

Chapter 2

Agriculture, Fisheries and Forestry portfolio

Department of Agriculture, Fisheries and Forestry

2.1 This chapter contains the key issues discussed during the 2011-2012 budget estimates hearings for the Agriculture, Fisheries and Forestry portfolio. A complete list of all the topics discussed, and relevant page numbers, can be found at appendix 3.

2.2 The committee heard evidence from the department on Monday 23 May and Tuesday 24 May 2011. The hearing was conducted in the following order:

- Corporate Services/Corporate Finance/Corporate Policy
- Climate Change
- Australian Bureau of Agricultural and Resource Economics and Sciences
- Sustainable Resource Management
- Australian Fisheries Management Authority
- Australian Pesticides and Veterinary Medicines Authority
- Wine Australia
- Trade and Market Access
- Biosecurity Services Group
- Rural Industries Research and Development Corporation
- Agricultural Productivity
- Wheat Exports Australia
- Australian Wool Innovation
- Grains Research and Development Corporation
- Meat and Livestock Australia

Corporate Services/Corporate Finance/Corporate Policy

2.3 The committee asked the department about the measures introduced to meet the efficiency dividend. The Secretary, using travel as an example, told the committee that the department is planning to gain efficiencies by cutting all business travel to events less than three hours, and using teleconferences and videoconferences in its place. The Secretary also indicated that a continuing assessment of the management of corporate functions is expected to achieve a more efficient outcome.¹

1 *Proof Estimates Hansard, 23 May 2011, pp 5–6.*

2.4 The committee sought further information on a statement in Budget Paper No. 2 that says the department will achieve savings of \$32.8 million through the rationalisation of corporate functions. The Secretary explained that these savings will involve reassessing the work done in areas such as information communication technology, payroll, travel, fleet, audit and risk, to ensure that these processes are working efficiently.²

2.5 The committee asked for an update on the department's staffing levels. The department told the committee that the average staffing level is expected to increase over the next financial year. However, the Secretary explained that while it may be an increase in staff numbers, the estimate fits within the budget.³

2.6 The committee was particularly interested in the department's graduate program since its resumption in 2010-11. The department told the committee that in March 2011 the cost for 2010-11 was \$172,000, with 76 graduates recruited. The department also advised the committee that the recruitment for the 2012 graduate program is underway, with the cost for marketing at \$62,950. The costs associated with the rest of the recruitment processes are expected to be \$190,000.⁴

2.7 The committee raised an answer to a question on notice that suggested that the Commonwealth funding for the department has been in decline since 2007. The Secretary explained that a large amount of the department's funding is demand driven and that the biggest reduction in funding would most likely be in exceptional circumstances and drought, noting that if you remove those payments, the decline over the years is substantially smaller.⁵

2.8 The committee asked the department to explain the appointment process of the Interim Inspector General of Biosecurity. Officers explained that the position was created as a result of the *Review of Australia's Quarantine and Biosecurity Arrangements*, (the Beale review), and that the position has an interim status because the enabling legislation has not been brought before parliament. The Minister went into further detail, explaining that:

[t]here is an exposure draft about Biosecurity legislation that should be available in late 2011. That will then deal with the interim inspector general biosecurity...They also establish the biosecurity advisory council. It also goes through and develops some of the co-regulatory arrangements that will be necessary for the biosecurity reform agenda. All of that is in train.⁶

2 *Proof Estimates Hansard*, 23 May 2011, pp 11–12.

3 *Proof Estimates Hansard*, 23 May 2011, pp 10–11.

4 *Proof Estimates Hansard*, 23 May 2011, p. 14–15.

5 *Proof Estimates Hansard*, 23 May 2011, p. 15–16.

6 *Proof Estimates Hansard*, 23 May 2011, p. 19.

Climate Change

2.9 The committee sought an update on the Western Australia (WA) drought reform pilot. The pilot was scheduled to be completed in June 2011, however, officers told the committee that at the request of the WA Government, the pilot has been extended for another 12 months. The review of the pilot will not be extended, and it is expected to be completed by 30 September 2011. The Commonwealth is providing \$44 million in the 2011-12 budget and the WA Government is contributing \$11 million.⁷

2.10 Officers updated the committee on the Farm Planning measure within the pilot, stating that 400 applications had been approved, which was more than double the department's original estimate of 150. Officers detailed other measures involved and noted that some will be delivered through other agencies such as Centrelink and the Families, Housing, Community Services and Indigenous Affairs portfolio.

2.11 The committee queried the requirements for farmers to receive the Exceptional Circumstances Exit Grant. Officers confirmed that the grant can only be obtained if the farmer has sold their property and is solvent. The committee expressed concern about a farmer's ability to sell their property in a time of drought, and thus being unable to receive the exit grant before bankruptcy. Officers explained:

the program is designed so that the farmer gets the grant in a situation where he is not bankrupt. If the farmer moves on to somewhere else and subsequently becomes bankrupt, that is a situation where the provisions of the scheme no longer prevail. It is beyond the coverage of the scheme. What I am saying is that the scheme is quite clear that the farmer needs to be in control of his own affairs to get the payment, that after that he has the payment, plus the value of any other net assets he has, and he can go on to do whatever he wants to do after farming.⁸

2.12 The Minister informed the committee that there is a wide range of exit grants across the industry and noted that these requirements may be different to others, as each is tailored to different circumstances to ensure specific policy outcomes.⁹

2.13 The committee continued its questioning about the Tasmanian Community Forest Agreement (TCFA), with particular interest in the following issues:

- the possibility of recipients of the TCFA grants also receiving the Tasmanian Forest Contractors Exit Assistance Program grants;
- results of the fraud investigations into the Tasmanian Forest Contractors Exit Assistance Program; and
- the completion date for the grants scheme performance audit.

7 *Proof Estimates Hansard*, 23 May 2011, pp 30–32.

8 *Proof Estimates Hansard*, 23 May 2011, p. 34.

9 *Proof Estimates Hansard*, 23 May 2011, p. 35.

2.14 The department informed the committee that nine recipients of funds under the TCFA also received exit grants. The exit grants are subject to compliance with asset disposal procedures. The fraud investigations from 2010 are complete, with no further action to be taken. However, officers indicated that if any new evidence is found, the allegations will be investigated. The performance audit of the grants scheme is expected to be completed in July 2011, with the Minister indicating that a decision to publish the findings will only be made after the audit is complete.¹⁰

2.15 The committee asked for an update on the Carbon Farming Initiative. The department informed the committee that it has direct responsibility for delivering two elements of the initiative:

- research activities on biochar; and
- a communication initiative to make farmers and landholders aware of the Carbon Farming Initiative through using the network of Landcare facilitators.

2.16 The department also told the committee that it is continuing its work with the Department of Climate Change and Energy Efficiency (DCCEE) to develop the regulations and rules for carbon offset projects. The committee expressed concern over the lack of regulations, stating that the regulations need to be available before the legislation is debated in Parliament. The department explained that its involvement is with technical issues, such as working groups and developments in technology and methodologies, and referred the committee to DCCEE for information on the timing of the regulations.¹¹

Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES)

2.17 Continuing its interest from additional estimates, the committee asked ABARES about its work relating to the Murray Darling Basin Authority (MDBA). Officers told the committee that ABARES was subcontracted by a consultant to re-run some of the work it previously did for the MDBA, using different assumptions regarding labour and capital mobility and a different set of sustainable diversion limits. ABARES' report was submitted to the consultants in May and officers told the committee that while publication is a decision for the consultants, it is expected that the report will be an appendix to the MDBA report.¹²

2.18 The committee sought further information on ABARES' input into the agricultural census on foreign investment transparency. Officers told the committee that ABARES has been asked, along with the Rural Industries Research and Development Corporation, to evaluate the economic impact of foreign investment in

10 *Proof Estimates Hansard*, 23 May 2011, pp 52–54.

11 *Proof Estimates Hansard*, 23 May 2011, pp 56–58.

12 *Proof Estimates Hansard*, 23 May 2011, p. 79–80.

Australian agricultural industries and agribusiness, and to review the monitoring and regulation done by other countries similar to Australia, in relation to foreign investment. Officers explained that the work is currently underway and is due to be completed by October 2011.¹³

Sustainable Resource Management

2.19 The committee sought an update on the internal review of the Caring for our Country program. The department told the committee that the consultation process is ongoing. It has involved meetings with 50 to 60 groups across Australia, including a national stakeholder forum. Officers told the committee that 170 submissions have been received, however, the number of submissions is expected to rise to 200. The review is running as scheduled and officers expect the report to be completed 'early in the financial year'.¹⁴

2.20 The department is preparing two issues papers, with officers detailing some of the issues raised so far:

The sorts of things are involvement of local government in the program, biodiversity conservation, Indigenous land management...community skills, knowledge and engagement, business and industry engagement, weeds and pests, northern and remote Australia, land care, world heritage, regional governance, and efficiency as a program. That is just a snapshot.¹⁵

2.21 The issues papers will inform the review of analysis that has been done, feedback that has been received and future options.¹⁶

2.22 The committee was interested in the progress of the Australian Feral Camel Management Project. The department informed the committee that the project has commenced. The target of removing 15,000 camels in the first year was significantly exceeded, with approximately 23, 340 camels culled.¹⁷

2.23 The department told the committee that unseasonable rainfall has impeded access to camels, which has made the project more difficult in its second year. To counter this, the operation has been altered to focus around semipermanent watercourses and to put in place a strategy that will take advantage of the predicted camel movement once the land starts to dry.¹⁸

13 *Proof Estimates Hansard*, 23 May 2011, p. 86.

14 *Proof Estimates Hansard*, 23 May 2011, p. 88.

15 *Proof Estimates Hansard*, 23 May 2011, p. 93.

16 *Proof Estimates Hansard*, 23 May 2011, p. 94.

17 *Proof Estimates Hansard*, 23 May 2011, p. 97–98.

18 *Proof Estimates Hansard*, 23 May 2011, p. 97.

2.24 The department informed the committee that the project is funded by a one-off payment through the Caring for our Country program, however, the jurisdictions involved are undertaking their own culling program, which has meant resources and transport are able to be coordinated between the two.¹⁹

Australian Fisheries Management Authority (AFMA)

2.25 The committee asked AFMA to detail any impact from the efficiency dividend. AFMA told the committee that the departmental appropriation has reduced by \$2.7 million for 2011-12, but that AFMA is expected to gain efficiencies of \$114,000. Officers associated this gain with the success of programs dealing with illegal foreign fishing incursions. This improvement has meant that there are now less follow-up investigations required, which has also resulted in a reduction in staff in that area.²⁰

2.26 AFMA told the committee that the introduction of an electronic catch documentation program, which allows fishers to access their entitlements and trade electronically, has reduced the costs for transactions and has moved two-thirds of the previously paper-based transactions to the new program. AFMA also informed the committee that it expects to gain more efficiencies with the following measures:

- the introduction of electronic monitoring trials, which will involve cameras and other systems in place of on-board observers;
- combining of travel and graduate programs with the department's programs to reduce the cost of running those separately; and
- installation of videoconference facilities to minimise travel between offices.

Officers told the committee that the cost recovery for 2011-12 is expected to be \$13.8 million in total.²¹

2.27 The committee sought an update on the numbers of southern bluefin tuna. AFMA told the committee that the most recent aerial survey has produced positive signals, noting that the numbers produced are comparable to the levels from aerial surveys done in 1992. AFMA informed the committee that an assessment of the numbers, including why they are higher than predicted, will occur in July 2011. All member countries will have access to the data that the assessment produces.²²

2.28 The committee asked AFMA if there is capacity for the fishing industry to access support under the natural disaster recovery programs. The Minister told the

19 *Proof Estimates Hansard*, 23 May 2011, p. 97.

20 *Proof Estimates Hansard*, 23 May 2011, p. 102.

21 *Proof Estimates Hansard*, 23 May 2011, p. 102.

22 *Proof Estimates Hansard*, 23 May 2011, p. 106.

committee that the fishing industry has its complications in that unlike a farm business, there is no damage to property. However, the Minister encouraged the committee to put these questions to the Attorney-General's portfolio, as it holds responsibility for the Natural Disaster Relief and Recovery Arrangements.²³

Australian Pesticides and Veterinary Medicines Authority (APVMA)

2.29 The committee discussed the recent mouse plague and asked officers about the availability of chemicals to control the plague. The APVMA told the committee that it is aware of a shortage of chemicals in particular areas and that there are a number of registered products for treatment, but that the products are unavailable in some areas. The APVMA has received applications to make more chemicals available to users, one of which is currently under assessment.²⁴

2.30 Officers told the committee that assessing that particular application will have occupational health and safety issues for on-farm use, as the chemical used is a schedule seven dangerous poison.²⁵

2.31 The committee sought further information on fruit fly chemical use, and in particular, assessments on public health aspects arising from the use of the chemicals. The APVMA informed the committee that it is currently working on an assessment into residue aspects, and the public health aspects arising out of residues in food. It expects the reports to be available for public consultation by July or August 2011.²⁶

2.32 The committee requested an update on the investigation into two-headed fish at a Queensland hatchery. Officers informed the committee that the APVMA has provided technical input to the investigation. The report was finalised in 2010, however, it has not been released due to an ongoing court case.

2.33 The committee asked officers to explain the use of particular chemicals in Australia when they have been banned in other countries because of the harm it has caused bees. The APVMA told the committee that those particular issues related to a particular treatment type, with concerns about the formulation type and the spread of dust offsite, which is a problem that Australia does not have. Officers emphasised that if the product is used in accordance with the label instructions and is not sprayed when bees are foraging, it will not pose a risk to bees in Australia.²⁷

23 *Proof Estimates Hansard*, 23 May 2011, p. 112.

24 *Proof Estimates Hansard*, 23 May 2011, pp 117–118.

25 *Proof Estimates Hansard*, 23 May 2011, p. 118.

26 *Proof Estimates Hansard*, 23 May 2011, p. 118.

27 *Proof Estimates Hansard*, 23 May 2011, p. 121.

Wine Australia

2.34 The committee sought an update on the investigation into the counterfeiting of Australian wine being sold overseas. The Chief Executive advised that the alleged counterfeited wine was sourced in China, where the relevant body was asked to investigate. The regulator told Wine Australia that it could not find any evidence of counterfeited wine but that it would be happy to pursue further investigations with any additional information that may help.²⁸

2.35 The committee asked Wine Australia what steps would be taken in the case of a proven counterfeit case. Wine Australia explained that counterfeiting can involve a whole range of activities and that its mandate is to focus on the truthfulness of claims made on the wine's label. In those circumstances, Wine Australia would advise the owner to take up enforcement action on their own behalf because it becomes a matter of intellectual property.²⁹

Trade and Market Access

2.36 The committee sought updates on the free trade agreement negotiations with Malaysia, Japan, China and Korea. Officers informed the committee that the last meeting with Malaysia was in October 2010, with progress made on rules of origin, sanitary and phytosanitary measures. Officers expect the negotiations to be completed within 2011.³⁰

2.37 Officers told the committee that the earthquake and tsunami have had significant impacts on discussions with Japan. The most recent negotiation planned has been postponed, with no proposed rescheduled date.³¹

2.38 Officers informed the committee that the last meeting with China was in June 2010, and that the Department of Foreign Affairs and Trade (DFAT) is in discussions about the timing for the next negotiation round, however, no date has been confirmed. Officers told the committee that in terms of agriculture, the department is seeking an outcome similar to the free trade agreement between New Zealand and China.³²

2.39 The committee asked the department about seafood exports to China, specifically the rock lobster trade. Officers informed the committee that the department has been engaged in discussions with the trade Minister, DFAT, Austrade and Chinese officials, however, there remain a number of concerns. The Secretary explained the department's aim:

28 *Proof Estimates Hansard*, 23 May 2011, pp 127–128.

29 *Proof Estimates Hansard*, 23 May 2011, p. 129.

30 *Proof Estimates Hansard*, 24 May 2011, pp 5–6.

31 *Proof Estimates Hansard*, 24 May 2011, p. 6.

32 *Proof Estimates Hansard*, 24 May 2011, p. 6.

The issues we are talking about, all other things being equal, are between New Zealand and ourselves and China. We may well have issues around the currency and the handling of the currency but they are not ones that are directly relevant to the capacity to manage this trade and its comparison with the New Zealand trade...What our industry wants is to get on a level playing field with the New Zealand industry under the current conditions, all other things being equal.³³

2.40 The committee sought an update on Trade and Market Access' involvement in the World Trade Organization (WTO) dispute with New Zealand in relation to apples. The department informed the committee that the Trade and Market Access division played a specific role in the WTO dispute, however, since the WTO decision was handed down, it has been a responsibility of Biosecurity Services Group (BSG). In response to the committee seeking further information on the dispute process, the Executive Manager of BSG explained:

The dispute process over the several years that it ran was managed by DFAT as the lead agency. Attorney-General's and ourselves through TMAD and Biosecurity Services Group were parties to that exercise. The decision of the WTO was that we bring our risk assessment into conformity with the provisions of the WTO. The criticism that we received is that the quarantine measures that we imposed were not considered to be backed by sufficient science. Therefore the decision was that we bring our risk assessment process into conformity with the various sections of the WTO agreement, and that is precisely what we are doing. We have not been told that we have to do anything specific other than to bring it into conformity.³⁴

2.41 The committee also requested an update on red meat exports from Australia to the Russian Federation. Officers informed the committee that in 2010, Russia conducted audits of the red meat plants, which the department has not yet seen. The committee heard that discussions to establish a memorandum of understanding have taken place and in March 2011 a memorandum of understanding in relation to red meat plants was secured. The department explained that it has taken nearly a decade of discussions to conclude, and it now provides Australia with more certainty on issues relating to the trade of red meat. Officers told the committee that it also provides a mechanism to deal with any plants that may be suspended, making reference to the 19 plants that were suspended a few years ago.³⁵

2.42 In relation to kangaroo meat exports, discussions are continuing 'with the endeavour of actually getting that trade recommencing'.³⁶

33 *Proof Estimates Hansard*, 24 May 2011, p. 9.

34 *Proof Estimates Hansard*, 24 May 2011, p. 11.

35 *Proof Estimates Hansard*, 24 May 2011, pp 9–10.

36 *Proof Estimates Hansard*, 24 May 2011, pp 9.

Biosecurity Services Group

2.43 The committee asked officers to explain the systems involved in checking cargo at ports. Officer explained that only cargo that is marked as a biosecurity concern through the customs system will have its contents inspected. In the past, all cargo had its exterior inspected, however, as a result of a recommendation from the Beale review, a sample of cargo from countries deemed to be low-risk is now inspected, and 100 per cent of cargo from high-risk countries and containers going to or through a rural destination are inspected.³⁷

2.44 The committee discussed the findings of the *Draft report for the non-regulated analysis of existing policy for apples from New Zealand* at length. The committee asked the department to clarify how it established the risk factors for importation, distribution, establishment and spread. Officers explained:

There are two components...the first is our assessment and articulation of the likelihood. To reiterate, that includes our assessment of distribution and importation. Then we move into a full assessment of the probability of establishment and spread...Those components go towards our assessment of likelihood. The second component of risk is consequence. Our assessment of consequence is then taken and used in our appropriate level of protection table and multiplied with likelihood. There are two steps: one is the articulation of likelihood; the second is a clarification of the consequences and a multiplication of those across our appropriate level of protection.³⁸

2.45 The committee raised concerns about the validity of each finding, noting that as a statement of science, each is technically correct, however when you combine the findings it makes the conclusion of extremely low risk of distribution seem unlikely. The Secretary clarified:

It is going through the probabilities, each of which you are saying are there...You add one to the next and you decrease the probability of the final event. The final event is the infection of blossoms. What we have is a sequence of events which reduces probabilities of the events occurring down to the end, which is not to say that any of the statements that either you said or are in the report are incorrect. They are quite correct; it is just a matter of probabilities of events.³⁹

2.46 The Minister told the committee that the draft report is open for submissions until 4 July 2011. After which, Biosecurity Australia will consider all comments received and prepare a final report. The current quarantine conditions for New Zealand apples will remain in place until that determination has been made.⁴⁰

37 *Proof Estimates Hansard*, 24 May 2011, pp 18–19.

38 *Proof Estimates Hansard*, 24 May 2011, pp 22–23.

39 *Proof Estimates Hansard*, 24 May 2011, p. 25.

40 *Proof Estimates Hansard*, 24 May 2011, pp 27–28.

2.47 Once again, the committee raised concerns about the use of streptomycin to control fire blight on apple trees in New Zealand and the possible risks from chemical residues on apples imported into Australia. Officers told the committee that a recent Food Standards Australia New Zealand (FSANZ) review into the use of streptomycin determined that the risk to human health is negligible. The committee confirmed with the department that it may be possible for apples to be imported from New Zealand from trees that have fire blight in the season of importation. However, the department clarified that:

That is in the context of a range of other occurrences that would have to take place for an infection to become established and that the probability of that full sequence of events occurring is extremely low.⁴¹

2.48 The committee expressed concern about the further spread of myrtle rust. The Minister told the committee that \$1.5 million has been invested in the budget to support national pilot programs that will involve a nationally coordinated approach by the Commonwealth and State and Territory Governments to deal with myrtle rust.⁴²

2.49 The department indicated that following an outbreak of myrtle rust in Queensland, the Commonwealth is working with the Queensland Government. Furthermore, officers explained that as myrtle rust is no longer deemed to be eradicable, the approach will instead look at minimising the impact and identifying the susceptibility of areas in the future.⁴³

2.50 The committee sought an update on Asian honey bees and whether the type of work being done at the border has changed at all since its status moved from 'attempting to eradicate' to 'non-eradicable'. Officers told the committee that the work has not changed and monitoring still occurs at the borders.⁴⁴

2.51 The department informed the committee that a number of old hives and dead bees had been found in the last 12 months and the department acted immediately on those findings with state authorities. The committee confirmed with the department that Asian honey bees have still not been found further south than Innisfail, Queensland.⁴⁵

2.52 The Minister informed the committee that the Commonwealth has invested \$2 million to work on a containment and management strategy for the Asian honey bees. However, the Minister stressed:

[i]t needs Queensland and the other states and territories to come on board, and industry as well. It is vitally important that not only the pollinators but

41 *Proof Estimates Hansard*, 24 May 2011, p. 31.

42 *Proof Estimates Hansard*, 24 May 2011, pp 41–42.

43 *Proof Estimates Hansard*, 24 May 2011, pp 39–41.

44 *Proof Estimates Hansard*, 24 May 2011, p. 45.

45 *Proof Estimates Hansard*, 24 May 2011, p. 46.

also the apiarists get on board, too. And having some of the other downstream industries on board as well would help, because this is both a public and a private good issue. The Commonwealth will meet its public good obligations, but I would stress that it is incumbent upon industry to meet its private good obligations as well.⁴⁶

Rural Industries Research and Development Corporation (RIRDC)

2.53 The committee sought an update on staffing numbers, and any impact from the reduced funding in 2009-10. The RIRDC told the committee that it has a standing permanent staff of 27, with six or seven external staff that work with both industry and the RIRDC. The committee heard that it is difficult to compare staffing levels as the RIRDC receives one-off funding amounts to look at specific projects, which can involve hiring new staff, however, the variation in staffing numbers overall is minimal.⁴⁷

2.54 The RIRDC informed the committee that it has received an injection of \$12.4 million for a program that will look at enhancing productivity through the reduction of weeds. The funding has allowed the RIRDC to employ two extra full time staff.⁴⁸ The program will establish a website specifically for weeds, which will incorporate all previous work done by DAFF. The program is scheduled to be completed in 2012.⁴⁹

2.55 The committee followed up on a report done by the RIRDC in relation to the on-farm impacts of an emissions trading scheme and asked whether or not the RIRDC has done any follow-up research on this report. The RIRDC told the committee that it has not done any further work and there are no plans to do any further work at the moment. The RIRDC informed the committee that, when deciding which projects to conduct, it has an open call for ideas, with advisory committees that look at the ideas and make recommendations about what work should be done. The RIRDC was keen to point out to the committee that the RIRDC does not undertake the research, but invests in the research through other bodies.⁵⁰

Agricultural Productivity

2.56 The committee discussed the final report of the Live Trade Animal Welfare Partnership. Officers told the committee that since its release in January 2011, the industry has prepared an action plan that addresses each recommendation identifying

46 *Proof Estimates Hansard*, 24 May 2011, p. 47.

47 *Proof Estimates Hansard*, 24 May 2011, p. 67.

48 *Proof Estimates Hansard*, 24 May 2011, p. 67.

49 *Proof Estimates Hansard*, 24 May 2011, pp 67–68.

50 *Proof Estimates Hansard*, 24 May 2011, pp 69–70.

areas requiring improvement. The RSPCA also responded to the report and raised additional concerns in relation to animal welfare in the live export industry.⁵¹

2.57 The committee discussed the number of abattoirs in Indonesia that employ stunning techniques, and the feasibility of having Australian cattle delivered to those abattoirs only. Officers told the committee that due to the high number of cattle exported to Indonesia, and the few abattoirs that use stunning techniques, only a very small percentage would be able to use the facilities that employ stunning.⁵²

2.58 Officers informed the committee that one of the difficulties in implementing stunning facilities in slaughter facilities in Indonesia is that there have been customs issues in bringing the stunning equipment into Indonesia.⁵³

2.59 The committee confirmed with the department that there has been funding of the installation of restraint boxes in various countries through the Live Trade Animal Welfare Partnership and its predecessor. Officers informed the committee of the differences between what is known as a 'mark 1' restraint box, and the later models, such as the 'mark 4' restraint box. The committee heard that later models require hydraulic and other powered mechanisms and that in some places it is not possible to replace the previous models already installed.⁵⁴

2.60 The department informed the committee that while Commonwealth funding went into installing the restraint boxes, the department did not inspect them; instead an independent assessment was done as part of the original installation project in 2009-10. Officers told the committee that one of the elements of the final report was to have an independent assessment of the whole live export chain, including the point of slaughter, which has produced a number of recommendations to address this.⁵⁵

2.61 The Minister told the committee that a letter was written to industry in January 2011 indicating that a plan to address animal welfare issues should be developed. The Minister continued:

They have just released a plan—I think on Sunday—but I am keen to continue to work with both the animal welfare organisations and the industry to continue the improvement that has been started for some time...One of the important things we need to be able to do is to identify that the industry is starting to address it. They have been slow to date. They need to accelerate the animal welfare outcomes for the live animal export to continue. One of those things I think they recognised was by bringing forward the plan, which addresses both the pre-stunning issue and some of the other issues.

51 *Proof Estimates Hansard*, 24 May 2011, p. 73.

52 *Proof Estimates Hansard*, 24 May 2011, p. 75.

53 *Proof Estimates Hansard*, 24 May 2011, pp 74–75.

54 *Proof Estimates Hansard*, 24 May 2011, p. 76.

55 *Proof Estimates Hansard*, 24 May 2011, p. 78.

But to date it is not a plan that I would endorse. It is a plan that the industry has to develop and implement, and demonstrate that they are on a continuous improvement in this area because to date, as I have indicated, my view is that it has been very slow.⁵⁶

Wheat Exports Australia (WEA)

2.62 The committee sought an update on grain buyers in the market and their effect on the wheat industry. WEA informed the committee that the amount of wheat sold is 50 per cent higher than the same period last year and that a number of new markets for feed wheat and exports have opened, which has increased the speed of sale significantly.⁵⁷

2.63 The committee raised the Productivity Commission's review, in particular its recommendation that the ACCC withdraw access undertaking in 2014. In response to this recommendation, the Minister told the committee 'I have not come to a conclusion or a date yet, but it is not far away.'⁵⁸

Australian Wool Innovation (AWI)

2.64 AWI told the committee that wool prices are the highest they have been in 25 years. This can be attributed to a higher demand from the northern hemisphere and China, and the recognition by consumers that wool can be more environmentally friendly than other products. AWI told the committee that it will be spending additional money on marketing strategies that specifically target these areas to increase demands.⁵⁹

2.65 The committee heard that for 2010-11, AWI had a project spend of \$24 million, and for 2011-12 it will increase the project spend to \$45 million. AWI informed the committee that for this financial year it is projecting a surplus of \$21 million. This can be attributed to \$12 million of windfall levy, a \$3 million operational saving and the removal of the tactical fund, which was not being used.⁶⁰ AWI informed the committee that all of its spending is voted on by shareholders, and that currently, 50 per cent must be spent on marketing, 30 per cent on on-farm research and 20 per cent on off-farm research.⁶¹

2.66 The committee sought further information on staffing levels. AWI told the committee that its staffing numbers have increased globally by 10. AWI informed the

56 *Proof Estimates Hansard*, 24 May 2011, pp 75–76.

57 *Proof Estimates Hansard*, 24 May 2011, p. 91.

58 *Proof Estimates Hansard*, 24 May 2011, pp 93–94.

59 *Proof Estimates Hansard*, 24 May 2011, pp 99–100.

60 *Proof Estimates Hansard*, 24 May 2011, pp 99–100.

61 *Proof Estimates Hansard*, 24 May 2011, p. 104.

committee that approximately half its staff are based in Australia, and the other half are overseas.⁶²

2.67 AWI told the committee that it has had some negatives this year, noting that flies, lice and even mosquitoes have damaged some sheep stocks. AWI detailed the measures in place to deal with these, including a new program involving skin traction, where a chemical is injected under the skin, and funding towards research into pesticides that will remove flies, moths and lice.⁶³

Grains Research and Development Corporation

2.68 The committee sought further information on the International Treaty on Plant Genetic Resources for Food and Agriculture. The GRDC told the committee that as none of the crops grown in Australia are native, we are dependent upon germplasm, which is available from overseas genetic resource banks. Officers told the committee that the treaty has been in development for ten years, focusing on material transfer agreements and the benefits for the exporting countries, however, there is no proposed completion date.⁶⁴

2.69 The committee asked the GRDC if it had conducted any work on farm-to-farm transfer of seeds and pollen. The GRDC informed the committee that it has not conducted work on this, however, studies have shown that there is the potential for the movement of seeds and pollen in flood events. With relation to genetically modified crops, the GRDC is aware of all GM crop trials underway, and told the committee that under the management arrangements the people conducting the trials are obliged to report any instances that might affect the results, such as a flood.⁶⁵

Meat and Livestock Australia (MLA)

2.70 The committee sought further information on the number of 'mark 1' and 'mark 4' restraint boxes in abattoirs in Indonesia. Officers told the committee that 109 'mark 1' boxes have been constructed, in 85-89 meat plants, which represents 85 per cent of the slaughter in Indonesia. Officers estimated about four 'mark 4' boxes have been implemented, but told the committee that it would take the final number on notice.⁶⁶

2.71 The committee heard that the majority of abattoirs in Indonesia cater to a 'wet market', meaning that the animal will be processed, possibly overnight, and then

62 *Proof Estimates Hansard*, 24 May 2011, p. 100.

63 *Proof Estimates Hansard*, 24 May 2011, pp 99, 101 and 103.

64 *Proof Estimates Hansard*, 24 May 2011, p. 107–108.

65 *Proof Estimates Hansard*, 24 May 2011, pp 110–111.

66 *Proof Estimates Hansard*, 24 May 2011, p. 114.

available in the market by dawn, to be consumed soon after. This is because the market has not previously relied on, or had access to, refrigeration.⁶⁷

2.72 Officers informed the committee that there are five stunning trials occurring at the moment, with another five to be running by the end of the year. This will amount to 16 per cent of the slaughter in Indonesia, which the officers deem to be a big breakthrough.⁶⁸

2.73 The committee discussed the current journey for live exports, which involves three days of transport, and raised the possibility of investing in a meat plant in Northern Australia. Officers told the committee that there are currently no 'large animal processing works in a line from Townsville to Fremantle'. Officers informed the committee that they are aware of a proposition to build a meat plant in Darwin, which the MLA has assisted by conducting a cost-benefit analysis. However, officers told the committee that MLA's charter is not to invest in meat plants.⁶⁹

67 *Proof Estimates Hansard*, 24 May 2011, p. 114.

68 *Proof Estimates Hansard*, 24 May 2011, pp 114–115.

69 *Proof Estimates Hansard*, 24 May 2011, p. 118.