

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2018–19

Melbourne — 13 June 2018

Members

Mr Danny Pearson — Chair

Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Mr Steve Dimopoulos

Mr Tim Smith

Mr Danny O'Brien

Ms Vicki Ward

Ms Fiona Patten

Witnesses

Ms Jaala Pulford, Minister for Agriculture,

Mr Richard Bolt, Secretary,

Dr Emily Phillips, Deputy Secretary, Agriculture, Food and Fibre, And Chief Executive, Agriculture Victoria,

Professor German Spangenberg, Deputy Secretary, Agriculture Victoria Research Group,

Mr Justin Hanney, Head, Employment, Investment and Trade, and

Ms Lill Healy, Deputy Secretary, Policy, Programs, Small Business and Employment, Department of Economic Development, Jobs, Transport and Resources.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2018–19 budget estimates.

All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Agriculture, the Honourable Jaala Pulford, MLC; Mr Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Mr Justin Hanney, Head, Employment, Investment and Trade; Professor German Spangenberg, FTSE, PSM, Deputy Secretary, Agriculture Research; Ms Emily Phillips, Chief Executive, Agriculture, Food and Fibre; and in the gallery, Ms Lill Healy, Deputy Secretary, Programs, Small Business and Employment.

Any witness who is called from the gallery during this hearing must clearly state their name, position and relevant department for the record.

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

The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

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

Witness advisers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

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

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

Ms PULFORD — Thank you. Nice to be here with you all. Thanks for the opportunity to present on the agriculture portfolio, some of the priorities and outcomes.

Visual presentation.

Ms PULFORD — The Victorian food and fibre sector is performing strongly. It is recovering from drought and the recent instability in dairy prices, but in spite of this the sector has maintained its significance to the Victorian economy compared with other industries. Victoria accounts for nearly a quarter of national primary production, which is fairly impressive, given it is only 3 per cent of the landmass. Our food and fibre sector employs 207 000 people across both production and manufacturing.

The food and fibre sector strategy is strongly focused on exports. We have gone from \$10.9 billion in 12–13 to \$12.8 billion in 16–17, an increase of close to 17.5 per cent over five years. Our traditional export strengths of meat, fibre, dairy and grains have grown strongly during this time, and the horticulture sector is soon to double, based on its current growth trends.

Our government is very proud to have increased the level of government support for this sector. The graph on the left shows the overall funding for the agriculture portfolio over the last five years. In 18–19 our government will be investing \$526 million in the output functions for the agriculture portfolio. The graph on the right-hand side shows the grants provided externally to business in the industry over the last five years to support the sector. Much of this significant growth is driven by our \$200 million Agriculture Infrastructure and Jobs Fund.

The most significant reform in this portfolio is the electronic identification of sheep and goats. By the end of December last year all 23 Victorian sheep processors were scanning electronically tagged sheep and goats and

uploading that information to the national livestock identification system, the database. By the end of March this year all 22 Victorian saleyards were scanning electronically tagged sheep and goats and uploading that information to the NLIS database as well. So the first couple of months of scanning has gone very well. The feedback is positive. This is a very, very significant reform.

With your indulgence, Chair, I take the opportunity to thank members of the advisory committee led by Stuart McLean, the Agriculture Victoria EID transition team led by Warren Straw, and the president of the VFF Livestock Group, Leonard Vallance, for their outstanding commitment to this reform and their tireless work on it.

Medicinal cannabis is another area that we are very proud to have led national reform on. Patients can now access life-changing medicines to treat a range of medical conditions. We have worked, as I think committee members know, in partnership with the health minister and her department on this reform. My department has been cultivating medicinal cannabis for local product since August 2016 and producing extract since the middle of last year. The Department of Health and Human Services are overseeing the preparation of the final product. But our focus now is very much on the development of this emerging industry and the opportunities it presents for Victoria.

In April of this year we announced that we have secured Victoria as Canopy Growth's headquarters. They are the world's largest medicinal cannabis company, a Canadian company, and they see this region as the natural home for what will be their Asia-Pacific headquarters. That investment will bring with it 200 jobs. There is also the development. That picture there on the slide is of the *Industry Development Plan*. Any members that have an interest in this area might want to have a look at what we are doing more broadly there.

The Rural Women's Network. For reasons I probably will not ever understand, the Rural Women's Network was closed down by the former government. We restored its funding and breathed new life back into it, and it was launched on 1 July 2017. There are already over 900 subscribers, and that is growing steadily. There is a new e-newsletter and the first big event for the new Rural Women's Network is scheduled for August, the Victorian Women in Agriculture Forum. It will promote an increase in women's economic participation, professional development and wellbeing. Its agenda is very much being run by its members and its participants.

Animal welfare is another area that has been very busy for the government. Stamping out puppy farms has of course been a key focus of our efforts, and in December 2017 the Parliament passed the puppy farms laws. We also established in February of this year Animal Welfare Victoria, and have recently developed and launched the state's first *Animal Welfare Action Plan*, which reflects extensive consultation with a broad range of stakeholders and quite a lot of input from members of the Victorian community. We recently released the final *Code of Practice for the Keeping of Racing Greyhounds* following nine months of consultation with industry and animal welfare groups as well. The latest round of the animal welfare grants program has recently opened, and since January 2015 we have provided 36 grants to 31 community organisations supporting and promoting animal welfare.

In research and development our work supports multiple sectors, but I will just take the opportunity to highlight one particular example. This is all underpinned by a very, very strong partnership with industry. A new initiative — and there are a number of others up there on the screen — Dairy Feedbase, was developed by Agriculture Victoria in close partnership with Dairy Australia. This will lead to high impact innovation in feedbase and animal nutrition and lead to greater productivity for the dairy industry. This significant investment in research and innovation targets the single most important aspect of Australian dairy farming, which is the cost competitiveness of the feedbase. The total investment between Agriculture Victoria, Dairy Australia, the Gardiner dairy foundation and agribusiness is \$54 million — so a very significant research project.

Digital agriculture has been an area of some focus for us since I last presented to the committee as well. Every part of the state's economy is benefiting from the extraordinary change occurring as a result of internet-enabled and digital technology, but agriculture is the least digitised sector in the Victorian economy. In the 2017 budget we had a \$45 million Connecting Regional Communities program. Part of that included \$12 million for the adoption of internet-based technologies on farms, so an IoT trial. We are aiming to get 600 farms involved in that across a range of different commodities and in four separate regions in the state. We have also announced another \$15 million that will back in what we learn through the IoT trial and \$1 million for SproutX, the country's first agtech accelerator and incubator. I very much want Victoria to be the national leader in the adoption of agtech on farm and the natural home for agtech investment. This is really about enabling our farms

to be digitally enabled and improving the productivity, competitiveness and sustainability of the ag sector in Victoria.

Energy is a significant cost input for many agricultural businesses, and that is why we established the \$30 million *Agriculture Energy Investment Plan*. This is about cutting energy costs by supporting farmers to invest in efficiencies and on-farm generation. We launched this just before Christmas last year, and more recently applications have opened for the first step. To access the grants program people need to have an on-farm energy assessment undertaken on their property. Already close to 100 have registered for an on-farm energy assessment, so there will be lots and lots of activity to that end, and that will then provide people with the information they need to go on and make grant applications for things that will be very, very useful for their business.

I know that the committee is well aware of our achievements in recreational fishing, so this year I wanted to just take a moment to highlight some of the things we are doing for the commercial sector.

Ms SHING — Is that a lobster, Minister?

Ms PULFORD — Yes, and it is tagged. On the screen there are quite a number of things that have been an area of focus in our work with the commercial fishing industry, but some of those that we are particularly proud of are cutting red tape for the live harvest of lobster and abalone, something the seafood industry sought for a long time, and a tagging program — and that is what that is a photo of — which is about improving our knowledge of the take of lobsters by requiring recreational fishers to provide important data for the sector.

The Victorian budget also includes an allocation of \$16.1 million for the growing agricultural exports, farms and tourism initiative. These are new initiatives which are about, as the name suggests, boosting exports, improving market access and supporting research, development and innovation — so \$10 million to grow markets, international market access being absolutely essential for this sector; \$4 million to grow Victoria's wonderful, wonderful wine industry; and \$2 million to establish an artisanal and premium food program, an area where I think it is fair to say we could have probably all done much sooner, but we are certainly looking forward to doing some exciting new things with our artisanal producers. The budget also allocates \$4.3 million to continue our work in animal welfare, so the delivery of the *Animal Welfare Action Plan* and the implementation of the new puppy farm laws will be able to be supported with that funding.

The CHAIR — Thank you, Minister. Minister, the budget paper reference is budget paper 3, page 121, the agriculture output. You mentioned the implementation of mandatory electronic tagging of sheep and goats. Can you outline for the benefit of members of the committee an overview in terms of the significance of this reform?

Ms PULFORD — Yes. This is a very significant reform, and as was the case when cattle were moved to electronic tagging, probably some 12 years ago, it was Victoria that led the reform nationally. The information is all captured in a national database, and there are lots of reasons to do this. First among them, though, of course is it is very, very important additional information for dealing with a biosecurity emergency incident. So if we have a disease outbreak, our ability to track the source, the location, contain that and get that under control is vastly enhanced. The systems that we have served us well historically, but this really represents an opportunity to take this to a whole new level.

It has been an enormous undertaking. We established a \$17 million transition package to help everyone along the supply chain prepare for this very big change. There was certainly some scepticism at the start, ranging from, 'Well, we don't need this, we've never needed it; why do we need it now?' to 'This is ridiculous and unnecessary reform'. But I think certainly the majority of people involved in this supply chain were supportive and thought that it was an important change, and we have had loads and loads of information sessions right across our farming communities. A lot of them, particularly in the early days, were oversubscribed. We would have roomfuls of people coming in to find out what it was all about, and there were literally dozens upon dozens upon dozens of sessions just taking people through what this change would mean. There are some other good reasons to do this as well. The additional information that is available to people on farm, to people running abattoirs, to people purchasing, is also incredibly valuable information. Whilst nobody needs to avail themselves of that opportunity, what we are seeing is increasing numbers of people that are.

One of the smaller parts of the grants program was about providing grants to people who want to be the early adopters of that new technology, and they were taken up at a great rate. The implementation team have done a

stunning job, and, as I said in the presentation, there is an advisory group as well who have also provided wonderful, wonderful support through our close dialogue with the Victorian Farmers Federation around the implementation of change, but particularly strong advocacy from them around the price of the tags and making sure that we put in place transitional pricing to ease the change for people.

There have been, since 1 January last year, nearly 10.7 million sheep and goats tagged, just to give you a sense of the scale of the task. The development of this has very much occurred in partnership with industry. Recently it was in Hamilton, which is one of our biggest sheep saleyards — I think our biggest sheep saleyard. When the transition team went to the Hamilton saleyards — it is a council-owned and operated saleyard — and they met and talked about how they would set up electronic scanning, the saleyard manager said, ‘Well, this is how we operate it here’, and I think they got out some paint and marked up the floor of the saleyard and said, ‘You know, we need it to operate in this particular way’. The techies then came in and said, ‘Well, to do what you’re asking for doesn’t actually exist but don’t worry, we can just make something that meets your particular needs’, and thereafter was the birth of what has been known as the Hamilton Drafter, which has then been taken and applied in some other saleyards. So there has been a lot of ingenuity, a lot of effort and hard work by everyone.

In addition to the \$17 million transition package, there is almost \$4.5 million to subsidise the cost of electronic tags through 2018–19. As I said, there has been a lot of effort around training and communications. It is really, really important for biosecurity. If we have the worst-case scenario animal disease occurrence here, the impact to the Victorian economy is in the order of \$45 to \$50 billion over the next decade. That is something we never, ever want to have to experience. So reinforcing our biosecurity capabilities is so important, but then the productivity benefits throughout the supply chain are great. I think there is an excellent advantage for Victoria in just having led this in terms of market access. It is probably only a matter of time until one of our trading partners says, ‘This is the kind of traceability information we want’, and suddenly we will be very, very pleased, I think, that we moved when we did. The support nationally is also growing for the reform, and there is some really high-level interest from the other states, much along the same trajectory as it was with cattle.

The CHAIR — You mentioned the \$17 million transition package. Can you advise the committee what support for individual farmers is available from that package?

Ms PULFORD — The package is mostly all now spoken for. This was some time ago that the initial rollout occurred in terms of the information sessions and those grants to farmers. Then what we have been doing more towards the back end of this period of transition is getting the abattoirs ready for their December deadline and getting the saleyards ready for their March deadline. There are a couple of saleyards — two or maybe three — that are hand-scanning. For example, Ballarat is in the process of relocating from their old saleyards to their new saleyards — they are moving in July — so they are hand-scanning just for a few months, so the transition occurs. The grants to farmers were typically in the order of about \$1500 to enable them to gear up for those better on-farm productivity benefits. Really, that is about having additional information to inform breeding choices. It can be, I think, perhaps most useful for informing the selective use of genetics.

The CHAIR — You may have mentioned this earlier, but do you have any sense in terms of how many sheep have been scanned since the commencement of scanning at saleyards in March of this year? Have you got any modelling or projections in terms of the take-up rate over the course of the 18–19 financial year and across the forward estimates?

Ms PULFORD — This number will not be static. This number will change every week. But the latest advice I have got is that over 270 000 electronically tagged sheep have been scanned and had their movements uploaded to the national database across 72 sales. All saleyards are reaching their initial scanning target of 80 per cent — again, really impressive. I just take my hat off to the industry for having gotten on board. It is such a big reform. It has taken a lot of people to get this done.

Mr D. O’BRIEN — Good morning, Minister. Sorry, I am going to bypass you immediately and go straight to the secretary, if I could ask you a question, Secretary. The growing agriculture exports, farms and tourism initiative, which is on page 10 of budget paper 3 in the output initiatives — can you just confirm if that has replaced the funding allocated by the former government under the Food to Asia Action Plan?

Mr BOLT — Thank you, Mr O’Brien, for the question. I am advised that it has.

Mr D. O'BRIEN — Is there a difference between the funding allocated under this particular initiative and the funding allocated by the former government on the Food to Asia Action Plan?

Mr BOLT — Sorry, could you explain?

Mr D. O'BRIEN — Is there a difference in the funding allocated between the two programs?

Mr BOLT — In the quantum of funding?

Mr D. O'BRIEN — Sorry?

Mr BOLT — In the amount of funding?

Mr D. O'BRIEN — Yes.

Mr BOLT — Can I just confer and see if we can get you an answer or take it on notice. I will ask Emily Phillips, CEO of Agvic.

Ms PHILLIPS — It replaces the lapsing component of the previous initiative, but we are choosing to focus on some new areas as part of rolling it out.

Mr D. O'BRIEN — Which are?

Ms PHILLIPS — We are choosing to focus increasingly on traceability and phytosanitary at the border and some new approaches to that going forward.

Mr D. O'BRIEN — Minister, if I could come back to you then, under the previous program there was \$35 million committed in 2014–15. Over four years the phasing was roughly \$9 million a year. Your funding of \$16 million leaves a significant gap, does it not?

Ms PULFORD — The trade and investment fund and the trade and investment efforts of the government also are heavily focused on food and fibre. Around half of all Victoria's trade is in food and fibre. I can certainly provide you with assurance that this is a very important focus for the government, and the level of support is not in any way diminished.

Mr D. O'BRIEN — Minister, it is half what the previous program was — \$16.1 million over four years under this program. The program that we just heard is now lapsing was \$35.3 million over four years, so you are putting half the amount of effort into export promotion for our agricultural sector.

Ms PULFORD — No, you are neglecting to recognise the effort that is made by our Victorian government business offices in market and all the other programs, including inbound trade programs, that are represented elsewhere in the budget papers.

Mr D. O'BRIEN — But the Victorian government trade offices were all there in the previous government and in the previous funding portfolio, Minister.

Ms SHING — It is the whole package, Mr O'Brien.

Mr D. O'BRIEN — It was part of the whole package as well then, Ms Shing. This is literally halving the export promotion for agriculture, Minister, and I am wanting to know why.

Ms PULFORD — Previously the food to Asia plan did include the placement of staff in the VGBO offices, and those staff are now not covered by a lapsing program like the former government put in place. Those people are now accounted for within the VGBO staffing allocation within their budget, so they will be in the trade output rather than the ag output. But rest assured our efforts in terms of trade and investment for agriculture are in no way diminished; in fact they are enhanced. They are an enormous part of our focus and our effort.

Mr D. O'BRIEN — Minister, the budget papers would suggest otherwise. The 14–15 budget showed a four-year phasing for the food and agriculture into Asia program — 8.2, 9 million, 9.1 and 9 million last year, 2017–18 or the current year. Can I ask then: in the final year of your phasing there is \$200 000 left on the

budget paper. This is looking at the line item on page 10 — \$200 000. Which agricultural industries are going to miss out on vital export promotion when there is only \$200 000 available?

Ms PULFORD — The Future Industries Fund includes agriculture as a key growth sector, which I am sure, Mr O'Brien, you are aware of. The trade portfolio also in its budget outputs includes the significant inbound trade missions, a very, very large component of which is focused on agriculture and ag trade, with Meet the Winemaker being but one example where it is a dedicated effort specifically on ag. But our large inbound trade missions, which typically occur in around March and September of each year, have an enormous agriculture focus.

Mr D. O'BRIEN — Minister, that may be true but we actually had the minister for trade here two Fridays ago, and I pointed out to him then that even under his portfolio, funding had diminished, so we are now seeing it as well here. Can I perhaps go to something else. In your presentation you highlighted the artisanal —

Ms PULFORD — Just before you get onto artisanal ag, can I just respond on ag and ag exports. In addition to the Future Industries Fund, there is Food Source Victoria. I think it is probably also worth the committee noting that in the last year our ag exports have gone up \$720 million to \$12.8 billion — a 6 per cent increase. So there is plenty going on.

Mr D. O'BRIEN — Well, there is plenty going on but not a lot of it being supported in the future by your government.

Ms PULFORD — That is just not true.

Mr D. O'BRIEN — You have just highlighted, though, in your presentation that the artisanal project is \$2 million. Boosting Victoria's wine industry is \$4.08 million. According to the budget papers, that is also funded out of the growing agriculture exports, farms and tourism bucket. So how much is actually left for the promotion of other agricultural products overseas?

Ms PULFORD — I spoke to that in the presentation. If you had been here at the start, you would have caught that.

Mr D. O'BRIEN — I actually was here at the start, Minister. I was here for the whole presentation. There is basically, according to your presentation, 6.08 million out of a \$16 million program, so on my reckoning that is only \$10 million left.

Ms PULFORD — This is for new initiatives.

Mr D. O'BRIEN — Yes, compared to \$9 million a year under the previous program that the former government funded.

Ms PULFORD — You are comparing apples with oranges, Mr O'Brien.

Mr D. O'BRIEN — We just heard that this was the project that was replacing the lapsing program of Food to Asia.

Ms SHING — No, it is part of a whole package. That was actually the answer that was given, Mr O'Brien.

Ms PULFORD — We can keep running through the different initiatives if you like. So the Future Industries Fund, for instance, has provided \$6 million to the food innovation vouchers and the food innovation network; \$2.5 million to assist the Food Innovation Centre at Monash University; and \$3 million to support the extension to the Ethical Clothing Australia initiative. There is a \$20 million Food Source Victoria initiative, which provides grants and scholarships to provide agrifood business. The inbound trade missions will continue, and we have people in our VGBOs, many of whom are specialists in food and fibre export facilitation, particularly in our key markets. But I think in all of our VGBOs there would be that capability.

What is in the budget as a new initiative — this is not a replacement for all of the things we have already been doing but a new initiative, as I indicated in the presentation — is \$10 million to further improve market access and development of those key markets.

Mr D. O'BRIEN — Thank you, Minister. Can I move on? You referred to Animal Welfare Victoria. The reference I have is the DEDJTR questionnaire, page 43, which provides information on staffing matters. Can you indicate the full-time equivalent headcount for Agriculture Victoria?

Mr Dimopoulos interjected.

The CHAIR — Order! Mr Dimopoulos!

Mr T. SMITH — Be quiet.

Ms SHING — You are very stropky today, Mr Smith. You have got a bit on your plate, have you?

Mr T. SMITH — Be quiet.

Members interjecting.

Mr T. SMITH — Can you do your job, Chair, or are you just going to let this performance carry on?

The CHAIR — Don't reflect on the Chair, Mr Smith, would be my advice to you.

Mr D. O'BRIEN — I am happy to take it on notice if you do not have it, Minister.

Ms PULFORD — No, it is around 1150 —

Mr D. O'BRIEN — Okay.

Ms PULFORD — Sorry, did you want to hear the answer?

Mr D. O'BRIEN — Yes.

Ms PULFORD — It is around 1150.

Mr D. O'BRIEN — Of that figure, how many of those staff are part of Animal Welfare Victoria?

Ms PULFORD — Around 25.

Mr D. O'BRIEN — Twenty-five? Okay. Can you tell me what grade employee leads Animal Welfare Victoria?

Ms PULFORD — An EO2.

Mr D. O'BRIEN — An EO2. And who does that person report to?

Ms PULFORD — Emily Phillips, as the CEO of Agriculture Victoria.

Mr D. O'BRIEN — So is Animal Welfare Victoria part of the department, or is it an independent organisation?

Ms PULFORD — It is part of the department.

Mr D. O'BRIEN — Part of the department, okay. Minister, when did you first become aware that the Labor Party had negotiated an agreement with the Animal Justice Party in return for preferences?

Members interjecting.

The CHAIR — Order! It does not relate to the budget estimates, Mr O'Brien.

Mr D. O'BRIEN — Sorry. I have just asked a series of questions about Animal Welfare Victoria. The Animal Justice Party posted on their Facebook page on 22 October:

In recent discussions with the ALP, we, the AJP, negotiated a better welfare deal for animals in Victoria.

I am trying to get, Chair, to exactly how that came about. The questions I have just about staffing numbers —

The CHAIR — Order! Ms Pennicuik until 10.12 a.m.

Ms PENNICUIK — Good morning, Minister, Secretary, deputy secretaries and staff, and thank you for coming. If I could refer you to budget paper 3, pages 59 and 66 —

Mr Smith interjected.

Ms PENNICUIK — Thank you, Mr Smith.

The CHAIR — Order!

Mr T. SMITH — Sorry, Ms Pennicuik. I was being provoked by provocateurs over the road there.

Ms PENNICUIK — ‘Delivering greater community value from our forests’, which has funding of some \$35.9 million in the forward estimates, starting out with nearly 13 this coming financial year, then 12, going down to 6 and then around 5 in 2021–22. It says on page 66 in the explanation that:

Funding will be provided to deliver modernised regional forest agreements with the commonwealth, and improve forest management and regulatory arrangements —

et cetera —

This will ... protect the environment and improve certainty for industry.

It says there will be community engagement et cetera.

Minister, is that funding that I have just mentioned entirely for the modernised RFAs, and will that include a review of the forest wood pulp agreement that is required under the act?

Ms PULFORD — The question fundamentally goes to an area that is the responsibility of the minister for the environment, but obviously her responsibilities in terms of biodiversity and forest management and my responsibilities for the timber industry do intersect —

Ms PENNICUIK — They do.

Ms PULFORD — so whilst I am not responsible for that funding or that portfolio, in the interests of assisting the committee what I would indicate is that that funding is for modernisation of the RFAs and for improving the surveying of forestry land.

Ms PENNICUIK — Sorry? Did you say surveying of forest land?

Ms PULFORD — Yes, that is the advice I have. The East Gippsland, Central Highlands and north-east regional forest agreements have all now been extended to the end of March 2020, which will allow for a staged transition to a modern RFA framework and allow for the long-term extension of all five RFAs into one package. Minister D’Ambrosio will undertake that work on behalf of the Victorian government and work with the commonwealth to that time frame.

Ms PENNICUIK — Thanks, Minister. Will there be funded from this budget a review of pulpwood availability? You mentioned in an answer to a question from Ms Dunn in the chamber that there would be. Is there funding for that?

Ms PULFORD — I have not answered any questions in the chamber about this funding, because I am not responsible for this funding.

Ms PENNICUIK — No. You answered a question about a review happening. You said a review of pulpwood within the forest area is planned for 2018–19. So I am asking: is there any funding?

Ms PULFORD — Yes, okay. You might be asking about the development of the allocation order and the timber release plan that VicForests would put with that, but they are not particularly directly related to the review of the RFAs. The RFAs are in place now.

Ms PENNICUIK — Yes. Sorry, Minister.

Ms PULFORD — They have been extended and rolled over for a number of years.

Ms PENNICUIK — I have moved from RFAs to a review of the pulpwood agreement.

Ms PULFORD — Yes, okay. You almost lost me in the transition from one subject to another. Just to finish off on the RFAs, the RFAs have been extended for a number of years. I am advised that the renewal and modernisation of the RFAs is actually a very complex and involved process that takes some time, and that is why they have been extended for that period. That funding is to support the modernisation process. The federal government has recently been through this with another jurisdiction — it might be Tasmania, if my memory serves me correctly — and I think it took a couple of years, and there was quite a bit of funding dedicated by both parties to that. But on that specifically, I think Minister D’Ambrosio is here later in the week, so you might want to ask her about that in a bit more detail.

Ms PENNICUIK — Yes, but my question really was about the review of the pulpwood agreement. Is there funding for that in this budget?

Ms PULFORD — If you are referring to the legislated agreement between Australian Paper and the Victorian government, that agreement is in place for another 12 years, and it is a legislative instrument, so that is really a matter for the Parliament.

Ms PENNICUIK — Just the previous week you said there would be a further review of pulpwood within the forest area in 2018–19.

Ms PULFORD — Yes. So what is underway at the moment is the finalisation of the allocation order, which is a process that occurs every five years to determine the areas that are available to VicForests for logging. They then, from that, release a timber release plan. That is something that is done typically annually, and that is sort of business as usual for VicForests so that they can fulfil their contractual obligations. They are essentially planning tools.

Ms PENNICUIK — Okay, Minister. Given the time perhaps we can pursue this at another date, because it is a fairly simple question as to whether there is any funding for what you said was going to happen in the next financial year, which is a review of the pulpwood agreement.

Ms PULFORD — Right. Now I see where you are getting at. That is just business as usual for VicForests. That is just what they do. They do not need extra funding to do that.

Ms PENNICUIK — Okay. The other question I wanted to very quickly go to was the issue of climate change. Under the *Agriculture Victoria Strategy* it says that:

The challenge for governments is to encourage farmers to develop farming practices which mitigate the impacts of climate extremes and ... are adaptive ...

et cetera. We all know that the agriculture sector has quite an impact on climate change. I was wondering: is there specific funding in the budget that you can point to for underpinning those activities in the strategy?

Ms PULFORD — Well, a lot of that work is accounted for in the research functions of the department. There is some quite extraordinary research going on at Ellinbank around changing the feed supply for dairy cattle, which is having quite remarkable results in terms of reducing methane emissions. There is work underway with our grains research people in the Wimmera around grains that are more adaptive for drier conditions —

Ms PENNICUIK — Minister, I hate to interrupt you, but I know I have only got about 30 seconds left. If you could supply the committee with some information about what you are talking about now, which I find quite interesting.

Ms PULFORD — Yes, sure.

Ms PENNICUIK — It is just that in the budget it is very difficult to actually find specific initiatives under the agricultural portfolio.

Ms PULFORD — Sure, okay. I will happily take that on notice and provide that to you. We recently put on the national ag ministers agenda the need for a national climate change and ag strategy, which happily everyone agreed to very readily, so that is very exciting.

The CHAIR — Order! Ms Ward until 10.22 a.m.

Ms PULFORD — I will provide some further information to the committee on that, but around 470 of our staff are in research, and that is where that work fundamentally is going on.

Ms WARD — Good morning, Minister; good morning, everyone. It is nice to see some of you again. Welcome to this second last day —

Mr D. O'BRIEN — I am sure the feeling is mutual.

Ms WARD — Second and a half last day of PAEC.

Ms SHING — It is how you get a service medal, isn't it, Mr Bolt?

Mr D. O'BRIEN — Where's ours?

Ms SHING — You'll get one in due course, Mr O'Brien.

Ms WARD — Long service medal indeed.

Ms SHING — Our reward is public process.

Ms WARD — I have raised with you in this forum before issues around animal welfare. As you would know, this is an issue that is particularly interesting to my community. My community are very concerned around puppy farms; they are very grateful for the legislation that we have put through. There is also strong concern for the wellbeing of greyhounds.

Ms SHING — Everyone should get a greyhound.

Ms WARD — I note in budget paper 3, page 10 there is reference to \$4.3 million in animal welfare reforms and you also referred to pet and animal welfare in your presentation and there are six dot points of activities. Could you talk to us about this 4.3 million — what it has meant, what it means and how it is actually going to help animal welfare?

Ms PULFORD — Yes, thanks, Vicki. Thanks for your question and your long-time interest in the work that we are doing in animal welfare and your support on the puppy farms reform as well. You will be interested to know that \$2 million of this is allocated to the design, building and testing of the pet exchange register, which is an essential part of the puppy farms reform, so that will also support the associated compliance and enforcement systems; \$1.3 million of this is to be provided to the RSPCA for compliance and enforcement activity; and \$400 000 will go to Agriculture Victoria to support their compliance and enforcement work.

The pet exchange register is absolutely an important part of the reform. People who want to buy a puppy will be able to go to a one-stop shop online, where people go for just about everything these days, and they will be able to check their breeder number. Breeders will be able to put a range of information on the register. So really it will be complete traceability. For online sellers — so Facebook, Gumtree, others; it is hard to regulate this area because it moves every 5 minutes — it will be an offence for them to not have a pet register number as part of their advertisement.

Ms WARD — So if you put an ad, for example, on Facebook, you would have to have your registration number within the ad?

Ms PULFORD — That is right. It will close the loop, and we will be doing some promotional activities through vets and all the other usual channels to make sure that people who are looking to buy a puppy can be confident that it has come from a good place.

Ms WARD — Terrific.

Ms SHING — A greyhound puppy.

Ms PULFORD — Yes, there are lots of greyhound puppies too, and older greyhounds, Ms Shing. This would be a good opportunity to say that I think the adoption rates for retired greyhounds are up by 60 per cent.

Ms SHING — The work is never done.

Ms PULFORD — I think Ms Shing is responsible for at least a good chunk of that.

Ms SHING — Every couch needs a greyhound.

Ms WARD — Minister, there would be more things going on in addition to the work around puppy farms in that 4.3 million?

Ms PULFORD — Definitely. The animal welfare action plan is the state's first comprehensive plan for animal welfare. We have made a commitment to recognise sentience in new legislation. What essentially this means is that animals can experience things like fear and pain. One would think that that is not particularly controversial. It has been recognised in New Zealand legislation for some time and European legislation since I think the late-1990s in some areas. We are doing this because it is something that we have to prove every time in prosecutions, and it creates real challenges in being able to enforce good standards. There are a lot of different points in the animal welfare action plan, and I take the opportunity to thank the member for Pascoe Vale, Lizzie Blandthorn, who is the Victorian government's animal welfare ambassador and has done some wonderful work in consulting with all sorts of organisations in the Victorian community in the development of the animal welfare action plan, and the members of our animal welfare advisory committee as well, who have all been instrumental in building this important policy.

Mr DIMOPOULOS — Before I ask you about the energy program and the plan that you mentioned in your presentation, I find it interesting that you have not had any questions yet from the opposition on electronic tagging, given the success of the program.

Mr D. O'BRIEN — Oh my God!

Mr DIMOPOULOS — I was not talking to you, Mr O'Brien. Given the success of the program and the opposition to it by the former Leader of The Nats, I find it very interesting. Minister, on page 11 of your presentation the agriculture energy program has a nice breakdown of the issues and barriers faced by farmers. Can you give us a bit more of a sense of the survey results and how they differ according to different farming types like dairy farmers as opposed to other farmers and also how the plan will respond to them and the concerns raised?

Ms PULFORD — Yes, definitely. The surveying was really interesting. We asked why farmers were not installing systems and gear on farm that would help mitigate their energy costs. I suppose unsurprisingly — and I reflect on my own experiences as an energy consumer in my own household — people essentially I think just are unsure where to start: 'What's the best kind of equipment, how do I get best value for money, what do I need, what's going to be useful, what's going to be a good long-term investment and what's the period of time where I start getting a good return on investment?', those kinds of things. Also, unsurprisingly the greatest level of interest and I think the greatest level opportunity is in dairy farming; it is more energy intensive than other types of farming. Of the almost 100 people who have already applied since applications opened on 11 May — I will check with Emily — we are certainly running at least half being from dairy. Yes. We are promoting it across all sectors, and it will be different in different places. At the start of our development of this policy we had the opportunity to visit a farm in Gippsland that is a dairy farm that is almost completely off the grid.

Ms SHING — Near Jindivick.

Ms PULFORD — Yes, and there are a couple of brothers with farms in the same area — both former SEC engineers who had the wherewithal and the knowledge to build a system that worked perfectly for their dairy farm. It was quite amazing. There is a lot of capacity there to capture energy, and storage capability I think continues to improve. These farms were running very, very low energy costs, which is great for a dairy farm. We are just wanting to take as many people on the journey as would like to, and the first step are these on-farm energy assessments. Farmers will be able to have somebody come out and do an audit of their energy use and their opportunities for energy generation.

Mr DIMOPOULOS — Minister, with the example you gave of the one at Gippsland that is almost entirely off the grid, on the presentation you have got 10.1 per cent of respondents that said they, ‘Need to see others in my industry succeed first’. Is there a way that the investment showcases to people the farms like that one?

Ms PULFORD — Yes, part of the \$30 million package will be about creating some demonstration sites. In Gippsland, for instance, at our research centre in Ellinbank we will be able to set up something that people will be able to just go and have a look at to see what will work for them. Similarly with our work in digital agriculture, being able to create real-life experiences of these things is really important and then being able to offer opportunities for people to see what works and be able to test it before deciding whether or not they want to apply it in their own business.

Mr DIMOPOULOS — Minister, I agree, consumers face those questions you asked every day about energy transition, so farmers would do the same.

Mr D. O’BRIEN — Minister, on 21 November 2017 you told the Legislative Council, ‘The decision to establish Animal Welfare Victoria was my decision’. I go back to the quote that I read out before from the Animal Justice Party. Can I ask you now, when did you first become aware that the Labor Party had negotiated an agreement with the Animal Justice Party?

Ms SHING — On a point of order, Chair, hasn’t there already been a ruling from you in relation to this matter not necessarily falling within the scope and the contemplation of the budget period?

The CHAIR — It is not clear to me, Mr O’Brien, how this relates to the current financial year or the forward estimates.

Mr D. O’BRIEN — Budget paper 3, page 10, ‘Animal welfare reforms’. There is money in the budget paper. This has been canvassed in the questionnaire that the department has filled in. I fail to see how the funding and the establishment of a new agency within the department is not part of —

The CHAIR — No, I am sorry if I was —

Ms SHING — That is not the question you asked.

Mr D. O’BRIEN — It goes directly to the expenditure of public money, Ms Shing. Chair, I submit to you that this is directly relevant to the budget and estimates process because it goes to the establishment of a new agency within the department which we have just heard has got 25 staff allocated to it and the evidence on the record —

Ms SHING — It is a contrivance.

Mr D. O’BRIEN — Excuse me, Ms Shing, I am speaking on your point of order. The evidence on the record, Chair, is that this was established at exactly the same time that negotiations were underway between the Labor Party and the Animal Justice Party for the Northcote by-election. It is extremely and directly relevant to the budget process.

Ms SHING — On the point of order, Chair, this is actually a very, very clear contrivance by Mr O’Brien to introduce unrelated subject matter. No matter how many times this is attempted to be developed as some sort of conspiracy, the link is not there. On that basis it does not fall within the scope or the contemplation of the budget period as per the earlier ruling from the Chair.

Mr D. O’BRIEN — Can I ask another question, Chair, further to the point of order? If you are going to rule that question out, can I ask another question? Secretary, where is the money in the budget for Animal Welfare Victoria?

Mr BOLT — The budget for Animal Welfare Victoria is part of the budget for the department as a whole. As far as I am aware, there is no line item in the budget, but I will take advice on that.

Mr D. O’BRIEN — So it is in the base funding of the department?

Mr BOLT — Most of it will be, but there are some initiative funds for the *Animal Welfare Action Plan* and other matters that are in the budget, so I think it is a hybrid of those things. I might ask —

Ms PULFORD — Can I perhaps help with this?

Mr D. O'BRIEN — Is animal welfare part of the base funding of the department's budget? Is that what you are saying?

Ms PULFORD — Yes, the —

Mr D. O'BRIEN — Okay. So, Chair, I have now confirmed that this is part of the department's budget allocation. To rule the question that I tried to ask a moment ago out of order would be absolutely absurd.

Ms PULFORD — Chair, could I —

Ms SHING — Further to the point of order, Chair, there has been an extrapolation by Mr O'Brien of the subject matter beyond the establishment of Animal Welfare Victoria and into something he is seeking to introduce which has no relevance to the subject matter at hand, despite the political subtext that the opposition may wish to run.

Mr DIMOPOULOS — Further to the point of order, Chair, you have previously ruled when the opposition have tried similar tactics in relation to the Premier and others about cabinet deliberations or other —

Mr D. O'BRIEN — It is not cabinet deliberations.

Mr DIMOPOULOS — No, hang on, I am addressing the point of order — an example of any part of the policy development process and who had conversations with whom and when, and you have ruled those out of order. It is completely unrelated to the budget.

Mr D. O'BRIEN — It is very clear, Chair, that the government does not want to pursue this line of questioning and that is their embarrassment that they have got to deal with. Can I move on to another line of questioning?

Members interjecting.

The CHAIR — Order!

Mr D. O'BRIEN — Minister, the evidence on the record, including in the Legislative Council and on Facebook from the Animal Justice Party, goes directly to preferences and the establishment of animal welfare. Can you point to me anywhere in the budget is there any further funding available for deals on animal welfare for the Labor Party and political parties going forward?

Ms SHING — On a point of order, Chair, this in fact is a budget that does not relate to the Labor Party or to the Animal Justice Party. This is a document of the government of Victoria and has no bearing whatsoever on the political discussion that you are seeking to introduce.

The CHAIR — I do not see how matters of the Labor Party relate to this budget in the way your question is asking about, Mr O'Brien.

Mr D. O'BRIEN — The question was: is there any money allocated in the budget for future deals on animal welfare issues?

Ms SHING — I raise another point of order, Chair: 'is there any money in the budget for future deals' presupposes that there is money in the budget for current deals, which is the line that the opposition —

Mr D. O'BRIEN — Well, prove that it is not then. You will not even let her answer that question. You will not let her answer that question.

The CHAIR — Order!

Ms SHING — And the point remains that this is not in fact something that relates to the Labor Party or to the Animal Justice Party. It relates to the government of Victoria and the administration of public funds.

Members interjecting.

The CHAIR — I think in relation to the question you just asked, Mr O'Brien, I take on board Ms Shing's point. If the crux of your question is: are there any things in the forward estimates that might relate to further funding for animal welfare, or policies, that well may cut across cabinet discussions.

Ms PULFORD — Can I have a go?

The CHAIR — Yes, please.

Ms PULFORD — There are some wild conspiracy theories about all of this. Agriculture Victoria commenced an internal process to improve the organisation of its domestic animal and animal welfare staff and to bring two policy teams together, and so staff were notified about that — it is called a clause 10 process under their enterprise bargaining agreement — on 11 October. Now, this is an area where the government is —

Mr D. O'BRIEN — It began that process on 11 October, did you say?

Ms PULFORD — Staff notifications, no. The *Animal Welfare Action Plan* work had commenced probably more than 12 months prior to that.

Mr D. O'BRIEN — You just happened to announce it the day that voting started at the Northcote by-election.

Ms PULFORD — Quite some time earlier. The very busy policy agenda we have for animal welfare, I think, had proven to be testing for the resources that were allocated to it and the way they were organised internally. These are not 25 new positions. This is a rearranging of existing staffing resources into a more cohesive internal unit. It is not a new agency or a new organisation. It sits within Agriculture Victoria. It is responsible to the CEO of Agriculture Victoria, which in turn sits within the broader department. But what we have got is that two different groups of people who were working on animal welfare issues are now working on animal welfare issues together.

Mr D. O'BRIEN — Thank you for that answer. Can I move on?

Ms PULFORD — I am just trying to answer your question.

Mr D. O'BRIEN — Well, I have lost about 5 minutes thanks to your colleagues here, so I would like to move on. You have answered my question; thank you.

Ms PULFORD — Very, very quickly, as to the additional funding, some animal welfare funding inherently exists within the ag portfolio as it has always done because the ag portfolio has always had responsibility for this area as existed under the previous government and the previous government before them.

Mr D. O'BRIEN — We know that. That is not new.

Ms PULFORD — The new initiative funding that you asked about I have spoken about already — \$4.3 million, which includes \$2 million for the design and build of the pet exchange register, \$1.3 million to the RSPCA, the animal welfare grants, which indeed were established by the former government, and round 6 is currently open.

Mr D. O'BRIEN — Minister, you have now moved on from the question I asked and you have answered it, thank you. Can I please move on?

Members interjecting.

Mr D. O'BRIEN — In your presentation you referenced the *Code of Practice for the Keeping of Racing Greyhounds* —

Members interjecting.

Ms PULFORD — I cannot really hear.

The CHAIR — Order! The minister cannot hear. Mr Smith, can you let your colleague ask his question in silence?

Mr T. SMITH — Tell your colleagues to stop interrupting.

Members interjecting.

The CHAIR — Order, Ms Ward! Mr Smith, I will not have you reflect on my rulings nor my conduct as Chair, okay?

Mr T. SMITH — She keeps on interrupting him.

The CHAIR — No. I am telling you I am the Chair and you will not reflect on my rulings.

Mr D. O'BRIEN — Minister, regarding the *Code of Practice for the Keeping of Racing Greyhounds*, the racing minister kindly volunteered you to answer some of the questions that we had for him at PAEC.

Ms PULFORD — I heard about that.

Mr D. O'BRIEN — One of the requirements under the code is that when rearing greyhounds if they are found to be bullying another greyhound pup in the litter, they must be separated. Can you define for us what greyhound-pup bullying is?

Ms PULFORD — Yes. The code that has been developed over nine months of extensive consultation with industry does refer to puppy bullying. The code requires active monitoring of greyhounds being housed together so that 'if fighting, bullying or other adverse welfare outcomes are identified' the greyhounds can be separated. Single or infrequent incidents of pack correction behaviour, which is essentially a veterinary description of puppy bullying —

Mr D. O'BRIEN — How do you describe 'bullying' versus normal 'pack behaviour' where there is a hierarchy? How is a trainer meant to know what is the difference and intervene?

Ms PULFORD — Yes. The trainer should not be a trainer if they cannot tell the difference.

Ms PATTEN — Good morning, Minister and secretaries. I would like to refer back to medicinal cannabis from your presentation this morning. In your presentation you were saying that patients can now access medicinal cannabis and certainly they can, but only imported medicinal cannabis. I was wondering if you could tell me how we are going in actually producing our own product. Professor, I visited your facility a couple of years ago and saw some of the work, so I am interested in that. Also, in the industry development plan that you referred to, there is mention of IP material, protecting Victorian IP. I am wondering if you could explain a bit more about what that is.

Ms PULFORD — Thanks for your ongoing interest in this area. As I indicated before, we have been cultivating medicinal cannabis for local products since August 2016 and producing extract since around the middle of last year. The department of health is in turn further developing that product into something suitable for patients, which is a bit beyond our remit and our expertise. I suspect the best use of your time, Ms Patten, is if I invite Professor Spangenberg to provide a bit more information, particularly about the IP, and the extraordinary work that he and the team have been doing.

Ms PATTEN — Thank you, and then I have got a couple of follow-up questions.

Prof. SPANGENBERG — I will start first reflecting on IP developments. One of the key components has been the development of proprietary strains. We have generated over 200 proprietary strains that cover the whole spectrum of different chemotypes from high cannabidiol and low tetrahydrocannabinol balance ratio, and the reverse. We have also sequenced the genomes of 300 medicinal cannabis strains, so possibly the world's largest genomics resource that allowed us to identify —

Ms PATTEN — Are you sharing that with other countries — that genome research?

Prof. SPANGENBERG — Yes, obviously we bring that intellectual property into the context of both national and international collaborations, addressing one of the key actions under the medicinal cannabis industry development plan, which is fostering and facilitating interactions between different stakeholder groups. The genomic resource identified 2.7 million of sequence variants. This is important in two ways. One, it sets the basis for accelerated precision breeding for developing novel designer strains. In using a technology that we developed some 10 years ago that we are now applying to —

Ms PATTEN — Is some of that information being shared with the Victorian licence-holders?

Prof. SPANGENBERG — That is right. Basically we are sharing it in multiple ways. One is licensing our proprietary strains to industry. We have done so already. Actually one of the leading Victorian-based medicinal cannabis companies, Cann Group, accessed our proprietary genetics to allow them to become the number one company obtaining the licences for both research and cultivation.

Ms PATTEN — I was out at the Cann Group a few months ago and I saw the government truck arrive to pick up the dried flower. I think they were producing about 30 kilos a fortnight. I might be exaggerating, but I think it was around that sort of number.

Ms PULFORD — Not too hard to grow.

Ms PATTEN — No, it is not hard to grow; that is right. It leaves in the truck, and then we do not know what happens to it. Does it go to you or to the agriculture department?

Prof. SPANGENBERG — It does, and in a sense Cann Group is cultivating biomass and that goes in the form of dried flower buds for storing in our facility which, as you know, is in an undisclosed secure government location.

Ms PATTEN — Yes. Do we have any idea about how much we are growing in Victoria now?

Prof. SPANGENBERG — I could indicate that the cultivation pipeline that we operate consists of a rolling supply of extracts commenced in July 2017, and it involves 1500 plants. It is a continuous production system, and harvests 5 kilograms of dried biomass on a weekly basis.

Ms PATTEN — So how much was that?

Prof. SPANGENBERG — Five kilograms of dried mass of flora buds — just the dried mass of the flora apices that we subject to supercritical CO₂ extraction that allows us to produce around 350 grams of resin on a weekly basis. Now, to the extent of the information that I have about the scale of the cultivation plan that the Cann Group operates, it would be around double that scale. So in a sense one of the outcomes of the industry development plan has been establishing a genuinely operating marketplace with companies, not only the case of Canopy Growth, which, as the minister mentioned, is securing its headquarters in Victoria, but also —

Ms PATTEN — So currently the government is doing the extraction. Are there any Victorian companies that are also extracting?

Prof. SPANGENBERG — Not yet.

Ms PATTEN — Not yet.

Prof. SPANGENBERG — But part of the commercialisation of intellectual property capability that we have in the department is for the provision of technical services as well as advisory services. So two ways: one, doing extraction services for third parties; and two, building the capabilities through technology know-how transfer for those entities to establish their in-house capacity for extraction.

Ms PATTEN — So I think I am correct: you said we doubled our extraction amounts?

Prof. SPANGENBERG — With the operations that Cann Group is establishing, this would represent at least a doubling of the cultivation capacity that we have in the state today.

Ms PATTEN — Which in turn should double the extraction, if it all goes to extraction?

Prof. SPANGENBERG — If all of that goes to extraction, that is what it would imply.

Ms PATTEN — Are they only producing a low-THC, so more of a high-CBD product at the moment?

Prof. SPANGENBERG — So in a sense we have licensed different strains that have different chemotypes and —

Ms PATTEN — So we are starting to see some of the THC products?

Prof. SPANGENBERG — Yes. We are also cultivating a balanced ratio strain, with a ratio of 1.6 of CBD to 1 of THC, so that will represent around 160 grams of purified CBD on a weekly basis and 100 grams of THC.

Ms PULFORD — Can I —

Ms PATTEN — Just quickly in the last minute that I have got, looking at the hemp industry which, now that we can eat hemp, is growing in Victoria, I noticed that the THC amount in the hemp is different in Victoria to as it is in New South Wales and Queensland, and I was wondering if there was any reason for that. So it is 0.3 per cent —

Ms PULFORD — It is higher —

Ms PATTEN — It is 1 per cent, yes, in New South Wales.

Ms PULFORD — Yes, that is right. This is an area —

The CHAIR — Order! Ms Shing until 10.50 a.m.

Ms PULFORD — A historical anomaly that we are keen to remedy. Just really quickly, with your forbearance, Ms Shing, I could just perhaps offer Ms Patten another briefing with Professor Spangenberg, if you would like —

Ms PATTEN — Thank you; that would be super. I will follow that up.

Ms PULFORD — I get the sense you would both like to talk about it some more.

Ms PATTEN — Thank you.

Ms SHING — Thank you very much for the presentation and the answers to questions today. I would like to move to a discussion of biosecurity in the context of plant disease, vermin, introduced species and the way in which this cuts a swathe through our agricultural and horticultural sectors in the event that threats are not contained and risk is not minimised. I note that there are examples of red imported fire ants being an issue as well as the preventative action being contemplated in the context of areas such as the carp herpes virus, which is something that I strangely enough feel very passionately about in the context of biomass issues, managing blackwater events and also maintaining the right balance for our ecosystems that depend upon good fresh water supplies.

I would like to talk about biosecurity operations in the context of not just livestock but agriculture as well and the efforts that are going into making sure that we maintain our target of 100 per cent as it relates to performance measures set out on page 126 of the 18–19 service delivery targets. How do we make sure that as diseases, pests and vermin become more of a threat, given the fluid borders and barriers that exist between states and also internationally of course because of export-import operations, we do maintain the most rigorous of controls and how do we work with the commonwealth in order to make sure that those controls are not just controlled but maintained and strengthened over time?

Ms PULFORD — Thanks for the question. This is an absolutely essential part of the work that we do in this portfolio. We have worked really hard to rebuild capability here. The former government cut funding for core livestock biosecurity activities by 49 per cent, which, given our earlier discussion about sheep EID and some of the risks associated with having poor investment and poorer systems supporting our biosecurity, was really incredibly concerning. We have now provided a total additional investment of \$74 million to rebuild that capability, and it is put to good use just about every day.

We have enhanced our emergency response preparedness in a number of different ways: training and recruitment of staff is essentially where the funding goes in biosecurity, frontline service delivery; emergency response exercising; the development of the state biosecurity sub-plan, which fits in with the emergency management framework that supports the whole of the state; better case management systems for routine surveillance; and of course the better traceability on sheep and goats.

I cannot overstate how important this funding and the work that people do in this area are. On St Patrick's Day there were some dramatic weather and fires resulting from lightning strikes and other causes, some of which I will not get into because they are the subject of ongoing conjecture and investigation. The fires in the south-west resulted in a significant response by our staff. We have 500 staff in 46 locations, so at those south-west fires we had people providing an animal welfare response — I know Mr O'Brien is interested in animal welfare — that was the immediate response there, including some people whose own properties had been responded to. Our biosecurity and frontline service people live in these committees, work in these communities, are absolutely part of these communities.

There was a detection of tomato potato psyllid — TPP — in Western Australia in 2017, so we needed to demonstrate freedom from this. We were also able to provide some support to the Western Australians, which they were very grateful for. We had an anthrax incident in March of this year. Approximately 100 people over 100 days vaccinated over 4500 sheep and 138 pigs on eight properties — a really intensive response. In spite of all of these huge surge activity requirements that happened throughout the course of the year, all the output measures were consistently met or exceeded. But having that capability for those incidents is just so important. As you said in your introduction, the very important reality and fact of the matter is that we are more trade exposed than we have ever been, so it becomes harder and more important than it has ever been before.

Ms SHING — How do we make sure, then, as we manage the bread-and-butter issues around emergency response and management and the allocation of resources in that regard, that we are also taking care of the issues that affect specific crops — whether it is TPP, whether it is rust, whether it is phylloxera — and that these sorts of issues are communicated well with people who are operating enterprises in these industries and that they have the resources that they need on the ground to be able to meet these challenges? As we know, it is not just drought that can cost a crop immediately, it is not just a lack of ability to feed your stock over a very cold winter that will cause you to have to offload up to half or all of your herd; it is the ongoing challenges around needing to meet risk management. How does that unfold on the ground between industries, given how different they are and given the different challenges that arise?

Ms PULFORD — They are incredibly different, and they manifest themselves in a whole lot of different ways. The national framework that sits around this and the national coordination and response is really important, and the national ag ministers have recently considered a very, very significant review of our biosecurity, which we will be continuing to work on over coming months and years. For instance, the funding in the budget somebody referred to earlier for the red imported —

Ms SHING — Red imported fire ant.

Ms PULFORD — fire ant. We do not have this in Victoria, but we are making an investment in not having it in Victoria. This is not something that is exclusive to agricultural production. This poses a threat to things like picnics and barbecues, something the entire community could suffer from very badly if it were able to take root in Australia. That effort is about really getting that Queensland infestation under control and eradicated, because we all believe nationally that eradication is possible — but concerted effort, continuing to build the capability and expertise that we have got in the department and having dedicated people who are ready to be deployed for fire. Or we had giant pine scale a couple of years ago —

Ms SHING — The commonwealth has to play such an important role, but often there will be different positions in relation to how best to manage an introduced species or vermin. Let us go back to carp. Carp herpes is one of those things that the commonwealth has got one view on, that Tasmania has another view on, that the various states and territories have got different positions on, and this is something that requires a consolidated approach because of the nature of this type of proposed solution and what it would mean for vast tracts of our waterways. So how do we ensure that there are conversations happening across the state and federal boundaries to make sure that we have as much consistency as possible in the way that we treat these sorts of species going forward?

Ms PULFORD — The ag ministers get together once, typically, a year, occasionally twice and sometimes not at all if there are other things getting in the way, but generally an annual meeting is scheduled. The offices' equivalent of that has a much more regular meeting schedule, so there is very, very regular dialogue with the federal government around biosecurity issues in both a policy and an operational sense. I did discover, Chair, last sitting week Ms Shing's interest in carp and 'Carpageddon'.

Ms SHING — It is a passion.

Ms PULFORD — It is a passion that I share.

Mr D. O'BRIEN — Unnatural.

Ms PULFORD — It is. We were having an interesting discussion about it in the house when we are both on chamber duty the other day.

Our fisheries team are very engaged in the federal government's process around the rollout of the carp virus. We are very supportive of this. The Senate estimates a week or so ago —

Ms SHING — 'We are supportive of' the engagement or 'we are supportive of' the introduction of the virus?

Ms PULFORD — I think the introduction of the virus is a very important and desirable thing, but the planning is important and getting the planning right is essential, so we had some questions for the federal government just in the last week or so around the allocation of the \$15 million that they set aside for planning. That does sound like a lot of money for planning, but it is a huge undertaking.

The CHAIR — Order! Mr O'Brien until 11.00 a.m.

Mr D. O'BRIEN — Minister, could I just go back to the code for the keeping of greyhounds? Another requirement of the code is that for a greyhound in an enclosed pen, it must have, and I quote, 'an air change rate of a minimum of eight changes per hour' — that is an air change rate of once every 7½ minutes. Can you explain to us how this is measurable and enforceable and how trainers or breeders are supposed to meet this requirement?

Ms PULFORD — Yes. The greyhound code has been developed over the last nine months of extensive consultation with industry — it is supported by industry — and we have taken a very, very different approach.

Mr D. O'BRIEN — Fully supported by industry?

Ms PULFORD — Well, fully supported — that is an interesting question. There are people in the community — and I reckon there is at least one around this table — that would say that there should not be an industry at all, and there are people in the industry who would say that they ought not be regulated at all, so our job is to try and bring these two things together. The Victorian government supports greyhound racing. We have been very keen to support it through an enormous period of transition. The National Party in New South Wales took a very different approach to our government and —

Mr D. O'BRIEN — Sorry, Minister — we are asking questions about your government here in Victoria —

Ms PULFORD — Yes, and I will get to that.

Mr D. O'BRIEN — Can I come back to the question about the air change rate?

Ms PULFORD — We have been, for over two years, on an extraordinary journey with the greyhound racing industry — close to three and a half years. In February 2015 this industry was on its knees with the live baiting scandal.

Mr D. O'BRIEN — Minister, we are all aware of the background. Can I get back to the question of how a trainer or a breeder is meant to know how to change the air in a pen every 7½ minutes and how that is going to be monitored and enforced?

Ms PULFORD — Right. Industry participants know how this works, and industry participants also know about the relationship between the code and the opportunity to have a health management plan approved for their particular setting with their vet. This will be able to be applied in a practical sense on a location-by-location basis in consultation with the vet —

Mr D. O'BRIEN — Do they have to have a fan? Do they have to have vents? How does this actually work?

Ms PULFORD — Well, ventilation could include an open window or an enclosure that is not completely devoid of any airflow. That would be for —

Mr D. O'BRIEN — That would be straightforward, but it has got to be changed every 7½ minutes under this code. The point I am getting at, Minister, is —

Ms PULFORD — Are you planning on undoing the code? Would you reverse the code?

Mr D. O'BRIEN — Is this not overreach in terms of the regulation when we are going down to the level of how often the air needs to be changed — every 7½ minutes? How is the industry meant to be compliant with a code that is that prescriptive?

Ms PULFORD — Industry supports the code and Greyhound Racing Victoria will enforce the code. Just in relation to your very specific questions, I did not have the opportunity before to define 'puppy bullying', and I know you asked the Minister for Racing about this: 'Bullying is the ongoing or repeated physical harassment causing harm of litter mates by a particular aggressor'. And special ventilation requirements —

Mr D. O'BRIEN — Which would be natural sort of behaviour in a litter.

Ms SHING — It's a bit like PAEC.

Ms PULFORD — It's like PAEC. Just on ventilation, specific ventilation requirements are only stipulated in the code for fully enclosed areas, so these requirements do not apply if a window or a door can be left ajar or the enclosure has a screen door as this allows for natural ventilation. Where a space is fully enclosed, mechanical ventilation can be achieved by air-handling systems or air purifiers. That is the answer to your question. Open the window; it is not that hard.

Mr D. O'BRIEN — Thank you, Minister. If I can move on to Target One Million you have talked about — the budget reference is BP 3, page 130. You have set the target to have a million recreational fishers by 2020. How is the government actually measuring progress towards this goal and what are the latest numbers of recreational fishers?

Ms SHING — Everyone should adopt a greyhound, just in this little pause here — at least one greyhound, maybe two.

Ms PULFORD — Just while we have this brief segue and I pull up that number, there has been a more recent survey that demonstrates strong progress towards this. If you give me a second, I will hopefully be able to find the number, and if I cannot, I will take it on notice and provide it to you.

Mr D. O'BRIEN — While you are looking for it, Minister —

Ms PULFORD — Sorry, I just do not have that immediately to hand. But we have certainly significantly increased the participation in recreational fishing. There was a survey that was undertaken last year, I believe, that demonstrated good progress towards that target of one million recreational fishers. The number in that survey I will provide to the committee.

Mr D. O'BRIEN — So, Minister, one way of measuring it perhaps would be the number of fishing licences sold. This actually has dropped by 22 500 in the last reporting period. Do you use fishing licences at all to measure the progress on the Target One Million?

Ms PULFORD — I have the number now. It is 823 000, and licence numbers are not a very good indicator because they do not include children and they do not include seniors.

Mr D. O'BRIEN — So how do you get the 823 000?

Ms PULFORD — I can provide the committee with further detail on the survey methodology.

Mr D. O'BRIEN — Is it a —

Ms PULFORD — It is a survey.

Mr D. O'BRIEN — So what guarantees then have you got that you will be hitting the target by 2020?

Ms PULFORD — Well, it is a target, and we aim to hit it by 2020. We have delivered on every part of the Target One Million policy, except for one, unfortunately, that we will not be able to deliver on. We were hoping to negotiate with New South Wales dual licences for all of those people who fish on the Murray River. The New South Wales government was not as keen as we were to do that, so unfortunately we are not able —

Member interjecting.

Ms PULFORD — Yes, disappointing — to deliver that, but fish stocking has been increased substantially. The removal of netting from Port Phillip and Corio bays is well underway. Netting has now ceased in Corio Bay as of 1 April this year. There are so many different aspects. The reforms in your part of Victoria: boat length restrictions and removing horse power at Blue Rock Lake; some of the reforms around the mouths of rivers at the Gippsland Lakes; a trout opening festival; returning water to Lake Toolondo, which is just the most beautiful, beautiful place. But we have not really stopped at that list. We have kept going, so fish stockings are 6 million, not 5 million, and there is great work being done by the team at Snobs Creek.

Mr D. O'BRIEN — Could I go back to a quick question on greyhounds. You have announced a change in the policy; you are removing muzzles from retired greyhounds if they have been through the GAP process. Why is it that that does not take effect until 1 January? Why does it not just happen within a few months?

Ms PULFORD — To enable the preparation of communications materials to people who need to know.

Ms SHING — It is about public education essentially.

Ms PULFORD — Public education essentially. It is not very long. The muzzles have been there forever. I know that there would be people — Ms Pennicuik among them, but perhaps Ms Shing among them — that would say, 'We should take them off yesterday', but we provided for a short transition period.

Mr D. O'BRIEN — But my understanding of your announcement is they have to have gone through the GAP program.

Ms PULFORD — No.

Mr D. O'BRIEN — No? So any retired greyhound now will be able to go without a muzzle?

Ms PULFORD — Yes.

Mr D. O'BRIEN — So what actually has to happen between retirement and being rehomed — anything?

Ms PULFORD — No.

Mr D. O'BRIEN — So what is the change? Why does it take six —

Ms PULFORD — They can just take their muzzle off.

Mr D. O'BRIEN — Okay. So why do we need to wait until 1 January is the question?

Ms SHING — Because people still hang onto the stigma of greyhounds having muzzles and being vicious.

Mr D. O'BRIEN — Sorry, I am asking the question of the minister, Ms Shing.

The CHAIR — Order! Ms Shing!

Ms SHING — Well, you own a greyhound, Mr O'Brien. You should know about this stuff.

Ms PULFORD — So that we can communicate this with greyhound owners, so that we can communicate it with people who are in the business of rehoming greyhounds, so that we can work with the multitude of organisations. There are probably half a dozen that I am aware of other than GAP that are in the business of rehoming greyhounds. It is also I think important to note that not all greyhounds are ex-racing greyhounds as well, so making sure that people are clear on the rules is important. It is not a long time to wait, and yes, I know there are people who would like it done yesterday, but from 1 January those muzzles can be off.

Mr D. O'BRIEN — Can we just go back? You were talking before about invasive and exotic species. On BP3 at page 126, performance measures, properties inspected for invasive plant and animal priority species, noting that you actually tried to get rid of this performance measure last year, the target for 2018–19 is reduced from 3100 property inspections to 2700. This is a big issue. Certainly in my electorate people are very, very, very frustrated about weeds and the lack of enforcement by the government. Why are you actually reducing the target for inspections?

Ms PULFORD — A lower target will facilitate a focus on a number of higher priorities, such as the outbreak of pests, diseases, market access issues and other emergencies.

The CHAIR — Order! I would like to thank the witnesses for their attendance: the Minister for Agriculture, Mr Bolt, Mr Hanney, Professor Spangenberg, Ms Phillips and Ms Healy. The committee will follow up on any questions taken on notice in writing. A written response should be provided within 10 business days of that request. All broadcasting and recording must now be turned off.

Witnesses withdrew.