

Chapter 2

Agriculture, Fisheries and Forestry portfolio

2.1 This chapter contains the key issues discussed during the 2013-14 Budget Estimates hearings for the Agriculture, Fisheries and Forestry portfolio. A complete list of all the topics discussed, and relevant Hansard page numbers, can be found at appendix 3.

Department of Agriculture, Fisheries and Forestry

2.2 The committee heard evidence from the department and agencies on Monday 27 and Tuesday 28 May 2013. The hearing was conducted in the following order:

- Finance and Business Support; Government; Information Services; and People and Service Delivery;
- Interim Inspector-General of Biosecurity;
- Office of the Chief Veterinary Officer; and Animal Health Australia;
- Biosecurity—Animal Division; and Live Animal Exports Division;
- Meat and Livestock Australia; and Australian Livestock Export Corporation Limited;
- Border Compliance; and Post Entry Quarantine Program;
- Biosecurity—Plant;
- Food;
- Biosecurity—Policy Division;
- Rural Industries Research and Development Corporation;
- Australian Bureau of Agricultural and Resource Economics and Sciences;
- Australian Pesticides and Veterinary Medicines Authority;
- Australian Fisheries Management Authority;
- Sustainable Resource Management;
- Australian Wool Innovation Limited;
- Climate Change;
- Australian Egg Corporation Limited;
- Grains Research and Development Corporation;
- Agricultural Productivity; and
- Trade and Market Access.

Finance and Business Support, Government, Information Services, and People and Service Delivery

2.3 DAFF's Secretary, Mr Andrew Metcalfe, informed the committee during his opening statement of the recommendations from the Australian Public Service Commission Capability Review of the department led by Dr Sue Vardon AO, Dr John Stocker AO and Dr David Gruen. The key findings of the review were:

- to further strengthen its capabilities in relation to being a policy leader responsive to the government of the day;
- be client focused with a modern service delivery approach;
- be proactive in programs that protect the animal, plant and human health status of Australia;
- improve the productivity of portfolio industries;
- be innovative in its approach to business and ICT systems; and
- be a source of easily accessible public information through effective communication.¹

2.4 The committee congratulated the department and the Minister for Agriculture, Fisheries and Forestry Senator the Hon Joe Ludwig for providing answers to questions on notice from Additional Estimates of February 2013 by the due date.²

2.5 The committee asked officers to explain how the National Food Plan is going to be funded, as the plan was announced by the Minister for Agriculture, Fisheries and Forestry Senator the Hon Joe Ludwig after the Budget on 25 May 2013. Officers told the committee that:

The Food Plan delivers about \$42 million in new initiatives, most of which sit within this portfolio... the department will be receiving \$37.42 million and some of the initiatives will be absorbed by the Department of Education, Employment and Workplace Relations. Together they amount to \$42 million.³

2.6 In continuing interest from previous estimates hearings, the committee sought an update on the average number of unscheduled absences taken by staff.⁴ Ms Lynne O'Brien, First Assistant Secretary, told the committee that the department 'is currently tracking at 15.1 days' unscheduled absences per employee, per annum.⁵ At Additional

1 *Estimates Hansard*, 27 May 2013, p. 5.

2 *Estimates Hansard*, 28 May 2013, p. 4.

3 *Estimates Hansard*, 27 May 2013, p. 7.

4 *Estimates Hansard*, 27 May 2013, p. 9.

5 *Estimates Hansard*, 27 May 2013, p. 9.

Estimates in February 2013 the committee heard that the mean number of unscheduled absences was 15.2 days, which is a reduction of 0.1 days.⁶

2.7 Ms O'Brien further explained that the department:

...have a relatively small proportion of staff that utilise a lot of leave. What we have found is that 50 per cent of our leave is taken by 15 per cent of our staff.⁷

2.8 The committee also discussed the following topics:

- staffing reductions;
- the relocation of equipment;
- performance measures applied to the department's International Engagement Team;
- the number of claims lodged under the Scheme for Compensation for Detriment caused by Defective Administration (CDDA); and
- changes to the export licencing fees.⁸

Interim Inspector-General of Biosecurity

2.9 The committee asked whether the work plan undertaken by the Interim Inspector-General of Biosecurity is at the request of the minister or if it's developed in consultation with stakeholders. Dr Kevin Dunn, Interim Inspector-General of Biosecurity, explained that the work program is developed in consultation with the department and industry groups such as Plant Health Australia and Animal Health Australia. Mr Metcalfe added that the interim Inspector-General of Biosecurity is 'focused on an assurance process around the department's decision making relating to biosecurity issues'.⁹

2.10 The Interim Inspector-General of Biosecurity's current work program includes the following projects:

- an audit of the biosecurity risk management measures for the importation of uncooked and cooked pig meat;
- an assessment of the performance of biosecurity risk management measures for the importation of animal breeding material; and
- an audit of the biosecurity risk management measures for international mail and air cargo with a particular focus on online buying.¹⁰

6 *Estimates Hansard*, 11 February 2013, pp 10–11.

7 *Estimates Hansard*, 27 May 2013, p. 9.

8 *Estimates Hansard*, 27 May 2013, pp 12–17.

9 *Estimates Hansard*, 27 May 2013, pp 17–18.

10 *Estimates Hansard*, 27 May 2013, pp 17–18.

Office of the Chief Veterinary Officer and Animal Health Australia

2.11 The committee discussed Bovine Johne's Disease and the involvement of the Australian Government with the current outbreak in Queensland. Dr Bob Biddle, Acting Chief Veterinary Officer, told the committee that the National Johne's Disease Control Program includes all states and territories as well as the sheep and cattle industries. The program was designed to assist industry to limit the spread of and impacts of the disease nationally and is managed by Animal Health Australia.¹¹

2.12 Officers provided an update regarding the number of properties affected by the outbreak Bovine Johne's Disease:

Initially there were approximately 150 properties in Queensland and 35 interstate that received live cattle from the original infected property... 53 in Queensland, are under state or territory government quarantine and movement restrictions while we undergo investigations and tracings... in the Northern Territory there were initially 11. It is down to about one property remaining that is still under restriction while we undergo further investigations... in WA there were initially about 14 and that has been reduced to the point where we have one actual detection in one bull, which is being managed between the Commonwealth and state governments.¹²

2.13 The committee asked Animal Health Australia to explain the compensation scheme available through the National Johne's Disease Control Program. Dr Michael Bond, Chief Executive Officer, told the committee that individual cattle producers can apply for assistance through the Financial and Non-Financial Assistance Package, which is capped at \$11 000. Dr Bond added that the financial assistance package 'was reduced to \$11 000 because there was concern about the available funds being exhausted'.¹³

2.14 The committee discussed the current issue of starving cattle in Queensland and whether they should be allowed to graze in national parks, which was reported in *The Weekend Australian* on 25 May 2013.¹⁴ The Minister for Agriculture, Fisheries and Forestry, Senator the Hon Joe Ludwig told the committee that:

...animal welfare is principally and primarily a state responsibility... Minister McVeigh...declared a drought in that area and state assistance has been provided... if you come back to the national park issue...I am not responsible for national parks but I certainly do take an interest through SCoPI, which is the Standing Council on Primary Industries.¹⁵

11 *Estimates Hansard*, 27 May 2013, p. 21.

12 *Estimates Hansard*, 27 May 2013, p. 21.

13 *Estimates Hansard*, 27 May 2013, p. 25.

14 *The Weekend Australian*, 'Cruel truths hit home as cattle export ban, bushfires and drought wreak devastating toll', 25 May 2013, pp 1, 4–5.

15 *Estimates Hansard*, 27 May 2013, p. 30.

2.15 The committee sought an update on the review of the Australian Standards for the Export of Livestock. Dr Biddle told the committee that:

...the livestock industry and the livestock export industry are actively involved in the review process and their submission are being actively considered, as to the outcome, well, I cannot speculate about that.¹⁶

2.16 The committee also discussed the following topics:

- strain typing of the Bovine Johne's Disease;
- Lyssa virus;
- Australian Animal Welfare Standards and Guidelines for cattle and sheep; and
- Hendra virus.¹⁷

Biosecurity—Animal Division and Live Animal Exports Division

2.17 The committee asked the department whether it had carried out an assessment regarding the cause of the apparent oversupply of cattle in Queensland. Mr Phillip Glyde, Deputy Secretary, told the committee that:

...we have not done an assessment of that nature in terms of what are the various sources of the problem of oversupply of animals in that particular region. What we have relied on is the advice from QDAFF and AgForce who estimate that around...three million head of cattle are affected by drought conditions. We have been relying on those two organisations to keep us up to date in relation to the animal welfare issues.¹⁸

2.18 The committee asked officers to explain whether a Memorandum of Understanding had been signed with China regarding the trade of live cattle. Mr Glyde informed the committee that 'we currently trade with China...in dairy cattle animals'.¹⁹ Mr Andrew Cupit added:

...we have traded in breeders to China and that has been established for quite a while... for slaughter cattle there have been ongoing discussions over a number of years but there is no protocol at this stage... we have with ALEC, the Australian Livestock Exporters' Council, ongoing meetings with them twice a year and in between to determine the priority status for different markets... slaughter cattle for China are not in the top one or two priorities.²⁰

16 *Estimates Hansard*, 27 May 2013, p. 27.

17 *Estimates Hansard*, 27 May 2013, pp 22–25 and 27–28.

18 *Estimates Hansard*, 27 May 2013, p. 31.

19 *Estimates Hansard*, 27 May 2013, p. 35.

20 *Estimates Hansard*, 27 May 2013, pp 35–36.

2.19 Mr Metcalfe explained the level one priorities for market access that the department are currently being pursuing:

We work with the Australian Livestock Exporters Council's (ALEC) protocol committee to establish the priorities for market access area. The last meeting of that committee happened in Fremantle on 14 November last year. The priorities are as follows. Priority 1 is Cambodia cattle breeder and feeder, then China with the PRC breeder cattle, and the third breeder cattle to Russia, Kazakhstan and Belarus.²¹

2.20 The committee discussed the Exporter Supply Chain Assurance System (ESCAS) and alleged breaches of animal welfare. Mr Glyde reminded the committee that exporters are responsible for providing assurances that the animals in their supply chain are treated in accordance with international animal welfare standards. The department is responsible for monitoring and supervising the ESCAS system.²²

2.21 The committee sought an update on the current investigation into footage alleging Australian cattle were mistreated in Egyptian abattoirs. The footage aired on 6 May 2013 on the Australian Broadcasting Corporation's 7:30 program.²³ Mr Glyde told the committee:

...there have been a number of claims made by the people who brought forward the information, Animals Australia, and a number of other claims have been made. We are currently investigating that and I would not want to speculate at this stage.²⁴

2.22 The committee also discussed the following topics:

- the health of animals being transported through Australia for live animal export;
- funding allocated for overseas development aid programs;
- an update on the investigation relating to the alleged incident of animal cruelty on Bahrain-Pakistan ship; and
- the reallocation of funding for the animal biosecurity and response reform program.²⁵

21 *Estimates Hansard*, 27 May 2013, pp 37–38.

22 *Estimates Hansard*, 27 May 2013, p. 40.

23 *Australian Broadcasting Corporation 7:30*, 'Cattle cruelty footage suspends trade, sparks live export debate', 6 May 2013, www.abc.net.au/7.30/content/2013/s3753039.htm, (accessed 12 June 2013).

24 *Estimates Hansard*, 27 May 2013, p. 43.

25 *Estimates Hansard*, 27 May 2013, pp 30–31 and 39–42.

Meat and Livestock Australia and Australian Livestock Export Corporation Limited

2.23 The committee inquired into the 2013-14 budget positions of Meat and Livestock Australia (MLA) and Australian Livestock Export Corporation Limited (LiveCorp). Mr Scott Hansen, Managing Director, told the committee that at the moment MLA's budget for 2013-14 remains relatively unchanged from 2012-13 in terms of income and expenditure forecasts.²⁶ Mr Malcolm Foster, Acting Chairman and Director, told the committee that LiveCorp's budget for 2013-14 '...is forecast to be slightly higher than this financial year'.²⁷

2.24 The committee asked officers to explain MLA's role in free trade agreements, specifically in relation to China and South Korea. Mr Hansen explained that MLA are active in conducting market analysis on the likely impact on the competitiveness of Australian beef for the following scenarios:

- should Australia sign an free trade agreement;
- should Australia not sign an free trade agreement; and
- should Australia's competitors sign a free trade agreement.²⁸

2.25 Mr Hansen provided the committee with following example regarding the likely impact on Australian beef as a result of South Korea signing a free trade agreement with the United States of America:

...we have been able to analyse the figures to show that if we do not get a free trade agreement in place with Korea before the end of this year we will see the US move to an eight per cent tariff differential by the start of 2014... That eight per cent tariff differential, on our modelling, says that it will cost us around \$28 million in lost market share to the Americans because of that price differential.²⁹

2.26 The committee sought an update from LiveCorp in relation to re-engaging with Saudi Arabia under the ESCAS system. Mr Sam Brown, Chief Executive Officer, told the committee that:

The bulk of our effort with...Saudi Arabia is being delivered through our peak council, ALEC, who are working closely with the department on raising and managing issues that have been raised.³⁰

26 *Estimates Hansard*, 27 May 2013, p. 46.

27 *Estimates Hansard*, 27 May 2013, p. 54.

28 *Estimates Hansard*, 27 May 2013, p. 48.

29 *Estimates Hansard*, 27 May 2013, p. 48.

30 *Estimates Hansard*, 27 May 2013, p. 54.

2.27 The committee enquired about live exports to Vietnam. Mr Brown explained that Vietnam is a market of interest for LiveCorp, as it offers opportunities for modest market growth within the Asian region.³¹

2.28 The committee also discussed the following topics:

- Indonesia's long-term plan around self-sufficiency;
- the growth of live exports compared to chilled box; and
- genetically modified-free feed for cattle.³²

Border Compliance and Post Entry Quarantine Program

2.29 The committee discussed the movement and balances of the Industry Equalisation Reserves (IER). Mr Tim Chapman, First Assistant Secretary, told the committee that the \$10 million deficit recorded for the import operation reserve was due to the last fee increase occurring in July 2009.³³ Mr Darren Schaeffer, Chief Finance Officer, added:

...over time the program will dip into deficit with the expectation that we will recoup that when we reset the fees on average over a period of time.³⁴

2.30 The committee asked whether the IER IT system, BICON, was on schedule for completion in June 2013. Officers told the committee that the completion date had been revised, as another 12 months work is required before the department will have a fully functioning system ready to roll out.³⁵

2.31 The committee sought information regarding the funding of the BICON system. Officers explained that funding is split with 75 per cent being funded by cost recovery from the industry through the import operations reserve. The remaining 25 per cent will be funded by a Commonwealth appropriation. Mr Chapman went on to explain:

Under cost recovery guidelines it is considered appropriate that the users of the service pay for all the associated functions...that are required to support that service. BICON is a system which will very much be in existence to support importers and to support the delivery of biosecurity services to importers.³⁶

2.32 Ms Rona Mellor, Deputy Secretary told the committee the object of BICON system is for an importer to be able to apply, pay and receive approval for a permit

31 *Estimates Hansard*, 27 May 2013, p. 54.

32 *Estimates Hansard*, 27 May 2013, pp 49–54.

33 *Estimates Hansard*, 27 May 2013, p. 56.

34 *Estimates Hansard*, 27 May 2013, p. 57.

35 *Estimates Hansard*, 27 May 2013, p. 58.

36 *Estimates Hansard*, 27 May 2013, p. 58.

online. Currently importers must interact with the department to apply for a permit, as the department's e-permit and e-lodgement systems are email based.³⁷

2.33 Continuing its interest from previous estimates hearings, the committee discussed the proposed design and development of a new post-entry quarantine facility in Mickleham, Victoria. Officers told the committee that the Joint Parliamentary Standing Committee on Public Works recommended in its *Report 2/2013 – Referrals made February to April 2013* for construction of the new post-entry quarantine facility to commence in late 2013.³⁸

2.34 The committee also discussed the following topics:

- the Bovine Johne's Disease protocol;
- changes to certificates for the export of box meat into China;
- the Northern Australia Quarantine Strategy;
- the risk of disease posed by raw marinated prawns imported into Australia; and
- managing biosecurity risks associated with an increase of cruise ship passengers.³⁹

Biosecurity—Plant

2.35 The committee asked officers to explain the current review to allow the importation of fresh table grapes from California into Western Australia. Officers told the committee, in response to the release of the *Draft Non-Regulated Analysis of Existing Policy for Californian Table Grapes to Western Australia*, 13 submissions were received and as at 27 May 2013 were being assessed. Dr Vanessa Findlay, Chief Plant Protection Officer, told the committee that the next step is for the final report to be produced, which will recommend whether the importation of Californian table grapes into Western Australia should commence.⁴⁰

2.36 The committee discussed the National Fruit Fly strategy. Dr Findlay, gave the committee the following update:

Previously I had advised that we were working towards the establishment of the governance body, which is the group that would oversight the implementation of the fruit fly strategy and the action plan that sits underneath that. We have been working towards that, led by Plant Health Australia, and all state and territory governments and the Australian government have reached agreement on what contribution they would

37 *Estimates Hansard*, 27 May 2013, p. 60.

38 Parliamentary Standing Committee on Public Works, *Report 2/2013 – Referrals made February to April 2013*, May 2013, pp 11–20.

39 *Estimates Hansard*, 27 May 2013, pp 65, 70–78.

40 *Estimates Hansard*, 27 May 2013, pp 79–80.

make. Unfortunately, we have been unsuccessful to date in getting agreement from the industries as to how they would participate and what contribution they would make to that governance body.⁴¹

2.37 The committee asked for an update regarding the importation of New Zealand apples into Australia. Ms Louise van Meurs, Assistant Secretary, told the committee that, as of 21 May 2013, there were four permits to import apples from New Zealand and no shipments had been received. The season is expected to run from May through to October.⁴²

2.38 The committee also discussed the following topics:

- the importation of roses from South America;
- the horticulture register establishment;
- sterile insect technology; and
- horticulture export program costs.⁴³

Food

2.39 The committee discussed the allegation of high bacteria levels in long-life milk imported into Hong Kong. Officers told the committee that the Hong Kong Centre for Food Safety had tested the milk and identified a high bacteria count. Mr Read, First Assistant Secretary, added that the department was making enquiries with the processor, exporter and the Western Australia Department of Health to gain further information about what may have affected the product's shelf life.⁴⁴

2.40 The committee discussed the National Residue Survey (NRS) and its relationship with FreshTest data. Mr Read explained that FreshTest data is commercially collected data whereas the NRS is a specific survey of data addressing the need of the importing country. He further stated that:

...internationally, because of tradition, custom and practice, and for a range of other reasons, it is extremely difficult to get those international governments to accept the independence of data other than what is collected in a very transparent way by an agency such as NRS.⁴⁵

2.41 The committee also discussed the following topics:

- the status of onions within the National Residue Survey;

41 *Estimates Hansard*, 27 May 2013, p. 80.

42 *Estimates Hansard*, 27 May 2013, pp 80–81.

43 *Estimates Hansard*, 27 May 2013, pp 80–81, 82, 85 and 87–89.

44 *Estimates Hansard*, 27 May 2013, p. 93.

45 *Estimates Hansard*, 27 May 2013, p. 95.

- the status of reforms, efficiencies, cost savings and red tape reductions for non-European Union and American cold stores;
- the outcome of the containers of frozen beef that were not accepted into Indonesia and left on a wharf in Jakarta, Indonesia; and
- bilingual certificates with China.⁴⁶

Biosecurity—Policy Division

2.42 The committee heard that the department is currently reviewing the Biosecurity Surveillance, Incident Response and Tracing (BioSIRT) program. BioSIRT is used for the collection of information in relation to national incidences. Ms Mellor explained that:

Over time, the feedback from the states and territories in relation to the software has been that it is quite clunky and is not serving their needs. The states and territories and the Commonwealth have come to an agreement to look for a new IT solution. This has been agreed through the primary industry standing council and the ministerial council.⁴⁷

2.43 The committee discussed the department's import risk analysis process, the risk estimation matrix and advice from the Australian Centre of Excellence in Risk Analysis (ACERA) in relation to Mr Peace's report titled *Advice on the risk estimation matrix used by DAFF Biosecurity as part of the Import Risk Analysis process*.⁴⁸ ACERA's advice commented critically on the information provided to the Rural and Regional Affairs and Transport References Committee by Mr Peace.⁴⁹

2.44 Dr Findlay explained to the committee, the risk estimation matrix methods used in the United States, Canada, the European Union and New Zealand compared to Australia's current system stating:

...The key difference with the New Zealand method is that they do not use a matrix to combine likelihood and consequence assessments. Similarly, in the US they have a different way of bringing together the separate events that must occur for consequences to arise. In Canada, it is the same. Canada's assessments are probably the most like ours, but they do not use a transparent method for combining likelihood and consequence.⁵⁰

46 *Estimates Hansard*, 27 May 2013, pp 94, 96–97, 99 and 100–102.

47 *Estimates Hansard*, 27 May 2013, p. 102.

48 The Rural and Regional Affairs and Transport References Committee sought independent, specialist advice in relation to the risk estimation matrix for its inquiries regarding the importation of pineapples from Malaysia, potatoes from New Zealand and fresh ginger from Fiji. Mr Peace's report can be accessed via www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=rrat_ctte/pineapples_2012/peace_report/index.htm.

49 *Estimates Hansard*, 27 May 2013, pp 103–105.

50 *Estimates Hansard*, 27 May 2013, p. 104.

Rural Industries Research and Development Corporation

2.45 The committee asked the Rural Industries Research and Development Corporation (RIRDC) to outline its budget position for 2013-14 compared to 2012-13. Mr Craig Burns, Managing Director, told the committee that:

There is virtually no change between the two years. We went from total income in the last financial year of \$23.1 million to this coming year of \$23.3 million... The only significant changes are around the levies income, which has seen a slight increase with the increased production of rice. Expenditure will stay very much the same as the current year.⁵¹

2.46 The committee discussed RIRDC's proposal to introduce a levy in the thoroughbred industry. Officers explained that a horse industry program has existed for many years, which was based on voluntary contributions that RIRDC matched. RIRDC is proposing a levy on the thoroughbred industry that is matched by Commonwealth funding, which would provide greater certainty of funding. Mr Burns told the committee that the thoroughbred industry is yet to vote on the proposal however, feedback indicates consultations are progressing well.⁵²

2.47 The committee inquired whether RIRDC has looked at alternative uses for plantation timber due to the apparent failure of tree farms and the managed investment scheme. Officers told the committee that there is not a current program looking at trees on farms, rather RIRDC has a program focused on Northern Tasmania. Mr Burns explained that the program is looking at structural change within the region and industry options and potential growth in new industries.⁵³

Australian Bureau of Agricultural and Resource Economics and Sciences

2.48 In continuing its interest from previous estimates hearings, the committee sought an update on wild dog management. Mr Paul Morris, Executive Director, told the committee that Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) is currently working on a report, which will encompass the economic impacts of wild dogs and the psychological effect it has on farm families. As of 14 June 2013 the report has not been published.⁵⁴

2.49 Ms Lisa Elliston, Assistant Secretary, added:

ABARES is also working on [a] related project to wild dogs titled 'Wild dog management in Australia—a landscape approach including people, pests and place. That is a project that is examining the appropriateness and the capacity of public and private stakeholders to adopt a collective action

51 *Estimates Hansard*, 27 May 2013, p. 113.

52 *Estimates Hansard*, 27 May 2013, p. 113.

53 *Estimates Hansard*, 27 May 2013, p. 113.

54 *Estimates Hansard*, 27 May 2013, p. 114.

model to improve wild dog management in Australia. That is a project that is ongoing and is not scheduled to finish until 2014.⁵⁵

2.50 The committee enquired into how ABARES' produces the estimates for Australian wheat crops. Mr Morris told the committee:

I think the approach we take is using the best possible information we can use in coming up with those forecasts and collecting as much on-the-ground information as we can get. But we are constantly reviewing how we go about doing it and trying to introduce new information and new techniques to try to improve the way that we do our forecasting.⁵⁶

2.51 The committee asked whether ABARES is conducting research on the effect the collapse of managed investment schemes has had on projected supply of plantation timber. Mr Morris told the committee:

In terms of plantation numbers...our previous figures obviously show the quite significant decline in new plantation areas over the last few years. That is going to be reflected in terms of wood supply going forward.⁵⁷

2.52 The committee also discussed the following topics:

- the impact of climate change on Commonwealth fisheries;
- productivity forecasts and the effect of climate change;
- Western Australia's marine heatwave and effect on fisheries; and
- Multiperil crop insurance.⁵⁸

Australian Pesticides and Veterinary Medicines Authority

2.53 In continuing its interest from previous estimates hearings, the committee sought an update on the suspension of fenthion. Dr Raj Bhula, Program Manager Pesticides, told the committee that Australian Pesticides and Veterinary Medicines Authority (APVMA) anticipates receiving residue tests in June or July 2013, which will be incorporated into an occupational health and safety report and an environmental assessment to be published in late 2013.⁵⁹

2.54 The committee enquired about the risk posed to operators who use the chemical trisulfin. Dr Allen Bryce, Program Manager Veterinary Medicines, told the committee that the Office of Chemical Safety within the Department of Health and Ageing assessed the occupational health and safety risks and recommended that

55 *Estimates Hansard*, 27 May 2013, p. 115.

56 *Estimates Hansard*, 27 May 2013, p. 116.

57 *Estimates Hansard*, 27 May 2013, p. 117.

58 *Estimates Hansard*, 27 May 2013, pp 119–124.

59 *Estimates Hansard*, 28 May 2013, p. 5.

trisulfin was safe to use. The committee heard that there have been reports of operators suffering headaches from using trisulfin and Dr Bryce explained:

...we have unable to establish any casual connection between the use of the product and the symptoms that were shown. Very few cases have been reported.⁶⁰

2.55 The committee asked about the process for registering chemicals that pose an unmanageable risk. Mr Matthew Koval, First Assistant Secretary, told the committee that:

The view we have taken about unmanageable risk is that the regulatory framework should look at risk. In any chemical, as the APVMA goes through the assessment process either through the initial assessment, the review or the reregistration process, if there is unmanageable risk then it should not be on the market. By definition if we actually have a strong regulatory framework that actually looks at risks and how to manage those risks, if you cannot manage those risks then the chemical should not be registered.⁶¹

2.56 The committee heard that a review of diuron was completed in November 2012 into noticeable environmental and human health concerns. Dr Bhula explained that the review found in certain situations the approved rate of application for diuron presented an environmental risk. In response to the review, the APVMA has placed restrictions on the use of diuron including introducing a permit system, which will phase-out the chemical already in the supply chain.⁶²

2.57 The committee also discussed the following topics:

- the reform agenda for agricultural veterinary chemicals;
- the re-registration process of chemicals;
- the spray drift problem for broadacre farming;
- the levels of carbendazim allowed in imported juice and concentrate; and
- the use of neonicotinoids.⁶³

Australian Fisheries Management Authority

2.58 The committee asked officers to explain the Australian Fisheries Management Authority's (AFMA) compliance and enforcement policy. Mr Peter Venslovas, General Manager Fisheries Operations, told the committee that the policy outlines the

60 *Estimates Hansard*, 28 May 2013, p. 6.

61 *Estimates Hansard*, 28 May 2013, p. 9.

62 *Estimates Hansard*, 28 May 2013, pp 11–12.

63 *Estimate Hansard*, 28 May 2013, pp 7–8, 11 and 13–17,

approach to take when dealing with non-compliant behaviour ranging from low-level interventions, such as on-the-spot fines, to higher-level interventions, such as prosecutions. An operational management committee determines the intervention level that should be taken in each non-compliant incident.⁶⁴

2.59 In continuing interest from previous estimates hearings, the committee discussed the Borthwick Review. Of particular interest were Mr Borthwick's comments in the review report regarding funding and research gaps. Mr Ian Thompson, First Assistant Secretary, explained that:

...fisheries research is very expensive and in a cost recovered world it really can only be charged to industry if industry is going to do some fishing. So the broad message that Mr Borthwick was pointing out was that there is a problem with exploratory fisheries.⁶⁵

2.60 The committee sought an update on the recorded catch in the following fisheries: the Coral Sea Fishery; and the Eastern Tuna and Billfish Fishery. Dr Nick Rayns, Executive Manager, told the committee that the Coral Sea Fishery operates at a relatively modest level with the recorded catch for 2012-13 (at 28 May 2013) was approximately 20 tonnes. In relation to the Eastern Tuna and Billfish Fishery, the committee heard that the recorded catch so far for the 2013 calendar year (at 28 May 2013) was approximately 59 tonnes. Dr Rayns advised the committee that these figures are provisional.⁶⁶

2.61 The committee asked officers to provide an update on the Abel Tasman now that the two-year ban from fishing in Australian waters has commenced. Mr Thompson told the committee that under the *Environment Protection and Biodiversity Conservation Act 1999*, an expert panel will undertake a scientific assessment of the environmental impact and report their findings by 26 April 2015.⁶⁷

2.62 The committee also discussed the following topics:

- the Commonwealth Scientific and Industrial Research Organisation's work regarding fisheries and ecosystem management;
- illegal fishing in the Coral Sea Fishery;
- a Compensation for Detriment caused by Defective Administration claim made about the activities of AFMA in 2009;
- AFMA's complaint to the Press Council; and
- the stereo-video management plan.⁶⁸

64 *Estimates Hansard*, 28 May 2013, pp 18–19.

65 *Estimates Hansard*, 28 May 2013, p. 20.

66 *Estimates Hansard*, 28 May 2013, pp 24–26.

67 *Estimates Hansard*, 28 May 2013, p. 42.

68 *Estimates Hansard*, 28 May 2013, pp 21–22, 26–27, 29–30 and 37–39.

Sustainable Resource Management

2.63 The committee discussed the Caring for Our Country program, and sought an update on the progress of separating the responsibilities from the joint team back to the department and the Department of Sustainability, Environment, Water, Populations and Communities (SEWPaC). Mr Thompson told the committee that:

...the two bits that are still jointly managed are Regions and Reef Rescue. That is because we are making payments to those bodies and we are trying to manage them for integrated outcomes. We have moved to what we now call, instead of joint delivery for the whole program, joint governance. We regularly meet with SEWPaC at senior and junior levels to discuss issues that arise and consider things like alignment of programs, how we are running programs and timing and those sorts of things. We also work on a common monitoring, evaluation and reporting framework and try to align things so that material coming in from community groups, regional groups and others can be in a common format and be used in a simple way.⁶⁹

2.64 The committee heard that in the 2013-14 Budget, the Community Landcare Grant Program had \$75 million of its funding over the forward estimates reallocated to other agricultural programs. Mr Thompson explained that despite this reallocation, over the forward estimates a total of \$179 million remains available to fund community Landcare grants, innovation grants, industry partnerships, broader community capacity building and information sharing.⁷⁰

2.65 In continuing its interest from previous estimates hearings, the committee discussed the funding allocated to Australian Feral Camel Management Project. Ms Michelle Lauder, Assistant Secretary, told the committee that the project's budget of \$19 million had been reduced to \$16.6 million, as the program has been hindered by poor weather conditions and is set to conclude in December 2013.⁷¹ The committee heard that since the program commenced in 2009 and as at 28 May 2013, a total of 135 000 camels have been culled.⁷²

2.66 The committee discussed the funding allocated to Caring for our Country regional facilitators. Officials told the committee that each of the 54 regions will receive funding of \$150 000 in 2013-14 with the aim of increasing productivity through adopting sustainable, low-environmental impact management practices.⁷³

69 *Estimates Hansard*, 28 May 2013, p. 44.

70 *Estimates Hansard*, 28 May 2013, pp 46–49.

71 *Estimates Hansard*, 28 May 2013, p. 56.

72 *Estimates Hansard*, 28 May 2013, p. 56

73 *Estimates Hansard*, 28 May 2013, p. 60.

Australian Wool Innovation Limited

2.67 Mr Stuart McCullough, Chief Executive Officer, Australian Wool Innovation Limited (AWI) told the committee that Australia currently dominates the world's apparel wool market producing 250 million kilograms of apparel wool or 90 per cent of the market. In comparison, the committee heard New Zealand produces approximately 5 to 7 million kilograms and South Africa produces approximately 7 to 8 million kilograms of apparel wool.⁷⁴

2.68 Officers told the committee that currently China purchases 80 per cent of the Australian wool clip compared to five years ago when they purchased only 60 per cent. Mr McCullough explained:

...The interesting part of that is that half of that 80 per cent is now being consumed in China. So, where once upon a time China used to be a wonderful converter of greasy wool to garments and they were shipped off, now they are still a wonderful converter of greasy wool to garments, but half of that volume is being consumed in China. That is where the opportunity lies.⁷⁵

2.69 The committee asked AWI to outline its research activities. Mr McCullough told the committee that AWI has four main strategies:

- (i) sheep health, welfare and productivity;
- (ii) wool harvesting;
- (iii) environmental climate change and carbon; and
- (iv) education extension.⁷⁶

Climate Change

2.70 The committee asked officials questions relating to the recently finalised Tasmanian Forests Agreement. Funding was provided to five Commonwealth government departments (including DAFF) to implement various activities as part of the agreement. Officials explained that the Tasmanian Government is responsible for developing program guidelines and administering funding, and that SEWPaC is the lead Commonwealth agency. On several occasions questions were referred to SEWPaC on the basis that it is taking the Commonwealth lead on the agreement.⁷⁷

2.71 The committee asked for an update of the Regional Forest Agreements reviews being conducted in Tasmania, Western Australia, Victoria and New South Wales. Mr Paul McNamara, Assistant Secretary, explained that:

74 *Estimates Hansard*, 28 May 2013, p. 51.

75 *Estimates Hansard*, 28 May 2013, p. 50.

76 *Estimates Hansard*, 28 May 2013, p. 51.

77 *Estimates Hansard*, 28 May 2013, pp 71–74.

...the opportunity is now there for us to move forward with a third five-yearly review of the Tasmanian RFA... we can also start developing the terms of the third five-yearly review in terms of appointing an independent reviewer... we have a signed scoping agreement now with Western Australia to undertake the first and second five-yearly reviews of the Western Australian RFA... the Australian government and Victorian government joint response is now back with the Victorian government and we expect that to be finalised fairly soon. Similarly, we are in the last stages of discussion with the New South Wales government on the second five-yearly review.⁷⁸

2.72 The committee discussed the Rural Financial Counselling Service Program and the additional funding of \$5.9 million to create 16 new positions, which were announced in the 2013-14 Budget. Ms Anna Wilcock, Acting Assistant Secretary, explained that the new rural financial counsellors will initially be located in Queensland, New South Wales, Victoria, Tasmania, South Australia and Western Australia.⁷⁹

2.73 The committee also heard that a trial of the Rural Financial Counselling Service Program is currently underway in the Northern Territory. Ms Fran Freeman, First Assistant Secretary, explained that additional funding has been provided to the South Australian provider to deliver rural financial counselling services in the Northern Territory over the next 12 months.⁸⁰

2.74 The committee asked whether the Rural Financial Counselling Service Program would be extended to provide services that address the emotional and personal relationship needs of communities. Ms Freeman explained that:

...what we are actually trying to do now is to make sure that the social services that are provided in rural and remote areas are actually able to go where they are needed most. One of the efforts that we have got as a linchpin...of the drought package is to do this better.⁸¹

2.75 The committee discussed the Farm Businesses Package, which forms part of the broader Farm Finance Program. The Minister for Agriculture, Fisheries and Forestry Senator the Hon Joe Ludwig told the committee that the Farm Businesses Package has been designed to provide \$30 million annually over the next two years to each of the states and the Northern Territory. Concessional loans of up to \$650 000 will be available to support eligible farm businesses restructure debt or fund projects to enhance productivity.⁸² The committee heard that as at 28 May 2013, no state or

78 Estimates Hansard, 28 May 2013, p. 75.

79 Estimates Hansard, 28 May 2013, p. 77.

80 Estimates Hansard, 28 May 2013, pp 77–78.

81 Estimates Hansard, 28 May 2013, p. 81.

82 Estimates Hansard, 28 May 2013, pp 86–87.

territory government had agreed in principle to sign up to the Farm Businesses Package.⁸³

2.76 The committee also discussed the following topics:

- the Carbon Farming Futures Program;
- the Queensland Government's apparent rescinding of the South-East Queensland Forest Agreement; and
- illegal logging regulations.⁸⁴

Australian Egg Corporation Limited

2.77 The committee discussed the Hen Welfare Research, Development and Extension Forum held in early May 2013. Mr James Kellaway, Chief Executive Officer, told the committee that the forum was held so that stakeholders could discuss and provide input into the research and industry standards and guidelines. The forum was attended by the egg-producing community including research scientists, animal welfare agencies and government regulators.⁸⁵

2.78 The committee sought an update in relation to what action is being taken regarding the free range labelling issue. Mr Kellaway explained that consumer research has been commissioned to identify shifts in buyer demands and concerns regarding the labelling of free range eggs.⁸⁶

Grains Research and Development Corporation

2.79 The committee asked officials to outline the Grains Research and Development Corporation's (GRDC) budget position for 2012-13 and 2013-14. Mr John Harvey, Managing Director told the committee that for 2012-13, the GRDC is expected to record a surplus of \$24 million. In relation to its budget for 2013-14, the GRDC is expected to record a deficit of \$11.7 million.⁸⁷

2.80 The committee heard that the GRDC invests across the following six themes:

- (i) market requirements;
- (ii) improve crop yields;
- (iii) protecting the crop;
- (iv) sustainable and profitable farming systems;

83 *Estimates Hansard*, 28 May 2013, p. 89.

84 *Estimates Hansard*, 28 May 2013, p. 99–103.

85 *Estimates Hansard*, 28 May 2013, pp 103–104.

86 *Estimates Hansard*, 28 May 2013, pp 104–105.

87 *Estimates Hansard*, 28 May 2013, pp 106–107.

- (v) maintaining the resource base; and
- (vi) capacity building in the research and grower communities.⁸⁸

Agricultural Productivity

2.81 The committee sought further information regarding the National Food Plan, which was released on 25 May 2013 by the Minister for Agriculture, Fisheries and Forestry, Senator the Hon Joe Ludwig. The following aspects of the National Food Plan were discussed:

- departmental and administered funding;
- timeframes for projects to be completed;
- grants program administration;
- Asian Food Markets Research Fund;
- the role of the Australian Food and Beverage Supplier Advocate;
- the branding of products exported;
- the community food initiative; and
- the establishment of a register for foreign owned agricultural land.⁸⁹

2.82 The committee discussed the outcomes from research and development funding. Mr Koval explained that the department and ABARES are in the process of reviewing the benefits and return on funding the research and development system. The committee heard that the department's eligible research and development programs will match funding of approximately \$239 million in 2013-14.⁹⁰

2.83 The committee asked whether the department had conducted any work in identifying agricultural industries that are experiencing labour shortages. Mr Michael Ryan, Acting Assistant Secretary, told the committee that:

...at this point in time there is no systematic work to capture that. We have been discussing it as part of the forward work program. You might be aware that NRAC, the National Rural Advisory Council, was recently doing some work on labour and skills. They are reporting to the minister soon... It is looking across a broad range of issues around labour. The particular focus of the study is on the capacity of the agricultural sector to plan their employment needs and undertake workforce planning, and part of that is looking at the range of sources for labour.⁹¹

88 *Estimates Hansard*, 28 May 2013, p. 107.

89 *Estimates Hansard*, 28 May 2013, pp 110–118 and 127–128.

90 *Estimates Hansard*, 28 May 2013, p. 120.

91 *Estimates Hansard*, 28 May 2013, p. 121.

Trade and Market Access

2.84 The committee asked officials to provide an update regarding SPC Ardmona's application for emergency assistance. The Minister for Agriculture, Fisheries and Forestry Senator the Hon Joe Ludwig told the committee that he has referred the matter to the Minister for Trade and Competitiveness, the Hon Dr Craig Emerson MP and the Minister for Industry and Innovation, the Hon Greg Combet AM MP.⁹²

2.85 Ms Jo Evans, First Assistant Secretary, explained the process now that the minister has referred SPC Ardmona's request for emergency assistance. The decision lies with the Minister for Trade and Competitiveness to determine if he agrees with SPC Ardmona's request for emergency assistance. A decision is then required from the Treasurer to refer it to the relevant authority, which in the case of SPC Ardmona's request it would be the Productivity Commission.⁹³

2.86 The committee discussed overseas development assistance funding of the following programs for 2013-14:

- International Agricultural Cooperation Program;
- the Regional Animal Biosecurity Program; and
- the Improved Animal Welfare Program.⁹⁴

2.87 The committee sought a progress report on the status of the Australia-South Korea free trade agreement, as Mr Hansen stated during Meat and Livestock's appearance (paragraph 2.25 refers) that Australia is disadvantaged now that South Korea has signed a free trade agreement with the United States of America. Ms Evans told the committee that with the election of President Park Geun-hye in February 2013, the South Korean administration has listed a free trade agreement with Australia as one of the President's foreign policy priorities.⁹⁵

2.88 Ms Evans went on to state that:

...we are certainly very aware of the significant impact it is having on our beef industry, in particular. We have very high applied tariffs in Korea. For beef and offal they can be as high as 72 per cent. These are really significant numbers, and we are fully aware of the need to have an agreement with Korea that puts us both on a competitive footing with the US.⁹⁶

92 *Estimates Hansard*, 28 May 2013, p. 123.

93 *Estimates Hansard*, 28 May 2013, p. 123.

94 *Estimates Hansard*, 28 May 2013, p. 133.

95 *Estimates Hansard*, 28 May 2013, p. 129.

96 *Estimates Hansard*, 28 May 2013, pp 129–130.

2.89 The committee asked officials if they were concerned about not having a free trade agreement with South Korea, China and Japan. Mr Metcalfe explained that despite the absence of free trade agreements, over the last six months there has been an increase in boxed beef exports to China and Indonesia. He also stated that officials are working to maintain the market share and access of Australian agricultural products.⁹⁷

2.90 The committee also discussed the following topics:

- improvements that can be made to the department's working relationship with the Department of Foreign Affairs and Trade;
- the issue of the Samsung Techwin self-propelled howitzer; and
- the food standards in Japan.⁹⁸

97 *Estimates Hansard*, 28 May 2013, p. 131.

98 *Estimates Hansard*, 28 May 2013, pp 132 and 134–135.