

# CORRECTED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into 2004–05 budget estimates

Melbourne – 22 June 2004

#### Members

Mr W. R. Baxter	Ms D. L. Green
Ms C. M. Campbell	Mr J. Merlino
Mr R. W. Clark	Mr G. K. Rich-Phillips
Mr L. A. Donnellan	Ms G. D. Romanes
Mr B. Forwood	

Chair: Ms C. M. Campbell  
Deputy Chair: Mr B. Forwood

#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Mr B. Cameron, Minister for Agriculture;  
Mr D. Seymour, acting secretary;  
Dr B. Kefford, deputy secretary, regional services and agriculture;  
Mr P. Mainey, acting executive director, Fisheries Victoria;  
Mr S. Condron, chief financial officer; and  
Dr C. Noble, executive director, Primary Industries Research Victoria, Department of Primary Industries.

**The CHAIR** — Good morning. I declare open the Public Accounts and Estimates Committee hearings on the 2004–05 budget estimates for the agriculture portfolio.

I welcome the Honourable Bob Cameron, Minister for Agriculture; Mr Dale Seymour, Acting Secretary of the Department of Primary Industries; Dr Bruce Kefford, deputy secretary, regional services and agriculture; Mr Paul Mainey, acting executive director, Fisheries Victoria; Mr Shaun Condron, chief financial officer, Department of Primary Industries; departmental officers, members of the public and media.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded and witnesses will be provided with proof versions of the transcript early next week.

Minister, should you wish departmental officers to come to your side of the table, you or your chief of staff may request that. The Public Accounts and Estimates Committee secretariat are the only people to approach this side of the table.

Before I call on the minister to give his overhead presentation, could mobile phones please be turned off and pagers put to silent.

Minister, over to you. Thank you for providing us with copies of the overheads so we can use those as you go through them.

**Mr CAMERON** — Thank you very much, Chair. Thank you for the opportunity to make a presentation. We have a slide show, as is the custom of the start of Public Accounts and Estimates Committee hearings.

**Mr FORWOOD** — Content free.

**The CHAIR** — Keep going, Minister.

**Mr CAMERON** — Thank you for your contribution.

#### **Overheads shown.**

**Mr CAMERON** — Included in the agriculture portfolio are matters which relate to agriculture, commercial forestry, fisheries, and science and innovation — that is Primary Industries Research Victoria, for which I am the responsible minister. The portfolio rests wholly within the Department of Primary Industries.

The agriculture portfolio and primary industries touches all of our lives with the food we eat and the clothes we wear. In doing so, the agriculture, forests and fisheries industries generate jobs, exports, and investments in the country and the city but particularly in country Victoria. I will run through a couple of figures to show that: in agriculture, forests and fisheries and the associated processing industries — dairy factories for example — there are more than 150 000 jobs in Victoria. That is some 6.4 per cent of the work force but when you break it out, in country Victoria it is 1 in 6 jobs. It is a very substantial employer. The total value of agricultural production in 2002–03 was \$7.5 billion. In 2002–03 direct exports of agriculture, forests and fisheries were worth \$1.8 billion; when I say direct exports there I am talking about raw products, not dairy processing but things like wheat for example.

I will come back to this later but when we have a look at exports and what they have done, we have seen substantial growth in exports in Victoria from \$2 billion in 1991 to \$8 billion a couple of years ago. That has dropped off. The effects of drought and the dollar have dropped that back to around \$6 billion. We have seen that hook back again in the last quarter.

The agriculture, forests and fisheries industries and resources are a vital cog in driving investment growth and vibrancy in our state, particularly in our rural and regional communities. The agriculture portfolio makes a significant contribution to the Growing Victoria Together outcomes of promoting sustainable development through industry growth and community partnership, protecting the environment for future generations through responsible and efficient use of resources — we want to make sure that our businesses are good not only for today but for future generations — more jobs and thriving innovative industries, and building cohesive communities and

reducing inequalities by supporting land-holders during difficult periods. That might be drought or fire for example but it might be other events which a locality has to deal with.

**The CHAIR** — Minister, given that you are only up to slide 2, I draw your attention to the time.

**Mr CAMERON** — I better hurry along.

**The CHAIR** — To facts and figures.

**Mr CAMERON** — The agriculture portfolio works to ensure Victoria's agriculture, forestry and fishing industries are profitable for today and tomorrow. We promote primary industries and the investment in jobs they generate; the use of research, ideas, science and technology to improve our productivity and use of resources — creating more from less; protecting Victoria from disease and pests — obviously a key part of biosecurity matters in our department; partnerships and forward thinking — working with communities as they work through the issues they confront; and effective planning and regulations to safeguard our resources and the environment.

There are two output groups within the agriculture portfolio: agriculture and fisheries. The agriculture output group delivers strategic services to the food, agriculture and forestry sectors, and provides benefits to the community through sustainable economic growth and improved resource management. In relation to those outputs, there is biosecurity and market access of \$57 million, sustainable agriculture and food sector development of \$224 million, bringing a total of \$281.7 million. In relation to the fisheries output group, you see the figures on the overhead and what they relate to.

We will go to agriculture achievements — dealing with shocks and getting back into business. The department leads emergency response and recovery activities to combat things like fire and drought; delivers enhanced biosecurity outcomes; and is continuing the Naturally Victorian initiative. A big project announced two months ago was the relocation and redevelopment of the Melbourne markets. We are continuing the research program Our Rural Landscape, which is designed for greater resource and water use to bring about real benefits to farmers by adapting to new technologies. We have also investigated new export opportunities.

Having a look in relation to fisheries — —

**The CHAIR** — We can take those as read.

**Mr CAMERON** — We can take those as read. In forestry, we might take those as read.

**The CHAIR** — That is very good.

**Mr CAMERON** — Making life easy. In terms of achievements in science, a lot of that is about supporting primary industry to change and about the science which underpins creating more from less — in other words, it is around the issue of sustainability. I do not mean that just in an environmental sense but also in a business sense. We have made a large investment in the science, innovation and education precincts and driving growth through innovation. I am conscious of the time. The future is bright but there are challenges. Those challenges include intense market competition, increasing consumer demands, the requirements consumers demand, and the whole issue around natural resource management and increased competition for natural resources. As you see, in the future DPI programs will do those things.

**The CHAIR** — Wonderful, thank you. I want to take you to a whole-of-government initiative which is the Victorian state disability plan. In which output group do you measure actions taken within your ministry on the Victorian state disability plan? Have you put in place any initiatives in the past 12 months? How do you measure performance in that area?

**Mr CAMERON** — In relation to the agriculture portfolio, when you deal with disabilities essentially they are those things where we are dealing with the public. A lot of what occurs in agriculture relates to private businesses but fisheries is about the public going fishing in relation to recreational fishing. When you go and buy your fishing licence so much money is put into a trust account which is divided up for projects. Some of those projects are around greater access to water, including for people with disabilities. I might get Paul Mainey to elaborate on that a bit more for you.

**Mr MAINEY** — Thank you, Minister. As the minister has indicated, recreational fishing is a pretty important sector of the Victorian economy. The national recreational and indigenous fishing survey, which was undertaken over a period of a couple of years and completed in 2003, told us that in Victoria close to \$400 million was expended in — —

**The CHAIR** — Sorry, how much?

**Mr MAINEY** — Close to \$400 million was expended on fishing-related products and services in 2000–01. The minister has indicated that we have a recreational fishing licence. We sell about 230 000 of those each year, which generates about \$4 million for the trust account the minister indicated has been set up by the government. Traditionally with recreational fishing licences (RFL) a range of people within the community have been exempted from those licences. In fact, about one-third of the Victorian community is exempt from the need to hold a recreational fishing licence. That includes people under the age of 18 and those aged 70 and over; people who hold Victorian Seniors cards; those who hold veterans affairs pension cards; holders of veterans affairs repatriation and healthcare cards coded TPI; and holders of a range of commonwealth pension cards. An initiative which has been introduced this year is we realised and the government brought to our attention that there was a shortcoming in those exemptions in that carers of disabled people were not exempt under the previous legislation. Regulations have been introduced and amended to deal with that shortcoming as of 1 September this year.

In terms of the allocation of funds collected in the trust account from RFL revenue, the government has set up a fisheries revenue allocation committee which is made up of representative stakeholders who provide advice to the minister in terms of the disbursement of funds out of that trust account. Under the legislation disbursement of those funds must be for the benefit of recreational fishing activities in Victoria. Over the past 12 months the minister has approved the expenditure of about \$448 000 out of that trust account across 15 projects which have improved angler access including access for disabled people. This includes things such as floating and fixed fishing platforms, fish cleaning facilities, resurfacing access paths to waterways and embankment constructions. On top of that, there is a package of recommendations from the fisheries revenue allocation committee in front of the minister at the moment which would see a further seven projects worth \$177 000 going towards similar projects to assist disabled people across Victoria in terms of access to fishing opportunities.

**Mr FORWOOD** — What is the current balance of the trust fund?

**Mr MAINEY** — I could not tell you off the top of my head. If you give me a minute I can probably flush out the figure.

**The CHAIR** — We will come back to that.

**Mr FORWOOD** — When is the office move on?

**Mr CAMERON** — At the present time.

**Mr FORWOOD** — You are currently moving?

**Mr CAMERON** — Some have moved already and others will move in the immediate future.

**Mr FORWOOD** — The intention is the whole department will end up at 1 Spring Street?

**Mr CAMERON** — Yes.

**Mr FORWOOD** — Could you outline to the committee the benefits of the move, the cost of the move? Do you want to tell us how much your ministerial office is costing us and what floor it is on?

**Mr CAMERON** — I do not know the answer to those questions.

**Mr FORWOOD** — Don't you know what floor your office is on?

**Mr CAMERON** — No, I do not. I do not pay too much attention to these things.

**Mr FORWOOD** — Who was the consultant who was hired?

**The CHAIR** — Would you like to give us the question you want in relation to this?

**Mr FORWOOD** — Tell us about the office move, Bob!

**Mr CAMERON** — What we want to do is to bring the department together because at the moment fisheries are in a bit of a ratty building. What will occur is that all the public servants that fall in the central business district will come together down at Shell House. In relation to the cost — Dale is across that — my understanding is that it is actually a saving to us as a result of moving down there.

**Mr SEYMOUR** — Just to add to the minister's comments, following the machinery of government decision in 2002, the creation of the Department of Sustainability and Environment (DSE) and the Department of Primary Industries (DPI) meant that we both could not fit in the one building at 8 Nicholson Street. Members might recall the previous initiative by the Labor government to consolidate the Department of Natural Resources and Environment (NRE) at 8 Nicholson Street. We had a sizeable fund provided by government to effect that consolidation. When the numbers were recalculated we obviously could not fit. A number of us were very keen obviously to set up the department as properly as quickly as possible and to give it greater capability, and if I could say this as acting secretary, also to create an identity and to reflect the government's intentions for the creation of the Department of Primary Industries.

At the time we went into the market to find alternative accommodation arrangements we were able at very reasonable rates to secure spare tenancy at 1 Spring Street, which is no longer Shell House — it has a sign on it that says SAI, I am not sure what it is that stands for. This provides us with a number of benefits, to answer directly Mr Forwood's question. Those benefits really are a consolidation and efficiencies that come from consolidation — having the whole department in one building. This is more efficient in terms of communication and a greater focus on departmental outcomes by being able to pull the team together for the first time in the history of the Department of Natural Resources and Environment (NRE) as the predecessor department and the creation of DPI.

**Mr FORWOOD** — How many floors are you taking?

**Mr SEYMOUR** — Currently there are seven floors with an opportunity to have one more floor. We have an option of an additional floor depending on our final make-up.

**Mr FORWOOD** — Is it floors 16 to 22?

**Mr SEYMOUR** — It is not contiguous. We were not able to secure level 21. That has a long-term tenancy arrangement. We are very pleased with the deal, and we are happy to share that information.

**Mr FORWOOD** — Do you think you can work out the costs and stuff?

**Mr SEYMOUR** — Yes.

**Mr MERLINO** — Can you outline the program referred to in budget paper 3 on page 29 that details the \$1.5 million in 2004–05 for the growth in demand for the Victorian food initiative and the expectations of outcomes that that initiative will deliver?

**Mr CAMERON** — The agrifood sector is an important grower, particularly in country Victoria, and it also has a significant impact socially and environmentally. Recent developments in trade reform and what might occur — for example, with Thailand — are all challenges that we have to take up and try and make the best of. Expanding market access is something that we are keen to see. All governments around Australia are keen to see this. Activities that directly increase demand for Victorian food products can greatly assist in developing the Agrifood sector. They include identifying and promoting key opportunities, particular in Asia — namely Thailand and China; provision of market intelligence and policy advice in relation to our target market; promoting Victorian Agrifood capabilities in these markets; facilitating new export deals and contracts in those markets; organising visits by overseas business contacts to Victoria and Victorian Agribusiness contacts for these markets to promote exports. The key performance indicators include the value of new export businesses that can be linked to the supporting activities of the office target of \$5 million in the first year; the number of substantial new export deals facilitated target which is 5 in the first year; the number of buyers to the Victoria facilitated target, which is 10 in the first year; and the quality and quantity of market intelligence emanating from the office.

**Dr KEFFORD** — This is an additional component of trade development work which the department undertakes. The relationships which are established between export markets, growers and manufacturers in the

state through these programs are extremely valuable. We can refer to a number of very successful programs which have led to very large export markets as a direct result of these programs. It is a very good initiative.

**The CHAIR** — If you could document examples of that it would be helpful.

**Mr DONNELLAN** — We recently put people into the Middle East, in Dubai and so forth. Do you expect any growth — not so much in wheat and so forth, which has always been an export, but in fruit and so forth into that area?

**Mr CAMERON** — We work closely with Department of Innovation, Industry and Development (DIIRD) in relation to a lot of those missions. We get some help and we always hope to see greater improvements there. One of the things that has happened is that the world is getting fussier. Consumers are getting fussier and fussier. Often what occurs is DIIRD, for example, might bring out a group of businesses or a business, and increasingly they want to know what happens right back on to the farm. What the department is able to do is to take them on a bit of a road show of the higher demands that are there and in that way we are able to satisfy them around the key credence values — that environmental management is good, that quality is good, and things around chemical residues, for example — which helps build up our reputation.

**Mr RICH-PHILLIPS** — I want to ask you about the PrimeSafe seafood licensing regime. My understanding of that is that the government expects to recover the costs of the regime from seafood operators. Can you tell the committee how much the government wishes to recover in aggregate from seafood operators for putting that regime in place, how the individual fees will be set and what consultation took place with seafood operators in the setting of the individual licence fees?

**Mr CAMERON** — As you will remember last year when there was the legislation that went through the Parliament, PrimeSafe estimated that the first year cost would be, I think, \$550 000, but those matters that you referred to have been done by PrimeSafe itself as an independent statutory corporation.

**Mr RICH-PHILLIPS** — How was that figure of \$550 000 arrived at?

**Mr CAMERON** — That was what the PrimeSafe authority estimated the cost to be.

**Mr RICH-PHILLIPS** — Do you know on what basis? Are you able to come back to the committee and tell us on what basis PrimeSafe made that decision?

**Mr CAMERON** — I will have to ask. I will have to get PrimeSafe to do that.

**Mr FORWOOD** — Is it not here today? Is someone from PrimeSafe here today?

**Mr CAMERON** — No.

**Mr RICH-PHILLIPS** — Likewise with the setting of individual fees, was that a board decision?

**Mr CAMERON** — Yes.

**Mr RICH-PHILLIPS** — Are you able to come back to the committee from the board then and tell us how those fees — —

**Mr CAMERON** — I will ask them to forward that information to you.

**Ms GREEN** — Action 3 of the governments April 2004 economic statement was the redevelopment and relocation of the Melbourne Wholesale Fruit and Vegetable Market, with an allocation of \$4.7 million. Could you outline for the committee the rationale for this investment and the timetable for delivery on this commitment?

**Mr CAMERON** — The markets are a significant facility which service rural and regional businesses as well as metropolitan Melbourne. The current facilities — the ones at Footscray Road — are ageing. There are around 35 hectares there and it needs to be much larger. It needs to be more than twice the size. You just have to think that now at the market there are 27 000 registered business users employing some 7000 people at different points. That is way over and above what it was when they moved down there in 1969 when it was much smaller. The place is cramped, and if ever you have been down there, there are forklifts darting around. Its use-by date has

come to an end. The Melbourne Market Authority itself commissioned a report a few years ago around the site. The report said that it would have to spend over \$50 million — the market authority believes it is something closer to \$100 million — to do up the facilities, and even if they did that, they still would not get an additional 10 years out of it. The decision has to be made at some point to relocate it. That is what we are in the process of doing at the present time — that is, building a business case around possible sites. Obviously market participants themselves want an understanding of what the business case is, because obviously their input is something that is very important in the entire process.

**Mr SEYMOUR** — I would like to add some points to what the minister has offered. It is clear from the report that was done by the board by Melbourne Market Authority some years ago that the current economic life will basically be expired or reach saturation point by the end of the decade. So there is real pressure on us to ensure that we, as the minister said, are able to relocate to facilities in the location that will suit the needs of the market users going forward over the next 30 to 40 years. It is in terms of both the Agribusiness focus of the state, its importance to the economy, and more recently the greater focus on the export target of \$12 billion by the end of the decade, that we provide the right capability for market users as the clearing house and as an effective market mechanism to ensure that there is transparency and access in price and that goods and services can be traded effectively.

Having said all that, we are going through a very detailed process with the authority in the lead in terms of consulting with market users. We are committed to ensuring that market users have a real say. To that end the authority has surveyed market users recently and they have expressed their preferences. Those preferences have been shared with us, and I am chairing the steering committee of bureaucrats, essentially with Major Projects Victoria, to ensure that their needs are well understood in terms of the nature and scope of the project.

As the minister said, we are moving into a commissioning of a full business case, which will be completed by the end of the calendar year. Then we will take advice back to government in respect of the options that are before us for government to consider. That business case also will include full consultation of market users. We have completed a second round site selection exercise, and we have a number of sites that have been placed in front of us for consideration as part of that business case. The government has made a public statement that the state of the Werribee site will be used for comparison purposes and benchmark purposes to enable us to draw a floor price into the commercial model that we are required to develop for a new market. We are very excited about the prospect. There is real value in this project for the state, and DPI is leading the project management. We have a very strong governance arrangement in place to ensure that it is all done according to the appropriate standards.

**Mr MERLINO** — Minister, I take it from some of the feedback from the survey of market users that there would be a preference to get a new site as central as possible, given the constraints of finding a 70-hectare site and given that the users come from right across metropolitan Melbourne and regional Victoria. Is getting it as central as possible one of the key criteria that have been identified?

**Mr CAMERON** — Clearly the market users have a preference for a location with relatively good access, so that is obviously something that will ultimately weigh on their minds. We want this to occur in 2010, so there is a long lead-in time, but that is why we are coming to understand their views now so that they can be factored in at the front end.

**Mr FORWOOD** — Is it going to be a public-private partnerships program?

**Mr CAMERON** — In all likelihood.

**Mr FORWOOD** — Most likely?

**Mr CAMERON** — Yes.

**Mr FORWOOD** — Are you talking to Major Projects Victoria at the moment, doing the brief and so on?

**Mr SEYMOUR** — The approach is to assess through the business case the opportunities for a PPP. It is quite a unique project in that respect because of the nature of the operators and the wonderful legacy they offer us in terms of their ability and their desire to invest capital in their own right into what is a newly formed market precinct. As the minister said, if you track back to the late 1960s when they relocated to their current site at Footscray Road you will see they have a history of actually making those capital investments. So my view would

be that this is a wonderful opportunity to get a truly public-private partnership going, albeit with many minor capital investments that will make up what is essentially a larger PPP. I see it as quite a unique opportunity, and the market users are really stating their desires right now to be part of it and to invest in it. In that sense I am quite bullish about the opportunities that will come from the project.

**Ms ROMANES** — Minister, page 297 of budget paper 3 refers to spending of \$8.4 million over the next three years on the prevention of the spread of red imported fire ants, which is part of a national eradication program for this dangerous pest. Can you outline the nature of the program to date and its success or otherwise?

**Mr CAMERON** — Yes. Red imported fire ants are from South America. They are little tiny critters but they are very destructive, and they would cause billions of dollars of damage if they were to get out of hand. There is a strong sense of cooperation among the states — although sometimes it takes a while to get there — in terms of dealing with pest incursions. We have a basic framework in which, when we have an incursion in one place, all the jurisdictions, including the commonwealth, contribute to the management of that incursion. For example, the red imported fire ants are a problem in Queensland, where they have had two major outbreaks near Brisbane, and it is in our interests to invest to manage those problems, because if we do not, Queensland will not be able to afford it and it will not be done very well, and then we will end up with the ants everywhere. Every year we go and do a little search around Victoria, particularly in ports and other places where, for example, there might be a lot of traffic which comes from Queensland. We have found them twice in Victoria, but they have had been stamped on straightaway, and so it has not been a problem.

This program has been going for a few years. We have done it by Treasurer's advance (TA) every year, but we now have a better estimate of the life of the program over the next three years, and we are now able to quantify that, which is what you see in the budget papers.

**Mr FORWOOD** — On page 15 of the departmental response under the output appropriations at the bottom of the page — and it is also in the budget papers — we see that the output group is \$41 million above budget, and the note says that the variance primarily relates to Treasurer's advances to the Department of Primary Industries for the eradication of fire ants, drought response and exceptional circumstances. So in the year about to finish next week, you spent some money on fire ants. Can you give us the break-up of the \$40 million and tell us how much was spent on fire ants and how much on the other things?

**Mr CAMERON** — Do you want a bit of a run-down now?

**The CHAIR** — If you have got it, you can do it.

**Mr CONDRON** — I can do parts of it. To give you a full reconciliation we will have to come back later. It was \$5.2 million this year, in 2003–04.

**Mr FORWOOD** — On the fire ants?

**Mr CONDRON** — Yes.

**Mr CAMERON** — It has been a big expense every year for the last — —

**The CHAIR** — Let Sean finish.

**Mr CONDRON** — So the more substantial component was related to drought and exceptional circumstances, as a result of commonwealth and state commitments to meet that exceptional circumstances program.

**Mr FORWOOD** — But if you spent \$5 million last year, are you confident that \$8.4 million over three years is sufficient funding to ensure you do — to use your expression — stamp on these things?

**Mr CAMERON** — That is the estimate which has come out of the national arrangement. Hopefully we are getting to the back end of it.

**Mr FORWOOD** — Minister, on 19 January you put out a press release announcing that the Bracks government would reimburse insurance excess costs up to \$400. Can you advise the committee which output group those funds will come from or have come from and how many people have actually received the \$400 since the



announcement; and in relation to the other four dot points in your press release about the government's announcement it would pay the full cost of fences destroyed from prescribed burns and rehabilitation control fire lines et cetera, could you advise the committee how much has been spent under each of those categories since the announcement?

**Mr CAMERON** — Yes. In relation to the reimbursement — —

**Mr FORWOOD** — Which output group are we talking about?

**Mr CAMERON** — It is funded by DSE.

**Mr FORWOOD** — Right, so it is not from your output group at all?

**Mr CAMERON** — No.

**Mr FORWOOD** — But do you allocate the funds, or do DPI or DSE allocate the funds?

**Mr CAMERON** — DPI is engaged by DSE to implement the program.

**Mr FORWOOD** — Do you have information available on how many people have got the \$400?

**Mr CAMERON** — Yes, Bruce has that information.

**Dr KEFFORD** — It is a compensation payment of up to \$400. In order to get this funding landowners must have a successful insurance claim for Crown land boundary fencing lost in the Big Desert fire in 2002 or in the north-eastern Gippsland bushfires in 2003. They were the categories of fires. We have received 47 applications in all regions, and \$18 400 has been provided to 45 land-holders.

**Mr FORWOOD** — Thank you. And in relation to the other dot points on the press release?

**Mr CAMERON** — We will have to get that information for you.

**Mr FORWOOD** — Thank you.

**Mr DONNELLAN** — Minister, on page 297 of budget paper 3 there is a reference to \$5.5 million funding over three years for the government's ongoing commitment to improving profitability, productivity and sustainability of primary industry enterprises through the FarmBis program. Can you outline the nature and effectiveness of the scheme and the manner in which you expect to measure the program's success?

**Mr CAMERON** — Yes. With the FarmBis program we are at the stage of FarmBis 2, which is to finish this financial year. However there was a view amongst the jurisdictions that while it was about to finish, it would be a good idea to have another one. The commonwealth government particularly had a view about narrowing the focus and giving greater attention to things like drought management and natural resource management. That is why we have wanted to bring that about. Discussions with the commonwealth government have only just started about the way that project might look. It made contact with us in the last couple of days, and those discussions will occur over the next several weeks — if there is not a federal election — and hopefully we will then be able to arrive at a outcome. But we have seen quite a large take-up in relation to FarmBis.

FarmBis was originally designed for farmers who wanted to take an interest in education and different sorts of programs, and it was always intended that they would then go off and continue to do that themselves. Notwithstanding that, we have all wanted to have a third program, but giving it that greater focus.

**The CHAIR** — Before we move off that, has any assessment been undertaken in terms of the quality of the training?

**Mr CAMERON** — Yes. Details of the monitoring and evaluation of FarmBis are determined in consultation with the commonwealth. Bruce will speak about what we have seen in the last few years.

**Dr KEFFORD** — There has been quite an extensive national review of FarmBis 2, and all jurisdictions regard it as a very successful program. Details of that specific evaluation can be provided. It has been a particular

success in Victoria. Victoria's program may well rank at the top end of the program nationally. The number of participants taking it up is very high.

**The CHAIR** — Have you got those numbers?

**Dr KEFFORD** — We have got those details. The responses from the participants demonstrating that they have learnt some valuable skills and undertaken useful training programs is equally very high, and the benefits flowing through to the farming community are quite substantial. So that evaluation is very effective.

**The CHAIR** — That would be handy for us. Thank you.

**Mr RICH-PHILLIPS** — Just a supplementary to that. Back in July 2002 your predecessor and the then Minister for Energy and Resources said that FarmBis funding would be available to the seafood industry to assist with implementing the PrimeSafe requirements. Are you able to give us figures on how many operators in the seafood industry have applied for FarmBis funding?

**Mr MAINEY** — We do not have the numbers here. They are not large, but we can provide that out of session for you.

**Mr RICH-PHILLIPS** — Thank you. Going back to the issue of PrimeSafe, one of the commitments the government made was that there would be no doubling up for seafood industry operators where they already had AQIS accreditation so they would not have a duplicate regime of regulation. However, I am advised that a number of seafood industry operators were in fact levied with licence fees by PrimeSafe and that they have subsequently been refunded after opposition. What measures have been put in place now to ensure that that does not happen again — that people who are already accredited are not charged these other licence fees?

**Mr CAMERON** — What you are talking about there is when they are AQIS-only premises. There are different sorts of premises — there are some premises that do only domestic processing, there are some that do only international processing and there are some that do both — and those that do international processing only are AQIS-only premises. I just wanted to clarify that that is what you mean. PrimeSafe has said that that is going to be the case, and I assume that it will continue to be the case.

**Mr RICH-PHILLIPS** — So where there is joint domestic and international processing, they will still require PrimeSafe accreditation in addition to AQIS accreditation?

**Mr CAMERON** — Yes, although what you will probably see in time is what occurs in the red meat industry, where arrangements are made at a state level for one group to do both types of accreditation. But it has not advanced to that stage yet in the seafood industry.

**Mr RICH-PHILLIPS** — Do you know when that is going to happen? Obviously exporters who are also domestic processors are being hit with two levels of fees.

**Mr CAMERON** — I cannot tell you when that might happen, if ever it does happen.

**The CHAIR** — Minister, I refer to export targets and the importance of those on the state's economic performance. I am looking at the government's \$12 billion food and fibre export target by 2010, which you mention at page 192 of budget paper 3. What factors are going to enable, or otherwise, the achievement of that goal, and how do you assess that as we progress towards 2010?

**Mr CAMERON** — We are all committed to this as a bipartisan approach and we all want to see greater exports. Going back at the start of the 1990s we were at a couple of billion and that has substantially increased. We were going to meet that target very easily until the drought and the dollar intervened two years ago. In terms of food and fibre we hit \$8 billion and that has dropped back to about \$6 billion. In the latest ABS figures we have seen an upward trend, and obviously we want to continue to see that upward trend. Factors around the dollar and drought recovery will impact on that because with drought recovery you will ultimately get to where you want to go but it slows things down in terms of people's ability to prepare for the future. We are still committed to that target. Obviously industry wants to see that target reached and provided we do not have any more drought incidents and the dollar does not get out of control, we believe that we can still get there.

**The CHAIR** — Obviously you are not personally responsible for the drought and the dollar, but under your ministry — —

**Mr FORWOOD** — I am not sure about that!

**The CHAIR** — His kids might think he is god.

**Mr CAMERON** — When you are in opposition and government you have different views.

**The CHAIR** — What specifics are you initiating within your department to assist us reach those important targets?

**Mr CAMERON** — There are some government programs that deal with that specifically. They include the Opening Doors export plan, the Naturally Victorian initiative and the Next Generation food strategy, and John Brumby and I will be launching an updated version of that shortly. A lot of what we are seeing now in terms of our export growth comes from the processed sector. So, for example, our biggest export is dairy products — processed dairy. If we can continue to see a growth in our processed food sector then that obviously has ramifications back on the farm because we have to produce more. There always has to be a two-pronged approach. The first is stimulating interest and making sure that agribusiness is focused on the movements in the world. Agriculture in Australia and Victoria is very exposed to the world, and we want to make sure that business is fully alert to that, and it is. You will see, for example, the sophistication in some industries now like the dairy industry that was not there 20 or 30 years ago.

**The CHAIR** — I am very familiar with that with a couple of examples in my electorate. If you have specifics on funding to each of those projects, it would be helpful in the preparation of our final report.

**Dr KEFFORD** — Could I just respond to that, Chair? It is probably true to say that the vast bulk of the funding in my part of DPI is focused on this objective.

**Mr FORWOOD** — How much?

**Dr KEFFORD** — Probably \$100 million.

**Mr CAMERON** — The whole issue around market access and biosecurity are inevitably intertwined.

**Dr KEFFORD** — So if you are really trying to get internationally competitive industries then they have to be productive; their productivity has to be improved. Look at some of the agricultural industries in Victoria, their productivity is improving to the extent where we are seeing a doubling of output per unit input every 20 years, which is quite staggering, and that serves us well internationally. It is also particularly important when you consider how skewed international markets are. Any trade reform we see in international markets augurs well for the future because we are fundamentally very competitive internationally. Our cost of production in the dairy industry leads the world, along with New Zealand for example. When dairy markets emerge or get freed up, we have much better competitiveness in those markets. So our regulatory activity, our research and development, our extension and our trade development work all comes together to give us competitive industries that expand export markets. When you get a drought and a change in the exchange rates or incidents such as SARS then the game goes against us, but fundamentally behind that, when those things turn in our favour, we are strong and well placed to take advantage of them.

**The CHAIR** — But from Public Accounts and Estimates Committee's perspective we are particularly interested in which output measures you assign for assistance for increasing exports and the cost, the initiatives and the outputs. If you happen to have that — —

**Mr CAMERON** — For some of the programs — —

**The CHAIR** — If you have it, it would be useful in writing up our report particularly on the export section.

**Mr CAMERON** — But the whole research and development emphasis is about producing more, and we have seen quite considerable growth in raw produce in the last 20 years.

**The CHAIR** — If it is your view that it is all embracing and everything is assigned to export then there is no point in going down that path.

**Mr FORWOOD** — On a similar topic I suspect, Primary Industries Research Victoria (PIRVic), what is its total budget? Which output group does it come from? What programs is it undertaking at the moment? How many people does it employ?

**Mr CAMERON** — I might get Clive Noble, who is the head of PIRVic, to come up; he will give you that. I will make some preliminary comments while Clive settles in. In terms of its budget, I think over half of the budget comes from non-state sources. I will explain how PIRVic works around Australia. There are the rural industry research corporations (RIRCs), so for example in the wool industry, every time you sell a bale of wool you have to pay a levy which goes to the RIRC and they spend it on some things, but they also spend it on research. The federal government matches the RIRC money that is raised, and then there is state money. So the RIRCs might say, 'We believe there needs to be more research into something or other', so you ultimately end up with partnership arrangements. It is not a simple, 'This is the budget, this is what we are going to do'.

**Mr FORWOOD** — Nothing is ever simple, Minister, but I am pretty sure Clive is going to say that the funds spent by PIRVic is \$X and it is made up of federal government contribution of \$Y, industry contribution of \$X and a commonwealth government amount of \$Z.

**The CHAIR** — A rhetorical question.

**Dr NOBLE** — Let me go back. Primary Industries Research Victoria sits within DPI, but we address output groups not only from DPI but also across DSE as well. The history behind that is that the research institutes primarily sat within the agriculture department but then used to sit within what was Conservation and Natural Resources as well, and in fact at one stage also sat in what was the forestry department. Progressively over the years, and certainly within NRE, all of those research institutes came under one agency.

**Mr FORWOOD** — Not fisheries?

**Dr NOBLE** — Fisheries sits within DPI.

**Mr FORWOOD** — That is in PIRVic too?

**Dr NOBLE** — Sits in PIRVic. Within DPI we deliberately brought all of — —

**Mr CAMERON** — That is MAFRI down at Queenscliff and Snobs Creek.

**Mr FORWOOD** — What about — —

**The CHAIR** — Let us keep going with the answer. All these interjections are very difficult for the Hansard reporter.

**Dr NOBLE** — Primary Industries Research Victoria is all of the institutes in DPI, including what was MAFRI. The budget — —

**Mr FORWOOD** — Do you have a list?

**The CHAIR** — Just let him finish!

**Dr NOBLE** — Yes, I can give you a list. The total budget which is drawn from a state perspective, primarily DPI and DSE — DSE funds our research — is around \$120 million. Of that a little less than \$50 million per annum comes from state funding. There is about another \$50 million that comes from a combination of the federal government and the RIRCs. Then there is about \$20 million that would come from what we could call commercial sources. Those commercial sources are where we do contract research for the private sector that is completely funded by the private sector, and also includes, if you like, returns on intellectual property that we generate. For example, over 70 per cent of the canola varieties grown in Australia were bred by us. We hold intellectual property over those. That intellectual property comes back as a return to DPI and in turn those funds are turned into a combination of factors be it a research capability or be it human or physical, to access new knowledge

from overseas — scientists and the like. So that is the breakdown of the total budget. Everything we do is funded through a project. Over 95 per cent of the projects that we undertake are co-funded between the state and an RIRC.

**The CHAIR** — Has that concluded your answer?

**Dr NOBLE** — I think I have dealt with everything.

**The CHAIR** — Supplementary?

**Mr FORWOOD** — Good start. Who decides which projects you will undertake? What process do you go through to spend the \$50 million? Is \$50 million enough? Why is it \$50 million?

**Dr NOBLE** — There is no direct appropriation to Primary Industry Research Victoria. The funds come through projects. The priority is developed through strategies by the policy divisions who identify those priorities in consultation with the relevant industry sectors, so there is a combination approach. There are priorities that government has particularly around economic growth where there is a sustainable approach, so there are priorities that we go through in the first instance — be it divisions of DPI, agriculture or fisheries, and the same thing in DSE. What are the priorities in terms of achieving government objectives? Work is also undertaken in consultation with the rural industry sector in terms of their priorities — where those align and there is co-benefit, that is where we get this co-funding between the two groups.

**Mr FORWOOD** — It is a really important area. If you could provide the committee with a break-up of the programs and the funding from DSE versus you guys and from the others, that would be really useful. Can I ask another?

**The CHAIR** — Yes, I have supplementary questions too.

**Mr FORWOOD** — Just in relation to the canola, I take it that it is bred canola; it is not genetically modified in any way?

**Dr NOBLE** — It is what we would call traditionally bred. Any breeding involves genetic modification; it does not involve the insertion of genes from a species outside of canola.

**Mr FORWOOD** — You have not been working with Monsanto or Bayer on those programs?

**Dr NOBLE** — Yes, we have. Because we have bred the majority of canola varieties that exist right across Australia, we have and hold in the public interest what we could call base germ plasm — in other words, the genetic make up is suited to the environmental conditions in Australia.

**Mr CAMERON** — The base plant.

**The CHAIR** — Base germ plasma?

**Dr NOBLE** — Base germ plasm — the base varieties. That means that they are adapted to Australian conditions primarily. We hold them in the public interest and do not make them available to any group exclusively — in other words we make them available non-exclusively. So when a company — and in this instance Monsanto or Bayer — wants to do some additional breeding with our base germ plasm, because we hold it in the interests of the state and because we have intellectual property in it, they have to be able to access it from us. So we would enter into a commercial contract with them where they would be looking at, as in the case of a genetically modified crop, holding the rights to the modification at the other end, and we would work in national competition policy arrangements where they would pay the full cost of that research.

**Mr FORWOOD** — And you would get a royalty?

**Dr NOBLE** — We would get a royalty because we hold some background intellectual property, the germ plasm — that is, the base variety. We have been involved with them, without state investment in either Monsanto or Bayer, in the generation of the development of genetically modified canola. Certainly we have been looking, and we are doing our own research — for example, we are doing work on white clover and ryegrass which is looking at identifying resistance in white clover to a disease known as alfalfa mosaic virus, which is something that can cause 30 per cent yield losses of clover in all our pastures. So yes, we have done that work with Bayer and Monsanto.

**The CHAIR** — I have a supplementary question, and it is in two parts. You have mentioned that government sets priorities in terms of research. I would be interested in the 2002–03 and 2003–04 government priorities and objectives that were set for research. You may need to take that on notice. The second component is, given that you have referred so often to intellectual property, do you have a breakdown of the income generated in the 2002–03 and 2003–04 from intellectual property for the research? You probably need to take that on notice, but this committee would be particularly interested in the state's interest in copyright issues and intellectual property and ensuring that given that substantial research and development grants have been allocated what is the benefit for the state income wise.

**Mr CAMERON** — That has more than grown over the years. There is a company called a Agriculture Victoria Services Pty Ltd, which is a subsidiary of the Department of Primary Industries. Its directors are Dr NOBLE and Dr Kefford and three independents. They hold the patents. Primary Industries Research Victoria (PIRVic) generates the patents, and they then hold the patents and do any of the commercial negotiations that might go with that.

**The CHAIR** — Where could we find in the budget papers the income from intellectual property?

**Mr SEYMOUR** — It is in the revenue statement, and we will come back to you with details on that.

**The CHAIR** — And what it is headed. Presumably it is not headed 'Intellectual property'.

**Mr SEYMOUR** — It would be consolidated.

**Mr FORWOOD** — I want to keep going on the topic briefly. How many companies do you have, and what is the commercialisation process that you follow?

**Mr CAMERON** — Two.

**Dr NOBLE** — Agriculture Victoria Services Pty Ltd is agriculture's commercial arm. We have two, if you like, spin-off companies, or companies that are owned by us.

**Mr FORWOOD** — Is Agriculture Victoria not a company?

**Dr NOBLE** — Yes, it is.

**Mr CAMERON** — It is proprietary limited.

**Mr FORWOOD** — And then it has two subsidiaries as well?

**Dr NOBLE** — Yes. One of them is a partnership. We have a company called Phytogene Pty Ltd. That was a company set up as a result of a grant we got from the commonwealth under the biotechnology innovation fund as part of the backing Australia's ability (BAA) strategy. The funds there were provided to establish a company for a gene that we had discovered that deals with — I will try to limit the technical terms — senescence; in other words it slows down the rate of senescence in plants. So all that holds the particular gene. It has potential application in a very broad range of crops, for example, in slowing the rate at which vegetables might break down once they are on the shelf, delaying the onset of flowering in grasses and so on. The proof of function — in other words, demonstrating this particular gene is effective — still requires a great deal of research. But the funding was provided to establish a company around that gene and to do the further research in demonstrating its functionality.

There is another company called AgGenomics Pty Ltd, which provides genetic testing of primarily plant material; in other words, if a commercial company wants to ascertain what is the genetic make-up of its particular grass, it can put into this. It is a bit like the old analytical laboratories, where you would test what metals and so on you might have.

**Mr FORWOOD** — Are you comfortable that in the commercialisation process that the department follows we are maximising our opportunities and doing it efficiently and effectively?

**Mr CAMERON** — Yes. There have been great changes in relation to research in the past 20 years in particular. Take wheat breeding, for example. That is something that the states used to do essentially, but it has now got to the point where it is done essentially in the private sector. So the interest of the states and the commonwealth

is a really getting things to a certain point and then if others want to come into it, the state and commonwealth get out of that and move the focus onto something else, as with lentils in the 1990s. As we are moving out of wheat we are moving into lentils, and the day will come when private people want to pick up and move onto that, and we will move onto something else.

**The CHAIR** — Are we still getting intellectual property income from the work done on wheat or lentils?

**Dr NOBLE** — Yes. The lentils are still very early work. But essentially when some of the very early breeding was done going back 30 or 40 years ago right across the country there was no holding of that intellectual property at that point, whereas these days anything that we develop will have IP, and yes, we will hold it.

**Mr CAMERON** — It is sort of a public-private interface.

**Mr FORWOOD** — Mr Mainey, how did you go with the money from the trust fund for the fisheries?

**Mr MAINEY** — I cannot give you a current balance, but the minister is required to report to Parliament annually in terms of the expenditure against the trust account, and that report is due in October, but we can provide you with an out-of-session breakdown of the current balance.

**Mr MERLINO** — My question is about the government's drought assistance program and also the state's recovery from the drought. Page 5 of the PAEC budget estimates questionnaire relates to output initiatives in the 2003–04 budget and refers to activities dealing with drought assistance measures in 2003–04. Minister, 1558 farmers have taken up the exceptional circumstances applications for interest rate assistance. Can you explain this figure for exceptional circumstances assistance and how it relates to the state drought package, and can you also comment on the state's recovery from the drought with growth expected to pick up in 2004–05 and the contribution of Victorian primary industries to that economic activity and recovery?

**Mr CAMERON** — I will go to the last point first and then come back to the details. Last year, the year just gone, was much better.

**The CHAIR** — So 2003?

**Mr CAMERON** — Yes, 2003 was much better than 2002. We had a record grain harvest. However, in the irrigation areas there were still problems. There was less water than what otherwise would have happened, and really what we need is substantial rain in catchments for that to be overcome. We came out of it a bit, and hopefully what we will see is a lot more rain and we will be able to come out of it a lot more.

To go back to your specific question about the state drought package, and, as you know, we had a straight package because it was a one in a hundred year event, over 3000 farmers received the grant under the state package, so if you compare that, which I think was the basis of your question, with the 1558 farmers with exceptional circumstances, and ask why there is a difference, the reasons for that can only be explained by the fact that with EC, or with the business support component of EC, you only get that if you already have debt or you go into debt because you get an interest rate subsidy, so if you did not have debt you are not eligible to get that. There was also the reluctance of some people to avoid going into debt as well. That is really the only rationale that I can see as to what the difference is because it is quite marked. If you have a look at some parts of the state — for example, in terms of EC — if you take out the northern irrigation districts like Shepparton and Moira, if you have look at Central Goldfields, there is only one person; Mount Alexander shire, only two; Mitchell shire, two; Murrindindi shire, two; and Mansfield, two. So really in terms of EC for the bulk of the state it really does not exist other than in the Murray and the Goulburn areas — in particular in the Goulburn area.

**Mr RICH-PHILLIPS** — My question also goes to the exceptional circumstances drought funding. I am wondering if you could just expand on the figures that are shown on page 5 of the departmental submission to the committee which outlines — —

**Mr CAMERON** — Just hang on. We will try and locate that.

**Mr RICH-PHILLIPS** — The figures show where the funds were acquitted and also that additional funding was provided for extra areas. The original funding in last year's budget, the \$2.2 million, was for the Goulburn region?

**Mr CAMERON** — Yes.

**Mr RICH-PHILLIPS** — And the funds were more than doubled to \$5.5 million to allow for the other regions, but still the bulk of the funding is in the Goulburn region?

**Mr CAMERON** — Yes.

**Mr RICH-PHILLIPS** — Could you explain the distribution of funds across regions, given that the funds more than doubled yet the bulk of the approvals were still in the Goulburn region, and also given that funding for this budget year, the \$5.3 million, is substantially higher than had been allocated in last year's budget — there has been a new allocation — is that \$5.3 million going to be continuing support to existing applicants who have been approved, or is that expected to be for new applicants who are not yet part of the system? Is it an ongoing subsidy?

**Mr CAMERON** — I am not sure quite sure of the question, but I will give an answer which I think may cover it, and it is the way it works. In terms of federal EC, the state puts in 10 per cent of the costs, so these figures here are to go towards our 10 per cent of that. The federal government administers the EC business support, the interest rate subsidy, through state-based organisations and in the state of Victoria it is processed through the Rural Finance Corporation. When you have EC it goes for two years. An area is declared and it is for a two-year period. So all the various declarations have been made now and they have all been made at different times. What you see in the budget papers are all ongoing. There is still one application outstanding, but let us cast that to one side for the purposes of understanding the way it works. That number is for people who are in receipt and will continue to be in receipt because of the two years.

**Mr RICH-PHILLIPS** — The figure of \$5.5 million increasing from what was originally budgeted at \$2.2 million, can you explain that?

**Mr CAMERON** — That is because additional declarations would have been made during the financial year.

**Mr RICH-PHILLIPS** — Additional areas declared?

**Mr CAMERON** — Yes.

**Mr RICH-PHILLIPS** — The original funding was provided for the Goulburn region and it says the other areas — east Mallee, north-east central, northern, and central and East Gippsland were also declared, but they are still a minority of the applications. Of the total applications approved approximately 90 per cent of them are still out of the original area.

**Mr CAMERON** — Yes.

**Mr RICH-PHILLIPS** — How is it that the funding more than doubled when the bulk of the approvals are still out of the original area?

**Mr CAMERON** — Because what happens is you are then paying across a whole year and not for just for part of a financial year — take, for example, in the Goulburn. When was the Goulburn declared?

**Mr CONDRON** — That was just prior to the 2003–04 budget, so that was around February 2003.

**Mr CAMERON** — So that was for the whole year there. Obviously what has occurred is that the Rural Finance Corporation has made estimates of how many people it expected would come into the system, and that is what the figure has been based on.

**Mr RICH-PHILLIPS** — Are you basically saying it is timing differences between the regions?

**Mr CAMERON** — That is what I would see it as being. We simply make a 10 per cent contribution, whatever the final number might end up being. The Rural Finance Corporation has to make a best guess as to what it estimates that to be.

**Ms ROMANES** — Minister, I would like to find out a bit more about the Naturally Victoria initiative which is described on page 7 of the PAEC's budget estimates questionnaire and which relates, of course, to



developing markets based around Victoria's clean and green primary image position. The information on page 7 describes activities of the initiative in the budget year 2003–04. Could you describe what the forthcoming year's strategy is for the Naturally Victoria initiative?

**Mr CAMERON** — I will get Bruce Kefford, the deputy secretary, to answer that.

**Dr KEFFORD** — The Naturally Victoria initiative will continue to develop and demonstrate practices and systems which enhance Victoria's ability to deliver agrifood products which are clean, green and kind. The minister already outlined this emergence of higher standards among consumers, particularly overseas, and our ability to be able to claim and demonstrate our production systems as clean, green and increasingly kind, which relates to animal welfare.

These systems which will substantiate the clean green reputation will be promoted in key export markets and domestically in partnership with industry. The animal welfare quality assurance systems will be developed in partnership with the meat processing sector for all species to provide assurance to consumers that the treatment of animals through the production handling and processing chain has a sound animal welfare basis, and a system for efficient production of organic lamb will be developed. We saw with the *Cormo Express* the impact of welfare issues on markets and the huge effort that goes into re-establishing those markets. This is designed to make sure that whatever animal production system we have in place will meet these improving international standards.

The system to improve the ability to finish and supply lamb to meet export market specifications will be developed along with improved market feedback mechanisms. This is particularly to take advantage of the growing US market and the recent trade developments there. There will be facilitation of the relationship development between international clients and regional agribusiness and promotion of Victorian agrifood export capability through inward visits to enhance exports.

It will continue to explore the development of agrifood market opportunities with China, which is obviously one of the fastest growing markets of all internationally. It will improve Victoria's agribusiness supply chain capabilities to meet market specification with respect to food safety for fresh perishable products. We will see the implementation of environmental management systems in partnership with industry to ensure that agrifood production has minimal negative impacts on the environment, and that is another major program.

**The CHAIR** — By way of all those wonderful projects, have you got KPIs? If you have, you could perhaps forward those performance measures to the secretariat.

**Mr FORWOOD** — Minister, does the department accept that there is a wild dog crisis in north-east Victoria?

**Mr CAMERON** — There have been ongoing issues with wild dogs for many years.

**Mr FORWOOD** — But you do not accept that at the moment the problem is worse than it has been in the past?

**Mr CAMERON** — I do not know the answer to your question.

**Mr FORWOOD** — Given that there were 200 people at a public meeting in Tallangatta last Thursday night and given that both you and the Minister for Environment were invited but neither of you was able to attend — —

**Mr CAMERON** — I was not invited. This is not in my portfolio.

**The CHAIR** — The Minister for Environment spoke about wild dogs and dogger numbers the other day. If there is anything in relation to the Department of Primary Industries and this minister's portfolio as the Minister for Agriculture we have to make sure we are clear on tying it into the budget and performance measures if we want to go down this path.

**Mr FORWOOD** — I am happy to do all of that. Let me at the outset make the point that a farmer whose having his sheep slaughtered by wild dogs is looking at DPI as much as he is to the Department of Sustainability and Environment for assistance from the government.

**The CHAIR** — He is looking to government, but we have to be clear that we have to tie in, in this committee, with budget outputs as they are outlined for the Minister for Agriculture.

**Mr FORWOOD** — So far today we have asked two questions to discover that the funding comes from DSE in any case. I do not think you can arbitrarily use those sorts of rules to prevent the minister expressing his views on what is happening with the wild dog problem in northern Victoria.

**The CHAIR** — I am just saying tie it in. If the minister has responsibility, he will answer it. If he does not, he will not.

**Mr FORWOOD** — The people of north-east Victoria would be really interested to watch the minister wash his hands of the wild dog problem.

**Mr CAMERON** — There is a minister who has responsibility.

**Mr FORWOOD** — And that is not you and therefore you do not care about wild dogs.

**The CHAIR** — That is like saying you are not responsible and therefore you do not care about wild dogs. That is a ludicrous argument.

**Mr FORWOOD** — I do care about wild dogs and so do people in north-east Victoria.

**Mr DONNELLAN** — The question is partly related to my electorate — —

**Mr FORWOOD** — You have wild dogs up there too, do you?

**Mr DONNELLAN** — Not enough to get you, sadly.

I want to relate it to Montague Apples; I was up there seeing them the other day. On the issue of fire blight, which obviously affects not only Montague Apples but other growers in Monbulk and the like, are you comfortable with the import risk assessment being undertaken currently with regard to pears and apples? Do you have any fears for the industry? I guess like Montague a lot of people are expanding at the moment to look at exporting and so forth. Are you comfortable with the current Biosecurity Australia assessment of that? Could you comment on that?

**Mr CAMERON** — As you know, there is a federal proposal about the importation of New Zealand apples to Australia. It has been an ongoing issue for many years now. They have put out their import risk analysis (IRA) for comment. I had a meeting with John Corboy a couple of months ago — he is a leader in this campaign. His group had engaged some scientists and we agreed that our scientists and their scientists would have discussions with each other. I have not got back the full analysis of what that showed, but the early indications were that apart from fire blight there were also other things which needed to be better addressed. Things like wheat bug — we do not have that in Australia but they do in New Zealand and it could come in on apples and therefore there are issues with the grains industry. European canker and leaf curl are other things which could possibly come into the country.

In relation to the IRA, all you are really asked to make a comment on is whether the risk mitigation is good enough or does it need to be greater. That is what will ultimately be dealt with, but within industry there is a lot of concern that the existing risk mitigation is not very good. I refer, for example, to the pear people; often a lot of these things come down to competition and people do not want competition — apple growers might not want additional competition for example — but the pear people would be affected by fire blight even though it is apples we are talking about. Their concerns are genuine. They are related to the fire blight and other issues. Our initial assessment was there needed to be greater emphasis on the risk mitigation. However, we are limited very much to the technical framework the federal structure works within.

**Mr FORWOOD** — I just want to follow up the wild dogs issue. I have a report from the *Border Mail* of Friday, which says no response was received from invitations sent to Mr Thwaites, Mr Cameron and their departmental heads to the public meeting held the night before at Tallangatta. Are you saying that neither you nor Mr Seymour received invitations to the public meeting at Tallangatta?

**Mr CAMERON** — I did not.

**Mr SEYMOUR** — I do not recall receiving an invitation, but I will go back and check the records.

**The CHAIR** — My question goes to the Victorian agribusiness network (VAN). If you look at page 193 of budget paper 3 there is reference to regional agribusiness forums which are in place to organise industry and regional producers groups with a measurable outcome of such groups across the state. Can you give the committee some information particularly as it relates to performance measures on those agribusinesses?

**Mr CAMERON** — The agribusiness forums are independent community organisations established by regional leaders to stimulate agribusiness within regions, to bring stakeholders together and to create greater interest. There are five forums at the present time: in the Wimmera, Gippsland, Yarra Valley and the north-east regions. The communities in the south-west, the Murray Valley and the Central Highlands are investigating the need for regional organisations. The early signs are they want to develop them. Each regional forum has a slightly different vision depending on the priorities facing that region — for example, the Wimmera's 2020 key focus is to retain young people, while the Yarra Valley and the north-east focus on improving marketing of agricultural products and services. It is the nature of the place. The Wimmera is very much an agribusiness place, but its issue is not business, its issue is making sure there are people with the skills to run business. That is an example of the difference.

The VAN program is an important source of seed project funding for these forums which then assists them to access numerous other support from federal and local government, industry and the community. Over the past 12 months these forums have secured more than \$537 000 in cash and in-kind investment and support from regional stakeholders for their projects. That contribution exceeds the \$417 000 they accessed through the VAN program. Do you want to make any other comments, Bruce?

**Dr KEFFORD** — The agribusiness forums have made an important contribution to the development of regional Victoria. They are extensively evaluated. I can draw attention to some specific successes if you wish.

**The CHAIR** — Particularly if you have performance measures attached to them.

**Dr KEFFORD** — The Centre for Agriculture and Business forum was recently launched in the Yarra Valley. This brand is already recognised nationally as a leading regional development initiative bringing together the tourism, wine and agribusiness sectors. It has potential to bring huge benefits to the business and regional community through the development of new markets and improvement of marketing and business efficiencies. The Alps Valley forum received VAN support to provide assistance to nine producer groups in the north-east to improve their marketing effectiveness. This project has achieved significant business improvements for 700 individual enterprises which will directly flow onto additional jobs, investment and growth in the region. One producer group has experienced a \$40 000 increase in sales in a few short months. I think this is illustrative of the catalytic effect these programs can have if you bring groups together and get them to consider marketing and other related issues that they share.

In the outer-western Melbourne region, the AgriWest forum has initiatives — field days and formal training programs — to educate agribusiness about the use of recycled water. It has developed a generic model for establishing farmers markets, which has been utilised by local governments across Australia. These markets are popping up almost everywhere. The assistance that we have given has helped to give a sensible framework for farmers markets that can be used right throughout Australia.

**The CHAIR** — Has the west of Melbourne embraced recycled water as a result this work?

**Dr KEF FORD** — It is early days. Recycled water has a range of issues associated with it, particularly the quality of the water affects things. Certainly they have been exposed to it and there is some considerable interest.

**The CHAIR** — In the Wimmera, when you talked about population, but you have not had a request for Beaut Blokes funding?

**Mr CAMERON** — No.

**Dr KEFFORD** — We have had the odd request for appropriately skilled sportspeople.

**Mr RICH-PHILLIPS** — Can I ask you about the industry and community compliance outlook group for which you have responsibility? There is an apparent underspend in that area in this financial year at \$1.7 million.

**Mr CAMERON** — What are you referring to?

**Mr RICH-PHILLIPS** — Page 197 of budget paper 3. You budgeted to spend \$18 million but the actual spend recorded is \$16.3 million. It is about 10 per cent. Could you explain the nature of that apparent underspend? Also with respect to that output group, you said compliance with marine parks legislation is around 70 per cent on the previous page. Can you explain how you, first of all assessed it, and secondly, what is the nature of the non-compliance?

**Mr MAINEY** — Picking up the second aspect first, in terms of compliance with marine parks legislation, generally across fisheries we have an output target of about 90 per cent compliance. That is measured by monitoring the number of compliance contacts that we have and the number of inspections that are undertaken, and that is at a work centre level on a monthly basis. Those reports are collated on a statewide basis.

**Mr RICH-PHILLIPS** — What do you mean by contacts?

**Mr MAINEY** — The number of inspections that are undertaken by fisheries officers to ensure compliance with the legislation. So it is in terms of inspecting fishers' catches for excess bag limits or undersized fish.

**Mr RICH-PHILLIPS** — This would mean that 70 per cent of the actual physical inspections produced results in accordance with legislation.

**Mr MAINEY** — It is saying that 70 per cent of the people inspected were compliant with the legislation. We also record through the department's offence management unit the number of offences, if you like, which might result in prosecution, the issuing of a penalty infringement notice or an official warning to the individual. We use those figures to determine the compliance rate in terms of the number of offences against the number of inspections. As I say, generally across fisheries we have an output target of 90 per cent. In terms of the introduction of marine parks we have dropped that down to 70 per cent because clearly there are some issues around the community becoming familiar with new marine parks and also becoming familiar with boundaries of the new marine parks. There is a separate compliance strategy that was developed for the rollout of the marine parks.

In 2004–05 we have increased that target to 80 per cent. We have not moved it up to 90 percent because while we had a number of marine parks in place last year — all the marine parks were in place, but some of them were in no-take fish zones and others were not — phase 2 of the rollout of marine parks no-take fish zones was implemented on 1 April this year, so there is still an issue there in terms of the community becoming familiar with those new no-catch zones. That is the basis on which we determine compliance rates.

**Mr RICH-PHILLIPS** — In relation to the first question?

**Mr CONDRON** — In relation to the apparent underspend, it is actually related to a movement of funds between outputs within the fisheries area. The original budget included funding under the Recreational Fishing Licence Trust Fund in the community compliance services output. However, when the projects were eventually approved they fell under the sustainable fisheries area. You will note in the budget papers the increase in the sustainable fisheries utilisation services output. That is in relation to a transfer between the two outputs.

**The CHAIR** — Is there a footnote to that effect?

**Mr CONDRON** — Not in the budget papers themselves. There was not an extremely large — —

**Mr SEYMOUR** — You would describe it as minor adjustments.

**Mr FORWOOD** — You would require Treasury's approval to move between outputs anyway.

**Mr SEYMOUR** — Between output groups, not between outputs.

**Mr FORWOOD** — Were funds moved this year between output groups in that department?

**Mr CONDRON** — Not between output groups.

**Mr FORWOOD** — Just internally between outputs?

**Mr CONDRON** — That is correct.

**The CHAIR** — Well congratulations on that. It is a source of annoyance for many when that occurs.

**Mr FORWOOD** — Perhaps you could provide the committee with the list of things that were issued; the number of prosecutions laid and whether they were successful or not for both existing fisheries and for the marine park legislation. Has anyone actually been done for fishing in a marine park yet?

**Mr SEYMOUR** — Yes, they have.

**The CHAIR** — Do you wish to take that on notice?

**Mr CAMERON** — Yes.

**The CHAIR** — We ask many things, and they are not always taken on notice.

**Mr MERLINO** — Sticking with fisheries, the fisheries output group stresses the management of the state's commercial and recreational fishing activities as a key goal. That is on page 195 to 198 of budget paper 3. What contribution has the recreational fishing licence system made towards that goal in the past 12 months and what is it projected to do in the forthcoming 12 months?

**Mr MAINEY** — We touched on this earlier, but over the last 12 months through the revenue generated through the issue of recreational fishing licences, \$1.7 million of that revenue that has been allocated to projects within the recreational fisheries grants program. Currently there is a further \$950 000 of recommendations that have just gone forward to the minister in relation to the rollout of a further 40 projects will be rolled out with the minister's endorsement in the new financial year.

The recreational fisheries fund also funds a number of other projects. It funds the peak body of recreational fisheries, which is VRFish; it funds 10 recreational fisheries offices; and importantly, over the last 12 months, there was an approach from recreational fisheries peak bodies and others to establish some no-take fish zones down in Gippsland, which the government approved and moved forward on. There were seven commercial licences associated with waters in Lake Tyers and Mallacoota which were cancelled. Appropriate consolation payments were made to those licence-holders. Treasury funded that program upfront and the revenue from the RFLs is progressively paying back that loan. That is the tune of \$2.1 million over the next two years.

**The CHAIR** — You have got customer satisfaction with fisheries in a recreational, commercial or agricultural sector being set at greater than 65 per cent. I am curious to know how you actually measure customer satisfaction or dissatisfaction, and tying in with my first question, in future, given you are making recreational fishing more accessible, will you be doing anything specific in relation to identifying whether people with disabilities or mobility issues are going to benefit from these initiatives?

**Mr MAINEY** — Yes. In terms of monitoring community satisfaction, we do that through annual phone surveys. We target a different sector each year, so it rotates from one year to the other across the recreational sector, commercial sector and agricultural sector. That process was initiated only in 2000–2001, so we are starting to build up a bit of a database in terms of trends, if you like, of those satisfaction levels. That is the basis upon which we compare our achievement against the output target that is established. In the national recreational and indigenous fisheries survey some data was collected in terms of disabled people, but I do not have that in front of my mind at the moment. We can certainly look at the option in terms of expanding our internal surveys to determine satisfaction with provision among disabled people.

**The CHAIR** — Thank you, because accessibility does not affect just people with disabilities; there are also those were prams and with limited personal mobility.

**Mr FORWOOD** — Minister, can you advise the committee of the total amount of funds the department anticipates receiving from commercial fishing licences in 2004–05?

**Mr MAINEY** — We might have to take that one on notice.

**Mr FORWOOD** — I note that page 17 of the departmental response says that this initiative will generate an additional \$1.6 million in revenue, so I am keen to know how much it is. I refer to page 15, which I suspect

indicates that it must be listed as a sale of goods or services, because it certainly could not be other revenue or revenue from other parties, and it would not be an appropriation, would it?

**Mr CONDRON** — It is actually in the administered items statement in BP4. It is not part of controlled revenue, it is actually administered revenue which the department receives on behalf of the state and pays into consolidated revenue.

**Mr FORWOOD** — It pays it into consolidated revenue?

**Mr CONDRON** — It pays it into consolidated revenue.

**Mr FORWOOD** — Perhaps you could give us a list of administered items and the amounts for 2003–04 and the anticipated amount for the year ahead. It would be interesting to get that other figure. While I am seeking information, perhaps you could provide the committee with a list of the trust funds that the department operates?

**The CHAIR** — Good try. Next question.

**Mr FORWOOD** — It is an important question.

**Mr CAMERON** — We have considerable trust funds, because we have a lot of those industry funds where you pay stamp duty.

**Mr FORWOOD** — You would have a list of them?

**Mr CAMERON** — Yes. The cattle compensation fund is one; there are all sorts of things.

**Mr SEYMOUR** — We will take that question on notice from the member.

**Ms ROMANES** — Minister, on page 192 of budget paper 3 there is the output group Biosecurity and market access. You have recently announced the formation of Biosecurity Victoria. Can you advise the committee on the role and function of the new entity, Biosecurity Victoria, and what implications that initiative might have for achieving the deliverables forecast in the budget papers?

**Mr CAMERON** — You will remember in the budget put out 12 or 15 months ago we put an additional \$24 million into biosecurity over four years, and as a result of that in the last year we have done substantial recruitment of 15 extra vets or animal health officers, appointed a biosecurity training coordinator and a biosecurity emergency manager, and this item is really a culmination of that. What we want to make very clear is that biosecurity is something that is very important to us, and that is why we have increased that capacity. We certainly want to put greater emphasis on biosecurity — for example, the reason we need a training manager is that if we were to have an outbreak of some terrible disease like foot-and-mouth we would require many, many people to tackle that — not only the people within Biosecurity Victoria but others as well — so we need to train everybody so they can go off and do an altered job. It is a little bit like what occurs when there are large bushfires: there are firemen there, but there are also other people — it might be the receptionist from Hamilton — and they all have another job. That is very much what we want to get out of Biosecurity Victoria in terms of increasing our capacity.

**Dr KEFFORD** — There was the recent case of — perhaps this is an exaggerated term — bioterrorism in sheep export at Portland, where animal liberationists put some pig meat in there. Whilst it seems like a trivial matter, it had a huge impact on that trade which took some considerable effort to undo. Equally it is recognised that with the rise of terrorism generally, agricultural industries and the agencies that look after them need to be prepared to reduce any attempted terrorism, so we have recently added that responsibility to this group, as well as enhancing — as the minister outlined — our ability to deal with emerging significant threats like foot-and-mouth disease, which is prevalent in Asia, and BSE, which is an increasing concern. We are seeing increased requirements for demonstrating freedom from BSE, which to date we have managed.

It is perhaps also worth mentioning that the biosecurity team that has been brought together here is internationally recognised for a lot of its work. It certainly stands well in national company, but its international work on livestock identification is quite remarkable, and that places us very strongly in dealing with some of these exotic diseases. There was an issue in the United States where an individual Canadian animal could not be traced very well, which led to significant concerns for that country in its trade environment. Because we have good identification systems

which are increasingly widespread, we are able to track animals very quickly and put concerns of trading partners to bed quickly. This initiative strengthens that already good capability.

**Mr CAMERON** — There was one group of cattle in the US and they wanted to find where all these cattle had been dished out to. It took them about two or three weeks, and we would be able to do that within half an hour or an hour; that is the difference.

**Mr RICH-PHILLIPS** — Is that the system nationwide?

**Mr CAMERON** — No. Victoria is the leader. Although it is called the national livestock identification scheme, the nation wants to move in that direction, but Victoria is the leader in it.

**Mr FORWOOD** — Can you track stolen cattle?

**Mr CAMERON** — We will be able to eventually.

**The CHAIR** — Let us stick with biosecurity.

**Mr FORWOOD** — It is a really important issue. They are being stolen by the truckload!

**The CHAIR** — I know, but we are nearing 11.30.

**Ms ROMANES** — Can you advise how large the team is and what range of skills are in it?

**Dr KEFFORD** — Off the top of my head I cannot give you the exact numbers of the team, but in relation to the range of skills we have essentially four disciplines: animal health, plant health, chemical standards and animal welfare. Within each of those teams we tend to have professionally trained scientists, so we have veterinarians, animal health staff, and plant pathologists and the like in the plant area. We have vets in the animal welfare area and we have scientist dealing with the chemicals.

**Ms ROMANES** — This is within the biosecurity team?

**Dr KEFFORD** — Yes, and clearly they are supported by a small number of administrative staff and policy staff.

**Mr FORWOOD** — How much money?

**Dr KEFFORD** — Shaun, can you give me that number — the biosecurity output.

**Mr CAMERON** — It was \$57 million.

**Mr RICH-PHILLIPS** — Minister, can I take you to page 14 of the departmental submission which deals with staffing matters? I want to query the size of the executive services for the department because between June of last year and June of this year you are showing the number of executive officers increasing by almost 50 per cent from 13 to 19, plus the secretary. Could you explain what structural changes have taken place in that 12 months to require an extra 50 per cent in executive officers?

**Mr FORWOOD** — And will they all get separate offices?

**Mr SEYMOUR** — The short answer to the question is that it is reporting the number of executive officers on contract. There were major shifts following the change in arrangements in 2002 and we have been going through a recruitment phase to build up the complement of executive officers in line with the approved envelope provided by the Department of Premier and Cabinet which currently resides at 20. The move towards that outcome has been a progressive one over the last 12 months.

**Mr RICH-PHILLIPS** — So there have not been people incumbent in those positions?

**Mr SEYMOUR** — Some acting arrangements have come and gone in that period. There has also been some reorganisation internally to better position the organisation, which is consistent with my previous answer to the Chair in terms of the identity and operation of the department at 1 Spring Street.

**Mr RICH-PHILLIPS** — So these figures do not report acting — —

**Mr SEYMOUR** — It is my understanding that we are required to report persons on executive officer contracts. People on acting arrangements are not necessarily on contracts; they could be VPS staff employed under the enterprise agreement who are acting as EOs for a short time. I am happy to reconcile that for you if that is the information you are after.

**Mr RICH-PHILLIPS** — Thank you.

**The CHAIR** — That is consistent throughout the public service.

**Mr FORWOOD** — Could you reconcile it with the organisation chart?

**Mr SEYMOUR** — Yes.

**Mr FORWOOD** — That would be terrific.

**The CHAIR** — That concludes the budget estimates for agriculture. Minister, I want to record the appreciation of the committee to you and your team. The information has been extremely helpful and has been delivered in a very clear way. I know we have five people sitting at the table, but there will be a plethora of staff who have worked tirelessly on that mountain of information in front of you, so thank you to each and every one of them. Would you pass that on? Many of them do not get up here to see the fruits of their work. We will provide you with a transcript early next week for any grammatical errors to be picked up — —

**Mr FORWOOD** — No, later this week.

**The CHAIR** — Follow-up questions will be sent to you in a letter on questions you have taken on notice, and there were some questions that we have not had the opportunity to ask, which will also be forwarded to you.

**Witnesses withdrew.**