

Chapter 3

Agriculture

2.1 This chapter contains the key issues discussed during the 2014-15 Budget Estimates hearings for the Agriculture portfolio.

Department of Agriculture

2.2 The committee heard evidence from the Department of Agriculture (the department) and agencies on Wednesday 28 May and Thursday 29 May 2014. The hearing was conducted in the following order:

- Finance and Business Support, People and Service Delivery, Information Services, Governance, and Office of the General Counsel;
- Biosecurity Policy and Compliance;
- Post Entry Quarantine Program;
- Biosecurity Plant;
- Australian Chief Plant Protection Office;
- Australian Landcare Council;
- Landcare Australia Limited;
- Plant Health Australia;
- Biosecurity Animal and Australian Chief Veterinary Office;
- Live Animal Exports;
- Animal Health Australia;
- Meat and Livestock Australia Limited;
- Australian Meat Processor Corporation Limited;
- Australian Livestock Export Corporation Limited (LiveCorp Australia);
- Trade and Market Access;
- Food;
- Agricultural Adaption and Forestry;
- Drought Concessional Loan Taskforce;
- Agricultural Productivity;
- Grains Research and Development Corporation;
- Horticulture Australia;
- Cotton Research and Development Corporation;
- Rural Industries Research and Development Corporation;
- Grape and Wine Research and Development Corporation and Wine Australia Corporation;

- Australian Pesticides and Veterinary Medicines Authority;
- Interim Inspector-General of Biosecurity;
- Sustainable Resource Management;
- Forest and Wood Products Australia Limited;
- Australian Fisheries Management Authority; and
- Fisheries Research and Development Corporation.

Finance and Business Support, People and Service Delivery, Information Services, Governance, and Office of the General Counsel

2.3 The committee discussed the department's response to the application of an efficiency dividend and heard that the department would achieve its targets by reducing expenditure on advertising, travel, consultancies and deregulation. Savings would also be achieved by reducing funding to a number of programs and corporations within the portfolio.¹

2.4 The committee sought to clarify the accuracy of two articles published on 9 April and 10 May 2014 in the *Armidale Express* claiming that the Minister for Agriculture was planning on moving his ministerial office in Sydney to Armidale, New South Wales. The department confirmed that planning was underway to establish an office in Armidale and that this was within his electorate.²

Biosecurity Policy and Compliance

2.5 The committee investigated whether the government is considering consolidating the department's biosecurity functions with Border Force, the recently announced single frontline operational border agency. The department indicated that it had provided a briefing to the Minister for Agriculture on the biosecurity functions of the department and how they related to the functions of the Australian Customs and Border Protection Service. The committee also discussed different models of border management.³

2.6 The committee sought further information on the establishment and operation of a rapid response capability within the department. The department clarified that the additional funding received would not be used to establish a specific response team, but rather complement and boost existing response processes.⁴

2.7 The committee discussed the department's biosecurity risk estimation matrix, used as part of the import risk assessment process, in light of concerns from some

1 *Estimates Hansard*, 28 May 2014, pp. 6-11, 24, 26-28.

2 *Estimates Hansard*, 28 May 2014, pp. 11-20.

3 *Estimates Hansard*, 28 May 2014, pp. 30-32, 34, 36-40, 49-50.

4 *Estimates Hansard*, 28 May 2014, pp. 32-35.

stakeholders that it was not adequate. The department reiterated that it had a high degree of confidence in the existing matrix.⁵

2.8 The committee received an update on the department's implementation of more targeted risk and compliance based intervention methodologies to effectively and efficiently manage the biosecurity risks of international mail, air and sea cargo, and arriving international passengers and vessels.⁶

Post Entry Quarantine Program

2.9 The committee discussed the construction of a new post entry quarantine facility in Mickleham, Victoria. The department explained that the decision to construct a single facility was taken as all other facilities operated by the department were leased privately from a number of owners and not subject to extension beyond 2018.⁷

Biosecurity Plant

2.10 The committee asked officers of the department to explain the federal government's role in managing the effect of fruit flies on Australia's domestic and international horticultural markets. Dr Vanessa Findlay, Australian Chief Plant Protection Officer, updated the committee on progress made towards achieving a national approach to managing fruit fly and management responses in place to deal with changes relating to dimethoate and fenthion. The committee heard that a barrier to a truly national approach was the lack of constitutional and legislative authority for the Commonwealth to act. However, an advisory committee had been established that brought together each of the states and territories, the Commonwealth government, industry, and research and development providers in order to better coordinate a response to the issue.⁸

Australian Chief Plant Protection Office

2.11 Dr Findlay explained her role and highlighted her contributions to advancing the national fruit fly strategy, emergency response arrangements, and international work on trade arrangements for plant products.⁹

Australian Landcare Council

2.12 The committee enquired after the resignation of the members of the Australian Landcare Council. The committee heard that the role of the Landcare Council was being reviewed in light of the establishment of the National Landcare

5 *Estimates Hansard*, 28 May 2014, pp. 42-44.

6 *Estimates Hansard*, 28 May 2014, pp. 44-46.

7 *Estimates Hansard*, 28 May 2014, pp. 50-55.

8 *Estimates Hansard*, 28 May 2014, pp. 58-66.

9 *Estimates Hansard*, 28 May 2014, p. 67.

Program and that the remaining members had been asked to consider resigning in view of the new arrangements.¹⁰

Landcare Australia Limited

2.13 The committee enquired as to the relationship between Landcare Australia and the recently established Green Army. It was informed that Landcare Australia had provided general feedback on the Green Army proposal and that it hoped to assist Landcare groups to apply to host Green Army teams to work on their projects.¹¹

Plant Health Australia

2.14 The committee sought an update on projects listed in the 2008 implementation plan from the National Fruit Fly Strategy and how Plant Health Australia, as the lead agency, would manage the Strategy over the next 18 months. Plant Health Australia identified that it was well placed to lead the strategy given that it was a public company incorporating the plant industries, the Australian Government, and the state and territory governments as its three major shareholders.¹²

Biosecurity Animal and Australian Chief Veterinary Office

2.15 Dr Robyn Martin, Acting Australian Chief Veterinary Officer, updated the committee on the past history of the Exotic Diseases Preparedness Program and how the cessation of funding at the end of the 2013-14 financial year would impact research projects that were previously funded.¹³

2.16 The committee sought information on the readiness of the department and the Chief Veterinary Officer in relation to exotic disease emergencies and heard that resources were being targeted in a way that minimised risk in the most effective manner.¹⁴

Live Animal Exports

2.17 In light of a recent announcement that the Australian Government had concluded negotiations with Iran in relation to the health protocol for the export of animals from Australia to that country, the committee was informed that further arrangements had to be established before trade could commence.¹⁵

2.18 The committee discussed the Export Supply Chain Assurance System (ESCAS) and the government's commitment to reducing regulation, particularly in

10 *Estimates Hansard*, 28 May 2014, pp. 69-75.

11 *Estimates Hansard*, 28 May 2014, pp. 76-83.

12 *Estimates Hansard*, 28 May 2014, pp. 84-88.

13 *Estimates Hansard*, 28 May 2014, pp. 89-90.

14 *Estimates Hansard*, 28 May 2014, pp. 94-96.

15 *Estimates Hansard*, 28 May 2014, p. 96.

relation to live animal exports. The department was of the view that further reductions in regulation could be achieved.¹⁶

2.19 In response to allegations of exporters mistreating animals, the department outlined a range of tools and options, including criminal offences, available under the relevant legislation to ensure exporters complied with the regulatory framework. The department also explained the process it undertakes to deal with incidents of non-compliance, particularly those involving alleged criminal conduct.¹⁷

2.20 The committee was informed that the department was reviewing cost recovery arrangements to ensure the framework was cost effective.¹⁸

Animal Health Australia

2.21 The committee discussed Animal Health Australia's levy arrangements for its members and whether these were adequate for the organisation to operate effectively.¹⁹

Meat and Livestock Australia Limited

2.22 The committee explored concerns about the service agreement between Meat and Livestock Australia (MLA) and the Cattle Council of Australia. The committee was informed that under MLA's statutory funding agreement it is empowered to pay funds to peak industry councils for consultation and that it had renewed its agreement with the Cattle Council of Australia until the end of December 2014.²⁰

2.23 The committee discussed issues surrounding the merits of mandatory price reporting. Dr Peter Barnard, General Manager, Trade and Economic Services, MLA, advised the committee that he believed there was no clear answer on the matter, but that MLA's own market information activities were strongly supported by its stakeholders.²¹

2.24 In relation to questioning about low cattle prices in Australia, Dr Barnard suggested the greatest issue was that, despite strong worldwide demand, supply levels in Australia were low, particularly due to the effects of drought in Queensland. He was of the view that the 2011 suspension of livestock trade resulted in a four to five per cent decline in grass-fed cattle prices, but that Northern Territory producers faced price declines of between 20 and 30 per cent.²²

16 *Estimates Hansard*, 28 May 2014, pp. 96-98, 100-101.

17 *Estimates Hansard*, 28 May 2014, pp. 101-105, 107-109.

18 *Estimates Hansard*, 28 May 2014, pp. 105-107.

19 *Estimates Hansard*, 28 May 2014, pp. 110-113.

20 *Estimates Hansard*, 28 May 2014, pp. 113-115.

21 *Estimates Hansard*, 28 May 2014, pp. 115-117.

22 *Estimates Hansard*, 28 May 2014, pp. 117-118.

Australian Meat Processor Corporation Limited

2.25 The committee sought information from the Australian Meat Processor Corporation (AMPC) as to its research and development funds available to enable the industry to maximise opportunities arising out of recently concluded free trade agreements.²³ The committee was informed that:

The funding model in AMPC involves three programs. The core program, which is where we focus all our investment and research activities, is in the processing sector; there is the joint program, which is a program with MLA and which involves a significant contribution to marketing—market access in particular, but also domestic marketing; and there is the PIP program, which helps translate technologies into plants in Australia.²⁴

Australian Livestock Export Corporation Limited (LiveCorp)

2.26 The committee heard that the live export trade was vital to Indigenous employment in northern Australia and that recent initiatives had led to an increase in Indigenous employment.²⁵

2.27 The committee sought information about the role of LiveCorp in relation to ensuring animal welfare standards were maintained in the live export trade. The committee was informed that LiveCorp was responsible for a range of research and development projects that had delivered significant improvements in reducing live export mortality rates.²⁶

Trade and Market Access

2.28 The committee was informed that the department had 12 counsellors working in embassies overseas:

In south and east Asia we have a counsellor in Bangkok servicing a number of Southeast Asian markets, we have a counsellor and a minister counsellor in Djakarta, and we have a counsellor in New Delhi. In north Asia we have two counsellors in Beijing, one in Seoul, and we have a minister counsellor in Tokyo. We have a minister counsellor in Brussels, a counsellor in Dubai in the Middle East, and we have a minister counsellor in Washington and also one in Rome.²⁷

23 *Estimates Hansard*, 28 May 2014, p. 121.

24 Mr Hind, Chief Executive Officer / Business Manager, Australian Meat Processor Corporation Limited, *Estimates Hansard*, 28 May 2014, p. 121.

25 *Estimates Hansard*, 28 May 2014, p. 123.

26 *Estimates Hansard*, 28 May 2014, pp. 126-127.

27 Mr Murnane, Acting First Assistant Secretary, Trade and Market Access, Department of Agriculture, *Estimates Hansard*, 28 May 2014, p. 127.

2.29 Although some of these counsellors had made preliminary inquiries into opportunities to take a voluntary redundancy, none had so far formally applied.²⁸

Food

2.30 The committee discussed the Small Exporter Rebate Program announced in the 2014-15 Budget. The committee was informed that there were three components to the program:

The first component that applies in the 2014-15 financial year is a rebate component on registration costs associated with small exports. That rebate is up to \$5,000 or 50 per cent of the registration cost. The second component of this initiative is a review of fees and charges by each of the commodity sectors by 30 June 2015. Then, in the three forward years from that point forward, there is an expectation on each of the industry consultative committees to develop a range of projects that target greater improvements, whether it is market access or efficiencies, effectively with a focus towards a small exporter and that those projects would then be funded out of the residual funds left over from the rebates in those forward years.²⁹

2.31 The committee heard that consultations with industry stakeholders in relation to the program were underway.³⁰

Agricultural Adaption and Forestry

2.32 The committee sought further information from the department about how it was planning to implement the government's election commitment to decentralise certain functions of the department, in particular whether the department was considering relocating its forestry functions to Tasmania. The department indicated it was examining whether it could consolidate divisions within its national Canberra office, but that it was not actively considering relocating divisions.³¹

Drought Concessional Loan Taskforce

2.33 The committee was updated on the various elements of the drought assistance package announced by the Minister for Agriculture on 26 February 2014. The committee heard that applications for loans under the Farm Finance Program were closed but that the department still had 194 applications to assess, with \$100 million in loans approved across all jurisdictions as at 30 April 2014. The program was due to reopen for applications at the start of the 2014-15 financial year.³²

2.34 The committee heard that the department was still liaising with its state counterparts to establish the Drought Concessional Loans Scheme. Queensland, the

28 *Estimates Hansard*, 28 May 2014, p. 128.

29 Mr Read, First Assistant Secretary, Department of Agriculture, *Estimates Hansard*, 29 May 2014, p. 5.

30 *Estimates Hansard*, 29 May 2014, pp. 5-8.

31 *Estimates Hansard*, 29 May 2014, pp. 10-17.

32 *Estimates Hansard*, 29 May 2014, pp. 18-22, 31-32.

Northern Territory, New South Wales and Western Australia had expressed an active interest in the scheme. Reaching agreement on what qualified as a 'drought' was identified as the principal barrier to concluding the agreement between all interested jurisdictions.³³

Agricultural Productivity

2.35 The committee discussed a range of issues in relation to the government's proposal to reform the regulation of agvet chemicals.³⁴

2.36 The committee also explored industry levy systems and the management of voting rights attached to levy payers.³⁵

Grains Research and Development Corporation

2.37 The committee questioned the Grains Research and Development Corporation about genetically modified organisms (GMOs) and any research it was currently undertaking on the matter.³⁶

2.38 The committee also sought clarification from the Corporation about its expenditure on executive leadership training.³⁷

Horticulture Australia

2.39 Referring to the recently released ACIL Allen review into Horticulture Australia, the committee questioned Horticulture Australia about its response to the report and the recommendations made. Horticulture Australia reported that its board and members unanimously agreed that they would move towards becoming a grower-owned Research and Development Corporation (RDC).³⁸

Cotton Research and Development Corporation

2.40 The committee discussed how an additional \$100 million in funding to Research and Development Corporations across the Agriculture portfolio would be managed and whether the Cotton Research and Development Corporation had been consulted formally or informally.³⁹

Rural Industries Research and Development Corporation

2.41 The committee sought information from the Rural Industries Research and Development Corporation (RIRDC) as to how it would respond to recent budget cuts of approximately \$11 million over four years. The Corporation indicated it would aim to reduce administration costs to avoid reductions to funds allocated to research and

33 *Estimates Hansard*, 29 May 2014, pp. 22-30.

34 *Estimates Hansard*, 29 May 2014, pp. 34-36.

35 *Estimates Hansard*, 29 May 2014, pp. 36-39.

36 *Estimates Hansard*, 29 May 2014, pp. 41-43, 49.

37 *Estimates Hansard*, 29 May 2014, pp. 54-58.

38 *Estimates Hansard*, 29 May 2014, pp. 49-54.

39 *Estimates Hansard*, 29 May 2014, pp. 59-61.

development programs. However, programs funded by levy-paying industries would not be affected.⁴⁰

Grape and Wine Research and Development Corporation and Wine Australia Corporation

2.42 The committee focused significantly on the details of the imminent merger between Grape and Wine Research and Development Corporation and the Wine Australia Corporation. Issues discussed included: the future of existing research and development projects; logistics of the merger; savings and efficiencies garnered through the merger; morale of existing staff; and future direction of the merged organisation.⁴¹

2.43 The committee also discussed the recently concluded free trade agreements with Japan and the Republic of Korea. It heard that the agreements would be of great benefit to Australian wine exporters.⁴²

Australian Pesticides and Veterinary Medicines Authority

2.44 The committee discussed legislation proposed by the government that would reduce regulation relating to the registration of agvet chemicals. The committee heard that the Australian Pesticides and Veterinary Medicines Authority (APVMA) was taking a number of measures to ensure that chemicals within its mandate were safe, including through the use of its strengthened compliance powers.⁴³

2.45 The committee was updated on steps the APVMA had taken to reduce regulatory burdens on industry.⁴⁴

2.46 Finally, the APVMA discussed with the committee its response to a recently released report pertaining to neonicotinoids and honey bee health in Australia.⁴⁵

Interim Inspector-General of Biosecurity

2.47 The Interim Inspector-General of Biosecurity updated the committee on his current work, including projects on the biosecurity risks associated with animal breeding material and the biosecurity risks associated with the imports of cut flowers. He also indicated that enabling legislation which would confirm his position as the Inspector-General of Biosecurity had not yet passed, but was under active consideration by the government.⁴⁶

40 *Estimates Hansard*, 29 May 2014, pp. 62-64.

41 *Estimates Hansard*, 29 May 2014, pp. 65-68.

42 *Estimates Hansard*, 29 May 2014, pp. 69-70.

43 *Estimates Hansard*, 29 May 2014, pp. 73-75, 76-77.

44 *Estimates Hansard*, 29 May 2014, p. 75.

45 *Estimates Hansard*, 29 May 2014, pp. 79-80.

46 *Estimates Hansard*, 29 May 2014, pp. 80-81.

Sustainable Resource Management

2.48 The committee pursued questions in relation to funding for Landcare Australia Limited and the National Landcare Program. The committee heard that in terms of funding for agriculture under the Program, all funds were either allocated or committed and contracted. It was confirmed that there was no new funding allocated for Landcare groups to apply for. However, the committee heard there was new funding available for regional bodies.⁴⁷

Forest and Wood Products Australia Limited

2.49 Forest and Wood Products Australia Limited explained its current research and development investment program and its funding arrangements. The committee heard that it had discussions with the department as to whether it could access voluntary matching for funding and the rules relating to this.⁴⁸

Australian Fisheries Management Authority

2.50 The Australian Fisheries Management Authority (AFMA) outlined its proposed expenditure as it related to improving the competitiveness and sustainability of the fishing industry. It submitted that it was developing a program to ensure high levels of production by restoring fish stocks. This program relied on using the best available science to predict risk based approaches to harvest strategies.⁴⁹

2.51 The AFMA reported it had seen an increase in the global total allowable catch for southern Bluefin tuna in recent years, which it indicated was backed by Australian action to ensure catches were kept within official limits and improvements in scientific studies on the issue.⁵⁰

Fisheries Research and Development Corporation

2.52 The committee heard that the Fisheries Research and Development Corporation (FRDC) received a cut of \$4.6 million over four years to its budget, but that the reduction was mostly offset by the department paying for FRDC's membership fees to relevant industry organisations. However, as a result of the funding reduction, it would also face cuts to its research budget of approximately five per cent every year.⁵¹

Senator Bill Heffernan Chair

47 *Estimates Hansard*, 29 May 2014, pp. 83-94.

48 *Estimates Hansard*, 29 May 2014, pp. 95-96.

49 *Estimates Hansard*, 29 May 2014, p. 97.

50 *Estimates Hansard*, 29 May 2014, pp. 97-98.

51 *Estimates Hansard*, 29 May 2014, pp. 103-105.