

Chapter 3

Agriculture and Water Resources portfolio

3.1 This chapter outlines the key issues considered during the 2017–18 Budget Estimates hearings for the Agriculture and Water Resources portfolio.

3.2 The committee heard evidence from the Department of Agriculture and Water Resources (DAWR) and agencies on 24 and 25 May 2017, meeting for a total of 16 hours and 14 minutes.

3.3 On 24 May 2017, the committee heard evidence from the divisions and agencies of the Agriculture and Water Resources portfolio in the following order:

- Exports Division;
- Biosecurity Animal Division;
- Biosecurity Plant Division;
- Compliance Division;
- Biosecurity Policy and Implementation;
- Rural Industries and Research Development Corporation (RIRDC);
- Landcare Australia Ltd;
- Dairy Australia Ltd;
- Horticulture Innovation Ltd;
- Australian Wool Innovation Ltd (AWI);
- Grains Research and Development Corporation (GRDC); and
- Australian Meat Processor Corporation Ltd (AMPC).

3.4 On 25 May 2017, the committee heard further from the divisions and agencies of the portfolio in the following order:

- Australian Pesticides and Veterinary Medicines Authority (APVMA);
- Australian Bureau of Agricultural and Resources Economics and Sciences (ABARES);
- Finance and Business Support Division, Corporate Strategy and Governance Division, Information Services Division, Service Delivery Division, Office of General Counsel;
- Farm Support Division;
- Sustainable Agriculture, Fisheries and Forestry Division;
- Agricultural Policy Division;
- Trade and Market Access Division;
- Fisheries Research and Development Corporation (FRDC); and

- Australian Fisheries Management Authority (AFMA).

Exports Division

3.5 The committee questioned officials on several matters related to the Export Supply Chain Assurance System (ESCAS) which provides export arrangements for all livestock species (sheep, cattle, llamas, camels, buffaloes) exported overseas for slaughter.¹

3.6 The ESCAS arrangements require exporters of particular species of animals to demonstrate that:

...if they are being exported for slaughter, the exporter has arrangements in place in the importing country to ensure that the animals are treated and handled and slaughtered in accordance with international animal welfare standard.²

3.7 Departmental officials recognised the absence of ESCAS arrangements for equine species (horses, ponies and donkeys) exported for slaughter as a 'gap' in the current system. The department has put the matter of introducing such arrangements for equine species to the Minister for Agriculture and Water Resources for his consideration.³

Biosecurity Animal Division

3.8 The two primary matters considered by the committee included the outbreak of the white spot disease (WSD) and the carp eradication program. As the WSD matter transcends other divisions of the department, the committee heard from the Compliance Division and Biosecurity Policy and Implementation in the same session as the Biosecurity Animal Division.

Response to the WSD outbreak

3.9 The committee focused on matters arising from the outbreak of WSD in the Logan River area of Queensland and the detection of white spot syndrome virus (WSSV) in uncooked prawns imported into Australia.

3.10 Officials provided the committee with an update on developments and initiatives undertaken since its appearance at additional estimates in February 2017 including:

- ongoing assistance to the Queensland Government with the WSD response and its efforts to eradicate the virus including a recent contribution of \$20 million to assist with the eradication and to support affected prawn farmers;
- testing of approximately 20,000 samples from the Logan River area and Moreton Bay and testing prawn farms in other parts of Queensland and northern NSW;

1 *Proof Hansard*, 24 May 2017, pp. 12–13.

2 *Proof Hansard*, 24 May 2017, p. 13.

3 *Proof Hansard*, 24 May 2017, p. 13.

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- referrals to the Commonwealth Department of Public Prosecution (CDPP) to pursue charges against six importers who have already had their approved arrangements, permits and ability to import prawns removed;⁴
 - withdrawal of imported raw prawns from retail outlets for testing before release for sale if not infected with WSSV or directing them to be exported and destroyed if infected;
 - lifting the suspension to resume importation of marinated raw prawn with new import conditions; and
 - commencement of a review of import conditions focused on the biosecurity risks of imported prawns to develop appropriate import conditions.⁵

3.11 The committee focused its inquiries on the testing methods applied before the outbreak of WSD and the enhanced testing regime introduced in January, inspection practices at the border and importer behaviour. The committee questioned officials at length about the enhanced testing procedure and the Import Risk Analysis for prawns and prawn products.

3.12 Speaking of the behaviour of importers, officials informed the committee that there was 'deliberate circumvention' of Australia's biosecurity controls by a number of importers with action taken against six of them.⁶ The department estimated that nearly half of the prawns imported into Australia were positive for WSSV of which the majority were imported by the six importers.⁷ During Operation Cattai, the department identified 86 types of behaviour which resulted in a circumvention of the importation system including 24 instances where batches of raw peeled prawns were not declared.⁸

3.13 The committee noted that many of the issues canvassed during this session would be pursued by the Senate Rural and Regional Affairs and Transport References Committee during the course of its inquiry into the outbreak of WSD and Australia's seafood importation regime.

Carp eradication program

3.14 Officials informed the committee that a National Carp Control Plan which considers carp in the Murray-Darling and other waterways is being drafted and will be completed at the end of 2018. The plan, which will detail the process of eradication, will inform consideration by responsible ministers of whether the release of the herpes virus into the waterways is a practical, feasible and cost effective way to control carp.⁹

4 *Proof Hansard*, 24 May 2017, p. 27.

5 *Proof Hansard*, 24 May 2017, p. 20.

6 *Proof Hansard*, 24 May 2017, p. 21.

7 *Proof Hansard*, 24 May 2017, p. 13.

8 *Proof Hansard*, 24 May 2017, p. 38.

9 *Proof Hansard*, 24 May 2017, pp. 56–57.

3.15 Other matters discussed during this session included rabbits and the release of the new calici K5 virus across 600 trial sites around the country.¹⁰

Biosecurity Plant Division

3.16 The committee raised matters including invasive ants, the destruction of 230 year-old plant specimens, peanut smut, preventing foot-and-mouth disease and the October 2016 discovery of myrtle rust in Norfolk Island.

3.17 The committee focused its attentions on invasive or tramp ants and in particular the National Red Fire Imported Ant Eradication Program to which the Commonwealth has contributed \$380 million towards the response in south-east Queensland.¹¹ Officers informed the committee that a draft national plan to deal with invasive ants was developed in November 2016 and is under the review of a national technical committee. It will go before the National Biosecurity Committee later in 2017.¹²

3.18 The committee asked questions about the destruction of 230 year-old plant specimens that were sent to the Queensland Herbarium by the French National Museum of Natural History. Officials informed the committee that the consignment arrived on 4 January in Australia in an unmarked parcel with a declared value of \$2.¹³ While the department noted that there had been mistakes made by all involved parties, it has been liaising with herbarium managers involved in the shipment of herbarium samples to improve transmission arrangements.¹⁴

3.19 In response to queries about peanut smut, the committee was informed that while the disease is not present in Australia, concerns have been raised by local peanut producers because the disease, which originated in Bolivia and Brazil, has become more widespread in Argentina. There are import permits in place for possibly affected raw peanuts from Argentina which are managed through a 'secure managed pathway' and the department is undertaking a review of scientific information about peanut smut and possible pathways into Australia.¹⁵

Rural Industries Research and Development Corporation

3.20 The committee engaged in a detailed examination of the Rural Women's Award Dinner to be held on 13 September 2017.¹⁶ Sponsorship arrangements and the

10 *Proof Hansard*, 24 May 2017, p. 59.

11 *Proof Hansard*, 24 May 2017, p. 53. Officials informed the committee that ants (and bees) come under the auspices of the plant division as they do not have a face.

12 *Proof Hansard*, 24 May 2017, p. 54.

13 *Proof Hansard*, 24 May 2017, pp. 59–60.

14 *Proof Hansard*, 24 May 2017, p. 60.

15 *Proof Hansard*, 24 May 2017, p. 63.

16 *Proof Hansard*, 24 May 2017, p. 81.

costs of the dinner, the role of the 200 alumni and award finalists were discussed during this session.¹⁷

Landcare Australia Limited

3.21 The components and funding for the seven year \$1 billion National Landcare Program were the focus of discussion. A major part of the program is expected to start in 2018–19 with a consultation process already under way.¹⁸ Prior to the funding announcement, a review of the five year Landcare Program was undertaken in 2016. The results of the review are yet to be made public.¹⁹

Dairy Australia Limited

3.22 The committee asked Dairy Australia about milk prices and the plight of dairy farmers. Dairy Australia's annual national dairy farmer survey of 1000 farmers across Australia revealed that in 2015–16, about 62 per cent made a profit. The 2016–17 survey revealed that only 45 per cent of surveyed farmers anticipate making a profit.²⁰ Factors affecting dairy farmers include not only the reduction in milk prices but also environmental conditions such as a long dry period in the southern regions, as well as investment in dairy.²¹

3.23 The committee considered the budget for Tactics for Tight Times including the Taking Stock consultation process. Since June 2016, Dairy Australia has held 174 events involving approximately 1451 attendees of whom nearly 900 were farmers. The committee heard that as part of the process, up to 990 farmers provided positive feedback on the Taking Stock program which provides one-on-one individual support for farmers with advisers.²²

Horticulture Innovation Australia Limited

3.24 The committee pursued information regarding research and coordination. Officials informed the committee that a strategic investment planning process was underway for each of the 36 horticulture industries. As part of the process, biosecurity research priorities would be identified which would inform a biosecurity research initiative coordinated by Plant Health Australia.²³

Plant Health Australia

3.25 The committee asked questions about coordination arrangements in place after the Plant Biosecurity Cooperative Research Centre is wound up in mid-2018.²⁴

17 *Proof Hansard*, 24 May 2017, pp. 82–86.

18 *Proof Hansard*, 24 May 2017, p. 87.

19 *Proof Hansard*, 24 May 2017, pp. 87–88.

20 *Proof Hansard*, 24 May 2017, p. 90.

21 *Proof Hansard*, 24 May 2017, pp. 90–91.

22 *Proof Hansard*, 24 May 2017, p. 89.

23 *Proof Hansard*, 24 May 2017, p. 95.

24 *Proof Hansard*, 24 May 2017, pp. 7, 10–12, 93.

3.26 The committee was informed that a biosecurity research initiative between the seven plant-based Research and Development Corporations (RDCs) would coordinate biosecurity research under the umbrella of Plant Health Australia. While each RDC would continue to conduct and fund its own research, the initiative would enable a more coordinated approach to biosecurity research.²⁵ The seven RDCs will establish a program management agreement to formalise the arrangements.²⁶

3.27 The committee requested details of the process by which R&D priorities were identified. Officers described initiatives being undertaken with other RDCs as well as national committees and subcommittees to develop a national set of priorities.²⁷

Wool Innovation Australia

3.28 The committee considered representation issues in relation to Wool Innovation Australia. The committee heard that there are 39,000 eligible levy payers in the industry while only 24,000 shareholders get to vote in the Wool Innovation Australia board.²⁸

3.29 The role of the Industry Consultative Committee (ICC) was also considered. The ICC provides a forum for the diverse wool industry covering wool producers to the breeders. The committee was informed that there were efforts underway to expand the ICC to include farming groups such as the ASHEEP group in Esperance.²⁹

Grains Research and Development Corporation

3.30 The committee asked about the final phase of a restructure of Grains Research and Development Corporation (GRDC). It was completed in mid-May resulting in the redundancy of 17 positions. The 17 staff members were offered the opportunity to redeploy, with the process expected to be finalised in late May 2017.³⁰

Australian Meat Processor Corporation

3.31 The committee pursued information about the role of the Australian Meat Processor Corporation (AMPC) in regard to the negotiation of free trade agreements. AMPC will usually provide submissions around such agreements based on research commissioned by the Australian Meat Industry Council (AMIC).

3.32 One such major piece of research undertaken by the AMPC is its sectoral survey. Following a Feast of Ideas event, AMPC undertook a sustainability report which identified six key areas for research in the sector including international competitiveness, the regulatory environment, value chain integration, changing consumer patterns, a social license to operate, and climate change. The report

25 *Proof Hansard*, 24 May 2017, p. 92.

26 *Proof Hansard*, 24 May 2017, p. 93.

27 *Proof Hansard*, 24 May 2017, p. 93.

28 *Proof Hansard*, 24 May 2017, p. 101.

29 *Proof Hansard*, 24 May 2017, p. 102.

30 *Proof Hansard*, 24 May 2017, p. 102.

provided the basis for AMPC's strategy regarding appropriate research for sustainability in the sector.³¹

Australian Pesticides and Veterinary Medicines Authority

3.33 The committee continued its examination of the relocation of the Australian Pesticides and Veterinary Medicines Authority (APVMA) to Armidale and consequences for its workforce. In particular, the committee focused its attentions on the APVMA's timeframe performance, vacancies and staff morale.

3.34 The committee was informed that timeframe performance for the registration of new pesticides fell from:

- 82 per cent in September 2016; to
- 50 per cent in December 2016; to
- 30 per cent in March 2017.³²

3.35 APVMA identified two factors to explain the fall in performance over this period. Firstly, an increase in applications, and in particular, non-technical applications which peaked at 192. The number of applications received over the past quarter was the highest that APVMA has received for at least 18 months.³³ However, APVMA emphasised that the way its performance statistics are calculated under the new legislation is different to previous calculations.³⁴

3.36 The committee also made inquiries about staff vacancies, learning that as at 15 May, there were 31 vacancies across the APVMA with current full-time equivalent staff at 202 positions (including 82 regulator scientists).³⁵ Historically, APVMA has employed approximately about 100 regulatory scientists. This means that the separation rate has increased by 8 per cent from the 2015–16 rate of 18.7 per cent.³⁶

3.37 The committee heard that \$25.6 million over six years has been dedicated to the relocation of APVMA to Armidale.³⁷ A transition office was opened in Armidale on 27 April with the agency in the process of recruiting two locally engaged staff. The transition office, co-located within the Department of Human Services, has five workstations with capacity to provide up to 15 workstations as staff numbers grow.³⁸ By 2019, the full complement of staff of up to 150 personnel, are expected to be located in Armidale.³⁹

31 *Proof Hansard*, 24 May 2017, p. 108.

32 *Proof Hansard*, 25 May 2017, p. 6.

33 *Proof Hansard*, 25 May 2017, p. 6.

34 *Proof Hansard*, 25 May 2017, pp. 7, 17–18.

35 *Proof Hansard*, 25 May 2017, p. 7.

36 *Proof Hansard*, 25 May 2017, p. 7.

37 *Proof Hansard*, 25 May 2017, p. 13.

38 *Proof Hansard*, 25 May 2017, p. 13.

39 *Proof Hansard*, 25 May 2017, p. 12.

Australian Bureau of Agricultural and Resources Economics and Sciences

3.38 The committee focused its questions to the Australian Bureau of Agricultural and Resources Economics and Sciences (ABARES) on its recent Labour Force report which revealed that half of the surveyed farmers in the horticulture and vegetable sector with over 20 staff had difficulties in recruiting labour.⁴⁰

3.39 The committee also considered export earnings which are expected to increase in 2017–18 to \$48.7 billion from \$47.7 billion in 2016–17. The rise in export earnings reflects increased earnings from livestock and livestock products which have partially offset a fall in the value of crop exports. In Japan, for example, the value of Australian exports of beef and veal rose by 5 per cent over the first nine months of 2016–17 compared to 2015–16. The value of vegetable exports rose 14 per cent for the same period while tree nuts (such as almonds and macadamias) rose by 38 per cent.⁴¹

Finance and Business Support Division, Corporate Strategy and Governance Division, Information Services Division, Service Delivery Division, Office of General Counsel

3.40 The committee focused its attentions on staffing levels, and in particular a decrease of 49 officers allocated to outcome 1.⁴² Officers explained that the decrease in numbers was a direct result of the termination of the Carbon Farming Futures program. In addition, there was funding appropriated to the department for the National Landcare Program which will cease at the end of 2016–17.⁴³

3.41 The committee pursued issues regarding the department's use of labour hire companies to source staff and was informed that the department uses a mix of resources between ongoing permanent staff (5271) and contract staff (226), depending on resourcing levels.⁴⁴ Contractors are sourced from approximately 590 different labour hire firms.⁴⁵

3.42 The committee also explored the Indigenous rangers program. The program is set to grow from the current 40 groups to 68. As part of efforts to prevent food-and-mouth disease, the rangers are engaged in taking blood samples from feral animals and assist in managing the sentinel herds to detect potential diseases.⁴⁶ The committee heard that a tropical biosecurity curriculum is being developed. The department noted that a Torres Strait Islander ranger group serves as a front line in the detection of exotic fruit fly.⁴⁷

40 *Proof Hansard*, 25 May 2017, p. 29.

41 *Proof Hansard*, 25 May 2017, p. 31.

42 *Proof Hansard*, 25 May 2017, p. 37.

43 *Proof Hansard*, 25 May 2017, p. 37.

44 As at March 2017. *Proof Hansard*, 25 May 2017, pp. 37–39.

45 *Proof Hansard*, 25 May 2017, p. 55.

46 *Proof Hansard*, 25 May 2017, p. 41.

47 *Proof Hansard*, 25 May 2017, p. 42.

Farm Support Division

3.43 The committee inquired about the establishment of the Regional Investment Corporation (RIC) which is expected to be operational from 1 July 2018. As a corporate Commonwealth entity, the RIC will sit within the agriculture and water resources portfolio and will be transferred responsibility for the National Water Infrastructure Loan Facility and the farm concessional loans program.⁴⁸

3.44 The committee considered the Farm Household Allowance scheme and eligibility requirements for concessional loans. Officers explained that relevant farmers have relatively high levels of commercial debt and that concessional loans could assist in restructuring debt, lowering interest payments and adding to cash flow.⁴⁹ The scheme operates under the Intergovernmental Agreement on National Drought Program Reform which is due to expire in 2017. The committee heard that it is expected that a review will be undertaken this year.⁵⁰

3.45 The committee asked questions about the Rural Research and Development for Profit program, in particular, about investment in rural R&D to the following programs:

- \$4 million – Centre for Invasive Species Solutions;
- \$4 million – Northern Australia Rice industry; and
- \$2 million – commodity milk price index as part of the Dairy Industry Assistance Package.⁵¹

Sustainable Agriculture, Fisheries and Forestry Division

3.46 In June 2016, the Forest Industry Advisory Council (FIAC) released its report, *Transforming Australia's forest products industry – Recommendations from the Forest Industry Advisory Council*. The committee sought information about the government's response to the FIAC report and the prioritisation of recommendations.⁵² The committee heard that a number of recommendations to the Commonwealth, state and territory governments and industry are already being implemented.

3.47 The committee was informed that FIAC has been asked by the government to identify some initiatives to action while at the same time, Commonwealth, state and territory officials will meet to develop an implementation plan.⁵³

3.48 Other matters pursued during this session included the Regional Forest Agreements and recovery of Leadbeater's possum numbers in Victoria.⁵⁴

48 *Proof Hansard*, 25 May 2017, p. 43.

49 *Proof Hansard*, 25 May 2017, p. 44.

50 *Proof Hansard*, 25 May 2017, p. 44.

51 *Proof Hansard*, 25 May 2017, pp. 47–48.

52 *Proof Hansard*, 25 May 2017, p. 56.

53 *Proof Hansard*, 25 May 2017, p. 56.

54 *Proof Hansard*, 25 May 2017, pp. 61, 65–66.

Agricultural Policy Division

3.49 The committee pursued information about beef exports and maintaining the national herd.⁵⁵

3.50 The committee also focused its attention on the sugar code. It was informed that the sugar code, which relates to the ability of relevant parties to reach agreement, was being developed by the Treasury in consultation with the department. The code was announced on 29 March and it came into effect on 5 April 2017. A review is foreshadowed in the code within 18 months.⁵⁶

Trade and Market Access Division

3.51 The committee asked about the process by which protocols are put in place to allow Australian producers access to markets in other countries.⁵⁷

3.52 The committee also pursued information about free trade agreements. China is our largest agriculture, food, fisheries and forestry export market with a worth of \$9.9 billion. Japan is the second largest export market for Australia with a worth of \$4.7 billion and Korea is the fifth, worth \$3 billion. When entered into force on 12 December 2013, agricultural exports to Korea were valued at \$2.6 billion. In 2016, and following four tariff cuts, Australian exports reached \$3 billion.⁵⁸

Fisheries Research and Development Corporation

3.53 The committee considered the proposed release of the herpes virus to control the common carp. A decision about the release will be made by December 2018.⁵⁹ Estimates suggest that there may be somewhere between 500,000 and 2 million tonnes of carp in Australia's waterways.⁶⁰

3.54 An allocation of \$50 million has been provided to the National Carp Control Plan of which \$10.211 million has been allocated to key planning activities including:

- \$2.421 million for administration and collaboration;
- \$4.725 million for communication and engagement activities; and
- \$5.064 million for research, monitoring and evaluation activities.⁶¹

3.55 Officials explained that the carp virus is a DNA virus which is less prone to mutation when compared to RNA viruses. The carp virus is specific to carp and can

55 *Proof Hansard*, 25 May 2017, pp. 68–69.

56 *Proof Hansard*, 25 May 2017, p. 72.

57 *Proof Hansard*, 25 May 2017, p. 72.

58 *Proof Hansard*, 25 May 2017, p. 74.

59 *Proof Hansard*, 25 May 2017, p. 82.

60 *Proof Hansard*, 25 May 2017, p. 85.

61 *Proof Hansard*, 25 May 2017, p. 81.

only live in carp and no other native species. The committee was informed that it is already present in 33 countries.⁶²

Australian Fisheries Management Authority

3.56 In response to questions, the committee was informed that in April, an independent Australian Fisheries Management Authority commission approved an 18-month trial of pair trawling. The trial was approved on the basis that it would provide information to assess whether or not pair trawling poses any higher risk than existing approved methods of mid-water trawl and purse seining in the small pelagic fishery.⁶³

62 *Proof Hansard*, 25 May 2017, pp. 82–84.

63 *Proof Hansard*, 25 May 2017, p. 89.

