

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2002–03 budget estimates

Melbourne – 23 May 2002

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Dr B. Kefford, Executive Director, Agriculture Division, Department of Natural Resources and Environment.

The ACTING CHAIRMAN (Mrs Maddigan) — I would like to welcome to the hearing Dr Bruce Kefford, the executive director of the agriculture division, Department of Natural Resources and Environment (DNRE). Minister, I would like you to give a brief presentation — about 10 minutes — on the more complex financial and performance information relating to agriculture. **Overheads shown.**

Mr HAMILTON — The first slide of my presentation sets out an overview of what food and agriculture is about. I remind the committee that agriculture is far more than just farming these days; it is about the whole food supply chain. I think in this presentation we will be able to demonstrate the way in which the department is responding to that. Our aim is to have a vibrant and sustainable food and agriculture sector and they are not necessarily always achieved at the same time, but the government is determined that that is what will happen. Certainly a lot of excellent work is being done in each of the industry sectors in dealing with sustainable development.

This state has a wonderful record of thriving and innovative industries that are happening across the whole food and agriculture sector. As a government we have put a lot of time and effort into building cohesive communities, with some special programs which are designed to address some of the stresses that are on the smaller rural communities around Victoria in particular. As a government and as Victorians we also have a commitment to protect the environment that we all live in, and that includes not just protection but in many cases enhancing and getting better outcomes. Much of the work that goes on in the environment and conservation division of DNRE relates extremely closely to agriculture and agricultural production — for example, dealing with salinity.

Government priorities are sustainable food and agricultural export growth, and that includes value adding to a lot of our agricultural products. We want to have sustainable use of the national resources in Victoria and we need stronger and more resilient communities. Communities are changing, and I will divert slightly here, because it is important.

There is a great interest, particularly in the grain section, in attracting superannuation funds to invest in agricultural production. In the Wimmera area there is a new company which goes by the acronym DIRT; direct investment in rural — I forget what the ‘T’ stands for. This company has set out to attract superannuation funds to buy agricultural land as a company and then — here is the beauty of it — to install young, qualified family people on to that farm to manage it. The return on this particular project has been outstanding — about 14 per cent a year — so it is doing two things: it is getting more efficient and effective agricultural production; and, more importantly, it is getting back into agriculture young people with the technology training and the experience to apply those technologies on the land. I think it is a vision for the future and one that we are going to have to come to grips with, both as communities and certainly as a department, in dealing with it. I apologise for that diversion but I think it is important to reflect on some of the changes that are facing us. We certainly have the development of next-generation technologies for sustainable agriculture, and that of course includes the potential for genetic modification of some of our plants. Of course we need to keep in mind that no matter whatever else you do, you are still a human being, you still live in a community, you still have cross-community responsibilities as human beings, and that then picks up the community, farm and industry development.

Mr RICH-PHILLIPS — Can I jump in? Seafood fishing is not in agriculture and never has been; why is that, given it is a food production industry?

Mr HAMILTON — That is a very good question to which I do not know the answer. I will ask Bruce Kefford to answer that.

Dr KEFFORD — Yes, in previous incarnations of the division we had a primary industries division which contained fisheries, but with the new ministerial structure that was changed. Irrespective of that there is a close liaison between the two divisions as they now exist, and we share of a number of programs. An obvious example is the production of aquaculture on farm. We have a joint program there, and we work also in the food safety area together. So there is significant liaison.

Mr HAMILTON — In fact, some of our best dairy farms have got an aquaculture centre at the front end of the dairy farm, and many of you are obviously aware of that. So there are, as Bruce said, very close links. Certainly one of the great credits to Chloe’s leadership in DNRE has been the creation of one DNRE and — no, I am being very serious and I think the community ought to be

aware of this — instead of having silos within the department there is now a greater relationship and understanding of what goes on across the various divisions within the department, and I welcome that. It is a great advance. We shall continue with the slides!

The ACTING CHAIRMAN — Cross back to agriculture now, shall we?

Mr HAMILTON — The important change that has happened over the period of the Bracks government is that we now have a focus on the economic, environmental and social objectives — the triple bottom line — which is not unique to Victoria; I think most modern economists are actually using that same sort of approach. But it is important that we keep a focus on that and not get carried away on production or whatever just as a single focus.

We have a very good record within this department, and when I inherited it and came in there was a great partnership between industry, community groups and — especially — research and development, particularly involving groups like, for example, the Birchip Cropping Group, which some of you may be aware of. It is a local, farm-based organisation that is doing some really great work in the research and cropping areas and better and wiser use of land. So there are those partnerships, and we as a department and as a government are pleased to work with them. We have worked hard to build a leadership capacity within our communities, and most importantly to attract and involve young people in agriculture and food production because that is a really big need. There is a fairly large percentage of my budget spent directly on research. We as an employer employ in the authority the most trained scientists across Victoria, including all the universities and all the private companies. That is something of which I am very proud, and they do a wonderful job. In rural and regional Victoria there is a great deal of focus on the 200 DNRE locations, many of them outside Melbourne and many of them key government focuses within those communities. That is very important to the relationship between the government face and the local community with our staff. Some new and specific initiatives were announced in the budget, and I must make sure that they are recognised. The showgrounds development is fantastic. It is not just great news for the showgrounds but is an important message for building links and bridges between country and city — and none of us should underestimate the importance of that link as a social link as well as an important link that is going to develop over the years. The Wimmera–Mallee pipeline is one that I think is significant in terms of looking at far better management of natural resources and an opportunity to increase and diversify agricultural production. Then the growing investment from the Growing Victoria fund of \$50 million is really important in terms of putting a stamp on future directions. We have got to keep up with the latest technologies, we have got to be at the cutting edge. The next slide gives us an outline of the distribution of funds across the various regions. If members of the committee which to come back to that, we will do that. The next slide gives us the agriculture project locations across the state, and you will see that they are distributed across regional Victoria. One of the real strengths, Acting Chair — and I want to just note this and the committee to note it — is that those research institutes, which are world class and recognised as such, are located across the community. Now that does two things: it puts the research where the action is; and more importantly, it locates real people into real communities so that these staff of DNRE and of Agvic become part of their local communities so that there is that leadership and enhancement of very well qualified and talented people into local communities across Victoria. I do not think any of us should underestimate the importance of that.

The ACTING CHAIRMAN — This scientific equipment at \$13.9 million, is that spread across those areas, is it?

Mr HAMILTON — Yes, some scientific equipment is very, very expensive, as I can ascertain from my past life. It is horribly expensive! But what happens is that is if we need a new spectrophotometer or something that then goes out to the region that is doing that type of research at that time. These days it is getting more and more sophisticated and equivalently much more expensive. One of the really important developments out of that Growing Victoria fund was an extra \$5 million — which I do not think is shown in those figures, perhaps the committee might like to ask us to check this fact — that was for linking all of our researchers with high-tech broadband — is that the word in the jargon?

The ACTING CHAIRMAN — Yes.

Mr HAMILTON — So that scientists at one research institute can communicate quickly and easily with scientists at another institute. That linking up of our institutes, I think, sends a message to everybody that, ‘Hey! You are all part of the one big picture by you also need to talk to one another’. Market access is one of the important things. It isn’t just about going overseas and trying to get some sales and some contracts, it is about building up an image of, in colloquial terms ‘clean, green and kind’. One of the things I discovered when I was in South-East Asia was that people wanted to know if we have high quality food — we do; they wanted to know if it is safe to eat — it is; and they wanted to know that it is produced in an environmentally responsible way.

You might ask, ‘Why would South-East Asia be interested in that?’ Well, the answer is that South-East Asian supermarkets are part of European worldwide chains. They buy globally. One of them has 1000 stores on the west coast of the United States. These are big organisations and they want to promote across their whole organisation world wide that they have good quality food that is safe to eat; that it is produced in an environmentally responsible manner — that is, that it is sustainable; and that, if we are talking about livestock products, we have animal welfare issues at the centre of our production techniques. Indeed, all of the livestock industries have in fact spent a great deal of time getting good sound animal welfare practices as part of their quality assurance.

The ACTING CHAIRMAN — I will have to ask you to go through the rest of it quickly, because I think we are running a little late.

Mr HAMILTON — I was interrupted, Chair!

The ACTING CHAIRMAN — I have made ample compensation for the time you were interrupted.

Mr HAMILTON — The next slide might pick up Gordon’s question on seafood. We are now actually working with the seafood industry to pick up the food safety strategy there. I could highlight that. Someone might like to come back and look at the improved biosecurity through questions. The ecologically sustainable aid initiative is one of my very wonderful personal achievements, where we actually offered a competition amongst staff across all of Victoria. We got 84 entries, 20 finalists and 1 winner, who was picked by our chief scientist group. The department then implemented 20 of those projects worth about \$3 million on ecologically sustainable agriculture. It was a great initiative — without blowing my own trumpet, of course!

The ACTING CHAIRMAN — Okay, as long as you blow it quickly!

Mr HAMILTON — We are growing the science, education and innovation precincts, which again is really important, because if you do not give education its principal role then you are not going to achieve anything into the future.

Then there are the extension programs such as Farmbis; there is our involvement in regulatory projects, including gene technology; there are the industry development services; and the Bushtender initiative comes out of Ms Garbutt’s department but it is one which involves us because we are talking to farmers about looking after their biodiversity and conserving some of the rich resources on their own farms. We have a skilled work force; about 1200 people work in the agriculture division and over half of those work in country and regional Victoria. The budget figures show an increase, which is a sign of growth and a reflection of what has happened within the department in terms of its ability to do things, including its ability to have a very credible position in terms of whole of government, but more importantly its ability to attract external funds for joint projects with other research and development organisations and industry sectors. In relation to our performance measures, someone will probably want to talk about them in question time.

Turning to future directions, I do not want to leave this presentation without talking about the importance of enhanced biosecurity. We have had a trifecta in the past week or two, which has demonstrated the department’s great ability to have response times in place to deal with biosecurity. The management of pest, disease and residue threats are all important in enhancing our reputation and demonstrating that the Victorian department is probably the most efficient agricultural department in Australia. I am very pleased about that, because it is nice to be able to go to ministerial conferences and have it recognised by other agricultural ministers that Victoria is leading the way. In fact, Victoria is very, very important in the commonwealth scheme of things.

The ACTING CHAIRMAN — I want to raise a matter that is of great local interest to myself, and of course that is the allocation of funding for the redevelopment of the showgrounds.

Page 205 of budget paper 2 shows the allocation of funding for that redevelopment over the next three years. Perhaps you could share with the rest of the committee why this funding was necessary and how the project will be undertaken in the future.

Mr HAMILTON — The first answer is easy: the showgrounds, which I think has been in existence for 125 years, has been in urgent need of refurbishment for a long time. Discussions have been going on for probably three years about what the options were, including doing what Sydney did and shift the royal show out to a brand new location. Those involved in discussions seemed to think that would not have been an acceptable solution. There are a lot of heritage buildings at the showgrounds that need to be accounted for.

After a long period of negotiations the government agreed to a joint partnership with the Royal Agricultural Society to do three things: first, to refurbish the showgrounds so that people who attend there have very good occupational health and safety protection, and that includes workers as well as visitors; second, to provide an opportunity to be able to present the royal show in a more professional manner; and third, to be able to have use of the showgrounds for 52 weeks of the year for events other than the Royal Agricultural Show, which is a 10-day event. There is some evidence of that happening, with truck shows, dog shows and things like that, but there has never been a focus on saying, ‘Hey, we can use this. It is valuable land on which to do that’. So there is an opportunity to promote food and agriculture at that Melbourne centre, which is very important in attracting overseas visitors.

The memorandum of understanding between the government and the Royal Agricultural Society deals with two things: the first is the refurbishment and redevelopment of the showgrounds, which includes a change to the show ring to make it smaller and better focused and to provide new grandstands; the second relates to a feasibility study into and a continuing conceptual plan for land at the showgrounds which has not been included in the first stage and is not subject to ongoing work. There are two parcels of extremely valuable land, and I have been able to detect and indeed feed into the system the interest that a number of agribusinesses have in using the showgrounds’ central Melbourne focus and rural focus to establish agribusinesses on that site. There are some wonderful opportunities there and they will do two things: they will attract new agribusiness enterprises into the system so that producers all over Victoria will then have a Melbourne focus to display, promote and sell their wares; and, more importantly, they will enable a far greater media focus to be put on the importance of agribusiness to the whole of Victoria.

The development of the showgrounds is exciting, and it is something I am very pleased that our government has committed to. It is a commitment over a three-year period, and it will require a lot of very fast action and response to actually meet that three-year target. But we will have the showgrounds safe and presentable for this year’s show, and then in the following two years the work will be completed. It is a great project, and I think we should all be very excited by it.

Mr DAVIS — Minister, I want to come back to the agriculture output group dealt with at page 242 and onwards in budget paper 3. Our committee’s reckoning suggests that the budget this year for the agriculture output group has gone from \$182.2 million to \$205.6 million — that is, a 12.8 per cent increase. My question relates to that, and also to the fact that on page 22 of the department’s submission to this committee the breakdown of departmental financial performance has a section on employee entitlements which indicates that the 2001–02 estimate for spending on employee entitlements was \$255.3 million and the estimate for this budget estimates period is \$299.6 million — a 15.9 per cent increase in employee entitlements. What proportion of your 12.8 per cent increase is actually eaten up by the increase in employee entitlements and what is actually left in terms of outputs for delivery on the ground?

Mr HAMILTON — That is a pretty detailed question. The department has had a number of changes: we have increased the number of employees slightly; we have certainly had to respond to increasing wage outcomes across the department; and we have certainly put a focus on making sure that the department is set up to be able to respond to joint projects and joint initiatives from outside, in particular from research and development companies. So we need to be able to do that within agriculture. In terms of the overall relationship between departmental increases and the agricultural division increases, Ms Munro will give the detail, because your question deserves a detailed answer.

Ms MUNRO — The first observation I would make is that the work the department does is pretty labour intensive, and a relatively high proportion of its expenditure is on staff costs. It is the staff who deliver the services, so an increase in expenditure on employees can represent an increase in effort. I think your question goes to what proportion of that increase represents more staff numbers and what proportion is attributable to, say, wage increases. If I can answer it in that way, I shall. If I just pick out the provision for wage increases, going through the changes between the 2001–02 budget and revised 2001–02 numbers, those increases included things like Treasurer’s advance for Red Imported Fire Ants. There are a number of elements in there, but \$2 million of that increase was wage increases. Going forward into the increase between the revised 2001–02 and 2002–03 — and this is attributable purely to the agriculture output group — there was another \$2.1 million. So out of the increase in the total output cost \$4 million of that is attributable to wage increases which reflects the whole-of-government arrangements. You will see if you look at the numbers that the remainder of that is to do with more staff.

Mr DAVIS — So \$4 million between the revised figures — —

Ms MUNRO — No, \$4 million between the original 2001 and the original 2002, so including both the revision and the inter-year change. So if you take the difference between the two — sorry, I am confusing you, I know — the change between 2001–02 budget and the 2002–03 budget is \$4.1 million.

Mr DAVIS — On staff?

Ms MUNRO — On wage-salary increases. The remainder of the increase in terms of staff costs is employee entitlements. That is attributable to two factors. One is we had had a program of gradually replacing contractors with people who are engaged as staff, so there has been a small shift associated with that. I cannot give you the numbers that are attributable to this output, but there has been a shift in the course of the year, and that is reported in the questionnaire. In addition, a number of additional staff have been employed associated with particular initiatives. In summary, if I can refer to the Table that you have referred to — —

Mr DAVIS — So 255 to 299 is the — —

Ms MUNRO — But that is for the whole department.

Mr DAVIS — Yes, I know.

Ms MUNRO — I cannot on the run segregate that out.

The ACTING CHAIRMAN — Perhaps you can forward that.

Ms MUNRO — I can forward that. But as you can see, there is a split between the two. I would say that the increase in effort dominates that number.

Mr DAVIS — Does any of that have to do with the consolidation of offices in Bendigo and Gippsland?

Mr HAMILTON — Bairnsdale.

Mr DAVIS — And in Bendigo as well. I think there are two regional consolidations going on in that respect. How many staff will be affected by those? Will be there any staff reductions on either of those zones?

Mr HAMILTON — Certainly to my understanding there will be no staff reductions because of the consolidations that are going on. I think we have four sites in Bairnsdale going into one. This again is the complication because we have DNRE and not just agriculture, and what is happening is Bairnsdale is that I think there are four sites being consolidated into one, which is a capital outlay by the department. In Bendigo we have the DNRE office in Bendigo city going out to the complex at Epsom, so there is a focus on that.

The ACTING CHAIRMAN — It is putting agriculture and DNRE on one site?

Mr HAMILTON — It is a philosophical decision by the department, certainly supported by myself as Minister for Agriculture, to make sure that agriculture staff are even closer and physically related to staff cross the rest of DNRE, because many of the challenges that staff have relate across divisions within the department. This is one of the examples I was giving before about developing one DNRE, so they are not seen as agriculture staff or not seen as environment staff or pest plant —

Mr DAVIS — There will be no relocations to Melbourne from either of those zones?

Mr HAMILTON — No, there will be none.

The ACTING CHAIRMAN — Don't even mention things like that to Keith!

Mr DAVIS — We used to give a commitment that there would not be any.

Mr HAMILTON — But I guess Chloe can provide the details of that, because it is a departmental —

Mr DAVIS — That would be very good; not necessarily now.

Mr HAMILTON — Conceptually I think it is a good idea because it is building that corporate image.

Ms BARKER — Last year the committee made two recommendations in its report. The first one related to the national livestock identification scheme (NLIS). I will not read out the recommendations, but you referred in your overview under market access, market development and consumer confidence to leadership in national livestock identification. I know that is one question, but I am going to have a double-burger.

The second recommendation related to developing and reporting on performance measures regarding the effectiveness of the Naturally Victorian program. Again in your presentation towards the end you referred to the consideration of a range of performance measures. I was wondering if in line with those two recommendations that we made last year you could give us an overview of how that is progressing — that is, in relation to national livestock and the range of performance measures for the Naturally Victorian program?

Mr HAMILTON — Thanks very much. Obviously had I had more time in my presentation I would have detailed some of that.

Mr DAVIS — This will give you a chance to finish off that bit of it.

The ACTING CHAIRMAN — Get it in now.

Ms BARKER — They were recommendations from the committee last year too.

Mr HAMILTON — The national livestock identification scheme is one in which Victoria is leading the way, and in fact in many aspects is leading the world. There has been a far greater focus all over the world, especially from our export markets, on trace forward and trace back of livestock products.

The government initiated a compulsory identification scheme. Every calf born after 1 January this year has to have a NLIS tag, an electronic tag. Other countries use bar codes. Indeed we had people from Japan, after their outbreak of bovine spongiform encephalopathy (BSE), talking to us out at the Pakenham saleyards — you may have been there — about how our scheme works and why we had decided on the scheme that has been adopted firstly in Victoria but now being adopted and envied Australia-wide. The compulsory nature of it and the development of NLIS was very much at the urging of industry or with the cooperation of industry. We set up a working party and that working party said, 'If we are going to be able to continue with a worldwide trade, we need to be able to put this in', because there is a lot of nervousness about safety of meat products out of any country, but certainly within the country.

The importance of it was demonstrated very much two or three weeks ago when there were detected at an abattoir in Western Victoria two cases of tuberculosis in two separate cattle carcasses. One of them had been on the single property all its life so we were able to go back to that property and implement responses to that occurrence. The other one required us, because the history of that particular animal was not known, to go back through 34 properties and deal with 34 different properties which was a heck of an expensive occurrence for the officers from our department. Had the NLIS been in place we would not have needed to go to 34 properties to cover that disease outbreak. That is an illustration of the importance conceptually of this trace forward, trace back system — the fact that it is electronic and is done through automatic readers and then automatically recorded into a national scheme. Don't let us forget this is national. The central database is in Canberra. As the scheme develops it will become not only an identification scheme for trace forward and trace back being grabbed by the dairy industry — and I think we have sold about 1 million tags in the last few months — but as a very important tool in herd management and in dealing with individual animals on their properties. It is a really important process.

The government has ensured that there is a fixed limit to the price of those tags — I think it is \$2.50 per tag. We have made a commitment that that will be in place until 30 June this year. At the moment, because of the interest and the demand, the evidence is that we will be able to retain that

same price for the producers at least through to September of next year. It has been a great scheme and as it is taken up there will be more economies of scale across the whole of Australia.

A couple of weeks ago at the ministerial council in Tasmania, the chair, Warren Truss, praised what Victoria had done and how it was leading the way. We are onto something that is really important in terms of reputation, trading, and practical application within the industry. We will see further developments, and as the software programs improve we will get better and better information, and therefore better management practices, out of that scheme. There is a lot of interest from the sheep industry. Two days ago I was talking to the chair of the Sheepmeat Council of Australia. It is very keen to see the same sort of thing happen across flocks. It is not compulsory at the moment but the sheepmeat council has indicated that it wants to do the same thing for lamb and mutton exports out of this country. It is also important for disease management in those flocks. That is what is happening in that area.

As to the other question on the Naturally Victorian initiative, it is a marketing initiative. In terms of the philosophy, we are saying to industry that it will not just be going to its farm gate with its produce and then forgetting about it. We need to make sure the producer understands the market chain. So the Naturally Victorian initiative has enabled different groups — agricultural sectors, horticulture in particular, certainly in grains and pulses and some of the livestock areas — to get to overseas markets and get contracts.

The resources have gone to the producer groups, and they have put in place support and resources so that people who are producing food understand that you do not have to just produce it but you have to have a supply chain, be able to guarantee quality and production, and that in many cases requires the involvement of a number of farmers working together. Instead of each competing against the other they have to understand the importance of cooperation to get a critical mass to be able to supply the markets. I give the committee an example. About a month ago we were talking to a group of vegetable growers down at Cranbourne. It is a great place. Not many people realise the greatest value of agricultural production comes out of this Port Phillip region; it is a very productive area. They said that they could supply — and these figures are examples only — a container of vegies a week into China. When they talked to the Chinese they said they wanted 20 containers a week, they wanted them every week of the year, and they wanted them to go on for the next five years.

We did not have the structures in place to supply that Chinese market — which is burgeoning — so the Naturally Victorian initiative has led to some talented members of staff trying to get the message back through a range of measures. They call them RMOs — not the hospital term, but regional marketing officers. I think there are eight of them. We had four and we doubled that last year. By and large they are wonderful young people and they are great communicators. They have been working with industry groups and with our agribusiness forums across the state to try to get those messages through and to facilitate the new structure we need.

If we were only worried about producing food for Victoria, or even Australia, then half our farmers could retire. However, we produced for the world \$7.5 billion dollars worth of food and fibre exports out of Victoria over the last financial year, which is a tremendous and important part of Victoria's economy. They are growing because we have a good reputation, we have great producers and we are now starting to get the strategies and structures in place to make sure we can sustain that growth without ruining the land.

Mr RICH-PHILLIPS — I have a follow-up to the first question regarding the identification scheme, of which I am a keen supporter — it is a fantastic scheme. I was speaking to a beef producer recently and a criticism was made on two counts: one was the cost of the readers for the tags, and the other was the tags themselves. Apparently there are some practical difficulties in attaching the tag where it is required to be attached. Because of the design of the tag is not as easy to use as producers would like. Are you aware of that? I do not know if the tags being supplied in Victoria are the same as elsewhere in Australia, or if there are any other options for tags, but it was quite an issue and concern for producers.

Mr HAMILTON — I will get Bruce to give you a detailed answer. I am aware of that criticism of the scheme. In the first place it is a national scheme so whatever you get in Victoria you will get in New South Wales, Queensland or Western Australia. The reports of some non-functioning tags resulted from them being incorrectly and badly fitted in the first place. Bruce may give you

some better detail, but once there are better instructions and better information on how to fit the tag I think that problem will disappear. I am certainly aware of the criticism of the cost of readers. You would be aware the government has subsidised a number of saleyards to get readers in the saleyards. We will be working with the abattoirs to make sure they have them because part of the system is that the abattoir has to be able to identify the cattle that come in.

The interesting fact is that some of our bigger dairy farms see it as a valuable investment in terms of their production. Dairy has been very successful in the last couple of years and the bigger dairy farmers are saying they want to put the reader in at their own expense. I think it was the Pakenham saleyard people I was talking to who said they wanted to make sure they provided the opportunity for local producers to be able to come in and use their reader as part of their management on farm. They are not coming in to sell their cattle but to get the reader to help in their own farm management. I think we will see the development of that cooperation between organisations. Every beef producer will not have a reader, but there will be some sort of central or cooperative way of making sure the reader can be used.

The next stage in the technology will be the development of portable readers so the reader will be able to be taken on the farm, the cattle run through it and the information and data will be accessed from a portable reader. If you look at the actual technology of the reader it does not take too much imagination to see that you could put it on the back of a ute, take it out on the farm, and run the cattle past it through your own race on your farm. Bruce may want to give a bit more detail.

Dr KEFFORD — The minister has covered it very adequately. The only thing I could add is that beef producers have a particular issue in that they do not muster cattle twice a day, as do dairy farmers. They are particularly interested in having a hand-held reader that has some range. In providing that range technically you wind up with a much more significant energy requirement in the hand-held reader. That technology is in early developmental and pilot stages, but it is not cheap at this point. That is the specific issue for beef producers. With all of these technologies, scale of production is the crucial issue. What I suspect we will see over coming years is that as livestock identification schemes are either mandated or voluntarily taken up around the nation, scale of production will bring costs of these items down. As farmers accrue a benefit from the better recording of information they will probably adjust their view as to the value of it for the relevant costs.

Mr RICH-PHILLIPS — The other criticism made — and you may be able to comment on the accuracy or otherwise — was a requirement for beef cattle to still maintain the old style tag with its physical identification. Is it the case that they still have to have the other tag with a serial number?

Dr KEFFORD — One would replace the other.

Mr RICH-PHILLIPS — There is only a requirement for the electronic tag?

Dr KEFFORD — The issue of the tail tag relates to the current arrangements which allow for some stock. With the introduction of mandatory requirement, stock born after, from memory, 1 January that go direct to abattoir do not require the electronic tag but will require the tail tag.

Mr HAMILTON — In five years there will be one common system. The projections are that over a five-year period there will be a phasing-in so that there is one common system and we there will not be a dual system, which is a nuisance to farmers.

Mr RICH-PHILLIPS — From when?

Mr HAMILTON — From 1 January this year. The industry has agreed to that and will be supporting it.

Mr HOLDING — I would like to ask about the Wimmera–Mallee pipeline project. I notice there was \$77 million-worth of the state component for funding of that project in the budget a couple of weeks ago. The federal government component was not forthcoming in its budget. Firstly, can you provide the committee with any information you might have on whether, when or what has been the outcome of any discussions that might have taken place with the federal government that might indicate if and when that funding will become available; and secondly, will you outline for the benefit of the committee the benefits that will flow to farmers in that region from the construction of the Wimmera–Mallee pipeline?

Mr HAMILTON — I guess the second part of the question is a lot easier than the first. I have enough trouble speaking for my government without the federal government's role.

The ACTING CHAIRMAN — That might be a little outside the portfolio area.

Mr HAMILTON — In general terms it is important. The Wimmera–Mallee pipeline is the consequence of the successful introduction of the northern Mallee pipeline, which is stage seven, I think from memory, which was a jointly funded project between state and federal governments over a period of years. Whilst that was going on there was a feasibility study done funded jointly by state and federal governments to what is a far bigger and more imaginative project which virtually links up central Victoria across through to the northern Grampians, through the Wimmera and then completes the Mallee pipeline. It is a magnificent project. In scale it is probably, in terms of the Australian experience, equivalent to the old Snowy Mountains scheme. It is a big project. The feasibility was done, a report was presented and I happened to be in Horsham launching a book by one of our former staff called *Piping the Mallee*. The community was excited. By and large I think the funding proposal as a result of the feasibility study was one-third state, one-third federal and one-third local, but there was a commitment required from the federal government because it was a project of national significance, the state government because it was a state government project, and a commitment by the local users that they would pay part of the infrastructure costs, and that would be done over about a 10-year installation period. That was welcomed and it was exciting to all of the community, and certainly it was an exciting project for the government. That was the reason the Bracks government committed to the forward expenditure within the budget papers, so it is a line item in forward budgets over the next, I think, 10 years.

The federal government had been a willing partner in the first lead-up to it and certainly was very much aware of the importance of the project as an infrastructure development. It was a bit like putting powerlines all over Victoria; we are now putting a water pipeline over western Victoria. I do not know the reason it was not included in the current budget, but certainly the federal government has been involved so cannot claim it is ignorant — it knew about that — and there must have been some budgetary consideration for the Treasurer. I cannot answer that. I would certainly be very confident that there will be a commitment to this project by a federal government in future years. It is such a good project and is so important to the development of that area. It is important in a couple of areas. Obviously it will give great opportunity for increased agricultural production because of water availability. More importantly, it is of environmental value to that driest part of Victoria in that the old channel system which distributes water has been terribly inefficient. About 90 per cent is lost, and in some cases 97 per cent of the water that goes in one end of the channel does not get down to the other end of the channel. That system is 100 years old, so it is not surprising that technology has changed.

The pipeline will enable a lot of that water wasted which goes to ground water, which is a source of dryland salinity, and will be very valuable in terms of getting better environmental outcomes and better flows in the rivers, especially the Wimmera, Glenelg and Hopkins rivers. There will be good environmental outcomes. The final point, which is important to all of us, is that there has been a lot of concern that when the government committed to increasing the flow down the Snowy River it was said, ‘How can you increase it? The fact is that we waste at least twice, properly by many more multiples, the water that will go down the Snowy River to inefficient irrigation systems. If we get more efficient water distribution systems, which is what an irrigation system fundamentally is, less evaporation and less leakage, then there will be tremendous benefits not only to agriculture but also to the environment and therefore to the whole community’. None of us should underestimate the importance of not only the direct outcomes from the Wimmera–Mallee pipeline but also of the longer-term social and environmental outcomes for the whole of Victoria, and probably, given the significance of the Snowy and the Wimmera-Mallee area, for the whole of Australia. I would be very confident in saying that I would expect the federal government will come to the party in its budget next year.

The ACTING CHAIRMAN — Would you clarify something — excuse my ignorance on this issue — is agribusiness the same as Farmbis?

Mr HAMILTON — No.

The ACTING CHAIRMAN — What are they and what will you do with both?

Mr HAMILTON — Agribusinesses are those businesses which take agricultural produce, value add and market. The best examples are the wineries. In many cases it is a vertically integrated

system, but not always. Agribusiness includes the guy who sells the tractors and the farm machinery to the farmers, and the people who sell the fertilisers and the farm chemicals. I am talking about all those businesses; they can be fuel supply businesses in local areas, for example. It is a general term. The government has built on an initiative by the previous government and said, 'Let's get all the agribusinesses in one region together to actually see if we can get some integration and understanding of each part of the chain'.

The ACTING CHAIRMAN — Is this the network?

Mr HAMILTON — Yes, the agribusiness forums. We actually have extra money in this year's budget to build on that concept. At the moment there is an agribusiness forum in the north-east called Alpine Valleys — that is deliberate because the Murray River is in the middle of it and they talk about all that rich and fertile country in north-east Victoria; there is one in Gippsland with subregions; there is an exciting one in the Yarra Valley, which is an important horticultural producer; and there is one in the Wimmera-Mallee. There is a lot of interest in starting one in the Goulburn Valley and another in the Werribee-Melton area, where there is a lot of agribusiness, especially with horticulture from Werribee and its market gardens, but around that region. There are a couple of new areas, and it would be the intention of the government to support the development of those forums. They are at various stages of development, but they are examples of people involved in food and agriculture sitting around the table, discussing how they can cooperate and working together to get more of the Australian and Victorian produce on overseas tables.

Farmbis is not completely separate. Farmbis is a system of extension to farm enterprises to enable them to take the latest technology and implement it on the farm, whether it be a new type of crop, farm management courses, natural resource management on the farm or financial counselling. It is basically a training program and is a cooperative approach between the federal and state governments. It is funded fifty-fifty. The people who attend pay about 75 per cent of course costs. This year the federal government, in cooperation with the states, changed the rules so there can be 90 per cent funding coming from Farmbis towards the costs of courses if we can do two things: demonstrate it is a natural resource management part of the farming business, and that there is an indigenous partnership — that is, an encouragement to have indigenous people become involved in agribusiness. One is the funding of a training program through approved and accredited suppliers of the programs; the other is a conceptual thing. They are related to each other.

Mr RICH-PHILLIPS — I ask you about staffing in the agricultural area. In your presentation you said you had about 1200 staff, which number is fairly stable, and you have an additional 277 fixed-term contract employees. You say half your people are in the regional areas. Can you tell the committee what exists in vacancies in those regional offices with respect to agriculture? Do you have any unfilled positions?

Mr HAMILTON — I do not know, and if I had that time for that detail I would not be doing my general job well enough.

Ms MUNRO — I cannot provide that information on the spot. I will have to take that question on notice. Vacancies arise from time to time. It is hard to track them, although we have monthly employment reports. I can fairly quickly pull that together as of today.

Mr RICH-PHILLIPS — It would be helpful to break them down by category vacancies — although I do not know how you would categorise them — in agriculture, then we would understand what positions are unfilled in the regional areas in the agricultural output group.

The ACTING CHAIRMAN — Do you want to add anything, Dr Kefford?

Dr KEFFORD — No, I do not have those figures at my fingertips.

Ms MUNRO — On average the department has a staff turnover of about 7 per cent. At any time in the normal course of business we would expect there to be a number of vacancies. I can certainly give a breakdown so far as we can collate the data for you.

Mr RICH-PHILLIPS — You mentioned converting a number of contract positions to ongoing positions. Which area is that targeted at? Is it particular fields or across the department?

Ms MUNRO — No, it is not, although that program has been implemented both regionally and centrally. As you will see from the budget papers over the years, a proportion of funding is initiative based. There is always a question of whether it is appropriate to employ somebody with a specific set of skills for a specific short-term purpose associated with an initiative, whether they

should be on staff or whether the skills can only be supplied elsewhere. We have had a process of reviewing those positions that have been filled on a contract basis wherever they lie and to consider whether there is an ongoing position underlying that that would be more appropriately filled. It has been quite systematic but has not been targeted at any particular area.

Mr HAMILTON — There have been some interesting challenges in agriculture. We have a number of research projects that require specialist and talented staff, particularly for a project that we may contract in partnership with, say, the Grains Research and Development Corporation or a dairy industry research and development organisation. The question that then arises is, if we are to employ very specialist staff that a particular project requires, should they become contract staff or should they be ongoing? Philosophically, if there is an ongoing position it is obscene, to be quite frank, to put somebody on a year-by-year contract when clearly the job will continue. There ought to be a law against it.

The government encourages the department to say, 'Identify ongoing positions and let's be honest about it. If they are ongoing the staff should be ongoing'. However, if as in the example I gave you there is a specialist position that is quite clearly a specialist contract position for a defined period, the government would have no objection to — in fact, it would support — the department's decision to make that a contract position as distinct from ongoing.

I believe there has been a lot of abuse of contract staff not only by governments but by lots of employers over a period because it is an easy run out for management. It means, 'If you don't behave yourself I will not renew your contract'. I do not think that is good public relations, and it is certainly bad industrial relations. To build loyalty and commitment by your staff you have to show loyalty and commitment to them, and you will get that returned in spades. If you looked at the commitment I see every day I visit any of our staff, mainly in agriculture, but mainly in the regional services area, you would see dedicated staff giving miles above what is required under their employment conditions. They are there after hours, they are taking work home; you see the computers hooked into the network overnight. That is the sort of commitment the general public does not understand about so many public servants. I know about the ones in agriculture because I see them. I talk to and work with them. I have no doubt that that commitment extends to other areas of the public service. I think to build that confidence in each other, in terms of the employer-employee relationships, is something that we do not get DTF to put on its bloody measurement scales, to be perfectly frank with you.

Ms BARKER — Minister, you referred in answer to a previous question to the importance of Victoria's food and agricultural exports to our economy and in terms of protecting that valuable export market. You also did not get much of a chance because of the time limit to talk about the last slide — the overview of Future Directions on enhanced biosecurity and the management of pest, disease and residue threats. We all note of course the recent outbreaks of Newcastle' disease in poultry and the anthrax cases that were reported. I was just wondering if you could provide us with detail on whether there is further funding to ensure that these matters are dealt with rapidly, which they were recently — it appears that they were dealt with rapidly, but just to ensure that those matters are dealt with rapidly and that we are certainly protecting a very valuable part of our economy in Victoria.

Mr HAMILTON — There is over \$3 million additional in this coming year's budget for this particular area. Last week we had the quadrella in exotic diseases: we had anthrax in the Tatura area and a suspected outbreak in the Western District, which thankfully did not eventuate into a confirmed anthrax case; we had an outbreak of, as I said earlier, tuberculosis in a Western District abattoir; we had the Newcastle disease outbreak; and then we had a toxic fungal infection for cattle in the Bairnsdale region. So we had four exotic disease outbreaks all at once, simultaneously, across Victoria. The response by the department was absolutely outstanding and I do not know that that has been celebrated well enough. Certainly I was talking yesterday to the industry-appointed vet in poultry. He was congratulating our staff on the way they had handled the outbreak of Newcastle disease. Newcastle disease is a bit like cancer. There are lots and lots of strains of that particular virus. The one that was discovered at the Meredith property was the virulent variety of that particular disease. It spreads like wildfire and it affects not just poultry and intensive farming, but it can affect domestic birds and across the whole poultry area.

The ACTING CHAIRMAN — Native birds?

Mr HAMILTON — Yes, native birds. In fact, in some ways we think native birds might be one of the carriers and spreaders. Because it is a certified national exotic disease there is a national response and so there is an agreement that it is handled under Australian Quarantine and Inspection Service (AQIS) as the lead authority, but that requires that each state has its own emergency response mechanisms in place and indeed the emergency response mechanisms were, I guess, threefold in terms of our department. One, we confirmed once the birds had gone off their production of eggs — there was a reduced production — and so that was then investigated. The investigation was done promptly and very quickly and the confirmation that Newcastle disease existed on that property. Two, the property was quarantined. Three, the procedures to deal with the disease which included the slaughter of 240 000 birds, I think, done under humane conditions as required by our agreement with the Royal Society for the Prevention of Cruelty to Animals (RSPCA). All went into place like clockwork. The vets and the animal health officers who were associated with that are to be congratulated. What it meant was that once the disease had been confirmed all poultry and poultry products were banned from export out of Victoria. It did not matter where your poultry farm or your egg-producing farm was, or whether you were producing ducks from Luv-a-Duck up at Dimboola, all were banned — —

The ACTING CHAIRMAN — From what?

Mr HAMILTON — And that is part of the national agreement. You cannot export —

Ms BARKER — Luv-a-Duck at Dimboola, I thought he said.

Mr HAMILTON — Don't you eat duck?

The ACTING CHAIRMAN — No. I like chooks better.

Mr HAMILTON — The national agreement is, 'Okay you are banned'. Then the department has to demonstrate to AQIS that you have it contained, you have it quarantined, that you are dealing with it, that you have dealt with it and then you have to be able to confirm that is the case before you can resume exports. In some cases there were certifications of clearance given to particular properties to supply particular contracts. It is a tremendous problem to the industry in terms of those parts of the industry which export either interstate — you cannot cross the Victorian borders once the ban has been put on — or you cannot export to an international market. It is one of those areas where we had to respond properly.

Now, as I understand from my discussions yesterday — and Bruce might have some later information — it would appear that instead of being months, or in the case of Queensland outbreaks some years ago, years before you get certifications that you are disease-free or disease-controlled — within weeks Victoria will be given a clearance by AQIS and we will be able to get on with our job and the industry will feel much more relaxed and secure. Yesterday I visited the poultry farm and I had four showers — —

Ms BARKER — Was it in Dandenong or Pakenham?

Mr HAMILTON — No, it was in central Victoria. I think the committee ought to understand that biosecurity on poultry farms is such that when you go to the poultry farm you can only speak to the operator through a closed window; to enter that poultry farm you have to completely undress, including watch, wallet and chains, or whatever else one has; have a shower with special detergents; and then you re-dress once you get out the other side of the shower into clothing supplied by the firm. When you exit you again shower on the way out and you get back into your own clothes. We were with the manager of the company and he did the same thing. He did not get any special pass because he was the manager. You went through that process. The poultry industry in particular — —

Mr RICH-PHILLIPS — Does that apply to all poultry farms?

Mr HAMILTON — It applies to all of those operating at quality-control levels now. It is just an amazing exercise. In fact, I am the cleanest I have been for years! I do not generally have four showers in one day!

The ACTING CHAIRMAN — So if your water goes off, Gordon, you know where to go.

Mr HAMILTON — The point of the illustration is this: that the industry itself is extremely biosecurity conscious. It understands the implications of an exotic disease outbreak. Newcastle disease is not the only one. There are range of others. But believe you me it is worse than getting in and out of prison — not that I have ever experienced that!

Ms BARKER — Can I just ask as a follow-up: something that has not been reported recently of course is the fire ants? Has there been any more on that? You know I have a particular interest in the issue.

Mr HAMILTON — It is another example of an exotic disease, an imported pest which has cost the United States hundreds and millions of dollars just to control it, not to eradicate it. It is actually a fairly small ant — —

Ms BARKER — And very vicious.

Mr HAMILTON — They are terribly aggressive and they can create havoc. They have been known to attack and kill people but they also attack things like switchboxes in electrical circuits and cause traffic lights to go down and reduce property values and all sorts of things. There were two outbreaks in Queensland: one around Queensland ports and one south-west of Brisbane. They were identified and they may have been there for four or five years before it was identified that there was a plague of these and they can quite clearly spread down to Victoria. We had two incursions into Victoria. Mainly we believe — —

Ms BARKER — One was in Dandenong, wasn't it?

Mr HAMILTON — Yes, one was in Dandenong. It was an imported plant which had fire ants on it. They were identified, the fire ants were destroyed, and a ban was put in place on importing any nursery products from Queensland and Victoria. The other outbreak, which was reported at the wharves, probably came in on a container ship.

Ms BARKER — For how long is that ban on plants from Queensland?

Mr HAMILTON — Until Queensland gets rid of fire ants, and it has not got rid of them yet. They have five years, I think. Again it is a national program. Victoria contributes to an agreed proportion of the costs, and last year we contributed about \$5 million. The program is ongoing. Victoria's commitment was to see progress in the control and eradication in Queensland, so the state invested \$5 million as its contribution to the problem. However, by the same token Queensland would have contributed to our control of Newcastle disease too, so there is this relationship which is monitored by the commonwealth, and it is a great demonstration that the commonwealth and the states can cooperate and get on with one another when dealing with something of national importance.

Dr KEFFORD — I will correct that contribution figure. It is \$4.3 million this year; it may go over \$5 million next year.

Mr DAVIS — How many farms will be involved in your fox control on private land initiative, and in what areas? In particular, how will the program operate — what will be the responsibilities of land-holders and what sort of payments will be made to land-holders? Exactly how will that operate?

Mr HAMILTON — That is a great question but unfortunately you have asked the wrong minister.

Mr DAVIS — It is not your area? I see; it is in Sherryl Garbutt's area. She has all of that, has she? I thought it came across with you.

Mr HAMILTON — Yes, it is within Sherryl's portfolio. Obviously we have discussed the way in which a program might be implemented and the way in which we can do an objective evaluation of it. Whenever you spend public moneys you have to make sure you can objectively evaluate whatever you spent the money on to see if you got value for it. But the details you are asking are really a responsibility of Sherryl Garbutt under pests, plants and weeds or whatever. It would not be proper for me to answer.

Mr DAVIS — But the rural dispute settlements are yours, are they?

Mr HAMILTON — No, actually they are the Attorney-General's responsibility.

Mr DAVIS — I know you have your tentacles everywhere!

Mr HAMILTON — It just shows the great cooperation I have with other ministers, you see.

Mr DAVIS — What about the Living Together in Rural Victoria package, which I know you released just this month? How much money is dedicated to that program and how will the material be distributed? What is your plan in terms of distribution of printed materials surrounding this program?

Mr HAMILTON — Again, that program is a whole-of-government response. The problem has been that it affects people at the interface between city and country — mainly around Melbourne but certainly not restricted to Melbourne — around the regional areas where there have been false expectations of what people think about rural living.

The committee that was set up looked at the American right-to-farm legislation and at the recommendations from a joint working party between the Victorian Farmers Federation, the Municipal Association of Victoria, the Department of Natural Resources and Environment and the planning section of the Department of Infrastructure. The joint working group looked at the American experience and said it has failed for a number of reasons. The first is that legislation always has holes in it, and the legislation in this case did not deal competently with the overall idea. The second is that the nature of farming is changing so quickly that by the time the legislation was introduced and passed the operations had changed so that you could not apply legislation to the new technologies which had been introduced in agriculture.

Six recommendations came back to our government, all of which the government accepted. They were that we should introduce a change to the section 32 land sale bill before Parliament at the moment, which states that when you are thinking about buying land in the country you must realise that this land has neighbours who undertake responsible farming practices and you may be subject to noise, dust or something at various stages of the year. That is not quite as one-way loaded as it may seem, because farmers have a responsibility to operate under the requirements of best practice, so the farmer has to make sure there is no spray drift under Environment Protection Authority law, and farmers have to make sure they do not have unregulated noise on their tractors and that they do not create unnecessary dust. But they have to be able to carry out their job under best practice. That is one part.

The second recommendation was the rural dispute settlement committee, which sat people down around the table to understand each other's position instead of going to the courts — or in this case, mainly to the Victorian Civil Administration Tribunal. There have been some very good outcomes with that with some really good settlements, and that has been a positive way of getting people to talk to one another so they understand what is happening.

The third recommendation related to an education program. We have distributed fairly widely, through local government and DNRE offices, a set of leaflets under a range of headings such as 'Tips for purchasing rural land', 'Good neighbours', 'Agricultural industries and their impact', 'Legitimate rural land management activities' and 'Managing weeds and animals pests'. We find it happens with much of this rural interface land that is privately owned that the hobby farmer or just someone who is rural residential does not control their weeds or take responsibility for weeds, pests and so on, road animals and vehicles. There is the famous case where the cow dung got on to the four-wheel-drive and that went to court, so they need to know about that, as well as the alternative disputes procedure and who you should contact about a range of issues. So the package contains a leaflet which states that if you have a problem about the EPA or with what their role is or what local government's role is, here are the contacts, and that is probably the most valuable sheet in it because it puts you on to the right links.

Mr DAVIS — How many of those have gone out and what is the cost of that?

Mr HAMILTON — Bruce might be able to give you a number, but they are in every DNRE office. They have been distributed to all our extension offices; and all local governments in rural Victoria, especially the interfaces, have them, so there would be several thousands. I do not know what the print run was.

Dr KEFFORD — I cannot give an accurate figure right now, but it was widely distributed.

Mr DAVIS — If you can come up with a figure and number it would be good to cost.

Mr HAMILTON — It is well worth while looking at, because it is comprehensive information that will enable rural communities to live better together so each will understand where the other is coming from. That was one of the very important parts. Local councils agreed that they would introduce model laws across all of the councils in rural Victoria in relation to moving stock on public roads, and that was as a result of the famous case of the cows moving on the road in the Western District.

An agreement is currently under way — this is the sixth recommendation — to review the planning schemes. As you would know, there are codes of practice for intensive industries such as poultry farming and things like that which are part of EPA law, part of planning law and part of good farming practice. We are looking at how we can review the planning laws to take into account the problems that exist between various groups within our community so they can better live together. That review is under way and, for those of us have no experience about how you review a major act like the Planning Act, the review will not be complete by my assessment before the end of this year. We will pick up any problems and do what we did with the bill that is currently before the house. We pulled out one bit of the Planning Act and amended it as part of an agricultural amendment act. We do that as we identify problems in the review.

The ACTING CHAIRMAN — Thank you very much. This concludes the consideration of the budget estimates for Aboriginal affairs and agriculture. I would like to thank you, Keith, Chloe, Bruce and the other departmental officers who have made time to make themselves available. It has been useful. There are a couple of issues and a couple of bits of information you are going to get to us and we look forward to receiving them. Thank you very much.

Mr HAMILTON — I thank the committee and confirm our initial discussions across the table that I did not expect this to be an inquisition and it wasn't.

Witnesses withdrew.