V E R I F I E D T R A N S C R I P T

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2007–08

Melbourne — 17 May 2007

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Mr J. Helper, Minister for Agriculture;

Mr R. Bolt, secretary;

Mr S. Condron, chief financial officer;

Mr D. Seymour, deputy secretary, energy resources and major projects;

Dr P. Appleford, executive director, Fisheries Victoria;

Dr B. Kefford, deputy secretary, agriculture and fisheries;

Mr P. Bailey, executive director, Biosecurity Victoria; and

Dr C. Noble, executive director, Primary Industries Resources Victoria, Department of Primary Industries.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the budget estimates for the agriculture portfolio. On behalf of the committee I welcome Mr Joe Helper, Minister for Agriculture; Mr Richard Bolt, secretary of the department; Mr Dale Seymour, deputy secretary, Dr Bruce Kefford, deputy secretary and Mr Shaun Condron, chief financial officer, Department of Primary Industries; departmental officers, members of the public and the media.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also reminded to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript, and the committee requests that verifications be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following the presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I now call on the minister to give a presentation on the more complex financial and performance information relating to the budget estimates for the portfolio of agriculture.

Mr HELPER — Thank you very much, Chair. I would like to provide an overview of the agriculture portfolio, including agriculture, fisheries and forestry. I would also like to present an assessment of some of the challenges faced by those sectors, and in conclusion, of course, provide an explanation of how government will assist industry meet those challenges.

Overheads shown.

Mr HELPER — The graph you see here shows that Victoria's agriculture sector is indeed one of Australia's success stories. It accounts for more than 25 per cent of Australia's food and fibre exports, well ahead of any other state. We have to keep in mind that Victoria's primary production comes from 3 per cent of Australia's arable land. Seafood exports are dominated by abalone products which account for 63 per cent of Victoria's $136 million seafood products exports.

The recreational fishing sector is also of very high value particularly in regional areas and in regional communities and is estimated to involve more than half a million Victorians. In the forestry sector allocation of wood is managed by VicForests with careful oversight by government to ensure the valuable resource is used sustainably.

This graph shows the significance of Victoria's strongest export performer — that is, the dairy sector. Victoria makes up 87 per cent of Australia's total dairy exports, and Australia's total exports are worth $2.5 billion. It may be of interest to committee members that powdered milk and cream make up almost half of Victoria's dairy products sent overseas. Asia is the most important market for us. In particular Japan, Malaysia, Indonesia and Singapore. As the dairy sector shows Victoria has a strong and productive primary industry, and this is no accident but is supported through research and extension by DPI.

Although the performance of Victoria's primary industries is impressive, the sector faces immediate and long-term challenges. The most critical issue right now is drought — and drought in the longer term context of climate change. The rainfall map you see on this slide is for December 2006. The shades of red show percentages below average rainfall. The darkest area received less than 20 per cent of average. It paints a bleak picture and unfortunately much of 2006 was very similar. The impact of such a record low rainfall is felt throughout regional communities and across the agricultural sector. This current drought has left very few people and communities untouched.

In more recent times there has been a reprieve for some, with reasonable rainfall in significant parts of the west of the state in April. The spirit of communities throughout that region was immediately lifted as grain farmers set

about putting this season's crop in. I thought it worth highlighting how the rain was received in the Horsham district. I have the front page of the *Wimmera Mail-Times* of 2 May — it was indeed a great relief.

But as you can see from this slide, the April rains did not extend across all of the state in many areas, in particular the north east and the irrigation districts, and catchments have had very little relief. Water storages remain empty or at critically low levels across the state. As a consequence there are difficult decisions ahead for livestock producers amongst other sectors who face the real prospects of not having enough pasture, growth or fodder to sustain their already-reduced herds. We will continue to provide a whole-of-government response to drought, led by the Premier, with significant support from the Department of Primary Industries.

Another challenge ahead is the growing frequency of biosecurity threats and fire. Again the impact of climate change cannot be underestimated in this area. Prolonged drought leads to dry forests and perfect conditions for wildfires. By way of further example, these conditions contribute to an increased number of anthrax cases in cattle. Anthrax spores are endemic in the soil throughout much of northern Victoria and are likely to have been present for more than a hundred years.

With limited pasture, cattle forage deeper into the soil, which increases the risk of ingesting anthrax spores. This leads to the types of incidents we experienced near Stanhope and Tatura earlier this year. Fortunately the local community and Department of Primary Industries officers are well prepared to respond.

The third challenge for agriculture is the changing face of Victoria's rural social landscape. This map shows Victoria's three social landscapes — rural amenity, rural transitional and agricultural production. Amenity landscapes, marked in blue, are commonly those areas popular for people looking for a sea or tree change. Often larger farms are broken up and replaced by hobby farms, niche industries or tourism enterprises.

Traditional landscapes, marked in light brown, are those areas in between the growing amenities and at times receiving agricultural production areas. Increasingly these areas include non-traditional broadacre farming enterprises, including blue gum plantation and boutique businesses. The agricultural production landscape, marked in pink, is contracting in both size and population as competition forces efficiencies. Communities in these areas may be expected to age rapidly and reduce in population.

Our exporters are also facing significant challenges, not least of which are the highly subsidised international markets. This map shows what is known as the average effective rate of resistance in various trading blocks — that is, what percentage of a farmer's income is derived directly from government. The high level of subsidies provided in Asia, the EU and North America have a big impact on Victorian exporters, and yet our primary producers are still able to compete effectively in many areas.

The government is supporting Victoria's agriculture, fisheries and forestry industries to respond to these challenges. Emergency management is becoming an increasingly critical function of government, and in particular of the Department of Primary Industries. I have already touched on drought, fire and anthrax, but as you can see, in the past year locusts, phylloxera, fruit fly and the abalone virus have also been significant issues.

The government will continue to invest in the capability to better understand and respond to these issues. Whether it is through the development of rapid diagnostic tests for disease, such as anthrax, or the capacity to respond to fruit-fly outbreaks, the government will continue to work with industry to minimise the economic, social and trading impacts these emergencies can have.

The government has a strong focus on helping to protect Victoria's primary industries from disease and pests. We established the Biosecurity Victoria division within the Department of Primary Industries, and we have more than doubled annual spending on biosecurity since coming to office.

We have continued to invest in research and monitoring activities to support industry. The government has an excellent track record of working with industries to help drive productivity gains. 'Producing more with less' is a common catchphrase. It is not just about increased profits, however.

The careful management of our natural resources like water and the reduced need for inputs like chemical fertilisers are important advances that make our industries more productive and sustainable. These improvements are driven by science and realised through effective implementation. The government works closely with industry to co-invest in priority areas that have the best outcome for Victorian primary producers.

DPI is taking a lead role in addressing key priorities in the area of emergency response, protecting primary industries and driving productivity. Never before has so much of Victoria being declared eligible for EC drought support, as you can see from the areas in brown. The white areas in the north-west are the Murray-Sunset and Wyperfeld national parks. The area numbered 11 to the east of Melbourne has prima facie EC.

In response to drought more than $170 million in state government assistance has already been announced. Key initiatives include funding for stock containment areas, municipal rate subsidies, farm planning, extension services for farmers, and support with EC applications. The ministerial drought force will announce further support measures shortly. It is worth noting by the committee that approximately 770 DPI staff, or one in three, were deployed to fire-related duties over summer. These activities include supporting DSE in the firefighting effort as well as leading on farm bushfire recovery programs. DPI recovery teams visited and assessed more than 600 properties. Staff were able to provide valuable assistance and advice to individual farmers in relation to animal welfare as well as sourcing help for stress management and financial counselling.

When it comes to immediate challenges, of which we will see more in the future, or challenges of productivity growth, I am particularly proud that this year's state budget provided $180 million towards a new biosciences research centre. It is proposed that the centre will be built at La Trobe University in Bundoora and would include the contribution of up to $50 million by the university. The centre will strengthen Victoria's position as a global leader in biosciences technology and significantly contribute to safeguarding the state's primary industries from new and existing biological threats.

Victoria's ability to detect and rapidly respond to exotic disease outbreaks and bioterrorism is critical to maintaining our reputation with trading partners and protecting our economy. It will bring together up to 450 scientists from DPI's existing research facilities, the university sector, as well as national and international researchers and science agencies. The centre will also include a focus on developing crop varieties with a greater tolerance to drought, reinforcing the government's commitment to respond to drought and climate change.

The $180 million biosciences research centre comes on top of recent $78.2 million investment to revitalise DPI's regional research facilities. These regional facilities are a key part of DPI's research program. The department is the largest employer of scientific research and technical support staff in Victoria. Their work provides the primary source of innovation for our primary industries. Victoria's research reputation and capacity has been strengthened by these investments and will be further boosted by the construction of the biosciences research centre.

The state budget also provides key funding to continue to drive productivity in our primary industry sectors. The $13 million Our Rural Landscape extension program focusing on agricultural adaptation and climate change will build on work already done and further strengthen the research effort, helping industries deal with climate change issues. Continued innovation through scientific research and implementation of practice change will help ensure Victoria's primary producers remain strong.

Finally, Chair and committee, this is a list of the other initiatives funded in this year's budget. Worth particular mention is an additional four years' funding for the 13FISH reporting line which allows members of the public to report suspicious activities in or near Victoria's fisheries. Investment to kick-start electronic identification and tagging of sheep similar to the NLIS system already in place for cattle, increased support for the RSPCA, and funding to expand the department's important responsible pet ownership program with the aim of reducing dog attacks involving children.

I hope members of the committee have found this oversight presentation useful in identifying the challenges that are faced by the agriculture sector as well as the agriculture portfolio.

The CHAIR — Thank you Minister, it is certainly far more colourful than virtually any other presentation.

Mr HELPER — Did I win the prize on that one?

The CHAIR — You definitely win the prize on that one!

I notice a couple of the slides mention driving productivity. I would like you to give us a more complete picture on how portfolio spend in the coming financial year will contribute to and increase productivity in Victoria, particularly through your new portfolio initiatives.

Mr HELPER — Agricultural productivity has exhibited strong growth over the last few decades, and this has been at a rate more than double that achieved by other market sectors. Productivity growth is essential to the agricultural sector and has accounted for the entire increase in agricultural output by the sector over this period.

The CHAIR — Have you got a figure for the productivity?

Mr HELPER — The broadacre farm productivity growth averaged 3.26 per cent per year between 1989 and 2004. At this rate of productivity growth it takes only 22 years for farmers to double the output comparative to their inputs.

In the grain sector, for example, where productivity has grown at a spectacular 4.89 per cent per year it takes only 15 years to double that output. Continued strong growth in farm productivity also reduces agriculture's call on the nation's resources. Much of the government's innovation efforts from an agricultural perspective have been focused on research and development and extension. DPI will, of course, continue its targeted investment in research and development and investment.

As I mentioned in my presentation, the $180 million biosciences research centre at La Trobe University is a very big driver for our involvement in producing productivity for the sector and injecting that research and development into the sector.

I think we see a vibrant sector. We see a sector that is prepared to take up innovation, and research and development, and we see a department that through its science initiative, and research and development initiatives, contributes to that sector having available to it the innovation that it needs to drive forward.

The CHAIR — That is interesting because you have the farm sector, as you were saying, Minister, now providing about 3 per cent to productivity. One figure has productivity growth in Australia overall over the last 10 years or so being less than 1 per cent — namely, 0.8 — and I think it might have actually gone up in the last year or two. I see those figures as quite interesting in respect of the impact on productivity.

Mr HELPER — And when you look at the challenges that I have outlined in my presentation, for the agricultural sector to still be in the strong position that it is in terms of trade, for example, and in terms of exports, it is quite obvious that it can only achieve that through significant productivity growth.

Mr WELLS — Minister, I refer you to the Department of Primary Industry's website, under 'Trade and investment', where it states:

> The Victorian government, working in partnership with companies and farm enterprises, is committed to meet the target of increasing Victorian food exports to $12 billion by the year 2010.

I also note that it has been almost five years where we have moved our exports up by about 1 billion, so it has taken five years to increase our exports by 1 billion. Can you inform the committee about how we are going to move the current level of exports — that is, 7.2 billion I notice from your graphs — to 12 billion over the next three years to reach that target the government has set?

Mr HELPER — I welcome the question very much. Obviously, one of the challenges that faces agriculture in meeting that target with the support of government, through my department and other functions of government, is indeed the impact of droughts. In that period of time we have had the 2002–03 drought and the impact of the current 2006–07 drought. Both of those take a very heavy toll on agriculture.

They particularly relate to Victoria's single largest agricultural export sector, being dairy. They impact on that significantly, and it is fair to say that those challenges will obviously have an impact on export performances. The government, working with the agricultural sector to address those immediate challenges, whether that be through our response to the drought or whether that be through our response to continuing to support productivity growth, is doing its utmost and its best to drive productivity, and through that, exports, for us to leap forward. A further factor to take into account is of course the challenge faced by our export sector through variations in the Australian dollar. I think we have all got a civic duty to talk down the Australian dollar if we want to support our exporters.

Mr WELLS — Is it not your target now that by 2010 you will achieve Victorian food exports to 12 billion? Are you saying you have given us reasons why it is not going to happen so are you going to give other

advice? You have told us about the drought and the Australian dollar but this website is still current as of today — that you are going to aim for $12 billion by 2010.

Mr HELPER — I am sorry, I do not have the web site in front of me. Are you quoting from there, that we 'aim' to have exports?

Mr WELLS — It says:

> The Victorian Government, working in partnership with companies and farm enterprises, is committed to meet the target of increasing Victorian food exports to $12 billion by the year 2010 .

That is on your website. Keith Hamilton mentioned it when he was minister back in 2002 so we can only assume that the $12 billion target is still the government's objective, or still the government's policy to increase food exports to $12 billion by 2010.

Mr HELPER — We will continue to support our agriculture sector to maximise its export opportunities whether that be through market access, whether that be through the support of research and extension for the agricultural sector or whether that be through the protection of our biosecurity status, on all of those fronts we will continue to work to support the maximum export outcome for Victoria's agricultural sector.

Mr WELLS — But as minister is that still your target — $12 billion by 2010?

Mr HELPER — You used the word 'aim' before and I think it is clearly obvious to anybody who has an understanding of the agricultural sector that issues such as drought and the Australian dollar indeed have a very significant impact on the ability of the agricultural sector to perform in terms of exports.

What I am committed to and what the government is committed to is to absolutely maximise the export performance of Victoria's agricultural sector, and we are doing that through a whole range of initiatives. Indeed many of those initiatives are encompassed in this market. For example, one of the activities of the department is of course to work very vigorously with industry to open up export markets and to remove the impediments that may exist to particular export markets.

It may be a small but it is nevertheless a significant example, part of the department's activity was to reopen the potato market in Thailand after a biosecurity issue. It was the department's work that actually reopened that market. So it is in those tangible and practical steps, not all large admittedly, but overall a very strategic approach to combine innovation, biosecurity and diligent work in terms of market access so that our agricultural sector has the best opportunity to thrive.

Ms MUNT — Minister, we are all very aware of the severity of the drought and the impact on our rural areas, in particular on our farmers, but the budget did not provide direct cash grants to farmers. Can you please outline how the budget supports our farmers through this grant?

Mr HELPER — Thank you very much, Janice, for the question. As I have stated a number of times the government has across a number of portfolios but predominantly through the Department of Primary Industries supported our agricultural sector and our rural communities to the tune of $170 million to date in terms of drought support.

Some of the initiatives or some of the measures that that supports are, of course, extension support, stock containment areas, $5000 water bill rebates, municipal rates subsidy, community support, community infrastructure funding, emergency bores et cetera — a whole raft of initiatives that recognise the impact of drought on individual farm enterprises, the individual farmers, their families and indeed their broader community. That is our track record so far.

If you look at the budget you will see that there was account taken of the drought insofar as we knew at the time of the input to the budget process of the level of support that was needed through the exceptional circumstances-declared areas, and we have budgeted to continue at that level of support into the future. Growth may vary or the number of people who seek assistance may vary; therefore our response may alter, but also other initiatives may come into play.

But if I can just touch on the call that comes from some in the community for direct cash grants, I think that as a whole government we welcome the expression by individuals and organisations in the community of what they see our drought response should be. It is then our role, of course, to analyse that and to see whether it actually drives forward or is a worthwhile commitment, a useful commitment and an effective commitment to drought relief.

If we consider that across Victoria, we have 30 000 primary producers across the state. If you wanted to extend the cash grant initiative to primary producers, the whole of the state, as you saw — with the exception of one area that is EC prima facie — in terms of agricultural areas it is EC declared, so you would have to consider all Victorian primary producers. If you were to extend the figure that is bandied about from time to time as being $20 000 — that is, if you were to extend the $20 000 cash grant to each one of those 30 000 Victorian primary producers, it would add up to a commitment of $600 million.

Clearly that is a very significant amount of money, and clearly government has to very strongly ask itself: is that a sensible and effective way of supporting agriculture? You have to particularly think that in many farming enterprises $20 000 would purchase only a very short period's worth of fodder — for example, in the livestock industry. If you put it in that scale, one does get to recognise that there are significant other initiatives available and significant other initiatives that government constantly has under consideration in terms of supporting the agricultural sector, firstly, to cope with the immediacy of the drought, and secondly, to look over the horizon to recovery and to position agriculture to recover strongly once the drought has indeed passed. Thank you for your question.

Ms MUNT — Thank you, Minister.

The CHAIR — Dr Sykes; I will make sure he gets an early question on this one.

Dr SYKES — I appreciate the assistance of city-based members in focusing on some of the country areas.

Ms MUNT — We do care.

Dr SYKES — Minister, what additional drought-relief measures does the government intend to implement, and when?

Mr HELPER — I do not intend to treat this hearing as a cabinet meeting. Clearly the initiatives that the government announces go through our cabinet process, but the sort of thing that we have certainly in the past found very effective is to work intensively with the farm sector so that we can identify and provide extension services to individuals — again to draw on the example of the livestock sector — for how fodder can actually be stretched.

We see daily reports in the media that fodder availability across the nation is an enormously problematic issue. I am relying on my recollection here, but I think a figure was bandied about that fodder available out of WA amounted to 5000 tonnes. Five thousand tonnes is 5000 tonnes. You would rather have it than not; nevertheless it is a relatively small amount of fodder. We actually have to start looking very strongly at how we stretch that fodder further. I understand — you would understand this better, I am sure, Bill — there is a 25 per cent minimum of coarse fibre that should be a part of cattle's diet.

If we can push that down somewhat, with the right advice directly to farmers, we may actually be creating a greater benefit in terms of the way we can supply fodder through this drought than if we were to pretend to be able to enter the market and buy all of WA's fodder and bring it over to Victoria, for example, just in one area.

That direct extension to individual farmers and using the expertise of the department and extending that, I think, is an area where we may well look to provide some support. We have seen an example of that; it was announced the other day by my federal counterpart. I think it was $400 000 funding to provide intensive extension services to the dairy industry on exactly this question. I certainly congratulate the federal government on that particular initiative. I will put on the record now that the Victorian Department of Primary Industries will work very actively in support of that initiative. A lot of that initiative will then be delivered through us, through our offices and through our network in country Victoria.

Dr SYKES — I would like to just explore that a little bit.

The CHAIR — You only get one question at a time. You can seek a very quick clarification.

Dr SYKES — There was a question about assistance measures. The minister has mentioned one, and there are whole lot more out there. If we could just focus on that one, you said that you are going to start to put out advice on how to stretch the fodder reserves. Minister, the need to stretch the roughage reserves was evident in September–October last year. To start doing it now is neglect. Secondly, in relation to the effectiveness of your extension effort — and I congratulate the field staff out there; they are working very hard under very difficult conditions — I challenge you to show me more than half a dozen articles in the papers of north-east Victoria, or even the *Weekly Times*, that originate from your staff getting those broad messages out.

The best one that came out a couple of weeks ago was written by Dave Rendell, and I do not think he is on the DPI payroll. I would suggest that the government is negligent in its duty of being proactive and helping people through this drought. You are on the back foot in responding. You will have to wait until people are absolutely emotionally and financially desperate before you act.

Mr HELPER — I am sure we will go through this hearing having a difference of opinion about this. Firstly, I would have to check the Hansard record, but I do not think I actually used the word 'start'.

Dr SYKES — I am sorry, but you did.

Mr HELPER — If I did, let me clarify what I actually meant. Certainly focused activity on that, and the escalation of the focus on that type of direct extension activity, is something that is clearly one response that is sitting before government.

However, we have throughout this drought provided much greater extension services directly to farmers. Part of that extension service is — guess what? — to talk about fodder budgets, how to stretch fodder, the extension information that farmers require to push the envelope in terms of diets et cetera with animals. So indeed we have been working for a considerable time with the farming community on these issues. I am sorry that not every one of those individual farm visits results in a media release. I guess the farmer and the DPI officer are both too flat out doing their respective roles to run into the local newspaper.

Dr SYKES — With respect, Minister, if you used the media you would get to a lot of farmers that your field officers do not get to.

Mr HELPER — Sure, I accept that.

Dr SYKES — With respect, a very large number of people contact me or do not contact anyone because you are not getting to them. So, please use a recognised medium, which you use to put out all your other media releases on.

Mr HELPER — If I may give just a very brief response on that, we have a number of publications. One of them, I am informed, is called *Primary Voice*, so the network of DPI and its communications is pretty good.

Dr SYKES — It is not hitting the mark, Minister.

The CHAIR — I am sure you will receive many press releases from now, Dr Sykes.

Dr SYKES — I would hope so.

Mr PAKULA — I want to move on to fishing. There is a significant increase in the budget in initiatives for recreational fishers. I just would like you, Minister, to outline why your ministry is making that significant effort to improve fishing facilities in Victoria.

Mr HELPER — As I mentioned in my presentation, recreational fishing is a significant contributor to activity, particularly in regional communities. I mentioned that half a million Victorians are expected to be involved in recreational fishing. I have to ashamedly confess that I am not one of them. My only fishing experience has been to catch a rock at a fish farm, so unfortunately at this stage I cannot count myself amongst them.

Recreational fishing also contributes significantly economically. It is estimated — I have seen some estimates — that the recreational fishing industry contributes some $400 million to Victoria's economy, again predominantly in regional Victoria, so we take recreational fishing very seriously.

In the budget we have put in place a number of initiatives. One of those is in the area of fish stocking. The other is in the area of trialling the creation of an artificial reef to see what impact it has on fishing, so that is habitat enhancement. We have also announced that we are working with local communities through a grant program to enhance the habitat of inland fishing.

Together with a funding commitment to the Queenscliff Marine Discovery Centre, the purpose of which is to extend more fully the knowledge to the Victorian community of the importance of our marine environment, how it works and how it needs to be looked after and a range of issues. An important one I mentioned in my presentation that has just sprung to mind is the 13FISH number, which is about ensuring that both commercial and recreational fishing is conducted within the framework of our legislation and within the framework of a sustainably managed fishery.

I think there is a whole raft of initiatives that will support the recreational fishing sector. A further initiative I should mention is the creation of an increased recreational fishing opportunity in Western Port Bay by assisting the exiting of current commercial net fishing licence-holders, so that that becomes a further recreational fishing opportunity. We think we have got a pretty good track record. We see it as important. We have in the past and we will continue into the future to support recreational fishing.

Mr BARBER — I would like to ask you about crayfish quotas, if that is all right?

Mr HELPER — Yes.

Mr BARBER — There has been a longstanding problem with overfishing, particularly in western Victoria. Your government introduced some new quotas in 2001, but the catch is still declining. The pot lift — the number of times you put a pot down and bring it up with something in it — is also declining, and that is a good measure.

Dr SYKES — The crayfish are getting smarter.

Mr BARBER — No, I do not think it is the crayfish getting smarter, Dr Sykes, not in a couple of hundred million years of evolution. I do not think it would be something that just happens.

I will give you the figures that have been given to the Greens by the fishers, and that is that at the end of February the catch was only 263 tonnes, or about 58 per cent of the quota for western Victoria, and the year before that 336 or about 75 per cent of the quota. In South Australia and Tasmania they are not suffering this continued decline. So I guess my question is: is it time to recognise a new quota system to follow on from the one that you introduced, to review the earlier one, new pot limits?

Obviously you would need to enter into genuine negotiations with the state's lobster fishers on fair compensation either to retire from the industry, to reduce quotas or reduce pot numbers. We and they supported the marine national parks, but that reduced the area again, and they did not receive any compensation for that. Is the government intending to enter into these negotiations for compensation to further reduce quotas with the fishers?

The CHAIR — Minister, could you restrict your an answer as far as it relates to the budget and the estimates, please?

Mr HELPER — If I can just give a brief, broad overview and then I might ask Peter Appleford, executive director of Fisheries Victoria to add some detail to it.

I think Victoria's fisheries, whether they be rock lobster, fish or any other fisheries in Victoria, are managed extremely well; they are managed on a totally sustainable basis, and we should not get necessarily pot-lift effort confused with the sustainability of the rock lobster fishery. The total allowable commercial catch, for example in the western zone rock lobster for the quota year which commenced on 1 April 2007, has been set at 380 tonnes. This indeed represents a reduction of 15 per cent, or 70 tonnes, from the total allowable catch set for the last four years. As you can see from that small example, we do manage quotas in an effective way to sustainably manage the overall fishery. But I may ask Peter to add some more detail to that response.

Dr APPLEFORD — Thank you, Minister, for the opportunity to provide some additional information in response to that question.

The question involves a series of components, the first one is in relation to the quota system. The quota system in place, which is the amount of rock lobster that can be taken within the fishery and then allocated to the different licence-holders, is a system that is in line with world best practice. There is no need to amend the quota system per se, because it is consistent with the way quota systems are around the world and will pass external scrutiny by any parties.

The idea of quota systems is to get us away from the previous situation we had where there was an inability to limit efforts — the fishermen would go out and fish and catch every rock lobster before the opposing fishermen could catch it and that was having a detrimental effect on the stocks.

So we brought a quota system in which allows a quota to be set, distributed amongst the fishermen. Part of the adjustment over time is to amend the amount of quota they can take. You will see variability in rock lobster catches around the world, in all the fisheries. It does not mean there is an unsustainable fishery or that it requires drastic changes to the overall process in the short term.

A lot of the seasonal variation and annual variation are actually due to environmental effects. There have been a lot of unusual environmental conditions observed over the last three years down in the west of the state. One of those is above-average water temperatures, which has been caused by the stoppage of a welling up of water off the coast of south-western Victoria, which causes cold water coming up from the south to be dispersed along the plateau which greatly affects the habits of the rock lobster itself. What we are finding is rock lobsters are spawning three to four months out of the normal spawning cycle. We are seeing plenty of rock lobsters in the fishery itself but the catchability of the rock lobsters is down.

What we are seeing at the moment with regard to the catch per unit effort, which is the kilos of rock lobster you pick up per pot lift — or the number of times you raise the pot — is a decrease. As the minister correctly pointed out, that is not a sustainability issue. There are plenty of rock lobsters there because they get to breed several times before they enter the fishery and we have the most conservative catch sizes in Victoria of any state, so there certainly is not a sustainability concern here.

The catch per lift is actually an economic viability indicator. So we decrease the quota so they actually over time build the available biomass — that is, the rock lobsters that are available to be caught — up to a level where they catch more per pot lift over time. So it takes exactly the same amount of money to drive out there, put a pot down and lift it up, but they catch more kilos per pot lift.

That is why we adjust this over time. There is a marketplace in place. The quota can be changed, transferred between licence-holders permanently or temporarily, they can transfer pots, they can put different operators on their licences. So we have a marketplace operating out there within which the quota can be managed. That is the nature of the business, so there is no need to take short-term action in regard to that, apart from amendment of the quota.

The quota last year that was caught was in the order of 330 tonnes. We did not have a quota year when it was as low as 230; we have had ones in the 400s. The marine parks were introduced, but they only represented 4 per cent of the entire rock lobster territory in that part of the state, therefore it had a minimal impact. The 450-tonne quota that was set was viewed to be appropriate at that time when we brought in a quota. The fishermen are still receiving adjustment payments to adjust their fishing practices over time in relation to bringing the marine parks in, so they have received compensation.

What we seeing down in the south-west is a combination of changed fishing practices and some unusual environmental conditions. We need to monitor this over time to see the overall effect on the stocks before we take any drastic actions. The best way to manage it in the short term is simply through the adjustment of the quota over time.

The CHAIR — Thank you very much.

Mr SCOTT — Minister, in your presentation you made reference to the $180 million investment to build a new biosciences research centre at La Trobe University in Bundoora, which I might welcome, seeing it will not just be an investment in agriculture but also a welcome investment in the northern suburbs of Melbourne — and I say that as the member for Preston.

Mr HELPER — It is a pleasure.

Mr SCOTT — Can the minister outline the role the national biosciences centre will play?

Mr HELPER — Thank you very much for the question. I think the $180 million national biosciences centre is indeed a highlight in the budget for the department of agriculture. It makes an extremely significant investment in the future of Victoria's agriculture, as I mentioned during my presentation. All of this committee would understand the risk Victoria's farming communities and economy face if our agricultural sector is not at the cutting edge of new technologies. So it is again that research, it is that science and it is that driving of innovation.

The other issue that is very important in terms of the national biosciences centre is the ability to respond to disease and pest impacts on Victorian agriculture. The loss of just four weeks trading, for example, which may occur if we had a particular disease outbreak in Victoria would cost the dairy industry over $150 million; and the meat industry, over $100 million.

By driving the science, by driving the diagnostic ability and the speed of the diagnostic ability within Victoria's capacity and within the department's capacity, we are able to minimise the period of time that we might be exposed to a particular biosecurity issue or one of our agricultural sectors is exposed to a biosecurity issue. In light of the figures that I have just mentioned before, we are talking sheep station-size amounts of money that we could be putting at risk in terms of the trade impacts if our biosecurity preparedness were not at a peak level.

The research is also about the response to any particular biosecurity impact, but it is also about providing the scientific infrastructure to respond to those biosecurity impacts. By that I mean issues like rapid diagnostic tests — such as that the department developed for anthrax, for example — which heightens our ability to respond at a rapid rate to any biosecurity issues.

The important aspect of the biosciences centre is — indeed as its name implies — the science capacity that we will concentrate. To me it is a great initiative. It is a fantastic opportunity to bring up to 450 scientists into one location, into a university facility which is run in conjunction with the university, to bring that sort of scientific mass together, to have them bounce ideas off each other, to have that critical mass to attract further overseas scientific expertise. Victoria is extremely good at doing that. Creating this sort of scientific capacity will have a significant impact in ensuring that we are competitive within an international marketplace to attract that scientific expertise, and indeed that we are competitive in the Australian marketplace to attract that scientific expertise, as well as the cumulative effect of having such a significant scientific capacity in the one location.

When you apply that to agriculture, it all goes well for the future productivity growth and the future export opportunities for Victorian agriculture. It also, as I said, plays a very important role in ensuring that Victoria's reputation in terms of biosecurity issues is protected into the future.

It is worth mentioning that obviously one of the themes of issues that runs through the government's thinking at the moment is that of climate change. The opportunities in terms of biosciences to develop a response to climate change and a response to the adaptation of climate change is again heightened by a sciences centre which will conduct research into more drought-tolerant crops, research into — again I touch on this — the response to disease and biosecurity issues that may be heightened through climate change. If you look at all of that, we really are putting in place a significant capacity; a capacity that will also, of course, be of great benefit to La Trobe University, where it is proposed to put the centre. Its scientific standing in the world of universities will be greatly enhanced by having this capacity there.

It is a great synergy to put the university, to put our scientific capacity, in the one location to attract not only greater international interest in terms of the scientific input but also to attract greater investment from industry sectors to that research, and to also have the opportunity to attract federal support for that research through the university. Put all of that together, it is an absolutely fantastic investment and one that will stand this state in good stead for generations to come. Why did we choose Bundoora? Because it is a good place.

Mr SCOTT — Yes, it is, Minister. So you are seeing it as having both the biosecurity role but also indirectly a role in boosting productivity through the boost to science in agriculture in Victoria.

Mr HELPER — Very much so.

Mr RICH-PHILLIPS — Minister, I would like to ask you about your output initiatives and output funding for the agriculture portfolio. It is a bit difficult for this committee to isolate the funding for agriculture due

to the way DPI is structured with the energy portfolio and other areas. In your budget press release you announced $239 million for agriculture, 180 of which is the biosecurity centre you have just spoken about. Taking that out and taking out the fish processing facility, that leaves 57.5 million for what presumably are output initiatives, some of which you have mentioned in your press release. Can you tell the committee please what the phasing is of that money over the four-year estimates period — i.e., how much in each of the four years — and is there any reduction in output funding from the 06–07 year of existing programs to fund any of those new output initiatives?

Mr HELPER — Shaun Condron, the chief finance officer, could give us an overview.

Mr CONDRON — Are you are looking at the total initiatives? Are there any particular ones that you want or would you like me to give you a breakdown of them?

Mr RICH-PHILLIPS — If you are able to give a breakdown over the four years, that would be appreciated.

Mr CONDRON — So in terms of the output initiatives we have got a number of new ones here. The 'Our rural landscape' extension was $13 million in 2007–08. In terms of the other initiatives there was the enhanced recreational fishing opportunities initiative that was $12 million over four years. Some of that was actual funding that was redirected in terms of it was existing funding from recreational fishing licences. So it was already going to recreational fishing, but it has been put into the grants program for new fish-cleaning tables, a saltwater artificial reef trial, habitat improvements.

There is increased support for the RSPCA of $1 million per year over the four years. As the minister mentioned before, we are going to continue the fisheries offence reporting hotline which was another $300 000 per year. There is a new recreational fishing haven in Western Port at $5 million for 2007–08 as a one-off. There is the electronic identification and tracking of sheep which is $1 million in 2007–08.

Mr RICH-PHILLIPS — You refer to some of the funding from the fishing licences being diverted into the new program. Is that the only pre-existing funding that is being diverted to new initiatives?

Mr CONDRON — No, it is not the only pre-existing funding that is being diverted into new initiatives. It is probably the most significant. In terms of other pre-existing funding, there is existing grant funding to the RSPCA for approximately $200 000 per year that is already in the budget as well. That is being increased to $1 million per year. Apart from that, in the agriculture portfolio there was no other existing funding that is being redirected toward those new initiatives.

Mr RICH-PHILLIPS — What was the total spend in the agriculture portfolio?

Mr CONDRON — Total spend in the agriculture portfolio? Off the top of my head, I would have to take it on notice. As you said yourself the total spend across the department was 487 million but in terms of the actual breakdown of that, it is roughly about — —

The CHAIR — You can take that on notice, which is probably not a bad thing.

Mr BOLT — Suffice to say that the substantial majority of the $487 million is spent on agriculture.

The CHAIR — That is something we may take up when we do our questionnaire next year to try to get a bit of differentiation between portfolios. That is a good idea.

Ms GRALEY — Minister, I want to talk about a subject that has grabbed some headlines recently, and that is GM crops. The budget has a commitment in it to the national biosecurity centre which I assume will assist genetic research. Will this impact on the state's moratorium on GM crops?

Mr HELPER — Thank you for the question. It is timely for me to be able to add some clarity for the committee given the recent flurry of media interest in this particular subject. As members of the committee would be aware, the state of Victoria has in place a moratorium on the growing of two varieties of genetically modified canola. That moratorium is set to expire on 29 February 2008. The moratorium in Victoria is based on — as it is in other states, in New South Wales and South Australia — trade issues and market access issues where the division between the commonwealth responsibilities and the states is that the states consider market and trade issues, and

the commonwealth considers environmental and health effect issues of genetically modified crops. So in that sense it is a two-tier issue.

The moratorium was put in place in 2004 on the basis that there was industry concern and community concern that Victoria's agricultural markets would suffer to a greater extent than the benefit that could be derived from the introduction of GM crops, in international markets as well as in the domestic market. As the government moves to a decision on whether to renew the moratorium or to allow the moratorium to sunset, we will consider and we will consult on market access issues for Victorian agriculture and the impact on those market access issues of the lifting or the continuation of the moratorium.

In terms of the research that we do at the national biosecurity centre, of course we do genetic research. A fair bit of that research is frankly about the ability to understand the genetic structure of many plant varieties so that we know which gene actually does what, so we can trace those genes, for example, in breeding programs, so you do not have to have a whole generation take place before you know whether a particularly desirable trait is passed on in a conventional breeding program. That is an important area of genetic research.

Indeed, we also do research in terms of genetic modification, and we do that research under the regulatory framework and the ethical framework that is put in place by the legislative framework that impinges on us. We are very good citizens in terms of meeting our responsibilities under that legislative and regulatory framework, and we will continue to do that. Indeed, we are very proud to be at the forefront of a number of those research initiatives, initiatives such as I mentioned including drought-tolerant wheat and a whole range of areas, and to actually respond to the type of challenges that we will face with climate change. So in terms of the moratorium, I have outlined the process. In terms of the biosciences centre I think the research that goes on there — or that will go on there — and the research that we undertake within our current research capacity is undertaken within the regulatory framework that is in place.

What I would like to do, if the committee would like, is to get Clive Noble, the executive director of PIRVic to maybe add some more background to the type of research and the type of initiatives that we undertake.

The CHAIR — Briefly, please.

Dr NOBLE — Thank you, Minister, and through you, Chair, I am the executive director of Primary Industries Research Victoria, which is the R and D division. The sort of research that we do in the field of genetics at Bundoora essentially is focused primarily in the first instance around identifying, as the minister said, the genes and what functions those genes have in both plants, in particular, but also the work we do with the dairy cow. That information enables us to do the more traditional plant breeding more effectively, more efficiently, more rapidly.

What it also enables, though, is the prospect of the application into genetic modification. For example, in some of the work we have discovered genes that control frost tolerance in a plant that grows in Antarctica, and there is the prospect that you could introduce that gene into crops grown in Victoria and have highs levels of frost tolerance. But the functionality in the first instance is to identify what it is in that plant that makes it tolerant to frost and identify the genes and the mechanism, and secondly, identify if those genes exist, for example, in our own crops. Often the genes exist; it is a matter of what turns it on and what turns it off.

The CHAIR — Thank you very much.

Ms GRALEY — Chair, can I ask the minister, when you said you would consult with the market about the GM crops, does that include the organic farmers and people like that who have got — —

The CHAIR — It is consumers.

Ms GRALEY — Consumers. Who is it?

Mr HELPER — By 'market' I mean consumers effectively. Obviously our agricultural sector's access to markets, domestic — i.e., consumers and the community in general — and exports. And in our evaluation and the run-up to the government making a decision on the moratorium we will be considering the impact on our markets, on Victorian agricultural markets, of the production of genetically modified crops.

Ms GRALEY — That will include organic farmers?

Mr HELPER — It includes our markets, yes.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3 and your outputs and particularly your presentation earlier, and I note that whilst you spoke about the, as it were, successes of the food and fibre exports, and the dairy, it does not mention anywhere about forestry in the context of where it is going moving forward. Two years ago Black Forest Timbers' new furniture component production line was opened by the then minister for regional development, John Brumby, who said at the time that the company was extremely important to the region and to Victoria as a significant local employer with 50 employees, making a huge direct contribution to the local economy with net sales in the order of $5.5 million. He also said it was a lesson for manufacturers and particularly timber processors and sawmillers across Victoria on how to manage this resource.

Black Forest Timbers was also a leading supplier of hardwood timber to Victoria's furniture industry. Also in, I think, the Our Forests Our Future policy one of the documents states, one, that Victoria's forests are sustainably managed to meet the needs of all Victorians; two, that there is benefit in provincial Victoria in these businesses; and three — and this is the point — that responsible management of our forests will ensure that they continue to provide timber and other forest products into the future. It also talks specifically in nos 4 and 5 about how wood is important in terms of moving forward.

The problem was, of course, as you would be aware, in March this year Black Forest Timbers closed its hardwood operations with a loss of many jobs due to, we believe, VicForests policy reducing resource availability down in Our Forests Our Future policy which provided for a sustainable yield available to the industry of 576 000 square metres of saw logs to 450 000 square metres, and then auctioning this scarce resource to the highest bidder, essentially making it impossible for many small sawmillers to survive.

My question in relation to the forward estimates is trying to determine, as a result of this apparent change in policy, and the introduction of the new saw log auction system, whether the government in particular has done any cost-benefit analysis in terms of the costs associated with the new BOMweb, I think it is, the contract with BOMweb, to conduct the online auction of saw logs? Have you ascertained the costs that it has taken in terms of VicForests staff in setting up the auction system? And, in particular, has there been any costs associated with or any analysis undertaken in terms of the potential loss of jobs in rural towns across Victoria due to the introduction of the new auction system and are there any profits that are expected to come to state revenue as a result of that?

The CHAIR — Minister, in the context of the estimates policies going forward, there are quite a number of questions there. We normally only get one at a time.

Mr DALLA-RIVA — They are all related to the costs and the cost benefits.

Mr HELPER — I will make some overarching comments, if I may. Firstly, the allocation of the resource through VicForests is the only part of the public estate forestry industry that is in my portfolio and your question did relate to VicForests and its effectiveness, I guess. What you are asking — if I can paraphrase your question — about is its effectiveness in terms of allocating that resource to the timber industry in Victoria.

The government, in terms of VicForests or forestry, has a number of objectives. Obviously, firstly, there is sustainable management of our forest estate and a viable forestry industry into the future. VicForests plays its part in terms of that viable timber industry by allocating that resource on the basis of economic signal. When you send the right price signals, you do tend to drive a value-adding culture and a value-adding forest product processing industry. Secondly, it is desirable that that builds up the future opportunities for a sustainable forestry industry.

A number of issues have significantly impacted on the forestry sector in recent times. We have lost some 1.1 million hectares of Crown land. Certainly not all of that was available to logging; a significant part of it was national park. I am sorry, I would have to take on notice the exact proportion of that that was available for harvesting. Suffice to say that it has had a significant impact.

What we are keen to do is to drive a process to develop a further timber industry strategy. Obviously that takes account of the resource availability and the resource constraints and whether those resource constraints have been impacted on by the recent bushfires or whatever other factors may have come to bear on it.

VicForests has now gone through two auction cycles, I believe, and the third auction cycle is delayed as a consequence, I guess, of the resource level uncertainty that exists primarily due to the fires. We are conscious as a

government as a whole — and certainly my ministerial colleague the minister for the environment is conscious — of the need to drive the assessment process and the impact on the resource that those fires and any other factors if they exist have had on the available resource, to drive that process as quickly as can be done with the level of accuracy that is required so that the third round of the VicForests auction can take place.

That is an in-general response to your question. Certainly the VicForests board is aware of the issues and engages with industry on the issues that there may or may not be around the actual process of auctioning. I think there were significant changes. I cannot put my finger on what those actual changes were between auction 1 and auction 2, and it is reasonable to expect that there may also be some changes between auction 2 and auction 3. It is an evolutionary system, I guess. It is a brand new system in a Victorian context, and you would expect it to evolve and you would expect VicForests to be conscious of the feedback it would receive from industry and indeed from government in terms of how the auction system is impacting and what modifications may need to be made to it.

As I said before, DPI is keen to drive and I am keen to drive a review of the timber industry strategy so that we bring that in line with current realities in the timber industry as well as current realities in terms of resources and whether they will be impacted on by short-term factors such as the fires I mentioned before, or in some other way.

Mr DALLA-RIVA — I was going to ask that: is there any review planned? Obviously you are answering that. Is part of that review going to be looking at reducing the saw-log timber below the 450 000 square metres?

Mr HELPER — That is an issue of resource availability and my interest and the government's interest is to have a sustainable and vibrant timber industry. The assessment that I talked about in terms of the impact of the bushfires, for example, will in part inform what resource availability there is into the future.

Mr DALLA-RIVA — Just on notice, Chair — —

The CHAIR — On notice, yes.

Mr DALLA-RIVA — If you can provide us, Minister, as you did with the other charts in terms of the timber industry and how that is progressing in terms exports or anticipated exports or something similar to what you provided in terms of the slides 2 and 3; if there is some way we could look at that, it would be good.

Mr HELPER — I should be able to do that.

The CHAIR — Excellent. Minister, I have some interest in extension and also sustainable farming systems, probably from my time as a member of the young farmers, and I used to be Australia's representative to the Food and Agriculture Organisation of the United Nations for some three or four years when I was a diplomat.

I notice on page 191 in terms of your major outputs/deliverables under 'Sustainable practice change', the first one is 'Extension groups used to promote business skills and sustainable farming systems'; I see the expected outcome for this year is 1200 and for next year is 600. I see there is a footnote and on page 421 that the FarmBis course has been completed and is now being deleted as a major output. Can you tell us what is going on here and how you expect major deliverables in terms of extension and promoting business skills and sustainable systems for farmers into the future?

Mr HELPER — There are two parts in my response to you. Firstly, that output change is significantly impacted on through the completion of Victoria's involvement in the FarmBis program. FarmBis was a $12 million joint program between the commonwealth and the state. It was primarily targeted at industry initiatives and individual subsidised training provision that did indeed bring about such practice change in the agricultural sector.

I think in January this year I wrote to my federal counterpart, Minister McGauran, offering a one-year extension on FarmBis because Victoria had a three-year FarmBis commitment and the other states that were participating had a four-year FarmBis program in all cases jointly with the commonwealth. So Victoria's FarmBis program was a bit out of sync and was going to sunset before the complete nationwide program sunsetted.

As I said, I wrote to Minister McGauran earlier this year, offering an extension on Victoria's behalf for a further 12 months of FarmBis. Minister McGauran wrote back I think in April declining that offer and on that basis I guess that output is not mentioned or is not part of the extension groups and that particular output measure that you refer to. As it turns out the federal government initiated its very own, without engagement of the states FarmBis equivalent program — I guess it would be up to FarmBis 3 by now..

We await to see if that is an effective program to provide extension and to provide training and educational opportunities for the farm sector in Victoria. We wait to see how that federal stand-alone program will be structured. Suffice to say that Victoria would have been a happy participant, as is indicated by my letter to Minister McGauran, and happy to basically continue participating in it, but it seems to have wanted to go it on its own. We are sincerely hopeful that its stand-alone FarmBis program will be as successful as the joint one previously was.

The second part to the answer is that the quantity of extension that can be delivered under our normal program structure has been impacted on significantly by our staff's deployment into emergencies such as the bushfires — as I mentioned, one in three of our staff were involved in the immediate fire effort as well as the fire recovery effort — as well as issues such as drought, which does not reduce extension, as the discussion earlier with Dr Sykes had indicated, but it does shift it from the program initiatives that are measured by this particular program measure.

The CHAIR — Thank you very much.

Mr WELLS — Minister, I refer you to budget paper 3, page 185, output summary, primary industries policy. I note that the revised 06–07 budget figure shows $39.1 million. The 07–08 budget shows $44.5 million, so that is an increase of $5 million.

I also refer you to budget paper 3, page 188, primary industries policy, Western Port recreational fishing haven, under note 2. Also at page 265, table 4.1 shows that the entire $5 million is to buy out commercial fishing licences in Western Port to increase recreational fishing opportunities. My question is: why is DPI funding recreational fishing opportunities with no benefit or little benefit to primary producers; and surely a percentage of the fees collected annually from recreational fishing licences would be used, as was the case I believe in Lake Tyers and Mallacoota?

Mr HELPER — The Bracks government is very proud to have met all of its recurrent election LFS3 commitments in this budget and was very proud to have gotten the ball rolling on a significant number of its capital election commitments. The creation of a Western Port greater recreational fishing opportunity initiative was indeed an election commitment that we made and that was widely publicised, and we stand by meeting that commitment.

What we said during the election campaign was that we would fund up to $5 million to create the recreational fishing haven in Western Port. What the budget outputs reflect is that we are keeping our commitment to do just that, and we in no way, shape or form shy away from that. I am Minister for Agriculture, fisheries and forestry. Fisheries — in terms of the recreational component, which is what we are talking about here — is a responsibility I take very seriously, and I welcome investments by the government in creating greater opportunities for recreational fishing. I am proud of the commitment the government has made.

Mr WELLS — In regard to the commercial licences buyback at Lake Tyers and Mallacoota, part of it was funded by the recreational licence fees. Why was the Western Port part of that not used for buying out the commercial licences?

Mr HELPER — I am happy for Peter Appleford to go into some more details, but I do not think Lake Tyers — I stand to be corrected, to be frank; I was not minister back then — or either of those were specific election commitments with a dollar amount attached to them. Whereas the Western Port one — and I am now implementing that as minister, as an election commitment — clearly spelled out that we would contribute $5 million additional funding for the purposes of exiting commercial net fishers from that Western Port fishery. It should be noted that line fishers are not being exited from that fishery. That was an election commitment, and that is reflected in the budget papers.

Ms MUNT — Personally I am feeling happy and relieved that my children have grown old enough to take themselves off to the royal show if they want to go. I was wondering if you could tell me how the redevelopment of the showgrounds is going.

Mr HELPER — It is absolutely fantastic; I hope members of the committee have had an opportunity to go to the recent royal show and see the development. Some members of the committee are nodding their heads and some are shaking their heads.

The CHAIR — The Parliament has a display at the show.

Mr HELPER — Exactly.

The CHAIR — I am sure members, and new members particularly, will be willing to be on the stand.

Dr SYKES — It is the opposition to the animal nursery; it is called the parliamentary zoo.

The CHAIR — Dr Sykes, I am sure you will be able to go there this year as well.

Mr HELPER — Just to highlight the success of the 2006 show, over the 11 days there were 564 000 attendees, which, given the redevelopment of the showgrounds, is an absolutely spectacular figure. May I take this opportunity to congratulate the Royal Agricultural Show Society for the way it has managed this particularly show. It is a fantastic show. I went and it was a great experience.

The facilities at the showgrounds, which were created through the heritage-sensitive redevelopment, are absolutely spectacular and are really a credit to that particular project. There is a flexibility in the use of the facilities. Members would be aware that it is a project that is delivered under a Partnerships Victoria policy framework.

What we are very keen to have happen is to have the showgrounds utilised as much as is possible, apart from the fixed events such as the Royal Melbourne Show. Nobody would dare want to get in the way of that. They would have a whole lot of very grumpy country people and a very grumpy Minister for Agriculture to deal with if they were wanting to do so. Nevertheless, it is a fantastic facility.

Obviously we are very keen to drive a greater usage of the whole facility throughout the rest of the year when it is not, as I say, used for specific events that are held out there. Through that, we think we can drive significant economic benefits for the whole project. The exact figure for the redevelopment project is $108 million from the state. We obviously seek the opportunity to drive the best community outcome and the best commercial outcome for that $108 million commitment that the state has made to that project.

I think it is fair to say that the project has been executed extremely well. It has created an asset. It has created a facility for Melbourne that has many uses apart from the traditional one of the Royal Melbourne Show. It does indeed provide more economic opportunities for Victoria than the old showgrounds did, as much as we all may or may not have been attached to the labyrinth of old buildings out there. The opportunities that generated through this development are absolutely fantastic.

The CHAIR — Particularly in terms of what the department is going to be doing, moving forward in respect of the showgrounds, which is one of the things you are talking about.

Mr HELPER — Yes, sure. Dale Seymour, the DPI deputy secretary, energy resources, may wish to add to that answer.

Mr SEYMOUR — The arrangements for the showgrounds in terms of the governance of the showgrounds and the effective asset management obligations reside with the joint venture, an incorporated joint venture between the state and the Royal Agricultural Society. The primary function of the joint venture is to ensure that the Partnerships Victoria contracts that have been entered into with the concessionaire are met. There are performance obligations through those contracts, and the concessionaire has the obligation to maintain the asset to a fully functioning standard for 25 years, in return for which the state, through the Partnerships Victoria process, makes a contribution along with the Royal Agricultural Society to a stream of payments to the concessionaire as part of the commercial agreements that have been reached between the state, the Royal Agricultural Society and the concessionaire company, which is known as PPP Solutions, which is a consortium of financiers and constructors.

Ms MUNT — What happens at the end of the 25-year period?

Mr SEYMOUR — At the end of the 25-year period the joint venture, which is the state and the Royal Agricultural Society, effectively has the asset to manage and to consider what further uses or activities can take place on the site. Of course our view is that what we are doing here is creating a sustainable business model for the Royal Agricultural Society, and we are working closely with them in order to build up their capabilities so that they might be the effective manager of the site in terms of events around the show in particular as they go forward, because a key policy objective of the government was to save the show, in effect. As others have said already, the asset in its former state would have guaranteed that the show probably would not have continued. There were significant issues with the asset.

So having refreshed the asset and, as the minister says — he is quite correct to describe it thus — it is now a premier asset. In the event/conference market in Victoria, the challenge is to promote its role in that market to ensure it is being utilised effectively, and, so far as I am concerned, that appropriate revenues are being generated to assist with the payment stream under the PV payment stream to the concessionaire, which as I say, is managing the asset maintenance and the protection of the asset over a 25-year period.

Mr HELPER — If I can encourage committee members to lobby the Parliament to hold a session at the showgrounds for greater utilisation purposes, we would welcome that offcourse.

The CHAIR — It is an interesting thought; you might wish to put that to the Presiding Officers. But, Dr Sykes, I am sure The Nationals will hold many fundraisers out at the showgrounds!

Dr SYKES — Minister, is there any allocation in the budget to funds anomalies which may occur in the administration of rebate schemes or assistance measures? One example was drawn to your attention by the member for Swan Hill in a letter to you dated 30 January this year, and it relates to a highly regarded tank rebate scheme in the Wimmera which is administered by Goulburn-Murray Water and as applied by Goulburn-Murray Water, there is one tank rebated per farm business.

Where the anomaly arises is that many farm families who farm a number of farms have simplified their business structure to have it operate as one business. This approach has been encouraged by GMW because it improves the efficiencies and reduces the paperwork for everyone concerned in water bills et cetera. But up to about 60 farm families may be disadvantaged by the current approach of the rebate scheme, which was presumably intended to rebate one tank per farm rather than one tank per farm business. That is the issue. My question is: have you set aside money to address those sorts of anomalies where the implementation of your program is presumably not achieving what you originally intended?

Mr HELPER — Thank you, Dr Sykes, for the question. Firstly, I do not wish to correct you, but I think it is the Grampians Wimmera Mallee Water Authority not Goulburn–Murray Water.

Dr SYKES — Sorry, you are correct.

Mr HELPER — Because the scheme was specifically associated with farm businesses to be in the future connected to the Wimmera–Mallee pipeline. If I can make a general response in terms of how we respond to difficulties that arise from time to time in our support programs that we put out there, I draw your attention to the rate rebate scheme over which there was a timing anomaly drawn to the government's attention, particularly by local government — —

Dr SYKES — And some local members.

Mr HELPER — Give me a chance to acknowledge them. It was by local government in the south-west of Victoria, and local members including the opposition spokesperson on agricultural matters, John Vogels. A number of people have raised those issues with government, but, as I say, predominantly raising the concern was driven by local government and one of my local councils.

The response by government has been to work through what is a difficult set of arrangements to come up with a practical solution to remove that anomaly where we now have a pro rata rate subsidy scheme whereas prior to that we had a fixed time rate assistance scheme. In that particular instance we removed the anomaly that was identified to us, carefully, because we certainly did not want to bring about unintended consequences by actions you take in removing particular anomalies. You are quite right in identifying that the issue that you raise with me in terms of the tank rebate for farmers on the Wimmera–Mallee system that issue will be worked through carefully as well.

Yes, I am sure that you may wish to respond by saying, 'Well, why haven't you done it?'. I will underline the word 'carefully': we have to work through these things very carefully so that we do not create further anomalies, if they indeed exist in the first place, and secondly, so that when you change eligibility for a particular program at a point when the program is actually operating one wants to be very, very careful also not to impact on equity issues of those people who have taken part in a given program. With careful consideration of those issues we will certainly work through the issue that I have been aware of and that you raise in a similar way as we carefully work through the issue of the timing concerns that some people have with the municipal rate subsidy.

Dr SYKES — Could you give it a time frame? You have had 100 days since it was drawn to your attention by the member for Swan Hill. Is there any indication of when it might be resolved?

Mr HELPER — I would prefer not to put a time frame on it, suffice to say that, of course, as with all our measures we have them there to assist farming communities in this difficult circumstance of the drought, so it is not in our interest having put the program there in the first place to have the program — if indeed an anomaly exists — not meet the aspirations or meet the desired support outcome of the government for any length of time. We are conscious of the fact that it is something to work through like all these issues, carefully, and with a great deal of consideration, but as rapidly as one can.

Dr SYKES — Given that you are careful, is there a likelihood that it may be retrospective as I believe your rate anomaly measures were?

Mr HELPER — Our rate anomaly measures you could not really necessarily consider to be retrospective. It was just simply that, rather than being a time-based rate rebate, we changed them to become a pro rata-based rate rebate, so in interpreting that change to be retrospective the jury is out on that. I make the general point of issues associated with retrospectivity — that is, it is extremely difficult, for a framework of equity and of transparency and of accountability for the expenditure of public resources, to apply that to a retrospective scheme. So I did not frankly perceive the rate rebate fix as retrospective. I saw it more as a change in the style of eligibility that had to be established by claimants. I generally shy away from retrospectivity.

Dr SYKES — I understand that — —

The CHAIR — I think we will move on to the next question. I think you have had four goes now. You can take it up in writing, or the member for Swan Hill can.

Mr PAKULA — Minister, I am sure all members are aware of the very successful responsible pet ownership program. I note that on page 324 of budget paper 3 in the output initiatives it mentions that funding is being provided to extend and expand that program. I am just curious if you could detail to the committee what that extra funding will enable the program to do that it is not already doing?

Mr HELPER — Thanks for the question. The responsible pet ownership program has been, I think, a great success story, in that it has increased the safety of particularly young people in relation to dog bites and dog charges and has greatly enhanced community understanding of issues associated and the practical concerns that people should have in terms of the interaction of young children and dogs.

The output initiative that you refer to is to extend that program to indeed cover parents, targeting parents of young children or future parents of young children through prenatal centres, and to raise the consciousness of parents of those practical dog-child interface issues at an even younger age. So far the responsible pet ownership program has been running since 2000, it has been targeted at primary and preschool visits, completed more than 10 000 visits to Victorian primary schools and preschools and educated more than 950 000 children. So we think it is a really effective way to reach into this particular problem. The problem of excitable young children interfacing with a grumpy dog is not a pretty sight, so we do want to make sure that children and indeed parents are conscious of the finer points of that. I would be happy for Peter Bailey, the executive director of Biosecurity Victoria, with responsibility for animal welfare, to elaborate on the details of the program.

The CHAIR — We might ask a couple of questions before we finish off, if you do not mind, Minister.

Mr HELPER — Okay.

The CHAIR — We would also welcome something from Peter Bailey, if you like.

Mr BARBER — Minister, is the government intending to bring the pig code of practice into subordinate legislation under the animal cruelty act?

Mr HELPER — I might ask Peter Bailey to give some detail on the issue.

Mr BAILEY — Thank you, Minister, Chair, members of the committee. The pig code that has recently been signed off by primary industries ministers will be introduced shortly. The ministers have agreed that there

should be a high-level working party to ensure that the implementation of the code, which will be done under state legislation, is uniformly implemented throughout the states and territories of Australia.

In Victoria that code would be picked up under the Prevention of Cruelty to Animals Act, as a code under that act, which provides that it is not an offence to not meet the code but should a pig producer be charged with cruelty, then that code would be a defence against cruelty. That is how codes are handled at the current time.

At the moment there are also national endeavours to look at the issue of codes and standards, and there is a company called Animal Health Australia, which is owned by commonwealth and state governments and industry, and it has been charged with looking at a system of developing standards for the various agricultural industries which could be underpinned by state legislation. It is envisaged that this pig code would be looked at through that process to identify what might be described as the 'musts' in the code becoming standards, which would then be picked up by legislation.

The new pig code is being developed under the old arrangements, but the industry in developing the code and working with government was also cognisant of the new arrangements that are emerging in terms of animal welfare and accountability for the farming industries.

The CHAIR — I assume in developing that you will get involved with animal welfare groups et cetera?

Mr BARBER — Sorry, my question was a more pointy one: do you intend to prepare a regulatory impact statement as required under state law, or will you rely on the commonwealth one?

Mr BAILEY — We have been very fortunate that the officer who actually headed up the group to develop the code was the director of the Bureau of Animal Welfare in Victoria. So, as part of the national development of the code, he has also developed a regulatory impact statement to satisfy commonwealth requirements, but he has also made sure it will satisfy Victorian requirements, which tend to be higher than the commonwealth's in this area. So, as well as the code, the agriculture ministers have recently signed off on the regulatory impact statement, and that would be adequate to meet Victoria's legislative process as far as regulatory impact statements are concerned.

The CHAIR — Thank you very much for that. We will try to get two more questions in.

Mr SCOTT — Minister, it is my understanding the Victorian government contributes to the federal government's exceptional circumstances interest rate funding. What impact has this had on the Victorian budget, particularly looking to the future for 2007–08?

Mr HELPER — During 2005–06 around $28.2 million was contributed by the Rural Finance Corporation to Victorian farmers for the exceptional circumstances interest rate subsidy. The Victorian government contributed $2.8 million, or 10 per cent of the total, so the arrangement between the commonwealth and the states is that the commonwealth contributes 90 per cent of the interest rate subsidy and the state contributes 10 per cent.

During this time an estimated 1694 farmers applied for the subsidy, and 1194 of them were approved for the subsidy. The estimated average subsidy paid per farming business was $23 618. On 12 December 2006 the federal Minister for Agriculture, Fisheries and Forestry announced that small businesses employing 20 staff or less and dependent on farmers in EC areas for at least 70 per cent of their income may also be eligible for EC income and interest rate subsidy assistance. The staff numbers limits was later expanded to be 'less than 100'. So you can see that both the commonwealth and the state are indeed cooperating and collaborating well in terms of the exceptional circumstances support that is extended during this particular drought.

On 9 March 2007 the federal minister announced a full EC declaration for south-west Victoria, and I draw your attention back to the slide in my presentation. That means with the exception of south-east Gippsland that all of Victoria's agricultural broadacre agricultural areas are indeed EC declared. Sorry, I should say not broadacre, but all Victorian agricultural areas outside of the metropolitan areas are EC declared. It is an unprecedented level of EC declaration. During 2006–07 to the end of March 2007 an amount of $56.4 million has been provided to eligible farmers of which Victoria contributes 10 per cent so we have contributed $5.64 million in 2006–07 to the end of March.

As I indicated earlier in terms of budget impact, yes, the level of commitment that the state makes to this arrangement and other joint commonwealth-state arrangements and our programs that are predictable at the time of the preparation of the budget have been budgeted for. However, as the number of people that may become eligible increases — or indeed significantly decreases — or as we pass the time when a decision is made on whether the EC declarations are extended in the time dimension, all of those will have an impact obviously on the state commitment to it, and those commitments will be met not in a budgeted sense but as a budget entry here, because we simply do not know what those commitments will be, but in the normal arrangements the state will meet its obligations for particular circumstances, exceptional circumstances and unique circumstances that arise from time to time.

Mr RICH-PHILLIPS — Minister, I would like to ask you about essentially biosecurity. You spoke earlier about the biosciences centre at Bundoora, which I think is a great initiative.

Mr HELPER — Thank you.

Mr RICH-PHILLIPS — We have concerns about production capacity to respond in regional areas, and the slide you presented showed abalone virus on the south-west coast, fruit fly in the north-east, anthrax in central Victoria, locusts, with two large outbreaks, one in the east and one in central west Victoria, and there was a report, I am sure you are aware, of DPI retrenching staff, plant and animal scientists, last month from various regional centres at Ellinbank, Epsom, up near Bendigo, Frankston Rutherglen, Warrnambool, Werribee et cetera. What impact will the shift to Bundoora, consolidation of bioscience in Bundoora, have on the department's capacity to respond to regional outbreaks as they occur? And what funding is currently provided in the 07–08 budget for facilities in regional Victoria to make that direct on-the-ground response?

Mr HELPER — Can I take part 2 either on notice or Shaun, if you can get that figure out for us? Part 1 of your question is what impact will the biosecurity centre have effectively on regional staff, and I presume your question assumes the connection between regional staff and biosecurity response.

Mr RICH-PHILLIPS — It does, yes.

Mr HELPER — Right, so let me answer it in the context of the impact on regional staff. There are two things to mention. Overarchingly the Department of Primary Industries staff, particularly research staff, are quite mobile in terms of the programs to which they respond, just as those programs are quite mobile. We have a significant amount of external funding. We do a lot of research in conjunction with industry stakeholders, with RIRCs, with outside stakeholders. So to keep an alignment of those research projects with the aspirations of external parties as well as the priorities, of course, for government means there is a common culture within DPI that resources within the department, and research resources get finetuned on a regular basis in terms of where those stakeholder priorities lie.

So having made that general point, in terms of the biosciences research centre, the up to 450 staff are made up of a university component as well as the moving of research staff, scientific staff and ancillary staff from metropolitan research facilities with the closure of Knoxfield and Frankston and some shifting of staff — however, with the retention of those facilities for other functions of the department from the other three facilities in the metropolitan area. We do not anticipate that there will be a reduction of staff at all as a consequence of the biosciences centre, and I think it is fair to say that the vast bulk — it would be a little bit on the foolish side to say that it is 100 per cent — of the staff that will be part of the biosciences centre would be current metropolitan staff.

Mr RICH-PHILLIPS — Will there be — —

Mr HELPER — Sorry. By extension I think it is therefore fair to say that in terms of the on-the-ground presence we have in regional Victoria, the biosciences centre will not make a difference.

The CHAIR — Thanks very much, Minister. I would like you to take on notice that we would like you to provide us with information regarding what resources the portfolio's department expects to expend both in terms of staffing and finances in regard to servicing this committee next year, having regard to experience over the last few years.

That concludes the consideration of budget estimates for the portfolio of agriculture. I thank the minister, witnesses and departmental officers for their attendance today. It has been a very good session. Where questions were taken

on notice the committee will follow up with you in writing at a later date. The committee requests that a written response to these matters be provided within 30 days, and they will form the basis for consideration to be included in a future report of this committee to be tabled in Parliament. Thank you very much.

Committee adjourned.