

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2015–16

Melbourne — 18 May 2015

#### Members

Mr Danny Pearson — Chair

Mr David Morris — Deputy Chair

Dr Rachel Carling-Jenkins

Mr Steve Dimopoulos

Mr Danny O'Brien

Ms Sue Pennicuik

Ms Harriet Shing

Mr Tim Smith

Ms Vicki Ward

#### Staff

Executive officer: Ms Valerie Cheong

#### Witnesses

Ms Jaala Pulford, Minister for Agriculture,

Mr Richard Bolt, Secretary,

Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services Group,

Mr Luke Wilson, Lead Deputy Secretary, Agriculture, Energy and Resources Group, and

Ms Lill Healy, Executive Director, Agriculture Policy, Agriculture, Energy and Resources Group, 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 2015–16 budget estimates. All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Agriculture, the Honourable Jaala Pulford, MLC; the Secretary of the Department of Economic Development, Jobs, Transport and Resources, Mr Richard Bolt; Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services Group; Mr Luke Wilson, Lead Deputy Secretary, Agriculture, Energy and Resources Group; and Ms Lill Healy, Executive Director, Agriculture Policy, Agriculture, Energy and Resources Group.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

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

Departmental officers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

Members of the media are to observe the following guidelines: cameras must remain focused only on the persons speaking; operators must not pan the public gallery, the committee or witnesses; and filming and recording must cease immediately at the completion of the hearing.

I invite the witness to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee.

### **Visual presentation.**

**Ms PULFORD** — I would like to thank committee members for the opportunity to provide a brief overview of the agriculture portfolio as we commence. Agriculture makes an incredibly valuable contribution to the state of Victoria, and this is particularly the case in our regional and rural communities: \$11.6 billion in production value, \$8.4 billion contribution to gross state product. The agriculture portfolio also protects our valuable industries through biosecurity work. It is not only a portfolio that is all about where our food comes from and the communities and the producers who contribute to it but it is also a portfolio that supports the regulation around some of our most loved recreational activities, including fishing and hunting, and of course the portfolio also oversees the forestry industry. The portfolio has also responsibility for animal welfare on farm and in production through food processing, and also the furry friends that people have in their households as well.

The next slide shows you how agriculture sits within the new department. The people supporting our work in the agriculture portfolio is 1218 people; this is 40 per cent of the staff in the department. We have very consciously placed agriculture at the heart of our economic development work and agenda for the coming years. This reflects our commitment both to agriculture as a key sector for growing the Victorian economy but it is also about the notion of where it sits within the value chain and indeed within the production chain, and the critically important role that agriculture plays in economic development. It is something that we believe has enormous potential to grow and wonderful opportunities for innovation, and the diagram before you shows the role of agriculture in the greater departmental structure.

Some commentators have noted that agriculture is no longer with water as a result of the machinery of government changes, but it is with trade, it is with freight rail, it is with roads, ports and economic development, so we are approaching agriculture the whole way through the supply chain, from paddock to plate or indeed into a shipping crate and off to the world.

This slide lists some of the key objectives in the portfolio. The overarching objective is to support growth in the food and fibre sector through increased productivity, trade and investment, and by facilitating industry

development and transition. Assisting industry to meet the increasing global demand for high-quality, safe, clean food and fibre products is a very important part of the work that we do. It is, as I said, a very broad ranging portfolio, and there are so many different activities that fall within its scope, but there need to be priorities, and many of our priorities are centred around growing exports, ensuring trade relationships and encouraging research and growth. Agriculture has enormous potential, but it must have the market to ensure that opportunity is not lost, which is why growing agriculture, growing jobs and growing trade markets go hand in hand.

We also have priorities around animal welfare. This is an issue that resonates strongly with the community, and it is an important priority for this government. We also do have a great state that we live in, and encouraging people to get out and wet a line, if fishing is their thing, and it is indeed for many hundreds of thousands of Victorians, but also that our natural resources are sustainably managed for people to use and to enjoy.

I am proud to say that we have gotten straight to work on delivering our election commitments in this portfolio. Early in the term we advocated for Victorian farmers who are still facing a very difficult time with drought conditions in parts of the Wimmera and southern Mallee. We have hosted several inbound trade missions — a super trade mission as well as some specific commodity-focused missions, including for table grapes and lamb. Table grapes are particularly important with the new trade partnership being reached with Japan. That has seen containers increase from 15 to 120 this year, which I am sure you will all agree is pretty extraordinary growth.

We have also started work on delivering on our election commitments to recreational fishing. We have secured a water supply for Lake Toolondo, which is a much-loved trout fishing destination, and the establishment of an advisory committee. Fish stocking is on in earnest. We are increasing the number of fish stocked from 3 million to 5 million. There will be fish stocking opportunities for everyone, and Danny and other committee members will be very welcome to participate in this. There will be enough fish stocking going on in Victoria for everyone to have a go. It is excellent fun, I might add.

The next slide talks about the importance of biosecurity. We have been making strides in addressing some important issues for producers across the state. Last week I was pleased to announce that we will be hosting a statewide forum into fruit fly management and leading the development of a statewide action plan to deal with this issue. We have also had a strong response to giant pine scale, including the securing of a national management agreement to fund the response. This is very important for the protection of our commercial pine industry. Committee members might think of this portfolio as being exclusively something that is focused on areas outside of Melbourne in regional and rural Victoria, but in the case of giant pine scale, our staff have been working hard in Melbourne's south-eastern suburbs in particular on that particular issue. We are of course substantially focused on matters regional and rural in this portfolio, but that has been a focus in recent times.

Animal welfare, again, is a focus. We have moved very quickly to respond to the issues that have arisen in relation to greyhound racing. Legislation has now passed the Parliament to establish a moratorium in relation to breed-specific legislation. We will soon be commencing a parliamentary inquiry to consider if there might not be a better way for us to legislate for the control of dangerous dogs. But I will leave that work to the committee to be getting on with when that inquiry is established.

Looking forward, there are many initiatives in this budget that we will be delivering for farmers and producers in the agricultural sector more broadly. Last week I had the pleasure of visiting the Dookie Agricultural College to announce some further details on the establishment of a ministerial advisory council for young farmers, which is all about attracting and also importantly retaining young people in agriculture. To complement this, the budget also included funding for a young farmers scholarship, which is all about skilling up young people in agriculture, ensuring that they have the opportunities to build the businesses they work in and to build their careers.

Last week I was in Leongatha, in Danny O'Brien's neighbourhood —

**Ms SHING** — It is not just Danny O'Brien's neighbourhood.

**Ms PULFORD** — and Harriet Shing's neighbourhood. I am going to be in all sorts of strife. It is an area that is magnificently represented by members of this committee. I confirmed that this critical service, the Rural Financial Counselling Service, will be continuing to support farmers in Victoria.

In the coming months I look forward to revealing the details of some other initiatives that we committed to in the lead-up to last year's state election, including Food Source Victoria, which is all about supporting alliances of food producers and growers, and helping them to be export-ready to address trade barriers, and also the establishment of horticulture innovation fund.

Our Target One Million initiative is a complex and detailed suite of initiatives to increase recreational fishing, including the cessation of commercial netting in Port Phillip and Corio bays. Our work will continue on delivering on those election commitments. Our work will also continue in biosecurity, ensuring that the state is ready to deal with any issues that arise. Animal welfare commitments will be delivered as we work to phase out puppy farming in Victoria.

The agenda across the portfolio is clear. These initiatives are focused on delivering for Victorians, on delivering on the election commitments Labor made prior to forming government, ensuring that we have a strong and growing, dynamic, exciting agriculture sector; that recreational fishing grows and attracts more people to get out and about and to wet a line; and to ensure the sustainable management of our fish, forestry and game in this state. I am happy to take any questions.

**The CHAIR** — I might lead off. In the context of your own portfolio responsibilities, can you inform the committee how this budget acquires *Labor's Financial Statement*?

**Ms PULFORD** — Thank you for the opportunity to answer that question. The budget in relation to this portfolio is consistent with the government's approach more broadly in that it is a budget that is all about delivering on our election commitments and delivering on the specific items that were identified in *Labor's Financial Statement*. We have acquitted all of the election commitments that were made in agriculture. To give you the example of the Target One Million commitment to phase out commercial netting in Port Phillip and Corio bays, this is a commitment that is intended to be delivered over eight years, but there is funding for the first four years of that in the budget. The budget includes funding for the young farmers scholarship and ministerial advisory council. The young farmers scholarship program is \$500 000. That will be direct payments for scholarship participants. It is indicated in the budget papers that there is \$760 000, and that is something that we have been able to achieve through reprioritisation. That will ensure that that program is properly supported and that we can make sure that every last dollar that was committed before the election is spent on training. Funding is in the budget for, as I indicated in the presentation, Danny, the Target One Million commitment — \$20 million towards the eight-year \$35 million commitment. There is \$5 million in the budget to support the crackdown on puppy farms, and a number of other commitments, including \$20 million for Food Source Victoria and \$1 million for the horticultural innovation initiative.

There are resources in the budget — \$1 million — to support our wine industry in a number of different ways: the establishment of a wine ministerial advisory committee but also a strategy that is around boosting sales and exports for our wine producers across the state. We have a wine industry that I think we can all be proud of. Again, we could probably all get into a pretty parochial argument about whose region is better than whose region, but the sum total is a great variety of products and a great many people growing and doing really exciting things. So that initiative is about increasing cellar door visitations, working closely with industry to ensure that we are in the best possible position to respond to disease, growing exports — again, a very important part of the future for the wine industry.

There are a number of other commitments that have been made by colleagues in other portfolios that are of particular import to agricultural production and to the portfolio that while not strictly related are very important. So the \$220 million commitment to deliver Murray Basin rail will make access to markets much cheaper, much more reliable and much quicker for a great many producers in the north of the state. For people who are growing fruit the difference in getting goods to market quicker certainly means dollars in their pockets and jobs for the people they employ.

The National Centre for Farmer Health, funding for that is committed in the budget. While my colleague Jill Hennessy is responsible for funding for the health budget overall, for any workforce to be particularly effective, and a workforce that is so important for the future of the Victorian economy, needs to be a healthy workforce to be a productive workforce, so that is certainly very complementary.

Some of the work that my colleague Adem Somyurek is doing with boosting inbound trade missions will have a very clear focus on food and food production as well. So there is lots going on. I hope I have answered your question, Danny.

**The CHAIR** — Thank you, Minister.

**Mr MORRIS** — Minister, welcome to PAEC. Can I refer you to budget paper 3, page 123, and in particular the agriculture output in that output summary. Minister, it appears that — more than ‘appears’; it is in black and white — the budget for agriculture has been slashed by 11.9 per cent. Given that food and fibre production is a key part of the Victorian economy and obviously one of the major export groups for this state, why has the agricultural output budget been cut?

**Ms PULFORD** — Thank you very much for your question, David. The output does not include a number of significant initiatives which are about growing agricultural production. I just make that point at the outset. The Future Industries Fund is a \$200 million initiative to grow and support six key sectors that the government believes Victoria is set to lead the world in with the right support at this point in time — food and fibre is one of those six. I am probably a little biased as the agriculture minister, but I certainly pretty proudly proclaim it is the most important of the six. I might have an argument on my hands with some colleagues about that, but food and fibre is an essential part of those six industries that will be particularly important in supporting the growth of the Victorian economy, so there will be significant funds and direct support for businesses to grow and to innovate there. Similarly the Premier’s jobs fund again will have benefits and opportunities and access to funds for our primary producers and those along the value chain as well. I just say that at the outset.

The agriculture portfolio has two outputs: agriculture and sustainably managing fish, game and forest resources. The total portfolio budget for 2015–16, as you indicated, is \$425 million. There are a number of reasons for this variation, and I will go through those; I am very happy to do so. One of the main contributing factors is the reduction in the agriculture output. It relates to \$20 million that was there in 2014–15, the modernising farm services technology program. That is a program that has run its course; it has ceased. There was an accounting measure that the former government chose to use that we are not using, which includes \$20 million for vehicle depreciation. These are fire vehicles. They provided no service to any farmer anywhere ever, so they are not reflected there either.

Then there are another couple of factors that contribute to that variation. One is the fluctuation of research and development agreements that we have with industry. These are not brought to book in budget cycles; these are brought to book as they occur. So there is, I think you will find, David, each year a difference between what is budgeted and then what is actually accounted for at the end of each financial year. That is one of the main contributing factors to that. The other is the fluctuations that occur as a result of biosecurity events that we cannot necessarily foresee; in fact we cannot ever foresee them. These are funded through a series of arrangements that we have with the commonwealth and with the other states. Perhaps I can ask Luke to elaborate, if you would like.

There are Treasurer’s advances made available to deal with particular biosecurity events that occur throughout the course of any year. Some of these can be quite modest expenses, and some of them can be very significant expenses. It is not unusual for them to be in the many millions of dollars or tens of millions of dollars. What you will find — and we can talk about this next year perhaps — is that at the end of the year they are all brought to account. That is where you get those fluctuations.

There are really four main reasons to explain that variation: the significant difference in accounting measures — we are not putting vehicle depreciation in for vehicles that do not provide any benefits to farmers; those fluctuations that occur throughout the year because of the biosecurity responses that we cannot foresee; the various dates at which arrangements with industry come online, are entered into and expire; and that lapsing program that I indicated at the outset.

**The CHAIR** — The Deputy Chair, on a supplementary question.

**Mr MORRIS** — Is Mr Wilson going to elaborate before I do?

**The CHAIR** — Did you want Mr Wilson to elaborate?

**Mr MORRIS** — The offer was made, so yes.

**Mr WILSON** — That is fine. With biosecurity outbreaks, as the minister said, we do not know when and how many there will be, so the usual practice for many years has been to seek a Treasurer's advance at the conclusion of the year to deal with the outbreaks. Those advances vary depending on the number of outbreaks through the year. In a low year they could be of the order of 3 million to 4 million. In very high years, for example locust plagues and equine influenza outbreaks, they can go up towards 30 million.

Those advances are also included to factor in our contribution in the national cost share arrangements. So when there are incidents, if we are having giant pine scale, other states will make contributions there. There will also be other outbreaks in other states, and we will, in kind, make contributions back. They are through nationally agreed formulas. In a budgeting sense, until they play out, it is unknown exactly what those amounts will be.

**Mr MORRIS** — Minister, thank you for that comprehensive response. It appears from that that while there are a number of factors certainly, some programs are being cut. Can I ask you, given the 11.9 per cent reduction to that output, about the impact of those cuts and particularly how many staff will be made redundant as a result of that?

**Ms PULFORD** — Unlike the former government, we will not be reducing the size of the public sector workforce that supports this portfolio, and I think you will find that when you take into account that creative accounting around the vehicle depreciation and those year-on-year fluctuations that occur with industry partnerships and day-to-day biosecurity incident management as well as that one significant lapsing program, modernising farm services, which was a technology innovation program that has run its course, the level of spending and financial support for the portfolio is largely the same and there will not be any reduction in staff.

**Ms PENNICUIK** — Minister, I refer you to page 123 of budget paper 3. In the output summary there is the line item 'Sustainably manage fish, game and forest resources' and a budget line for 2014–15 is \$72 million revised to 83.2 and also for 2015–16 to \$83.2 million. Can you advise what amount in this budgeted item has been used for payment to VicForests in grants, subsidies and other financial support?

**Ms PULFORD** — VicForests does not receive any subsidies from the Victorian government. This was confirmed by a recent Auditor-General's report. Sorry, Sue, you were talking about sustainably manage fish, game and forest resources.

**Ms PENNICUIK** — Yes, grants, subsidies or other financial support.

**Ms PULFORD** — In response to your question, Sue, there are no subsidies paid to VicForests, which is why it is not there.

**Ms PENNICUIK** — No financial support of any sort?

**Ms PULFORD** — No. In fact VicForests pay a dividend to the Victorian government.

**Ms PENNICUIK** — Indeed. That was going to be my follow-up question. What is the expected dividend —

**The CHAIR** — Sorry; just a clarification, Ms Pennicui, is this your supplementary question?

**Ms PENNICUIK** — Yes. Minister, what is the expected dividend, and what is the required rate of investment to the public under the statutory obligations, which are also mentioned.

**Ms SHING** — On a point of order, Chair, I am just wondering what you mean by 'expected dividend'. Is it for the forward estimates period or just within these budget papers?

**Ms PENNICUIK** — Well, indeed. Budget paper, 147.

**Ms SHING** — Budget paper 3, page 147?

**Ms PENNICUIK** — Yes.

**Ms SHING** — Yes.

**Ms PULFORD** — What are you asking for? Sorry.

**Ms PENNICUIK** — What is the required rate of investment returned to the public from the sale of resources that must be met before timber is permitted to be allocated? The minister said there will be a dividend in the coming year, so I am asking: if so, how much is expected?

**Ms SHING** — Further to the point of order, Chair, I would imagine that that invites a level of speculation that is not open, in terms of the minister expressing an opinion about something that is not yet certain.

**Ms PENNICUIK** — The minister mention the dividend, though. I am just asking her a question.

**Ms SHING** — That might just then affect the weight that is placed on any answer, because it involves speculation. That is my only point.

**The CHAIR** — I am assuming that — and we will soon find out — the minister may have an estimate in terms of the projected dividend for the VicForests for the 2015–16 financial year. I am not sure how good the data might be in terms of projecting future dividends, so I will allow the question to stand, but the minister may wish to elaborate in terms of what is likely to be expected this upcoming financial year as opposed to what might be projected over the forward estimates.

**Ms PULFORD** — Yes. Thanks, Sue. Part of the responsibility for VicForests sits with me and part of the responsibility sits with the Treasurer. What I can tell you is what the dividend was last year, for 13–14, and just give you a bit of background. Since being established, VicForests has achieved almost \$16 million net profit and generated over \$1 billion in timber sales. VicForests delivered a net profit after tax of \$3.4 million for 2013–14. Following a dividend payment in 2013–14 of \$250 000, it has now returned dividends to the state in excess of \$5.3 million.

**Ms PENNICUIK** — Can the minister supply all of that in writing?

**The CHAIR** — I am sorry, Ms Pennicuik?

**Ms PENNICUIK** — Can the minister supply that information to the committee?

**Ms PULFORD** — You keep the transcripts, yes?

**Ms PENNICUIK** — Yes, thank you. Ahead of the transcript, because I did not write it all down.

**Ms PULFORD** — Ahead of the transcript? Yes, that is no problem.

**Ms PENNICUIK** — Thank you.

**Ms WARD** — Afternoon, Minister. Lovely to see you. I think that one thing around this table we can all be in broad agreement about is that farmers can experience a variety of pressures that can ebb and flow with the years. What I am interested in knowing is: if I get you to turn to budget paper 3, on page 20, it is regarding the Rural Financial Counselling Service, which I suspect is a pretty important service for people in rural and regional areas. There is \$1.5 million which has been allocated. Can you please explain to us what this commitment means and how it can support farmers to obtain financial support and advice in the future?

**Ms PULFORD** — Yes. Thank you, Vicki, for your question. The Rural Financial Counselling Service is a really important service. It provides a free and independent, confidential service to farmers. They are incredibly successful in supporting farmers. They have a very good record of timely and appropriate intervention and support. Around 70 per cent of people who seek their support then continue on with their business, sometimes with restructured financial arrangements — decisions made around investments and other business decisions. There are others who are then, following that advice and counselling, supported to transition out of what they have been doing. As you can imagine, people are enormously invested in the business that supports their livelihood and their families. Often for farming families this occurs over many multiple generations.

There has been an interesting history with the Rural Financial Counselling Service. The federal government a little while ago indicated that they were keen to review the service. It is one that is jointly funded between the state and the federal government. The federal minister, Barnaby Joyce, earlier this year, indicated that the initial

thinking of the commonwealth government — that there would be a need to reduce funding to the service — is now shelved. Given the drought experience here in Victoria and in other states, I think this is a decision by the federal government that we can all welcome.

In the budget papers you will see our funding is there for one financial year and is silent on what happens after that. The reason for this is because of that ongoing work that the federal government are doing to review it. The federal government have confirmed funding for their contribution to Victoria's ongoing service for six months, and there was an exchange of letters between the Victorian government and the commonwealth government. The Premier, Daniel Andrews, when he was acting minister, wrote to Barnaby Joyce indicating our continued support for the Rural Financial Counselling Service. I do have a letter from Minister Joyce to myself from March this year. I brought some copies that I thought committee members might be interested in, but it indicates his response to the National Rural Advisory Council's review of the program and their decision to provide an initial funding allocation to continue dialogue with the states and the service providers over the next little while, and then a further decision will be made about what happens with funding. I can pass these around, if people would be interested in that.

We are very committed to supporting the service. It was a great pleasure to meet with a number of people: Richard, Peter, Marshall, Mason and Jenny in Leongatha, who provide this service and to hear from them firsthand about the types of work that they do and the kind of support that they can offer. It is important to stress that confidentiality was very much retained for those conversations. They were general discussions about the type of work that they do, but they are very dedicated people who clearly work very hard, are very passionate about what they do and are very passionate about the future for agriculture. While we do have many people who are working in parts of agriculture who are experiencing great boom times and wonderful opportunities and furiously chasing new export markets, we do have others who are in a period of transition or experiencing a period of difficulty, and this is just a wonderful service. I am really pleased that the federal government have chosen to continue to support it, and we will work closely with them as they continue that review work to make sure that this service, in one shape or another, continues to be provided to Victorian farmers and the small businesses that work with them.

**Ms WARD** — Sorry, Minister, can I just clarify: we have got funding from the federal government for the next six months and you have an ongoing conversation with them about their contribution ongoing?

**Ms PULFORD** — Yes, that is right. For now the federal government have committed for six months. The funding that we have confirmed in the budget is for 12 months. Thank you for your question, and I would like to take the opportunity to affirm our commitment, and for what it is worth also inform members of the committee about the federal government's ongoing commitment to support this really important service.

**Mr D. O'BRIEN** — I met with them myself a couple of weeks ago, Minister, and it is pleasing to hear that in the dairy and beef industries the call on their services is falling because of better prices, clearly not so good in parts of the north-west of the state, so that is a concern. Minister, my question is related to research funding, and again referring to budget paper 3, 123, the output. The footnote on that page about the 11.9 per cent cut to the agriculture portfolio indicates the funding profile for external research contributions has been reduced. This is one of the factors, and I think you mentioned it before. Can you outline to us which external agriculture groups have reduced their funding, and by how much?

**Ms PULFORD** — Sorry, Danny, which page did you say?

**Mr D. O'BRIEN** — Sorry, page 123, and the footnote I am referring to is (j). It refers to a reduction or a change to external research contributions.

**Ms PULFORD** — The government supports the growth of production and jobs in the food and fibre sector by investing in activities that increase productivity, increase trade and investment, and facilitate industry development and transition. Growth of the sector will be supported by greater research, development and extension activities, and I will resist the temptation to tell you all about the amazing experience that I had in Dookie the other day with the robotic dairy; maybe we can do that in the tea break! But it was excellent. Everyone should acquaint themselves with that technology.

But the development of new technologies, new knowledge and innovation the whole way along the value chain is essential for support for a booming and dynamic agricultural sector. We play a key role as a national research,



development and extension provider within a national primary industries research, development and extension framework, and this has been I think very successful in terms of working collaboratively with other states, with industry groups, to provide support and to use the funding resources that we have available to greatest effect. A nationally coordinated approach, I think, has been very effective to that end.

There are long-term agreements with key national and international organisations, and Victoria does play a leadership role in this. The government, through the department, is investing around \$59 million in agricultural research, development and extension in 2015–16, and there will be matching investments from the Rural Research and Development Corporation, the Australian government and private companies. In partnership with industry, the government has a long track record in using its RD and E capability to develop new food and fibre industries to proof of concept stage, and I can share with you one example, which includes canola — now worth \$433 million in exports — and pulse crops, such as lentils and chickpeas. We do have some great partnerships with industry and with other governments. Some of them are long term, some of them are shorter term projects. We are very committed to working with producers and with industry more broadly to ensure its bright future.

**Mr D. O'BRIEN** — Point of order, Chair. I just would like the minister to come back to the question, which, just given the confusion, I will say again. Because you asked what the page number was again, so we are actually seeking which external groups have reduced their funding, and by how much. I think you are partly answering the question about the Research and Development Corporation — —

**Ms SHING** — In relation to the funding profile itself in the footnote?

**Mr D. O'BRIEN** — Yes.

**Ms PULFORD** — Okay, thanks, Danny, for the supplementary question. I am advised that at the time of publication joint-funded research and development expenditure is forecast to be around \$9 million lower than in 14–15, but I am advised that this is a conservative estimate and is likely to rise during the year as contributions are confirmed. I would refer you also to my earlier answer to David's question about the timing, the expiry and dates at which new agreements come online not aligning particularly neatly with budget cycles, but the work is ongoing and we will pursue new opportunities whenever and wherever we can. I would also add to that that the budget also includes a \$1 million commitment for a new horticulture innovation centre. This is a part of Victorian agriculture that is growing at an enormous rate. It supports the employment of 9000 people across 40 different product groups, so we will be supporting new innovation and R and D in horticulture as well.

**Mr D. O'BRIEN** — I guess my supplementary then is seeking clarification. You just mentioned that the R and D contribution from the state will be \$9 million lower than 14–15, so could you confirm then that this cut in R and D funding will in fact lead to a matching cut in the contribution from the external — —

**Ms SHING** — Just a point of clarification. I think the minister indicated that it would be \$9 million lower than is projected but it was likely to rise during the year, just to make that point clear.

**Mr D. O'BRIEN** — Thank you, Ms Shing. Could you confirm then that that reduction will also see a matching reduction from the R and D corporations?

**Ms PULFORD** — As I indicated to you earlier, we do think that that is a low number. We do believe there will be new jointly funded arrangements entered into. I am not in a position to guess where they are going to land, but what I can assure you, Danny, is that we are very committed to supporting R and D, that we are also committing \$20 million of funding to the establishment of Food Source Victoria. I think, when our groups of producers get together to identify opportunities for expansion and growth of their sector or product in their region, that will also potentially leverage additional opportunities in RD and E as well.

**Dr CARLING-JENKINS** — Thank you, Minister, for your presentation, your broad overview of your portfolio and your obvious commitment to economic and social development, particularly in the rural and regional areas. I would like to pick up on a point that you addressed in your presentation. It is also on budget paper 3, page 19, and on page 7 of your presentation, where you spoke about addressing trade barriers and you spoke about growing exports, which is very important and very timely for many areas in Victoria, as you would know. I would like to turn your attention to the Sunraysia region. I understand that Victorian fruit and vegetable exports, in particular table grapes grown in this region, are suffering badly from the recent closure of the

Vietnam market to our produce. It is my understanding, and you would probably have a lot more information on this than I do, that the value of Victorian table grapes exports lost in this season could total \$30 million.

I noted in your presentation that you did mention Japan as a market that is opening up, but I do not believe that it will be able to pick up all of these losses. Given that it is now only seven months until the start of the 2016 season and the Vietnam market remains close, can you outline for the committee what progress is being made in addressing this trade barrier?

**Ms PULFORD** — Thank you for your question, Rachel. This has been a really difficult issue and a really difficult time for the table grape growers in the Sunraysia region.

**Dr CARLING-JENKINS** — Sure.

**Ms PULFORD** — I had the opportunity to meet with representatives of their industry group in Mildura early in the year, and the frustration that they are feeling was palpable. The issue of access for them, for their product to Vietnam has been and continues to be a challenge.

I probably should say at the outset, as we all noticed particularly last week with the Johnny Depp puppy dog incident, the federal government do have — —

**Mr D. O'BRIEN** — Dogs plural, Minister.

**Ms SHING** — I think Boo and Pistol should be referred to by their names, Minister, so that we get that on to the transcript.

**Ms PULFORD** — Thanks Harriet: Pistol and Boo-Boo.

**Ms SHING** — Just Boo, a single Boo.

**Ms PULFORD** — Boo and Pistol. My federal counterpart, I think, did a very important thing in taking on one of Hollywood's darlings but making a really important point about the importance of our border control's customs arrangements.

**Mr D. O'BRIEN** — He got them to bugger off, Minister.

**Ms PULFORD** — And our biosecurity arrangements.

**Ms SHING** — Depart peaceably, Danny.

**Ms PULFORD** — He did, Danny. He told them to 'Bugger off', and I think everybody was captivated by watching that saga unfold over a couple of days. So it is the federal government that has primary responsibility for our trade relationships. They negotiate our free trade agreements, and they have primary carriage for this work. We have an important role to play in supporting this, and we have an important role in a number of different ways.

We need to ensure that our own producers are properly supported by the federal government. We need to ensure that they can have their voices heard in a really broad and diverse economy. When you think about all of the things that the federal trade department would be contemplating at any one moment in time, it is a broad sweep. So it is an important job for us to do in making sure that the federal government understands the challenges that our producers are experiencing.

Your numbers are correct, as I understand. The \$30 million impact for the table grape growers in the Sunraysia region because of their inability to get their product into Vietnam. As we move into an increasingly free trade market — we have three new free trade agreements the commonwealth have negotiated that will come online gradually over the next five or six years — we need to be developing expertise and greater capacity in non-tariff impediments to trade. In the case of the table grape growers and Vietnam, the Vietnamese government was of the view that we had medfly. Now medfly is not something that exists in that part of Australia, so we were quite confident that this was not the case but it became a very difficult thing to establish to the satisfaction of the Vietnamese government.

There is a meeting of the agriculture ministers from around the commonwealth in Sydney this Friday. I am looking forward to discussing these issues with my interstate and federal counterparts. Victoria is keen to offer something that we think may be part of a solution or certainly a good step forward in addressing trade barriers, so this is something that we will be proposing to that meeting. It is around providing an additional resource to the commonwealth department — by ‘an additional resource’ I mean a person with some expertise in these matters — to work closely with them on the non-tariff barriers to access.

It is of little use to our growers to have free trade agreements if they cannot get in the door. The experience of the table grape growers with Vietnam has been particularly acute, but unfortunately it is not isolated or even all that unique. This is a really important new frontier for us, so I am proposing that Victoria can do more to support the federal government in a way that will perhaps make it easier for them to assist our producers and our growers.

**Dr CARLING-JENKINS** — Minister, I can tell you have really been grappling with these issues for quite some time now.

**Ms PULFORD** — Grape-ling!

### **Members interjecting.**

**Dr CARLING-JENKINS** — Going back to the supplementary question, Minister, I appreciate your role of advocacy for Victorian farmers, and I absolutely acknowledge that this is a responsibility shared with the federal government, and obviously more so one for the federal government to address. I would just like to get a sense of if efforts to reopen the markets fail and the markets remain closed to Victorian produce in the next season, with a focus on table grapes again, what strategies are you aware of in the federal government through your role of advocacy there and what strategies do you have in mind to assist farmers who have relied on these markets?

**Ms PULFORD** — I gather that the federal government have now heard pretty loudly and clearly the cries from our Victorian table grape growers.

**Dr CARLING-JENKINS** — They are just not necessarily responding to them.

**Ms PULFORD** — But I gather it took about a year for that to happen. Getting heard was the first part of their problem. Getting a response at the right point before the season so that they could actually make some sales and catch up after a really terrible experience last season is very important. My department is working very closely with the federal department on this. We will be having this discussion at ministerial level on Friday about an additional resource Victoria is offering to the commonwealth to try and move this along. I will do whatever I can do to help with their access issues in whatever respect is going to be helpful. In the first instance our effort has been to bring this to the commonwealth’s attention. If there are other things we can do more directly, we will do them, but we need to be really careful that we are not confusing overseas markets by having competing governments turning up and saying, ‘Hey, we represent these Australian growers’. We need to be really conscious of that, and we need to work as part of a national team on market access. We are doing what we can, and I will continue to do whatever is within my power to assist these growers with this problem. Their products sell themselves. If you have had the pleasure, if you just get them out of the shipping containers, onto tables and into stores, the rest will all just happen.

**Mr DIMOPOULOS** — Minister, my question is in relation to the maintaining market access line item on page 20 of BP3. I have read a bit of the blurb on the preceding pages, but I just want to see if you could elaborate a bit more on this initiative. You talked about biosecurity earlier, but how does this assist with biosecurity activities?

**Ms PULFORD** — Thanks, Steve, for your question. Biosecurity and a robust and well-resourced biosecurity effort are critical for supporting our agriculture sector and maintaining access to international markets. A serious biosecurity event can often be controlled in a way that is much quicker by having a local control rather than have the resulting shock waves that can run through trade markets for years and years afterwards. My biosecurity experts and advisers often describe these things as being as much a biological hazard as a trade or an economic disease. We are very keen, and I am very keen, for us to rebuild our capacity in biosecurity. Victoria’s agriculture sector represents 40 per cent of goods exported each year, and the risk posed

by bugs, pests and diseases that can have a really profound impact on growers or producers, as Rachel pointed out in her question, is ever present. We have a critical role in supporting that, farmers have a critical role in supporting that, but for government the task is ongoing and ever present.

The previous government had an initiative called the sustainable government initiative, which was about shrinking the size of the public service. That initiative had a pretty dramatic effect on our biosecurity capability in Victoria. Staffing was reduced by 24 per cent, which was 112 positions over the period from 2010 to 2014, and the budget was reduced by a third. I am not here to tell you that this is going to be an easy fix or that this is something that can be put back together overnight. The cuts were deep. The changes in the way that we approach these issues forced some real rethinking within government about how to respond and how we can be as effective as we possibly can be with a much smaller budget. It is important that we do strengthen our capacity, and that is what that immediate funding instalment is about. Again, as it is in so many respects in this portfolio, working in partnership with industry is absolutely critical to our success, but we do have some work to rebuild.

I also have, if members of the committee are interested, a diagram I would like to share with them that shows the changes in the biosecurity budget in the last five years and the impact that they potentially have. It is up to the committee to decide if it is of interest. It is certainly of interest to me. That is what that additional resource is about: starting to rebuild that capacity.

**The CHAIR** — I am happy to have the documented distributed to committee members.

**Mr D. O'BRIEN** — My question flows nicely on from that one, Minister, and I refer to budget paper 3, page 20, again, 'Maintaining market access'. My question in relation to that very significant biosecurity issue is: will your government be implementing the electronic identification for sheep and goats in Victoria to manage the traceability of livestock in the event of a foot-and-mouth disease outbreak?

**The CHAIR** — I am sorry. Could I get you to repeat the question? Sorry, I just missed it.

**Mr D. O'BRIEN** — The question is: will the government be implementing an electronic-identification-in-sheep-and-goats system to manage the traceability of livestock in the event of a foot-and-mouth disease outbreak?

**Ms PULFORD** — Thank you for your question, Danny. I think this is a really important innovation that Victoria will need to play a role in leading nationally. I was at an abattoir in Colac the other day. It is expanding dramatically, and that expansion was supported by the former government which provided grant assistance to that expansion of the business. Indeed they are keen to expand it even further. They are basically planning to double the size of the business. A number of the new innovations they are hoping to introduce at the abattoir in Colac are very complementary to that tagging initiative. They are already partly using it, but when I was in Colac the other day they were talking about it being not so far in the future where people would be able to go to the supermarket and scan the lamb chops or the leg of lamb and up will come a picture of where it came from. Now that is kind of cool and not the main reason you would do it, but there is obviously a greater interest by consumers around where food has come from.

The single greatest reason to improve traceability is, of course, in terms of managing disease outbreak. This is really very important. Sheep were responsible for the spread of foot-and-mouth disease in what can only be described as a catastrophic outbreak in the UK in 2001, and in the event that we had foot-and-mouth disease in Victoria they could play a similar role. A national decision regulation impact statement was released in October 2014, and it discusses three different options for improving the current national livestock identification system. Option 1 relies on the continued use of visually readable ear tags, enhanced with a range of labour-intensive verification procedures, while options 2 and 3 rely on the use of electronic ear tags. Obviously new technology is changing the way everyone does everything, and this is what Danny's question reflects. We now have the capacity for electronic tagging. The benefits of doing it are very clear and very significant.

**Mr D. O'BRIEN** — The question was actually whether the government is going to do it.

**Ms PULFORD** — I will make a decision about which option best suits Victoria's needs, after taking advice from our Victorian sheep and goat industry advisory committee and from the industry more broadly. The

question is around how keen our interstate partners are also willing to move and, of course, the relative benefits versus the costs. I would be the first to agree. I am not sure, but I assume you think this is a good thing.

**Mr D. O'BRIEN** — I am just asking the question.

**Ms PULFORD** — I certainly think it would be. It would provide enormous benefits in time. I think it is probably only a matter of time, but this is something that I will consider, after consulting with industry, which option works best for us.

**Mr D. O'BRIEN** — Minister, I am a little confused. You will take advice, and I understand that, but then it is only a matter of time. I take it a decision has not been taken. Do you personally have confidence in the paper-based system for tracing an outbreak at the moment?

**Ms SHING** — On a point of order, Chair, in my view that is inviting the minister to express an opinion, again, which is not relevant to the budget papers. Perhaps if Mr O'Brien could rephrase in relation to the supplementary about the current paper-based system.

**Mr D. O'BRIEN** — Is the minister satisfied that the current paper-based system would deal adequately with a significant foot-and-mouth disease outbreak?

**Ms PULFORD** — As in every endeavour in this digital world in which we live, there are great opportunities to improve the way we do all manner of things by introducing new technology. A foolproof, faultless digital system would, in any respect, be more effective than a paper-based system. It would be less prone to error, but, that said, it would not be completely absent of error because coding is done by humans, and these things can be imperfect. But I would have thought that, in time, increased use of electronic tagging would be beneficial, and I would be surprised if anyone disagreed with that.

**Mr D. O'BRIEN** — Not at all, but I guess that begs the question. Will you proceed with a Victorian-based — —

**Ms WARD** — You have had your supplementary question.

**Mr D. O'BRIEN** — I thought I got invited to ask another one at this point, so I thought I would.

**Ms SHING** — Minister, I would like to take you to budget paper 3, page 20, which we have already been on a number of times this afternoon, to look at the investment into fishing in the 30-years output, as it relates to phasing out commercial netting and other activities. I would like to have you elaborate, if you could, on how that Target One Million initiative of \$20 million will actually be spent.

**Ms PULFORD** — Thank you for your question, Harriet. Target One Million is a comprehensive policy statement that Labor announced before the election, which is all about getting more people fishing more often. It is quite a long list of initiatives in different parts of the state. I referred in my earlier presentation to trout fishing in Lake Toolondo. Our plans as part of Target One Million include introducing barramundi to the Hazelwood pondage, having a statewide recreational catch server and expanding the Victorian angler diary program. We are increasing fish stocking, as I said, from 3 million to 5 million, planning a small grants program, \$2000 grants for fishing clubs to promote membership, fishing and boating facilities.

The most significant part of the Target One Million policy is around the cessation of commercial netting in Port Phillip and Corio bays. There are 43 current licence-holders that are netting in Port Phillip Bay and Corio Bay. Some of those fishing families have been doing this work for generations. Indeed I met a gentleman not that long ago whose family have been doing this for five generations. I am very conscious that this is a very significant change for these individuals. We are consulting with them. I am meeting with as many of them — direct, personally — as I can to talk about this change.

For some of these businesses netting is a very large part of their catch; for others it is about half of their catch and line fishing is something that they do as well. For some this policy will mean that they will need to get out altogether; for others it will mean that their businesses will need to change. I am very keen for us to do this as sensitively as we possibly can and to make sure that those 43 affected licence-holders are consulted every step along the way and understand what we are doing every step along the way. I have asked the department to make available support for people who want it, and these people might not necessarily want it. But if people want

some financial counselling support, or some emotional counselling support, that these things be made available for what is a really difficult transition for people.

The way that the government is intending to implement this will mean that there is a sliding cap. That means that as licences are bought out the total catch will gradually decline, so the benefits to the recreational fishing community will be able to be seen from the time that licences are first bought out. I cannot tell the community exactly what demand on the licence buyer is going to be when there is a process of having the licences independently valued. The valuer-general will be undertaking that work. The commitment is \$35 million over eight years and \$20 million is there in the budget papers, as you pointed out, Harriet.

The balance of this will need to reflect discussions with those 43 licence-holders and with commercial fishing stakeholders and recreational fishing stakeholders. I hear that as many as a third of those licence-holders are keen to get out pretty quickly, but until we know the valuations it would be premature to guess. I expect we will probably have some licences bought out by the end of this year, but the proportion of that \$5 million each year that is there in the budget papers that will be used for buying out of the licences and with other things like the grants facilities, fish stocking — some of those other measures — will need to be balanced. What I am committing to the committee is that I will work very closely with all the stakeholders to make sure that everybody understands how we are going to get that balance right. If we have a mad rush on buyouts early, then we will need to balance those other parts of the policy. If we have a very low uptake of licences as they are not particularly high value, then they will be able to provide more facilities earlier on, but we will just need to manage that throughout the process.

**Mr MORRIS** — Minister, I refer to budget paper 3, page 20, and in particular the fox bounty program, the million dollars in there for 2015–16. Prior to the election the now government committed to continuing the fox bounty — and I am sure I am going to be asked when that commitment was made; it was made by now Minister Allan at the VFF debate at Shepparton during the election campaign — but in the budget papers we see the bounty funded for only one year. Can you guarantee to the committee that the fox bounty program will be funded for the full four-year term of the Andrews government?

**Ms SHING** — On a point of order, Chair, are you asking for a guarantee across the forward estimates period?

**The CHAIR** — Through the Chair.

**Ms SHING** — Sorry, through the Chair.

**Mr MORRIS** — I am saying an election commitment was made. It is now not funded, and I am asking: what about the other three years? In fact it is only funded for a million dollars this year.

**The CHAIR** — I will allow the question.

**Ms PULFORD** — We are committed to continuing the fox bounty. Effective management of pests requires an integrated approach: baiting, trapping, exclusion, fencing and hunting. It also relies on the government working with the community, industry and other land managers, including those who work for government, working together to reduce the impact of foxes on stock. That is why we committed prior to the election to retaining a bounty on fox scalps, and that is what the budget reflects. The budget fulfils that commitment by providing a million dollars in 2015–16, which will supplement the other work that the department does in fox control. The way that this works is that \$10 is paid for eligible scalps. There are a number of locations across the state where people can take their scalps and cash in, and that information is available on the department's website. There are certain periods of the year where people are able to do that. That will continue to be something that the government will support, and funding for the fox bounty in future years will be provided for in future budgets.

**Mr MORRIS** — Over the course of the last four years it is my information that some 350 000 foxes met their end as a result of the bounty. You have referenced the department's website, and I note that the website indicates that the dog bounty will end on 30 June this year and the \$10 reward for fox scalps will end at the end of October 2015. Collections will cease at the end of October 2015. This does not seem to tally with your earlier answer. Minister, what programs will you commit to to keep fox numbers down beyond the current \$1 million of funding?

**Ms PULFORD** — The dates that you refer to represent the window for collection. I wanted to confirm that. Those arrangements are the same as they have been in previous years. As I indicated before, our funding for a future fox bounty will be in future budgets, but there is \$1 million in this year's budget to continue the fox bounty. I note the numbers that you have cited to me. I also heard the rather disturbing number that we have about 1 million foxes in Victorian, so the work of farmers, of other private landholders, of people who are hunters who would like to avail themselves of the bounty and of many others will be required to continue in earnest.

**Ms WARD** — Minister, I want to talk to you about something that I am passionate about and I know that you are passionate about — that is, the issue of puppy farms. As the owner of a very big and goofy rescue dog, I am very pleased with the direction that this policy has been taking. I know that is also something that is very important to the people in my electorate. We had a march against this activity last year. There are a lot of passionate dog owners in the north-eastern suburbs, I can assure you. Can I get you to turn your attention to page 20 of budget paper 3? I see that there is a \$5 million commitment to the RSPCA. Can you give us an update on what work has been done thus far and how we are going to proceed?

**Ms PULFORD** — Thanks, Vicki. I am very happy to give you an update on our progress on implementing the policy to stop puppy farming in Victoria. We had quite an extraordinary response to our campaign on puppy farms last year. I think the community have spoken very loudly and clearly about their desire to not see dogs bred in industrial-scale complexes or in squalid and horrible conditions. There are around 10 000 registered breeders in Victoria who are breeding dogs without farming them as such. So there are certainly no shortages of places to find a dog. I note that in your question you talked about having a rescue dog. I have certainly through my work on this policy met many people involved in the rescue community. They are to be congratulated for the fine work that they do. Anybody looking for a new family friend certainly needs to be a conscious consumer.

**Ms WARD** — I would highly recommend rescue dogs.

**Ms PULFORD** — Excellent! Thank you for the plug for rescue dogs. The budget confirms the \$5 million of funding to the RSPCA. The RSPCA has a funding agreement with the Victorian government and they have had a level of funding which has been pretty consistent until the last six months or so, which has been an agreement about sharing responsibilities and response to animal welfare issues. This \$5 million of funding is specifically to support their efforts on puppy farms. It complements a number of other measures that the government is taking. There is a code of practice that governs the arrangements for domestic animal businesses. We are tightening the code of practice. There has recently been a period of public consultation on a requirement for veterinary checks before and after each litter. The code was amended just before the election by my predecessor, Peter Walsh, to reinstate to the code a maximum five-litter limit.

There are some other measures that the government is working very hard on. Some of these are quite involved, and so we are having to prepare a regulatory impact statement for two of the measures. One is the commitment to limit pet shops to selling dogs and cats to those supplied from shelters or pounds, or in partnership with the rescue shelters. The other quite significant one that is subject to regulatory impact statement that will take a little bit longer is the measure which will restrict the number of bitches that can be breeding dogs in a domestic animal business to 10. At the moment some of these domestic animal businesses have 200 or 300 dogs that they are breeding puppies from. This part of the policy is one which we said we will increase gradually over a number of years. So by 2020 this measure would be fully in effect, but it is my intention that that would be scaled over that period of time to enable those people who are currently in that line of work to slowly shift down the size of the operation.

So there are a number of measures that combined, we think, will smash the business model for puppy farming in Victoria. This commitment in the budget is part of that and increases the capacity of the RSPCA to run an effective inspectorate. These are businesses that commonly operate in the shadows; they are hard to find; they are often tucked away well out of earshot of neighbours; and so additional resources to enable them to be found and inspected is an important part of this fight.

**Mr D. O'BRIEN** — Minister, the previous government had a target to double agricultural production by 2030, and I refer to budget paper 3, page 20, again in relation to maintaining market access and productivity. My question is: will your government set a production target for agriculture?

**Ms PULFORD** — The Andrews government is supporting our agricultural industries to grow in a number of ways, and we are very excited about the opportunities to grow this very important part of the Victorian economy. Agriculture contributes \$11.6 billion to the Victorian economy annually, and food and food production, when you count primary production and people working in the food factories across the state, contributes to support the income of 140 000 Victorians. We are really keen to see this grow, as I am sure the former government was too. We talked earlier today about access to trade markets and the opportunities that exist from changing palates and changing consumer tastes in other countries in the world. This is particularly the case in a number of Asian trading partners and in the Middle East, but we would not limit our sights to only those markets.

We will be growing our food production in a number of ways. The domestic market of course is incredibly important, and encouraging and supporting people to embrace our wonderful local products is important, but the really fabulous opportunities for growth do lie in harnessing those export opportunities. So that is why we committed \$20 million in the budget to establishing Food Source Victoria. This is about bringing groups of growers, farmers and producers together by region and assisting them to collaborate, to partner and to reach into new export markets. That is why we are supporting the establishment of the Horticulture Innovation Fund. As Rachel asked earlier about some of those barriers to market access, we are working and trying very hard to think of innovative new solutions to emerging challenges that limit our capacity to grow production.

The government also has — very complementary to the agriculture portfolio but not recorded in line items under the heading ‘Agriculture’ in your budget papers — that \$200 million Future Industries Fund, which is about supporting six key growth sectors, and food and fibre is absolutely essential to the future of the Victorian economy. We are very committed to supporting this growth, to working with industry groups, to building our skills, to supporting research and development, to rebuilding our biosecurity capacity after the former government had reduced it somewhat and to taking our agricultural industries to the next level.

We believe that there is an incredibly exciting future for agriculture in Victoria. I personally could not be more enthusiastic about it, more excited about being able to work every day with people who are doing such innovative things, chasing new markets and developing products — our small producers, medium producers and industries, each of which has a \$2 billion share of that \$11.6 billion story for Victoria each year. Our horticultural exports almost doubled in the last 12 months, so I think the sky is the limit for agriculture in Victoria, and I am very excited about working closely with the sector to grow it and to ensure that it plays the greatest possible role it can in making our Victorian economy strong.

**Mr D. O’BRIEN** — Minister, so we have got a \$9 million cut to the R and D budget and no target, and my question is: how do you measure the success of your government and your department if you have no target?

**Ms PULFORD** — We believe that we will be able to measure the success of our agricultural production in so many different ways. The value of products is an important measure; the access to new export markets is an important measure. There are a number of new measures in the budget papers that you will see that indicate where we think the most effective tools are for identifying whether we are hitting the mark or not. For example, there is a new measure in relation to food exports. We used to measure what local businesses thought that they would book in sales as a result of participating in trade delegations; now we are changing that measure to book what is actually occurring. So we will continue to respond to the targets that we set this year and next year. We want to make sure that they are the kinds of things that we need to be measuring to ensure a robust, a dynamic and a rapidly growing agricultural sector in Victoria. So there are many targets, and it is certainly my intention that we will meet them all. We will work closely with industry to do so.

**The CHAIR** — Thank you, Minister. I thank Mr Luke Wilson and Ms Lill Healy for attending.

**Witnesses withdrew.**