

## **Chapter 3**

### **Agriculture and Water Resources portfolio**

3.1 This chapter considers the key issues discussed during the hearing for the Agriculture and Water Resources portfolio on 19 February 2019.

3.2 The committee heard from divisions of the Department of Agriculture and Water Resources (the department) and portfolio agencies in the following order:

- Department of Agriculture and Water Resources Corporate Matters (finance and business support, corporate strategy and governance, business branch, information services, assurance and legal);
- Department of Agriculture and Water Resources Outcome Two (exports division, live animal exports, biosecurity policy and implementation, biosecurity animal division, biosecurity plant division);
- Australian Bureau of Agriculture and Resource Economics and Sciences;
- Australian Pesticides and Veterinary Medicines Authority;
- Australian Fisheries Management Authority;
- Regional Investment Corporation; and
- Department of Agriculture and Water Resources Outcome One (rural policy and farm performance, AGVET chemicals, fisheries and forestry, agricultural policy, trade and market access, sustainable agriculture, fisheries and forestry).

3.3 The following agencies and divisions were released during the course of the hearing without providing evidence:

- Animal Health Australia; and
- Plant Health Australia.

#### **Corporate Matters**

3.4 Mr Daryl Quinlivan, Secretary of the Department of Agriculture and Water Resources (DAWR), read a short statement regarding the ongoing drought on the east coast and the recent floods in Far North Queensland. Mr Quinlivan noted that the value of agricultural production rose to over \$60 billion in 2016–17 and has stayed consistent since that time, despite poor seasons. However, he also warned that the ongoing hardships faced by farmers will reduce agricultural production in 2018–19.

3.5 Mr Quinlivan informed the committee that preliminary forecasts from the Australian Bureau of Agriculture and Resource Economics and Sciences (ABARES) indicate that there will be a four per cent decline in the gross value of farm production, to \$57 billion due to the ongoing hardships.<sup>1</sup>

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1 *Proof Hansard*, 19 February 2019, p. 5.

3.6 The committee received an update on a number of matters before the Agricultural Ministers Forum, including:

- The Intergovernmental Agreement on National Drought Program Reform;
- Intergovernmental Agreement on Biosecurity;
- Farm debt mediation; and
- A national governance model for farm animal welfare standards.<sup>2</sup>

## **Outcome Two**

3.7 The committee sought clarification on the proposed biosecurity imports levy which will come into effect from 1 July 2019. Under the proposal, a levy would be imposed on all containerised and non-containerised cargo imported to Australia by sea, with the exception of military equipment.

3.8 The department informed the committee that it had consulted with 95 industry organisations. It acknowledged that the majority of feedback about the levy was negative and that many stakeholders questioning the decision to introduce a levy. Officials also acknowledged that there was contention about how the levy would be imposed, and the mechanism by which it is going to apply.<sup>3</sup>

3.9 The committee expressed a number of concerns about the levy and its impact on the end consumer. The committee also questioned the imposition of the levy on products for which there are no biosecurity concerns, such as cement, petroleum and fertiliser. It was informed that the focus was not simply on the imported commodity but also on the way in which the product comes into the country.<sup>4</sup> The department acknowledged, however, that much of the impact of the levy will be passed onto the end consumer of the product.<sup>5</sup>

3.10 The committee also sought clarification on the nature of the department's involvement with the *Review of the Regulatory Capability and Culture of the Department of Agriculture and Water Resources in the Regulation of Live Animal Exports* conducted by Mr Philip Moss AM.

3.11 Mr Quinlivan addressed commentary and press reports that the department 'interfered in the preparation of Philip Moss's review'. He stated that such reports were false. He further noted that Mr Moss had publicly indicated that the assertion the department had unduly influenced his report was not true. Furthermore, Mr Moss had made the point that he had 'provided working drafts to the department for procedural fairness and accuracy' and that 'successive drafts show a strengthening of the report's conclusions and recommendations'.<sup>6</sup>

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2 *Proof Hansard*, 19 February 2019, pp. 9–10.

3 *Proof Hansard*, 19 February 2019, pp. 22–25

4 *Proof Hansard*, 19 February 2019, p. 24.

5 *Proof Hansard*, 19 February 2019, pp. 22–25.

6 *Proof Hansard*, 19 February 2019, p. 34.

## Australian Bureau of Agricultural and Resource Economics and Sciences

3.12 The committee sought an estimate of the impact of the recent floods in North Queensland on agricultural production and rural exports. It was informed that an estimate had yet to be calculated, but that stock losses alone were expected to be in the hundreds of thousands.

3.13 The department explained that information on the impact of the floods was being provided from a range of sources including AgForce and local councils. It noted that the Queensland department was the central agency, responsible for collecting information from these sources.<sup>7</sup>

## Australian Pesticides and Veterinary Medicines Authority

3.14 Dr Chris Parker, Chief Executive Officer (CEO) of the Australian Pesticides and Veterinary Medicines Authority (APVMA), delivered an opening statement which provided information on the agency's key activities since the supplementary budget estimates round. He noted that in 2018, APVMA finalised around 3,500 applications for chemical actives, products and permits.<sup>8</sup>

3.15 Dr Parker indicated that work on the new Armidale office had remained on schedule with the agency expecting to occupy the building by mid-2019. He noted that at 31 January 2019, there were 72 staff members in Armidale and 133 staff in Canberra. Dr Parker explained that he expected an additional 18 staff to commence work in Armidale by the end of March; by which time there would be a total of 39 regulatory scientists engaged in Armidale.<sup>9</sup> Dr Parker indicated that the plan was to have a total of 40 staff in Canberra, comprising a mix of experienced scientists and decision makers.

3.16 The committee sought information on the retention bonus and excess employees. Dr Parker informed the committee that the retention bonus amounted to 10 per cent of an employee's wage and will be paid on 30 June 2019.<sup>10</sup> He also indicated that approximately 50 employees, unable to relocate to Armidale and ineligible for a position in Canberra, were notified that they were excess to requirements on 1 February 2019. Dr Parker noted that half of the employees that received notices were expected to take voluntary redundancies, at a total cost of approximately \$1.5 million.<sup>11</sup>

## Australian Fisheries Management Authority

3.17 The committee sought information on approaches from fishing companies regarding access to Australia's exclusive economic zone (EEZ). The committee questioned whether Australian companies had brought in foreign vessels to assist in

<sup>7</sup> *Proof Hansard*, 19 February 2019, pp. 65–67.

<sup>8</sup> *Proof Hansard*, 19 February 2019, p. 71.

<sup>9</sup> *Proof Hansard*, 19 February 2019, p. 72.

<sup>10</sup> *Proof Hansard*, 19 February 2019, pp. 75–76.

<sup>11</sup> *Proof Hansard*, 19 February 2019, pp. 75–81.

catching underutilised fish quotas. The department confirmed there had been no approvals for any such arrangements.<sup>12</sup>

## **Regional Investment Corporation**

3.18 Mr Bruce King, CEO of the Regional Investment Corporation (RIC), delivered an opening statement which summarised the agency's key activities since the supplementary budget estimates round.

3.19 In December, RIC moved into its new head office in Orange. It has funding for 32 employees and following a recruitment process, for which it received 340 job applications, a total of 16 employees were recruited. While most staff members will be based in Orange, others will work from other regional communities, such as Wagga Wagga, on flexible working arrangements.<sup>13</sup>

3.20 Mr King also informed the committee that RIC is on track to deliver \$235 million in loans this financial year to over 250 applicants. The majority of these loans are to assist with recovery from drought. Of them, 69 per cent of the applicants are from New South Wales and Queensland.<sup>14</sup>

3.21 Questions were also asked about concessional loans for flood recovery in Far North Queensland. RIC officers confirmed that there are products available that would suit affected landowners, but they had not received many applications. This is because many people are still assessing their losses and are accessing emergency assistance rather than loans. It is expected there will be more applications in the coming months.<sup>15</sup>

## **Outcome One**

3.22 The committee sought information regarding evokeAG, an international agrifood technology event held in Melbourne in February 2019. The department confirmed that it had provided over \$150,000 in sponsorship for the event and was an event strategic partner.<sup>16</sup>

3.23 The committee also canvassed the subject of pilot hubs under the National Forestry Industries Plan. The government has committed \$12.5 million over four years to the establishment of nine forestry hubs around the country and to research and development under the plan. The department explained that the hubs had been chosen after consultation with industry and state governments. The four pilot hubs will receive \$1 million in total funding during year one. The remaining \$11.5 million will be spent on setting up the additional five hubs as well as on research and development.<sup>17</sup>

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12 *Proof Hansard*, 19 February 2019, pp. 95–96.

13 *Proof Hansard*, 19 February 2019, pp. 102–103.

14 *Proof Hansard*, 19 February 2019, p. 103.

15 *Proof Hansard*, 19 February 2019, p. 104.

16 *Proof Hansard*, 19 February 2019, pp. 107–108.

17 *Proof Hansard*, 19 February 2019, pp. 108–110.

## Cotton Research and Development Corporation

3.24 Dr Ian Taylor, Acting Executive Director of the Cotton Research and Development Corporation (CRDC), read an opening statement. Dr Taylor indicated that it has been a tough season for cotton growers with total planting at approximately 60 percent of the average cotton crop.<sup>18</sup>

3.25 Dr Taylor also reiterated the CRDR's commitment to sustainability and more efficient water use. He drew particular attention to the Smarter Irrigation Project involving 3,000 irrigators as an example. The project has found that participating growers could achieve a 10 to 20 per cent improvement in productivity through adoption of new irrigation technologies.<sup>19</sup>

3.26 The committee focussed its questioning around flood plain harvesting and the claim of 20 per cent efficiency. The CRDC indicated that it uses an index called the 'gross production water use efficiency'. This index takes into account water from rainfall, irrigation water and water in the soil at the beginning of the season. However, there is no definitive measurement of floodplain harvesting water currently in use. The point was made that this was due to CRDC's primary focus on how the water is applied to the crop rather than how it is gathered.<sup>20</sup>

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18 *Proof Hansard*, 22 February 2019, p. 72.

19 *Proof Hansard*, 22 February 2019, p. 73.

20 *Proof Hansard*, 22 February 2019, pp. 74–75.

