

## Chapter 2

### Agriculture, Fisheries and Forestry portfolio

#### Department of Agriculture, Fisheries and Forestry

2.1 The committee heard evidence from the department on Monday 23 February 2009. The hearing was conducted in the following order:

- Corporate and Management Services
- Wheat Exports Australia
- Climate Change
- Sustainable Resource Management
- Land and Water Australia
- Australian Fisheries Management Authority
- Trade and Market Access
- Quarantine and Biosecurity Policy Unit
- Australian Quarantine and Inspection Service
- Biosecurity Australia
- Product Integrity, Animal and Plant Health
- Australian Wool Innovation
- Australian Pesticides and Veterinary Medicines Authority
- Agricultural Productivity
- Grains Research and Development Corporation
- Meat and Livestock Australia
- Australian Bureau of Agricultural and Resource Economics (ABARE)

#### Corporate and Management Services

2.2 The committee began by asking about the department's budget projections and cash flow. The department explained that it is primarily on track to meet its four-year budget for 2008-09: departmental expenditure is on track, while an underspend of around one percent is expected for administered expenditure, primarily in relation to exceptional circumstances payments.<sup>1</sup>

2.3 The department's application of the efficiency dividend was discussed once again. The department explained that the efficiency dividend for 2008-09 is

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1 *Proof Estimates Hansard*, 23 February 2009, pp 4–5 and 137.

3.25 percent, which translates to \$9,389,000. It is applied to the department's base appropriation funding. Once the department's appropriation funding is known for the year, the secretary of the department makes an allocation of that funding across programs within the department's divisions in accordance with judgements about priorities. The impact of the efficiency dividend is distributed across the organisation, so it cannot be attributed to any one activity or area of the department.<sup>2</sup>

2.4 The committee also sought information about:

- current departmental staffing and any variance since Supplementary Budget Estimates (*Estimates Hansard*, 23 February 2009, pp 5–6 and 13);
- ministerial and departmental costs of community cabinet meetings held since Budget Estimates (p. 7);
- departmental reviews and consultancies (pp 7 and 14);
- department's input into the stimulus package (p. 8);
- expenditure on media monitoring; Minister's overseas travel; advertising and communications; hospitality; ministerial office fit-outs; electricity and fuel (pp 9–12 and 13);
- departmental liaison officers in the Minister's office (p. 9);
- board appointments (p. 12);
- FOI requests (pp 12–13);
- transfer of Cocos Islands to the Attorney-General's department (pp 14–16);
- perceived decline in agricultural research and development (p. 16);
- meetings of the Agricultural Finance Forum (pp 17–18); and
- Farm Management Deposits scheme (pp 18–19).

### **Wheat Exports Australia (WEA)**

2.5 The committee raised concerns about the accreditation process for exporters under the new wheat marketing arrangements and how the interests of farmers will be protected. WEA explained that when considering applications from potential exporters, it takes into account a range of information. This includes the expected tonnage to be exported over the next three years; the last two years of their financial statements, audited for public companies or account certified for others; parent company guarantees in place for larger companies; the percentage of their export proposal to be purchased from trade and from growers; and the percentage to be purchased from growers on a pool or a cash basis.

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2 *Proof Estimates Hansard*, 23 February 2009, pp 6–7.

2.6 WEA then requests a cash flow based on this information and conducts independent analysis to establish a peak funding requirement. WEA also takes into account their credit facilities, whether they are a new exporter, and so on. Exporters have to notify WEA if there is any change, positive or negative, in their credit facilities. WEA advised that it has issued 22 licences to date, of which 14 have actually exported.<sup>3</sup>

2.7 The committee was interested in the impact of deregulation of the export industry on prices paid to growers. WEA confirmed that prices are being maintained at world parity, pointing out that in many cases the competition for grain has increased substantially at certain sites. When the sum total of export proposals is taken into account, it exceeds the amount of grain available for exports, indicating that the demand for grain exceeds the supply. WEA mentioned two other factors to highlight that demand has probably increased as a result of deregulation. Firstly, some of the accredited exporters are going into new markets and, secondly, a few of the accredited exporters are replacing wheat they had previously sourced internationally with Australian wheat.<sup>4</sup>

2.8 The committee also discussed the following matters:

- recent reports of delays in road freight and loading, particularly at ports in New South Wales such as Newcastle; associated problems with number of trains dedicated to carry grain (*Proof Estimates Hansard*, 23 February 2009, pp 19–21 and 25);
- establishment of a task force to look at New South Wales grain lines (pp 20 and 21);
- inquiry by the Export Wheat Commission into the wheat board's chartering activities (pp 22–23);
- how to ensure equitable access to port terminals for exporters prior to new access undertaking requirements with the ACCC taking effect from 1 October 2009 (p. 23); and
- with the removal of the reward system, golden grains points, how to encourage a quality product (p. 25).

## Climate Change

2.9 The committee asked about the work carried out by the Climate Change division, given that a number of the climate change related programs they sought information on are administered by other areas within the department. Division officers explained that they have four areas of responsibility. They deal with policy for climate change issues, contributing to whole-of-government strategy for climate change, such as providing information and expertise about agriculture in the

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3 *Proof Estimates Hansard*, 23 February 2009, pp 21–22 and 23.

4 *Proof Estimates Hansard*, 23 February 2009, pp 23–25.

development of the green paper, the white paper and subsequent legislation. The division is also responsible for assistance programs to farmers; the drought policy review; and forestry issues, as forestry will form part of the government's Carbon Pollution Reduction Scheme (CPRS).<sup>5</sup>

2.10 The committee expressed concern about the impact of an emissions trading scheme (ETS) on Australian agriculture and sought information about policies the department is working on to address anticipated increased costs to farmers. It highlighted a recent study by the Centre for International Economics which found that farmers will experience a big rise in ETS related costs even before agriculture is included in the scheme and that production and exports will dramatically decline under the ETS. ABARE responded that since the release of the government's white paper a considerable number of other reports have been released based on different assessments and assumptions. These reports are being analysed to see whether the assumptions behind them contain any additional data or new modelling that might contribute to the debate.<sup>6</sup> ABARE explained further:

What we are engaged in...is the process, with the DCC and Treasury, of going through and working out, with the various different assumptions and with different sensitivity analysis applied, what that is going to mean for the farm sector. We see that as certainly one of our key roles: trying to explain to people, particularly those in the farm sector, what is actually going to happen as a result of the CPRS.<sup>7</sup>

...So what we are trying to find out, and what we hope to publish over the next few months, is the answer to this question: when you take all those factors into account, what is really going to be the impact? Because it is very important for the farm sector; I understand that.<sup>8</sup>

2.11 The committee questioned the assumptions underpinning government modelling on ETS which are based on the rest of the world joining an ETS. ABARE confirmed that Treasury modelling does include both developed and developing countries joining the scheme at particular times and if that does not take place the consequences will be different.<sup>9</sup>

2.12 The committee asked whether ABARE was seeking input from other organisations such as the Australian Farm Institute and the National Farmers' Federation on their modelling and assessments of Treasury modelling, or whether they were relying solely on Treasury modelling. ABARE pointed out:

...that is the whole idea of the debate that we have entered into. As I said before, what we have is this quantum leap forward in the capacity of the

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5 *Proof Estimates Hansard*, 23 February 2009, p. 27.

6 *Proof Estimates Hansard*, 23 February 2009, pp 29–31.

7 *Proof Estimates Hansard*, 23 February 2009, p. 30.

8 *Proof Estimates Hansard*, 23 February 2009, p. 31.

9 *Proof Estimates Hansard*, 23 February 2009, pp 31 and 32–33.

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country to model these things. We have had the Treasury come out with the assumptions and policies that the government wants to put in place, and it has forecast what the impact might be. Now you have other commentators coming forward with alternative assumptions—not necessarily new modelling, but alternative assumptions—and that really contributes to the debate to make sure that we do understand what is going on.<sup>10</sup>

...What we do is to get the reports they have and look at the assumptions behind them and whether they are bringing any additional data or new modelling to the table.<sup>11</sup>

2.13 The committee sought clarification on how carbon trading would affect dairy farmers in Australia. The committee drew attention to the fact that international dairy company Fonterra is expected to receive emissions exemptions for its operations in New Zealand, and Australia's dairy farmers would be at a disadvantage if similar concessions were not made in Australia. The committee was informed that Australian dairy farmers have done some analysis on the issue but it was only provided to the department on the night before the hearing, so they are not in a position to comment at this stage.<sup>12</sup>

2.14 The committee raised concerns that meat will become unaffordable in Australia, based on current projections in the white paper. ABARE advised that depending on the assumptions that are made, the relative costs of particular products will change, with some things going up and some things going down. ABARE explained that most of the modelling indicates that the relative price of emissions intensive products such as meat will go up, but it does not mean that it renders them unaffordable.<sup>13</sup>

2.15 The committee then sought assurances that the beef cattle industry has a future. ABARE indicated that how much the price of meat goes up and how quickly will depend on the policy elements of the scheme such as the actual design, the legislation, how it is implemented and so on. ABARE explained that:

...if you look out to 2050 or 2100, the overall production of all of these industries goes up. It does not go up by as much as if you did not have a Carbon Pollution Reduction Scheme. What we are talking about is the differences away from 'business as usual'. The government will be making a change in the fundamental structure of the economy, and how that plays through and how it will evolve will depend a lot on the policies that are put in place right through the system from day 1.<sup>14</sup>

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10 *Proof Estimates Hansard*, 23 February 2009, p. 34.

11 *Proof Estimates Hansard*, 23 February 2009, p. 34.

12 *Proof Estimates Hansard*, 23 February 2009, pp 28–29.

13 *Proof Estimates Hansard*, 23 February 2009, p. 33.

14 *Proof Estimates Hansard*, 23 February 2009, pp 33–34.

2.16 ABARE informed the committee that over the next 12 months, as more information comes to hand and they get better definition of the agricultural sector in the models they have, they will be able to more accurately predict what might happen.<sup>15</sup>

2.17 ABARE advised the committee that the introduction of the CPRS will cause a reconfiguration right across the Australian economy and right across international economies if other countries adopt similar things to address climate change. ABARE continued:

If you want to do something about the adverse impacts of climate change you do have to change the prices—you do have to change the incentives in the markets for carbon intensive products, and that is exactly what is going to happen. I would part company with you in relation to the extremity of the impact. You are using language that suggests it will be the end of this industry and the end of that industry. As we have tried to point out, these industries will continue to grow and there will be a relative impact. The other point that you have to be aware of...is that there will be technological change through the period of the next zero to 30 years. Consumers and producers will react to the various signals and technologies will come forward that we are not yet aware of. I am not saying there is a magic silver bullet for the beef cattle industry, but the beef cattle industry will continue to grow in this country and the impact of the Carbon Pollution Reduction Scheme will take the top off some of that growth.<sup>16</sup>

2.18 The committee raised concerns about farmers living in limbo due to uncertainty surrounding the impact of an ETS on the agricultural sector. ABARE indicated that the best up-to-date work at the moment is the Treasury modelling. Treasury has set out, in a table, the estimated impacts on the gross output of various sectors by 2050 depending on a variety of different assumptions. For example, under the CPRS5 scenario (a minus five percent cap), the sheep and cattle industries decline by 6.7 percent, that is, from what they would otherwise have been in 2050. Dairy cattle declines by 3.5 percent and grains go down 1.5 percent. ABARE explained that it is still very significant growth from where we sit today.<sup>17</sup>

2.19 The committee also heard evidence on:

- department's role in the development of the green paper, the white paper and the CPRS (*Proof Estimates Hansard*, 23 February 2009, p. 25);
- expenditure under Australia's Farming Future; the Climate Change and Productivity Research Program; Climate Change Adaptation Partnership Program (pp 25–27);
- funding for research into soil carbon (pp 26 and 41–42);

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15 *Proof Estimates Hansard*, 23 February 2009, p. 34.

16 *Proof Estimates Hansard*, 23 February 2009, p. 35.

17 *Proof Estimates Hansard*, 23 February 2009, pp 37–38.

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- ABARE modelling for the Garnaut review on the impact of climate change on the agricultural sector (pp 27–28);
  - ABARE staff seconded to Treasury for 18 months to work on the impact of the CPRS on the agricultural sector (p. 28);
  - research into biochar (p. 32);
  - impact on beef exports to places such as Japan and Korea if the rest of the world does not introduce an ETS or a carbon tax (pp 36–37);
  - modelling on the impacts of the manufacturing portion of the agricultural sector (p. 39);
  - timing of the introduction of CPRS legislation into Parliament (p. 40);
  - policies the department is working on to offset anticipated increased costs to farmers following the introduction of the CPRS (pp 30 and 41);
  - ABARE forum called the Boat House Group (p. 43);
  - Exceptional Circumstances payments (pp 43–44);
  - drought policy review (pp 44–45);
  - reason for moving forestry policy and programs from Sustainable Resource Management (SRM) division to Climate Change division (p. 45);
  - forestry skills shortages program (p. 45);
  - Forest Industries Development Fund (pp 45–46);
  - forest industry database (p. 46);
  - development of guidelines on banning the importation of illegally logged timber (pp 46–47);
  - update on Preparing the Forest Industries for Climate Change program (p. 47);
  - total funding for forestry programs (pp 47–48);
  - updating of forestry webpage (p. 48); and
  - bushfire management, including controlled forest fuel reduction burns (pp 48–49 and 49–52).

## **Sustainable Resource Management**

2.20 The following matters were raised by the committee:

- Native Vegetation Regional Pilot projects (*Proof Estimates Hansard*, 23 February 2009, p. 53);
- Landcare funding under the Caring for Country program; assessment process; how to apply for funding (pp 53–57 and 61);

- work of the Australian Government Land and Coast team, including purchase of Toorale Station under the National Reserve System (pp 57–59);
- evaluation of government programs relating to sustainable farming practices (pp 59–60);
- expenditure under the Reef Rescue package (p. 61);
- final cost of buybacks in the Torres Strait commercial line fishery re-allocation (pp 61–62); and
- progress on the recreational fishing industry development strategy (pp 62–63).

### **Land and Water Australia (LWA)**

2.21 The committee sought an update on the Climate Change Research Strategy for Primary Industries (CCRSPI). Land and Water Australia (LWA) explained that in the current phase of CCRSPI, it is trying to establish the long-term structure that will govern arrangements between Research and Development Corporations (RDCs), state and Commonwealth agencies and the CSIRO over the next five years. It is also hoped that universities, particularly those with a focus on agriculture, will participate.<sup>18</sup>

2.22 In the first phase of CCRSPI last financial year, LWA compiled a database of all existing and recently completed research, identifying 404 projects. This database is currently being updated and a new database, Australian Agriculture and Natural Resources Online (AANRO), is being developed to cope with the number of research projects.<sup>19</sup>

2.23 The committee was interested to know how the strategy will be implemented once the structure is in place. LWA responded that there will be specific theme area strategies, for topics such as soil carbon or life cycle assessment, each with a coordinator to coordinate research across the institutions in that area. The intention is not to control what individual organisations will invest in but to coordinate investments so that organisations are aware of each other. LWA is hopeful that the implementation strategy will be in place within six months with some areas taking slightly longer.<sup>20</sup>

2.24 The committee also pursued the following matters:

- interaction between CCRSPI and the Climate Change division in DAFF and the Department of Climate Change (*Proof Estimates Hansard*, 23 February 2009, pp 63–64);

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18 *Proof Estimates Hansard*, 23 February 2009, p. 63.

19 *Proof Estimates Hansard*, 23 February 2009, p. 63.

20 *Proof Estimates Hansard*, 23 February 2009, pp 63–64.



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- update on the Tropical Rivers and Coastal Knowledge project (p. 65);
  - decrease in LWA's core funding over the past 18 years and additional funding from third parties (pp 65–66); and
  - outline of LWA's priority areas (pp 66–67).

### **Australian Fisheries Management Authority (AFMA)**

2.25 The committee heard evidence on the following issues:

- appointments to the commission; terms of engagement and conditions for commissioners (*Proof Estimates Hansard*, 23 February 2009, pp 67–68);
- update on the Fisheries Management Advisory Committee rationalisation process (pp 68–69);
- feedback and anticipated take-up of the e-log system (pp 69–70);
- AFMA's involvement with the relocation of the fishing vessel *Taruman* from Hobart (p. 70);
- funding allocation for the Fisheries Research program (pp 70–71);
- patrols of the *Oceanic Viking* to the Southern Ocean (p. 71);
- update on the Indian Ocean Tuna Commission (IOTC) performance review (pp 71–72);
- Securing our Fishing Future package; ANAO performance audit (pp 72, 73 and 74);
- Northern Prawn Trawl fishery: cost benefit analysis of options for moving to inter-transferable quotas (pp 72–73);
- Bass Strait Scallop Fishery: survey of current stock (pp 73–74); and
- Western Deepwater Trawl Fishery and North West Slope Trawl Fishery boundary readjustment (pp 74–75).

### **Trade and Market Access**

2.26 The committee discussed the following matters:

- current suspension of 13 red meat and five wild game (kangaroo meat) establishments from exporting to the Russian Federation due to microbial contamination in meat (*Proof Estimates Hansard*, 23 February 2009, pp 76–78);
- implications for Australian agricultural exports of the Buy America campaign in the US economic stimulus package (p. 79);
- special meeting of the Food and Agriculture Organisation (FAO) of the United Nations in November 2008 (p. 79);

- assessment of the impact of cheap Chinese frozen vegetable imports on local growers (pp 79–80);
- possible benefits to primary industry from a free trade agreement with China (p. 80);
- review of free trade agreements after several years to see whether assumptions in relation to benefits or disadvantages were accurate (p. 81);
- update on reopening stone fruit trade with Taiwan (p. 81);
- reintroduction of subsidies on milk in Europe and renewal of the US Farm Bill (pp 81–82); and
- status report on New Zealand's WTO challenge against Australia's quarantine rules on importation of apples (pp 96–97).

### **Quarantine and Biosecurity Policy Unit**

2.27 The committee raised concerns about recommendation 59 of the Beale report regarding the importation of live virus samples for research purposes. The committee asked a series of questions to try and pinpoint where the idea of allowing the importation of live foot-and-mouth disease (FMD) virus originated.<sup>21</sup>

2.28 The Minister replied that as far as the government is concerned, there are no plans to import live FMD viruses into Australia. He took a question on notice for the department to analyse the submissions to the panel to see if anyone had specifically suggested it. The committee emphasised that farmers and many scientists and veterinarians have serious concerns about this issue. In response, the department clarified that the recommendation does not say 'bring it in'; it says 'permit the import of positive control samples'. The department reiterated that there is no application to import and there are no plans to import and, as such, questioning was entering into a hypothetical area.<sup>22</sup>

2.29 The committee pointed out that the government has been quoted in the media as giving in-principle support to all of the recommendations of the Beale report, including recommendation 59. The department explained that while the government has supported the thrust of the report, it is clear that the government will come back and look at each of the individual recommendations and respond to those. The critical point is that there is no plan or application to import FMD virus.<sup>23</sup>

2.30 The committee questioned the reasoning behind recommendation 59; firstly, for use as positive control samples; secondly, for experimentation purposes; and thirdly, for vaccine production. The committee noted that scientists, including the

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21 *Proof Estimates Hansard*, 23 February 2009, pp 82–89 and 91–92.

22 *Proof Estimates Hansard*, 23 February 2009, pp 84–85 and 90.

23 *Proof Estimates Hansard*, 23 February 2009, pp 85–86.

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former chief of animal health at CSIRO, Mr Lascelles, have publicly stated that there is no scientific need to bring in the live FMD virus. The committee also observed that experimentation and virus production can be carried out overseas. The department responded that it understood the focus on FMD, which was clearly an issue of concern for animal industry stakeholders. However, read in its totality, the section of the Beale review on research and infrastructure support risk management actually covers much broader issues than just FMD. The FMD virus was mentioned as a specific example in the context of Australia needing better diagnostic capacity for serious exotic pests and diseases.<sup>24</sup>

2.31 The committee also discussed:

- the government's timetable for formally responding to the Beale review (*Proof Estimates Hansard*, 23 February 2009, p. 89); and
- Australian Animal Health Laboratory's relationship with overseas laboratories including Pak Chung regional reference laboratory in Thailand (pp 90–91).

### **Australian Quarantine and Inspection Service (AQIS)**

2.32 The committee questioned AQIS on the following matters:

- department's input into the negotiation of an open skies agreement with New Zealand through the Passenger Facilitation Taskforce; risks for quarantine, including *didymosphenia geminata* (didymo) (*Proof Estimates Hansard*, 23 February 2009, p. 93); and
- whether imported cut flowers are being treated according to AQIS quarantine requirements (pp 94–96).

### **Biosecurity Australia**

2.33 The committee pursued the following issues with Biosecurity Australia:

- Import Risk Analysis of apples from China (*Proof Estimates Hansard*, 23 February 2009, p. 97);
- testing of imported frozen vegetables (pp 98–99); and
- impact of equine influenza outbreak on the export of Australian horses (p. 99).

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24 *Proof Estimates Hansard*, 23 February 2009, p. 88.

## **Product Integrity, Animal and Plant Health (PIAPH)**

2.34 The committee raised the following matters:

- department's monitoring of the 'Grown in Australia' logo under the Australian Made Campaign; options for including provisions on country-of-origin labelling in the Trade Practices Act (pp 99–101);
- status of the outbreak of the potato cyst nematode at Thorpdale in Victoria; protocols to protect the potato seed stock (pp 102–103); and
- status of the citrus canker eradication program at Emerald (p. 103).

## **Australian Wool Innovation (AWI)**

2.35 The Chairman of Australian Wool Innovation (AWI) began by giving an overview of changes to the board and the executive since AWI's last appearance at estimates in October 2008. He informed the committee that four new board members were voted in at the election in November 2008. Mr Walter Merriman is the new Chairman and Roger Fletcher is the new Deputy Chair. AWI's new chief executive will be announced shortly. One of the first tasks of the new board was to address a funding shortfall of \$8 million to \$10 million from levy payments due to a decline in the amount and price of the wool clip. In addition, there has been a loss in licensee income. The board appointed a committee to look at AWI's business model, to identify savings and retain sufficient funding for marketing purposes.<sup>25</sup>

2.36 The committee raised the issue of alternatives to mulesing and sought information about 'top secret innovative solutions' such as the 'super glue solution' which have failed to materialise. AWI indicated that two research projects known as FST1 and FST2, using injectable chemical treatments, have fallen over. The Chairman explained that:

AWI's job is to research for a viable alternative to mulesing. That is what we do. To that end, we have a product called Eclipse that has had some uptake and has now been taken up by a commercial producer, which is good. Our part of the equation finishes there. Our job is to do the research, get it to a commercial stage, and then let the project be taken on commercially.

It is disappointing that FST1 and FST2 have fallen over, but that is the nature of research. It does not always work. We also have ongoing work into dermal techniques, plus the effort into bare-breech breeding, which has been taken up by some producers.<sup>26</sup>

2.37 AWI told the committee that, at the moment, the two major alternatives to mulesing are clips and interdermals. There was some debate about the timing for

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25 *Proof Estimates Hansard*, 23 February 2009, pp 103–104.

26 *Proof Estimates Hansard*, 23 February 2009, p. 105.

commercialisation of the clips, ranging from the middle of this year to sometime after next year. The first clip that goes to market will be non-biodegradable, followed soon after by the biodegradable. AWI explained that non-biodegradable clips would only be suitable for smaller enterprises where sheep can be kept close by for 72 hours while the work of the clips is done.<sup>27</sup>

2.38 The committee also discussed:

- benefits the new board member, Mr Laurence Modiano, has brought to AWI (*Proof Estimates Hansard*, 23 February 2009, pp 105–106);
- AWI wool marketing programs in Japan, Korea and China (pp 106–107);
- market and break-even prices for wool growers (pp 107–108);
- contact with PETA and with fashion houses that PETA claimed were going to ban Australian wool (pp 108–109);
- review of AWI's strategic plan (p. 109);
- how demand targets will be achieved given decreasing flock and breeding flock size (pp 110–111);
- AWI's timetable for phasing out mulesing (p. 111);
- blowfly management programs (pp 111–112);
- biodegradable clips (pp 112–113);
- reliability of the National Wool Declaration (p. 113);
- AWI participation in the United Nations Year of Natural Fibres (pp 113–114);
- consultation with wool-growing groups in Australia about AWI's strategic plan and marketing direction (p. 114);
- research and development projects undertaken in China (pp 114–115);
- action taken by AWI to encourage wool growers who are not already shareholders to take up their shareholder entitlements; voting at board elections; whether there is any intention to introduce governance changes (pp 115–116);
- whether premium prices are being paid for wool from unmulesed sheep (pp 116–117); and
- shortage of shearers in some areas (p. 117).

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27 *Proof Estimates Hansard*, 23 February 2009, pp 112–113.

### **Australian Pesticides and Veterinary Medicines Authority (APVMA)**

- 2.39 The committee pursued the following matters with officers from the APVMA:
- review of APVMA's cost recovery arrangements (*Proof Estimates Hansard*, 23 February 2009, pp 118 and 121);
  - bottlenecks in the registration process (pp 118–119);
  - investigation into the link between fish deaths, two-headed fish larvae and chemical usage at a fish hatchery in Queensland (pp 119–121);
  - permits issued for minor use (pp 121–122); and
  - harmonising the maximum residue limit (MRL) setting process between APVMA and Food Standards Australia New Zealand (p. 122).

### **Agricultural Productivity**

- 2.40 The committee sought information on the following issues:
- effect on agricultural productivity and food production of large-scale increases in forestry planting for carbon sequestration purposes (*Proof Estimates Hansard*, 23 February 2009, pp 122–125);
  - review of the horticultural code of conduct (pp 125–126);
  - whether the department has looked at product road mapping (where consumers are encouraged to consider the source of their product and the social consequences); paper prepared by the Sustainable Development Commission in the UK (pp 126–127); and
  - review into project funding made available by Horticulture Australia to AUSVEG (pp 127–128).

### **Grains Research and Development Corporation (GRDC)**

2.41 The committee was again interested in the issue of genetically modified (GM) crops. The committee raised concerns that GM canola yields were between 10 and 20 percent less than non-GM canola in the national variety trials undertaken by the GRDC, yet all of the government agronomic reports are based on an expected yield increase of 10 to 30 percent and rarely estimate the costs involved. They asked whether the GRDC would recommend that all government reports be reassessed to take into account the yield penalty and costs involved. The GRDC indicated that the trials were predominantly in southern areas and were impacted by drought this year, with only two out of five trials actually harvested. The GRDC advised that 'what we would suggest very strongly is that we continue those trials under the independent system and continually monitor to see where we go'.<sup>28</sup>

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28 *Proof Estimates Hansard*, 23 February 2009, p. 128.

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2.42 The committee was also concerned about the contamination of non-GM crops, particularly canola, and the difficulty of cleaning headers in cases where farmers are using contract headers which move through different properties. The GRDC explained that there are protocols in place that were developed some time ago for headers moving from Queensland to New South Wales. The industry went through a process of assessing the potential risk of contamination and, in the end, agreed that there could be protocols put in place to maintain integrity, from the paddock to the storage system.<sup>29</sup>

2.43 The committee also discussed:

- work on developing GM traits in wheat (*Proof Estimates Hansard*, 23 February 2009, pp 128–129);
- reasons for GM technology (pp 129–130);
- free use of plant breeding technologies by research institutes in exchange for confidential agreements with Monsanto (p. 130);
- onus of legal liability on the non-GM grower in the event of contamination with GM crops (pp 130–131);
- labelling system to identify GM foods (p. 131); and
- perceived decline in agricultural research and development; public and privately funded research (pp 131–132).

### **Meat and Livestock Australia**

2.44 The committee heard evidence on the following matters:

- lamb dentition testing and variance between states; MLA's role in industry debate; impact of AUS-MEAT accreditation (*Proof Estimates Hansard*, 23 February 2009, pp 133–134);
- AUS-MEAT standards for beef labelling: mandatory labelling of export beef but voluntary labelling for domestic beef (pp 134–135);
- effectiveness of the National Livestock Identification System (NLIS) database (pp 135 and 136);
- possible impact of an emissions trading scheme (ETS) on the competitiveness of the industry (pp 135–136); and
- industry opinion about the Beale report's recommendation to the government on the possible introduction of FMD virus for research purposes (pp 136–137).

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29 *Proof Estimates Hansard*, 23 February 2009, pp 130–131.

**Australian Bureau of Agricultural and Resource Economics (ABARE)**

2.45 The committee sought information on ABARE's analysis of future productivity rates in agriculture.<sup>30</sup>

2.46 ABARE also provided input to responses when the committee heard evidence from the Climate Change division, particularly in relation to the impact of the CPRS and the ETS. For further details, see paragraphs 2.10 to 2.18.

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30 *Proof Estimates Hansard*, 23 February 2009, pp 137–138.