

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2017–18

Melbourne — 1 June 2017

Members

Mr Danny Pearson — Chair

Mr David Morris — Deputy Chair

Mr Steve Dimopoulos

Ms Fiona Patten

Ms Sue Pennicuik

Ms Harriet Shing

Mr Tim Smith

Ms Louise Staley

Ms Vicki Ward

Witnesses

Ms Jaala Pulford, Minister for Agriculture,

Mr Richard Bolt, Secretary, and

Professor German Spangenberg, FSTE PSM, Deputy Secretary, Agriculture Research, Department of Economic Development, Jobs, Transport and Resources.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2017–18 budget estimates. All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Agriculture, the Honourable Jaala Pulford, MLC; Mr Richard Bolt, Secretary; and Professor German Spangenberg, FSTE PSM, Deputy Secretary, Agriculture Research, Department of Economic Development, Jobs, Transport and Resources.

All evidence is taken by the committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Comments made outside the hearing, including on social media, are not afforded such privilege.

Witnesses will not be sworn but are requested to answer all questions succinctly, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

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

All written communication to witnesses must be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way, and cannot photograph, audio record or videorecord any part of these proceedings.

Members of the media must remain focused on the persons speaking. Any filming and recording must cease immediately at the completion of the hearing.

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

Visual presentation.

Ms PULFORD — Good morning. Thanks for the opportunity to provide the committee with an overview of some of the priorities and outcomes in the agriculture portfolio. The agriculture portfolio comprises the sectors of agriculture, fisheries, forestry, game and domestic animal management. Our goal is to help all of these sectors to create more quality jobs and to become more productive, competitive and sustainable. The portfolio delivers policy, programs, regulation and research to achieve these outcomes.

In 2017–18 the agriculture portfolio comprises \$491.2 million in output functions. This is \$51.6 million more than the 2016–17 published budget. In 2015–16 agriculture, fisheries and forestry generated \$9.9 billion in total factor income in Victoria. This represents 2.7 per cent of the state's total. Since 2009 both the overall and percentage contributions have been increasing, and we are seeing this play out in employment growth. This reverses a long-term downward trend since World War II. The Australian government's employment projections actually have Victoria as the only state growing employment in these sectors to 2020, which will make Victoria the state of most significant employment in the area.

At a more granular level the results are also positive. Production values are at near-record levels, with the exception of dairy, which I am sure members would be well aware of. This has been the result of near-perfect seasonal conditions and high prices.

While the overall value of exports dipped in 2015–16 we did have significant growth in premium products. With our market access in trade work and investments like Steritech at Melbourne wholesale market we expect this growth to continue for many years.

On the sustainability and social side of the portfolio most statistics have remained the same as those I reported last year. The most notable difference is in biosecurity incidents, which I will come back to in a minute.

The portfolio works across the value chain, from conducting research in the laboratory through to delivering trade missions and consumer promotional events. There are, as you can see on the slide, some of our key priorities under each service area. So under 'Market access and trade', since 2014 the government has delivered 55 outbound trade missions in 25 international markets.

In the infrastructure and supply chain I can update the committee that through the Agriculture, Infrastructure and Jobs Fund \$97.5 million has now been approved for a range of projects that support different commodity groups in different parts of the state.

In biosecurity we have been working hard on the ongoing challenge of managing fruit fly, with some great community programs now being rolled out to support industry.

The wild dog management program continues. This is an ongoing body of work to build community capability to manage wild dogs. We have also doubled the frequency of aerial baiting.

In relation to pest and disease incursion there have been eight recent incursions, most notably — in terms of effort required by our team — anthrax but a number of others, and animal welfare reform continues.

In industry support we had some very significant challenges facing the dairy industry and an extensive support package rolled out there. There were three significant natural disaster events as well — the northern Mallee storm, the September floods and the Gippsland floods — that required particular effort and focus. In industry development we have commenced implementation of 12 actions arising from the *Planning for Sustainable Animal Industries* report, which will improve the planning system to better support more intensive animal production.

In ag tech we have been getting into a new area which is rapidly changing, where we see there is enormous opportunity for Victoria. In research and development our scientists have been breaking new ground each and every day with their work on medicinal cannabis as well as of course our ongoing work in partnership with the dairy industry and in grains innovation.

If I could turn now to fisheries, the Victorian Fisheries Authority will be up and running on 1 July. This is part of our Target One Million election commitment. We have now appointed the directors to the board, and the recruitment process for the chief executive officer is underway. We have recently released a Victorian aquaculture strategy, and the first action from that strategy is the release of an additional 41 Crown lease sites in Port Phillip and Western Port bays, which doubles the amount of area available for aquaculture.

Fisheries management continues to be a strong area of focus. We are completing new fisheries management plans for the Port Phillip Bay dive scallop fishery and the eel fishery, and we have a new tagging trial for rock lobster which will measure recreational take, also a new innovation. In relation to fish stocking, as part of the Target One Million election commitment we said we would get fish stocking up to 5 million. This is well on track, with 3.9 million trout, salmon and native fish being stocked in waterways the length and breadth of the state.

On game hunting, the *Sustainable Hunting Action Plan* was released in December 2016 and work is underway now to implement this. I have asked the implementation team to provide a quarterly report that will be published on the Game Management Authority website and available to people who are interested in progress on implementation. This is a multi-agency effort, but it is certainly something of great interest to hunters in Victoria.

If I could just turn to output initiatives, the budget includes an additional \$44.4 million to support our biosecurity response. This is the major priority in the budget for the agriculture portfolio. This is an investment which builds on those in the last two budgets to build our biosecurity capability for good times and for bad.

If I can take you to the next slide, there is funding confirmed in the budget for the implementation of electronic sheep and goat identification. That funding was announced in November of last year, a \$17 million transition package, and there is additional funding in the budget to continue this reform into years two and three.

On the red imported fire ant eradication program, this may be a problem you have not heard of and do not know about but it is a very serious problem and one we are working hard on as part of a national response to get it under control. It is a 10-year national eradication plan and certainly something that is of high priority not just for Victoria but for the whole of the country.

I am very pleased to be able to update the committee that in the budget there is funding of \$1.7 million to re-establish the Rural Women's Network. In March of this year we convened the second Women in Agriculture Forum here at Parliament House. We had 60 people take part in the forum, and among other things they took a

vote and picked the new logo for the reborn Rural Women's Network. We also supported the Women on Farms Gathering at Harrow, and I think there are many, many people across the state who are quite excited about the network being up and running in July.

If I could now bring members' attention to issues of forestry, there is \$110 million in the budget to expand the plantation estate in Gippsland. This is about supporting jobs in the timber industry. This initiative is funded from the Sustainability Fund and is a whole-of-government initiative, so it appears in that part of the budget paper but obviously is an area of great interest and import to forestry and the agriculture portfolio.

We are taking action to protect jobs at the Heyfield mill. This has been a very challenging issue that we have been very involved in. We have requested that the owners of the Heyfield mill work with the government to facilitate the sale of the mill. We have indicated that the government is prepared to be a buyer of last resort to purchase the mill at fair and reasonable value if that is necessary. Our focus here is on protecting local jobs and ensuring a good, strong future for the community at Heyfield. These are subject to active negotiations at the moment, so I am sure members will be interested in exploring this further. There might be some limits to the extent to which I can share with you the details of those negotiations, but I am sure it will be a matter of interest to the committee and I look forward to providing as much information on that as I can to assist you in your work.

The CHAIR — I might kick off, if I may. Minister, I am quite interested in the fact that I think Victoria has got a great natural advantage in terms of food and fibre. I think we do three things really well in Victoria — health, education, and food and fibre — and I am interested in, looking at your presentation, where you mention the investment for biosecurity. The budget paper reference is budget paper 3, page 27. Can you outline in a little bit more detail for the benefit of the committee how that \$44 million is going to be expended and what those monies are actually going to be spent on?

Ms PULFORD — This is critically important for us. Our point of difference in international markets is our reputation as a producer of clean, green food and fibre products of the highest possible quality. So in the supermarkets of cities like Shanghai and Tokyo, and in markets like Jakarta, our real point of difference is our international reputation. It is something that we and industry promote really heavily when we are in international markets.

We have been working really hard over the last two and a half years to rebuild our biosecurity capacity. There were significant funding cuts that occurred under the previous government. Funding for core livestock biosecurity was actually cut by 49 per cent. There was a 42 per cent reduction in our animal health and veterinary officers that work for the department — so the people who go out on farm and literally look in the mouths of cows or the sheep to check their health and inspect plants. It could not be described as anything other than absolutely frontline work. We have been working hard to rebuild this capacity — additional funding in our first budget, further funding in our second and now \$44 million in our third.

This is all about improving our emergency response preparedness. The funding will include the recruitment and training of staff to build on those critical capabilities and emergency response exercising in the way that we would for other types of emergencies. An animal health incident can be a very, very significant incident for the state to manage and being very ready, whether it is a one-in-100-year incident or something a little more common, and having the capability to move people around and to respond quickly and effectively to an outbreak is really, really important, not only in an immediate sense, for the producers who are impacted by perhaps loss to their productive ability and their incomes, but also because of what something like that can do to our reputation in international markets. So in some respects the bigger financial impost and risk is actually in what something like that would mean for access to markets. It might take years and years to restore, long after the incident has been controlled.

This would include also ongoing development of the biosecurity state emergency response subplan, which sits within the emergency management framework of the state, and improved case management systems for routine surveillance and biosecurity emergencies.

The CHAIR — So if there was an outbreak of foot-and-mouth disease, for example, how would Agriculture Victoria — —

Mr MORRIS — Foot-in-mouth disease in PAEC is never going to happen!

The CHAIR — Apologies, Minister. The Deputy Chair momentarily floored me. If there was an outbreak of foot-and-mouth disease in the agricultural sector in Victoria, I am just wondering, Minister, whether you could outline how that might be managed effectively?

Ms PULFORD — One of the first things that happens is a 72-hour national livestock standstill. There would be a convening of our state emergency response but also in the same time frame a national emergency response. So it is something we would engage with the commonwealth on very quickly. I am very pleased to hear Mr Morris assure us that it is not going to happen, but we work on the assumption we should be prepared for it just in case. It has been more than 100 years, but the devastation that has been experienced in some other parts of the world is enormous.

As I recall, and again this is not a figure we have actually had to test, the department has advised me that the economic impact to Victoria of an FMD outbreak might be in the order of around \$45 billion.

The CHAIR — And is industry making a contribution in terms of helping with this preparedness?

Ms PULFORD — Most definitely. All of our producers I think are very aware of the need to have best practice biosecurity. It is something that we do in partnership with industry in every possible respect.

If I could perhaps just give you a more contemporary example, foot-and-mouth disease is the worst possible scenario, but just to give you a sense of a much more contemporary experience, we had an anthrax outbreak in the Swan Hill district throughout March and April that we responded to. There was one confirmed sheep death in early March, and five infected properties were identified. Each of these premises was placed under quarantine, and all susceptible animals on those properties and associated landholdings — so other properties owned by the same people — were vaccinated. Then we had 99 of our Agriculture Victoria staff visiting over March and April 93 properties, and more than 5800 head of livestock were vaccinated against anthrax during the response. All of the animals were also then tagged and scanned so that their movements can be traced ongoing.

That is just to give you a sense about one reasonably small number of properties impacted, but the barrier you need to build around it to be absolutely sure that is under control. People did an absolutely fantastic job on that.

Mr DIMOPOULOS — In terms of the supply chain you were just referring to, was it 500 000 head of cattle; is that right? You were saying 500 000 —

Ms PULFORD — In the anthrax —

Mr DIMOPOULOS — Sorry, in the anthrax example, but I was going to talk about the supply chain.

Ms PULFORD — It was 5800 livestock over 93 properties.

Mr DIMOPOULOS — Because of the outbreak in Swan Hill.

Ms PULFORD — Yes, an outbreak that was contained to a small number of properties, but the response then needs to ensure that we are disease-free in a much broader area.

Mr DIMOPOULOS — Just in terms of the supply chain, so that is farmers obviously, with the rest of the supply chain are there investments in this budget — the investments you were talking about — that assist the other path of the supply chain in meeting the new standards?

Ms PULFORD — Definitely. The electronic ID reform will be, I think, really helpful for strengthening our ability to respond and to trace animals more quickly. There have been a number of reports that have indicated that our systems could be stronger than they are, and so that is why we are supporting the reform. There are also a whole lot of additional benefits for those who are interested in exploring this new innovation to help make their businesses more productive.

Mr MORRIS — I do want to go to forestry, which you touched on in your presentation, but can I confirm just exactly what your responsibilities are in relation to forestry?

Ms PULFORD — I am the minister responsible for forestry policy.

Mr MORRIS — So what responsibilities does the Special Minister of State have in the area of forestry?

Ms PULFORD — The Premier has asked the Special Minister of State to work with myself, Minister D'Ambrosio, the Treasurer and other ministers who have a responsibility in respect of these issues, to work with us to coordinate the government's response to the Forest Industry Taskforce.

Mr MORRIS — And that is the extent of his responsibility?

Ms PULFORD — Yes, that is right. The issues surrounding the Heyfield mill and associated issues, including a number of the things that have led to the situation that we have before us, have their home in different areas of government responsibility. So I am responsible for forestry policy and the minister for environment is responsible for the protection of environmental values. This is an area where these things intersect. The Treasurer — —

Mr MORRIS — That particular division is a long-established one. The injection of the Special Minister of State into this arena is relatively new, though. That is what I am trying to ascertain.

Ms PULFORD — The minister for the Forest Industry Taskforce is actually the Premier, and the Premier asked the Special Minister of State to work with us all on the response to the work of the Forest Industry Taskforce, but this is an area where there are ministers with a range of responsibilities. For instance, the Treasurer is a shareholder minister for VicForests, so there are a number of aspects where both the Treasurer and I have joint responsibility for the operations of VicForests. Forestry policy is my responsibility. The minister for the environment, for instance, is the minister who has sought the report on the efficacy of the special protection zones. It is something that we work on together.

Mr MORRIS — Thank you for that. You briefly mentioned the Heyfield mill, I think, in your presentation. Obviously it is an important topic for the Heyfield community but for the wider region as well — BP3, page 130. The Premier did commit to buying the Heyfield mill if Australian Sustainable Hardwoods could not keep it open. They have indicated publicly that they cannot keep it open, they will not keep it open, but there is no budget allocation for 2017–18. I understand you told the Council on 25 May that no business case had been completed. I am just wondering whether the government was in fact serious about the offer or whether it was simply a matter of kicking the can down the road to take the amount of pressure off.

Ms SHING — Wow. You know we will give away a negotiating position in the budget papers. That is how commercial arrangements work.

Ms PULFORD — Yes, there will be some limits to how expansive I can be on this issue, but just to provide the committee with some context. This is a very challenging situation that we have inherited from the former government. We have a situation — —

Mr T. SMITH — No, it is not. Just give them the wood they want.

Ms SHING — Your government would not.

The CHAIR — Order! Ms Shing! The minister is answering.

Members interjecting.

The CHAIR — Order! Ms Ward!

Mr MORRIS — But, Chair, the minister was interrupted by commentary from your own members.

The CHAIR — I think, Deputy Chair, it actually started with Mr Smith, but anyhow.

Mr MORRIS — No. It actually started with Ms Shing interjecting about arrangements that the coalition apparently did not undertake, so let us get that accurate. It is another time-wasting manoeuvre.

Members interjecting.

The CHAIR — Okay. Let us just pause for a moment. The minister to continue answering the Deputy Chair's question without assistance from any member.

Ms PULFORD — Thank you, Chair. I am happy to answer the Deputy Chair's question, but if I could just briefly respond to Mr Smith's interjection, which was very much where I was going anyway. The previous contract that the owners of the Heyfield mill believed that they had with the former government was never actually executed. There was a proposed timber sale agreement for 155 000 cubic metres of ash.

Mr MORRIS — That is right, which was substantially more than you are preferred to offer. We are now two and half years into this government. We have got a timber mill about to close, and you and your colleagues are claiming that you are acting to try and achieve some certainty, but so far nothing has happened. We now have reports in the last 24 hours of a revised timber supply — 80, 80, 80 instead of 80, 60, 60. Can we at least find out whether that offer has been made?

Ms PULFORD — Would you like me to answer the first question or the second question, because I am still trying to answer the — —

Mr MORRIS — If you are going to rather than giving us a history lesson of what did or did not happen three years ago.

Ms PULFORD — Mr Smith said, 'Why don't you just give them the timber they want', and so I was just explaining how the former government has created this situation that we have inherited, where we have the owners of the Heyfield mill with a set of expectations around timber availability that is just not there. This is not a decision of our government as much as it was a decision of the former government.

Mr MORRIS — With a level of supply where operation ceases to be economic, and that is the point under discussion.

Ms PULFORD — The contract that the former government seemed to offer but never executed with the owners of the mill was for a 20-year supply agreement. It sought an indemnity from the former Treasurer. The former Treasurer never — —

Mr MORRIS — Are we going to talk about anything in the last two and a half years, or are we going to keep going with history?

Ms PULFORD — Well, I was just trying to provide you with some context about why you have a company that has an expectation —

Mr MORRIS — You have been providing context for 3 minutes now, Minister.

Ms PULFORD — of a certain amount of timber when we have available supply that is quite different.

Mr MORRIS — It is not about expectation; it is about what is economic.

Ms PULFORD — The former minister — —

Members interjecting.

The CHAIR — Order! The minister is answering the Deputy Chair's question.

Ms Ward interjected.

The CHAIR — Order! Ms Ward. The Minister to continue.

Ms PULFORD — Thank you, Chair. Then we also had the special protection zones put in place, which have placed a constraint on the available timber supply, so the —

Mr MORRIS — I was hoping to get to that in a minute, but this is taking so long.

Ms PULFORD — situation that we are dealing with is very high expectations of supply that the former government itself was not — —

Mr MORRIS — Minister, it is not about expectation; it is about what is an economic level to allow the mill to continue to operate. That is the discussion. It is not about what we would like to have; it is what we need to

have to operate. That is the way business works. If you do not have the supply, you cannot operate the mill. It is as simple as that.

Ms PULFORD — Yes, so — —

Ms Shing interjected.

The CHAIR — Order! Ms Shing!

Mr MORRIS — They cannot operate on 80, 60, 60, and that is what they have made plain.

Mr DIMOPOULOS — Why didn't you fix it when you were in government?

The CHAIR — Order, Mr Dimopoulos.

Mr MORRIS — If you made the offer we made, we would be in business.

Ms PULFORD — We are talking about resource management and a situation where the timber supply simply is not there. Now, part of that is because of Mr Smith's, the member for Warrandyte's, special protection zones; part of it is because of fire, including — —

Mr MORRIS — Minister, the Premier committed to buying the mill.

Ms PULFORD — Yes.

Mr MORRIS — Nothing further has happened on that.

Ms PULFORD — That is not true.

Mr MORRIS — We have now had reports of an amended offer. Has the amended offer been made, and if so, what is it?

Ms PULFORD — So if we — —

Ms Ward interjected.

The CHAIR — Order, Ms Ward!

Ms PULFORD — Yes, I feel like I have about six or so different questions here that I can answer, and we can step through them all; we are here all morning.

Mr MORRIS — Well, you have not started to answer one yet.

Ms PULFORD — The government has indicated that it is prepared to be a buyer of last resort, and that is our position. I outlined that in the presentation, and I am happy to repeat it.

Mr MORRIS — So has a revised offer been made, or is a revised offer under discussion?

Ms SHING — Why do you want blow by blow? The introduction was about not being able to talk about certain elements of the negotiations, Mr Morris. If you had been here for the presentation, you would have heard that.

Ms PULFORD — And if you had been following this more closely, you would know that VicForests gave evidence at a parliamentary committee hearing in this building about two days ago —

Mr MORRIS — Yes, I know.

Ms PULFORD — indicating that the board has provided a further offer of 80 000 cubic metres for each of three years. So I think you probably did know the answer to that question, actually.

Mr MORRIS — At that inquiry, Minister, the acting CEO of VicForests confirmed that the Leadbeater's possum was being detected at a rate much higher than ever anticipated. He also described the current 200-metre

buffer zone as highly precautionary and having a significant impact on the industry. He confirmed that the amount of timber available to the industry dropped by nearly 60 000 cubic metres because of possum sightings and projected sightings and indicated that there had been an 88 000-cubic-metre reduction in timber available, two-thirds of which is due to possum exclusion zones. Having made those points I will come back, because we will get started and we will be stonewalled again.

Ms PATTEN — Good morning, Minister. Congratulations on the announcement about medicinal cannabis last night, and not surprisingly that is part of the budget area that I would like to get some more information on. Last night you announced that the Cann Group had got their federal permit and that you would be supplying 160 plants to them. Do you think that is going to be the model going forward in the near future for the rest of the companies that will be applying for permits to operate in Victoria — that the Victorian government will be supplying the plants — and does that mean that we go into a kind of commercial arrangement with those companies?

Ms PULFORD — Yes. I thank you for your question and your ongoing interest in this really, really important reform. It was a very exciting occasion to hand a number of these plants that have been carefully developed and nurtured by our scientists to industry, and it marks the birth of a brand-new industry for Victoria — not something you see every day. Of course the other part of this is — I mean, this is an exciting reform from an industry development point of view — of course that the work that my colleague Jill Hennessy is doing on the patient supply side of this reform is just incredibly important. It is for young children with severe epilepsy and further patient cohorts whom we know have a great interest in this reform and will in time create demand for product.

What we know from the other parts of the world that have an industry like this is that quite a number of the players in the industry do have a vertically integrated operation where they are growing product and refining it into a substance that is fit for patient use. But I am happy also to invite German Spangenberg to make some further comments around how the Victorian government's intellectual property and how product will be provided to the private sector as the industry develops, though I would caution all of this by saying to you, as I have in the house on a number of occasions when we have talked about this, with every step of this reform we are breaking new ground and we are developing what happens next in real time. We certainly know that there is a lot of industry development interest.

Ms PATTEN — Fantastic. Just before you start, German, can I add to that. Does that mean that we are looking at some proprietary strains and technology — certainly I have seen some of the strains out there that you had imported but — now you have created your own that the state owns?

Prof. SPANGENBERG — Thank you very much, Minister. In brief I would like to start by highlighting some of the key achievements. Firstly, the fact that we have established Australia's first medicinal cannabis licensed cultivation facility; secondly, Australia's first medicinal cannabis manufacturing facility; thirdly, an Australian first in obtaining good manufacturing practice accreditation for the production of medicinal cannabis; and fourthly, the great announcement this week about setting the basis for a commercial licence and thus setting the basis for the new industry.

Getting back to your earlier question relating to the development of strains, yes, these are proprietary strains from Agriculture Victoria and these four different strains cover the spectrum of chemo types required for different therapeutic uses: strains that are high in cannabidiol, so in CBD; and strains that are high in tetrahydro-cannabidiol, high in THC; as well as the balance ratio. They open the opportunity not only for addressing the needs of patients that suffer from severe epilepsy and movement disorders, but also new therapeutic areas such as chronic pain and so on.

We commenced the work by sourcing seed from legal sources overseas. Cannabis is a dioecious plant — there are male and female plants — so every seed represents a different genotype. We used DNA marker technology to identify the males, which we discard, and then characterise the female plants to develop proprietary strains.

Ms PATTEN — With the proprietary strains, are you giving those strains over under licence?

Prof. SPANGENBERG — Yes, we license those strains to the private sector, the first one being the Cann Group.

Ms PATTEN — Fantastic, thank you. I note that the Cann Group also has permits for research — in the media it said two different areas of research. Can you tell me what research they will be doing? Will it assist us in moving on to the next cohort of patients through their research as well as your own?

Prof. SPANGENBERG — There are two main areas of research for the Cann Group. One is in collaboration with the CSIRO, relating to extraction technology. We are extracting medicinal cannabis today by using supercritical CO₂ extraction, which is optimising methods for different applications and setting the basis for also a range of formulation approaches for a diversity of ultimately medical products. Two areas: firstly, extraction technology; and secondly, formulation. These are the two main areas of research for the Cann Group.

Ms PATTEN — For the state to have the proprietary ownership of some of these new strains is great. Do you have any idea or any thoughts in the forward estimates about what sort of value this industry would be to our state?

Ms PULFORD — The value is immense. I gather you are asking for a dollar value. A lot of the pricing and economics of this industry are still unknown. The Minister for Health will be receiving advice from her independent medical advisory committee on future patient cohorts, as was stepped out in the Victorian Law Reform Commission report that has really served as our guidebook for this. Questions of both supply and demand are still unknown, which of course limits our ability to properly understand those things. I might invite Professor Spangenberg to make a further statement.

Prof. SPANGENBERG — Some of the initial modelling will indicate the potential for up to 30 000 patients Australia-wide, and obviously that creates an opportunity for a potential industry worth in excess of \$100 million.

Ms PULFORD — I have got just a couple of seconds left. The work that Professor Spangenberg and his team have led in developing this has been nothing short of extraordinary — I just take the opportunity to put that on the record.

Ms PATTEN — I absolutely concur.

Ms SHING — Thanks, Minister. I would like to pick up where we left off with the Deputy Chair's questions in relation to Heyfield and note at the outset the significant levels of concern, distress and anxiety that the last few months have given rise to whereby the workers in the town, their families and the town itself are really worried about what their future holds. This is a group of people who have exceptional skills in relation to producing some of the very best world-class products that we have available on the market. I would like to go to clearing up some of the concerns around what the government is in fact doing. The assertion made by the Deputy Chair was that nothing was being done.

In relation to the work that has been undertaken, if you can detail the discussions that have been had with the Hermal Group in a general sense rather than going to anything that might be commercial in confidence at this stage, as well as telling us what work has been done with the commonwealth, given that they actually hold the classification in relation to the critically endangered Leadbeater's possum, and their understanding of intent or otherwise to change that classification.

Ms PULFORD — Thank you, Ms Shing, for your question. I could not agree more with your expression of the anxiety that exists in the Heyfield community and just how unsettling this has been and continues to be for those workers. It is the largest employer in the town by a mile, and a place where many of the people have been employed for a very long time. Sometimes there have been multiple generations of a family in employment there, so these are very, very challenging circumstances.

Ms SHING — Emblematic of many timber towns, in fact, throughout Gippsland and regional Victoria.

Ms PULFORD — I think that is right. As Mr Morris indicated, the government announced in March that we were prepared to be a buyer of last resort. We have explored other potential buyers and players in the industry who may be interested. The Hermal Group made it clear that they were planning to close, and they announced that quite some time ago. They have put that decision to close on the backburner to allow these discussions to occur, but their concerns about the operation of the mill at the timber supply that is available, I think, are well known by members.

Ms SHING — But it has only been recently that they have indicated that they are prepared to discuss selling. As I recall, we have only recently — in the last three, nearly four, weeks — had reports, I think from the *Weekly Times*, around a changed position from the Hermal Group about a preparedness to enter into discussions around selling the mill, which it had previously indicated was not for sale.

Ms PULFORD — That is right — four or five weeks, I would say. The owners made it clear to us that the mill was for sale, because prior to that point that had not been a decision that they had made or not something that they had expressed to us. They no doubt had been considering a range of options. There has been some speculation about different locations or a possible staged closure. That was of course a really welcome development. For any transaction to occur, you need a buyer and a seller, and we now have a seller.

Ms SHING — That was definitely something which changed the nature of the concern on the ground. In relation to the Hermal Group's work to process mountain ash, does it process any other species of native or hardwood in the product offering that it provides across the supply chain or is it just mountain ash?

Ms PULFORD — This company is dependent on the availability of mountain ash, and that is the species that we have a supply constraint problem with. It is not as simple as replacing it with some other type of timber. Whilst we might describe the timber industry as one broad thing, different businesses within the industry have very, very different needs. For instance, Australian Paper, the largest employer in Victoria in the wood and paper products sector, has very, very different needs. So it is not that you can trade one thing out for another easily. The timber that they need is the timber that is not available in the quantities they would like it to be available in.

Ms SHING — And yet there are other mills which do not simply process one species and have in fact diversified through retooling and through changing their processes to accommodate other species, and in fact there was work done by the Hermal Group in relation to shining gum and laminating and processing that could occur with Tasmanian stock. Is that something which other mills here in Victoria are continuing to explore as part of diversifying the way in which they use fibre assets?

Ms PULFORD — Yes, I think that is certainly the case. The mill at Heyfield has some new technological innovation — the wood joining, which I am sure you are familiar with as you have had the opportunity to see it, Ms Shing —

Ms SHING — Yes, I am very familiar with it.

Ms PULFORD — which is part of their journey to change their processing. There are other mills in the state that are updating their sawing equipment so that they can process smaller logs, which then of course means that what you can use from what is an available resource is different. These are always welcome innovations. We certainly want the industry to have a strong future. We are very keen for the industry to be strong and sustainable, and part of that is of course making sure that harvesting of native forests on government land managed by VicForests is done in a manner that is sustainable and that is conscious of the long-term needs of all players in the industry.

We have come to a difficult point, as Mr Morris was indicating a moment ago, where we have a 2017 resource outlook which shows quite a significant reduction in available timber. Mr Morris asked about the difference between 80, 60, 60 and 80, 80, 80 thousand cubic metres. The extra 40 000 cubic metres does not come out of thin air; it comes out of future years. So what that offer means is that in years seven and eight there will be 40 000 less cubic metres — —

Ms SHING — It has to come from somewhere.

Ms PULFORD — It is not like the medicinal cannabis plants, where you can just take 12 and turn it into 1500.

Ms SHING — In terms of the work, though, that has been going on with the commonwealth, we have recently had the National Party have its conference in Traralgon, where we heard a very colourful Barnaby Joyce talking about how The Nationals value all of these jobs and that people should be doing work to save them. In that context where is the commonwealth in relation to the positioning that it has to do something about this situation?

Ms PULFORD — Thank you, and I apologise I did not get to that. You asked that earlier.

Ms SHING — That is all right.

Ms PULFORD — I have had a couple of very good discussions with the relevant commonwealth minister, Senator Anne Ruston. She is the minister responsible for these matters in the commonwealth government. She, like the Victorian government, is very keen for a sustainable future for the timber industry. We have had a discussion about our shared commitment to the RFA process going forward, and I understand that she has had conversations with the commonwealth minister for the environment — as I indicated earlier, these issues do cross multiple portfolio boundaries — and the commonwealth are willing to undertake further studies on the critically endangered status of the Leadbeater's possum. It is a status that they have put in place that further compounds the challenges we have. It is not exclusively about the Leadbeater's possum. There was a lot of resource lost to fire, and there are other environmental values that also place pressure on the resource.

Ms SHING — Ash dies in the event of fire, rather than regenerating, which is one of the key challenges around the loss of the 39 regrowth.

Ms PULFORD — Yes, these are challenging issues.

Ms SHING — What I would like to cover in the next round of questions, which I will pick up further on, is the \$110 million allocation for plantation timber and what that will mean as far as further supply for a variety of mixed species to transition the industry from reliance on one timber species.

Mr MORRIS — Coming back to the Leadbeater's possum exclusion review — and I think you indicated, Minister, that you are working for the minister for the environment on this matter — have you or the department seen the review?

Ms PULFORD — The review was commissioned by the minister for the environment, so I would suggest that you raise that with her.

Mr MORRIS — So you have not seen it? Your department has not seen it?

Ms PULFORD — No.

Mr BOLT — No, we have not seen the review, Mr Morris.

Mr MORRIS — So you cannot comment on the reports that the review is now subject to its own independent review?

Ms PULFORD — I would suggest that you refer that question to the relevant minister, the minister for the environment.

Mr MORRIS — So it is not a matter that you are dealing with in any way at all?

Ms PULFORD — It is a matter that is squarely the responsibility of the minister for the environment.

Mr MORRIS — Thank you, Minister.

Ms PULFORD — Obviously I have a great interest in the issues that impact the forest industry, but, in the same way, it was the member for Warrandyte who put in place these protections —

Mr MORRIS — You are not in the loop on this matter?

Ms PULFORD — not the Minister for Agriculture in the former government.

Mr MORRIS — No, you are not in the loop. Thanks.

Mr T. SMITH — In budget paper 3, 121, 'More productive, competitive, sustainable and jobs-rich rich food, fibre and resources industries' output, I refer you to the implementation of the wild dog action plan, which involves continuing investment under the agriculture portfolio. The implementation of the wild dog action plan

includes input from the Wild Dog Advisory Committee. Minister, it has been eight months since you announced the reformation of the Wild Dog Advisory Committee. Minister, where is this elusive committee?

Ms PULFORD — The committee is a new committee. The committee that existed before — it was established by the former government — had an expiry date in its appointments. So what we have done is establish a permanent committee. It is a committee with a chair appointed by cabinet, so it has a different standing to the previous temporary committee that the former government had. Community input into wild dog management is very important and is very much included in the day-to-day management of the wild dog control programs and activities that occur.

We had appointed a chair. We had appointed Ms Shing as chair of the committee. As I am sure everyone here appreciates, Ms Shing has been playing a very active role in supporting the Latrobe Valley community through economic transition and indicated to me —

Mr T. SMITH — Going down a treat out there.

Ms PULFORD — with some regret that —

Ms SHING — How would you know? You have never been?

Mr T. SMITH — Sure have.

The CHAIR — Order!

Ms PULFORD — it was not a position that she was able to take up.

Mr T. SMITH — She is too busy wrecking the CFA.

Ms PULFORD — We have been recruiting a new chair.

Ms WARD — When were you there, Mr Smith?

The CHAIR — Order! The minister to continue.

Ms PULFORD — Well, I certainly know Ms Shing has a very strong ongoing interest in this, but she, like all members of Parliament, I think, from time to time, has to balance different responsibilities.

Mr T. SMITH — But why has the establishment of this committee been so delayed, Minister?

Ms PULFORD — As I was about to say, we are recruiting a new chair. That will be concluded in the next few weeks, and we will be able to announce the membership of the committee.

Mr T. SMITH — You announced this eight months ago. What have you been doing?

Ms PULFORD — I do not know if you just heard my previous response, but that is your answer.

Members interjecting.

The CHAIR — Order! Ms Shing! Is there a question, Mr Smith?

Mr T. SMITH — Is it true that the department failed to organise an interview panel, which is what I just said but you could not hear because Ms Shing was interrupting?

Members interjecting.

The CHAIR — Order! Did the minister hear that question, or does Mr Smith need to repeat it?

Ms PULFORD — I think it was the same question that I had had previously, but I will perhaps take the opportunity to indicate to the committee that the wild dog control program continues. That community engagement is a very important part of our ongoing work in wild dog management. We have doubled funding to aerial baiting — so twice as much aerial baiting as was going on under the former government. I look forward to making an announcement about the composition of the new committee in the next few weeks.

Mr T. SMITH — Vital to the success of the wild dog management plan is the allowance for 72-hour trap checks. Will the allowance of 72-hour trap checks be extended to ensure wild dog controllers can do their job effectively in 2017–18?

Ms PULFORD — We have no plans to change the current arrangements. There was an extensive review of all of the wild dog management activities that occur. This I think confirmed for us that the arrangements that are in place and have been in place for some time are very effective. Community engagement is an important part of that — and aerial baiting, with a bigger, better bounty than the state has ever had before. That encourages hunters and landowners to do their bit as well to support wild dog control efforts. We are looking forward to continuing to run an effective set of programs and initiatives that manage, as Ms Shing was pointing out, what can be a really awful problem for farmers to be dealing with.

Mr T. SMITH — So in terms of the new chair of the advisory committee, will that be an independent individual with experience in these matters of wild dogs?

Ms PULFORD — I will be making an announcement about that in the next few weeks.

Mr T. SMITH — Or is it just going to be another sort of stooge like Ms Shing?

The CHAIR — Order!

Ms SHING — On a point of order — seriously; you are going to call me a stooge? Take it back.

Mr Morris interjected.

Ms SHING — No, I did not object to that, because I do not in fact have 6952 adopted greyhounds in my home, so technically I did lie to the committee last week when the Minister for Racing was here, but I would like you to take that back in relation to stooges.

Mr T. SMITH — I withdraw that.

Ms SHING — Thanks.

Mr T. SMITH — So, is it going to be independent?

Ms PULFORD — As I indicated, the chair will be announced and the membership of the committee will be announced in the next few weeks. When you see the names of those people, you can cast whatever aspersions about them you like.

Ms SHING — Are you interested in putting your hand up, Mr Smith? It is not like labradors at the off-leash park — —

The CHAIR — Order!

Mr T. SMITH — Here we go. The class war stuff coming back from you.

The CHAIR — Order! Is there a question, Mr Smith?

Mr T. SMITH — I will make way.

Ms STALEY — Minister, I refer to the rural and regional statement, page 6, and also your presentation this morning in relation to biosecurity. You mentioned how important you believe this area is and how critical it is to our food and fibre industries and their export markets, but why is it only funded for two years in the forward estimates?

Ms PULFORD — Fixing the budget hole that we inherited in biosecurity is an ongoing task. We provided additional funding of \$10 million in our first budget; funding of, if my memory serves me correctly, \$21 million in our second budget; and further funding of \$44.4 million in our third budget.

Ms STALEY — So, Minister, you therefore would disagree with the VFF, who in a media release on 27 April said:

We expect essential services like police and health departments will receive permanent funding to perform their duties, and biosecurity needs to rank on that scale as an essential service that is necessary to preserving the agriculture industry.

So you disagree with the VFF?

Ms PULFORD — The VFF have strong views about funding for biosecurity. They were absolutely outraged in 2014 when it was revealed that there had been a 49 per cent cut to frontline biosecurity services under the former government. We continue to fix this problem.

Ms STALEY — Minister, this release is dated April 2017. It is — —

Ms PULFORD — You should have seen the one from April 2014 — scathing.

Ms STALEY — I think this one is pretty scathing, Minister — an essential service that you are failing to fund.

Ms PULFORD — The one in 2014 talked about a 49 per cent funding cut between 2009–10 and 2014–15, and the number of — —

Mr MORRIS — No funding in 2019–20, no funding in 20–21; there is just no money there. There is no money there. This year's budget: no funding in 2019–20 and no funding in 2020–21. No funding. Nothing. Two dots in each case.

Ms PULFORD — Look, I am pretty happy to back our biosecurity funding credentials against those of the opposition anywhere, any day you like.

Mr MORRIS — There is no funding in those two years. No money at all.

Ms PULFORD — The funding cuts of the former government under the guise of the so-called sustainable government initiative were absolutely scandalous.

Mr MORRIS — Minister, we are not talking about three years ago; we are talking about this budget, and there are two blanks here. Nothing there.

Members injecting.

The CHAIR — Order!

Ms PATTEN — Thank you, Minister. Just turning to the performance measures on budget paper 3, page 124, I just want to confirm, looking at the commercial technology licence agreements, is medicinal cannabis included in that? It is interesting that there is no expectation of an increase in that licensing, nor is there any indication of an increase in applications for intellectual property protection. I would have thought, considering the work that you guys are doing and the fact that you are developing proprietary strains, that you would have anticipated in the budget that you would be increasing in those performance measures.

Ms PULFORD — I might again invite Professor Spangenberg to provide some further comments, but Ms Patten, there is so much we do not know about this industry development. I was at an event earlier in the week in this building with Cann10, who I know you are familiar with — they provide a training course in Israel and will be providing a training course in Australia — with a number of people who are very interested and are likely the future leaders of this industry in Victoria. Day 1 of the industry was on a day earlier this week, so I might invite Professor Spangenberg to comment further about what we know and what we assume. It is quite possible that in future years the answer to your question will be yes.

Ms PATTEN — I think it is less about what the private companies are doing but more about what the government is doing in its developing of strains, because as you say, you have developed four strains now.

Prof. SPANGENBERG — Thank you, Minister. The intellectual property protection associated with proprietary medicinal cannabis strains is part of the 16 — —

Ms PATTEN — So that is part of the 16?

Prof. SPANGENBERG — It is part of the 16 in aggregate — we are not referring to four out of the 16 but simply recognising the fact that we are progressing with the intellectual property protection for medicinal cannabis strains both in the form of patents as well as considering plant breeders' rights.

Ms PATTEN — Fantastic. Thank you, Professor. I just wanted to turn quickly to biosecurity, and I have raised this before with you, Minister. Given that we will no longer be catching bait or sardines in Port Phillip Bay, we will be required to import our bait, so I am wondering what provisions you have put in place to ensure that the bait is disease-free and we will not see outbreaks like we have seen in other jurisdictions of fish pests and fish infections.

Ms PULFORD — Thank you, Ms Patten, for your question and your interest in bait availability. We are certainly keen for fishers to have good access to bait. We are working very hard to take what is around 838 000 Victorian fishers to 1 million through a range of different initiatives promoting and encouraging greater participation in recreational fishing. There are a number of netting licence-holders from the Port Phillip Bay buyout that are still operating —

Ms PATTEN — Yes, but not for much longer.

Ms PULFORD — and that does provide availability of bait. I understand that the main supplier continues to stay in this work, to continue netting for some years. The reform to buy out the nets in Port Phillip Bay is an eight-year reform, and while the overwhelming majority of licence-holders exited in year 1, we have 10 that remain, and —

Ms PATTEN — Which is not a bad thing if there is no bait.

Ms PULFORD — They will be given an annual opportunity to elect to leave, as I think you understand, and they will be able to provide, and one in particular is able to provide, bait on an ongoing basis for a number of years.

Ms PATTEN — That is right, so while trying to buy them out and encouraging the commercial fishers to leave, I would say the government is quite happy that they are still there, because they can provide local bait, which otherwise would not be available.

Ms PULFORD — It is also, I think, important to note that this is not the only fishing destination for commercial fishing in the state. There are other areas where there are fishermen active — Corner Inlet and other parts of the state — where we know there will be ongoing provision of bait available.

Ms PATTEN — I know, but we know local bait is better. I just want to turn quickly to the demand for organic farm produce. Certainly we are all seeing significant growth in that area. The licensing for that is generally the stumbling or the delay point for many farmers. Has the government made moves to streamline some of the organic farming licensing in Victoria? I note some of your measures are about streamlining licensing.

Ms PULFORD — Ms Patten, I absolutely recognise the increasing demand for organic produce from consumers. We certainly seek to provide opportunities to our producers, large and small, to diversify their businesses and to identify where markets, domestic or international, might provide greater business opportunities for them. In terms of your question around the process for certification for organics, I might have to take that on notice and provide you with some further information, if that is okay.

Ms PATTEN — Thanks, that would be appreciated. I have one more quick question — I have a minute. Professor, you might be able to clarify for me, when we are developing new medicines to bring onto the market for the range of cohorts that are in the law reform commission's paper, do you have to submit TGA approval for those products. I am still unclear as to how that interaction works between the state developing a product and it coming to the market and what federal approval, if any, is required.

Prof. SPANGENBERG — This is a question to the Minister for Health rather than the Minister for Agriculture.

Ms PATTEN — I thought it might be.

Prof. SPANGENBERG — To the extent of the responsibilities of the agriculture portfolio, obviously we need on the one side all the approvals from the Office of Drug Control to deal with cultivation and manufacture for dealing with medicinal cannabis, and then from the perspective of the Therapeutic Goods Administration, it is associated with the good manufacturing practice accreditation. That is the extent. We would provide then an extract to the Department of Health. The Department of Health has a similar responsibility for the further product development and formulation.

Ms PULFORD — Chair, if I could just very quickly assist Ms Patten with her earlier question around organics: we do not license them. It is an industry-regulated registration arrangement, so my offer to provide further information on notice might not actually be much good to you.

Ms SHING — I will keep going in relation to fibre and in particular fibre in Gippsland and the timber industry as it relates to the need to create an intergenerational opportunity for people to continue working in this sector. There is \$110 million to expand a plantation estate in Gippsland. There has been a lot of conjecture about what this actually means as far as the allocation of the \$110 million. I know that you have been on the record and there have been public statements around the fact that this will be developed in consultation with stakeholders and that it will be a partnerships-based approach to developing that estate without any involuntary acquisitions.

What is the intention to diversify in terms of mixed species as far as these initial discussions are going, and how are we intending to work alongside those local government and industry stakeholders and partners within the Gippsland region to make sure that this is something that has not only the social licence to proceed but is done in a well-planned way so that in fact 20 years from now we have a stock availability that can avoid the sort of shortfalls that we have had that have required people for decades now to beg for their jobs in Parliament when the supply runs out?

Ms PULFORD — Thank you, Ms Shing, for your interest in the \$110 million commitment in the budget to establishing Victoria's plantations sector. Having a strong and viable forest and forest product industry is incredibly important. We do not have to look too far at the moment to see exactly why that is the case. There are constraints on resource availability that occur for different reasons at different times, and unfortunately some of these issues are not very new at all. It has been many years since the Victorian government was last involved in establishing plantations.

Ms SHING — The 1990s, I think, was when it was privatised to HVP as far as softwood plantations are concerned.

Ms PULFORD — Yes, the Kennett government privatised plantations that were established in the 1980s. Of course when you are planning for plantations it is a really long-term project, because whether you are seeking to establish plantation hardwood or softwood will tell you how many years. Planning in advance for different types of species for different types of customers of course is an important factor. So what we will be doing next, and we have had some preliminary discussions with the Victorian Farmers Federation, with the Gippsland local government network and with some but not all participants in the forest and forest products industry, is we will be developing these plans in partnership with all of these interested parties. We certainly will explore public land in the first instance but also private land, but I can certainly rule out any compulsory acquisitions. We want to develop the estate in a way that is supported by the Gippsland communities. Why Gippsland? Of course being able to provide —

Ms SHING — I take that as a rhetorical question, but I am sure everyone else will be interested.

Ms PULFORD — It was a rhetorical question, yes. But again Australian Paper, just as one example but a really, really important one as the single biggest player in the industry, is situated at Maryvale. Very large quantities of timber being carted around has costs and other impacts for communities. So having this established within a reasonable distance from businesses like Australian Paper just makes good sense.

Ms SHING — In terms of the \$110 million allocation and the way in which we are looking to provide certainty over time for the industry, I note that there have been calls on the ground from the local member for Morwell around Carter Holt Harvey's recent announcement that it would most likely need to close the Morwell softwood operation, and that despite best redeployment efforts we are looking at about 100 people who will lose their jobs, with around 60 potentially to be deployed to other sites. There have been calls, though, and I think

this is a useful opportunity to clarify why it is that the government would not in fact put in an offer to buy Carter Holt Harvey's operation. It is interesting that call should come from The Nationals, who pooh-poohed the idea of a Heyfield acquisition. How is that distinct from the work that is being done in negotiations with Heyfield around the pine plantation and the HVP process that has been the subject of Carter Holt Harvey's decision to close?

Ms PULFORD — Carter Holt Harvey's decision again has its origins in loss of supply due to fire — a number of different fires over a couple of decades.

Ms SHING — Fifteen-odd per cent from Black Saturday, I think.

Ms PULFORD — Yes, a very large loss on Black Saturday. I think all of us have embedded firmly in our memories the images of that tragic week in our state's history. HVP have lost around 7 million trees to fires. Carter Holt Harvey have two other operations in Victoria. They are unaffected because it is a question of the type of timber available for particular processing in a particular mill. This is, I think, very different to the situation at Heyfield. It is an arrangement between two private companies. As I said earlier, the Kennett government sold Victoria's plantation estate, and so our involvement in this is to provide support to the workers who have been impacted. We met with the company. They came and spoke to us the day before they made the announcement. We asked them if there was anything that we could do to enable them to make a different decision, and they said they just simply do not have the timber that they need for the processing that occurs in Morwell at Carter Holt Harvey. So it is a very, very regrettable situation; very different to the — —

Ms SHING — Hardwood versus softwood in the first instance.

Ms PULFORD — Yes, hardwood versus softwood; a private plantation versus a publicly owned and managed resource, so it is very, very different. The full suite of support that the Latrobe Valley Authority are making available to people in that region who are impacted by the closure of Hazelwood will also be extended to people at Carter Holt Harvey.

Ms SHING — On the maturation process for softwood, as I understand it Carter Holt Harvey had been relying upon softwood of 20 years of age rather than 28 years of age, which has a knock-on effect, meaning that you do not then have the more mature logs to provide later on. In broader terms for the industry, not for Carter Holt Harvey per se, how will the \$110 million allocation be in fact a way to secure a longer term supply pipeline of fibre into the future so that again we can safeguard jobs, we can safeguard communities and we can get out of this boom-bust approach to fibre supply that involves, to coin a phrase from Mr Morris, kicking the can down the road a little further until the next government has to make a call on it?

Ms PULFORD — Certainly planning for and establishing plantations on the scale that we propose to is the exact opposite of kicking the can down the road. We want to provide greater resource security for the entire industry; that is what motivates what you see there and that investment in the budget. We will work carefully with all players in the industry to understand their long-term fibre needs. Of course depending on what kinds of trees you are growing —

Ms SHING — Well, biodiversity is a big thing.

Ms PULFORD — for what kinds of processing — —

Ms SHING — You cannot grow ash in the Latrobe Valley, for example.

Ms PULFORD — No, you cannot grow ash in the Latrobe Valley — or something that is a reasonable substitute for it. Yes, we will need to take into account all of those questions around what types of terrain are most suitable for growing different species, but of course working backwards from where we think demand is going to be. Of course, in doing this, all are mindful that there are very long lead times because you are planting trees and then waiting for them to grow.

Mr MORRIS — Minister, a new performance measure has been added reflecting the start-up of the Victorian Fisheries Authority from 1 July this year. What is the global operating budget of the authority?

Ms PULFORD — Of the Victorian Fisheries Authority?

Mr MORRIS — Yes.

Ms PULFORD — The budget will transfer from Fisheries Victoria to the Victorian Fisheries Authority. Staff and functions will be the same, and so the budget will be unaffected.

Mr MORRIS — I would appreciate it if you can give us that figure either now or on notice. I am relaxed about that. So all existing staff are being transferred. Are there any new positions to be created, or is it just a straight swap across?

Ms PULFORD — It is a straight transfer. We are just looking for that number for you.

Mr BOLT — Mr Morris, the fisheries authority budget for 17–18 is expected to be about \$33 million.

Mr MORRIS — Thank you for that. Minister, the new board has recently been announced. How many applications were received?

Ms PULFORD — I do not have that number immediately available. We will see if we can find that for you quickly. But there was certainly strong interest, as I recall — a process that was undertaken by Agriculture Victoria that has led to the recruitment of an excellent group of people. Gail Owen will be the inaugural chair of the board. I think we are very fortunate to have her available to lead the new authority in its earliest days. Ms Owen has, I believe on two previous occasions, been an inaugural chair of a new entity, and so I am sure she will be very well placed to provide strong leadership for the VFA as it takes its first steps.

Mr BOLT — Thanks, Minister. Thanks, Mr Morris. There has been an open recruitment process, advertisements in various areas and the recruitment companies assisted us. The main point in response to your question is there are 80 applications.

Mr MORRIS — Thank you for that. Minister, I am just wondering if you could elaborate on the special fisheries qualifications of Yorick Piper, who of course is well known to some of us as a former Brumby government staffer?

Ms PULFORD — The board is a skills-based board, with a balance of skills and experience between each of the members. When we were debating the legislation for the composition of the board, there was actually an extensive debate and discussion around this in the upper house. We were keen for people who are active participants in any of the fisheries sectors — be it recreational, commercial, aquaculture — to not necessarily bring a whole lot of other existing interests and perhaps existing responsibilities to the authorities. There are a number of things that we sought for board members to not have, so we were not seeking board members particularly who had a strong involvement in organising or leading recreational fishing organisations. You will find also in the legislation people who are in leadership roles of industry associations and the like, and so there is in the legislation — —

Mr MORRIS — So what particular skills was Mr Piper selected for?

Ms PULFORD — Mr Piper has skills in policy and in government and in industrial relations.

Mr MORRIS — Thank you. Were there other similarly skilled applicants?

Ms PULFORD — I was not involved directly in the recruitment process.

Mr MORRIS — Is the department able to answer?

Ms PULFORD — There was a process that was undertaken by Agriculture Victoria. There was an external executive search firm that was involved. The department made recommendations to me, and I accepted them in full. I do not know if — —

Mr BOLT — I can say a little bit more, just adding to the minister's comments. There was a selection panel with two senior representatives from my department, Mr Morris, and the chair of the Victorian water board, and they interviewed, as I understand it, 21 short-listed candidates. It was a pretty comprehensive process, as I am advised, and it led to, as the minister has said, a number of recommendations, which she has accepted in full.

Mr MORRIS — Minister, obviously Mr Piper is a former staffer but also the husband of your cabinet colleague Minister Allan, and indeed she described him in the *Bendigo Weekly* a couple of years ago as her ‘in-house political adviser’. I am just wondering whether you consulted the Premier before appointing him to this role?

Ms PULFORD — I did not have a discussion with the Premier about the appointment.

Mr MORRIS — You did not? Did you speak to Minister Allan before the appointment was made?

Ms PULFORD — Minister Allan had no involvement in the appointment whatsoever.

Mr MORRIS — So you did not speak to her about it at all?

Ms WARD — Minister Allan excused herself from the cabinet?

Ms PULFORD — Pardon?

Ms WARD — Minister Allan excused herself —

Ms SHING — You cannot talk about cabinet matters.

Ms PULFORD — Yes, I cannot talk about cabinet matters and cabinet processes, but I can certainly assure the committee that Minister Allan had no involvement in the recruitment. The recruitment was undertaken by Agriculture Victoria. We had very strong interest. It is going to be a very exciting new statutory authority, part of our Target One Million commitment.

Mr MORRIS — Did you take any independent advice on the potential for conflict of interest or the perception of conflict of interest on this particular appointment?

Ms PULFORD — The department undertook the recruitment process. There were a number of candidates that were recommended to me, and I accepted the recommendations of the department in full. We have, I think, a great — —

Mr MORRIS — You did not seek any independent advice on potential conflict of interest?

Mr BOLT — Mr Morris, the selection panel did undertake a full skills assessment — that is now customary in situations like this — and they agreed that Mr Piper’s skills and experience were valuable, highly valuable indeed, to the fisheries authority board. They did consider whether there was a material conflict of interest arising from Mr Piper’s marital status and decided that there was not that would affect his public duties as a board member.

Mr MORRIS — Thank you. Minister, was Mr Piper’s application solicited either by yourself or by any other government staffers?

Ms PULFORD — We had an open recruitment process. I believe it was advertised in newspapers, on the department’s website. The Get On Board website circulated — —

Mr MORRIS — So there was no contact from yourself or from staff members saying, ‘There’s a position coming up. You might want to make an application’?

Ms PULFORD — I had a discussion with Mr Piper, but I would not describe it as soliciting an application — no. I had no direct involvement in the recruitment process. As I indicated, there was a list of recommendations. I think we have got a very high calibre board, and I have certainly never subscribed to the view that people ought not be able to participate in public life because of who they are married to.

Mr MORRIS — And you were happy to sign off on the appointment? You had no reservations about it?

Ms PULFORD — Yes. I was satisfied with the process, the calibre of candidates and the composition of candidates, and I was comfortable with the recommendations that came to me.

Mr MORRIS — Thank you for that.

Mr T. SMITH — Minister, budget paper 3, page 125, performance measure, ‘Clients engaged with agriculture productivity services’. Minister, can you explain why the number of clients engaged with agricultural productivity services decreased from 5078 in 15–16 to 3910 in 16–17?

Ms PULFORD — ‘Client interactions with land health services’, is that what you said?

Mr T. SMITH — ‘Clients engaged with agriculture productivity services’. It is the one below it.

The CHAIR — It is the fourth line item down on page 125.

Ms PULFORD — I am just confirming this for you, but — —

Mr MORRIS — Perhaps if we can have the answer on notice, given that we are about to run out of time.

Ms PULFORD — Yes, and if we can provide further information on notice, I am happy to do so. I am conscious we are running short on time, but if I could have 2 seconds just to provide a response to that, as seasonal conditions have improved the target has been adjusted back to baseline levels in line with previous years. As you would understand, during periods of drought or like the challenges we have had in dairy, interactions fluctuate dramatically, and there is a return to normal transmission now that seasonal conditions have improved.

Mr T. SMITH — I will take the rest on notice. That would be appreciated.

The CHAIR — I would like to thank the witnesses for their attendance — the Minister for Agriculture, the Honourable Jaala Pulford, MLC; Mr Bolt; and Professor Spangenberg.

The committee will follow up on any questions taken on notice in writing. Ms Pennicuik is away this morning, but I believe she has provided some questions on notice. The response answering the questions in full should be provided in writing within 10 working days of the committee’s request.

Witnesses withdrew.