

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2016–17

Melbourne — 13 May 2016

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Ms Jaala Pulford, Minister for Agriculture,

Ms Sue Eddy, Acting Secretary, and

Mr Luke Wilson, Lead Deputy Secretary, Agriculture, Energy and Resources, Department of Economic Development, Jobs, Transport and Resources.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2016–17 budget estimates. All mobile telephones should now be turned to silent.

Due to unforeseen family circumstances, Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources, is unable to attend today's hearing. Richard sends his apologies.

I would like to welcome the Minister for Agriculture, the Honourable Jaala Pulford, MLC; Ms Sue Eddy, Acting Secretary of the Department of Economic Development, Jobs, Transport and Resources; and Mr Luke Wilson, Lead Deputy Secretary, Agriculture, Energy and Resources.

All evidence is taken by the committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Comments made outside the hearing, including on social media, are not afforded such privilege. Witnesses will not be sworn but are requested to answer all questions succinctly, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

Questions from the committee will be asked on a group basis, meaning that specific time has been allocated to members of the government, opposition and crossbench to ask a series of questions in a set amount of time before moving onto the next group. I will advise witnesses who will be asking questions at each segment.

All evidence given today is being recorded by Hansard, and you will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, presentations and handouts will be placed on the committee's website as soon as possible.

All written communication to witnesses must be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way and cannot photograph, audio record or video record any part of these proceedings. Members of the media must remain focused only on the persons speaking. Any filming and recording must cease immediately at the completion of the hearing.

I would now like to invite the witness to make a very brief opening statement of no more than 10 minutes. This will be followed by questions from the committee.

Visual presentation.

Ms PULFORD — Thanks, Danny. I have a presentation that I have prepared, but perhaps to give some context to the agriculture portfolio in the last couple of weeks, I was at the budget media lock-up to speak to regional media on budget day barely more than two weeks ago, and at almost the precise time the budget was delivered, Murray Goulburn was making an announcement that would send shockwaves through our dairy industry in Victoria.

Over the last couple of weeks the experience of our dairy farmers has been to confront an absolutely shocking set of circumstances. Murray Goulburn announced a price step down that I think was generally quite unexpected and a clawback of the price to the beginning of this financial year. Their decision was then followed about a week later by Fonterra, this impacting the incomes of 80 per cent of our 4300 dairy farms. When you contemplate our dairy industry and its complete contribution to the Victorian economy, the economic modelling suggests an \$8 billion industry, taking into account all of the activity on farm, in production and at every other point through the value chain. That is the context in which I just want to introduce the portfolio. Accordingly the budget does not contemplate this, but this has been certainly the dominant issue in the last couple of weeks. I just wanted to take a minute to share that with the committee.

The CHAIR — Thank you, Minister.

Ms PULFORD — If I could now turn to the presentation, the agriculture portfolio includes agriculture, fisheries, forestry, game, domestic animal management, biosecurity and animal welfare. Our agricultural industries are diverse, and they are a key driver of Victoria's economy. We are the largest food and fibre exporter in the country, and we lead the way in horticulture and of course our dairy industry.

Agriculture contributes over \$10 billion or 2.7 per cent to Victoria's gross state product and employs around 92 500 people. When we include the manufacturing that follows, the number of people employed increases to 191 700. The value of production across the sector in jobs growth has increased over the past 12 months, so this

portfolio not only oversees and encourages the growth of these industries, it also plays an important role in protecting these industries through biosecurity services. Closer to home there are aspects of the portfolio that deal with household cats and dogs, animal welfare issues and some of our most loved recreation activities, through fishing and hunting.

The next slide gives an overview of the budget. In 2016–17 the agriculture portfolio budget to deliver policy, research, development, regulation and extension services is \$439.6 million. This is \$14.5 million more than the 2015–16 published budget, and it is a budget that delivers for this portfolio from paddock to plate. The increase is primarily attributed to \$32.3 million to deliver new initiatives, \$25 million for the Agriculture, Infrastructure and Jobs Fund, \$20.6 million for guaranteeing Victoria's food future, \$2.4 million to support the government's work in medicinal cannabis, \$1.7 million for the Rural Financial Counselling Service, \$3 million delivering the government's commitments to recreational fishers and \$4.7 million for animal welfare reforms, the sustainable hunting action plan, the fox bounty and wild dog management.

Our staff do a remarkable job in an incredibly wide-ranging number of tasks. The total employment in the portfolio, as you can see, is 1150 full-time employees. It is worth noting that the overwhelming majority of these people work in regional Victoria — 58 per cent of the staff are based in our regions — so Agriculture Victoria has a presence in many communities. The services that they provide to the Victorian community and to agricultural industries certainly are very much what we would describe as frontline.

The portfolio's objectives are to grow our industries, to protect our industries, to encourage responsible pet ownership and protect the welfare of animals, to sustainably manage and allocate our fish and game resources and to grow recreational fishing to get more people involved in that as well.

Some of the major achievement I would like to highlight from this year include the medicinal cannabis cultivation framework, work with the wine industry, the agriculture development facilitation model — something new that we are trying to limit the disputation around establishment of new businesses or the expansion of existing ones. We have done some good work, I think, to support the chicken meat industry after a period of real pressure from other states in their growth in the share of the national poultry industry. We have worked with the commonwealth government, and Tasmania in particular, on a national poppies agreement so that we can continue to grow our poppies industry. We are establishing the Agriculture Infrastructure and Jobs Fund and doing a great deal of work to support retaining young people in agriculture. It has been a focus of a number of the discussions in the last couple of weeks about the issues besetting the dairy industry.

There has been the first round of the young farmers scholarships. And of course, as you will all be aware, a great deal of our work in the last 12 months has focused on drought response and drought support, and we are providing a package of support to 11 municipalities; it is dedicated effort and support. There are a number of aspects to our drought support that are available to communities right across the state. There is of course, in spite of recent rain, a long way to go for these communities to recover.

Some of the achievements are highlighted there. There is a significant achievement in the commitment to remove commercial netting from Port Phillip and Corio bays. You would all recall the legislation as it came through the Parliament. We had 33 of the licence-holders surrender on 1 April this year. That election commitment had a seven-year time frame but it has substantially been delivered in one. There are some significant challenges in biosecurity. There is our ongoing work in animal welfare, which has included a recent round of animal welfare grants to support and foster some of the fantastic work that is done across the Victorian community in animal welfare. There is our continuing work on the POCTA legislation and the work that arose as a result of the greyhound live-baiting scandal and the two inquiries that the government had conducted and the response to that.

If I could just highlight a couple of initiatives for the committee. There is \$7.3 million allocated over three years to produce cannabis products and regulate the industry. This has been a challenging timetable that has been set. The pathway was spelt out to government by the Victorian Law Reform Commission, but our plants are growing nicely and we are very confident of having supply available for the first cohort in early 2017. The Rural Financial Counselling Service has experienced considerable demand, and so this funding continues the arrangement that we have with the commonwealth government to ensure this service continues. This service is about to come under additional pressure, no doubt, but it is a service that is flexible and resources can be moved in response to need. The \$200 million Agriculture Infrastructure and Jobs Fund has been established to support investment in infrastructure that will grow agricultural industries. Fifty million dollars per year for four years

was allocated in the November 2015 budget update for this initiative. There is an additional \$6.2 million over four years to support the ongoing management of foxes and wild dogs to manage the considerable risks that they pose to primary production biodiversity and community health across the state. I think I am probably running out of time, aren't I?

The CHAIR — You can continue, Minister.

Ms PULFORD — Thank you. We are continuing our work to phase out puppy farms, and I hear frequent reports of these businesses hightailing it out of Victoria. Preparation of legislation to complete that work is well advanced and I look forward to introducing that into the Parliament in the next few months. Fishing, forestry and game hunting have already been touched on, so perhaps I will not get into that, but I am happy to take questions.

Looking ahead, I thought I would include this map in the presentation because it makes such a nice change from the maps we have been looking at over the last couple of years. Whilst it is early days for the season, the signs are encouraging. The meteorologists tell us that El Niño is breaking up and we can look forward to average or above average rains in parts of the state. This will not relieve the financial pressures that these families and communities are under for some time yet, so we will continue to work very closely with them. Work there is ongoing, and of course through this portfolio I have worked closely with the minister for water, Lisa Neville, on the continued building of Victoria's pipeline, in particular some initiatives through that portfolio that have been of particular benefit to our agricultural industries — the Wedderburn pipe, the pipeline to some of the communities in South Gippsland — so we will continue to work together to build the infrastructure that our farmers need.

Looking ahead, these are some of the areas of focus for the next 12 months. The support that our dairy industry will need is something that we are very, very conscious of. I convened an industry task force last week. I look forward to meeting with the banks next week. I have been talking to a lot of dairy farmers from across the state about what this means for them. I think it is important to stress that this is very early days in a significant price change, and this will be a very high priority for the portfolio in the months going forward. In the first instance our work is focused on farmer welfare and on making sure that people have access to the information they need to make good business decisions. We are also talking to the commonwealth government about the kind of support they might be able to bring, as well as of course the very important role for industry in developing an industry response that is what people need.

The CHAIR — Thank you, Minister. We have government questions now until 9.23 a.m. If we did have a minister for Gippsland, it would be Ms Shing, clearly, but otherwise I will just hand over to the very talented Ms Shing for government questions.

Ms SHING — I would, however, allow part of that title to be shared with Mr O'Brien, to the extent that it relates to his own local principality of South Gippsland.

Thanks, Minister, for your attendance today and for your presentation. I note your opening remarks in relation to the dairy price step-down. Before I get onto what I would like to talk about, which relates to fox and wild dog management, you have mentioned that you have convened a meeting on an industry task force last week and that you are meeting with the banks. You have also referred to commonwealth government assistance and the type of support that might be made available there. Can you outline to the committee what the priorities are? You have indicated farmer welfare is the chief priority, but also some work with the industry peak body, Dairy Australia, and others. What are the objectives, and what you see as being able to be brought to the table within your portfolio as part of that work?

Ms PULFORD — As this has been unfolding I thought it was important to bring industry together. These are players in a market who typically compete directly with one another. The meeting that we had was, I think, very heartening in the way that the industry accepts some responsibility for being part of the solution, that this is an industry problem that needs an industry response in the first instance.

The meeting included the larger processors in Victoria, the Gardiner foundation, Dairy Australia and UDV, and the Victorian Farmers Federation were there. At the time the meeting was called, Fonterra had not yet made their decision. That was actually announced a couple of hours before the meeting. The task force in the first instance will be focused on understanding the full scope of the problem. The experience varies from individual

farm to individual farm. Some of the issues that influence the degree of impact are the extent to which the farmers are already under pressure because of low water availability and the amount of debt in a business. I have had a lot of people say to me, 'I have met a number of young farmers that are younger farmers, less established, perhaps a little more entrepreneurial, making bigger investments'. On the averages they may have businesses with higher debt ratios and therefore will be under increased pressure. They are expensive businesses to run.

Ms SHING — In all sorts of ways.

Ms PULFORD — So having those costs continue to go out the door without income is a devastating thing. I have spoken to farmers who are absolutely cognisant of what this will mean for them and are ready to start responding to that. For others, I think the shock is still wearing off and they are just now starting to think about that.

Ms SHING — Are you confident that you have got the framework for engagement to provide people with the information that they need through those peak bodies, including the VFF and Dairy Australia on the one hand, as well as being able to receive information and updates from individual farms as things progress?

Ms PULFORD — Yes, I think so. We are in very, very regular contact with UDV. That started, I think, within the hour of the Murray Goulburn announcement and continues. I have been talking and will continue to talk to a lot of dairy farmers about what this means for them. We estimate that there are around 10 000 people employed on or having their incomes derived from dairy farms.

I think what we need next, though, is a signal from the processors about what the price is going to be from 1 July. There is some work to do to communicate to the finance industry about the longer term future for dairy and making sure that the banks properly understand this. This is something that farmers are particularly concerned about — banks making a move.

Ms SHING — And the commonwealth?

Ms PULFORD — And the commonwealth, yes. We have been in contact with both Minister Joyce and also his opposition counterpart, Joel Fitzgibbon, and conveyed to them the seriousness of the situation and encouraged them to come to Victoria and to meet with our dairy farmers. By the end of this week they will have both been in Victoria to consider interventions that they may be able to make. But I would stress it is really early days in what I think and a lot of the experts think will be a transition to a lower milk price environment and a transition over a number of years.

Ms SHING — But anything that we can do to safeguard the premium product that we produce in Victoria in relation to the pricing but also availability within a bigger market share is a priority, based on what you have said. Is that a correct conclusion for me to reach?

Ms PULFORD — Absolutely. This has come about as a result of a lot of different circumstances. There are decisions that have been made in Europe, in Russia, in China that have influenced this. There are also some decisions that have been made much closer to home that are the subject of other investigations and inquiries. My focus is on making sure our dairy farmers are well supported. They do an outstanding job. Their produce is something we can all be incredibly proud of, and they do have a good and strong future. But I think for all of them at the moment that feels a long way down the road.

Ms SHING — Thanks, Minister. I might move on to the budget in relation to wild dog and fox management and the comments made by the VFF in relation to this being the best agricultural budget for years. I ask you to go to BP3, page 37, where we have had more than \$6 million provided for fox and wild dog management. Can you give us some detail about how much of this is allocated to continue the fox bounty which I think you announced in late April and the continuation of that program for another four years, and tell me how that is consistent with funding in previous years?

Ms PULFORD — The fox bounty will be funded at a million per annum. That is consistent with funding in previous years. It typically costs more than that to run, and the difference — historically and it is envisaged in future years — to the extent it is necessary, will be able to be accommodated within the department's budget.

Ms SHING — So can you explain how this initiative concerning wild dogs is new or additional in relation to alleviating the problems that they cause for lambs and calves for farmers everywhere? I note that we may have to go into the next session, given that time is nearly upon us.

Ms PULFORD — Yes. I guess — —

The CHAIR — Order! Mr O'Brien until 9.34 a.m.

Mr D. O'BRIEN — Minister, just briefly, I guess I cannot speak necessarily on behalf of the coalition, but certainly we endorse the comments about the difficulties for the dairy industry. It is very pertinent of course to my own electorate. I note actually this week one of your own Young Farmers Ministerial Advisory Council members has had to get out —

Ms PULFORD — Yes.

Mr D. O'BRIEN — which is just a sign of how desperate it is. I saw just how difficult it was for him in terms of selling the cows and everything — so anything we can do to assist. I appreciate that these are commercial decisions, but it is certainly a difficult time.

Can I turn to outputs now, though. Budget paper 3, page 123, lists the output summary for ag. There is a \$3.7 million decline between the 15–16 revised budget and this year's budget for the agriculture output. What cuts have been made because of this reduction?

Ms PULFORD — Well, as I indicated in the presentation, the agriculture budget has increased. Output expenditure is increased by 2.9 per cent for agriculture and 5.4 per cent for the sustainable management of fish, game and forest resources. It is important to also recognise the \$50 million per annum through the forward estimates for the Agriculture Infrastructure and Jobs Fund. The fact is that this is, for regional Victoria, the biggest spending budget in history.

The budget also makes significant other investments that will support our agricultural industries. I mentioned briefly before investments in water infrastructure and our ongoing work in upgrading the freight rail network as well continues.

Mr D. O'BRIEN — So, Minister, since the 2014–15 budget the agriculture output has actually dropped 36.1 million from 388 million in that year to 351.9 in this year's budget. Would you agree that is — —

Ms PULFORD — Sorry, which year?

Mr D. O'BRIEN — From 14–15, so the last year of the coalition government — —

The CHAIR — Sorry, Mr O'Brien, are we referring to budget paper 3, page 123? You have two budget papers in front of you. We need a reference.

Mr D. O'BRIEN — I am going from previous budget papers, Chair, but referring to this year's as well.

Ms PULFORD — Yes, so Mr O'Brien is referring to last year's budget paper, and we did — —

Mr D. O'BRIEN — No. So compared to 14–15 it is now a \$36.1 million reduction. Is that right; there is a 9 per cent reduction in the agriculture output?

Ms PULFORD — The agriculture output has increased — —

Mr D. O'BRIEN — From last year's budget, but on 14–15 it has actually decreased from 388 million. It is now 351.

Ms PULFORD — Are you seeking a comparison to 14–15 or to 15–16?

Mr D. O'BRIEN — No, to 14–15.

Ms PULFORD — Right; yes. So as I was starting to say before, your comparison with 2014–15, an explanation for this was provided in last year’s PAEC hearing. There were a number of lapsing programs that the former government did not continue to support, and that represents — —

Mr D. O’BRIEN — You have had a budget since then. You have had two budgets since then.

Ms PULFORD — Yes, and what this budget represents is an increase. So you can — —

Members interjecting.

The CHAIR — There is too much audible conversation across the table. The minister, to continue.

Ms PULFORD — So Mr O’Brien is seeking an explanation of the difference between 14–15 and 16–17? Yes. So he is referring to a page number, and 14–15 is not on the page, but I have seen the National Party’s accounting efforts on this question. I answered these questions in the PAEC hearing last year. There were a number of programs that the former government did not continue, that have lapsed — —

Mr D. O’BRIEN — You are the minister now, Minister. You are the minister. If you wanted those programs to continue, you have had two budgets now to put them back in.

Ms PULFORD — Well, you did not want them to continue.

Mr D. O’BRIEN — No, we did not get the chance to do another budget. You are the minister. A lapsing program is a cut. If you have not continued it, then it is a cut. Minister, you campaigned heavily on cuts to agriculture in the budget. Now we have got a 9 per cent cut over two years. I am asking you: how can you justify that?

Ms PULFORD — This budget represents an increase in the agriculture output.

Mr D. O’BRIEN — Not compared to last year’s revised figures. It is actually a cut. Your own figures show that. The revised figure is 355 million; it is now down to 351, so even on those figures it is a cut.

Ms PULFORD — This budget represents an increase on last year’s spending. There are significant commitments made under this budget that will provide great benefit to our agricultural industries. There is a \$200 million Agriculture Infrastructure and Jobs Fund that has been established. There is the biggest — —

Mr D. O’BRIEN — Is that in your portfolio?

Ms PULFORD — It is. There is the biggest investment in water infrastructure since 2009, indeed including some projects that Mr O’Brien has advocated for. We have significantly boosted funding to our biosecurity capability, including some important investments in new capability and technology. We are continuing to support the other aspects of the portfolio, including hunting, recreational fishing and animal welfare, and we are working closely with our agricultural industries to ensure that they continue to go from strength to strength.

In addition to that, we have provided and will continue to provide support to farmers impacted by drought, and you indicated — and I welcome your comments, Danny — in your opening remarks the support that we will all need to provide to Victorian dairy farmers. But the budget represents an increase of 2.9 per cent from last year.

Mr D. O’BRIEN — Minister, that is semantics. It is not a 2.9 per cent increase on what you actually spent. It is an increase on what you budgeted. You spent more. You have cut the budget since then. Minister, given the two-year 9 per cent reduction in the agriculture portfolio output, can you outline what staff reductions there have been in the department or future reductions?

Ms PULFORD — Thank you for your invitation to talk about staff reductions over a two-year period.

Ms SHING — Sustainable government initiative anybody?

Ms PULFORD — Yes, the sustainable government initiative had a devastating impact on the agriculture portfolio.

Mr D. O’BRIEN — I anticipate where you are going

The CHAIR — Order! Mr O'Brien, you have asked the question. I would encourage you to let the minister answer it.

Ms SHING — You opened the door with the way you asked the question, Mr O'Brien.

The CHAIR — The minister, to continue.

Ms PULFORD — Mr O'Brien is interested in casting back to the period of the former government, and whilst I was — —

Mr D. O'BRIEN — No I did not — —

Members interjecting.

Mr D. O'BRIEN — You are in government now. I want you to talk about your period in government.

Ms PULFORD — You wanted to me to talk about yours.

The CHAIR — Mr O'Brien, I would encourage you to speak to our witnesses with a degree of courtesy and respect. You asked the question. The minister is attempting to answer the question. The minister has only started to answer your question, and I would remind you that the preamble forms part of the answer. The minister is answering your question. I would encourage you to allow the minister to continue.

Mr D. O'BRIEN — Yes, I have had a couple of attempts. Can I also have some assistance with interjections from the other side. Thank you. I am sure the minister does not need assistance from the minister for Gippsland, as you called her. Please, Minister.

Ms PULFORD — Thank you. Does that make you the shadow minister for Gippsland?

Mr D. O'BRIEN — Apparently.

Ms PULFORD — We can work with that. So Danny asked me to comment on — —

Mr D. O'BRIEN — Mr O'Brien, if we are going to be — —

Ms PULFORD — Mr O'Brien. Are we all very formal?

Mr D. O'BRIEN — Yes.

Ms PULFORD — Okay, that is fine with me. Mr O'Brien asked me to comment on the staffing numbers in the portfolio. As I indicated in the presentation, there are 1150 people who support the work of the agriculture portfolio, and they do a terrific job. They really do. They are absolutely frontline services, and the thing that I can never reconcile is that when the former government and their sustainable government initiative, which was a very kind of cute Orwellian phrase —

Ms PULFORD — to describe ripping public sector employment to shreds, each department across government identified a cohort of people who were front line — —

Mr D. O'BRIEN — Minister, I am asking about your government. I am not asking about the previous government.

Ms PULFORD — and therefore protected. And the only department that did not offer a list of protected frontline employees was the former Department of Environment and Primary Industries.

Mr D. O'BRIEN — Chair, a point of order.

Mr T. SMITH — Point of order, Chair, this is getting ridiculous.

Mr D. O'BRIEN — The minister is not answering the question.

The CHAIR — Order! Minister — —

Ms PULFORD — So it has been a body of work to fix the mess that I inherited, I have to say.

Mr D. O'BRIEN — Sorry, a point of order — —

The CHAIR — Minister, there is a point of order before the Chair.

Mr D. O'BRIEN — Chair, I have asked about this budget, last year's budget; I am not asking about the sustainable government initiative. That was five or six years ago. I ask you to bring the minister back.

Ms SHING — Further to the point of order, the way in which Mr O'Brien asked the question invited a context which was entirely relevant to the way the minister is answering the question.

Mr D. O'BRIEN — No, it did not.

Mr T. SMITH — In any event, to the point of order, Chair, we have had enough context now. We would like an answer.

Mr D. O'BRIEN — Will there be any cuts? Have there been any cuts?

The CHAIR — Order! As Mr O'Brien knows, the preamble forms part of the answer. The minister has provided some background and context in relation to job cuts, which Mr O'Brien raised. The minister may wish to provide some further content around the way in which the 16–17 budget in agriculture relates to the previous year.

Ms PULFORD — Thank you, Chair.

The CHAIR — In 29 seconds.

Ms PULFORD — Okay. The budget represents, as people with page 123 open will be able to plainly see, an increase on the previous year.

Mr D. O'BRIEN — No, it does not.

Ms PULFORD — The government is investing in our agricultural industries. We are growing these industries and supporting them through good times and through bad times. We have had some terrific wins in horticulture. In the last period —

Mr D. O'BRIEN — So the headline will be 'Minister fails to rule out cuts'.

Ms PULFORD — we have had significant challenges in grains and dairy.

The CHAIR — Order! Ms Pennicuik until 9:42 a.m.

Ms PENNICUIK — Thank you, Chair. Good morning, Minister, Ms Eddy, Mr Wilson and other departmental staff who are here today. Thank you for coming.

Of course probably their minister may be expecting the issue I may raise with her, and that is the \$5.3 million Sustainable Hunting Action Plan. Budget paper 3, page 37, lists the output initiatives attached to that, of \$3.4 million, and on budget paper 3, page 48, the asset initiatives of \$1.9 million. Minister, there is scant detail in the budget papers or the media releases which I have seen about this that actually tells us what this means. So my questions are: what will the asset initiatives pay for, what will the output initiatives pay for and what elements will the Game Management Authority deliver?

Ms PULFORD — Thank you, Ms Pennicuik, and thank you for your question on the funding in the budget for the Sustainable Hunting Action Plan. The Sustainable Hunting Action Plan is in the final stages of development. We are working closely with hunting groups to deliver this, and it is important that funding is provided in the budget to support this. There are 48 000 licensed game hunters in Victoria, and hunting contributes more than \$430 million to the Victorian economy each year. It supports over 3000 jobs.

There was a media release issued outlining some of the aspects of this funding, and if I could, just for the benefit of the committee, share with you the specific initiatives other than the implementation of the Sustainable

Hunting Action Plan, they include improving information on and access to state game reserves, supporting the Australian Deer Association to coordinate its members' participation in Parks Victoria operations, and this is really important work that they do. We have a deer population problem in this state, and to be able to put together the hunting community's and Parks Victoria's work to manage the deer population, I think is a great win for the environment and it is a great win for hunters. So there has been some work done in this regard, but there is great scope to continue this and to perhaps even enhance this work.

Ms PENNICUIK — Thank you, Minister.

Ms PULFORD — And the other initiative is to continue Firearm Safety Foundation (Victoria) courses.

Ms PENNICUIK — You did not go exactly to my questions, which were: what are the asset initiatives, what are the output initiatives — they are not described in the budget — and what elements the Game Management Authority will deliver? You did mention the deer hunting — the Australian Deer Association and deer hunting. How much money will be provided to the Australian Deer Association? Just as background to that question, they describe themselves as 'advocates for our wild deer herds' and 'the sustainable management of deer as a valuable community resource'. Minister, in terms of what you said about involving that particular association how much money will they receive, how many deer are they expected to be removing with that funding and, given what they say as to maintaining the population, what does the government think is a sustainable deer population?

Ms PULFORD — At the moment we know we do not have a sustainable deer population.

Ms PENNICUIK — What is it? How do we measure that?

Ms PULFORD — The population management sits within the Department of Environment, Land, Water and Planning. In response to your question about the extent of funding to support the ADA in deer control programs, that will be \$75 000 per annum, so \$300 000 over the forward estimates, to work with hunting organisations to implement pest and deer control programs, which of course protect our natural habitat as well as our agricultural industries.

Ms PENNICUIK — Could we go back to the involvement of the Game Management Authority? What will they be delivering in terms of this particular initiative?

Ms PULFORD — The Game Management Authority will have a key role in delivering the sustainable hunting action plan. We will be in a position to release that in the coming months.

Ms PENNICUIK — What other hunting groups are being consulted that you mentioned?

Ms PULFORD — The Sporting Shooters Association of Australia, of course Field and Game Australia and the Australian Deer Association. The other groups being consulted involve agencies including Parks Victoria, DELWP, my own department and the Game Management Authority. But the peak hunting organisations that have been consulted in the development of the sustainable hunting action plan are Field and Game, the Sporting Shooters Association and the ADA.

Ms PENNICUIK — Is the government consulting with any academic institutions or other groups that could advise it on what sustainable populations are?

Ms PULFORD — There is considerable expertise within DELWP on the management of sustainable populations, but the work that has been done by the Australian Deer Association to date has been very successful. Their work with Parks Victoria does represent a great win both for the environment and for hunting groups.

Ms PENNICUIK — Thank you, Minister. If we can turn to ensuring hunting activities are safe and legal, what is the measurement that is associated with that, given that we know that many protected birds, for example, have been shot during the current duck shooting season, including blue-winged shovelers, which are not on the game species, freckled ducks and Eurasian coot amongst many that have been recovered from the wetlands? What is the measurement of safe and legal? There are no measures in this budget paper about any of these.

Ms PULFORD — The arrangements that govern duck season — —

The CHAIR — The member's time has expired. Ms Shing until 9.52 a.m.

Ms SHING — Thanks, Minister. You may need to come back to that question in perhaps — —

Ms PENNICUIK — She may be able to take it on notice.

Ms SHING — Minister, I would like to continue where we had begun earlier in relation to fox and wild dog management, and I would like to continue around the work of aerial baiting by reference to page 37 of budget paper 3. There is a reference to two aerial baits occurring in spring and autumn 2016 and 17 respectively. Is it then correct to conclude that this is the first time it will have been done more than once a year, or am I needing some further information in that regard?

Ms PULFORD — Yes, it is. This investment in the budget represents a doubling of the funding for aerial baiting. Aerial baiting was approved by the federal government in 2014. There was funding for one round of aerial baiting in the 13–14 financial year, one in the 14–15 financial year and one in the 15–16 financial year. This item in the budget papers represents our plans to aerial bait twice a year. This of course is part of an integrated approach to wild dog control. There are around 4000 aerial baits dropped each round, and just to give that some context, the ground baiting program undertaken by wild dog controllers uses approximately 18 000 baits and the community baiting program, which involves farmers in Gippsland and the north-east, which I know you are familiar with, places approximately 33 000 baits.

Ms SHING — How does the cycle of aerial and ground baits work to interrupt breeding cycles for wild dogs? I am happy to have that question taken by you or any of the witnesses, Minister.

Ms PULFORD — The work of wild dog control community groups is really important. There has been a review underway over recent months that is nearing completion.

Ms SHING — It is greatly anticipated, Minister.

Ms PULFORD — Yes, I know. I am told that this will be with me by the end of the month. But certainly the evidence suggests that an integrated approach and a strong community involvement is what works best.

Ms SHING — So it is not a one-size-fits-all? There are a number of pieces in relation to dealing with wild dog populations?

Ms PULFORD — Yes, absolutely. An integrated approach is what works best — baiting; trapping; exclusion fencing and hunting; the involvement of our own doggers and their considerable expertise; their tracking equipment, which is great to see in action; and the local intel of community members who are involved in these community groups. The combination of all of this with a strong aerial baiting program is an investment we are really proud of. The damage done to our agricultural industries by fox and wild dog attacks is devastating economically but also pretty awful for people to have to deal with emotionally as well.

Ms SHING — It is appalling. Having seen the damage, it is absolutely appalling. In relation to the impact that trapping in particular can have on non-target species, what are the steps being taken there to balance the animal welfare needs of, say, wallabies, wombats, roos et cetera as against those targets of the cull and the baiting programs?

Ms PULFORD — It is not possible to use poisons for baiting and have 100 per cent confidence about these things, but the program manages and balances these risks. The RSPCA says of 1080 whilst it is not perfect it is probably the best we have. I am not quoting them verbatim, but that is certainly their view on this.

Ms SHING — Is that due to half-life of the way in which the poison operates?

Ms PULFORD — Yes, and the different level of toxicity that is tolerable in different species. For instance, quolls have an 18 times higher resistance or are able to have an 18 times greater toxicity per kilogram of body weight than a wild dog. Everyone involved in this work is very conscious of managing this. The dog tracks, where they travel, is where the baits are placed. Every endeavour is made to hit the right target.

Ms SHING — Using that local information?

Ms PULFORD — Yes.

Ms SHING — Thanks, Minister. I would like to take you now to a somewhat sunnier subject matter in relation to Target One Million and the way in which that is having a profound impact on the ground. I would like to look at the way in which the funding for Target One Million is being delivered — budget paper 3, page 37, and table 1.12 there. Can I have an overview in relation to the way in which recreational fishing initiatives are intended to coexist, if required, with commercial operations and where they are operating now, to the exclusion of commercial operations, what that impact is desired to be over time? There is a bit in that, so feel free to unpack it as you like in the time we have available.

Ms PULFORD — That is quite a big question. The Target One Million suite of initiatives is the Labor government's plan to get more people involved in recreational fishing. This provides a considerable boost to the economy, enormous numbers of jobs are created through industries that provide for our recreational fishers. It can be, but it is not always, a low-cost activity. There are people who spend a lot on their recreational fishing passion. Of course there are others for whom it can be a very low-cost and accessible activity, and we are very keen to encourage more people to have a go and wet the line.

I am conscious that I have the minister's shadow and non-shadow for Gippsland here, so there are a couple of initiatives that I would like to highlight, because they are just so much fun. Barramundi at the Hazelwood pondage — —

Ms SHING — Slippery little suckers, Minister.

Ms PULFORD — They were a bit slippery, weren't they? They are in their six-month settling in period, and the Northern Territory tourism industry are quaking in their boots at the thought that there will be a warm water fishery for barra in Gippsland. That is very exciting and nothing if not quirky.

There is consultation underway around the intersection between recreational and commercial fishing in the river mouths at the Gippsland Lakes. Some change has been made as part of this policy at Blue Rock Lake around horsepower and boat length and of course the addition of bass. There is a lot of fish stocking going on; the fish stocking is increasing.

Ms SHING — If I had not helped to release them, I would doubt they were there. I have had no luck whatsoever in finding any of the things that we have released.

Ms PULFORD — Chair, through you, Ms Shing is personally responsible for a lot of the increase from 3 million to 5 million fish stocking.

Ms SHING — A lot of fish out there. Ms Shing is not fishing. Anyway!

Ms PULFORD — Your question about the relationship between commercial and recreational fishing I think invites me to touch on the most complex and central part of the Target One Million policy, which was about banning commercial netting in Port Phillip and Corio bays. This has been a significant focus for the government. There were 43 licence-holders; there are now 10.

Ms SHING — As at what date, Minister?

Ms PULFORD — On 1 April. The fishing year starts on 1 April, and there was an exit date by which the 43 licence-holders were invited to make an election about whether they would like to exit the fishery or whether they would like to stay in the fishery. That actually involves not electing, not making a choice. The other option was to transition the business into a longline fishery.

Members will all recall the debate in the Parliament around this legislation, and the budget reflects a significant investment and also the achievement of this policy not so much over the seven years as originally envisaged; more over one. Eighty-seven per cent of the fish targeted by rec fishers in Port Phillip and Corio bays are now not being caught in nets. Thirty-three of those licensees exited on 1 April; eight have opted to transition; and there are two who will again be invited to make an election next year and the year after and the year after. I take

the opportunity to thank those in the Parliament who sought to support the legislation to enhance the package. It is a package that is fair and reasonable and incentivises early exit.

Ms SHING — Thanks, Minister.

Mr D. O'BRIEN — Minister, I want to return to fox and wild dog management — BP3, page 37. Is the government going to accept the request of landowners and the VFF and reintroduce the \$100 bounty for wild dogs?

Ms PULFORD — The review is underway, as I indicated in my answer to Ms Shing. We recognise that an integrated approach is what is most effective, and strong community engagement is particularly effective. I expect that these matters will be canvassed as part of that review work that has been undertaken. We will be in a position to release that and share that with the community after I receive it, which I gather is in the next couple of weeks.

Mr D. O'BRIEN — Can you give me the staffing profile of the wild dog control program in terms of how many doggers are currently active, including full-time, part-time, casual and contract?

Ms PULFORD — Yes, certainly. I had the opportunity to meet a number of these people recently in Gippsland and to see and hear firsthand the work that they do.

Mr D. O'BRIEN — I am happy for you to take it on notice if you do not have the actual figures.

Ms PULFORD — The dogger staff sit within the Department of Environment, Land, Water and Planning, so perhaps I might take that on notice.

Mr D. O'BRIEN — Sure, okay. Thank you.

Ms PULFORD — I am confident within a range. I know that the numbers have been very stable for a number of years and that the resource has continued to be supported to the degree that it has been historically, but I would not want to guess at the precise number of people on the day, so I will take that on notice and get back to you on that.

Mr D. O'BRIEN — You mentioned before the importance of local intel of community members. Is there any funding in this year's budget to reinstall the community Wild Dog Control Advisory Committee that you axed last November?

Ms PULFORD — The committee has not been axed; the committee lapsed. The committee — —

Mr D. O'BRIEN — I think that is a little cute Orwellian phrase, Minister. If it has lapsed, it has been axed. Unless you are going to reintroduce it — —

Ms PULFORD — The most recent members of the committee have been involved in the consultation and discussion around the review that is currently underway, so I do not want to get ahead of receiving this report. I would have liked to have received it and have been able to tell you about it in greater detail today, but I have not yet received it. I am told it is a couple of weeks away. But I am confident that there will continue to be an important role to play for that committee or something similar in what we have going forward. But I do not want to get ahead of the review. The members of that committee at the time — as their terms were expiring, I wrote to them and invited their thoughts and their participation in the review, but it seemed pre-emptive to fill the spots on that committee while the review was underway. The community action groups — and their work — continues.

Mr D. O'BRIEN — Just referring to your media statement of 20 April 2016 about the wild dog program, what is the impact of wild dogs on crops?

Ms PULFORD — The impact of wild dogs on crops is minimal. I did see your tweet on that.

Mr D. O'BRIEN — Your media statement says the 'government is taking action to protect farmers, their animals and crops'.

Ms PULFORD — Yes, the impact of wild dog attack is substantially on livestock, as I am sure you well know.

Mr D. O'BRIEN — Okay, thank you.

The CHAIR — Are you going to ask a question about 'What does the fox say'?

Ms SHING — Every dog turns around three times before it sits down, Mr O'Brien.

Ms PULFORD — Is that true?

Mr D. O'BRIEN — Back to something serious, to continue the same reference in the budget paper outputs on page 37, why are there no new spending allocations under agriculture output or asset initiatives for drought-affected farmers?

Ms PULFORD — Okay, let's talk about drought. Parts of Victoria have experienced significant impact, and our agricultural industries and entire communities have been impacted by drought. Our government has provided a \$27 million package in support of drought-affected communities. There are many components to this, and this package was designed in close partnership with those affected communities.

Mr D. O'BRIEN — There is nothing, though, in the agriculture outputs in this year's budget.

Ms PULFORD — Drought response is typically provided by a Treasury advance. It is something that needs to be responsive to changing circumstances or emerging circumstances. It is very difficult to envisage in planning a budget where we will need to go next.

Mr D. O'BRIEN — We know we have got a drought; we know we are responding to it — —

Ms PULFORD — We do know we have a drought, and that is why we are providing a \$27 million support package, the biggest investment in water infrastructure since 2009, and a range of other measures to support drought-affected communities. We continue to monitor conditions closely. We certainly hope for a vastly, vastly improved season. But I can assure you that the Treasurer is well aware of the pressures on drought-affected communities and that the government will be in a position to respond accordingly. I appreciate that there will be a particular pressure point around the middle of the year and perhaps again around September, but rain in May does not make for an income for a long time. We understand that and we recognise that, and the government will continue support those communities.

Mr D. O'BRIEN — Minister, in the *Weekly Times* this week you are reported as being critical of the commonwealth's response. You said you had spoken to both the shadow and the agriculture ministers in Canberra. What have you asked them for? What did you ask Barnaby Joyce for?

Ms PULFORD — Sorry, if I could just step back for a second on drought, it was probably remiss of me to not mention that the drought support was also in the midyear update, the components of the package. There are also aspects of the package that are sourced from across government as well, and you would be familiar with some of the initiatives that come through the education department, for instance.

Mr D. O'BRIEN — Yes. Can I come back to the question — you said you had spoken to the federal agriculture minister; what did you ask him for when you said that they are not doing enough?

Ms PULFORD — On drought?

Mr D. O'BRIEN — Drought, particularly in the context of the dairy troubles.

Ms PULFORD — Yes, so what the federal government are doing on drought is they have the farm household allowance, which is an income support. They have drought concession loans, which have been the subject of considerable commentary over the last week or so —

Mr D. O'BRIEN — I am sure you spoke to Mr Fitzgibbon about it yesterday, criticising his own government's program. Sorry, continue.

Ms PULFORD — a reasonably scathing assessment of the federal government's drought concession loan program. We entered into an arrangement with the commonwealth government to make available \$30 million worth of loans. The take-up on this has been modest. The drought concession loans send a signal to the rest of the banks, and so there is certainly some value in that. It is part of a really wide range of supports, and whilst it is not the main game, I of course would not say no to any gesture from anywhere that was there to provide support to our farmers.

The commonwealth government have provided really significant funding to Queensland and New South Wales for economic stimulus in their drought-affected communities. They have been unwilling to extend that to Victoria, and that is really disappointing.

Mr D. O'BRIEN — Minister, you have called on the commonwealth to provide more assistance; then why will you not meet the requests of farmers who are saying, 'Why can't we have municipal council rate relief?', for example?

Ms PULFORD — There are many, many different calls for different types of support — —

Mr D. O'BRIEN — Well, can I perhaps ask on that one: have you asked for any economic modelling on the impact of rate relief?

Ms PULFORD — Look, I expect that that is something that the department would have. Our drought package was informed by conversations with farmers and conversations with organisations like the Victorian Farmers Federation. The department provided advice on the communities most needing intense support, and there are a number of other parts of drought support that are available statewide.

Mr D. O'BRIEN — Just on that: have you costed in this year's budget — as you know, my own area of South Gippsland is struggling as well — the need to extend some of the support that is already available?

Ms PULFORD — Well, in fact on your own suggestion, Mr O'Brien, I met with a number of farmers in South Gippsland. You suggested that we extend this package that has been designed for — —

The CHAIR — Order! Dr Carling-Jenkins until 10.10.

Dr CARLING-JENKINS — Welcome, Minister. This is a different way of working, where you get cut off midsentence, is it not?

Ms PULFORD — No, I really would have liked to have finished that.

Dr CARLING-JENKINS — You will have a chance to get back to it.

Mr D. O'BRIEN — Thank you.

Dr CARLING-JENKINS — I was going to ask around table grapes, which is something that we spoke about last year in PAEC, and I know that you are well across this. This relates to your presentation, page 5, where you spoke about one of your portfolio objectives being to grow agriculture and food jobs, and it also relates to BP3, 142, with the output measures being strategies to be developed to overcome identified trade barriers. As I said, last year we talked about table grapes being sold from the Sunraysia area and the trade barriers to Vietnam, and you spoke about your advocacy for farmers in that region. Farmers are now raising concerns with me about the Japanese market and the impact of that market. I note that in a media release that you put out last year you spoke about the success in — sorry, I am just trying to read this quickly:

The Andrews Labor government seized on this success and supported a delegation of key Japanese fruit buyers to meet with table grape growers and exporters ...

My understanding is that now the market has been opened up in a limited way with only a limited variety of grapes being able to be exported to Japan from this region, the concern that the growers have is that while they can only export a limited amount of grapes to Japan, Japan is actually able to flood our markets. That is an Australian agreement: Japan has unlimited access to our market — Japanese table grape growers can export whatever variety they like to Australia. I wonder if you could just address those concerns the farmers are raising and explain what kind of role you are playing in negotiating that issue with the commonwealth.

Ms PULFORD — Thank you, Dr Carling-Jenkins, for your question — and your interest for the second year — on our table grapes and their fortunes in the global market. The produce has to be seen to be believed, I think. The best table grape I ever saw was only after coming into this portfolio, and so I sort of despair for all of us that buy our grapes here, because I think we are probably sending the really, really special ones —

Dr CARLING-JENKINS — They possibly are.

Ms PULFORD — to the world.

Dr CARLING-JENKINS — Vietnam and Japan, apparently.

Ms PULFORD — You hold them in your hand and it is just a sight to behold. Of course in Japan presentation is so important for consumers — particularly so, perhaps more than any other market. I was in Japan last year and did see some of our produce beautifully, beautifully presented in supermarkets while I was there.

We work hard to grow our food and fibre industries and to enhance their access to new markets. This in the first instance is a responsibility of the commonwealth government, and so the work that they do is to set in place the big country-to-country agreements that are the framework through which everybody operates. Our department works really closely with Austrade, and the work of our trade team that supports the agriculture portfolio has particular expertise around technical barriers to market access, because free trade agreements are only any good for anybody if you can still actually get your products to market. Indeed some of the investments that we have made in the budget that you see in the capital output for biosecurity are very much focused to that end.

Having perhaps just provided that context and acknowledged that the table grape exports have continued to go from strength to strength — extraordinary year-on-year performance, but we do want them to continue to grow and to continue to do well and to do well in Japan.

I might invite Luke Wilson to make a few further comments, and then if there is perhaps a need for us to further follow up, we can do so.

Dr CARLING-JENKINS — Sure, thank you.

Mr WILSON — Thank you. The example of table grapes into Japan is a classic but also pleasant experience of how market access can be achieved. So, as you have described, there is a limited form of access. That allows us to place product into the market, and that allows the industry time to take trade development work. More particularly from the government input, both state and federal, it allows the credentials of our biosecurity quarantine systems to be demonstrated.

It is not simply a theoretical argument. We can actually demonstrate — bring Japanese delegations, and they can almost accompany the movement of the product and they can see the biosecurity protocols that apply. And by demonstrating that over a period, that then is more likely — but does not guarantee — that we will get further access. When we do this, and when the federal government does this, we are very careful about the connection with import protocols, because the proposition is that when you are dealing with these phytosanitary barriers they are not meant to be used as trade barriers. So you are not meant to trade them off against one another.

Dr CARLING-JENKINS — Sure. But you can understand why farmers see it a lot more simply.

Mr WILSON — With the reference to Vietnam, obviously we know that the table grape access which was changed shortly after last year's PAEC — I think it was announced in July — was, or had been, caught up, it appears, in the lychee import debate, even though they are effectively unrelated.

Dr CARLING-JENKINS — Sure.

Mr WILSON — So we do not try and use the import story as part of the point. We demonstrate the credentials of the biosecurity system, and that makes it more likely that that country will accept our product.

Dr CARLING-JENKINS — Okay. Thank you very much for the answer; I appreciate that. If we could move on now to the Rural Financial Counselling Service, budget paper 3, page 41. Minister, I know you made

reference to this in your presentation around aligning with the commonwealth commitment. Now that the federal government has released their budget — and obviously there is an election campaign going, so there has been a budget reply as well — is there any indication that this commitment will continue, because obviously it is an extremely important counselling service and across portfolios we are seeing government funding being pulled for similar kinds of services? What are your plans to ensure the sustainability of these services should the commonwealth cut that funding?

Ms PULFORD — Okay, thank you. I am conscious we do not have much time, but this is a service which is jointly funded with the commonwealth government. The commonwealth government provides 85 per cent of the funding; Victoria, 15. We have entered into a new agreement that will serve our needs for the next three years, and the service is one that we continue to monitor and support. It was provided with a boost through the drought support package, and it is entirely possible that it will need enhancement again to respond to dairy, but it is something we watch demand on very closely, and it is a great flexible service where effort can be shifted. The new agreement with the commonwealth — with your forbearance, if I could just finish this sentence please, Chair — does also provide for a 10 per cent contingency pool, again to enhance the flexibility, because of course you cannot always see these things coming.

Dr CARLING-JENKINS — No, very true. Thanks, Minister.

Ms SHING — Minister, you have just referred to biosecurity and to the importance of preserving export markets. I would like to take you to budget paper 3, page 37, where I suspect we have spent almost all of our time today. I would like you to explain the \$20 million that has been allocated to guaranteeing Victoria's food future and what that will be used for. I would also like to seek your views and further information on how we protect not just biosecurity from a strictly technical perspective but the reputational prestige that we enjoy as far as Victorian agriculture is concerned, particularly — and again I am going to drop the 'G' word — for Gippsland, as part of being a primary producer in beef and dairy and the international reputation that we enjoy in that part of the world for that very clean and green product.

Ms PULFORD — Our international reputation is incredibly strong and something we need to preserve and enhance. Dr Carling-Jenkins's question went to the very heart of some of the technical aspects — to a micro look at potential barriers to trade — but what we have is a reputation for clean, green, exceptionally high quality produce, and I know that your producers in Gippsland can be rightly proud of the role that they play in being part of Victoria's reputation. We have great — —

Mr D. O'BRIEN — The best, in fact.

Ms SHING — Yes. I speak from very personal experience in agreeing with you there, Mr O'Brien.

Ms PULFORD — I am enjoying the bipartisan assertion about Gippsland being the best of — —

Ms SHING — We have got to protect it wherever we can.

Ms PULFORD — the best of the best across the state. My responsibility is to be a champion for agricultural industries across the state, and there are many regions producing things of which we can all be incredibly proud. We have invested an additional \$20.6 million in output funding to maintain our biosecurity services. This is about tackling incursions that may pose a risk to that reputation and also about enhancing that reputation. It is of a many billion dollar value and a contributor of, as I indicated earlier, up to 190 000 jobs in the state.

Ms SHING — So compromising that would be an enormously bad thing to do?

Ms PULFORD — Yes, it is not something that we should compromise. There were significant cuts to our biosecurity capability. A report from the Auditor-General that was very unfavourable said that we had our industries exposed to unacceptable risk, and so it has been a real priority for me to rebuild that capability, and we will need to continue to work to this end.

As we are having more producers, more products, engaged in more markets, this area has become more complex, and it is an area of ongoing cost pressure not just for the Victorian government but for all other state jurisdictions and the commonwealth. I note the federal budget made some commitments to investment in technology capability for product tracing, so we look forward to seeing those enhancements made.

Ms SHING — Is that part of a bulk commodity tracing and quality control as well as a niche market product protection? Because we have got an enormous variety across the spectrum of the way in which we market our product, whether it is grain exported in bulk or whether we are talking about very niche market — —

Ms PULFORD — Boutique cheeses.

Ms SHING — Boutique cheeses which are produced and rely upon that clean and green reputation as well as the technical elements and tracing that underpin it?

Ms PULFORD — This funding, both the output funding and the asset funding in the budget, is about the whole package, so effort is applied to responding to things like giant pine scale, and an enormous focus of the department's work over this financial year is to invest in the expertise that can negotiate and navigate those technical barriers to trade. We have at any time a list of trade barriers that we are seeking, I suppose, to knock out to provide opportunities into new markets, and we work through those methodically, and of course we are always ready to respond to new incursions.

Ms SHING — You have also got \$4.9 million for guaranteeing Victoria's food future as part of export trade. Minister, can you talk to how that will in fact enhance the capacity for existing markets either to create new demand or to build upon new product development?

Ms PULFORD — Yes. There are a lot of different parts of this. If the committee would like, I can provide this in greater detail than the clock will probably allow.

Ms SHING — Sure. On notice is fine if there is additional information, Minister. Thank you.

Ms PULFORD — Just to give you a bit of a sense, four key areas are critical: emergency preparedness and response to incursions of exotic plant and animal pests and diseases; the second is surveillance and proving freedom from plant and animal pests and diseases; the third is Mediterranean fruit fly; and the fourth is biosecurity detection and analysis equipment.

Just to identify a few examples, surge response equipment, network storage infrastructure replacement — we need real-time information and we need it to work well. Field operation support — there is some old, tired equipment that needs to be replaced, again continuing to invest in new technology. On Mediterranean fruit fly, trapping, grids and the upgrade of our sterile insect-rearing facility at Tatura — amazing work that they do there. On biosecurity detection and analysis equipment, there are a number of really rather technical-sounding things — there are robots that are part of this package and there are diagnostic tools that will take something that used to take hours and hours, minutes to get a positive or a negative test for. These are the tools of the trade of our biosecurity team.

Ms SHING — So that speaks to efficiency and I suspect also to the capacity for testing to be conducted en masse where previously that may have been not possible due to the technology not being there. How do we in fact then work to enhance the branding of our export capacities as far as these commodities are concerned?

Ms PULFORD — We work very closely with the trade portfolio and support both inbound and outbound trade missions — —

Ms SHING — We all know we are better than New Zealand Pure is the bottom line. It is about convincing the rest of the world that that is the case.

Ms PULFORD — That is right, we do. The Brand Australia efforts of the commonwealth government are things that we are involved in and partner with them. I know there is always a vexed debate about whether we should trade and market as Australia, northern Australia, southern Australia, Victoria or even Gippsland, for example.

Ms SHING — For example!

Ms PULFORD — But we explore every opportunity to grow our agricultural industries into new export markets, and considerable — —

Ms SHING — So how does that work in terms of local engagement with producers and also peak bodies within Victoria?

Ms PULFORD — I know we are getting onto the regional development portfolio shortly, but one of the things that we are doing is building trade and investment capability and expertise in our Victorian government regional business offices, our RDV centres, which is really important. I do not think our local businesses ought to always have to travel to Melbourne to have conversations with our trade experts; they should be able to see people in their own backyard. The work that the trade team, both across Minister Dalidakis's portfolio and my own, does there is a lot of direct engagement with different employers, different companies. We support and work with those who have been big established players for decades and decades with very mature relationships in markets that we have been in for a long time. We also provide a lot of support to those who want to dip their toe in and have a go at exporting for the very first time. The Food Source Victoria program is about that.

Mr D. O'BRIEN — Budget paper 3, page 118, outlines savings and efficiencies, and under your department, Minister, it says 'reduce its operating expenditure, including through tighter control of grants expenditure'. Has your government axed the modest show societies grants program as part of this tighter control of grants expenditure, and why?

Ms PULFORD — No, we have not.

Mr D. O'BRIEN — So it is still running?

Ms PULFORD — Yes.

Mr D. O'BRIEN — What funding is there in the budget for it this year?

Ms PULFORD — I am advised that that is \$300 000 per year. If there is any reason for us to need to provide you with clarification or further information on that, we will do so.

Mr D. O'BRIEN — Okay. We have had a number of societies that received grants in the last round still waiting for final payments. In fact I think one of my own, Korumburra, is still waiting for a final payment. Has there been any problem with payments and acquittals that you are aware of?

Ms PULFORD — Not that I am aware of, no. I perhaps invite Mr Wilson to add to that.

Mr WILSON — I am not aware of any issues with that program. Certainly if there is a particular recipient who has an issue, they can raise it with me.

Mr D. O'BRIEN — Has there been any staff support cut to that area that is administering that program?

Mr WILSON — No.

Mr D. O'BRIEN — I will move on — —

Ms PULFORD — I might just add, though, if you do have an organisation in your electorate that has something that we need to follow up —

Mr D. O'BRIEN — I will get back to them.

Ms PULFORD — please invite them to make contact or let me know.

Mr D. O'BRIEN — Sure. Minister, moving on, as you know the Premier has gone to pot this morning, I believe, to have a look at medicinal cannabis. Has the office of medicinal marijuana been set up as yet?

Ms PULFORD — The office of medicinal marijuana will sit within the Department of Health and Human Services and the funding in this budget provides for its establishment. It is in the process of being set up. It and the establishment of the expert advisory group that will provide advice to Minister Hennessy on future cohorts were the two most immediate next steps following the passage of the legislation about a month ago. So that is the part that we are up to. The part of the medicinal cannabis election commitment that I have greater familiarity with is the growing of the plants, which I gather you have seen the photographs of. They are coming along beautifully.

Mr D. O'BRIEN — I have, yes. Just back on the previous one, I have just got a text from my office saying that Korumburra was in fact on the phone to my office this morning, so perhaps if someone from the department could follow up with the Korumburra ag society, that would be great.

Ms PULFORD — Absolutely, more than happy to do that.

Mr D. O'BRIEN — On medicinal cannabis, at the time of the announcement it was reported that doses would be \$50 to \$58 per package, but it has since been reported that they could be up to \$200 per dose. I am told, without being an expert, that you can get medicinal cannabis currently on the black market at about \$50. Have you considered what the cost will be, particularly given clearly desperate parents who if they could get it for a quarter of the price would do so?

Ms PULFORD — There are a couple of things that I would say in response to that. The first is that I need a little lenience from the Chair to go on because this is not my portfolio responsibility, but I am quite familiar with the health portfolio components of this.

Mr D. O'BRIEN — I appreciate that.

Ms PULFORD — Let me see how far I can take you in answering this question. When we talk about medicinal cannabis, we are not talking about one product; we are talking about an infinite number of products, the composition of which is different to treat different conditions. What we are developing at the moment, through the work that Agriculture Victoria is doing in support of this election commitment, is providing a source of supply for the first cohort. The Victorian Law Reform Commission's report provided suggestions to government about how to build the cohort. When you think about other potential cohorts — people suffering chronic pain and nausea associated with HIV/AIDS, cancer, other conditions — you are talking about a very large number of people, and the health minister will take advice from the expert advisory board on the inclusion of those cohorts.

What we are doing at the moment is preparing supply for cohort 1, which is children with incurable advanced epilepsy, and we believe that the number — —

Mr D. O'BRIEN — If you could come to the point of the question, which is about the price, I guess that will — —

Ms PULFORD — Yes. Sorry, I am trying to describe it as succinctly as I can. We will build supply and build a commercial industry in concert with the growth of the cohort groups. Our efforts to date have been about establishing the regulatory framework — the legislation. The commonwealth government intervened — in fact between the lower house and upper house debate of this legislation — which necessitated significant amendments to our legislation so we were not tripping over each other.

Mr D. O'BRIEN — Which you knew at the time, anyway, Minister, but anyway. You knew the commonwealth was going to do that.

Ms PULFORD — We did not know they were going to do it in two days. The commonwealth Parliament does not consider complex legislation in two days very often at all. So that was a very welcome thing and both our department and Health are in very regular contact with the commonwealth government about how we do this because I think everybody is committed to the objective here.

The product that we are developing is for cohort 1, for that group of children. We cannot completely predict demand even among cohort 1 because each of those children and their parents will then in turn no doubt have discussions with their doctors about whether or not this is something that they would like to try or whether this is something that would be part of their treatment. When you go beyond that —

Mr D. O'BRIEN — I come back — sorry, Minister — to the costs.

Ms PULFORD — to greater cohorts, we are going to have to develop an industry — —

Mr D. O'BRIEN — Can I go back? Just say the first cohort, because I appreciate that is going to be an evolving process.

Ms PULFORD — Yes, sure.

Mr D. O'BRIEN — Can I come back to the question about costs, the idea of what a cost per dose will be for the first cohort?

Ms PULFORD — So there is a hardship fund that has been announced by the Premier and the health minister and her department will administer. I think we have reached the limits of the areas of this in the health department that I am very familiar with. We are very conscious of the need for cost to not be an impediment to accessing this, but given that there are so many unknowns, both on the supply and the demand side of the equation, there are limits to how fully I can provide you with an answer on that today.

Mr D. O'BRIEN — Could we ask you to take it on notice, perhaps, Minister? I appreciate you would need to get advice from the health department, but could we ask for that information to be provided on notice?

The CHAIR — I think provided there is that caveat about — —

Mr D. O'BRIEN — Yes. To the extent that you can.

Ms PULFORD — Yes. I was just about to answer this. We actually got into this in considerable detail in the committee stage of this legislation in the upper house. Some of this is not yet known because we are still building this system, and because this is groundbreaking reform we are taking one step after another to get to where the community wants us all to be on delivery of this election commitment. Different products will become available. It is not the government's intention to be in this business for terribly long. We will transition. We will begin work in the second half of this year to establish a commercial industry. I can certainly tell you that there is a lot of interest in it. In terms of — —

Mr D. O'BRIEN — I am sorry, Minister. I have got limited time. Can I quickly ask another question?

Ms PULFORD — Yes. So in terms of the specific price point, the actual dollar price has not been set because of those unknowns. These are things that will be resolved between now and early next year when the first cohort has product available, but what I can provide to you — —

Mr D. O'BRIEN — Okay. Sorry, Minister. I have got a very short amount of time.

Ms PULFORD — I can ask the Minister for Health to provide you with further information about the hardship fund that was announced and that is funded in the budget under the health portfolio.

Mr D. O'BRIEN — That would be great. Thank you. Can you also tell us what advice you have sought from Victoria or Australian Federal Police about security in relation to the growing locations?

Ms PULFORD — The growing is occurring at a secure location. The licensing and approvals for importation and for growing are enabled by a combination of the legislation and commonwealth government approvals. I might invite Mr Wilson to —

Mr D. O'BRIEN — Very short amount of time.

Ms PULFORD — comment on that further, but I can assure you they have been robust.

Mr D. O'BRIEN — So you have sought advice from police and security agencies?

Mr WILSON — That is right. Certainly in our case from Victoria Police and then through the federal arrangements, which involve a number of their security agencies.

Mr D. O'BRIEN — Okay.

The CHAIR — Order! The time for this session has expired. I would like to thank the witnesses for their attendance: the Honourable Jaala Pulford, MLC, Minister for Agriculture; Ms Eddy; and Mr Wilson. The committee will follow up on any questions taken on notice in writing. A written response should be provided within 14 calendar days of that request.

Witnesses withdrew.