

# CORRECTED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into 2003–04 budget estimates

Melbourne—18 June 2003

#### Members

Mr W. R. Baxter

Ms D. L. Green

Ms C. M. Campbell

Mr J. Merlino

Mr R. W. Clark

Mr G. K. Rich-Phillips

Mr L. A. Donnellan

Ms G. D. Romanes

Mr B. Forwood

Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Mr B. Cameron, Minister for Agriculture;

Ms C. Munro, Secretary;

Mr B. Kefford, Deputy Secretary, Regional Services and Agriculture;

Mr R. McLoughlin, Executive Director, Fisheries Victoria; and

Mr A. Young, Chief Finance Officer, Department of Primary Industries.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearings on the 2003–04 budget estimates for the agriculture portfolio. I welcome the Honourable Bob Cameron, Minister for Agriculture, Ms Munro, Mr Kefford, Mr McLoughlin and Mr Young from the Department of Primary Industries, departmental officers, members of the public and the media.

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

Before I call on the minister to give a brief presentation on the more complex financial and performance information that relates to the budget estimates for the portfolio of agriculture I ask that all mobile phones be turned off and pagers turned to silent.

Minister, after you have made your overheads presentation, which we ask be no more than 10 minutes, we will have 1 hour 50 minutes for questions.

**Mr CAMERON** — Thank you, Chair. You have outlined the people who are with me today from the department who will help you with your inquiries. I will go over the slide show concerning portfolio responsibilities and included in the agriculture portfolios are matters relating to agriculture and fisheries.

The portfolio is within the Department of Primary Industries (DPI) which was created on 5 December when he we came to government for the second time. Agriculture, fisheries, minerals and petroleum functions from the former Department of Natural Resources and Environment (DNRE) have gone in to become what is now DPI. I will take you through each of those areas separately.

#### **Overheads shown**

**Mr CAMERON** — The health of Victoria's economy and the community depends on vibrant and sustainable agriculture and fisheries industries and resources. These industry sectors underpin Victoria's economic, social and environment wellbeing with special significance for the state's regions outside Melbourne where one in five jobs are in the food industry — that is, up to the farm gate or post farm gate.

The agriculture portfolio makes a significant contribution to the Growing Victoria outcomes of promoting sustainable development through industry growth and community partnerships by protecting the environment for future generations by a responsible and efficient use of resources, and while we all want good and profitable farming we have to make sure we have good and profitable farming in a sustainable way into the future for the next generation and beyond.

We want more jobs and thriving innovative industries. For example, in the last 12 years the value of exports from food and fibre has increased from \$3 billion to \$8 billion. There has been a 6 per cent increase nationally compared with 4.7 per cent. That \$8 billion figure comes from the 2001–02 financial year. The impact of the drought, when we see the ultimate figures, will significantly impact on that during the current financial year.

We want to build cohesive communities and reduce inequalities by supporting landholders and small business through drought and fire recovery and building capacity and increasing the community's level of involvement in decision making. The portfolio contributes to the government's innovation statement through the science research and development effort in generating innovative technologies.

If I can provide you with details on the agriculture output group. Key recent achievements in this area include the delivery of disease monitoring and control response to anthrax and Newcastle disease outbreak to avoid a potential significant losses and continued monitoring and mitigation programs on fruit fly and phytophthora; an ongoing expansion of the national livestock identification scheme to maintain and improve Victoria's access to global markets, and the continued success of the Naturally Victorian initiative in demonstrating and promoting Victoria as a source of safe, quality food from environmentally responsible agriculture. The two three-year Naturally Victorian activities have encouraged over 100 new international customers to actively seek Victorian food products.

There was continued success in the development and implementation of research and development investment priorities for the dairy, meat, wool, horticulture and specialised rural industries. This is demonstrated by \$20 million of co investment by industry this financial year. It supported Victorian representation at three international food trade shows and developed a market entry strategy for new markets such as China.

The ecologically sustainable agriculture pilot projects aim to develop practical management solutions to address issues considered important to the future of Victorian agriculture in areas such as biodiversity, greenhouse environmental management systems, recycling and organics. Already the greenhouse projects have attracted money from the WAG greenhouse strategy, the CRC for greenhouse accounting and collaboration with the CSIRO to work on future land planning for climate change.

Successful implementation of the science technology and innovation, resulting in the establishment of world-leading capability in a number of science platforms, enabling biotech functional foods and new generation sustainable production systems has already resulted in 17 patent applications. For example, a molecular test was developed for Newcastle disease for poultry which reduces the detection time from two weeks to two days. You can appreciate the significance of that in the event of an outbreak. The outbreak at Meredith last year cost Victoria \$2 million compared with \$30 million for a similar outbreak in New South Wales the year before, where that technology was not in place.

Significant progress towards the establishment of a regional network of science, innovation and education precincts as part of the government's Growing Victoria initiative, which incorporates state-of-the-art energy-saving design. With Farmbis that provides training for land managers in financial and business management. That has had a 150 per cent increase in participation with a total of nearly 8000 to date this financial year; and 95 per cent of participants have been satisfied with course content and 93 per cent said they had gained new skills.

The portfolio has provided responsible policy and rapid program development for the four packages — for the drought and fire recovery — and it has been important in negotiating with the commonwealth around the areas of exceptional circumstances funding.

If I can turn to agriculture output information, the outputs for the agriculture output group are biosecurity and market access, and this output is focused on building and maintaining Victoria's capacity to monitor, detect and respond to exotic and endemic animal and plant disease and pest threat, ensuring chemical use is safe for the customer, the environment, users, crops and animals and promoting animal welfare objectives in accordance with community expectations. There is sustainable agriculture and food sector development. That output develops new or improved technology and information implemented by industry to increase the value of agricultural food and fibre product in total and per unit of natural resource input. The 2003–04 published budget for the agriculture output group is \$239.7 million.

Future directions and key initiatives for the 2003–04 year in the agriculture portfolio include defending our farms against disease. This was announced prior to the election and aims to strengthen Victoria's capacity to respond to disease threats through enhancement of current animal and plant health programs. The initiative has been further resourced by the government's commitment to improving Victoria's biosecurity capability.

Investment in enhancing biosecurity is in addition to the government's election commitment around defending our farms. The Department of Primary Industries (DPI) is committed to enhancing Victoria's capacity to respond to the increasing threat of exotic animal pests and diseases and will implement a package of measures aimed at addressing these biosecurity threats.

**The CHAIR** — Minister, you have 3 minutes more on your overhead presentation.

**Mr CAMERON** — The extension of the Naturally Victorian initiative will build on the success of the program, which came about as an election commitment of the first Bracks government. As part of the innovation statement, DPI will implement our rural landscape, which is a new R and D project.

If I can move to fisheries achievements, you will see the declaration of aquaculture areas for fishery reserves, export accreditation for jellyfish by Environment Australia, implementation of the marine parks initiatives insofar as they impact on the fishery commitments, including the rollout of enhanced fisheries compliance packages that involve the appointment of over 20 new fisheries officers and six investigators, and development of the rock lobster and giant crab fisheries management plan. There was also participation from fisheries officers in the major emergency response and recovery program relating to fire.

Just quickly on the fisheries output information, you can see those there: sustainable fisheries utilisation services, industry and community compliance services and aquaculture and fishing industry development. In relation to the output budget, the 2003–04 published budget for the fisheries output group is \$40 million. Enhanced aquaculture initiatives and being tougher on fisheries offences are part of the fisheries future directions. I am happy to take questions and have myself or the appropriate officer answer them.

**The CHAIR** — Thank you very much, Minister. Would you go to budget paper 3, please, on page 283, in relation to biosecurity. Could you please advise us of the costs of the range of the projects which make up that biosecurity package and how you intend to monitor the success of it?

**Mr CAMERON** — Biosecurity is important — —

**Mr FORWOOD** — It is a blank screen.

**Mr CAMERON** — Yes. Biosecurity is important from an animal or plant perspective. It is also important from a human perspective, and the economic impact of an outbreak of disease obviously can be very considerable. We want to strengthen Victoria's capacity in biosecurity. In a world which is increasingly shrinking, issues around biosecurity become all the greater. We need to do that to protect market access, so that is very much what we want to do.

The government has committed \$7 million in the 2003–04 financial year as part of a total of \$22 million over four years to enhance Victoria's biosecurity and response capability against animal disease and pests. That can be things like foot-and-mouth, anthrax or mad cow disease which we have to do to protect access to markets.

Key elements of that will be enhancing the monitoring and diagnostic capability, developing and refining strategies for eradication and containment, and improving pre-emptive treatments including vaccines. You need to upgrade communication and training to increase industry awareness and preparedness. So this is the biggest boost we have seen for many years in biosecurity, and we see that as important in terms of securing our agricultural base, for which I think there would be broad support across the community.

Concurrent liaison and cooperation with industry aims to encourage producer engagement in the development and delivery of improved biosecurity programs. I have to say that all of this is over and above the \$2 million that I referred to earlier over four years in terms of defending our farms. We have gone well beyond that because we have recognised this greater need for biosecurity and market access protection.

You also asked about how that is going to be measured over time. I will get Bruce Kefford, the head of agriculture, to outline that.

**Mr KEFFORD** — There are a number of levels of assessment of the adequacy of our systems. The first level of assessment is we have done a major risk management analysis of the range of risks that fall under this biosecurity strategy.

The second level of assessment is through the engagement with the commonwealth and other states in a range of exercises to test specific incursions, such as our foot-and-mouth disease exercise under Minotaur. That was one of a series of tests of a system to see how adequately that will serve the country and the state, and quite frankly Victoria shows up well under those tests.

The other level of assessment of these things occurs at COAG, where first ministers meet and discuss the preparedness of the nation in regard to these areas, and that is quite apart from our own internal assessments, which occur on a regular basis within the department.

**The CHAIR** — In terms of preparedness, you made the comment that Victoria comes up very well. On what basis do you make that comment?

**Mr KEFFORD** — In the Minotaur exercise, which was nation wide essentially a preparation for a foot-and-mouth outbreak, a scenario was played out without actually involving the public, but it involved the agencies. Victoria was one site where a disease outbreak was thought to occur. On two occasions our response stopped the scenario and they had to restart. So our response was too quick, in effect, for the purpose of the exercise. Now, having said that, the exercise highlighted a number of areas where we could improve, and that was brought forward, and the extra funding is being deployed to achieve that.

**Mr FORWOOD** — You said at the first level there had been a risk assessment done.

**Mr KEFFORD** — Yes.

**Mr FORWOOD** — Is that a public document, and if so where can I find it? If not, can you make it available to the committee?

**Ms MUNRO** — If I can answer that question, through the Chair, the risk assessment is not a public document. It is actually a cabinet document, so we would not be able to make that available. It was part of the expansion review process, but what we would be able to do is extract the key conclusions from that and make that available.

**The CHAIR** — Thank you.

**Mr CLARK** — Can I raise the subject of the bushfires of last summer, which as you know started in January. In February you announced a package of assistance to farmers for fence replacement. I understand that some farmers had assessments completed before Easter, yet the first cheques have only just been sent out this week after the issue became public last week. Can you tell the committee why it has taken so long for these cheques to be provided, who is accepting responsibility for that, and what is going to be done to make sure these farmers get their funds quickly?

**Mr CAMERON** — I only saw that in a press clipping yesterday, so if you can provide some information to me I will follow it up, because what is envisaged is that when the fence is done, at the end process, as you have said, an invoice is handed to the department, and there should only be a turnaround of around a fortnight. Now we are going to see more fencing occur. That is because a lot of farmers have held back with doing fencing. There has been an issue around clearing lines, and we have had many other things to do, but also a lot of people have wanted to see pasture and ground stabilisation in place before they did substantial fencing, because if you have a substantial rain break you will see mud, which could potentially wash the fence away. That is why a lot of people have held back, but my expectation is that when it is done and an invoice is put in, there should only be a fortnight turnaround. But if you have some information, I would like that to be provided to make sure that any blockages —

**Mr CLARK** — My understanding is that one farmer has raised the issue publicly on radio. Mr Bill Arnitt of Bindi has said that his assessment was completed before Easter and he has only just received payment. That seems to completely contradict what you are saying about a fortnight's turnaround.

**Mr CAMERON** — Was he on Jon Faine's program last week?

**Mr FORWOOD** — And today.

**Mr CAMERON** — He was on last week. My understanding was that he put in an invoice to the department a week earlier and he has probably been paid by now.

**Mr FORWOOD** — Why do we not just follow up the issue. How many farmers have had their fences inspected, and how many have been paid as of today?

**Mr CAMERON** — Of all those who wanted to be inspected, my understanding is that they have been —

**Mr FORWOOD** — How many is that?

**Mr KEFFORD** — Roughly 220.

**Mr FORWOOD** — How many cheques have been written out?

**Mr CAMERON** — There would not be many written out because not many have done fencing at this point.

**Mr FORWOOD** — Hang on, 220 have been inspected and no cheques written out?

**Mr CAMERON** — No, you misunderstand the inspection. That may very well be the problem in relating to the reference 'prior to Easter'. The inspection took place prior to any works occurring, not subsequent. So a lot of farmers have had inspections, and when departmental officers were there farmers were given advice about a whole lot of things including pasture, which has worked very successfully, and I do not think anyone has said that departmental officers have not been helpful. When the fence is completed — and there is a time lag as to when that might occur — and when the invoice goes in, that is when there should be a two-week turnaround, but obviously there is a difference between before you start and when you finish.

**The CHAIR** — Thank you. Ms Romanes?

**Mr FORWOOD** — Hang on. I want to know — —

**Mr DONNELLAN** — No, it has been explained to you Bill.

**Mr FORWOOD** — Well it might have been explained to your satisfaction because you are trying to defend the indefensible.

**Mr DONNELLAN** — No, you can't — —

**Mr FORWOOD** — You have got to be realistic about this. The issue is — —

**Mr CAMERON** — You put in an invoice a fortnight ago, that should have been paid by now.

**Mr FORWOOD** — Okay. So you are saying that he put the invoice in a fortnight ago?

**Mr CAMERON** — That is my understanding.

**Mr FORWOOD** — And was paid yesterday?

**Mr CAMERON** — And should be paid by now. If it was put in a fortnight ago, it should be paid around now.

**Mr FORWOOD** — The bushfires took place in January. How many people have been paid money now by the government under the fencing program?

**Mr CAMERON** — Anyone who has completed the fencing — —

**Mr FORWOOD** — No, I don't want that answer. I want a number. How many people have been paid?

**The CHAIR** — There is no need to shout.

**Mr CAMERON** — There is no need to yell. I can tell you it will not be many because most people are not building their fences now because for many people it is not seen as prudent. I will give you an example. I am more than happy to answer these questions so Mr Forwood can have some understanding.

You will remember about six weeks ago there was a flash flood in Swifts Creek and some of the fences that had been done were washed away. As a consequence there was a greater recognition of the need to have the land stabilised before you went ahead and did substantial amounts of fencing. It would be very imprudent to go ahead and fence otherwise, so people have had to make those choices about what is right for their land. But for any fence that is completed, if the invoice is put in, there should be a two-week turnaround.

**Mr CLARK** — My understanding is that Mr Arnitt's fence was completed before Easter.

**Mr FORWOOD** — Erected, completed and inspected before Easter.

**The CHAIR** — The minister has — —

**Mr CAMERON** — After the invoice goes in. If you can provide me with the details, I will have an answer, but my understanding is that the invoice went in two weeks ago.

**The CHAIR** — Thank you, Minister.

**Mr FORWOOD** — And you will get me the number of people who have been paid as of today's date?

**Mr CAMERON** — Yes, we will provide it to you, but I would not expect it to be very many.

**Mr FORWOOD** — No, me neither, given the way you behave.

**The CHAIR** — Thank you.

**Mr CAMERON** — Hang on. I want to take that up. Why do you say that when, if the fence is completed and the invoice goes in, there is a two-week turnaround?



**Mr FORWOOD** — I say that the bushfires occurred in January this year. We are now at the end of June. This government made commitments to people including some farmers whose fences were burnt as part of the back-burning operation, and they are down there now, they have spent their own funds, are carrying the government and have yet to be paid. Frankly you can come in here with all the excuses in the world about why people are not putting in their claims, but I am saying to you that what has been demonstrated is that in the five months since the bushfires virtually no-one has been paid.

**The CHAIR** — Okay. Mr Forwood — —

**Mr CAMERON** — Mr Forwood will provide me with details of when people put their invoices in, and I think — —

**Mr FORWOOD** — And you will provide us with a schedule of the number of inspections that have taken place, the date that they took place — —

**The CHAIR** — Thank you, there is no need to point — —

**Mr CAMERON** — You raised the issue. You will provide the names of the people and when they put their invoices in, because if there is a problem I will make sure it is sorted out.

**The CHAIR** — Thank you very much.

**Mr FORWOOD** — If there is a problem? You caused the problem!

**Mr CAMERON** — You raised the issue. The onus is on you, being the person who made the allegation, as is the normal case in every political or legal forum in this country. You make the allegation, you provide the information, and I will see to it that if there is problem it is fixed. But in the next day or two I expect from you a list of names and when invoices went in.

**Mr FORWOOD** — And I expect from you a list of the number of cheques that have been paid.

**The CHAIR** — In relation to — —

**Mr CAMERON** — I can tell you that it is not many. I will get you the number, but it is not many. But that comes back to the issue of when people do their fencing and complete it. But you will provide that information, because if they put the invoice in, they have completed it.

**Ms ROMANES** — While we are on the topic of bushfires, I note that on page 280 of budget paper 3 there is reference to the impact of the recent fire emergency, and I ask if you would inform the committee what role the Department of Primary Industries played in the bushfire emergency and in the recovery program?

**Mr CAMERON** — Yes.

**Ms ROMANES** — Could you comment on how this has impacted on the role of the department in delivering on its key outcomes?

**Mr CAMERON** — Thank you. I will speak broadly, and then Bruce can take it up. What occurs in the event of a major fire like we saw last summer is that officers of the former Department of Natural Resources and Environment, now officers of the Department of Sustainability and Environment, officers of the Department of Primary Industries and officers from Parks Victoria essentially down tools and go off to fight fires. That is what occurred. As a result that has had a huge impact. In the normal course of a summer there might only be a couple of large — or what we would previously call large — fires, and the disruption is not so substantial, but over this summer the disruption was very substantial.

So departmental officers were out having to fight fire, and often that is done on a rotational-type basis. What occurred subsequently, particularly in those areas, is that those same officers were the ones who were critically involved in providing advice and support to local farmers. That advice may have included how to tackle key issues around pasture and looking after stock.

As a government we also made some other commitments. We had \$500 000 with the Victorian Farmers Federation around providing emergency hay to people so they had some feed until they could work out what was what given

the critical nature of the time. There was also some issues around wild dog fencing, because our policy is to contain wild dogs around Crown land areas. Some loans were also made available through the Rural Finance Corporation.

I think your question also related to the impact that has had on the department.

**Ms ROMANES** — The outcomes.

**Mr CAMERON** — Probably I will get Bruce to detail that.

**Mr KEFFORD** — A major impact of the fire control has been on our specialised rural industries project conducted at the Ovens research station. This research institute was the centre of the north-east fire and was the major emergency control centre for two months at a critical time for the harvest of a number of important crops.

There has been a major impact on the delivery of some state-funded industry extension programs where staff have been diverted to fire-related work. This comes on top of their already significant diversion to drought-related issues. The Department of Primary Industries (DPI) has outlined the impact of the fires on programs and projects to its co-funding partners in industry, the Rural Industries Research and Development Corporation, and we are renegotiating milestones and deliverables on these contracts.

What typically happens is that the projects are ultimately delivered but in a longer time frame. Our industry partners are generally very supportive of our diversion to emergency issues. There could be a lag effect for the next 12 or possibly 18 months on performance against some of the key output measures as a result. For example, the number of research publications could decrease as staff catch up with the experimental work which is ultimately written up as a publication. This has been alerted in the recent quarterly output performance report to Treasury.

**Mr FORWOOD** — I would like to return to the issue of fences burnt in the bushfires. Could you advise the committee, firstly, what was the total length of Crown land fencing bordering farm land that was burnt during the bushfires? Is it the government's intention that it will ensure that it pays, as you committed to in your election campaign, half the cost of that fencing? If so, what is the total amount of funds and where is it in the budget papers?

**Mr CAMERON** — The funds are provided through the Department of Sustainability and Environment so it would appear there.

**Mr FORWOOD** — Is it not coming from — —

**Mr CAMERON** — It is not coming from DPI.

**Mr FORWOOD** — The Crown boundary wild dog exclusion fencing grant program is being used to build the fences and provide the funds. Let us go back to the first step. What is the total length of fence burnt between farm land and Crown land during the bushfires?

**Mr KEFFORD** — Fifteen hundred kilometres.

**Mr FORWOOD** — What is the cost per kilometre of a fence?

**Mr KEFFORD** — It varies but it is about \$7 to \$10 a metre, depending on terrain.

**Mr FORWOOD** — You do the sums. Is the government committed to paying its half share?

**Mr CAMERON** — The government made it clear that what we would do was put in half of the cost if people wanted to take up our offer around wild dog fencing. Anybody who has asked about that has been told that that will occur. When it is done, it gets to the position of the invoice going in and there should be the two-week turnaround.

**Mr FORWOOD** — Is it not true that Labor's election commitment said that:

... the Crown should contribute half the cost of constructing or repairing a dividing fence between Crown land and private property which is destroyed or damaged by natural disaster, when the cost of replacement or repair is not otherwise recoverable?

Is that not your policy?

**The CHAIR** — That is in relation — —

**Mr FORWOOD** — The minister is about to answer.



**The CHAIR** — Excuse me. I am just reinforcing that the minister only has to answer for his own portfolio.

**Mr FORWOOD** — The minister does not need your protection in this inquiry to answer simple questions about the bushfire program.

**The CHAIR** — There is no need to shout because the media is here.

**Mr FORWOOD** — Would you care to answer the question?

**Mr CAMERON** — The government's position was reflected in the government's answer to Parliament around an inquiry that was made when you were in government, which was your position, which is effectively that the law prevails — that is, in the normal course of events the owner of the land is responsible for the fence.

**Mr FORWOOD** — So you have backed away from your election commitment.

**Mr CAMERON** — That is what was in Parliament prior to the last election.

**Mr FORWOOD** — The point is you have backed away from your election commitment?

**Mr CAMERON** — That position was our position prior to the last election.

**Mr FORWOOD** — You have backed away from your election commitment?

**Mr CAMERON** — Can I just say that what we did want to do was encourage the take-up of wild dog fencing because wild dogs are a problem. That is why we put in place that incentive scheme — in an effort to encourage the containment of wild dogs to Crown land.

**Mr MERLINO** — My question is in relation to the Naturally Victorian initiative at page 282 of budget paper 3. It is in reference to the development of practices and processes that demonstrate to domestic and international markets that the Victorian food sector is a supplier of safe, quality food from environmentally responsible agriculture. Can you detail to the committee both the outcomes of the project to date and the costs and key program areas of the initiative over the life of the program?

**Mr CAMERON** — Thank you very much, Mr Merlino. The government is extending this successful program, the Naturally Victorian initiative, with funding of \$8 million over the coming four financial years. The initiative will continue the strategic objectives of Naturally Victorian Mark 1. That will fund projects in four key program areas — food safety, quality food, environmentally responsible food, and promoting Victoria's food capabilities. This initiative has encouraged the development of practices and processes that demonstrate to international markets that the Victorian food sector is a supplier of safe, quality food from environmentally responsible agriculture. Increasingly you will see in markets in the years ahead the demand that food is prepared in an environmentally responsible way.

The initiative has contributed to an increase in the number of profitable Victorian farmers exporting to the world and has promoted the development of sustainable food and fibre industries. Since the initiative's inception in January 2000 Naturally Victorian activities have encouraged more than 150 new international customers to actively seek Victorian food products, with many of these customers representing large and influential retail and food service companies. In addition, the initiative has developed and implemented a diverse range of research and demonstration projects and, in collaboration with industry, has supported Victorian representation at more than 10 international food trade shows and developed market entry strategies for new markets such as China. We see it as being an important initiative as we go forward in the coming few years.

**Mr MERLINO** — As a supplementary, for the benefit of the committee can you detail how you have measured its success in the past and if there will be changes in how you measure it into the future?

**Mr KEFFORD** — The Naturally Victorian Mark 2 will extend the successful activities undertaken under Mark 1. It will continue to be responsive to international market requirements and will assist the Victorian food industry to maintain its competitive advantages by increased capability and positioning Victoria as a preferred supplier of safe food from environmentally responsible agriculture programs.

This group does quite an extensive amount of evaluation of its work programs. While its work was considered under the recent output review, which I am sure was covered in the papers, one of the aspects covered there was the

fact that they are able to demonstrate very significant impacts on connecting people in Asian markets, for example, with Australian growers — specific examples whereby specific orders for new products are a direct result of the connection of those two parties. We have quite an extensive array of evaluation material on this program, and will continue to do the same.

**The CHAIR** — That would be very helpful if it could be supplied to the committee because we are particularly interested in successful evaluating programs.

**Mr CLARK** — I raise the subject of drought assistance, in particular the funding provided for exceptional circumstance matching contributions from Victoria. The budget contains funding for that in relation to the Goulburn irrigation area. My understanding is that two other areas have now been declared by the commonwealth for exceptional circumstances relief and that Victoria has a submission in or is about to put in a submission for a further area of exceptional circumstances relief in East Gippsland. What provision is going to be made — in other words, how are you going to find the money — to provide this exceptional circumstances relief for the other two areas or for the third area you are seeking to have declared eligible for exceptional circumstances?

**Mr CAMERON** — Your question relates to events of recent weeks but also to some older information. What we will call the Goulburn Valley irrigation exceptional circumstances (EC) was approved earlier in the year, the eastern Mallee has now been approved, the north-east application has now been approved, and the central application has now been approved. In any event EC has been started in those areas, although it may not have been approved exactly as sought. Victoria pays 10 per cent of the business costs as part of the federal-state agreement. You mentioned a couple of those which appear in the budget papers, but we have to provide that 10 per cent for those other areas, and that is presently being finalised. A number of other applications are also still outstanding in the north-west and in the Wimmera.

**Mr CLARK** — East Gippsland?

**Mr CAMERON** — You flagged there will also be one from East Gippsland and there will be others as well, but they will be provided for.

**Mr CLARK** — Will you seek that from Treasurer's advance?

**Mr CAMERON** — That will be provided for.

**Mr CLARK** — The money is not in the budget papers, that is what I am getting at, so you will have to find it from somewhere.

**Mr CAMERON** — It is not in the budget papers because they are events that have occurred post-budget, but they will be provided for.

**Mr CLARK** — You do not know where from at the moment?

**Mr CAMERON** — We are presently working to try to finalise the number, or we are in the process of finalising the possible estimate of that.

**Ms GREEN** — In the agricultural output group details at page 284 of budget paper 3 there is a reference to working with the agricultural industry and the Victorian community to foster profitable farms that export to the world. Could you outline the specific nature of these programs and the key performance indicators and outcome measures?

**Mr CAMERON** — Can I get the reference on page 284?

**Ms GREEN** — About halfway down page 284 at the start of the paragraph under the dot points.

**Mr CAMERON** — Thank you, I have now arrived at your source. This year Department of Primary Industries is establishing the Victorian Agribusiness Network (VAN) program and has supported the strategic priorities identified by agribusiness in the Gippsland, Wimmera, north-eastern, central western and Yarra Valley regions. There are two other regions, Murray Valley and south-western Victoria, which are at the moment trying to also bring about their own agribusiness teams. The VAN program has helped to develop the capability of Victoria's regional committees to manage and drive change, and 15 projects have been initiated and managed by those motivated communities. Yesterday and today the VAN projects are holding a seminar. I was there yesterday and there was a lot of enthusiasm among those people.

The diversity of those products helps us. You have only to look at the change that has occurred in agribusiness and the increase in exports in food to see that there is a lot of movement in this area, and anything that we can do to help assist in that and to help bring about local thinking is obviously going to be beneficial.

The program has enabled stakeholders to take a strategic approach to regional development. Extensive consultation throughout the community has achieved ownership of the projects — for example, key players in Gippsland have worked together to agree on a framework and approach to develop a strategic plan for that region's dairy industry, and dairy is very important to Gippsland. The foundations are firmly laid with stakeholders. It is very much on the basis of taking what is there locally and utilising it locally to bring about the best local outcomes, which are also of course good for the state and the nation.

I will give the committee a little example of some of the funded projects: targeted education and training for regional agribusiness, promoting that local capability; developing the foundations of a regional brand for the Yarra Valley producers, improving communications and networking between regional agribusiness and promoting career and lifestyle opportunities in western Victoria, where skills have been a big issue over time. They are trying to promote people to fill some of those skill gaps so they can continue to see the growth in agribusiness. Organic production systems have also been undertaken, as has a strategic analysis of the north-eastern wine industry, which has some issues, and the local group is trying to help work through those issues.

**Mr FORWOOD** — I wish to follow up Mr Clark's question. I know that you are still working out the total amount, but are you saying to the committee that in the end the commitment has been made to pay these funds and the funds will come either from a Treasurer's advance, from cuts to programs or from a combination of both?

**Mr CAMERON** — The normal arrangement is that they come from a Treasurer's advance or, for example, there are other arrangements such as with the imported red fire ants where we have a national agreement, so although the problem is essentially in Queensland all the states contribute.

**Mr FORWOOD** — That was a follow up to Mr Clark's question. I wanted to clarify the issue about where the funds were coming from. Page 283 of budget paper 3 details the three output groups of the DPI, two of which are your responsibility. Last year's budget for agriculture was \$205.6 million and for fisheries was \$40.5. Because of the machinery of government changes it is not possible to do a like-on-like comparison so the first part of the question is: what is the total amount you anticipate by 30 June — —

**Mr CAMERON** — I have to interrupt to say this is not quite a supplementary question.

**Mr FORWOOD** — This is my question. The first part was a supplementary question.

**Mr CAMERON** — I am with you now.

**Mr FORWOOD** — With year-on-year comparisons, what is the total amount that was spent last year? You budgeted \$205 million; what will be spent by 30 June this year compared with the \$239 million; and for each of your output cost groups can you provide the committee with the break-up of whether the funds came through appropriation or what other source they may have come from, such as federal government, Community Support Fund, other departments, cost recovery, or whatever? You can take that bit on notice, but I am keen to — —

**Mr CAMERON** — It is complicated.

**Mr FORWOOD** — We are asking everyone for it. Alan knows exactly what I am talking about. The majority of funds in some output groups in other portfolios do not come through appropriation. We are keen to get a handle on that.

**Mr CAMERON** — We will have to take that on notice.

**Mr FORWOOD** — And the first bit, do you know the total amount that will be spent this financial year?

**Ms MUNRO** — We do not have the estimated out-turn figures with us, so I cannot make those available, but I could give the comparison between the 2002–03 budget for those output groups and the 2003–04 budget, if that will be helpful.

**Mr FORWOOD** — Just take it on notice.

**Mr DONNELLAN** — At page 285 of budget paper 3 there is a reference in the agricultural output groups to reforms that address internationally competitive industries for the food production sector. Can you detail specific examples of this group of reforms in practice, and does it encompass areas such as the recent bill that passed through Parliament dealing with the establishment of Primesafe?

**Mr CAMERON** — Reforms have been implemented in four key policy areas, including Primesafe. The first is internationally competitive industries. That is implementation of legislation dealing with extraterritorial powers to establish cross-state industry committees with New South Wales for wine grapes and citrus, to collectively raise funds to invest in R & D and marketing, which will improve their efficiency and competitiveness.

The second is industry development, where there are amendments to the Sale of Land Act to encourage buyers of rural land to consider the potential impact of nearby agricultural activities on their amenity. This addresses the problem of complaints by new rural residents against the acceptable practices of established agricultural businesses and practices. One of the problems that you have is that people say, 'Oh, this looks nice', they move in and then they take exception to what occurs next door. The reality is that if you are going to take exception to that and that is the activity in the area you need to think about it twice. By making it part of the section 32 statement when you buy the land it helps to point out what should be the bleeding obvious but often is not because people are overcome by how wonderful the place looks.

The third is around food safety, with the introduction of new legislation to create the Primesafe statutory authority to expand through-chain food safety systems to the seafood industry. Primesafe is the new name of the Victorian Meat Authority, which covers the red meat and the chicken and pig industries, and now seafood will come into that as well.

The fourth of those things is product integrity, with compulsory electronic tagging that has been introduced under the national livestock identification scheme for all cattle sold through saleyards for further grazing on another property or sold direct to another producer. This is the latest major step in enhancing Victoria's ability to protect its clean, green reputation and respond to possible contamination or disease in cattle scares. What we also want to do is go through a process of examining this matter in relation to the sheep industry.

You just see nationally the importance of that national livestock identification scheme, where Victoria has led the way. We want the rest of the nation to come along, and it will come along. For the importance of doing that you only have to look at what has occurred in recent days in Canada, with the BSE, or the mad cow disease. Just the fact that they have not got that system in place has put them behind the eight ball. A lot of the producers there are suffering drought, and they are now suffering as a consequence of the outbreak of mad cow disease. If they had in place this system it would help confine the problem. They would still have a big problem, but it would be the difference between a big problem and a very, very big problem.

**Mr DONNELLAN** — Does it go straight through to the abattoirs as well? I was reading something in the *Weekly Times* this week —

**Mr CAMERON** — Yes, so you can trace the movement of the cattle — and children, in time.

**Mr DONNELLAN** — That is a nice way of describing it.

**The CHAIR** — Just in relation to Canada, have they visited Victoria or picked up on what we are doing here in Australia?

**Mr KEFFORD** — In relation to automatic identification?

**The CHAIR** — Yes.

**Mr KEFFORD** — It turns out that Victoria is actually leading internationally in this technology and our departmental expert is on an international forum where matters of identification are discussed and I would assume that Canada is part of that.

**Mr CAMERON** — Seeing that people want greater food safety and assurance markets are going to end up demanding this. You would have seen in the last few weeks the Japanese were talking about the fact that in the future they would want their suppliers to make sure this system was in place. They ultimately I think backed off from that, but nevertheless you can see that this is the way the world is heading. Unless we do this we will end up jeopardising our market access.

**The CHAIR** — Is there any potential for exporting this intellectual capital in this product?

**Mr CAMERON** — There is. I only say that because of a conversation I had with a fellow down at Hamilton who was involved in one of the technology companies. I think they were trying to —

**The CHAIR** — Patent it?

**Mr CAMERON** — They were trying to flog it I think to the Argentinians, but do not quote me — they are big beef people as well.

**The CHAIR** — Moving on to the next question.

**Mr CAMERON** — You have to seize an opportunity when it is there.

**Mr FORWOOD** — Flog it to the Argentinians — good response.

**Mr CAMERON** — A ready market.

**Mr CLARK** — Could I raise the issue of cuts to the Primary Industries budget over the forward estimates period? I refer you to page 242 of budget paper 2, which lists ‘General efficiencies in government administration’ of \$1.2 million and ‘Efficient delivery of research and development’ requiring cuts of \$2 million over each year of the forward estimates period.

**Mr CAMERON** — Where are you quoting from?

**Mr CLARK** — I am quoting from table A15, the bottom two lines, the two reductions in your budget due to general efficiencies, so-called, and cuts to research and development. Then can I refer you to page 189 of budget paper 2? At note 9, expenses from ordinary activities by department, the line for primary industries shows the budget for your department falling from \$297.5 million in the forthcoming year to \$270.2 million in 2006–07. My question is: how are you going to implement these cuts, what programs are going to be reduced and what if any jobs are going to be shed?

**Mr CAMERON** — I might get Ms Munro to provide a general answer.

**Ms MUNRO** — Rather than go through a lengthy detailed analysis of all the drivers, I will provide a general answer to the committee. Mr Clark has raised two separate issues. One is specific savings initiatives in the current budget round, which have, as he pointed out, the two elements disclosed in the budget papers — the general savings we expect to achieve by very specific actions, particularly around recruitment advertising, for example, as part of the whole-of-government effort to be smarter in the way we do that. There is a number of things in the way we actually manage our businesses that will save that.

As the committee is aware, for a number of years there has been a requirement on departments to find ways of managing their businesses more efficiently and generally that has been done in a way that has not linked directly into job losses but in smarter ways of doing our business, and we will continue to do that. The savings in the research area we expect to achieve without extensive job losses. As always in these areas there is natural turnover, and we are constantly managing our work force to make sure that we have the skills that are required for the programs that are to be delivered into the future. That is the first element.

The second element is in terms of the forward estimates there are a number of elements that are driving the changes year to year. The key ones between 2002–03 and 2003–04 are of course that there has been a number of one-offs added into our budget, mainly associated with the drought program. So the 2002–03 budget has been inflated by those elements and therefore of course that has come out. But also there is a number of initiatives that are time bound that are changing over the forward estimates period. So, for example, the Farmbis initiative is funded for a fixed period, and a number of the research and development programs are funded for a fixed period.

If you look at the history of that, of course what happens in future rounds is that new initiatives are developed and are funded. So the forward estimates that are published obviously show what is committed but if you look historically at forward estimates against the new budgets very often one set of programs is replaced by a new set of initiatives that are more appropriately directed to the needs of the time. We fully expect that to continue to happen, particularly in the research and development area.



I might mention a third element, which is that within our budget — and Mr Forwood asked a question relating to this earlier — there is always an element of annotated appropriation that relates to third-party revenue, and particularly in our research and development area we attract a considerable amount of funding from research and development corporations, for example. Those are for fixed-term projects, and our record of attracting those has been good. So we would expect that when some of those expire they would be replaced by new ones into the future.

**Mr CAMERON** — This ties in with your comparing output group to output group, Mr Forwood, where there are increases and what you want is some breakdown of where the increases are — for example, the biosecurity initiatives.

**Mr FORWOOD** — By way of supplementary question, I assume, perhaps incorrectly, that the agricultural component of your department on a year-on-year basis will come in at around about the \$205 million that was budgeted for in the year about to end and that the amount you are talking about is a one-off, that there is a difference between last year's and the \$239 million that is in this year's budget papers. Is that a fair assumption?

**Mr CAMERON** — Yes, the output to output has that increase of about \$30 million or \$34 million.

**The CHAIR** — I want to develop more the question of research facilities. I notice in your response to the questionnaire completed by the department there is reference to capital investment programs in the research facilities. Where precisely is the redevelopment and modernisation capital expenditure program up to at this point? Could you tell us what has been the progress to date?

**Mr CAMERON** — Having in place solid institutes is important. One of the things that has occurred over the years is that physically those premises have been allowed to run down. What we did was put in a large injection where building works are under way, and in some cases they have been finalised as part of that program of building up those institutes because having solid research and development is important for agriculture because what we are trying to do in agriculture is more with less. That is a difficult thing to do, and it is something we have done successfully as Victorians and we want to continue to successfully do that as Victorians.

The project at Bendigo, the Centre of Land Protection Research, has only just finished. The staff have only just moved into that. At Ellinbank in Gippsland — that is the dairy institute — those works have just started in the last few weeks. The animal house is due to be completed in September, the dairy in September and the main buildings and laboratories in autumn next year.

The development at Hamilton — that project has been completed. At Horsham the depot and some early works have been completed and it is estimated the remaining works will be completed in December this year. At Kyabram the project on the Institute of Sustainable Irrigated Agriculture has been completed. The project on the Institute of Sustainable Irrigated Agriculture at Tatura is on track for completion soon. The Sunraysia Horticultural Centre was finished and opened a couple of months ago. The project at Rutherglen has been completed or is near completion. We see building up those institutes to make sure we have good scientific capacity in the facilities as being very important if we are to maintain our place as a research and development state.

**The CHAIR** — By way of supplementary question, do you expect those facilities to do work that ties in with your own output measures and the initiatives of the government?

**Mr CAMERON** — Yes.

**Mr KEFFORD** — This is a wellspring of one of our most crucial outputs and equally one of our key output measures — that is, scientific knowledge. This is a key test for any research scientist — to get their material published in the press, preferably internationally and internationally refereed articles, which shows that the quality of the work is there. We keep a track on this, and we have been seeing a quite steady increase in that output measure over time.

**Mr FORWOOD** — I have a two-part question, Minister. I cannot find in the budget papers anywhere any new capital expenditure from the DPI this year. I presume there is none? I get a nod from Mr Young.

**Mr CAMERON** — This is part of the project over a period of time including into this finishing year.

**Mr FORWOOD** — No new money?



**Mr CAMERON** — That is a huge project that is flowing over into this financial year. It is not new money. It was announced previously.

**Mr FORWOOD** — Can you point to somewhere in the budget papers where there is new capital expenditure in your department? There isn't any — thank you. On page 10 of budget paper 3 — —

**Mr CAMERON** — There is not new money, no.

**Mr FORWOOD** — I am just making the point that there is no new money in the department for capital expenditure?

**Mr CAMERON** — No, as I would expect with such a huge project which is still under way.

**Mr FORWOOD** — I think we are at cross-purposes. I am talking about any new capital expenditure, not that project but any new. The answer is that there isn't any?

**Mr CAMERON** — No. That was announced a few years ago and that is rolling out.

**Mr FORWOOD** — If you look at page 10 of budget paper 3, table 1.2, what makes up the \$97.8 million this year, what makes up the \$30.4 million in the following year and the \$6.6 million in the following year? There is a significant decline, of course, in the purchase of fixed assets by the department. How much of the not-allocated-to-departments line has DPI's name written all over it?

**Ms MUNRO** — We will supply the committee with the detailed breakdown, on notice. There are basically three elements in this. One is the normal capital expenditure funded from depreciation. The second one, as the minister has explained, is the continuing investment in the redevelopment of our science infrastructure under that commitment, which will broadly be completed in the 2003–04 year. The third element is the major commitments that the government has made to the redevelopment of the showgrounds which is also in the DPI budget. The reason you see such a significant fall off into the future is that those two large capital items will be completed. I can provide the detailed breakdown on notice.

**Mr FORWOOD** — Don't forget — —

**Ms MUNRO** — So far as the unallocated — —

That is right, there are always opportunities for specific things, but we broadly are focusing on completing investment in science infrastructure, and that will serve us very well into the future.

**Ms ROMANES** — Minister, on page 242 of budget paper 2, \$12.5 million has been allocated in 2003–04 and \$50 million over four years for the Our Rural Landscape initiative.

**Mr CAMERON** — Yes.

**Ms ROMANES** — Could you tell us the details of the initiative and what specific activities will be undertaken in 2003–04, what levels of funding have been allocated for these, and also what are the desired outcomes, performance measures and targets for this initiative?

**Mr CAMERON** — Our Rural Landscape, or ORL as you will hear it referred to by those on the inside, is a new high-priority strategic initiative managed by DPI. The state government will invest \$50 million over four years from July through the innovation statement to fund Our Rural Landscape. The investment will attract significant coinvestment from external paths. That is the aim. The initiative will support new and innovative research and development projects aligned to new directions in sustainability within an agricultural and landscape context. You will understand that there is a move in agriculture around sustainability and a recognition that some practices have to change. That has been occurring and that will continue to occur. What we want to do is help put some R & D in place to help underpin those future changes.

Innovative solutions to future problems and opportunities are therefore integral to ORL. The program is currently under development and new projects will be commissioned in the latter part of this year. I can tell you that the initial strategic planning for ORL has resulted in the identification of seven major areas of work, and projects will be developed as part of those seven areas. They are, firstly, landscape systems to sustain ecosystem services; secondly, agricultural solutions to remedy dysfunctional ecosystems; thirdly, the integrated production of agrifood and other ecosystem services; fourthly, efficient high value and ecologically sustainable agrifood systems; fifthly,

enhancing community capacity and processes for managing landscapes; sixthly, increased market access and development to derive change in agricultural landscapes; and seventhly, creating environments for innovation. So that is the way it is going to be rolled out.

You have also asked about what will be the measure in terms of outcome, and I might get Bruce to answer that.

**Mr KEFFORD** — As with all our major projects, or all our projects indeed, we have a fairly well developed project development process. As part of any project there is an evaluation strategy built in up front. What that does is establish the logic of the project and the objective being achieved over a number of steps. At each step data is collected to ensure that the program logic is being delivered on, and at the end of each project we have an evaluation provided as part of it. So we have quite an array of material flowing through all our projects which we can then consolidate into combined reports which are available.

**Ms ROMANES** — If I could ask a further question, Minister, what role will government research institutes play in the delivery of these range of projects?

**Mr CAMERON** — The new technologies and farming systems that are available to primary producers to address productivity environmental challenges are important in relation to their long-term viability. Primary producers have greater access now to a wider range of markets, especially export markets, because production systems will be in line with community expectations, so that is really part of the reason why ORL is so important. We envisage this program being delivered through the institutes which the government runs, and for that to be done in conjunction with partnerships, and that is normally the way the department operates its research capacity.

**Mr CLARK** — You mentioned earlier the valuable work of the red fire ants eradication program. Can you tell the committee why no funding is provided for that program beyond the current financial year ending in a few days?

**Mr FORWOOD** — No more ants!

**Mr CAMERON** — None in Victoria, we hope. What occurs is there is an evaluation done, and when the evaluation is done it is then ticked off across the states, and then it is normally funded by way of Treasurer's advance (TA) at that time.

**Ms MUNRO** — That is correct.

**Mr CLARK** — So you are looking to get funding for the forthcoming year out of Treasurer's advance in due course?

**Mr CAMERON** — Once those tick-offs occur.

**Mr FORWOOD** — The 5.4 from last year did not come from Treasurer's advance, though, did it?

**Ms MUNRO** — It did.

**Mr CAMERON** — That has been the normal — —

**Ms MUNRO** — This is pursuant to essentially a cost-sharing agreement amongst governments, including the commonwealth. The program is overseen by the natural resource management and primary industries ministerial councils, and the funding cycle does not coincide with the budget cycles of all those governments so it was done through TA.

**Mr MERLINO** — Minister, \$500 000 has been allocated in 2003–04 and \$2 million over four years for the Victorian aquaculture initiative, which will establish a strategic policy and planning advisory group to prepare a new Victorian aquaculture strategy. Could you outline the details of the initiative, the costs of the program over the next four years and the outcomes it seeks to deliver?

**Mr CAMERON** — I will give you some brief commentary and then Richard McLoughlin will fill in some of the more detailed components of that, Mr Merlino.

The government wants to extend the aquaculture initiative over the coming four-year period. That relates to a number of policies and programs where we want to see the development of aquaculture in Victoria. Can I say at the outset that in the next five years we would like to see the value of aquaculture produce around \$50 million and in

the next decade around \$100 million. At the moment it is worth over \$20 million so we want to see an expansion. Aquaculture is a pretty exciting industry and it is something that we are very keen on.

The government's policies are being implemented through the Department of Primary Industries under the Victorian regional aquaculture development program and through the government's response to recommendations from the marine coastal and estuarine investigations by the ECC. You probably think that the ECC was around marine parks but there was also a discussion during that process around fisheries and aquaculture. What ultimately came out of that was recommendation that there be aquaculture reserves which we want to see developed and ultimately putting in place developers to put aquaculture — I was going to say on the ground — in the water. That is what we are presently working through. Do you want to take it from there Richard?

**Mr McLOUGHLIN** — Thank you, Minister. For the information of the committee, the government's decision on the recommendations of the EEC for aquaculture zones has led to around nine aquaculture zones, some of which have already been declared as fisheries reserves for aquaculture purposes. The Fisheries Act then requires management plans be prepared for those, and the first of those key new areas is an area called Pinnacle Channel aquaculture zone at the bottom end of Port Phillip Bay comprising two 500 hectare blocks. A final draft of a management plan for that area has already been completed with an industry-based steering group. It will be going out for public comment in the next couple of months, and it is hoped that if all goes according to plan the first of the new aquaculture operators will be operating in that new zone by the end of this calendar year.

There are then another four or five management plans, depending on how we might approach the accumulation of zones within individual plans, to be rolled out over the next 18 months to 2 years. So we will have a sequential rolling out of economic development opportunities over the next 18 months to 2 years leading to very significant economic development opportunities and increases in employment and wealth creation.

We have already seen around \$20 million of capital investment in aquaculture in Victoria over the last three to four years. That productive capacity will come on stream over the next three to four years as well leading to the increases in the value of the industry that the minister outlined, allied with these new areas for marine aquaculture. The minister quipped about its being 'on land'; in fact there will be a land-based aquaculture zone as well at Point Lillias on the northern Port Phillip Bay coast, which has fantastic potential for a whole range of new land-based aquaculture, particularly abalone farming, which is going very well too.

It is an exciting development. The department sees it as a very high priority, and I am applying additional resources to it. In addition to the aquaculture zones we are expanding fish health services. In terms of fisheries pathology and veterinary services, we based that at the Victorian Institute of Animal Science in conjunction with our agriculture colleagues, and as part of that funding, we are expanding extension services to industry across the state, both for marine and inland, to provide technical and scientific support for expanded operations as well.

**The CHAIR** — There is a supplementary question from Mr Forwood.

**Mr FORWOOD** — You said you are applying additional resources but your budget has gone from \$40.3 million to \$40.5 million. Does that mean there has been internal reorganisation?

**Mr McLOUGHLIN** — There have been two areas of funding. The first was \$2 million over four years, and that is essentially to provide the planning resources to do these management plans for the aquaculture zones over the next two years or so. In addition to that, as we have dealt with some of the issues around commercial fisheries, where we can move resources out of those areas, for example, where we have closed commercial fisheries over the last four or five years, I can reallocate resources into a growth area from, for example, fisheries resource assessments where we have created recreational fishing zones.

**Mr FORWOOD** — Perhaps you could provide the committee with a little chart which shows where you have closed things down and have saved the funds and where you are putting them now?

**Mr McLOUGHLIN** — There has been no closing down of — —

**Mr FORWOOD** — Sorry, the reallocation of the funds from one fishery to another.

**Mr McLOUGHLIN** — That is right.

**Mr FORWOOD** — Is the department still funding the VAC? Or providing funding to the VAC? My memory tells me that I got bailed up by some aquaculture people who said that you were nasty to them.

**Mr CAMERON** — You mean is the government going to do what was always intended?

**Mr FORWOOD** — I do not know. My memory tells me that you used to fund the VAC and now you do not. Is that wrong?

**Mr McLOUGHLIN** — The arrangement that was put in place in 1998 for the aquaculture council was to provide it with five years worth of seed funding so that it could become self-sufficient over that period. That funding was provided and ceased at the end of the June 2002 financial year, and it was given plenty of notice about the cessation of that funding. What we provide at no cost to the industry is the collection of levies from licence-holders, and we forward that through. So it is in receipt of around \$36 000 to \$38 000 a year in compulsory levy payments that we collect on its behalf and forward through. In terms of supporting them as well the council itself is the holder of an aquaculture permit and it is generating some revenue from that. It has been provided with five years of assistance. It was always the intention that it would be a self-supporting industry peak body after that period, and at the present time it is.

**Mr FORWOOD** — I refer you to page 297 of budget paper 3, headed 'Statement of financial performance', and particularly to the two lines 'Taxes', and 'Fines and fees'. The first column headed '2002–03 adjusted (b)' I take it enables me to accurately compare that figure with the revised figure in the budget for 2004?

**Mr CAMERON** — Mr Young will proffer an opinion.

**Mr YOUNG** — The 2002–03 adjusted figures reflect only six months, as note (b) explains and it says it is from 1 January 2003 to 30 June 2003.

**Mr FORWOOD** — In essence you are saying that the total revised taxes for 2002–03 are likely to have been \$5.6 million, dropping to \$4.5 million in the forthcoming year?

**Mr YOUNG** — You are making an assumption on that.

**Mr FORWOOD** — This is the problem with the way the machinery of government changes have been dealt with. It is very difficult for someone to say — —

**Mr CAMERON** — You mentioned a five figure.

**Mr FORWOOD** — It is \$2.8 million multiplied by two, because Alan just said this is a six-month figure.

**Mr YOUNG** — That is right, but if you looked up at the output appropriations you would be saying that that would be \$230 million if your assumption was correct. I do not know why it actually reflects the taxes only going up by \$200 000 for a full year as opposed to a six monthly for the adjusted figures, but I will get those figures for the committee.

**Mr FORWOOD** — In relation to the fees and fines issue, are you telling me that the \$3 million shown as adjusted is a six-month figure and the \$3.9 million is a full-year figure?

**Mr YOUNG** — That is what I am saying. That is what the table says.

**Mr FORWOOD** — I would appreciate it if you could check that as well.

**Ms MUNRO** — If I might just make a response to the committee, with the Chair's indulgence, a lot of the fees in particular are annual fees so the incidence of them is not evenly spread through the year. However, we are more than happy to provide the committee with the revised annual figure that would have been for the whole year.

**Mr FORWOOD** — In relation to the consumer price indexing of ongoing licences and things like that, do you have a list of the licences which fall within your portfolio that will be subject to the CFI adjustments in the future?

**Mr CAMERON** — You mean as from next financial year?

**Mr FORWOOD** — Correct.

**Mr CAMERON** — We do not have a list with us.

**Mr FORWOOD** — Can you make it available to the committee?

**Mr CAMERON** — Yes.

**Ms GREEN** — Could you outline for the committee what is meant by the ‘Tougher on fisheries offences’ reference at page 129 of budget paper 2, and what will be the measurable outcomes of the increased commitment to this area, including any specific output costs to the department?

**Mr CAMERON** — The tougher on fisheries offences was a government initiative relating to proposed fisheries offences, which are referred to in the Public Accounts and Estimates Committee questionnaire. We have committed \$1.05 million over the next four years to establish and operate a reporting hotline so the public can more easily report possible illegal fishing activity. That has been trialled over the last six months. As a consequence of that, in the next few months we will be in a position to launch the system more broadly. A communication strategy will be developed around that because there is not much point having it in place if people do not understand it. That is what will occur. That will be promoted in a few months time when it is all ready to go.

The reason we want to protect our fisheries is evident — the resource is worth more than \$100 million annually in commercial fishing and conservatively \$500 million — half a billion dollars — is spent each year by anglers in pursuit of recreational sport. The initiative will allow the community to report suspect fishery offences quickly and easily for the cost of a local call. That can then be dealt with by fisheries officers. That is very much the direction that we want to take in relation to being tougher on fisheries offences.

**The CHAIR** — By way of specifics, what are the key statistics and measures that you use to monitor trends in illegal activities? What are the targets that have been set?

**Mr CAMERON** — Richard might go over that and also the allocation of additional fisheries officers and resources..

**Mr McLOUGHLIN** — There is a range of specific measures, as you might imagine. Internally and operationally they relate to the number of client contacts we have each year. We define a client contact as an interaction between a fisheries compliance officer and a person in the field, whether it be recreational or commercial. That typically runs at around 30 000 client contacts per year. From that as we divide those numbers up into the range of fisheries we have we can determine a compliance rate, which typically for Victoria averages around 90 per cent or so for most recreational fisheries and 95 per cent for most commercial fisheries. Anything that falls below about 85 per cent becomes the subject of additional compliance attention from us. Although we do not set targets for compliance rates we track them by principally those client contacts.

There is a second set of indicators, which is offences reported, and this hotline and the additional resources we have been provided with will provide essentially a means by which we can collect intelligence reports and reports of alleged illegal activity that we can follow up, and we feed into an intelligence analysis database. It is exactly the same one that is used by Scotland Yard and Interpol. We use the same crime intelligence software for analysis of that.

Thirdly, we have recently instituted in conjunction with industry a strategic compliance framework, particularly for abalone crime in Victoria whereby we are collecting a new set of statistics relating to observations specifically around abalone to further define for us both the scale and extent of illegal abalone crime as our most serious form of resource theft in the fisheries area. We have set up an industry/departmental working group to review those statistics over time as a performance measure on the combination of both the overt and covert operations that we are running through the year.

**Mr FORWOOD** — At the top of page 290 it shows for ‘Inspections conducted in the commercial sector’ the actual was 1.5 million in 2001–02 — —

**Mr CAMERON** — What page are we on?

**Mr FORWOOD** — The top of page 290.

**Mr CAMERON** — Of which?

**Mr FORWOOD** — Budget paper 3 — under ‘industry and community compliance services’. The actual was 1542, the target for 2002–03 was 2050, the expected is half that at 1200 — less than it was the year before — and now you have scrubbed the target entirely. Perhaps you could explain why the outcome was half the expected target and give us a reason for discontinuing the measure.



**Mr McLOUGHLIN** — Two reasons, if I could explain, because they relate to the two separate questions. The first is that in early 2002 Worksafe imposed a provisional improvement notice on us about the operational climate for occupational health and safety of fisheries officers. It was around the issue of a defensive gap that they identified in the compliance officers' ability to withdraw from a hostile situation. That led us to a revision of our occupational health and safety processes.

**Mr FORWOOD** — They were in personal danger as they did the inspections?

**Mr McLOUGHLIN** — We have never had an officer injured from an assault, although what you might call a physical assault varies between circumstances. In terms of the department being serious about looking after its staff, it revised and reviewed its occupational health and safety processes and put in place a new set of procedures which said that it should be running two officers up and three where it was appropriate, and that it needed police support. The operational constraints on us from the improvement notice reduced the number of actual client contacts we had, and we have worked around those by undertaking a number of things.

Firstly, we have increased the number of planned operations where we include Victoria Police because that deals with the occupational health and safety issues around contacts with potentially reactive offenders, or alleged offenders.

Secondly, we have shifted effort into things like education programs and communication programs where fisheries officers are in fact talking to clubs and individual fishing groups in low-risk situations to roll out more of an education and communication approach to what we do, understanding that in the law enforcement game a compliance outcome is what we want but compliance is the sum of a whole range of things including enforcement education, deterrence, risk of detection and apprehension. Shifting some resources around to take effect of the reality of the operational climate we work in has resulted in a lower number of client contacts but a stronger approach to law enforcement overall, particularly with the increase in officers that we got as part of the marine parks package.

**Mr FORWOOD** — Why did you drop the measure?

**Mr McLOUGHLIN** — At the end of the day we are looking for a compliance outcome, as I indicated. On the number of people we might approach on a particular day, we can get our numbers up easily by going down to St Kilda wharf on a Saturday afternoon and talking to 200 anglers, and that looks good on the figures. Will it do anything for our fish resources? Probably not. We need to be targeting and planning operations on those individual groups that will have the biggest impact on the resource, and that brings the numbers back. It is an outcome we are looking for.

**Mr CAMERON** — The big fish.

**Mr FORWOOD** — You are not planning to give them their guns back?

**Mr CAMERON** — This has been part of the arrangements that have now been worked through — and you have probably read about this — in relation to the capsicum spray, which is in the process of being rolled out.

**Mr FORWOOD** — So they will get the capsicum spray, but they will not get their guns.

**Mr McLOUGHLIN** — Yes.

**Mr CAMERON** — There has to be training about the use of the capsicum spray, which is part of the rollout.

**Mr FORWOOD** — I would not like to go up against an abalone diver with a can of capsicum spray.

**Mr CAMERON** — The issue around big fish involves larger operations.

**Mr DONNELLAN** — Will the tougher-on-fisheries-offences program be multilingual, because in my electorate I end up frequently with certain community groups — I will not mention them — that seem to get caught two or three times? Will there be an emphasis on multilingual program focusing on specific communities?

**Mr McLOUGHLIN** — In fact we have done a number of multilingual programs, particularly with the Vietnamese and Chinese communities, and they have been successful, including one program we run specifically for the Vietnamese community about low-level illegal take of shellfish around the Port Phillip Bay foreshores. We



put a Vietnamese-speaking individual into that community as a fish care officer to interact with those community groups, and we saw an extraordinary drop in the level of offences over 12 months. I think there was a 90 per cent drop in low-level offences in that year.

We have rolled out a number of programs. We routinely advertise changes to fisheries regulations in all other-than-English-language newspapers and the like, and we have approximately 500 fish care volunteers whom we oversee and administrate through Victoria. Some of that is funded from the recreational fishing licence trust fund. They are in fact out on the wharfs and the piers every weekend and during the week interacting with people from all those communities.

**Mr CLARK** — Coming back to the commercial sector issue, I appreciate the difficulties you are facing but it seems to me you are finding the problems too difficult so you are giving up on it. You said you do not want to just measure total numbers, but in fact your new measure bundles all the numbers together into commercial, recreational, unlicensed inspections and contacts, and targets 30 000 a year. Is it not fair to say that you are backing off on your effort to police the big fish, as the minister describes it?

**Mr McLOUGHLIN** — No, it is not the case at all. As I indicated earlier, compliance rates in most of our fisheries exceed 90 per cent, and from that level of client contacts we have good numbers around those things. Commercial fishing licences are too valuable to put at risk. An abalone licence might trade hands for anywhere between \$6 million and \$9 million at the present time. Licensed commercial fishermen do not put their licences at risk other than by relatively low-level offences, such a few undersize rock lobsters or scamming on a couple of kilos of quota.

The really large impact on our fisheries stock is the unlicensed illegal trade, and that is why we have gone to essentially three levels of law enforcement responses to that. In fact the Parliament has supported us by allowing us to increase penalties and our investigative powers for law enforcement. The automatic response to larger penalties and stronger powers is strong defences and detection and apprehension avoidance behaviours, so we have had to tackle this from three different levels. With the committee's permission I will outline those three levels.

The first is just a continuation and expansion of overt patrolling, with at least \$1 million worth of new patrol boats put into place over the last three years. We have new staff: 21 additional fisheries officers plus three investigators in regions; my own head office special investigations group, which handles the organisation of covert operations and planned operations with Victoria Police, has two new investigators and an intelligence officer as well. So we are out there in the field more often — for example, yesterday I was discussing with fisheries officers from Mallacoota the fact that they have spent 600 hours on the water between Gabo Island and the Cape Howe Marine Park over the last five months, despite the fact it is a nasty place to work.

Secondly, we have increased significantly the number of targeted operations in conjunction with other law enforcement agencies, particularly Victoria Police and its specialist squads. We are running two to three planned operations per month, and have been doing so for the last 12 months, to target the big end of town — that is, the people who do not own fishing licences and all they are putting at risk is their liberty if we catch them.

The third area, and Victoria has taken the lead on this, is to try to kill the market for illegal product. We have done that in two ways. Victoria has taken the lead with the Australian abalone producers association to work with the commonwealth to put new export and customs controls into place about carry-on luggage limits. Until a couple of years ago people were able to walk on to planes — and we have observed and caught people at Melbourne Airport — with up to six suitcases with 150 kilos of abalone. There is a significant illegal trade and with customs, AQIS and the commonwealth we are blocking that now so that anyone who walks on to an aeroplane with carry-on luggage needs documentation, and that documentation will be required nationally so there will be no loopholes at other airports, for example.

Victoria has implemented, and other states are now following us, specific labelling requirements for legal abalone, such that we can track illegal product that might be packaged and purporting to be Victorian product. We can backtrack product through the food chain. The real risk here is that we have a valuable industry — a \$70 million to \$80 million a year industry. An example where that industry can be put at risk is where we have picked up illegally canned and packaged abalone that had up to 600 times the legal limit of sulphur dioxide in it, and the risk of a food poisoning incident in South-East Asian markets through our industry is extraordinarily high, given the nature of the illegal processing that is going on. So we put a lot of time and effort into being able to track product through the marketplace so we can say whether it is Victorian or not.

**Mr FORWOOD** — Did you say you had 21 additional inspectors?

**Mr McLOUGHLIN** — Twenty-one additional fisheries officers employed around the state.

**Mr FORWOOD** — Page 15 of the department's response shows there has only been a four-person increase in the number of staff between last year and this year, so have you reallocated staff from other areas?

**Mr McLOUGHLIN** — No, 21 new fisheries officers have been put in, but they were put in over a period leading up to 16 November as part of the marine parks package. So whether there is some confusion as to when in the financial year they were put on or not, we will have to check that for you.

**Mr FORWOOD** — If you could, because this shows there has only been an increase from 222 to 226.

**The CHAIR** — That was a very interesting — —

**Mr CAMERON** — It always brings about a lot of discussion.

**Mr FORWOOD** — If you are offering inspection tours — —

**The CHAIR** — Mr Batchelor has offered us a cycling tour.

**Mr FORWOOD** — Mr Batchelor offered us two tours yesterday, so any time you are going out, Mr McLoughlin, and you are looking for someone to go sailing with you — —

**Mr McLOUGHLIN** — It might be able to be arranged.

**Mr CLARK** — I wonder if you could update the committee, Minister, on three projects that were listed in the budget sector asset investment program for 2002-03. That is in budget information paper 1, which you probably do not have with you.

**Mr CAMERON** — I do not.

**Mr CLARK** — I understand that the projects listed included modernising facilities at Ellinbank and Horsham and the MAFRI redevelopment at Queenscliff. Can you tell us how works are going on those projects over the course of this year and their future path?

**Mr CAMERON** — At Horsham the depot and other works have been completed. It is anticipated that it will be the end of 2003 when all the works are completed. At Ellinbank, that has started only of recent times and it is anticipated that all the components of that project will be completed in March 2004. In relation to MAFRI, the end of 2004 is anticipated for MAFRI.

**Ms ROMANES** — What about the MAFRI-related facility at Snobs Creek in central Victoria? Any funding on upgrading that facility?

**Mr CAMERON** — Yes, that was part of the MAFRI development.

**Mr McLOUGHLIN** — There was \$1.5 million spent there, and that work has been completed.

**Mr FORWOOD** — What about Arthur Rylah, have you still got fisheries people there?

**Mr McLOUGHLIN** — There are fisheries research scientists there, but they work for the parks flora and fauna division of DSE.

**Mr CLARK** — With Queenscliff and Ellinbank, there seems to have been some slippage in both those projects in terms of the timing. The budget information paper was expecting \$14 million to be spent on the Queenscliff one in 2002-03. I assume if it is completion now at the end of 2004, there has been some delay in that.

**Mr KEFFORD** — In regard to Ellinbank, yes, that project has been delayed, on two fronts. One was that essentially we had to retender because of very heavy demand for builders in the region. The tender price was — —

**Mr CAMERON** — Victoria is going so well.

**Mr KEFFORD** — The tender price was significantly out of whack with our — —

**Mr FORWOOD** — You mean you underbudgeted?

**Mr KEFFORD** — No.

**Mr CAMERON** — Or over the bid — it's a two-way street.

**Mr KEFFORD** — You cannot get a house built in Warragul at the moment, I promise you.

**Mr CAMERON** — Bruce lives down there.

**Mr KEFFORD** — There was a redesign component, but it is back on track now and is heading on well.

**Mr CLARK** — And the Queenscliff project?

**Mr CAMERON** — At Queenscliff there was a problem in relation to asbestos being located at the site — at the Narrows, I think it is called down there — by the waters of Swan Bay, and as a consequence that has caused some delay, but we expect it to be finished at the end of 2004, which is an exciting project for Queenscliff, as well as MAFRI and what that means to fishing.

**The CHAIR** — Minister, can I take you to the recreational fishing only areas in the Gippsland Lakes and inlets, noting the earlier references to the recreational fishing licence revenue. There is a reference to this at page 289 of budget paper 3. Can you detail the links between these two and what the costs of the program are likely to be?

**Mr CAMERON** — The fishery access licences at Mallacoota and Lake Tyers were cancelled by ministerial direction in April 2003. That was a matter that was discussed prior to the election, and an announcement was made before Christmas just gone that we were headed down that path. That was the first step in the process of establishing recreational fishing only areas just prior to Christmas.

The fisheries compensation and procedures regulations 2003 that provide the payment of compensation to affected licence-holders were introduced. They became effective just on 20 May, following the release of a regulatory impact statement. We had indicated that we support the payment of fair and reasonable compensation to the seven people who had their licences cancelled. Compensation claims have to be made within six months, and a total of \$2.1 million has been allocated from the Recreational Fishing Licence Trust over the next three years for compensation to those licence-holders.

In September last year five inland fishery access licences were also bought out, and \$115 000 was met from the Recreational Fishing Licence Trust account. One of the original intentions when the Recreational Fishing Licence Trust was established by the former government — with the agreement of everyone — was that this would be one of the things that it would be used for. I hope that answers the question.

**The CHAIR** — Thank you very much.

**Mr FORWOOD** — I know that water is not your responsibility, but you would know that 80 per cent of our water goes on agriculture.

**Mr CAMERON** — You hear different numbers — 75 per cent; three-quarters.

**Mr FORWOOD** — Pick a number.

**Mr CAMERON** — Yes.

**Mr FORWOOD** — I guess there is a huge debate Australia-wide at the moment about water, including its price and its allocation mechanisms. A number of your colleagues in both houses recently indicated that they thought the irrigators' price of water firstly was not covering the full cost of the channelling and irrigation piping system but also was just basically too cheap and should go up.

As the government grapples with this issue, how are you and your department positioning yourselves to advocate on behalf of the irrigators? I mean, what is going to happen, it seems to me, is that there is going to be a debate between the people who want to use water for environmental flows and other reasons and the irrigators and the agricultural sector. I am looking for some understanding about where you and DPI fit into this forthcoming crucial debate.

**Mr CAMERON** — As you say, this is a debate or discussion or however you want to describe it across the nation where at the moment there is no consensus, save to say there is a substantial problem. I do not think it is so easy to say that it is necessarily just environmentalists on the one hand and irrigators on the other.

**Mr FORWOOD** — I was not.

**Mr CAMERON** — There is a whole range of views. Although the Minister for Water and DSE are the minister and department responsible for water and water change, obviously from across government there are various inputs, and especially as a result of some of the research DPI has or does or the understanding it has, DPI will feed that into the process.

**Mr FORWOOD** — Do you have a formal structure for working with DSE on water issues?

**Mr CAMERON** — There is, yes.

**Mr FORWOOD** — Could you explain what it is?

**Mr CAMERON** — There is an interdepartmental committee.

**Mr FORWOOD** — Just between the two of you or with Treasury as well?

**Ms MUNRO** — There are a number of departments involved in it: the Premier's department, Treasury, ourselves — and I think the Department of Innovation, Industry and Regional Development is involved as well. So it is very much dealt with as a whole-of-government policy question.

**Mr CAMERON** — Obviously in relation to DIIRD you have high water users that are not irrigators —

**Mr FORWOOD** — No, I know.

**Mr CAMERON** — People like a lot of the food manufacturers.

**Mr FORWOOD** — What funds are allocated out of DPI for this issue and what is the time frame when we can expect to see some certainty for the irrigators?

**Mr CAMERON** — I cannot answer that, it is a matter for the Minister for Water.

**Mr FORWOOD** — You have responsibility for your own budget, though. Are there funds out of DPI being allocated for water-related issues in the agricultural sector?

**Ms MUNRO** — I do not think we would be able to supply the committee with an accurate aggregate number on that, because it is subsumed under a number of our outputs. For example, in the research area — and this is exemplified by the overall landscapes initiative — a substantial amount of our research goes into issues like water use efficiency.

We are part of a very significant cooperative research centre on sustainable irrigation futures, which is jointly funded by a number of organisations including DSE and us. We are taking the lead on some of those areas. It is quite pervasive. Obviously again in the policy area, we are contributing to policy discussions and considerable amounts of staff time are dedicated to it. As you would expect, we report our outputs to a relatively aggregated level. I do not think we would be able to identify that in detail, but I can assure the committee that the department is very actively involved at a number of levels on these issues.

**Mr FORWOOD** — Talking to the Victorian Farmers Federation?

**Ms MUNRO** — Indeed we are.

**Mr CAMERON** — And the CRCs — you may want to outline some of that.

**Ms MUNRO** — Yes, the CRC includes various commonwealth government agencies, the Murray-Darling Basin Commission — and the minister is a member of that ministerial council — ourselves and other government departments and some other agencies interstate as well.

**The CHAIR** — I thank witnesses for their attendance. We appreciate your attendance and information. That concludes the consideration of the budget estimates for the portfolio of agriculture. I thank the minister and departmental officers for their attendance today. It has been very useful and interesting. The committee will be following up with correspondence, Minister, on those questions you have taken on notice.

**Committee adjourned.**