

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2012–13

Melbourne— 17 May, 2012

Members

Mr N. Angus

Mr P. Davis

Ms J. Hennessy

Mr D. Morris

Mr D. O'Brien

Mr M. Pakula

Mr R. Scott

Chair: Mr P. Davis

Deputy Chair: Mr M. Pakula

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr P. Walsh, Minister for Agriculture and Food Security,

Mr J. Rosewarne, Secretary,

Mr C. O'Farrell, Chief Financial Officer, and

Professor G. Spangenberg, Executive Director, Biosciences Research Division, Department of Primary Industries.

**Necessary corrections to be notified to
executive officer of committee**

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2012-13 Budget Estimates for the portfolios of agriculture and food security, and water.

On behalf of the committee I welcome the Honourable Peter Walsh, MP, Minister for Agriculture and Food Security and Minister for Water; and from the Department of Primary Industries: Mr Jeff Rosewarne, secretary; and Mr Chris O'Farrell, chief financial officer. Members of Parliament, departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public gallery that they cannot participate in any way in the committee'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 to provide information to the minister, by leave of myself as chairman. Written communication to witnesses can only be provided via officers of the PAEC secretariat.

Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room, and no more than two TV cameras are allowed at any one time in the allocated spaces. May I remind TV camera operators to remain focused only on the persons speaking and that panning of the public gallery, committee members and witnesses is strictly prohibited.

As previously advised to witnesses here today, I am pleased to announce that these hearings are being webcast live on the Parliament's website. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege.

This committee has determined that there is no need for evidence to be sworn; however, witnesses are reminded that all questions must be answered in full and with accuracy and truthfulness. Any persons found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. Unverified transcripts and PowerPoint presentations will be placed on the committee's website immediately following receipt, to be replaced by verified transcripts within five days of receipt.

Following a presentation by the minister, committee members will ask questions relating to the inquiry. Generally the procedure followed will be that relating to questions in the Legislative Assembly.

I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the agriculture and food security portfolio.

Overheads shown.

Mr WALSH — Thank you very much, Chair, and thank you for the opportunity to appear. From a Department of Primary Industries point of view the key priorities in the agriculture sector are: to boost agricultural productivity, profitability and export opportunities; to develop new technologies and gain adaptation of research and development in Victoria; improve biosecurity and enhance market access; and prepare, plan and manage emergencies efficiently and effectively. I suppose similarly to last year, earlier this year we had significant floods in north-east Victoria, and DPI was a critical agency involved in the response to that and had a response centre set up at Tatura. I put on the record a thankyou to all those DPI staff who put in some very long hours, particularly over the long weekend, manning that facility and assisting the people affected by the floods.

The DPI's functions and key activities, as I said, are research, development and extension; industry regulation and compliance — and a key role for the organisation is the issue around regulation and compliance, particularly around pest plants and animals — and we also have a number of stand-alone authorities that regulate within the food sector, being PrimeSafe and Dairy Food Safety.

We have a major role with companion animals and making sure there are safer communities. Work has been done around restricted breeds. We had the very unfortunate situation with the death of Ayan Chol from a dog

attack and the response that DPI has had to that. The Bureau of Animal Welfare has done a lot of work in that area, and as part of that process an animal welfare fund has been established in the budget this year of \$1.6 million to assist those agencies and not-for-profit volunteer groups that work in the animal welfare area.

From a forest industry point of view, it is a major industry for Victoria and generates something like \$400 million worth of economic activity and 25 000 jobs, particularly in regional Victoria.

The fishing industry is another key part of the portfolio in DPI. Something like 720 000 people get involved in recreational fishing across the state in any one year, which is a major industry in itself. It creates a lot of economic activity and employment in regional Victoria, and some very important parts of the commercial fishing industry also generate economic activity here in Victoria.

One of the changes from last year to this year is the transfer of game management responsibility from DSE to DPI. It is another very important economic industry in regional Victoria for those people who go out and get involved in the hunting industry.

One of the things that has been established since last year also is the commitment to set up a farm debt mediation process. As we know, at various times in the agricultural sector there are tough times, and when there are tough times there is quite often a breakdown in the relationship between the farmer or borrower and their lender of choice. This puts in place a process where those two start talking again with a trained facilitator provided by the small business commissioner to assist through those issues. As I have touched on before, there is the issue around dangerous dogs.

If you look at the economic contribution that agriculture makes, in the financial year 09–10, the gross value of Victorian agriculture production was \$10.3 billion at farm gate. In the agriculture sector there is something like a 132 000 people employed across country Victoria particularly in nearly 35 000 businesses. It accounts for something like one in every six jobs regionally and supports a highly skilled workforce across those particular areas.

One of the key things from the Victorian economy's point of view is the export contribution that food and fibre make to Victoria. In the 2011 calendar year — the figures have just been released — \$8.68 billion worth of food and fibre was exported out of Victoria, which is 17 per cent up on 2010. It is interesting to note that Victoria is by far the largest exporter of food and fibre in Australia by state, and something like 28 per cent of the exports out of Australia come out of Victoria. What is interesting, I suppose, for members of the committee is that for the first time in quite a few years the wool, skins and hides sector is the top sector when it comes to export, and that reflects the improved economic circumstances of particularly the wool industry. If you go to some of the particular sectors, as we have said, there is growing demand in Asia and India for food and fibre. We do have some challenges with the high dollar and labour shortages in some areas. We need to continue to work very hard on the retention of our disease-free status in a number of areas — obviously the need for continued innovation and adoption of the latest technology and ongoing productivity there.

I suppose the key thing I would like to flag with the committee is the opportunities with the increased population in Asia and India, and particularly the increase in the middle class in that particular area. By 2030 there will be something like 1.45 billion people in China, 1.6 billion people in India and 313 million people in Indonesia. If you compare that to what is anticipated to be in Australia in 2030, there will only be 28 million people, so it is quite staggering, the differences in the numbers of the population. It is estimated over that time frame to 2030, with the increase in affluence in those countries as well as the increased population, there will be something like 700 million new additional people in that middle class who will have a demand for particularly the products that Victoria is good at producing — dairy products, red meat, some of the grains and some of the horticultural products.

The target that we have set the department and the industry is to double agriculture and food and fibre production in Victoria over the next 20 years. If you look back at what has been achieved, that is an ambitious target but an achievable target if we all put our minds to it. I suppose the solution from the Victorian government point of view is \$61.4 million into strategic intervention and targeted areas in research here in Victoria. The key part to probably emphasise to PAEC is that there is 15.7 in ongoing funding after the four-year forward estimates, which is something that I think has been needed to give the level of certainty to the industry and to the department, and particularly those people who work in the department, to know that there is

ongoing funding in those research areas and they can invest their careers in those areas knowing it will be there for a while.

To go to the specifics, if you look at the dairy industry, there is investment in genetic gain to improve the profitability and to boost fertility, particularly research into how you feed cows more efficiently and effectively. Half the cost of running a dairy operation is the cost of feed, so if you actually get better feed conversion into milk, you obviously make more money, and those sorts of issues.

One of the challenges for dairy is some of the trade barriers we have. Recently New Zealand signed a free trade agreement with China. When that is fully implemented in three years time New Zealand will have a 10 per cent tariff advantage over Australia into that particular market as well as some currency advantage as well.

Dairy will have funding of \$14.3 million over the next four years to do the things that I have talked about. In the grains industry productivity has slowed over the time. There is competition from other exporting countries for the markets that we strive to be part of, and there is the opportunity for expanding into south-west Victoria, so 10.4 million over four years to improve genetics in the grains industry, improve farm management and increase the networks to encourage the uptake of these new technologies. If you look at some of the successful extension groups that are out there — Birchip Cropping Group, Southern Farming Systems, the Victorian Irrigated Cropping Council — there are ways that DPI can interact with those farmer groups to best get the good news stories out there and get farmers to uptake R and D.

In the red meat industry there has been a low level of productivity over time. The breeding capacity has declined through the drought, and we need to reduce lamb mortality rates and lift weaning rates into the future. A significant percentage of lambs are produced and slaughtered in Victoria — something like 43 per cent of all the lambs slaughtered in Australia are slaughtered in Victoria. This is compared to the nearest interstate rival, which is 25 per cent out of New South Wales. Money is invested to lift productivity in the red meat area, particularly lamb. The setting up of the Red Meat Innovation Centre at Hamilton flows on top of the announcement last year of \$2.3 million for new research and new animal handling facilities at Hamilton.

There are some challenges in the horticulture sector, particularly around the availability of labour and how you target specific markets into Asia, so there is investment into horticulture research and development, particularly in those sectors where there is demand for that product from overseas, particularly in the area of pear production. Some excellent work is being done at Tatura; the almond industry and the stone fruit industry, particularly apricots, peaches and nectarines.

Biosecurity is always a key issue for agriculture, making sure we not only control the known pest plants and animals in Victoria but also making sure that we keep Australia free from foot and mouth disease. It is estimated that a foot and mouth outbreak would cost the Australian economy something like \$16 billion over 10 years if we had foot and mouth come here. The response to the biosecurity issues has been an investment of \$19.5 million over four years for that pest plant and weed area, securing market access, the wild dog and the fox program that we have and making sure we have the capacity to respond to emergencies in the future.

I suppose the message I would like to leave out of that presentation, Chair, is I think there is a very positive future for food and fibre production in the state. DPI as the lead agency is ready, willing and able and well equipped to deliver the services that the industry needs, particularly around research, development and extension.

The CHAIR — Thank you, Minister. The remaining time available is until midday. No?

Mr WALSH — We have got to do some water too.

The CHAIR — Yes, we do. We need to do more than 15 minutes of water. We will do 2 hours or whatever, until 11 o'clock, which is a bit less than an hour and 50 minutes. It will be on the agriculture and food security portfolio.

Minister, given the key growth and efficiency initiatives announced in the budget, can you please outline for the committee the likely impact of the budget on enhancing service delivery, promoting productivity and achieving efficiency gains within your portfolio? In responding, could you also indicate how you intend to monitor the portfolio's effectiveness in maximising improvements in these areas?

Mr WALSH — I will start with the second question first. A lot of research and analysis is done of production in whatever sector it is in the food and fibre area. Recently a report was funded by Dairy Australia, DPI and the Gardiner Foundation that looked at the last 30 years — the research that had been done over that 30-year period, the investment that had been made and the productivity returns that had been there. It looked at the fact that over that 30-year period there had been a doubling of milk production, a significant improvement in milk per cow, a significant improvement in — —

The CHAIR — Hansard has advised that there are microphones out of position. I should explain. There is a problem with these microphones, so everybody in the room should know about it. When members are having a private discussion it is quite audible over the speaker system and in fact over the web. So it is appropriate, if you do not want to be on the air, to ensure that your microphones are not in an inappropriate place. Thank you, Minister; please continue.

Mr WALSH — As I was saying, the report into the dairy industry that looked at the benefit that had been achieved by all the collective research and development and extension of the dairy industry over the last 30 years said that there had been a doubling of production in the milk industry over that time and, from memory, a doubling of milk production per cow, a tripling of milk production per hectare — those sorts of things. So there is a very detailed analysis done right across the food and fibre sector of results over a long period of time. We have to bear in mind that over that period of time there are always dry years, drought years, flood years, changes in market circumstances and changes in the exchange rate that have an immediate fluctuating effect. But if you look at the long-term trends, there is a lot of work done on what the productivity improvements will be, which is how we will monitor what is being achieved out of the investment by DPI in those particular areas.

As I said in my earlier presentation, one of the targets that we have set the industry and ourselves is to work together to achieve a doubling of food and fibre production over the next 20 years here in Victoria. I think it is very achievable and can be done. So if you go back to the first part of your question, Chair, about the targeted investment in research development extension, we will work with those industries that have been identified to have the best market opportunities overseas for growth. And also the other part of the decision-making matrix as to where DPI will be investing its resources and effort is also into those industries where the industry is investing itself.

As you would know, Chair, quite a few of the industries in Victoria or nationally have research levies. There are national R and D corporations which then co-invest with states and other institutions as to how research is done. So part of the decision-making process is that where industry is choosing to invest as well, and that maximises the outcome for industry and gives a clear signal that industry wants to invest in those areas, indeed DPI will be part of that process.

I suppose the other part of the decision-making matrix is that in recent years there has been a national RD and E framework established. If you go back in history, historically the departments of primary industries in all the states of Australia had their own research processes and their own decision-making around their particular industries. I think it is pleasing to see that there has been a lot of work done nationally to actually start to combine that effort so that there are centres of excellence and a focus in particular states on particular industries. From Victoria's point of view, obviously Victoria is the lead agency when it comes to dairy research because we are the major dairy producing state, we are the lead agency when it comes to lamb research — and the things I have talked about in my presentation that are going to happen at Hamilton — and also the lead agency in some of the grains research areas and some of the horticulture research areas.

The CHAIR — Thank you, Minister. Just to follow on, could you advise the committee, in regard to the initiatives that you have described in your response to the question and in your presentation, what you consider the likely impact on the industry stakeholders in the portfolio to be?

Mr WALSH — I suppose with the Growing Food and Fibre initiative it is anticipated there will be about a 4.6 dollar return for every dollar invested. So we believe we have got the decision making right as to where we are spending that money and the economic return it will give to the industry and to the state. If you look at actually tangible benefits for particular farmers in those sectors that we are talking about — the investment in dairy research, improved genetics and improved feed conversion — it is believed that that will have a positive impact of about \$20 000 per year per farmer, so something that effectively can go straight to the bottom line,

which will be a boost to the dairy industry. If you look at the improved sheep genetics and their management for prime lamb producers, it is estimated by DPI that that will have something like a \$30 000 positive impact per year to a prime lamb producer across the average of the industry. A lot of that work, Chair, is about how you actually increase weaning rates, and that the more lambs you actually send to market each year, as you would well know, is where the profit is. The work that DPI will be doing with the industry, focused on genetics and management of sheep, means that there will be more lambs per farm going to market, which will obviously assist the profitability, and as I have said, an estimation of about \$30 000 per year.

Mr PAKULA — Minister, the four-year savings target for DPI is outlined in budget paper 3, page 56. It amounts to \$26.5 million over four years. That obviously does not include any savings for this year and the out years that have been identified in previous budgets or budget updates. There has been, I think, some disagreement from you with claims made by others about the number of jobs being cut, both with regard to the offices that are closing and with regard to jobs that are leaving DPI more generally. There were union claims of 500 jobs being cut. You refuted that. With regard to the savings targets that are outlined in this budget but also those that you are being required to deal with from previous budgets, can you confirm for the committee how many jobs are going from DPI and where those jobs will be?

Mr WALSH — Which page were you on?

The CHAIR — BP 3.

Mr PAKULA — It is barely important, Minister, but it is page 56, for what it is worth. It just outlines the total savings for the department over four years.

Mr WALSH — Thank you very much for the question. As you would know, we are not into what media speculation may or may not be happening.

Mr PAKULA — That is why I am asking you to clarify it.

Mr WALSH — From DPI's point of view, as I have explained in my presentation and I think in answer to the Chair's initial questions, DPI is making decisions as to how it invests its budget to deliver the best outcome for food and fibre producers in Victoria. It is targeted investment. It is there to make sure that we are targeting those areas where there are growth opportunities in export — where there is the opportunity for farmers to be more profitable.

DPI has made decisions about some relocation of staff from some of its smaller offices. They have been publicly announced. As part of that process there are no job cuts. DPI senior management is working with the staff that are at those particular sites, now working through their individual circumstances as to how that relocation will be managed. I think that is the most appropriate way for that to happen. I think DPI has a very good history of how it actually works with staff when we get to these difficult sorts of situations.

As far as any future changes to the staff profile of DPI, the Treasurer announced in the budget update in December that there would be a reduction in the public service here in Victoria. In the budget he announced an additional number above that number that was announced in December. They are issues that DPI management is currently working through and it will work through that on a basis with those individual staff. There will be changes around voluntary redundancies and non-renewal of fixed contracts, but it is something that I think DPI will handle very professionally and very properly with the staff who are concerned.

Mr PAKULA — Minister, thank you. I do not have any doubt about DPI's capacity to deal with those matters professionally and appropriately. I am sure that Mr Rosewarne and other senior executives within the department will do exactly that. What I am trying to ascertain is: in terms of the budget cuts — I do not want individuals; I understand you have to deal with individuals — are you able to provide the committee with at least a ballpark estimate of how many Department of Primary Industries employees will be either non-renewed or made voluntarily or otherwise redundant as a result of the savings targets you have to reach?

Mr WALSH — As far as any changes in the staff profile of DPI, that is an issue that DPI management will be working through to achieve the budget savings that DPI has committed to as part of the state budget process.

Mr PAKULA — So you cannot give us a number?

The CHAIR — I think he has answered the question. Thank you.

Mr MORRIS — Minister, in your introductory comments you referred to the growth in Victoria's agricultural exports. Can you advise the committee what steps have been taken to facilitate agriculture and food export outcomes?

Mr WALSH — I think this is actually a very exciting area. One of the things that I have been pleased to have over time as a number of trade delegations of primary producers have gone overseas is that they have been very positive in their feedback to me about the DPI staff who have facilitated those trips and who have travelled with them on those trips. In this profession we quite often get the brickbats, but it is always very good to get positive feedback about how a department is doing its work.

As part of the overall government strategy, there is \$50 million in the Department of Business and Innovation budget for an international engagement strategy. There have already been trade missions overseas. The Premier led one to China last year; Louise Asher, the minister for small business, led one to the Arab emirates earlier this year and she also joined the Premier on a major delegation to India. Food and fibre exporters, food companies, were key parts of those particular trade delegations.

One of the good announcements that came out of the trip to the Arab emirates was the contract that Bega Cheese, Bega dairy products, actually signed for increased production out of their Tatura plant for cream cheese, which will lead to additional capital investment at Tatura. It will also lead to more jobs at Tatura for people making cream cheese. I was at Tatura a number of months ago and I had the opportunity to have a look through the factory there. They are changing their whole production systems where they only dry milk now to make milk powder as a use of milk at last resort. They are very much focusing on higher value products. I think the message that is coming through in a lot of the industry sectors on the products we used to produce once is that food manufacturers are now targeting the higher end products. They talked about the fact that with the products they are making customers are actually starting to come to them, rather than them having to go out and beat the drum to get markets once you move into that higher value end of the market, rather than the commodity market like dried milk powder.

So there is the international engagement strategy; working into those countries where there are growth opportunities; and freeing up market access, particularly around some of the biosecurity issues. Recently there was increased access to Korea for the citrus industry, so there is an opportunity there for growth in citrus exports to Korea. It is the same for table grapes in some of those markets as well. So it is a continuing program but something that I think is working very well.

Mr SCOTT — Minister, if I could take you to the questionnaire which has been returned to this committee from the department and the answer to question 4.2, which outlines initiatives and efficiency measures that have to be dealt with in this financial year, which total by my count \$36.98 million, so say \$37 million in round terms; and also your response to question 1.2, which deals with lapsing programs where there is not a specific answer given. I do note that other departments in many cases have provided specific information in response to question 1.2.

If we move beyond the issue of just jobs, which Mr Pakula's question dealt with, what is going to be the impact of the savings that are required of the department in your areas of responsibility, particularly in terms of any programs that have lapsed or have had funding reduced due to the savings that are required?

Mr WALSH — I suppose the issue of concluding programs is a vexed issue at times, because programs are funded for specific periods of time or specific purposes, so they conclude and new programs are developed over time. I suppose the message that I have been trying to convey to the committee so far is that DPI is in transition in some ways. It is targeting its investment in programs where it believes it is investing the state of Victoria's taxpayers funds in the best possible way to deliver outcomes for Victoria and particularly, obviously, outcomes for farmers who are involved in that particular sector. If you look at what is happening in there, I think as we move through this process DPI will be delivering very good programs that will achieve increased economic activity for Victoria and will increase the profitability of farmers.

Mr SCOTT — To follow up, with respect, Minister, the courtesy of actually providing the details of programs that have either been reduced in funding, lapsed or in fact, particularly with Mr Pakula's issue, have a number of people who are ceasing employment within the department is a courtesy which has been shown by

the ministers. If you cannot provide that now, I would request that that information, in detail, be provided to us within the 21-day framework for a matter taken on notice — if that is not available now, because it is literally a courtesy which has been provided by other ministers to this committee, and I think it would be reasonable to expect that same level of information from your good self.

The CHAIR — Mr Scott, would you like to restate the particulars?

Mr SCOTT — Well, the particulars are simply the programs that have lapsed or had their funding reduced for this financial year.

Mr WALSH — With respect, Mr Scott, a budget is a one-day-in-a-year document. There is a number of programs that are concluding. There is a number of programs that DPI is analysing as to how it may change the profile of those programs to deliver the outcomes that are needed. So it is not a black-and-white answer like you are saying that it would be. There are opportunities for DPI to deliver very, very good outcomes for the industry here in Victoria.

Mr SCOTT — Why are we here then — I mean, quite literally? This is the estimates process.

The CHAIR — Minister, I think the member is seeking some more particulars, some of which may be available by reference to your department, and I am sure that further information could be obtained if you were to take that question on notice.

Mr WALSH — I will take the question on notice.

Mr ANGUS — Minister, I refer you to budget paper 3, page 56, underneath the output initiatives for the department and in particular the government's announcements regarding biosecurity and the mention there of building industry capability in livestock disease surveillance and emergency response capacity. Minister, governments have been investing in these areas — disease surveillance and biosecurity — for a number of years. Can you please advise the committee in what way is this initiative enhancing biosecurity preparedness for our agricultural industries?

Mr WALSH — Thank you very much for the question. This is, as I said in my presentation, a very important part of DPI's responsibilities in this state, to try and reduce the risk of disease incursion here. If you look at the key risks to agriculture, one of the biggest risks we have is an outbreak of foot and mouth in this state. We have a very large, intensive animal industry, which is reflected in the export figures we have out of this state, so DPI is working in that particular area. We are currently working with industry in getting industry to appreciate the need for better traceability, particularly of sheep and goats in this state, with electronic identification. We have a program in the cattle industry where cattle are tracked and people know where cattle are.

The paper-based system that is there with sheep and goats at this stage has not worked efficiently. There was recently the Ken Matthews report about the preparedness of Australia for a foot and mouth incursion. It is difficult to trace livestock with a paper-based system, so DPI is working with industry to get them on board as to how we can move to an electronic identification process management system in the sheep and goat industry and particularly working with industry to demonstrate to them, with some key farmers who are actually using this technology now, as to how there are actually productivity benefits for farmers that use electronic identification, as well as the obvious benefits for having it there for livestock identification if there is a disease incursion. So quite a substantial amount of work is going into that area. There was money in last year's budget to assist industry to do that, so we have been working with the Sheep and Goat Compensation Fund to do that particular program.

One of the other programs that DPI is funding also is managing the risk of the varroa mite actually coming into the state in the bee industry. Australia is one of the last countries in the world that does not have varroa mite. There is a number of programs particularly around the ports, and the Bee Force program is one that we are continuing to fund where we are actually using beekeepers in the urban environment to have sentinel hives, in addition to the sentinel hives that are actually at the port, to identify if there is an incursion of varroa mite so it can be controlled quickly.

I may or may not have said to this committee last year, the bee industry in Victoria is not just about honey production; the bee industry in Victoria is very much about the pollination services it delivers to a whole range of crops, and one of our targeted areas in research at the moment is the almond industry. If you look at the almond industry in northern Victoria, they effectively contract the services of literally every beehive within about a 400 km radius to go and do the pollination services for the almond industry when they are flowering. Those are examples of where DPI is working very closely with industry to manage the risk of a disease incursion and how it then would be managed if we did actually have one.

Ms HENNESSY — Minister, in relation to budget paper 3, page 57, I was just interested for you to advise the committee about the policy settings that you might be putting in place, particularly in relation to the organic industry and the instances where, for example, canola seeds are being blown onto a neighbouring person's property. Is there anything in the budget papers to support the resolution of those types of disputes?

Mr WALSH — I assume by that you are referring to the issue of genetically enhanced canola seed blowing onto other — —

Ms HENNESSY — Yes, GM canola.

Mr WALSH — Those issues are a commercial issue between the individual farmers — that if something like that happens, it needs to be resolved.

Ms HENNESSY — Just to clarify, it is your evidence that that is a matter for the two parties involved to resolve and not a matter for government involvement?

Mr WALSH — Currently industry is constantly working on how they actually keep segmentation between various crops. In this case, with the canola industry, there is a lot of work done by the production industry and the grain handling industry as to how they manage the separation of the various products. If there is an issue between individual neighbours, that is an issue for them to resolve themselves.

Mr O'BRIEN — I just refer to budget paper 3, page 57, and to your initiative 'Boosting productivity and profitability in Victoria's dairy industry'. I note the budget initiatives listed on page 56, and you have outlined this in your presentation — 14.3 million over four years — and I ask you for the benefit of the committee, Minister, could you please explain how this initiative will assist the government to achieve its proposed levels of productivity growth in dairy?

Mr WALSH — Thank you, Mr O'Brien. I might make some introductory remarks on this and then ask German if he would like to come up and make some comments about the dairy genetic program that they are running out at AgriBio at Bundoora, if that is all right, Mr Chair?

The CHAIR — Yes. You will need to introduce your witness.

Mr O'BRIEN — We heard from German last year.

The CHAIR — Thank you, Minister. Proceed.

Mr O'BRIEN — We are happy to hear from German any time.

The CHAIR — For the record perhaps, Minister, you might formally introduce your witness.

Mr WALSH — Sorry. Can I introduce German Spangenberg, who is the — —

Prof. SPANGENBERG — Executive director of the biosciences research division with DPI.

Mr WALSH — And doing a very good job, Chair, at AgriBio out there.

Mr O'Brien, thank you for the question. Although the dairy industry this year has been pipped by our wool, skins and hides for the export top of the pops, normally the dairy industry is the largest export industry out of Victoria. As people have heard me say lots of times, the single biggest user of the Melbourne container port is actually the dairy industry, so it is a very key industry here in Victoria.

The research money that is being allocated in the budget is very much to go into genetic improvements in cows — and I will not even pretend to talk about that; I will let German talk about that particular issue — introducing new feeding systems to improve feed conversions and efficiency in milk production; as I said in my presentation, half the costs of running a dairy farm are around feed, so there is an opportunity there to get more efficiency around that; and also into a program to improve water use efficiency in the dairy system, particularly based around the irrigated dairy sector of northern Victoria. We all know the challenges that are happening with a proposed Murray-Darling Basin plan and the drought that we have been through, so it is how farmers actually use that water to get the best feed for their dairy. I will hand the baton across to German to talk about the issue of genetics.

Prof. SPANGENBERG — I want to simply highlight a couple of examples of the research and development that the Department undertakes in dairy genetic improvement. The core field is the one that we refer to as ‘genomics’. Genomics is the science and technology of the use of large-scale DNA sequence information for better outcomes, and the better outcomes that we want to seek for the dairy industry are basically more productive and profitable dairy businesses — better cows for better profits for dairy businesses.

Approximately a decade ago DPI scientists invented a genomic approach that is called genomic selection. Basically, what genomic selection does, is to look at the differences in, and the DNA sequences between different bulls, across their whole genomes and asks the question, and answers the question about the individual contribution of each of these genetic changes to key traits. These traits can be production traits such as milk yield or protein or fat but also animal health traits such as a mastitis score. We consider that the application of this new paradigm, invented by DPI, it is now transforming genetic improvement in not only livestock for the dairy industry but also for other industries, and it will do so increasingly in crop genetic improvement.

Why it is fundamentally transforming genetic improvement is because it offers the opportunity to double the rate of genetic gain. Why so? Because traditionally, the way that we undertake genetic improvement and select bulls includes progeny-tests and is based on waiting for a bull that has reached sexual maturity to be used to get daughters, seeing them milk and then assessing their performance; it means the genetic merit of that bull is determined based on the performance of those milking daughters. That takes five or six years. Using DNA genomic technology allows us to ask the question about the genetic merit of a bull when it is young — in theory, at birth. We just need a couple of tail hairs to isolate its DNA, do the genomic test and answer the question: what is the genetic merit of that bull at birth?

This means that if all the other parameters are the same, we can then halve the time to make a genetic selection decision. Halving the time, with all the rest being the same, means doubling the rate of genetic gain, and that leads to significant productivity gains that can be achieved.

The Minister was earlier making reference to that long-term study of the impact or the economic value of our DNA pre-farm gate R, D & E for the dairy industry, and indicated that we have seen over the last 30 years almost a doubling of milk yield per cow. Approximately 40 per cent of this productivity gain is due to genetic improvement, so we know that genetics matters. This innovation – and the investment in dairy biosciences that the Minister was referring to – will allow us to do even a bit better. How we are approaching doing it better is through increasing the accuracy of genomic breeding values with which we can then make selection decisions based on greatly increasing the number of animals that we have genotyped. So the more information we have about genotypes of bulls and cows, the better selection decisions we can make.

One of the research programs we have just completed, which was undertaken over the last 18 months, was to – in a sense – determine that DNA sequence variation across 10 000 Holstein cows, for which we have an amazing quality of phenotypic records, with basically approximately 40 different traits measured for each of those 10 000 cows — and the equivalent work for 3000 Jersey cows. This year, for the first time, we will be seeing the release of so-called genomic breeding values for Jerseys as well as a second and improved release of genomic breeding values for Holsteins. This is research work that the Department undertakes within the context of the Dairy Futures Cooperative Research Centre aligned with the key role that DPI plays in the national R, D & E landscape for dairy biosciences.

In addition to improving the accuracy of genomic breeding values, now we also undertake research to incorporate more complex traits in these generic merit estimates — for example, including information about feed conversion efficiency. We know that there are significant differences in feed conversion efficiency — the

amount of feed that is required to produce an equal amount of milk. There is well beyond a kilogram of feed difference for different cows with the same milk production, and a large component of that is genetic. For the first time now we can try to use genomics to dissect more complex traits such as feed conversion efficiency and equally also for cow fertility. This is just to outline selected examples on how we can apply the power of genomics to making more rapid advances in genetic improvement for the dairy industry.

Linking to the point I made earlier, that this bioscience innovation leads to increased profitability beyond the productivity gain component, one of the estimates that we can calculate — and this is done through the Australian Dairy Herd Improvement Scheme — is the estimate of genetic merit for profitability by combining the genetic merit for each trait with the effect of that trait on profit, in a sense, an economic weight for each trait. This gives us what we refer to as the Australian Profit Ranking (APR) — for example, a bull that would have an APR of 240 means that it is \$240 more profitable than the average.

Mr WALSH — Thank you, and in concluding can I make an offer to Mr O'Brien or any members of the committee that would like the opportunity to go out to Bundoora to AgriBio and look at the exciting work that is being done. There is an open invitation there. You will find it fascinating.

The CHAIR — Can I thank Professor Spangenberg for his evidence and make the observation that I am always delighted to see enthusiasm around the issue of genetics, which was my least favourite subject when I was a student.

Mr O'BRIEN — That is a very comprehensive answer. I had asked you a similar question on the adjournment on 9 February, but with that comprehensive answer I will have all the information I need. My grandparents were dairy farmers and I am sure they would have appreciated that too.

The CHAIR — Things have probably changed in that time.

Mr O'BRIEN — I was going to ask if you still need a clean-up bull, but I will save that for another time and hand over.

Ms HENNESSY — Why stop now?

The CHAIR — I do not think we need any pictures for that. Thank you, Mr O'Brien.

Mr PAKULA — Minister, I also want to ask you about the dairy industry. I do not have a budget paper reference. It is really a follow-up to a question I think I asked last year.

Mr WALSH — Can you give me the reference?

Mr PAKULA — I and a number of members, I think from both sides of the chamber, have in the last year or two expressed at the very least concern about the potential impact of the supermarket dairy price war on the dairy sector. In your capacity as minister, can you indicate whether over the last 12 months your observations would suggest that the concerns expressed by me and others in terms of the potential impact on the dairy sector have come to fruition? If they have, can you just indicate any actions by the government to help mitigate any potential impact of the price wars on the dairy sector?

Mr WALSH — I suppose the first thing is what we already talked about — that is, the issue of providing research and development extension to farmers to improve their productivity. That is the best way for them to maintain their profitability. I think you need to look at the drivers particularly of the Victorian dairy industry, and the prices in Victoria for the Victorian dairy industry. We have talked about the fact that the export numbers out of Victoria are very much set by the export market for any particular dairy products. As I said in one of my previous answers, you have seen a change in the product mix that dairy processing companies are producing. Where they can they move away from drying milk to make powder, because effectively that is a commodity. It is a higher value added product, so from a Victorian dairy farmers point of view, that price is very much determined by what the international price for dairy products is, and not so much the domestic price for milk at the supermarket shelf.

There have been some positive announcements in the last 12 months between the supermarkets and the dairy industry. Recently Coles made an announcement with Warrnambool Cheese and Butter about their new

product — Great Ocean Road Dairy Products. They have signed a five-year contract between Coles and Warrnambool Cheese and Butter.

Mr PAKULA — Mack is very persuasive.

Mr WALSH — I beg your pardon?

Mr PAKULA — John McLean is very persuasive.

Mr WALSH — It is actually a very good news story. You have got Coles working with a dairy processing company to put a new brand in the market. It is a five-year contract. One of the things I found interesting when I went to the launch of this particular program was that that brand will actually be owned by Warrnambool Cheese and Butter in the future. Coles are going to spend the money actually promoting it, but the brand will stay with Warrnambool Cheese and Butter, so I think it is actually a good deal. Out of that there is going to be additional investment in the processing capacity at Allansford — additional employment, and from memory I think they were wanting to source something like 50 billion litres of milk more to put into that particular dairy product. I do not think the tales of woe about the supermarket wars and milk prices have been reflected in dairy returns for dairy farmers here in Victoria.

Mr PAKULA — A quick follow-up, staying on dairy. I am genuinely curious, just in regard to Murray Goulburn. We had the minister for manufacturing, in fact it was in the employment portfolio. I do not think I can quote from the Hansard transcript just yet, but I will paraphrase. Minister Dalla-Riva basically, in response to the announced job losses from Murray Goulburn, quite correctly I think, indicated that he thought it was a reasonably perplexing decision. He talked about the growth potential in emerging markets, the fact that at the moment at least there is not a lot of stress in the dairy industry. He talked about the port improvements and the opportunities for expansion. I saw you quoted on the radio a couple of days ago. I would characterise it as being less perplexed and more understanding, I suppose, of the decision from Murray Goulburn. Can you just explain from the point of view of your portfolio what factors in the industry you think support the decision to roll back employment in that way, given the comments of Minister Dalla-Riva?

Mr WALSH — I do not know what you heard me say on the radio, but any job loss is always a concern to the people of Victoria and to the government of the day. If you look at Murray Goulburn, it is the largest dairy processor here in Victoria. It is still a cooperative that is owned by the dairy farmers of Victoria, who supply that company. A new CEO has been employed there and has had a look at the business and, as I understand it, believes that there is the opportunity to be more efficient in that business. His responsibility as the CEO of that company is to the shareholders, or the cooperative owners in this case, to make sure that business is competitive.

From a dairy industry point of view, it effectively sets the trends for the industry. So if it can be more profitable, it can actually pay more for the milk it sources from its farmers, and that effectively lifts the return across the whole dairy industry, because the key message that was talked about in the last couple of days was that, although the opening price for dairy milk by the factories is going to be down slightly at the start of the new season, there was commentary made at the time that there will still be competition between dairy processors for supply of milk. It is very unfortunate when any jobs are lost out of a business, but he has a responsibility to that business and to that business's cooperative shareholders, to make sure it is internationally competitive.

It is, as you would know, always tough competing on the international stage. In my presentation I touched on the issue around the tariff advantage that New Zealand will have into the China market in the future because of the free trade agreement that has been done between New Zealand and China. So it is unfortunate, but he and the board make the decisions in the best interests of that particular company and its cooperative shareholders.

Mr PAKULA — Tough for the 300 though.

Mr WALSH — No, but — —

The CHAIR — Thank you, Deputy. Thank you, Minister. I am very tempted to make an observation in response to that interjection, and I might do it. As somebody who was for a long time associated with primary industry, the reality is that primary producers are at the bottom of the price chain. They are price takers, not

price setters, and clearly this business is unique in that it is a cooperative and it has a obligation to maximise returns to the owners, who are the producers.

Mr WALSH — Can I just make a small follow-up, Chair. The other challenge that the dairy industry faces is that it is a large user of energy. It will be significantly hit by the carbon tax when it comes in. Murray Goulburn is actually one of the top 500 companies when it comes to the carbon tax. So again from recollection, it is going to cost about 1 cent a litre more to process milk post the carbon tax.

Given that, as the chair has alluded to, we are in an international, competitive market, that cost has to come out of the business somewhere. That most likely will flow back to the farmer because there will be reduced returns for milk as Murray Goulburn will have to compete internationally with the cost of a carbon tax on it. The work that DPI did a number of months ago around the cost of the carbon tax for a medium-sized dairy farm in southern Victoria found that it will have a negative impact on its bottom line of something like \$25 000 per year. So Murray Goulburn has other issues to handle as well, particularly with the introduction of the carbon tax.

Mr PAKULA — Are we having an iterative process here, Chair?

The CHAIR — I think we should probably move on at some point.

Mr PAKULA — All right. I am just not sure those 300 will think that the carbon tax is why they lost their job, but anyway.

Members interjecting.

The CHAIR — I think I will ask a question, thank you. I would like to change the subject from the dairy to the red meat sector. It is about time we threw some meat to the lions.

Mr PAKULA — We need red meat!

The CHAIR — I refer to BP 3, pages 56 and 57. Minister, can you please explain what initiatives will be funded under the boosting productivity and profitability in Victoria's red meat — that is, lamb and beef — industry program to achieve government goals in enhancing productivity? You alluded to this in your presentation. Please expand, thank you.

Mr WALSH — Thank you very much, Chair. Victoria is Australia's largest lamb producer. Something like 41 per cent of Australia's lamb production comes out of Victoria, so it is a major sector. There is the opportunity to produce more lamb. One of the benefits of the trade negotiations with the USA a number of years ago was increased access for our lamb into the USA market, which has been a real growth area for lamb. But now there is also the opportunity in Asia, with its demand for protein and red meat, to actually increase the market share there.

Out of the 8.9 million over four years that has been announced, 2.3 million of that will be invested in setting up the southern red meat innovation centre at the Hamilton Research Institute. That follows on top of the \$2.3 million we announced last year to go into the Hamilton Research Institute for lamb research. It was going to employ some additional researchers but also set up some new animal-handling facilities, a new shearing shed, new sheep yards and those sorts of facilities at Hamilton. So there is the opportunity there for a great outcome for the lamb industry, as I said. And as I said in answer to one of your previous questions, it is estimated at about a \$30 000 per year increased return for the average farmer out of the sort of research that is going to happen.

The CHAIR — Thank you, Minister. On that note I think we will take a short break.

Mr WALSH — Chair, I think I made comment in answer to Martin Pakula's question about the dairy industry and said 1 cent a litre for the cost of the carbon tax. It is actually half a cent a litre, just to correct the record.

The CHAIR — Thank you, Minister.

Mr SCOTT — Minister, I refer you to budget paper 3, page 47, where there is an output initiative for roadside weed management. I would be grateful if you could take me through what the responsibility is for state government and the shared responsibilities that are held by farmers and local government in regards to roadside weed management and expenditure of this particular item.

The CHAIR — Mr Scott, I am warning you — you are opening up an area of discussion that could take us all day!

Mr WALSH — Thank you for the question, and as the Chair has said, this is a very complex issue.

Mr PAKULA — Perfect to be ventilated at PAEC.

Mr WALSH — If you go back to 1994, I think it was, then Minister Coleman, introduced the changes to the Catchment and Land Protection Act. In that the responsibility for roadside pest plants and animals was the responsibility of the adjoining land-holder. That was the case until 2004, but when the previous government introduced the Road Management Act 2004, which was a defence to the non-feasance issues for local government, that created an uncertainty around who was actually responsible for roadside weeds because the Road Management Act 2004 actually put the responsibility for the road reserve very clearly with local government. So it has been an issue that has been around since 2004. My predecessor, the previous Minister for Agriculture, actually set up a working group to work through these particular issues with representatives from the Municipal Association of Victoria, some local government and the VFF. It was chaired by Peter Bailey. He has reported; that report is public. The government's response to that will be released shortly about how that will be managed into the future.

What you are referring to is a line item in the Minister for Local Government's budget papers where there is money being set aside for a grant program to assist local government with the control of weeds and pest animals on roadsides. The previous government had a similar program. From memory, that was about \$1 million per year to assist local government. As you can see from the line item you quoted in the papers, Mr Scott, the current Minister for Local Government has allocated \$2.6 million a year to work with local government around that particular issue. There will be a detailed government response to the Bailey report. That will be released very shortly, and there will be a process as to how we will clarify the responsibilities into the future.

Mr SCOTT — Just to follow up, you said 'very shortly'. That is probably subjective, and different ministers have different interpretations. Is that next month or the next six months? Could you provide a — —

Mr WALSH — It will be released within the next month to six weeks.

Mr MORRIS — Budget paper 3, pages 56 and 57, the DPI output initiatives, and in particular the initiative for how to boost productivity in Victoria's grain industry. That refers to research into lifting grain yield, lifting quality and the establishment of a national genetics resources centre at Horsham. Minister, can you indicate to the committee how that research and support will materially boost grower productivity and profitability?

Mr WALSH — Thank you very much for the question. The national genetics resources centre at Horsham is, as I explained before, part of Victoria's contribution to the national research, development and extension framework. A significant amount of grain research is going to be centred at Horsham, so in the budget there is \$10.6 million over the next four years for additional research into the grains industry at Horsham and \$2.7 million ongoing over that time. This is about targeting actions that can lift the productivity in the grains industry, the development of new plant varieties, better management practices for farmers in how they change their production systems and the adoption of new technologies over time.

This builds on a recent announcement that we made at Horsham in partnership with the Grains Research and Development Corporation where there has been a partnership formed between DPI and GRDC — \$2.6 million from each organisation to build a national seed bank there so that the seed stocks from around the different research institutes in Australia will be put together. There will be a new refrigerated facility where that seed will be stored at minus 18 degrees, so you have all that genetic material there in the event that you actually want to bring it out and do additional research. It builds on the work DPI is doing in actually sending seed to the doomsday vault in Svalbard, north of Norway, again. So we could have a major disease incursion — if we have the wipe-out of a particular crop because of some natural catastrophe, you actually have the base seed there stored to bring back out. Part of that announcement with GRDC is the building of new hothouses at Horsham as

well, because you have to bring that seed out by rotation and rebreed it. Stored at minus 18, I think from memory it has a viable life of something like 50 years, so you have this constant rotation where you bring that out.

It is an exciting opportunity for the institute at Horsham. There will be additional employment at Horsham for people to work in this particular area. As part of the on-farm adoption of the work that is being done, it is estimated that there will be a positive benefit for farmers of something like \$50 000 per year as far as better fertiliser utilisation in their cropping programs goes. There will be additional infrastructure at Horsham, additional researchers employed at Horsham and a positive benefit to farmers in taking up that technology to improve their profitability.

Ms HENNESSY — Minister, I refer you to page 241 and 242 of budget paper 3. In particular the DPI objectives and outputs refer to in ‘Engaged, safe and responsible communities’, but I would like make reference to a statement of expectation you wrote to PrimeSafe where you emphasised the importance of maintaining a balance between the interests and needs of their industry stakeholders and the discharge of their regulatory obligations in a transparent and equitable way. Is the minister satisfied with the rationale given by PrimeSafe for the closure of local abattoirs in Trafalgar and Bundoora?

Mr WALSH — The Bundoora closure is what?

Ms HENNESSY — My understanding is that there was an abattoir closed both in Trafalgar and Bundoora.

Mr WALSH — I am aware of the Trafalgar one; I am not aware of a Bundoora one.

Ms HENNESSY — I am not trying to be tricky here at all, Minister. I am simply really trying to get to the nub of: are you satisfied? Let us, for example, confine my question to Trafalgar then. Are you satisfied with the rationale they have given?

Mr WALSH — The Trafalgar situation, which is the Giles abattoir that I believe you are talking about, there was an issue with some footage that was filmed and put on the internet, I think from memory, around some animal welfare issues at that particular site. PrimeSafe, as the regulator, was involved in that. The Giles family handed in their licence to run that particular abattoir. There has been a detailed investigation by the bureau of animal welfare from DPI into those particular issues. As I understand it, there have been a number of charges under the Prevention of Cruelty to Animals Act laid against people at that particular facility. Given that there are those matters happening, I think it is not appropriate to talk about those particular issues because they will be before the courts in the future. I think PrimeSafe, which is the basis of your question, acted quickly and responsibly to make sure that animal welfare issues were being addressed at that particular abattoir. The one at Bundoora I am not familiar with.

Ms HENNESSY — Just a quick follow-up: Minister, are there any plans or do you propose to take any action to improve the transparency and accountability of decisions made by PrimeSafe?

Mr WALSH — I think PrimeSafe have a very important role as to dairy food safety in the DPI portfolio, in making sure the integrity of the food that people buy is safe and that animal welfare issues are addressed by those people dealing with those particular animals. They have discharged their duties, I think, very well over the years. We have not had a major issue around food safety that I can recall for probably a decade or more, which to me says that they are doing a very good job of working with industry — and I must compliment industry as well as to how they manage these issues around food safety — and that is their prime responsibility. If you go into a shop, you know that whatever you are buying that comes out of those particular areas is safe.

Mr ANGUS — I refer you to budget paper 3, pages 56 and 57, and I note under the output initiatives that there is one there for securing a long-term future for Victorian horticulture. It goes on to note that that is particularly in relation to the pears, stone fruit and almond area, and additional support in relation to research and development. You touched on that in your presentation also. Can you advise what measures will be put in place to support the industry under this initiative?

Mr WALSH — Thank you for the question, Chair. The horticulture industry is a key part of the agricultural production system here in Victoria. As I touched on in my presentation at the start of this hearing, there is some targeted investment from DPI in the particular areas where there are growth opportunities into the future.

If you actually look at the pear industry there has been some very good work done by DPI at Tatura about breeding new pear varieties, particularly a new pear variety called Corella, which is a redder, pinker coloured flesh pear which is sought after in the Asian market. Not only have they been doing work on varietal breeding, but they have also been doing work on their production systems. They have refined the Tatura trellis production system, where they have actually halved the time it takes to get pears to full production.

One of the sayings that has always been around the orchard industry is that you plant peaches for yourself and you plant pears for your children because it takes so long for them to come to full production. Historically, it took about 10 years to get to full production in the pear industry. With the new varieties and particularly the new management systems they have developed with the variations they have done to what was the Tatura trellis system where they have the V-trellising for fruit trees, they have actually cut that back to five years when they can get full production out of the pear industry. So there has been additional work around that varietal development and additional work around the production systems for the pear industry to improve the profitability and the marketing opportunities for the pear industry.

Similar work is being done in the stone fruit industry around nectarines, peaches and apricots. Again, there is demand in Asia for those particular products and there are opportunities for varietal improvement, and the opportunity for production system improvement — particularly with the stone fruit industry — is post-harvest handling and actually identifying what is the premium time to pick that fruit, so if you pick it at the right time you increase the shelf life. When you have got the transport times between here and Asia, if you can pick up a few days of shelf life, that has a major profitability impact for those industries.

The third area that we are targeting in the horticulture sector is the almond industry. For those who have travelled through northern Victoria, the huge plantings in the almond industry there are great marketing opportunities into India. Almonds are a staple part of the Indian diet. If you go back to my presentation, I think I spoke about the next 20 years when there are going to be 1.6 billion people in India. If they eat a handful of almonds a day — or if they eat one almond a day — we will have to have a lot of almond trees to supply that demand. They not only obviously eat almonds as whole nuts as we may, but they also use them in their cooking, ground up, sliced and all those sorts of issues.

It is very much, as I have said in answer to other questions, part of the decision-making matrix as to where DPI is investing its resources, and it is into those sectors where there are growth opportunities for markets overseas, and by lifting the productivity of those sectors we lift the profitability of the farmers who are actually involved in it.

Mr PAKULA — Minister, you would recall a conversation last year at PAEC about wild foxes and the wild fox bounty.

Mr WALSH — As separate to tame foxes.

Mr PAKULA — Sorry?

Mr WALSH — As separate to tame foxes.

Mr PAKULA — As separate to tame foxes, yes. During that conversation we talked about feral cats as well, and I think there is a recognition that feral cats are a substantial problem as well. I cannot find any particular line item in the budget for dealing with feral cats in a similar way, certainly not through a bounty. Can you take us through what programs exist for the control of feral cats in the absence of a specific budget line item?

Mr WALSH — Thank you for the question, and as part of your question you touched on the issue of the fox bounty. I think if my recollection is correct about the discussion we had about this last year, there was a concern by you as the questioner that people would be storing dead foxes or body parts of foxes in freezers to take advantage of the bounty when it was actually announced. As you would know, on 1 October we started the fox bounty. We made an announcement at that time that the body part to be handed in to receive that bounty was the scalp including the full face mask. So for all those people who had been anticipating whether it would be the tail or the scalp or whatever and had taken your advice to store it in the freezer — I am not sure their wives would have liked them being stored in the freezer — —

Mr PAKULA — I am not sure it could be characterised as advice, Minister.

Mr WALSH — The fox bounty did start, and in the first seven months now there have been nearly 52 000 fox scalps handed in, so I think that is a ringing endorsement of that particular program that people are actually out there hunting. As part of that there was also a bounty for wild dog pelts —

Mr PAKULA — My Jack Russell would love to get in on that action.

Mr O'BRIEN — There is no bounty on Jack Russells yet, I do not think, Minister.

Mr WALSH — I will not comment on that. So as part of that there is a wild dog pelt bounty as well. There have been 214 wild dog pelts handed in as well, which is why I am coming to your issue of cats — that is, the challenge with the wild dog pelt is to make sure that people are actually hunting wild dogs and not domestic dogs. Instead of being a scalp, they have to hand in a strip of the pelt from the back so DPI staff — the wild dog program — can identify whether it is a wild dog or a domestic dog that someone has hunted. I suppose the challenge in the premise of your question is if there is some form of bounty on cats, how do you determine what is a wild cat and what is a domestic cat. I would not like our government to be encouraging people to go out and hunt people's cats.

Mr PAKULA — Just for the sake of clarification, I was just asking about programs for the control of feral cats, not necessarily bounties. But while we are on the question of feral cats — the puma hunt, Minister. You have previously indicated that we were going to get to the truth about big cats once and for all, and I see from a report in the *Herald Sun* now that whilst there will still be an investigation in regard to the existence of the puma, it might now be a small desktop study of existing documents. For the benefit of the committee, can you just take us through the actual status of the hunt for the puma or the big cat?

Mr WALSH — Thank you for the question. I am very happy to take you through where that particular commitment is at, and I have answered this previously to the media. DPI resources out of that particular area have been committed to doing the work, and you would have seen the publicity recently about the proposed aerial baiting program to control wild dogs. The resources that would be utilised for the work you are talking about have been fully utilised in trying to get that aerial baiting program up for wild dogs. As you would be very well aware, we have had some significant challenges with the commonwealth department to get approval to do that program, so a lot of work from DPI staff went into preparing the submission for an aerial baiting program. The commonwealth came back and said they required significant additional survey work to be done, particularly around quolls, before we could do that aerial baiting program. To me, it defies logic when you have got an aerial baiting program on the New South Wales side of the border that functions very effectively, but the commonwealth department wants additional work done here in Victoria before we can do that.

DPI staff have been very busy on that particular program. The DPI went to the Wild Dog Management Committee and put the facts before them several weeks ago and asked them for advice — that is, that there was a budget allocation for aerial baiting of wild dogs, the commonwealth was not going to allow it to happen this particular year, because this is the time of year to be doing that, in the autumn. 'Do you want us' — as in DPI — 'to spend that money on very extensive survey work with no commitment from the commonwealth that we may get a positive outcome as far as aerial baiting is concerned?'. The decision was made to have a more extensive targeted ground baiting program with that budget allocation to assist with the control of wild dogs. The resources of DPI have been very much focused on the wild dog issue. As I have said to other people who have asked this question previously, when that work is concluded, we will have a look at that particular issue around the puma.

Mr O'BRIEN — I will refrain from asking another question about the dairy industry. I will turn to weed management or roadside weeds and follow-up from Mr Scott's question. I refer to budget paper 3, page 56. In relation to the management of established weeds, it appears that the management of those weeds has been transferred from DPI to the Department of Planning and Community Development, and I ask: Minister, could you explain this shift in priorities and explain to the committee what role DPI will take in pest weed control compliance on roadsides?

Mr WALSH — Thank you are very much for the question. Can I just ask the asker: is he talking just about roadsides or compliance on private property as well?

The CHAIR — I think he is referring to the management of roadsides. Is that your question?

Mr O'BRIEN — I have asked in relation to weed control compliance on roadsides, but there is obviously concern about the interaction between one and the other, and I am happy for you to answer to the extent that you consider the two issues are related.

Mr WALSH — Thank you very much for the question. I think we have touched on some of these issues with Mr Scott's question earlier. There was the Bailey report, as I have talked about — the government response to will be out to that shortly — and there is a line item in the local government minister's budget papers for grants to work with local government on the control of pest plants and animals on their roadsides. As part of that program DPI obviously has the compliance role to make sure that is actually carried out. It is my understanding that DPI, in the early stages of this program, will work with local government about their weed and pest animal management strategies. The recommendations that were in the Bailey report were that for local government to have the capacity to deliver this responsibility they would need to have local action groups or Landcare groups that actually wanted to be involved in the control of those weeds or pest animals on roadsides, because the cost to local government if there was not community involvement would be very, very difficult to meet. DPI's role there will be to give advice to councils as to how they will set up their weed management plans and their pest animal management plans for roadsides, and then making sure that the councils are actually fulfilling those particular roles. As has already been said to Mr Scott, there is \$17.8 million over three years to assist local government to transition to that particular situation.

I suppose in a broader sense one of the focuses that DPI has had in recent times is around better enforcement of private land-holders actually managing weeds as well. There has been a significant lift in the number of inspections by DPI officers. From 1 July 2011 to 31 March 2012, DPI officers have inspected 3373 properties, which covers a bit over 300 000 hectares of land that has been inspected. They have issued 247 properties with land management notices and 580 properties with direction notices about cleaning up their weeds or particularly their rabbits. Three property owners have actually been prosecuted for failing to comply with those land management notices, and a further 25 properties are being issued with infringement notices as well.

The clear message that I receive as I visit country areas is that the overwhelming majority of land-holders do the right thing when it comes to controlling pest plants and animals on their properties. The letters that we constantly get are that there is an occasional recalcitrant in those particular areas. That brings down the control effort for the whole district. If you have someone who does not control their rabbits, and everyone else does, they soon reinfest those properties where the work has been done; the same with pest weeds. A lot of correspondence over time out of Gippsland is around gorse control and some of the other weeds down there. DPI is having a very strong focus on making sure land-holders — and in the future, local government — will actually do the work that is needed to be done.

Mr SCOTT — Minister, in your presentation you made reference to the timber industry action plan, and as I recall you made some further comments about the timber industry. Noting that almost half of our forests have been burnt by bushfires in the last decade — as I am sure you are more than aware — and that I think VicForests' own resource outlook suggests that the mixed species available have declined, do you have any plans to increase the supply of timber to meet current existing contracts?

Mr WALSH — The timber action plan has a number of actions in it. So you are asking about the issue of security of supply of timber?

Mr SCOTT — Yes, absolutely.

Mr WALSH — And you have touched on the issue of bushfires. VicForests is the responsibility of myself as the minister for primary industries, but the minister for environment also has some responsibilities around protected species survey work and the management of what areas are actually available to log. The discussion with the timber industry now is not around increased supply of timber; the discussion is very much around longer term tenure and security of supply of the existing contracts so that the timber industry actually has certainty to invest.

One of the messages that I have received very loudly and clearly from the industry is to invest in new technology, to invest in better value-added processing in the timber industry. The timber industry needs long-term tenure to supply that wood; otherwise, you do not make those sorts of investment decisions. So

discussions that are being had are around how you can make sure the timber industry know they will have a continual supply of timber rather more than increasing the supply of that timber.

Mr SCOTT — Just so I am clear, your argument is that the industry is more interested in the long-term nature of their supply rather than in the particular supply year to year? I am trying to distil what you have just said to me. Is that your point?

Mr WALSH — No. As I understood the question you were talking about opportunities for increased supply.

Mr SCOTT — No, what the question really — sorry, with the Chair's indulgence?

The CHAIR — Go right ahead.

Mr SCOTT — I was really seeking whether you plan to increase the supply in order to meet existing contracts, because of the reduction in the availability due to bushfires and other factors, was essentially the essence of the question.

Mr WALSH — So existing contracts are being met. There was a major program by VicForests, with the assistance of government, in salvage harvesting post the bushfires. That program is effectively finished now, because the quality of the timber deteriorates very quickly after a bushfire. There was a major salvage operation, and those logs were stored in various places, either under sprinklers or in water, to keep them at a quality that was suitable for the timber industry to use. So there is no issue with the current supply to existing contracts, as I would understand it.

The CHAIR — Minister, I refer to your presentation and to the issue of game management and hunting. I am interested in the issue particularly of the transfer from DSE to DPI since last year of the responsibilities for game management and hunting. Could you advise the committee where the change is reflected in the budget papers and in effect also what it means for the delivery of services to the game industry, such as managing the duck season and other impacts on the community stakeholders?

Mr WALSH — Thank you very much, Chair. As you said in your question, the responsibility for game management has transferred from DSE to DPI. If you go to budget paper 3 in the service delivery table 2.23, the output summary located on page 242, that actually sets out those particular issues. The change from DSE to DPI from my understanding has been welcomed by the game hunting industry. You touched in your question on the issue around the duck season this year. The breaking of the drought and the return of a significant amount of water in our water bodies across Victoria meant that there was a full duck season announced this year.

DPI with the hunting industry does extensive survey work across all Victoria's wetlands to determine the number of ducks that are actually there, as to the length of the season and the bag limit that is going to be set for the season. This year there was a full season, and there was a bag limit of 10 announced. I suppose for the hunting fraternity, unfortunately, a couple of weeks before the duck season opened there was substantial rain and flooding across some of central New South Wales, and what was looking like being an excellent hunting season dissipated very quickly as those ducks packed up and migrated interstate, so there was not the number of ducks there that people anticipated.

During the actual duck opening itself there were something like 160 DPI staff, Parks Vic staff and VicPol and DSE staff who were very active in the wetlands across Victoria. The feedback that I have had from the sector is a very positive response to the way those particular staff managed the duck season. The media reporting around the duck opening of the involvement of families and the family nature of those who went out and camped and enjoyed the opening weekend I think augurs well for the future — that it is not just about people going out there and shooting ducks; it is very much a family, intergenerational occupation that people carry out.

One of the things that DPI did was actually send a circular around to staff for those who were prepared to work on that particular weekend and be involved. My understanding is that was actually oversubscribed, that people were very positive about wanting to be part of that particular process. As I said, there was very positive feedback from the hunting fraternity about how DPI, DSE, Parks Vic and VicPol staff actually managed the season.

Ms HENNESSY — Minister, in opposition you had very strong views about the efforts to control fruit bats, and I think it is fair to say that the VFF Horticulture Group would like to see the government do more on this front. I was wondering if you could point to any provision in the budget to tackle this invasive species?

Mr WALSH — Thank you for the question. Fruit bats are a very contentious issue, as you would well know, and not only in just the horticulture area but there was also the issue about the bats in the botanic gardens here a number of years ago that were causing the trouble that they had there. There is also an issue about fruit bats and flying foxes and the risk of Hendra virus particularly in horses but, as has been reported interstate, transferred to dogs, I think from memory, on a particular property. So it is a very contentious issue.

There is the opportunity for orchardists, if they so choose, to put in place netting over their fruit tree crops to keep the bats out. That is an issue for those to make individual decisions about. The discussion with the VFF horticultural industry about this particular issue is that they would actually like to have accelerated depreciation within the tax act. At the moment it is depreciated over the life of the project, which means their depreciation is very slow. They would like an accelerated depreciation where they could write it off, for argument's sake, in a three-year period.

I was recently at the VFF annual conference in Bendigo. At the table was Sue Finger, who is the president of the VFF Horticulture Group, as was Senator Joe Ludwig, who is the federal agriculture minister. I took the opportunity to swap seats with Sue so she could sit next to Senator Ludwig and talk about those particular issues. Their view is that accelerated depreciation would be the best way of actually managing this particular issue, to give the financial incentive for orchardists to put up netting that not only helps them from a hail point of view but would also help them from a bats point of view and also other issues around some of the native birds that actually cause trouble as well.

Ms HENNESSY — Is it your view that that is the best kind of fruit bat control measure? What do you think are other good or innovative fruit bat control measures?

Mr WALSH — Talking to the orchard industry, as I have already said in the answer, there are some advantages in hail netting for not only hail but for obviously keeping fruit bats out, in this case, and also keeping out some of the other native birds that actually do damage to fruit crops. My understanding from talking to the orchard industry is that within the current rules that are available to them they believe that is probably the best way. The signal that they believe would help them invest in that particular technology is accelerated depreciation. I have supported them, not only with how I described to you at the VFF dinner but we recently had the primary industries ministerial meeting in Adelaide, where I put on the agenda this issue about having a discussion at The Nationals primary industries ministers meeting about how we actually work with the commonwealth to get an accelerated depreciation schedule for investment in hail netting.

Mr MORRIS — Minister, I want to return to the issue of wild dogs, which was sort of touched on in Mr Pakula's earlier question. The committee is certainly aware of the considerable investment the government has made in wild dog control. I am wondering can you indicate the outcomes from that investment, successful or otherwise?

Mr WALSH — Thank you very much for the question. As we have already talked about, since we have come to government we have established the wild dog control advisory committee. Prior that there was a north-east committee and a Gippsland committee, and it was viewed that it was better to have one committee because the issue does not change as you cross the great divide. My parliamentary secretary, Bill Sykes, has been instrumental in working to get that committee set up, as he is also working with Bill Tilley, the member for Benambra, and Tim Bull, the member for Gippsland, who are probably the two local members who have this issue in their particular electorates.

Since July 2011 the DPI has baited 1274 kilometres of track with 7390 baits actually laid over that time, they have set a bit over 1500 traps over that time as well and they have trapped 349 dogs out of that particular program and shot another 77 dogs. A lot of work has been done. It is a very emotive issue and particularly for those who are impacted, and we do not need go into graphic details here today, but it is horrific to see what happens to animals when there is a wild dog attack and no-one walks away from the impact it has on those particular livestock producers in that area. DPI has been very active in the program that they have been carrying out.

I think we already touched on in answering Mr Pakula's question what has been happening with the fox and the wild dog bounty. As I continually say about these sorts of issues, any one part of a program is not a solution in itself; it is actually about having a concerted effort across bounty, across baiting, across hunting and across trapping. And one of the things that Bill Sykes as parliamentary secretary has been working very closely with the wild dog control advisory committee on is how you actually get community groups involved, because you actually need a concerted effort, as I talked about before. With the issues around weeds and pest animals, if you have one particular property owner in a district who does not do their program, it lessens the impact of everyone else who does. So it is about how you actually have a community buy in so you have a shared involvement in making sure there is a mixture of control measures used to get the best outcome.

Mr PAKULA — Minister, before this committee the Treasurer indicated that when the mining states do well, the Victorian economy does well. Without seeking a view from you about that, I suspect some of your stakeholders would find that comment curious, given that in your presentation you have indicated that a couple of the challenges for agriculture are the high Australian dollar and labour shortages, and I would suggest that the mining boom is at least in part, Mr Morris, responsible for both of those things. You have got the export contributions on the previous slide for the top five sectors. In the last couple of days we have seen maybe, I think, almost 5 cents come off the value of the Aussie dollar against the American dollar. Has your department got any modelling or any figures it can provide to the committee about the improvement in the total export contribution of the agricultural sector for each 1 cent or 5 cent drop in the value of the Australian dollar that you can share with the committee?

Mr O'BRIEN — Just on a point of order, Chair, I do not accept the categorisation of what the evidence was, and it should not be put to the minister that that is what the evidence was. As I recall the evidence it was to the effect that given that we have a number of head offices and the service industry in Victoria, when the mining industry goes well that aspect of the economy goes well.

Ms HENNESSY — That is not what he said.

Mr SCOTT — It is not what he said.

Mr O'BRIEN — I can get the transcript, but given that you are putting it to the minister who was not present at that hearing it would be fair that you put the quote fairly.

The CHAIR — Thank you, Mr O'Brien. I will take that as a comment.

Mr WALSH — My understanding is that DPI is not doing work on those short-term trends in currency. Obviously there is work done on long-term trends around those particular issues. I suppose you touched on the mining boom, and I put it to the committee that I actually think for Victoria our next mining boom is actually the food boom. If you actually look at what we have talked about in the presentation and talked about in quite a few of the questions, I think the really positive outlook for the Victorian economy is how we actually are a part of the supply of food and fibre to the world. We are the pre-eminent state for exporting food and fibre, as I touched on in my presentation — 28 per cent of the total food and fibre exports out of Australia come from Victoria.

I think there are actually great opportunities for the Victorian economy and for employment in the Victorian food and fibre sector, particularly regional employment around that particular issue, which is one of the reasons that we have actually set the target for the industry and for DPI as part of that industry to work towards doubling food and fibre production here in Victoria over the next 20 years. I think the opportunities for Victoria are in food and fibre, as much as they are in services to the mining sector, as has been touched on by Mr O'Brien.

Mr PAKULA — Minister, if what you are suggesting is that Victoria is more likely to benefit from a boom in food than a boom in mining, I agree with you wholeheartedly.

Mr WALSH — I worry when you agree with me.

Mr PAKULA — I would not expect you to do an analysis of short-term fluctuations, but in terms of the benefit to agricultural exports from currency movements — and I know you do not set the currency — is there sort of a target rate against the US dollar at which point agriculture exports boom? Is 90 the rate? Is 80 what the sector is looking for?

The CHAIR — Try to assist the minister.

Mr PAKULA — What number is the sector looking for, do you believe?

Mr WALSH — I suppose, Mr Pakula, the issue here is the exchange rate is only one part of a market situation.

Mr PAKULA — I understand that.

Mr WALSH — It depends on the international demand, the international supply, and if you talk about the dairy industry as an example, although we have a high Australian dollar there is high demand for dairy products worldwide and there is a traditionally higher price worldwide for those dairy products. You mentioned particular numbers — one of the discussions in the dairy industry over the years has been if the dollar went above 80 cents, that was going to be very difficult for the dairy industry. We have had above US parity for the dollar, but we have also had increased world demand and increased world prices for, in this case, dairy products. Movements in currency are only one part of a market situation, and I think you cannot model on one part of a market situation on its own. It is very much about the long-term trends in demand for a particular food type or fibre type and the capacity of the market to pay that, which will have a greater bearing than any short-term movements in currency.

Mr ANGUS — Minister, in your presentation earlier you referred to the work of the Department of Primary Industries to enhance laws around the control of dangerous dogs in our community. Can you please report to the committee on what impact the new measures are having and what assistance DPI is providing to local government to enforce the new laws?

Mr WALSH — Thank you for the question. As part of the responsibilities DPI have, and particularly the Bureau of Animal Welfare, this is a very important issue in the community. We all remember with horror the death of Ayen Chol, the four-year-old from St Albans who was mauled and killed by a dog, which just set off community outrage about those sorts of situations. The government did respond at that time and the government did respond with bipartisan support, to give credit to the opposition, that something needed to be done around that. The previous government had legislation in place for restricted breed dogs. To have a restricted breed dog registered they had to be desexed, they had to be housed appropriately, they had to have a special collar on them and there had to be a sign on the gate.

There was an amnesty for people to implement those rules. We as a government brought forward the closure of that particular amnesty. We also put in place a new description of what a restricted breed dog is to give councils assistance in identifying those particular dogs. Since all that happened, there are something like 520 dogs on that restricted breed declared list; 383 of those are dogs that are still alive and being kept under prescribed conditions. The reason for the difference in the total number and the number of dogs that are alive, as I described, is that once a dog is actually put on that register it is not taken off when it passes away. It is kept on the register just for the sake of keeping the committed database there.

With that new program in place there has been some publicity about people who are appealing the description of their dog. Because we put in place, I believe, a very good descriptor so that councils can identify those particular types of dogs, there have been a number of appeals to VCAT, but of the four that have been heard so far three VCAT rulings have actually supported the council decision in the fact that they were restricted breed dogs. Before the standard was put in place it was very difficult for councils to get a positive outcome from VCAT. I think the work that the government has done, particularly the work that DPI has done there, has assisted with that particular case.

As part of that, DPI has also run a major training program for by-law officers at councils so they are well equipped with that breed standard so they can do the identification. Something like 183 officers from 56 councils have attended those workshops over the last 12 months to assist with the control of those particular types of dogs. DPI has also put in place some grants to assist a number of metropolitan councils in Melbourne that believed they had a larger percentage of those types of dogs than other councils. There were grants of \$135 000 in total made available to those particular councils to implement the new standard.

Mr SCOTT — I would like to return to the theme of pests and animals that provide a threat to agriculture. I suppose there is a range of jokes about PAEC that could be made, but I will restrain myself at this juncture. I

would like to turn your attention to the issue of the black slug, which I understand has been raised with you in the Parliament. There has been an identified threat to agriculture in the south-west coast of the state, near Apollo Bay, from the black slug, and I understand you had a question about this matter regarding — —

The CHAIR — Go on.

Ms HENNESSY — Let the record show the existence of the black slug!

Mr WALSH — Let the record show the blank look on everyone's face.

Mr SCOTT — I understand that you have been asked about the black slug and the threat that that provided to agriculture — not you; there was a question from the shadow minister, I think it might have been in the upper house, relating to the risk that the black slug poses to agriculture in the south-west coast of the state. Is that not something you are aware of?

Mr WALSH — I am very happy to take it on notice.

Mr SCOTT — If it is something you are unaware of. I understood there had been questioning in the Parliament about this matter, so I thought it might have been something you were aware of.

Mr WALSH — At times there are strange things that happen in the upper house.

Ms HENNESSY — Minister, I agree with you.

The CHAIR — Minister, I have to counsel you.

Mr PAKULA — There might be some new alliances being formed.

Mr WALSH — I am very happy to take the question on notice, because as I look around the room there are relatively blank looks.

Mr SCOTT — There is a phalanx of departmental staff in the building currently, and I must say you have one of the bigger congregations here. But I will leave that as an issue.

The CHAIR — Mr Scott, where would you like to go with this?

Mr SCOTT — I will keep it simple so it can stay on notice.

The CHAIR — Thank you. I think that is entirely the appropriate moment to pause these hearings.

Mr SCOTT — It has been a long nine days, Chair.

The CHAIR — However, I know there is — —

Mr SCOTT — On notice, if you allow me to finish.

The CHAIR — He has put it on notice.

Mr SCOTT — No. I have not asked the question. We have had a range of — —

Mr PAKULA — But he has to actually ask the question.

Mr SCOTT — I just simply ask: what provisions are being made in the budget, if any, to tackle this invasive species?

Mr WALSH — I am very happy to take the question on notice. Given that we are not aware of this particular issue, it is pretty hard to make an appropriation in the budget for something you are not aware of.

Mr SCOTT — Take it on notice. I am very happy to have it taken on notice.

The CHAIR — Thank you, Mr Scott, for that very interesting question.

Mr O'BRIEN — Further to that point of order, the reference from *Hansard* is to page 21 of Mr Wells's speech, where he said:

I mentioned earlier that AAA is also very important when you are attracting and maintaining large head offices in Victoria. When you look at the mining states, we have BHP, we have Rio Tinto and we have Newcrest with their head offices here in Melbourne. They want to be dealing with a government that has a AAA credit rating. When the mining states do well, Victoria does well as a result of the mining states.

That is the context in which that comment was made. If you put it into the context — —

The CHAIR — Mr O'Brien, I have heard enough. You have made the point twice now. Thank you. Did you want to ask a question in completion?

Mr O'BRIEN — I do want to ask a question about the farm debt mediation scheme, about which I have had reports that it is already operating successfully in a number of instances. I would like to ask you as the minister and also to the extent that you can report on the office of the small business commissioner, where is the funding to implement this initiative referenced in the budget papers?

Mr WALSH — Thank you for the question. Budget paper 3 out of year 10–11: it was one of our commitments there for this particular program — \$3.9 million over five years to fund it. As I understand it, at this stage there have been 28 requests for mediation which have been referred to the small business commissioner. From memory I think there have been four successful outcomes out of that particular program, so the feedback that we are getting from the industry is that it is being viewed positively. It is something we anticipated would happen, because the legislation here in Victoria was modelled on but refined from similar legislation in New South Wales. It has been operating in New South Wales for quite a few years, and again from memory I think that there was something like a 70 per cent satisfaction rate with how it was actually being dealt with in New South Wales. At this stage it is early times. The knowledge of that particular debt mediation program is spreading within the industry, and it is obviously being taken up by those who are in dispute with their banks.

The CHAIR — Thank you, Minister, and on that note we will say farewell to the departmental officers Mr Rosewarne and Mr O'Farrell. I thank them for their attendance, and we will adjourn, with no more discussion about black slugs for the time being. Thank you.

Witnesses withdrew.