

Chapter 2

Agriculture, Fisheries and Forestry portfolio

Department of Agriculture, Fisheries and Forestry (DAFF)

2.1 This chapter contains the key issues discussed during the 2011-12 additional 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 13 February 2012. The hearing was conducted in the following order:

- Finance & Business Support/Government/Information Services/People & Service Delivery
- Australian Bureau of Agricultural and Resource Economics and Sciences
- Biosecurity
- Wheat Exports Australia
- Australian Fisheries Management Authority
- Sustainable Resource Management
- Climate Change
- Agricultural Productivity
- Trade and Market Access
- Australian Pesticides and Veterinary Medicines Authority

Finance & Business Support/Government/Information Services/People & Service Delivery

2.3 The committee discussed the processes and costs involved in DAFF's mission statement, which was released on 14 September 2011. The departmental secretary, Dr Conall O'Connell explained that the purpose of the strategic statement was to ensure that DAFF's work is well targeted and clearly aligned, to communicate what DAFF's principal priorities are to both staff and the public. Work on the strategic statement was predominantly internal, through the normal work of the executive, however, \$76 627 was spent on a consultant who provided a review of the corporate identities across DAFF's portfolios. The process for designing the strategic statement involved DAFF's executive holding sessions with staff across DAFF, discussing the

identity, mission, and vision of the department to ensure that staff understood what the objectives were, and also to get feedback as to how to better state those objectives.¹

2.4 The discontinuation of the position of Principal Plant Scientist was raised. Officers explained that the position was originally filled by a Commonwealth Scientific and Industrial Research Organisation (CSIRO) officer on secondment, but that at the end of the secondment it was decided that the work of that position would be shared across the Plant Biosecurity Division. Officers also told the committee that DAFF's relationship with CSIRO continues, particularly in relation to biosecurity, but also on a number of other key areas that affect agriculture, fisheries and forestry.²

2.5 The committee also discussed the following:

- costs incurred for a Blake Dawson Waldron contract;
- hospitality spending by the Minister; and
- the number and costs of mobile phones provided to DAFF officers.³

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

2.6 Continuing its interest from Budget Estimates 2011-12, the committee discussed the costs and processes involved in producing the *Foreign Investment and Australian Agriculture* report. The committee heard that the Rural Industries Research and Development Corporation (RIRDC) funded ABARES \$131 000 over two years for the report, which was then published by RIRDC. The committee queried the figures used in the report to calculate the amount of agricultural businesses that are foreign owned. Officers told the committee that the figures contained in the report are based on data from an Australian Bureau of Statistics (ABS) survey conducted in 2011, and that the figures used 'faithfully reflect the results of the ABS survey'.⁴

2.7 The committee asked ABARES about the modelling used for its research into food production and food security in Australia. Officers informed the committee that traditionally, modelling predictions are done over a five year period, with predictions based on normal seasonal conditions. In the past, ABARES looked at providing a range of forecasts based on market based factors, however it was found to be extremely difficult. Officers told the committee that with the potential for significant variability in the future, ABARES may need to adjust its modelling to provide a range of forecasts.⁵

1 *Proof Estimates Hansard*, 13 February 2012, pp 5–6.

2 *Proof Estimates Hansard*, 13 February 2012, pp 8–10.

3 *Proof Estimates Hansard*, 13 February 2012, pp 12–13 and 14–15.

4 *Proof Estimates Hansard*, 13 February 2012, pp 15–16.

5 *Proof Estimates Hansard*, 13 February 2012, pp 24–25.

2.8 The committee discussed ABARES' report on the impact of the new carbon tax policy arrangements on agriculture. Officers informed the committee that while agriculture is exempt (in terms of direct emissions from agriculture), the new policy arrangements have indirect effects on the industry, through changes in input prices, and the potential for marketing charges to be passed down from processors to farmers. The report found that the dairy industry was the most affected, which was mainly due to increased electricity costs. Officers told the committee that working off the assumption that 100 per cent of the increased processing costs would be passed back to farmers, the average dairy farm would lose approximately \$4000 per annum. However, officers were keen to explain that the \$4000 figure:

...was on the basis of 100 per cent, which is the high end, and on the assumption that there is no other change in behaviour by the dairy farms to manage that extra, or there is no additional support going into it. So that is very much a worst case scenario.⁶

Biosecurity

2.9 The committee began its discussions with Biosecurity on live animal export issues, with the animal welfare division. The committee sought an update on live cattle to Indonesia, and compliance with supply chain assurances by exporters, since the introduction of the new live exports scheme. Officers told the committee that since the resumption of trade to Indonesia, 66 Notice of Intentions (NOIs) have been submitted, of which, 61 have been approved. From 7 July 2011 (the date that the export ban was lifted), to 31 December 2011, a total of 186 767 cattle and buffalo were exported, which made a total of 402 517 exported for the 2011 calendar year.⁷

2.10 Officers informed the committee that initial audit reports are conducted for each NOI, against each facility, and that these are published on DAFF's website. However, the performance reports are required 180 days after export, or 10 days after the last animal slaughtered, meaning that at the time of additional estimates, end-of-performance audit reports had not yet been received. Officers told the committee the reports are due to be received throughout February 2012.⁸

2.11 The committee asked the Minister and the Secretary to describe the reaction of the Bahrain and Qatar Governments, as countries that import live animals from Australia, to the new requirements being placed on Australian exporters. Dr O'Connell told the committee that the response was positive, with an acceptance that the measures were to be managed by industry. The Minister agreed with the Secretary's summary, adding that this is the biggest single reform to Australia's live animal export market.⁹

6 *Proof Estimates Hansard*, 13 February 2012, pp 25–26.

7 *Proof Estimates Hansard*, 13 February 2012, p. 27.

8 *Proof Estimates Hansard*, 13 February 2012, p. 27.

9 *Proof Estimates Hansard*, 13 February 2012, pp 27–28.

2.12 In continuing its interest from previous estimates, the committee asked officers for information on an incident in January 2012, where Asian honey bees were detected onboard a vessel in Townsville. Officers began by detailing the arrangements in place to prevent and/or minimise the risk of Asian honey bees entering Australia. These arrangements include container cleanliness operations, mandatory reporting by ship's masters, and maintaining a high degree of awareness among people that work in these areas.¹⁰

2.13 Officers informed the committee that in this particular incident, officers were made aware that bees had been seen near a shipping container on the vessel, a pest controller was called, and the 250 bees were exterminated. Using remote diagnostics, images of the bees were sent to an entomologist in Brisbane, where it was confirmed that the 250 bees were Asian honey bees. Officers told the committee that:

The very positive part of this story is it identifies how the department and the people working in the wharfs have a higher degree of awareness and work in conjunction with each other.¹¹

2.14 The committee heard that this was a cooperative effort between DAFF and the Queensland department, with the initial work conducted by DAFF, and the ongoing surveillance and trapping done by Queensland officers.¹²

2.15 The committee sought further information on an answer to a question on notice from Supplementary Budget Estimates 2011-12, involving the illegal importation of food products from Korea. Officers informed the committee that some of the food products were cooked, and some were uncooked, but that they had all arrived frozen. They were deliberately not declared in the normal import process, with products either improperly described, or not listed on the declaration at all.¹³

2.16 Overall, approximately 100 tonnes of food products were seized from the Quarantine Approved Premise, and from retail outlets such as restaurants and grocery stores. Officers obtained a large quantity of electronic records and paper records, which is being analysed. Evidence is also being gathered for prosecutions:

We have 14 briefs of evidence that are being compiled. One of those matters is already in the system and was recently where a matter was put over for trial in Queensland. One further matter is with the Director of Public Prosecutions and 12 other matters are at various stages of compilation.¹⁴

10 *Proof Estimates Hansard*, 13 February 2012, pp 44–45.

11 *Proof Estimates Hansard*, 13 February 2012, pp 44–45.

12 *Proof Estimates Hansard*, 13 February 2012, p. 45.

13 *Proof Estimates Hansard*, 13 February 2012, pp 50–51.

14 *Proof Estimates Hansard*, 13 February 2012, p. 52.

2.17 Dr O'Connell further added, to underscore the seriousness of the situation, that somebody convicted of illegal importation can get up to 10 years in prison, and a commercial entity can be fined over \$1 million for illegal importation offences.¹⁵

Australian Fisheries Management Authority (AFMA)

2.18 The committee sought further information on the cost recovery budget changes and levy fee increases that AFMA recently introduced. AFMA explained that any cost recovery changes are prepared in line with the *Fisheries Management Act 1991* and the Cost Recovery Impact Statement 2010. AFMA also told the committee that while some areas have experienced an increase, 12 of AFMA's 18 fisheries have seen a cost recovery budget decrease for 2011-12.¹⁶ Officers also informed the committee that over the last five years, AFMA's cost recovery has increased by 2.1 per cent.¹⁷

2.19 The committee asked for examples of drivers that resulted in a change in the budget. AFMA raised the Bass Strait scallop fishery as an example, which alleged that there was a significant kill in its fishery, due to seismic testing. AFMA informed the committee that because of the significant changes in the operating environment of that fishery, at the industry's request, AFMA had to change its management structure to adjust to those changes. AFMA also informed the committee that, again at industry's request, it undertook research that looked into the impact of seismic surveys, and found no correlation. Officers emphasised that the result of the research is 'not to say that there is not an impact' but that nevertheless, an additional cost was incurred. The Commonwealth contributed some funding to assist in the study, but AFMA is required by the legislation to cost recover those services provided to the industry.¹⁸

2.20 The committee discussed steps taken in reducing the number of sea lions accidentally entangled in gill nets. AFMA informed the committee that a report by the South Australian Research Development Institute (SARDI) in March 2010¹⁹ suggested that as many as 374 sea lions were being killed in each 18-month cycle. Officers noted that this is a high number, especially for an endangered species, and that AFMA has an obligation under the *Fisheries Management Act 1991* to manage the interactions between fisheries and endangered species, to ensure that fishing activities are not driving a species towards extinction.²⁰

15 *Proof Estimates Hansard*, 13 February 2012, p. 52.

16 *Proof Estimates Hansard*, 13 February 2012, p. 65.

17 *Proof Estimates Hansard*, 13 February 2012, p. 67.

18 *Proof Estimates Hansard*, 13 February 2012, p. 66 and 68.

19 SARDI report can be found at:
www.sardi.sa.gov.au/_data/assets/pdf_file/0005/128894/No_405_Mitigating_Seal_Interaction_s_in_the_SRLF_and_the_Gillnet_Sector_SESSF_in_SA.pdf (accessed 16 March 2012).

20 *Proof Estimates Hansard*, 13 February 2012, p. 71.

2.21 The cost recovered budget for gillnet hook and trap fisheries, from 2010-11 to 2011-12, saw a 35.4 per cent increase.²¹ Officers attribute part of this increase to the change in management operations as a result of the apparent increase in the risks posed to sea lions and dolphins in that fishery.²² Officers also informed the committee that since the formal management plan was introduced in May 2010, reports indicate that four sea lion mortalities have occurred. The committee heard that the reduced risk is as a result of fishers, and the management arrangements, working together.²³

2.22 The committee sought an update on the Commonwealth fisheries harvest strategy. AFMA told the committee that the details and formal timeline had not yet been settled, but that draft terms of reference, draft timetables, arrangements and work plans were expected to be finalised by the end of March 2012. Officers informed the committee that the harvest policy has been recognised as a successful tool for fisheries policy, and that while discussions around the definition of "by-catch" and "by-product" would occur, the process is more 'a matter of refinement rather than a dramatic change'.²⁴

Sustainable Resource Management

2.23 In continuing its interest from Budget Estimates 2011-12, the committee sought an update on the Australian Feral Camel Management Project (the project). Officers told the committee that \$19 million was allocated over a four-year period, targeting up to 350 000 camels, and that 2012-13 will be the fourth year of the project. Officers also informed the committee that in mid-2008, the estimated number of feral camels was one million, and that it was an increasing number.²⁵

2.24 The committee heard that due to the unseasonable rainfall in 2010-11, the numbers of camels culled dropped to 13 000, 10 000 less than the previous year. The committee sought further information on commercial parties and whether or not their participation is welcome. Officers told the committee that in some remote areas it would not be economic to seek commercial involvement, however, in some areas it is encouraged to work with commercial parties and that there is 'nothing to stop them doing that within the scope of the program'.²⁶

21 Document tabled by AFMA at additional estimates hearing Monday 13 February 2012.

Document can be found at:

www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=rrat_ctte/estimates/add_1112/daff/taled_docs/td_02.pdf (accessed on 14 March 2012).

22 *Proof Estimates Hansard*, 13 February 2012, p. 66 and 71.

23 *Proof Estimates Hansard*, 13 February 2012, p. 71.

24 *Proof Estimates Hansard*, 13 February 2012, pp 77–78.

25 *Proof Estimates Hansard*, 13 February 2012, pp 84–85.

26 *Proof Estimates Hansard*, 13 February 2012, p. 85.

2.25 The committee sought further information on DAFF's involvement in the management of the Biodiversity Fund and the Carbon Farming Initiative.

2.26 Officers explained that it is a multi-departmental approach, with the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) managing the Biodiversity Fund and Natural Resources Management planning, and DAFF managing the Action on the Ground program, as part of the Carbon Farming Initiative.²⁷

2.27 Officers emphasised that the staff involved across all programs meet regularly to discuss details and arrangements, and DAFF officers in Caring for Our Country and Landcare Australia have been briefed on all elements of the program to enable them to help community groups, farmers and any others access elements of the program.²⁸

Climate Change

2.28 The committee sought an update from its Budget Estimates 2011-12 hearing on farmers affected by the closure of the Exceptional Circumstances Exit Grant (ECEG). Officers informed the committee that DAFF is currently investigating a range of claims made by people who believe that they have been disenfranchised by the closure of the ECEG. The circumstances of these people are being assessed by DAFF and the Department of Human Services, and assistance has been provided to those wishing to lodge act-of-grace applications with the Department of Finance and Deregulation.²⁹

2.29 Officers told the committee that seven individuals have lodged act-of-grace applications, and DAFF has contacted a further 14 to advise them of the act-of-grace process, and to offer to coordinate a meeting with a rural financial counsellor to assist them if they wish to lodge an application. Officers also told the committee that there is no set time period in which the applications need to be made, but that officers are trying to move things along as quickly as possible.³⁰

2.30 The committee heard that there were some applicants to the ECEG that had provided their applications and met the criteria before the ECEG closed, however, details were still being finalised and had therefore not yet been processed. Dr O'Connell informed the committee that these applicants will be paid.³¹

2.31 The committee sought further information on the conservation agreement between the Commonwealth, Forestry Tasmania and the Tasmanian Government.

27 *Proof Estimates Hansard*, 13 February 2012, p. 86.

28 *Proof Estimates Hansard*, 13 February 2012, p. 86.

29 *Proof Estimates Hansard*, 13 February 2012, p. 95.

30 *Proof Estimates Hansard*, 13 February 2012, p. 95.

31 *Proof Estimates Hansard*, 13 February 2012, p. 96.

Specifically, the committee sought clarification on the terms of the agreement that provided the protection of 99½ per cent of 430 000 hectares of high-conservation-value forests. Officers informed the committee that the intergovernmental agreement provided this protection, however, clause 26 of the agreement states that where harvesting work has already begun within the nominated area, rescheduling will occur as soon as practicable, and that a list of coupes to be harvested will be agreed to by the governments and signatories.³²

2.32 The department agreed to take a number of questions on notice in relation to:

- the number of coupes agreed to be harvested;
- the scheduling of logging and completion dates for harvesting in the agreed protected area;
- the oversight of the closure of the Tasmanian Forest Industry Development and Assistance Programs;
- investigation into reimbursements made prior to receipt of the required reporting documentation; and
- details on the meetings of the Tasmanian Forest Agreement Independent Verification Group.³³

2.33 The committee discussed DAFF's work with the Asia-Pacific Forestry Skills and the Capacity Building Program. Officers told the committee that there are currently two projects, one in Papua New Guinea (PNG) and one in Indonesia. Officers explained that it has been difficult to get the Indonesian project up and running, due to negotiations over the 'subsidiary agreement', which gives Australian officials the ability to not pay tax in Indonesia. Officers told the committee that DAFF is also looking at other options in place of this arrangement.

2.34 The project in PNG, however, is in conjunction with the Food and Agriculture Organisation of the United Nations, and looks at promoting sustainable forest management by developing effective systems of forest planning, monitoring, and control in PNG.³⁴

Trade and Market Access

2.35 The committee raised a number of agricultural issues in relation to the Trans-Pacific Partnership (TPP) free trade agreements, and sought further information on these. The committee heard that there have been 10 rounds of TPP so far, with a further round scheduled for the second week of March.³⁵

32 *Proof Estimates Hansard*, 13 February 2012, pp 97–98.

33 *Proof Estimates Hansard*, 13 February 2012, pp 98, 99–100 and 106.

34 *Proof Estimates Hansard*, 13 February 2012, p. 108.

35 *Proof Estimates Hansard*, 13 February 2012, pp 121–122.

2.36 Of the particular agricultural issues raised, the committee heard that issues of genetically modified crops or country of origin labelling has not been discussed at those meetings. Officers confirmed that quarantine and phytosanitary measures are not up for negotiation, and that one of Australia's goals in the TPP process is to seek reaffirmation of the World Trade Organisation's role in dealing with sanitary and phytosanitary matters.³⁶

2.37 The committee sought an update in Thailand's suspension of imports of cherries and stone fruit from 1 January 2012. Officers, by way of providing background, informed the committee that Thailand has been working on establishing import conditions for a range of horticultural products over the last few years. Some interim import conditions were established to allow trade to continue, however, these conditions required a verification audit to be undertaken as part of that process. The audit was originally scheduled for December 2011, but at the request of industry, the audit visit was postponed. Officers explained to the committee that the suspension in January 2012 was as a result of this.³⁷

2.38 Dr O'Connell emphasised that at the time the audit was postponed, it was made clear to industry that if the audit did not go ahead, there would be a suspension of trade.³⁸

Australian Pesticides and Veterinary Medicines Authority (APVMA)

2.39 The committee sought further information on the suspension of Diuron, a weedkiller, during wet summer months and high-rainfall times. APVMA told the committee that in July 2011 a report was released which raised concerns about the risks the weedkiller posed to aquatic environments. APVMA also told the committee that it had received approximately 70 submissions that question some of the assumptions used in that report, and also provide new data.³⁹

2.40 APVMA informed the committee that given that the body of evidence to assess was so large, and the seriousness of the concerns raised in the report, interim risk mitigation measures were put in place while APVMA undertook the extensive assessment. Officers also told the committee, to demonstrate the timeframe between notification and suspension, the notification was in July 2011, and the decision for the suspension was not finalised until December 2011.⁴⁰

36 *Proof Estimates Hansard*, 13 February 2012, p. 122.

37 *Proof Estimates Hansard*, 13 February 2012, p. 123.

38 *Proof Estimates Hansard*, 13 February 2012, p. 124.

39 *Proof Estimates Hansard*, 13 February 2012, p. 128.

40 *Proof Estimates Hansard*, 13 February 2012, p. 128.

