

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2013–14

Melbourne — 23 May 2013

#### Members

Mr N. Angus  
Ms J. Hennessy  
Mr D. Morris  
Mr D. O'Brien

Mr C. Ondarchie  
Mr M. Pakula  
Mr R. Scott

Chair: Mr D. Morris  
Deputy Chair: Mr M. Pakula

#### Staff

Executive Officer: Ms V. Cheong

#### Witnesses

Mr P. Walsh, Minister for Agriculture and Food Security,  
Mr A. Fennessy, Secretary,  
Mr C. O'Farrell, Chief Financial Officer,  
Mr M. Clancy, Chief Financial Officer,  
Professor G. Spangenberg, Executive Director, Biosciences Research,  
Dr C. Noble, Chief, Science and Technology, and  
Mr H. Millar, Executive Director, Biosecurity Victoria, Department of Environment and Primary Industries.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2013–14 budget estimates for the portfolios of agriculture and food safety, and water. On behalf of the committee I welcome the Honourable Peter Walsh, MP, minister for these portfolios, and from the Department of Environment and Primary Industries, Mr Adam Fennessy, Secretary — welcome; Mr Chris O’Farrell, Chief Financial Officer; and Mr Matthew Clancy. Members of Parliament, departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public gallery that they cannot participate in any way in the committee proceedings. Only officers of the committee secretariat are to approach committee members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing to provide information to the minister by leave of myself as Chair. Written communication to witnesses can only be provided via officers of the committee secretariat.

Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

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 precincts of the hearing are not protected by parliamentary privilege, including any comments made on social media from the hearing itself. The committee has determined that there is no need for evidence to be sworn; however, witnesses are reminded that all questions must be answered in full and with accuracy and truthfulness. Any persons 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. Witnesses will be provided with proof versions of the transcript for fact verification within two working days of the hearing. Unverified transcripts and PowerPoint presentations will be placed on the committee’s website immediately following receipt, to be replaced by verified transcripts within five days of receipt.

Following a presentation by the minister, committee members will ask questions relating to the inquiry. Generally the procedure followed will be that relating to questions in the Legislative Assembly. Sessional orders provide a time limit for answers to questions without notice of 4 minutes, while standing orders do not permit supplementary questions. It is my intention to exercise discretion in both matters; however, I do request that witnesses answer each question as succinctly as is reasonable, recognising that many responses may include a degree of complexity. I ask that all mobile telephones be turned off or turned to silent. I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex matters related to the agriculture and food security portfolio. Welcome, Minister.

**Mr WALSH** — Thank you, Mr Chair, and thank you for the opportunity to come along today. As you have already said, I am joined at the top table today by Adam Fennessy, the Secretary of DEPI; Chris O’Farrell, who is the Chief Financial Officer from the DPI side of DEPI; and Matthew Clancy, who is the Chief Financial Officer from the DSE side of DEPI. Also in the audience we have James Flintoft, the Deputy Secretary for Agriculture Productivity, German Spangenberg, Ron Harris, Hugh Millar, Anthony Hurst, James Florent, Bernie O’Sullivan and Clive Noble, if they are required to give answers.

#### **Overheads shown.**

**Mr WALSH** — As the committee would be well aware, the DEPI was formalised on 9 April by an announcement from the Premier, Denis Napthine, to merge the old DSE and DPI. The creation of the Department of Environment and Primary Industries will have a number of significant benefits for Victoria, including a better and more efficient management approach for public and private land and water. The merger of the two departments will provide Victorian communities with a one-stop shop for land and water management issues and enable more practical and efficient land and water management outcomes. In turn, the new department will provide a more streamlined and responsive service to our key stakeholders in rural and regional Victoria. Equally, it will enhance the level of service the government provides to food and fibre producers and a more focused approach to regional service delivery.

The focus of the Department of Environment and Primary Industries is on boosting productivity in Victoria’s world-class food and fibre sector, managing our natural resources, protecting our environment and responding to fire, flood and biosecurity emergencies. The agriculture and food security portfolio of DEPI is responsible for

agricultural research, development, extension and market development, together with industry regulation and compliance, native timber forestry regulation and recreational and commercial fisheries. It is also responsible for game management and animal welfare and plays a key role in emergency response and recovery.

The DEPI agriculture and food security portfolio functions are critical in the wellbeing of Victorian communities and particularly the state's economy. The department seeks to support Victoria's food and fibre producers through investment aimed at boosting on-farm productivity, protecting farm industries from the threat of pests and disease and facilitating market development. DEPI is also focused on ensuring Victoria maintains its reputation for the highest animal welfare standards, improving opportunities for recreational fishers, effectively managing Victoria's commercial fishing sector, ensuring the viability and sustainability of the native forest timber industry and regulating and improving opportunities for game hunting.

The Victorian coalition government, through DEPI, is helping to boost on-farm productivity through targeted investment in agricultural research, development and extension. It is also actively pursuing new export opportunities for Victorian food and fibre producers through a market development program aimed at building the share of existing markets and opening up new markets around the world. The DEPI agricultural scientists are focused on technologies leading to rapid productivity gains, helping to enhance Victoria's international competitiveness. The department is also responsible for protecting Victoria's world-class reputation for safe and reliable agricultural products through its work in maintaining and boosting the state's defences against pests and diseases. DEPI plays a pivotal role in responding to fire, floods and other natural disasters to minimise their impact on Victorian communities, and the department is also responsible for effective management and regulation of recreational and commercial fishing and the state's native forests and timber industry.

The food and fibre sector is a major contributor to Victoria's economic wellbeing and accounts for one in every six jobs in rural and regional Victoria. The food and fibre sector employs nearly 154 000 people in a bit less than 51 000 businesses. These figures are based on the 2011 census of population and housing. This includes jobs with businesses from agriculture, seafood and timber production, food, fibre, beverage manufacturing and wholesaling.

The farm sector is the lifeblood of many rural communities across the state and is the heart and soul of country Victoria, and as we have already said, the food and fibre industries are critical to the overall wellbeing of the economy here in Victoria. Victoria is the nation's leading exporter of food and fibre, accounting for 29 per cent of the total exports from what is just 3 per cent of the arable land mass of Australia. Exports in food and fibre from Victorian ports increased by just over \$900 million in the year 2011–12 to reach a record \$9 billion. That is a significant part of the Victorian economy and is very, very important for us here.

The top 10 markets for Victoria's food and fibre exports are China, Japan, New Zealand, Indonesia, Malaysia, USA, Singapore, South Korea, Hong Kong and Vietnam, with China being the most important export market purchasing \$1.8 billion worth of food and fibre products out of Victoria in that particular financial year. It is interesting to note that the cumulative food and fibre exports out of this state are more in dollar value than either overseas education or overseas tourism, which puts it in some context for the Victorian economy.

The rapid economic development continues in Asia, India and the Middle East and accompanied by an increase in the affluent middle class in those regions, we believe that demand for food and fibre is forecast to grow even more significantly into the future. By virtue of our favourable climate, our biosecurity defences and our production systems, Victoria is in a position to take advantage of unprecedented global demand for food and fibre into the future. We as a government have actually set a target to double agricultural production by 2030. We believe this is an achievable target based on the increasing demand for Victorian produce and our competitive advantage as a supplier of high-quality food and fibre. The future is not without its challenges, however; capitalising on global demand will require ongoing advances in on-farm productivity, adequate biosecurity measures and maintaining and enhancing Victoria's international competitiveness.

The Victorian government recognises the importance of continuing and increasing on-farm productivity in order to maintain and enhance that international competitiveness of our state's food and fibre producers. We also recognise the critical role that biosecurity plays in ensuring the ongoing success of the food and fibre sector. As a committee would know from last year's discussion, the government invested an additional \$61.4 million in the Growing Food and Fibre initiative and this year \$15 million of that money is being allocated in the budget. Under this initiative the government is also actively pursuing new export opportunities for food and fibre

producers. This plan is an investment in jobs in regional Victoria and continues the long-term success of the food and fibre sector, one of the engine rooms of the state's economy.

That additional money into the Growing Food and Fibre initiative this year sees an additional \$14.3 million going into the dairy sector for innovation into the future, \$9 million going into the beef and lamb sector, \$10 million going into the grains sector, additional money going into the horticulture sector and a significant amount of money going into protecting us against biosecurity threats and helping develop export markets into the future. The Growing Food and Fibre initiative research includes genome sequencing of sheep and beef cattle, best practice lamb reproduction, the development of an experimental summer fruit orchard at Tatura and also almond productivity research into the future.

In regard to livestock biosecurity, all livestock products such as wool, skins and hides, as well as the value of livestock slaughtered in Victoria, the Victorian livestock industry is collectively the state's largest agricultural industry with a gross value of \$6.5 billion in year 10–11. The gross value of sheep and lamb production in 10–11 was more than \$1 billion. The Victorian dairy industry is the engine room of the Australian dairy industry with the Victorian industry accounting for two-thirds of national production and 86 per cent of our exports.

The ongoing success of Victoria's livestock industries is highly dependent upon adequate defences against livestock pests and disease. The Victorian government recognises the importance of biosecurity and is investing in programs and research to counter threats posed by pests and disease to livestock producers. In this year's budget the Victorian government has allocated \$2.3 million to increase the livestock industry's ability to respond to disease outbreaks. This money will be spent over the next two years, particularly focused at managing any potential threat from foot-and-mouth disease and our ability to respond to that. The money will be there particularly to assist with the introduction of electronic identification in sheep and goats. That money has actually been matched by the Sheep and Goat Compensation Fund, because the industry also recognises this is very important.

The Department of Primary Industries is also responsible for regulating Victoria's recreational and commercial fishing sector together with the native timber forest industry and recreational game hunting. The Victorian government recognises that an appropriate regulatory and legislative framework is essential for fisheries, forestry and game. We are committed to actively investing in programs and initiatives designed to improve opportunities for recreational fishing and hunting. Similarly, we are also committed to Victoria's world-class sustainable native timber forestry sector as an important source of economic activity in rural and regional Victoria. In this year's budget there has been \$8.2 million allocated to establish an independent Game Management Authority. The establishment of this Game Management Authority fulfils a 2010 election commitment to better coordinate game management efforts and improve opportunities for game hunting in Victoria.

Finally, there is money in the budget for the continuation of the Rural Financial Counselling Service. It plays a vital role in helping food and fibre producers and other small rural businesses overcome financial difficulties. It provides extensive support across Victoria, and something like 13 000 businesses have accessed it since 2008. The state budget allocates funds to continue the 25 full-time equivalent rural financial counsellors and two senior coordinators to match our commitment with that of the commonwealth government in this particular program. The Rural Financial Counselling Service plays a significant role in the operation of the Victorian farm debt mediation scheme, a coalition government initiative which requires banks and other creditors to offer food and fibre producers the option of mediation before initiating debt recovery proceedings.

**The CHAIR** — Thank you, Minister. We have just under an hour and three-quarters for questions this morning. I will start the process. Minister, in the context of the 2013–14 budget, can you outline to the committee examples of capital infrastructure projects in the agriculture and food security portfolio which will be either commenced or completed in the coming year?

**Mr WALSH** — The Liberal-Nationals coalition government has delivered a strong, financially responsible budget that delivers significant benefits for the state of Victoria. Over the past two years our government has strengthened Victoria's financial position to a point where we will be able to fully fund the state's infrastructure program without additional borrowings by 2015–16. The budget focuses on building growth and delivering major new infrastructure projects in the state of Victoria.

In the agricultural portfolio area, there are a number of projects that are starting or will be concluding this year. The first project I would like to mention is the establishment of a new office for DEPI in Warrnambool, a major growth area in this state. The new office will replace an existing office that is no longer adequate for the department and will assist in the delivery of services in those areas. The site for that office has now been secured and building will start shortly on that \$8.25 million project. There has been significant investment in the consolidation of office accommodation, particularly in the metropolitan area. The upgrade to the Attwood facility is progressing, and stage 1 is nearly completed. When that is finished there will be something like 400 DEPI staff based at Attwood, following the full redevelopment of that site; \$44.5 million will be spent on that particular site.

There is a commitment to the building of three new glasshouse facilities. The first of those facilities, at Hamilton, has actually been completed. I will be in Horsham tomorrow to turn the sod on the development of the glasshouses in Horsham. The one at Bundoora is yet to start. There have been some issues around the site choice at La Trobe University with that project. We will be starting shortly.

As everyone would know, particularly those people who attended the opening of AgriBio, which the Premier opened about six weeks ago, that was a \$200 million investment in that particular facility out there. There will be something like 400 scientists based there, both DEPI scientists and La Trobe University scientists, and at any one time there will be a significant number of PhD students working out of that facility. It is absolutely first class and something that as a state we should be very proud of. It is a project that has taken a number of years to come to fruition. It has been implemented by a series of governments, so I give credit to all previous governments, both Labor and coalition, that actually have been part of that project. It is a key part of science in this state.

**Mr PAKULA** — Good morning, Minister. I am keen for you to turn to question 12 of the questionnaire.

**Mr WALSH** — What page?

**Mr PAKULA** — Pages 8, 9 and 10.

**Mr WALSH** — How many pages are you going to use?

**Mr PAKULA** — Mate, you have got cuts going over three pages; I cannot help it. I did not mean to call him mate, sorry — Thursday morning irreverence, Chair.

I refer as well to page 11 of BP3. If you start with the questionnaire and go through the various savings targets to be applied to the next financial year from previous budgets and previous budget updates, there is 24.1, 11.1, 38.1, 42.6, 40.2, et cetera, and they amount to 180.5 million. Then in this budget — this budget was TBA when the questionnaire was sent in — we have got over the forward estimates period, on page 11 of budget paper 3, a further \$83.1 million in what is described as existing resource reductions. Obviously in terms of the machinery-of-government changes we have got two departments effectively merging, but you have a total of \$263.6 million worth of reductions. I am wondering if you can tell us which of those are applied to this portfolio either through programs ending, job cuts and other savings — if you could break that down for us.

**Mr WALSH** — I might make some brief comments, and then ask both chief financial officers to comment. But I suppose what we focused on as a government is making sure that we have a budget that is economically sustainable for this state, and I think we have actually achieved that with this year's budget. It is a continuation of the budget policy that we have had in the two previous budgets since we have come to government. I think this budget delivers a good outcome for people in Victoria.

From a DEPI point of view, we are looking to the future, which is why we are making the investment that we are in research and development. From my presentation you will see that we are very focused on assisting food and fibre producers with their productivity and developing export markets for that increased production, because there is no point in increasing production if we do not develop markets into the future, so we are looking to that.

We are also making sure that we are in a position to manage unexpected events, particularly biosecurity outbreaks, or in the event that we have bushfires into the future; and improving services and maximising the benefit to the community, which is one of the key things of bringing two departments together, so that we can

have a one-stop shop to deliver land and water management across the state. From the detail point of view, I might ask Chris or Matthew to speak. Chris is going to go first.

**Mr O'FARRELL** — Deputy Chair, of the \$180 million that you referred to in the questionnaire — it is not totalled, but it's the sum of pages 8, 9 and 10 — about 40 relates to the agriculture portfolio in 13–14, so that is the accumulation of three budgets, and the impact in 13–14. On page 11 of BP3, existing resources, second line from the bottom, you gave the total of 83-odd across the forward estimates. What I can advise you is that of the first year, the 36.6 for 13–14, about 5 million is agriculture.

**The CHAIR** — Mr Clancy?

**Mr CLANCY** — I have got nothing further to add.

**Mr PAKULA** — Just to follow up, if you are able to provide better particulars about how that 40 and 5 is made up, I would be grateful, even if you do that on notice. But while we have got the secretary engaged — —

**Mr WALSH** — I did not know you did have, but you have now.

**Mr FENNESSY** — I am engaged.

**Mr PAKULA** — When we talk about departmental expenditure, you may be aware of a letter — even though it was sent to a predecessor secretary of yours — that I sent asking the department to detail certain expenditure in terms of entertainment, travel, legal expenses, consultants and contracts. I am wondering if you have got that information at hand.

**Mr FENNESSY** — Yes, I have got that information. For entertainment for 12–13, it is 110 000, and the forecast for 13–14 is the same, 110 000; legal expenses for 12–13, 4.39 million, and for 13–14, 3.86; and overseas travel for 12–13, 730 000, and for 13–14, 700 000.

**Mr ANGUS** — Minister, your presentation made reference to the amalgamation of the Department of Sustainability and Environment and the Department of Primary Industries. Can you inform the committee why this departmental merger has taken place?

**Mr WALSH** — Thank you, Mr Angus, for your question. As the Premier and I and Ryan Smith — the other portfolio minister — said in our press releases around this particular announcement, it is very much about having a one-stop shop, particularly in regional and rural Victoria, for the delivery of services to our client base, which is obviously food and fibre producers, which is the environment and water users. I think this will enable people who come to DEPI to get a better service than they did when there were two departments. The response from our stakeholders has been very positive about this particular announcement, and I think that there will be some significant synergies in the service delivery into the future by having both departments as one again.

As you would probably well remember, they used to be one department prior to late 2002, when the government of the day decided to split them. At that time I personally did not think that was a good move and I think it is a good move to have them back together again. The feeling I get as I move around the state talking to our stakeholders and talking to now DEPI staff is that they believe this is a very positive move for the department, but particularly for the service delivery that we will be able to give to our stakeholders in the future.

**Mr SCOTT** — This is a matter also related to the impact of savings and efficiencies or negative existing resources that have been announced. I will not ask you to take us through the same issues as the Deputy Chair did. On 6 March this year 13 bioscience research scientists based in Melbourne and at regional sites were informed that their positions were surplus to requirements, as they were associated with funding which had ceased. The staff were employed in plant pathology, molecular plant breeding, invertebrate sciences, weed sciences and microbiology. Their positions focused on protecting Victoria from pest diseases and weeds through critical research and testing. Minister, can you confirm a reduction in staff in the biosciences research division of DEPI arising through cuts made in this or previous budgets that affect this year?

**Mr WALSH** — Which pages in the budget papers are you referring to?

**Mr SCOTT** — I am referring to the same ones. I can refer to the questionnaire and the reduction in resources in the same question, which was pages 8, 9 and 10, and also page 11. The question is about these job losses and their relationship to previous decisions. I am seeking really just to confirm those job losses.

**Mr WALSH** — As you would be well aware, through the sustainable government initiatives there have been changes in the staffing profile of a number of departments. The then DPI and then DSE, now DEPI, were part of those sustainable government initiatives, so there have been changes in the employment profile throughout the departments. As you well know from the press releases and the comments at the time, that was to bring the budget back into balance. There was effectively a structural deficit built into the budgets of the previous government and we had a responsibility to get Victoria back on a sound financial footing.

**Mr SCOTT** — The supplementary is a very simple one. Can you confirm staff related to plant pathology, molecular plant breeding, invertebrate sciences, weed sciences and microbiology?

**Mr WALSH** — As I said to you in my answer, there has been a change in the staffing profile of the department and there have been jobs that have moved around as part of that. It was part of the sustainable government initiatives at the time. It was about bringing the budget back into balance, something that we believed as a government we needed to do to make sure the budget was sustainable into the future.

#### **Members interjecting.**

**The CHAIR** — Order!

**Mr O'BRIEN** — Take a lesson from someone who knows agriculture.

**Mr PAKULA** — He's going to try and impress you.

**Mr WALSH** — He's going to try and impress me, is he? He's actually doing a very good job.

#### **Members interjecting.**

**The CHAIR** — Order!

**Mr O'BRIEN** — What I would prefer to talk about, Minister, are the impressive export figures that you have shown in your presentation. If they could be brought up, exports in food and fibre, I will ask you if you could, by reference to Victoria's agricultural export figures, explain this data further and elaborate on what the Victorian government is doing to facilitate the export of agricultural products from Victoria?

**Mr WALSH** — Thank you very much for the question. It is something that I think is critically important not only to food and fibre producers but to the Victorian economy. As I said in my answer, \$9 billion worth of exports out of this state in financial year 11–12 is a significant part of our economy and it is greater than overseas education or overseas tourism, so it is a major player.

I think our trade relationships with Asia and the Middle East have never been more significant. We are putting in place measures to enable Victorian producers to actually capitalise on that market even further. As I said, the export numbers grew in 11–12. We are fortunate that, with the breaking of the drought, production has increased. So the weather has been kind to us over the last couple of years, but our producers have taken every advantage of those improved climatic conditions to produce more and to market it overseas.

As I said in my presentation, we have invested additional money into research and development, particularly in the key areas where there is export demand: into dairy and into red meat, particularly lamb. We are investing in Grains Innovation Park at Horsham with the grains industry, and some of the horticulture industries as well, where we have a competitive advantage into the future — the almond industry, for argument's sake. For those people who have been to northern Victoria, when the additional plantings up there full majority, we will be the second biggest exporter of almonds in the world. It is dominated by the USA, particularly California, but I think by 2016 we will actually surpass Spain as an exporter of almonds out of this state. It is a major industry for that Sunraysia area up there.

The coalition government has also invested \$50 million in what is called our international engagement strategy. For those people who have been following it, then Premier Ted Baillieu led a major delegation to China last

year. Louise Asher, as minister for small business and innovation, has led trade delegations into the Middle East and into India as well. I had the pleasure of joining her with the now Premier Denis Napthine to lead a major delegation to the Middle East in March to Gulfood, which is the biggest food expo in the world. As part of that, if I come back to the almonds for a minute, the almond industry was well represented there at Gulfood. Most of our almonds go to India, but the Indian buyers actually go to Gulfood and it is easier to find all the buyers in one place by the industry going and being at Gulfood where the buyers will be.

At that particular super trade mission we had 170 businesses actually come with us across a number of sectors; 75 of those were food and beverage businesses. Of those 170 businesses, 40 per cent had never actually exported to the Middle East before and 25 per cent had never actually done export before. So it is not just about the big businesses; it is about government assisting small to medium enterprises in that export push. There was some very good business that was actually written out of that particular trip. As part of that trip, our officers over there organised something like 700 face-to-face meetings for those businesses that went there. A business that wanted to go to Gulfood, bought an airline ticket and went on their own would find it very, very daunting, but by being part of one of our trade missions and having our Victoria trade people actually organise it they had face-to-face meetings over that particular time.

Out of those missions that we are running one of the good examples was the recent food and beverage trade week here in Victoria. It is not only about outward-bound missions; it is about actually having inward-bound missions as well. We had people here from China, Korea and the Philippines. The business that was written there was actually one Chinese fruit importer buying 50 containers of citrus for the upcoming season, so by one of the inbound trade missions there was an opportunity to sell additional citrus. Some of the Filipino importers who were here have actually changed the protocols to now allow in-transit cold disinfestation protocol to be in place. There was additional business written for the citrus industry and the table grape industry, again out of that delegation coming here from the Philippines.

I am going to be part of our trade mission to South-East Asia in about three or four weeks time, and part of that will be actually going to the Philippines to follow up on that business again. Not only are we focused on assisting farmers in increasing production, we are also working very hard on how they actually find markets for that increased production. One of the things that you hear a lot of coverage about in Australia and in Victoria is the market dominance of the two supermarket chains here. I am a great believer in what we can do to grow exports that will actually help counter some of that market dominance of the supermarkets, because our producers will have a viable third market, which is the export market. That is the best way to assist our producers: by having competition in the marketplace. If the Chinese or the Middle East, or the Philippines in this case with citrus and table grapes, are here to buy our quality produce, that will help keep the supermarkets honest in what they pay our producers.

**Ms HENNESSY** — Minister, if I could just take you to budget paper 3, page 115. In 2010–11 the number of ‘Significant customer interactions to facilitate export outcomes’ was 94. In 2012–2013, and again in 2013–2014, the target is just 50. Some would argue that that is a result of the cessation of programs funded under the former government’s future farming strategy. What do you say has caused that drop, and would you acknowledge that budget cuts have meant a real reduction in services for big primary producers?

**Mr WALSH** — You would have been listening to my answer to the previous question. I think we have made a really serious commitment to actually working with our producers on exports through our export market initiative. Taking the businesses, as I described, on those particular overseas trade missions has written real business and has written real dollars for particular things. I went through some of the examples before. It is not only about taking people overseas or having inbound trade missions where you get face-to-face relationships; it is also the work that the department is doing with the commonwealth on import protocols in those countries of destination.

What we find quite often is that our businesses bump up against restrictive protocols in those countries. You would have seen the work that was being done with China, where there have been changes to the import protocols, most recently for table grapes, which has enabled significant export of table grapes out of northern Victoria into the Chinese market. That has helped with some of the overproduction that was reducing prices in the domestic market, which is what I talked about before with the third party in the market — exports versus the two supermarket chains. There is currently work being done there on the protocols for cherries, which as I

understand it is getting close to finality, where we can get cherries into China as well. Following that there will be work done on protocols for stone fruit.

We have actually made a serious commitment in our overseas engagement strategy to assist our producers in the overseas markets. I think the unit within the department that does this work is doing a very good job. The majority of the staff in this particular issue are in the Department of State Development, Business and Innovation, but the two departments are working very closely together on both our outward-bound and our inward-bound trade missions.

**Ms HENNESSY** — Minister, why would the target drop to 50?

**Mr WALSH** — I might ask one of the other guys to answer that, because I believe our commitment has actually increased in this particular area. I think if you look at the activity that has happened we have had a significant increase in activity in assisting our producers and exporters, as I said, both in outward-bound trade missions and also in inward-bound trade missions. We will take it on notice.

**Mr ONDARCHIE** — Minister, slide 11 was about foot-and-mouth disease and the risks associated with it. Could you explain how funding outlined in the budget papers and part of your presentation will prepare Victoria for outbreaks of foot-and-mouth disease?

**Mr WALSH** — Thank you very much for the question. This is something that we as a government and myself as a minister are very committed to progressing. If we actually had a foot-and-mouth outbreak in Australia, it is estimated that it would cost the Australian economy \$16 billion in the first year, so I think it is one of the biggest threats that we have. If you actually look at the map of the world at where outbreaks occur, there are outbreaks to the north, through Asia and through India, so we need to be vigilant into the future.

It would be a significant hit to the Australian economy. Victoria, because of the intensive nature of our animal industries here, is probably the state that would be impacted the most if we were unfortunate enough to have an outbreak over that time. We are very committed to that. There is money in the budget to progress it. There is \$4.7 million over two years to assist with the implementation of electronic identification of sheep and goats. As I said in my presentation, I think that money is matched by the sheep meat and goat meat compensation fund, because the industry recognises an issue there. That money will go to helping fund trials of that particular technology in abattoirs and saleyards for breeders. Some of that money will also be used for the department to work with producers so that they can see the productivity benefits of this technology on their individual properties, as well as the traceability from a biosecurity point of view. There are a number of farmers who are now using it. It is being used by those in prime lamb; farmers are using it for managing their flocks for productivity gains, selecting out twins, different feeding regimes and weighing sheep automatically to determine weights for market. For those in wool production, again, on the shearing floor you can actually track the sheep by their tag for fleece weights and for micromeasures.

So there are some good productivity advantages, but the key one is about the biosecurity issue. It is something that I have been pushing very hard at the standing council of primary industry ministers. There is a regulatory impact statement being finalised nationally by the commonwealth to be released by the end of June to progress this further. I do find it challenging with some of my interstate ministerial colleagues. They say they are not Luddites and that one day this will have to happen, but I think by their actions and their reticence to move this forward they are proving that they actually are Luddites, which is a real issue.

From Victoria's point of view, we are committed to moving this forward. We are committed to making sure that we have in place the best traceability measure that is possible. For those people who follow this, there was the Matthews report. Ken Matthews, who was a previous secretary of transport and regional services in Canberra, did a report on Australia's preparedness for a foot-and-mouth outbreak, and his report said that we were not well prepared.

I and the government take this very seriously from a Victorian point of view. If there were a foot-and-mouth outbreak, I think we would have a risk of having a royal commission as to how it happened. The three questions that are always asked at a royal commission, as I understand it — and I hope I never have to appear before one — are 'What did you know?', 'When did you know it?' but, more importantly, 'What did you do about it?'. From Victoria's point of view, we are doing something about it.

In what are budget-constrained times the department is making a serious commitment to progress the trials of this, so that when we are, from a national point of view, ready to move forward Victoria is well positioned to be at the forefront. For those who remember this debate, it happened with the cattle industry a number of years ago. John Wyld, who was then a leader of the cattle industry from a Victorian point of view and a national point of view, pushed this very, very hard. I think we need the industry to step up to the plate and work with us as a government to make sure Victoria leads the way.

**Mr PAKULA** — Minister, I also want to talk about biosecurity. At BP 3, page 114, you have the outputs or the performance measures for the inspection of properties for invasive plants and animal species. You inspected almost 5000 properties in 11–12, and your target for this financial year was 4800, but you are expecting to only do 3800, and the target for 13–14 has been dropped to 3800. The footnote at the bottom says:

The lower 2013–14 target and 2012–13 expected outcome reflects the refocusing of DEPI efforts into higher priorities.

I am wondering if you can tell us what those higher priorities are. In terms of the way you allocate your resources, what is of a higher priority than making sure we do not have inappropriate plant and animal species invading properties?

**Mr WALSH** — I might make some opening comments and then ask Hugh Millar if he wants to come up and make some comments as well. I suppose one of the focuses from a pest weed and animal point of view has been how the department works with community groups, particularly Landcare groups and weed action groups. There is correspondence regularly from those groups. The overwhelming majority of farmers in those cases do the right thing, and there is usually a minority in the community that do not do the right thing. Hugh will have more to say about it, but the department has been working with those groups where there is a community action and where they can assist with the one or two recalcitrants in a particular area who are not doing the right thing. Most people do not want to have pest weeds or animals on their particular properties or in their particular communities, but we have been working with groups. The most effective use of the department's resources is where you are actually working with the community and working with Landcare groups or pest weed and animal groups to get the best outcome. I might ask Hugh to make some other comments.

**Mr MILLAR** — I think the minister has answered that reasonably well. In the context of providing some supplementary information, good biosecurity management requires not just a focus on those pests and diseases that are currently present and sometimes widespread but also really focusing on prevention and containment to prevent the next widespread weeds. We have heard the minister talk about the importance of being on the front foot with foot-and-mouth disease. I think in the context of serious pest plants and animals we have to invest across a range of biosecurity activities that are not simply focused on those existing pests and weeds.

In terms of prioritisation, one element of that is to make sure we have a focus on where we can make a difference with things that are currently containable or that we get onto things very early. There was a recent incident with the introduction of Mexican feather grass, one of the most serious potential impacts on agricultural production and the environment. We were able to redirect resources to make sure that the response to that was effective, and it has been.

The other aspect of this is that a much more effective outcome is achieved where communities are engaged, active and lead action at a community level to deal with pests and weeds. We are really focusing on getting communities engaged and empowered. If that means we physically as a department inspect less properties, then that is a good outcome. That particular budget measure — the number of properties inspected — is one measure, and one measure only. Good biosecurity practice involves a whole range of activities and not just simply inspecting properties. We certainly move in behind community-led action and deal with those who are not responding well to that approach. Many of the property inspections we do are associated with supporting that sustained community approach. If those inspections reduce over time, then I think that is a measure of success.

**The CHAIR** — Is there a supplementary?

**Mr PAKULA** — Yes. I suppose inspections reducing is a measure of success if bad things do not happen as a result. My concern with the answer is that there are a lot of cloudy words about community. It is hard to understand exactly what it is you are talking about. Are we talking about in the environment where in regard to biosecurity threat generally there is a refocusing of the department away from enforcement, compliance and

inspection to more self-management or self-regulation or community regulation? Is it a philosophical shift, or is it just about resource allocation?

**Mr WALSH** — I do not think there is any cloudiness about it all, Mr Pakula.

### **Members interjecting.**

**The CHAIR** — Order!

**Mr WALSH** — The correspondence that I receive as a minister from people on this particular issue is usually around the fact that they are in a Landcare group or a weed action group, they have been working in their community for a number of years on whatever the particular weed in that area is, and there are a few recalcitrants in that area who are not doing the right thing. As Mr Millar said in his answer, the department's resources are best used in working with the community when there is a strong push, and if there are one or two in an area who need a bit of a shove along to join the rest of them to do the right thing, there is no cloudiness about that. The correspondence from those groups is very much about how the department can help them achieve an outcome in their community, and I think it is actually working quite well.

**Mr ANGUS** — Minister, I refer you to budget paper 3, page 11, and the issue of the Rural Financial Counselling Service and the fact that the government has made a significant commitment to this service in the current budget. You also touched on that in one of your slides in your presentation. Can you elaborate further to the committee on this decision and explain why you believe it is necessary at this time?

**Mr WALSH** — As you see in the budget papers, there is \$2.3 million over two years to ensure that 25 full-time equivalent rural financial counsellors and two senior coordinators are able to continue to deliver their very important service across Victoria. The funding is actually more than is required under the cost-sharing arrangements in place between the commonwealth and Victoria. As I think I said in my presentation, we are the only state allocating more funds to rural financial counselling than is required under that cost-sharing arrangement.

Rural financial counsellors provide a free financial counselling service to food and fibre producers and other rural businesses to assist them to overcome financial difficulties and return to profitability or, in a worst case, as to how they may restructure themselves out of the particular industries. Our financial counsellors assist clients to understand their business, identify their options and the risks they have, develop realistic goals, negotiate with lenders, develop action plans and connect with other professional services over that time.

The senior coordinator positions are experienced counsellors who provide obviously coordination, but particularly mentoring and capacity building within the financial counselling service itself, and work with the more complex clients who may come across the desk. Since 2008 there have been something like 13 000 businesses that have gone to the Rural Financial Counselling Service for support, and it provides a very specialised and important service. Some additional positions are lapsing at 30 June this year. They were positions that were originally in place for the drought a number of years ago. They actually had continued funding because of the floods that we had when the drought did break. If you actually look at the details, you will see there has been a significant drop in the number of clients actually coming to the Rural Financial Counselling Service.

In the north central region there were 310 clients on their books in March 2011, whereas currently there are only 97 clients on their books as of March this year. Similarly in the Goulburn-Murray Hume region there were 180 clients in March 2011, and in March this year there are 91 clients. I suppose this reinforces to the committee that we are continuing to fund in addition to what we have to fund under the commonwealth agreement. It is a service that is critical for those people who do find themselves in unfortunate situations, particularly with the passing of the Farm Debt Mediation Bill last year by the Victorian Parliament. There is now another string to their bow where farmers have the opportunity to go to mediation with their banks or their financial institutions where there is a mortgage involved.

**Mr SCOTT** — Minister, in budget paper 3, pages 68 and 69, there is discussion about the machinery-of-government changes that are related to this department and other changes. Under 'Staffing matters' of the committee's questionnaire the response to question 31, on pages 28 and 29, provides a breakdown of staffing within the department. What I would be really after — and I understand some of this may

need to be taken on notice — is the breakdown of staff who came from the old department, from DPI, into the new department and their staffing levels to allow apples-and-apples comparisons to be made by the committee?

**Mr WALSH** — I think we have already canvassed the good outcomes that are happening by the two departments actually coming together, but I might ask the department — —

**Mr SCOTT** — I am just after that — —

**Mr WALSH** — I understand that, and I will ask the department secretary to make some comments on it.

**Mr FENNESSY** — We can certainly take that on notice regarding the specific figures, but in terms of general shifts in numbers, through the machinery-of-government process a large business unit of the former DSE, Land Victoria, has moved to the transport, planning and local infrastructure department, so that makes a significant difference to the numbers. Secondly, a substantial policy unit of the former Department of Primary Industries, being energy and earth resources, has moved to the Department of State Development, Business and Innovation. That gives you an idea of why the numbers are quite different. We can get back to you or take on notice the specific figures for prior departments.

**Mr SCOTT** — If I could also seek some further information on the department's engagement of agency staff and any commissions that are paid on that — any dollar amounts of commissions paid for the engagement of agency staff.

**Mr FENNESSY** — In terms of agency staff, for the specific numbers and figures we can take that on notice. In general we have been using agency staff to get through summer peaks. As you would be aware with the prior Department of Sustainability and Environment and now the current Department of Environment and Primary Industries we engage agency staff particularly through the summer peak season. One example is in fighting the bushfires this summer, particularly in the east of the state. We had to set up significant base camps around the alps regions — for example, for the Aberfeldy fire — and that included agency staff and security staff to look after the camps and make sure that the firefighters were supported in what were 24-hour campaigns for several weeks. From the DEPI point of view we have a specific need for agency staff for our emergency response activities.

We also have a couple of significant information technology projects, where to meet time lines we will look to the specific expertise that agency staff provide. Because we are very aware of the need to have ongoing staff attached to ongoing priorities we have an internal approach that all agency staff appointments of longer than one month need to be approved by me as the secretary, so we keep a very close eye on the overall engagement of agency staff.

**Mr O'BRIEN** — Minister, I would like to take you to table 1.3 on page 11 of budget paper 3 headed 'Output initiatives'. Under the heading 'Development of Primary Industries', the very first item is entitled 'A New Game Management Authority for Victoria'. Can you explain to the committee what a game management authority is and what it will actually do?

**Mr WALSH** — As you have said, in the budget this year we have set aside \$8.2 million over four years to establish the game management authority. If you combine that with the current funding for game management in Victoria that is about 17.6 million over the next four years that will be spent by that particular authority.

This is the fulfilment of an election commitment that we gave in opposition — to establish an independent game management authority. For those people who do not know, there are approximately 46 000 registered game hunters in Victoria. It is a significant industry, which is estimated to generate approximately \$100 million worth of economic activity, particularly in regional Victoria. The people who are involved in the industry are very responsible in how they go about their game hunting. They also assist with the management of feral pests at various times, along with government agencies. Some campaigns are run with by Parks Victoria to control feral animals.

Obviously, as has been said, the authority will be independent. It will have a skills-based board. Some people have asked the question, 'Are the skills based around hunting?'. No, their skills are based around running an authority. Governance, legal, financial and management skills will be required. It is not just around hunting; it is about how the authority goes about implementing the responsibilities that government has for game

management and how they can work to enhance the opportunities into the future. New Zealand does this very well; you now see overseas business coming to New Zealand for game hunting opportunities. We believe there is the opportunity to do that in Victoria, which will enhance economic activity in parts of regional Victoria.

The authority is there to oversee the management of game hunting and to do the regulation, compliance and licensing, as Game Victoria currently does within the department. It is there to work with our agencies on environmental management, because the game industry wants to see good environmental outcomes so the habitat is there for the hunting species into the future. It is about growing potential opportunities for additional hunting, and particular to attract overseas business here as well. Game hunting is a legal pursuit — those people practising it have the opportunity to do it.

**Ms HENNESSY** — Minister, I just wanted to ask you a question on a topic that you broadly canvassed in your presentation around animal welfare. It is also referenced at budget paper 5, page 41, which notes that PrimeSafe is a controlled entity as are some of DEPI's primary functions. I wanted to ask you a question about the closure of Giles abattoir in Trafalgar in November 2011. You would no doubt be aware of the inability of niche pig and goat farmers to access alternative abattoirs because of exorbitant freight costs. Minister, is there anything you can point to in the budget or across the forward estimates that would assist those niche pig and goat farmers who are having such a challenging time?

**Mr WALSH** — The issue that you raise about Giles abattoir — as you would be aware, there was some unauthorised film footage released of pig slaughter at that particular abattoir.

**Ms HENNESSY** — Yes.

**Mr WALSH** — That was investigated by PrimeSafe at the time and also investigated by departmental staff from an animal cruelty point of view. As I understand it Giles handed back its licence. Charges were laid from an animal cruelty point of view. Three people who had charges laid against them pleaded guilty and were put on a good behaviour bond. No offence was recorded against them. Two of the people who were charged had their charges dropped. We as a government and as a community — no-one supports animal cruelty in any way. Both the department and PrimeSafe have a responsibility to make sure that when animals are slaughtered it is done appropriately. I believe both PrimeSafe and the department acted in the best interests of animal welfare in this state.

**Ms HENNESSY** — We discussed this issue last year as well at the Public Accounts and Estimates Committee, but the thrust of my question goes to those that have been disadvantaged, the local goat and pig farmers that have been disadvantaged because they cannot access a local abattoir. Have you had an opportunity, for example, to meet with, I think it is about 25, farmers who have been disadvantaged by the closure of the abattoir?

**Mr WALSH** — I cannot recall actually having a request from them to meet. I hope by the inference in your question you are not saying we should be supporting animal cruelty in any way?

**Ms HENNESSY** — Not at all. I am talking about those that are affected as a consequence of this closure — 25 jobs.

**Mr WALSH** — If there is a market request or there is market demand for an abattoir to provide those services, I would have thought the market would determine that someone would actually start providing those particular services.

**Mr ANGUS** — Minister, as you noted in your presentation, forestry regulation is obviously a key priority of the Department of Environment and Primary Industries. Can you update the committee on any changes the government has made to this area in the past year and how these changes have affected the native timber industry.

**Mr WALSH** — Thank you for the question. As the committee would be well aware, the timber industry in Victoria probably employs something like 11 000 people directly and 25 000 people indirectly across the state. It has about a \$1.5 billion contribution to the Victorian economy, so it is a key part of our Victorian economy and particularly in some of the regional services where this industry is actually located.

We believe a well-regulated industry is critical to its sustainability into the future and we have worked through the timber industry action plan to provide better regulation and better certainty to the industry. Can I commend my then parliamentary secretary, Gary Blackwood, for the work that he did in chairing the committee that oversaw that timber industry action plan. We are currently working through implementing the recommendations out of that. One of the recommendations out of the timber industry action plan was the Sustainable Forests (Timber) Amendment Bill 2013, which puts in place some reduction in red tape for the allocation of timber. The bill gives clarity to the industry, gives policy certainty to the industry so there is a sustainable industry here into the future, and enables VicForests to offer supply contracts up to 20 years duration.

One of the messages that we constantly get from the industry is, if industry is going to invest in new technology to increase the value of the wood products that they produce, they need certainty of supply of timber. The changes that are being made in that particular piece of legislation enable VicForests to do that, which will give the industry more certainty so that they can invest in the future, which will secure jobs into the future.

It was interesting in that debate in the upper house — because this was a bill that was introduced into the upper house — that although the opposition had been saying there was bipartisan support for the timber industry, reading the *Hansard* debate in the upper house it proved that they were fair-weather friends and when they were put to the jump they did not support the industry. The only one that I can see from the press that is on the record who supported the industry was a previous minister for agriculture who has been an active supporter of the industry. He was quoted by ABC radio saying that he absolutely and thoroughly agrees with the measures that were being proposed in that particular bill. The industry has now seen that the opposition in Victoria are fair-weather friends when it comes to the timber industry. They say all the right things, but they do not actually walk the talk.

This industry, I think, is managed sustainability. VicForests and the changes that we are putting in place for the timber industry action plan will see it managed sustainably into the future. It was interesting at the launch of the parliamentary friends of forestry group where there was a lot said about bipartisan support for the industry which now has been proven not to be correct, but the gentleman from Planet Ark talked about how a native forest industry is a very good storage of carbon industry. If you harvest the timber and use it where it is used in long-term building products, it is a very good way of storing carbon. I found his presentation that night very refreshing. We are committed to a sustainable native timber industry here in Victoria, and it is something which obviously the opposition is not.

**Mr PAKULA** — I was not going to ask you about this, but I will now. I must say we have had minister after minister attending these hearings waving around Auditor-General's reports as if they are tablets that have been handed down. The opposition suggested to the government that perhaps we ought to wait for the Auditor-General to report on VicForests before making those decisions. As you know, that was the nub of the opposition's position: it was about waiting for the Auditor-General, who is quoted by the government when it suits the government but ignored when it does not.

### **Members interjecting.**

**The CHAIR** — Order!

**Mr PAKULA** — I was not going to ask about it because I expected that you would say that the legislation has not been passed yet so we cannot talk about it, but you are clearly prepared to talk about it, so I just want to understand how this works. You have got a new regime that is going to allow VicForests — and stop me if I get anything wrong — to enter into 20-year agreements. You have got VicForests recently through the Resource Outlook showing that even they are expecting a reduction in output from about 2017. You have got them saying that the 1939 mountain ash regrowth is — I do not want to use a casual term — running out. How does it work? If VicForests enter — and I am thinking in terms of the expenditure of taxpayer funds and the budget as we are moving forward — into 20 year allocations which are guaranteed and the resource is not there, what happens in those circumstances?

**Mr WALSH** — Thank you for the question, and I do not accept your summation of the debate around this particular bill. In my reading of *Hansard*, the lead speaker for the opposition in the debate was concerned with the strength of the Australian dollar, and I found that an interesting read as to not addressing the actual issues at hand in the bill but rather a lecture on the strength of the Australian dollar. VicForests have, as you well know

from your question, released their latest Resource Outlook and what they have done, I think, is acted responsibly as they should as the forest manager on behalf on of the Victorian people. They have said there is a decline in the resource available in the longer term, particularly because of the 2009 bushfires. They have actually given industry time in their announcements to make adjustments to what they have actually said. VicForests, as the responsible forest manager, is obviously not going to write 20-year contracts for every contract they write, but for some particular value-added parts of industry they may choose to write a longer contract than is currently the case. Those businesses can make long-term investments in capital to increase the value of the product they actually produce. The inference from your question is that they would write 20-year contracts for every contract they write. That is obviously not the case; it is about how you might have a range of durations of contracts that actually gives industry certainty so they can invest in the future.

**The CHAIR** — Supplementary.

**Mr PAKULA** — That was not the inference of my question. I was not suggesting they would do it for everyone. Just so that we understand the potential implications of these extremely long contracts, if a contract is entered into for 20 years and the resource for whatever reason — whether it is because it has been logged out or because of another fire or whatever — becomes unavailable, will VicForests in those circumstances remain liable to pay even if the resource is not available? What kind of safeguards are there to stop that occurring?

**Mr WALSH** — As you would be aware, in most contracts there are usually force majeure clauses that are built into those contracts and a major bushfire is force majeure.

**Mr PAKULA** — So we will not be paying for a resource that is not available — —

**The CHAIR** — Thank you. Order!

#### **Members interjecting.**

**The CHAIR** — Thank you. We have had the question and we have had the supplementary.

**Mr O'BRIEN** — Thank you, Minister. If I could ask you, we have the regional and rural Victoria budget information paper 1, which outlines a number of initiatives under 'Open for business', 'Investing in food and fibre', and I have received a number of representations from the VFF, UDV and other industry bodies as well as individual farmers — some of whom are feeling it quite tough at the minute — about what the government can do to grow agriculture in Victoria, particularly in the red meat, dairy and grains industries. Can you indicate to me, to this committee and to those constituents what the government is doing in relation to these industries in these times?

**Mr WALSH** — Thank you, Mr O'Brien, for your question. As I discussed in my presentation at the start, the Growing Food and Fibre initiative has allocated significant additional resources into key agricultural industries here in Victoria, and part of that decision-making matrix about where that money is being allocated is looking at where industry is actually investing its own levy money as well, so the department is complementing investments that industry is making with their levies. It is important that industry actually wants to invest in something itself as well, as far as our decision making goes.

The other part of the matrix is where there is particular export demand for that product. I think the industries that you mentioned are where there is significant export demand. We touched before on the opportunities in Asia and the Middle East. In those economies there is a significant increase in the population going forward and a significant increase in the middle class of those populations, and one of the key things they want is protein, whether it be dairy or meat. Particularly in those societies, they view being able to feed their children dairy products as a key indicator of their affluence in the community, that they want to be able to feed their kids well, and we have the opportunity to do that.

If you look at the red meat industry, particularly the lamb industry, Victoria produces 42 per cent of Australia's lamb, 28 per cent of our mutton, 18 per cent of our beef and 28 per cent of our wool. If you take the lamb industry and the red meat industry at Hamilton, there is the south-east Australian centre of excellence for research into lamb production. I recently had the opportunity to be down there and open the new animal housing facility. They also have new undercover sheep yards as well. It is a great facility.

When we opened it there was a really interesting presentation by a number of young scientists who will be using that facility, talking about the research they are going to do particularly into lamb production, about how you actually manage the ewes, pre-birth and feeding post birth, to increase the survival rate of lambs and increase the growth rate of those lambs. One of the things that stuck in my mind was when one of the young researchers held up two different bags of food — one with a small amount in it and one with a large amount in it. Most of the research on lamb production has been based on unlimited access to feed, not necessarily on knowing how much feed a particular animal eats. The dairy industry has been very good at this and for a number of years has been actually measuring food input with milk output. The example he was using was that depending on the genetics of a particular sheep, one animal could eat the small bag of feed and put on a kilo of meat but another particular animal would need to eat the large bag of feed to put on a kilo of meat. If you can actually make genetic selections in your breeding to get feed efficiency with the ones that put on more meat per kilo of feed, you will actually increase the productivity of our farms.

So with the new animal enclosure there — from memory it houses something like 260 sheep — and with the opportunity to have multiple sheep or individual sheep in a pen, you can actually measure feed input and measure growth rates against that, and you can actually make breeding decisions around that. The opportunity is there for the department to be able to give advice to farmers around genetic selection for sheep, so we can increase the amount of meat that is produced per kilo of feed here in Victoria. There are some really exciting opportunities there for the sheepmeat industry. There is always friendly rivalry in Victoria between different industries — —

**Mr O'BRIEN** — Parts of Victoria.

**Mr WALSH** — And different parts of Victoria, as you say. There is the opportunity to effectively duplicate some of the work that has been done in the dairy industry and in the lamb industry to achieve a good outcome for that particular industry. That information will then be fed out through our best wool and our best lamb production groups to farmers to actually do it. Part of the Growing Food and Fibre initiative funding was to actually work with farmer groups to make sure this information is implemented at the farmer level. It is all very well to do the research, but you actually need to make sure that farmers have access to it and take it up to achieve the best result over that particular time.

I suppose the other one we have not touched on in any of the presentations at this stage is some of the money out of the Growing Food and Fibre initiative that is actually being invested into the horticulture industry, and there are a number of projects across the horticulture industry. I briefly touched on the almond industry before — an industry that is very significant in north-west Victoria. As I said, when those trees reach full maturity in 2016, I think we will have something like 20 per cent of the world's export market of almond production — no. 2 in the world. We will get in front of Spain at that particular time. There is actually work being done by the Almond Board of Australia to develop an experimental orchard with DEPI in Mildura to investigate alternate orchard management practices and to test new rootstock and variety combinations for future planning in that particular industry.

There is also work being done to set up a new stone fruit, peaches and nectarines, orchard at Tatura to look at new production systems there. This follows on from the work that is being done on pear varieties at Tatura, where, with a variation on the Tatura trellis system and new planning systems, they can bring pears into full production in a much shorter time than they could before. At one time it would take about 10 years to bring a pear tree to full production. They believe they can almost halve that. There is a very good saying that you plant peaches for yourself, and you plant pears for your children, because it takes that long for them to actually come into production. So some very good work has been done at Tatura on pear production, particularly around some of the new varieties that have been bred now — the pink flesh, Corella variety pears there, which there is strong demand for in Asia. So, again, there is investment in some of those industries where industry is investing their own levy money but also where there is export demand for the future, because we not only want to achieve our target of doubling production, we want to work with industry to make sure that there are market opportunities for that production in the future.

As I touched on, tomorrow we are going to Horsham to turn the first sod on the new glasshouses there for the Australian Grains Genebank. We may have talked about it in one other year here, but currently there is the gene bank at Svalbard, north of Norway, which is effectively the doomsday vault for maintaining genetic grain material in cases of world catastrophe in the future. I think the pleasing thing is that the Australian states have

now all actually come together in setting up one gene bank in Australia as a partnership between DEPI and GRDC, with new glasshouses and new freezer vaults there for storage of our grain genetic material here in the future.

**Mr O'BRIEN** — In addition to those dairy innovations?

**Mr WALSH** — A supplementary question on dairy?

**Mr O'BRIEN** — Trying to get one in, yes.

**The CHAIR** — Given that the answer went for 7 minutes, a very quick response.

**Mr WALSH** — Your clock must be going very fast, Chair!

The dairy industry, as we said in the presentation, two-thirds of production is in Victoria and 80-something per cent of the exports come out of Victoria. Ellinbank and the work that is done at AgriBio Victoria is the centre of excellence for dairy; there are some really great stories to tell there. If I had 10 minutes, I would ask German to come out and give you a detailed explanation, Chair, but by the way you are looking at me that is not going to happen, I do not think.

**Mr O'BRIEN** — Hopefully another day.

**Ms HENNESSY** — Where is German? We look forward to him each year!

**Mr WALSH** — Ms Hennessy, would you like German to come up and give an explanation of dairy genetics?

**Mr O'BRIEN** — She did ask the question. Her next question will have to be a supplementary.

**The CHAIR** — Order! Perhaps when we get to Ms Hennessy that opportunity could be extended.

#### **Members interjecting.**

**The CHAIR** — Order!

**Mr SCOTT** — On budget paper 3, page 113, there is a performance measure, 'International scientific workshops/conferences led/organised by DEPI to promote science leadership among peers'. There is a reduction from the actual in 2011–12 to the target. Could you just explain the reduction and why there has been a reduction in that performance measure from that actual?

**Mr WALSH** — Which page was it again?

**Mr SCOTT** — It is page 113. It is 'International scientific workshops/conferences led/organised by DEPI ...'.

**Mr WALSH** — I might ask Clive or German. I think you are actually going to get an explanation of dairy genetics.

**Mr SCOTT** — Ms Hennessy will be pleased.

**Prof. SPANGENBERG** — Thank you for the question. The focus is, in a sense, enhancing the scale of those conferences rather than necessarily the number, so the reduction is from five to four. Examples of what we are doing are; retaining a core conference and workshops that we undertake on an annual basis. This is primarily an international systems biology workshop, in which we bring people from all around the world involving developments in plant, animal and microbial systems biology for both productivity and biosecurity outcomes.

The other example, we are developing at present, is an international conference on plant biotechnology. This would be held in 2014. This year there will also be a conference, the International Symposium of Forage Breeding, associated with the International Grasslands Congress. So, in a sense, it is enhancing the depth of

those international conferences and the strengths of the broader participation, and in that manner maximising the impact of them.

**Mr WALSH** — Sorry, we could not hear the first bit. Do you want it done again?

**Mr SCOTT** — We could hear. Just by way of supplementary, if I understood correctly, it was essentially the scale of the conferences; although the number is a total decrease, the scale had increased?

**Prof. SPANGENBERG** — That is right.

**Mr SCOTT** — So just to seek clarification, the number of scientists participating and the papers presented is comparable. Is that your evidence?

**Prof. SPANGENBERG** — Yes, or actually increasing. It simply is changing the approach to maximising the impact of those international conferences, exposing our science to the world and attracting the best scientists of the world to see the activities we are undertaking.

**Mr ANGUS** — Minister, from your presentation I noted that your department plays a significant role in the control of foxes and wild dogs. What controlling methods have been put in place, and how successful have they been?

**Mr WALSH** — Thank you for the question. I suppose I will probably clarify the first thing: the hunters actually do a very good job of helping control. It is not just the department that does this, particularly with the fox bounty. It is actually the hunters that are doing the work, and the department just collects the scalps and pays the bounty. So, again, as to one of the previous questions, it is about actually a whole-of-community response to these particular things. We recognise the human impact that foxes and wild dogs have on our animal producers here in Victoria. The issue to bear in mind here is not just the financial impact on those businesses. For those who have witnessed animals that have been attacked, particularly by wild dogs, it is a very emotive issue, and it is something the people see as very cruel to the livestock they have tended for their business.

As part of doing that, as you would be aware, one of our key election commitments was to introduce a fox and wild dog bounty, something that would run over a number of years. Previously when there have been bounties they have been for a relatively short duration. Our view was that it needs to be sustained over a number of years to have the maximum impact and, again as you would know, it was \$10 per fox scalp and \$50 per wild dog pelt. We have subsequently increased that \$50 to \$100 per wild dog pelt. That was something I announced earlier this year when I was with you at the mountain cattlemen weekend.

If you look at the figures up to 17 May this year there have now been 169 012 fox scalps handed in, and 678 wild dog skin pieces have been accepted for collection around the state. If you compare that to the previous government's Fox Stop program, over the three years duration of that program there were only a bit over 20 000 fox kills reported as part of that program. The fact that there have been so many fox scalps handed in is an endorsement of that. If you see the comments that are attributed to the hunters who come and collect it, they do hunting as part of their pursuit but they see the bounty as an incentive for the cost of ammunition to go and do that. You have seen a good outcome for the community. The thing to bear in mind for everyone is that the bounty should be only one part of an overall fox control program. It is important that there are also the community baiting programs that happen, and a lot of our Landcare groups particularly are very good at that. From a wild dog point of view it complements the work that the department is doing as well in that particular area.

The key thing with the wild dog program is, as Hugh Millar talked about with invasive weeds and pest animals, that it is about the community being involved as well. I recently saw the map of the community baiting and department baiting program that has been happening in the Ensay–Benambra area, and we are starting to see a really good outcome. The community is now working with the department on those programs. You can put in place bait trails and GPS tracks, so you actually know where the baits are and what can be done in the future, and you can actually track where baits are being taken by dogs so you know where you can target your effort into the future.

The best outcome in this is going to be move away from the focus on the number of doggers we have to the outcome focus, which the department is working towards where DEPI staff can work with the community. We

have now changed some of the rules. The community can now bait within the 3-kilometre buffer on the public land, and the departmental staff can go further in for particular purposes. Again the community is seeing some response from the department that has not always been there. Particularly with the DSE–DPI joining together now we can make that decision making even more seamless for the community. We are seeing investment into the bounty program but also some good outcomes that have been delivered by the department working with the community on wild dogs. I think that in the Ensay–Benambra area they have shown real leadership here, and there is the opportunity particularly in north-east Victoria now to duplicate some of that when they see the good outcomes that are happening.

The department’s use of contractors as well as full-time staff is a move that is positive and is seen as positive. New South Wales has previously been using contractors for their baiting program. As you would be aware, we did have a commitment to do an aerial baiting trial. That has been thwarted by the commonwealth government under the guise of the EPBC Act because they believe there is the risk to the native quoll population. There is aerial baiting done in New South Wales, and the reports that I have read out of that are that wild dogs uncontrolled have a bigger impact on the quoll population than an aerial baiting program would have. There was a choice that had been made to either spend hundreds of thousands of dollars on additional survey work to meet the commonwealth’s requirements, with no guaranteed outcome, or put that money into additional targeted ground baiting. It was something like \$460 000. We went to the statewide Wild Dog Advisory Committee asking them for advice as to how they believed we should proceed — whether the department should do the additional survey work or put that money into additional targeted ground baiting. They came back with the very clear advice: spend it on additional targeted ground baiting rather than additional survey work that may not deliver any outcomes. There has been some very good work done by the department in the area on foxes and particularly on wild dogs.

**Ms HENNESSY** — Minister, I wanted to take you up on some of that evidence. My recollection is that last year when we were talking about the fox bounty the department had become aware of some attempts to abuse the fox bounty. I think your evidence — but I stand to be corrected — was that there was some evidence of domestic animal scalps being put forward.

**Mr WALSH** — No.

**Ms HENNESSY** — Is that correct at all?

**Mr WALSH** — I think Mr Pakula wanted to get rid of his fox terrier, but we wouldn’t take it!

**Ms HENNESSY** — It has been spectacularly unsuccessful. Can I ask: you said that you increased the wild dog bounty from 50 to \$100. Can you explain to the committee why you increased the bounty? What is the measure of success — do you set yourself targets around how many scalps you actually get?

**Mr WALSH** — The wild dog is not actually a scalp, it is a piece of the pelt.

**Ms HENNESSY** — Right.

**Mr WALSH** — DEPI’s staff are trained to recognise that it is a wild dog skin piece rather than a domestic dog skin piece. They have the wherewithal to be able to do that. The logic in increasing the bounty was that hunting wild dogs is extremely difficult and time consuming compared to foxes, and again the advice of those involved in the hunting was that the added incentive would lead to a better result in the future. We wanted to give the signal to the community to engage more as part of an overall wild dog control strategy. The department can only do so much on their own. If they are engaged with the community and with individual farmers, we can achieve synergistic effects and better outcomes into the future.

I think there were some concerns raised at one stage from the fox bounty point of view about there being fox scalps coming from interstate.

**Ms HENNESSY** — That might have been it.

**Mr WALSH** — For people to claim the bounty, they need to be a registered shooter in Victoria and they need to sign a statutory declaration to say they have actually hunted those fox scalps in Victoria. As you would probably be aware, signing a false statutory declaration has significant financial penalties. From memory, I

think it is fines of up to about \$250 000 or a period of incarceration in jail for doing that, so there are very good checks and balances to make sure that they are Victorian scalps.

**Ms HENNESSY** — I have a factual question as a supplementary. Do you have an estimate as to how many wild dogs you think might be in the Victorian region? How do you know? The nub of my question is: how do you measure success here if you are not actually sure how many wild dogs and foxes you potentially have?

**Mr WALSH** — I think from a wild dog point of view it is a very good question, and this is one of the issues that has come to the department. The Wild Dog Advisory Committee is chaired by a gentleman called Peter Bailey, who used to work for the department — a very well-respected ex-staff member of the department. One of the things they want to do is move from an input system to an outcome system. Instead of measuring how many doggers there are or how many baits are laid, what is very important is the outcomes you achieve by doing those particular actions. It will take time, but where the Wild Dog Advisory Committee under Peter Bailey's oversight is wanting to head is to actually measure the number of livestock attacks as a measure of an outcome, rather than measuring input.

People will focus on how many staff, how many baits, how many of this, how many of that, but it is how effective all that is as part of an overall strategy that is important, particularly like the work that is being done in the Ensay, Swifts Creek and Benambra area by having the community engaged, by farmers doing work on their own property, by farmers now having the capacity to do baiting work under the guidance of the department in the 3-kilometre buffer into public land. I think we will be able to start to measure outcomes better, because over a number of years I think you will see a reduction in wild dog attacks.

**Mr O'BRIEN** — Further to your answers before, the budget papers also refer to new key technologies and core sciences capacity that has been established by DEPI. Can you explain to the committee what this technology is and how it is benefiting Victoria's food and fibre producers?

**Mr WALSH** — I think this will be German's opportunity to come up and talk about the great work that is being done out at AgriBio. While German is coming up, the key thing here is that it is going to be the next generation of DNA sequencing and the work that can be done around both the plant industry and the animal industry, the next generation of mass spectrometry and advanced scientific computing. You can create all this new DNA material, but you have to have the computing power to actually analyse it and utilise it. I briefly touched before on the work that is being done at the Australian Grains Genebank at Horsham. I think it is a great step forward that we have got the states working together. I think it is an acknowledgement of DEPI's respect in the research community that it is being based at Horsham in Victoria. Instead of five separate gene banks, we now have one gene bank.

**Mr O'BRIEN** — International standard.

**Mr WALSH** — It is absolutely international standard. There are new glasshouses and a new freezer there to store the seed. The reason you have the glasshouses as well, for the benefit of those people, is that you can only store the seed for 25 years, and you need to bring that seed out and regerminate it to get new seed to re-store again. This is both wild and bred seed that is put away for use sometime in the future if we need it to bring some new crosses back in, or in the case of a global disease outbreak we have the base seed there to come back and start breeding again.

**Mr O'BRIEN** — Food security.

**Mr WALSH** — It is an issue of food security. For those people who have had the opportunity to go out to AgriBio, they can see what is being done out there. To anyone on this committee or in the wider public who has not, please make the effort to go out and have a look. It is an absolutely world-class facility. There are 400 scientists there, based between DEPI and La Trobe uni, and as I said in my presentation, there are any particular number of people there are doing PhDs as well as part of that. I might hand over to German to talk about some of this next-generation sequencing.

**Prof. SPANGENBERG** — Just to complement the minister's response relating to some of the core technologies that we have been able to establish — three of those, as reference was made, at AgriBio — one is next-generation DNA sequencing that offers opportunities to fundamentally transform the way we breed plants and animals on one side, but also contribute to biosecurity outcomes. Using the dimension of that new

capability established in 2010, we were able then to, in a sense, decipher or test the DNA signposts across the genome of plants and animals of around 10 000 of the signposts for 1000 individuals in a year. Three years later, now in 2013, we can do that for 3 billion bases, so a 300 000-fold increase in DNA sequencing capacity. Biological research is increasingly underpinned by a very large-scale understanding of genome structure and evolution.

I need to give one example to illustrate the opportunities that arise from the use of this technology for productivity outcomes, and we can just take two recent projects that we have completed in dairy genomics. One was to completely characterise the genomes of 10 000 cows and assess 700 000 DNA signposts across the genomes and correlate, these for 40 different productivity traits. The intent here is to double the rate of genetic gain and deliver more profits than what we have done in the last three decades. We know that we have doubled the amount of milk production per cow, and we have delivered \$234 profit per cow more today than what we had in 1983 when Australian breeding values were introduced. So, we can do it again at double that rate, which I think is a phenomenal opportunity for achieving the government's target of doubling food production by 2030.

We are leading an international effort to sequence the genomes of 1000 bulls. We have completed those for 188 of the major ancestor bulls for the Holstein breed in this country, and are delivering genomic breeding values now for both the Holstein and the Jersey breeds, so 90 per cent of the dairy cattle in the nation. To illustrate also the potential of this technology for applications in biosecurity: we have now developed next-generation diagnostics for the fire blight pathogen arising from the sequencing of the genomes of — there are 3.8 million bases — twelve different strains of the fire blight pathogen *Erwinia amylovora*. We were able to identify DNA sequences that are unique to this pathogen thus offering better tools for diagnostics. That was just to illustrate how this technology, firstly, is exponentially growing and, secondly, is genuinely contributing and delivering major productivity outcomes as well as plant biosecurity outcomes.

The minister also made reference to another core technology platform, which is next-generation mass spectrometry. This includes also nuclear magnetic resonance spectrometry. These technologies allow us to characterise other compounds, other molecules, other than deeply interrogating DNA, such as metabolites, smaller molecules, that are also critical in determining grain quality in wheat, determining flavour in fruit and so on. We now have at AgriBio what is without any doubt the largest suite of capabilities for metabolome and proteome analysis in the Southern Hemisphere dedicated to agribioscience. It is a wonderful platform to deliver innovation and impact for food and fibre producers of this state.

The third component is the advanced scientific computing capabilities we have established. We have seen that biology has moved not only into becoming large-scale biology, with this vast amount of data that needs to be interrogated in a smart manner for delivering technologies and ultimately benefiting growers, but also into becoming an information science. We have now established high-performance servers, over 80 of these, that allow us then to crunch this enormous amount of information arising from next-generation sequencing, as well as next-generation mass spectrometry. So, it is equivalent to having a storage capacity of 450 terabytes, which is the equivalent of having 5000 high-end PCs working together, and that is the capability that this investment in this technology has set up, in addition to the Australian Grains Genebank that the minister was referring to.

**Mr WALSH** — One of the things from Victoria's point of view, as we do our overseas engagement, is that countries that deal with us want to see us as reliable long-term suppliers of their food security issues, and the work that is being done by the department I think underwrites that. Not only do they look at the production in any given year, they also look at our commitment to research in biosecurity to know that we will actually be there every year. And that relationship building I think is important. The work that is done at AgriBio and other research institutes is looked at by other countries, and I think that they are very pleased with what they see.

**The CHAIR** — Exactly, thank you.

**Ms HENNESSY** — Perhaps we could have German have his own session next year during the estimates hearing, rather than just making a guest appearance to enable the minister to glow in his reflected glory!

**Mr WALSH** — Why don't we convene the committee at AgriBio next year, and you can have a look around?

**Mr O'BRIEN** — I am certainly happy to support the motion; I think that is a great idea.

**Mr PAKULA** — I just want to go back, Minister, to the evidence earlier about PrimeSafe and the Giles abattoir, because what you said, I thought, contradicted what I understood to be the case, and I just want to get it clarified. I just want to understand exactly what has happened from a legal point of view. You gave some evidence about some charges being dropped, some charges being pursued et cetera. My understanding was that after the owners of the abattoir, Ray and Colin Giles, had incurred something in the vicinity of \$150 000 in legal fees, DEPI actually dropped the charges against them. Is that the case?

**Mr WALSH** — I might ask Hugh to come up to answer that.

**Mr MILLAR** — Like many legally based investigations, this incident at the Giles abattoir was very complex, working under the Prevention of Cruelty to Animals Act 1986 and its provisions. The very extensive investigation was quite separate to the issues to do with PrimeSafe; this is a matter of potential cruelty charges under POCTA. There were a number of employees, who are the subject of video evidence and so on, who were clearly behaving completely inappropriately. There was the other aspect of whether that behaviour reflected somehow on the management of the company. So the investigation, necessarily, had to look at people who were specifically involved in the video, and whether this was an institutionalised problem where there was some liability on the part of management.

After a lengthy investigation we found that there was appropriate evidence to proceed to court with respect to those specifically in the video, but that there was insufficient evidence to proceed with respect to others. As with any investigation of this sort, it was determined which we would proceed with and which there were insufficient grounds to proceed with. And that is simply how it played out.

**Mr PAKULA** — Just to clarify it: with respect to the owners, was it simply a case of you discontinuing the action rather than a case of you reaching a settlement with them about their legal fees or anything of that nature?

**Mr MILLAR** — There was no settlement; it was simply based on the evidence from the investigation and legal advice with respect to the potential for success and so on. This is just part and parcel of any process of moving towards potential prosecution. It simply got to a point where the courts having found a number of people guilty, with respect to remaining charges, on our legal counsel's advice it was considered that there were insufficient grounds to proceed.

**Mr ONDARCHIE** — Minister, I want to talk about economic growth, particularly through our regions. I wonder if you could tell us how the government has made a contribution to growing the economy in regional Victoria through improved fishing opportunities?

**Mr WALSH** — Thank you very much for the question. As you would be aware, something like 700 000 Victorians actually get involved in the recreational fishing industry here in any particular given year. Particularly for those freshwater recreational fishers it is a huge economic activity in our regional communities. So we actually made a financial contribution out of the budget, a commitment to put \$16 million in addition to the money that is raised out of the recreational fishing licence to give that sector a boost. That money has been invested in increased fish stocking, improved boat and land-based access, fish cleaning facilities and the putting in of some fish ladders and barriers to stop the fish moving up and down the river system.

Between 1999 and 2010 Fisheries Victoria stocked on average 1.1 million fish each year, but with the extra funding that has become available that number has increased significantly. In 2012, 2.7 million fish were released; 2 million of those were native fish and 700 000 of them were salmonoid. If you actually travel around Victoria you will see that, particularly following the breaking of the drought, there have been some very significant growth rates in those fish. The fish that were released a few years ago at the breaking of the drought are now getting to a catchable size, and there was some fish stocking of larger fish in some places which are now very much a catchable size. So we have seen some really good outcomes for the recreational fishers across Victoria.

There have been 1.2 million Murray cod actually put into Lake Eildon since 2010, so Lake Eildon is going to have some very good fishing into the future. The work that has been done at Snobs Creek in breeding is world-class, with the native fish we are breeding up there. I had the opportunity to go up there, I think it was last year, and work with the staff to release some of the brood stock; great big, beautiful cods were being put back into the dam. It was in the non-cod season, so they had a month to acclimatise themselves and find somewhere

good to hide before the fishermen actually got out there in the future. But obviously there is a turnover of breeding stock so you get new genetic material going into the breeding facility there in the future.

Over that couple-of-year period there have also been nearly a million extra native fish put into the Campaspe and Loddon systems as well, so there have been some really good outcomes in northern Victoria. There has been significant money go into boat ramp facilities through that area as well up there. I had the opportunity of being at Gunbower a few Sundays ago to announce money for a new boat ramp on the Gunbower Creek. People were using effectively just a shallow spot that was fairly muddy to release their boats, so once that new boat ramp is put in there it will give an opportunity for people to go into an area that is hard to access. So a very good outcome with the fish breeding program and the releases out of that, and the physical infrastructure is there for recreational fishers. The government gets very positive feedback from the recreational fishing industry on what has happened.

I think from a saltwater recreational fishing point of view there is money going into some of the facilities. For those that go around to major launch facilities around the bay there are significant queues for people to put their boats out at various times, and that is something we are working on into the future to increase the opportunities for the saltwater recreational fishers as well. I have had the opportunity to go out with the compliance officers a couple of times onto Port Phillip Bay, particularly in the snapper season, and see the great work they are doing in making sure people actually adhere to their bag limits and their fish sizes. I noted in the press a couple of weeks ago that there have actually been some people who have had significant fines imposed for having inappropriate sized fish and being over their bag limit numbers of fish. So can I put on the public record a thank you for the support the department gets from those fishery compliance officers. Because the key thing here is making sure people do the right thing so that everyone has an opportunity. If people start doing the wrong thing and take too many fish, it reduces the opportunity for everyone else. Our compliance officers are doing a very good job right across the state.

**Mr ONDARCHIE** — Any secret fishing spots you can tell us about?

**Mr WALSH** — Unfortunately the few times I have actually been out fishing I have yet to catch one. So I have got no advice on secret fishing spots. Just do not go where I go is probably a good start, I think.

**Mr ONDARCHIE** — Thanks, Minister.

**Mr SCOTT** — Minister, could I refer you to budget paper 3, page 116, and the top performance measure there, which is ‘Agrifood and natural resource management research and development project milestones and reports completed on time’. My question really is simple. I am just seeking detail of which agrifood, fisheries and natural resource management research and development project milestones and reports were not completed on time during the 2012–13 year.

**Mr WALSH** — We are looking for a volunteer from the departmental staff. Probably Clive, I think, please.

**Dr NOBLE** — Thank you for the question. I would have to take on notice the specific projects. Those various reports that we do cover a significant number of projects spread across a combination of R and D for the agricultural industries, also the fisheries industries and extension. The targets are normally for a specific date based on a three-year project. There are occasions when, because of requests from industry, we need to shift some of those targets. So in turn we reflect that response on the original date rather than an agreed end date. But for the specific projects we would need to come back to you.

**Mr SCOTT** — The other matter, by way of follow up, Chair, if I could, is that the expected target and actual are actually higher than the target, so it seems a fairly — how would I put it? — interesting approach to performance measurement, to have targets that are lower than the performance over time. I just want an explanation of why the targets are lower than the performance, or expected performance.

**Dr NOBLE** — The targets are ones that we would normally set at budget time, at the beginning of the year.

**Mr SCOTT** — I understand that.

**Dr NOBLE** — Then in turn we have a look at the outcome and what we would push the department to try to exceed, with the intent of moving that up on a continual basis.

**The CHAIR** — Thank you for that. That concludes the hearings on the agriculture and food security portfolio. We will have a brief break and resume with the water portfolio.

**Witnesses withdrew.**