated to states and territories, and \$64.4 million of that has been loaned out.²⁷

Outcome Two

3.33 The committee sought information about the fruit fly outbreak simulations. Officials explained that simulations are undertaken to inform and train industry and government personnel about biosecurity practices. Plant Health Australia informed the committee that fruit fly simulations have been conducted in South Australia, Victoria, New South Wales and Tasmania with the most recent held in Queensland in February 2018. The simulation conducted in Tasmania took place in 2017 and focused on identifying exotic fruit flies including trapping arrangements.²⁸

3.34 The simulation in Tasmania was undertaken as part of a grant through Plant Health Australia. The department informed the committee that it had received a report in relation to the simulation and other activities undertaken under the grant. It anticipates that it will review the report and work with counterparts in states and territories to make sure that the system in place is as robust as possible.²⁹

3.35 The committee asked witnesses about the future of the Plant Biosecurity Cooperative Research Centre (CRC) when its term ends in June 2018. The department advised the committee that the CRC would be replaced by the Plant Biosecurity Research Initiative which will promote cross-sectoral research across the different plant sectors. The Initiative will be funded by its members, including:

25 *Proof Hansard*, 27 February 2018, pp. 93–94.

26 *Proof Hansard*, 27 February 2018, pp. 102–103.

27 *Proof Hansard*, 27 February 2018, p. 103.

28 *Proof Hansard*, 27 February 2018, pp. 33–34.

29 *Proof Hansard*, 27 February 2018, p. 115.

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- AgriFutures Australia;
 - Cotton Research and Development Corporation;
 - Council of Rural Research and Development Corporations;
 - Department of Agriculture and Water Resources;
 - Forest and Wood Products Australia;
 - Grains Research and Development Corporation;
 - Horticulture Innovation;
 - Plant Health Australia;
 - Sugar Research Australia; and
 - Wine Australia.³⁰

3.36 The committee raised concerns about reports that imported breaded and battered prawns had been washed and sold in Australia as raw prawns. The department informed the committee that while allegations had been made on a number of occasions about such practices, it had not been provided with any evidence. Notwithstanding this point, the department has taken a number of steps to reduce the potential risks from breaded and battered prawns. In March 2017, the import conditions were tightened and a number of consignments were rejected because the batter on the prawns was falling off. Now the importers are required to provide a photograph of the prawns that they are sending, both frozen and unfrozen, and there is a 100 per cent seals-intact inspection of breaded and battered prawns.³¹

3.37 In light of the concerns raised regarding breaded and battered prawns, as well as the increasing volume of imports of such prawns, the department is considering whether additional measures should be imposed. Options range from the prospect of requiring that breaded and battered prawns be flash fried, to the introduction of testing.³²

30 *Proof Hansard*, 27 February 2018, pp. 125–126.

31 *Proof Hansard*, 27 February 2018, pp. 127–130.

32 *Proof Hansard*, 27 February 2018, pp. 127–130.