

Chapter 2

Agriculture, Fisheries and Forestry portfolio

Department of Agriculture, Fisheries and Forestry

2.1 This chapter contains the key issues discussed during the 2009-2010 additional estimates hearings for the Agriculture, Fisheries and Forestry portfolio. A complete list of all the topics discussed, and relevant proof Hansard page numbers, can be found at Appendix 3.

2.2 The committee heard evidence from the department on Monday 8 February 2010. The hearing was conducted in the following order:

- Corporate Services/Corporate Finance/Corporate Policy
- Biosecurity Services Group
- Meat and Livestock Australia
- Climate Change
- Australian Bureau of Agricultural and Resource Economics and Bureau of Rural Sciences
- Sustainable Resource Management
- Australian Fisheries Management Authority
- Agricultural Productivity
- Wheat Exports Australia
- Trade and Market Access

Corporate Services/Corporate Finance/Corporate Policy

2.3 The committee was interested in the department's management of the efficiency dividend once again. In particular, it asked about the freeze on this year's graduate program. The department indicated that while the graduate program will be reintroduced in 2011, the suspension of the program for this year resulted in savings of around \$2 million. Part of the savings is in staff salaries, as next year's graduates will be filling positions in the divisions that would have been filled by other staff. The graduate recruitment process has also been streamlined, by cutting back on travel and assessment centres and increasing the amount of work done online.¹

2.4 The committee raised concerns about the department's business continuity and disaster recovery systems. The department indicated that 'it is true to say there are risks in our operational systems'. It explained that:

1 *Proof Estimates Hansard*, 8 February 2010, pp 4–5.

The corporate applications are low risk—they are very modern. The operational systems are, indeed, legacy systems in the true sense. They are nearing 20 years old. We have identified a number of what we call single points of failure which we are addressing at the moment. We have already done a fair bit of work to do that and the department has funded some capital projects to address what we think are the highest risks. So there is a plan of action in place.²

2.5 The secretary advised the committee that the government has announced \$7.8 million to be spent on developing a two-pass business case for upgrading biosecurity information and communications technology (ICT) as part of the Beale reform process. He observed that 'it is fairly clear that over the last decade or so there has been underinvestment in the area, and that is why the business case is being put through with the two-pass business case'.³

Biosecurity Services Group

2.6 The committee raised concerns about the government's decision to relax restrictions on the importation of beef from countries that have had outbreaks of bovine spongiform encephalopathy (BSE) and sought clarification of DAFF's role. The department advised that the ban was implemented in 2001 on the grounds of human food safety, under the Food Standards Code, not on the grounds of animal quarantine. Biosecurity Services Group will have responsibility for implementing the revised protocols specified by Food Standards Australia New Zealand (FSANZ). The department explained that 'our role is essentially that, when product comes to the border, we will be in the business of assessing whether or not they meet the import requirements'.⁴

2.7 The committee requested an update on the import risk analysis (IRA) for the importation of apples from China which began in March 2008. The department indicated that a draft was released in January 2009 and went to the Eminent Scientists Group in September 2009. The department is currently preparing the provisional final IRA which is due for completion in mid-2010.⁵

2.8 The committee was interested in the assessment process and whether there was any kind of investigation into the existence of fire blight in China. The department advised that it has undertaken three verification visits to China in 2006, 2008 and 2009, visiting seven of the nine provinces that China expressed interest in exporting from. Once access has been granted there is provision for ongoing audit and

2 *Proof Estimates Hansard*, 8 February 2010, p. 7.

3 *Proof Estimates Hansard*, 8 February 2010, p. 8. Information about the government's two pass review process, introduced in 2008, is available at: <http://www2.finance.gov.au/budget/ict-investment-framework/business-case-guide.html> (accessed 15 February 2010)

4 *Proof Estimates Hansard*, 8 February 2010, pp 18, 20 and 21.

5 *Proof Estimates Hansard*, 8 February 2010, p. 22.

the initial trade is expected to be conducted under a pre-clearance arrangement, with AQIS officers in China undertaking the final clearance of the export fruit.⁶

2.9 The committee sought an update on the export certification reform process. The department explained that all of the new fees commenced from 1 December 2009 'which essentially then recovered full costs of all those export certification programs'. In parallel with that process, the equivalent of a 40 per cent rebate is applied to those fees, with the net balance being the invoice charge back to the exporters. Since December, ministerial task forces for each of the six industry sectors have met to reaffirm the reform agendas for each sector and are in the process of developing detailed reform blueprints for completion by 28 February 2010.⁷

Meat and Livestock Australia (MLA)

2.10 The committee was interested in MLA's position on the relaxation of import restrictions for beef (as discussed above at paragraph 2.6). MLA had input into a submission prepared by the Red Meat Advisory Council on this issue, however, MLA indicated that it is not a policy-making or industry representative body.⁸ Its consultative role with industry:

is confined to the development and execution of our annual operating plan based on our levy income, which is all around trying to drive demand here and around the world and manage an R&D investment portfolio.⁹

2.11 Mr Palmer, Managing Director, expressed his view that a relaxation on import protocols seemed to be justified, based on his personal observations of how America dealt with their BSE incident. He also pointed to the fact that only three countries in the OECD were still maintaining a ban on American beef and that other sensitive markets, including Korea, Japan and New Zealand had lifted their bans. He emphasised the need for a consistent, even-handed approach to trade policy.¹⁰

Climate Change

2.12 The committee was interested in the role of two DAFF officers who participated in Australia's delegation to the UN Climate Change Conference in Copenhagen in December 2009. The department informed the committee that the officers provided advice to Department of Climate Change (DCC) officers who were leading the negotiations and assisted them to prepare for meetings about the

6 *Proof Estimates Hansard*, 8 February 2010, pp 22, 24 and 25.

7 *Proof Estimates Hansard*, 8 February 2010, p. 25.

8 *Proof Estimates Hansard*, 8 February 2010, pp 35–40.

9 *Proof Estimates Hansard*, 8 February 2010, pp 36–37.

10 *Proof Estimates Hansard*, 8 February 2010, pp 35, 36 and 37.

accounting rules for land use, including the debate about whether to count man-made emissions or natural emissions.¹¹

2.13 The committee sought an update on the government's review of drought policy. The department advised that the government is continuing to look at a number of changes to existing drought assistance measures as the current Exceptional Circumstances (EC) arrangements are no longer considered appropriate in the context of a changing climate. The department explained that:

The government has yet to reach a final landing point. Basically, there have been a number of reviews undertaken by the Bureau of Meteorology, CSIRO, the expert social panel and the Productivity Commission, which is all fed into the government's ongoing consideration of the matter.¹²

2.14 The committee asked for further details about the soil carbon research program, a component of the Climate Change Research Program. The department indicated that \$9.6 million has been allocated to the program which is being led by the CSIRO. It explained that an important and lengthy process was carried out to identify where to conduct samples:

Around Australia, we have based samples on management techniques and also on where we can match the management technique to a history, as soil carbon takes some time to increase. It is important to have a history of what has been happening on a piece of land under a certain management technique. We have sites across Australia in every state and in the Northern Territory...¹³

2.15 The department is hoping to collect a couple of thousand samples under the program and by the middle of this year expects to have sampled and analysed up to 20 per cent of these.¹⁴

Australian Bureau of Agricultural and Resource Economics (ABARE) and Bureau of Rural Sciences (BRS)

2.16 The committee held a discussion with ABARE and BRS about land use mapping, soil carbon research and upgrading of modelling on the impacts of climate change.¹⁵

2.17 BRS indicated that it is currently in the process of updating a publication it released last year, *Science for decision makers: soil carbon management and carbon trading*, which reviewed all the available information at that time. BRS also referred

11 *Proof Estimates Hansard*, 8 February 2010, p. 43.

12 *Proof Estimates Hansard*, 8 February 2010, p. 51.

13 *Proof Estimates Hansard*, 8 February 2010, p. 52.

14 *Proof Estimates Hansard*, 8 February 2010, p. 52.

15 *Proof Estimates Hansard*, 8 February 2010, pp 68–71.

to the Australian Soils Resources Information System (ASRIS) which is a national database of soil information.¹⁶

2.18 ABARE advised the committee that it is upgrading its modelling to incorporate the government's current policy settings in relation to the Carbon Pollution Reduction Scheme (CPRS) and the current international settings, such as changes to accounting rules. In the area of land use change, for example, it is working on revising the models to 'be able to handle things at a finer degree of resolution, such as changes in water et cetera'.¹⁷

Sustainable Resource Management (SRM)

2.19 The committee sought an update on the Caring for our Country program and asked about delays in the release of the business plan. The department indicated that the business plan was released on 7 January 2010, later than anticipated, as:

...we went through quite a consultation process with a range of stakeholders to get feedback on what they wanted in the business plan—changes to targets, changes to application processes and assessment processes and, in particular, some changes to the application form and the electronic application form. The plan includes quite a number of those changes. We have also made quite a few changes to the process by which the applications are received online. We had to get all that right. We felt it was better to get that right rather than to put out a rushed business plan that could generate quite a degree of confusion.¹⁸

2.20 The committee requested details of the assessment process for the program. The department advised that it is still working on that process but it is expected to be finalised in the next couple of weeks. Caring for our Country applications close in April and the department is hoping to go through the assessment process and announce projects as early as possible in the new financial year. Under the business plan, total project funding of \$171 million is available. In addition, \$138 million is available for regional base funding.¹⁹

2.21 The committee also expressed interest in the monitoring, evaluation, reporting and improvement (MERI) strategy for the Caring for our Country program. The department explained that every project of \$80,000 and over has to have a full MERI plan. All projects have to report biannually on progress towards their measurable targets and provide a final report with details of results against targets.²⁰

16 *Proof Estimates Hansard*, 8 February 2010, pp 68–69.

17 *Proof Estimates Hansard*, 8 February 2010, p. 70.

18 *Proof Estimates Hansard*, 8 February 2010, p. 75.

19 *Proof Estimates Hansard*, 8 February 2010, pp 75–76 and 81.

20 *Proof Estimates Hansard*, 8 February 2010, p. 80.

2.22 The committee was interested to know what happens to the funding for projects that do not meet their milestones. The department advised that:

...the milestones are negotiated at the start of the project and they are fairly dependent on what activities and the timing of those activities that the proponent put forward—it does not matter whether it is a regional body or another organisation. We normally contact each of those proponents around the time that a milestone report is due to see how they are going and remind them that one is due. If they have some delays or something, we will work out a way to work with them. But we cannot make a payment that is based on a contractual commitment if they have not been able to meet the commitment.²¹

SRM (international fisheries issues) and Australian Fisheries Management Authority (AFMA)

2.23 The committee sought information about the role of the department in the marine bioregional planning process. The department indicated that it liaises with the lead agency, the Department of the Environment, Water, Heritage and the Arts (DEWHA), and also with industry. There are four bioregional planning processes currently underway around Australia, for the east, north, north-west and south-west bioregions.²²

2.24 AFMA has a more active involvement: officers attend stakeholder meetings and try to ensure that DEWHA has the best available information about the commercial fisheries to assess the impacts on that sector as part of their planning process. BRS provides scientific input on the biophysical aspects of the proposed bioregional areas.²³

2.25 The committee raised concerns expressed by fishermen in the Gulf of Carpentaria about the possible impacts of the marine planning process for the north bioregion. The department stated that it was aware of some concerns and sensitivities given that there are high value prawn trawl areas in that region and that those are the kinds of factors that will need to be taken into account. In response to the committee's concerns that the fishing industry is complaining about a lack of information generally, AFMA advised that it provides a fortnightly newsletter which includes a regular update on bioregional marine planning to keep industry informed about the process.²⁴

2.26 The committee requested an update on patrols of the *Oceanic Viking* in the Southern Ocean. AFMA indicated that there has been one patrol this financial year

21 *Proof Estimates Hansard*, 8 February 2010, p. 81.

22 *Proof Estimates Hansard*, 8 February 2010, pp 87 and 89.

23 *Proof Estimates Hansard*, 8 February 2010, pp 87 and 89.

24 *Proof Estimates Hansard*, 8 February 2010, pp 90–91.

which concluded on 31 July 2009. On average there are four patrols per year, with three others scheduled before the end of this financial year. AFMA explained further:

Border Protection Command coordinates the patrolling of the Southern Oceans with those conducted by the French Navy patrol vessels so that there is maximum coverage of the area and so that we are not down there at the same time. There was a French patrol that essentially went for two months from October through to the end of December 2009. When the *Oceanic Viking* was not on station, the French patrol essentially was covering the area.²⁵

2.27 The committee was interested to know whether the events surrounding the interception of a vessel containing asylum seekers by the *Oceanic Viking* last year had disrupted any planned patrols. AFMA advised that one patrol scheduled for October 2009 had to be postponed, however, it will not prevent the full four trips occurring during this financial year. AFMA confirmed that there were no patrols in the Southern Ocean between 31 July and 19 October 2009.²⁶

Agricultural Productivity

2.28 The committee expressed concern about the delay in the introduction of a new 'Grown in Australia' label. The department indicated that it had an initial meeting with the Australian Competition and Consumer Commission (ACCC) in August 2008 to discuss the viability of amending the Trade Practices Act. DAFF stated that, as the Department of Innovation, Industry, Science and Research has policy responsibility for amending the Trade Practices Act, 'since then...we have had most of our dealings with that department and they have been working with the ACCC on issues around that election commitment'.²⁷

2.29 The department emphasised that it is a complex issue:

We have been trying to find a solution where we are actually going to provide the consumer with more information that is clear and consistent rather than simply more information that is confusing. So a lot of the discussions we have been having, both internally in the department and with our colleagues in the Department of Innovation, Industry, Science and Research, are about trying to work out how the new 'grown in Australia' label would fit with the provisions which are already in the Trade Practices Act, which is product made in Australia. So that has been the centre of a fair bit of the discussion to date, and we have struggled to work and find an equitable solution that is easy to implement and easy to understand, but we are continuing to work on that.²⁸

25 *Proof Estimates Hansard*, 8 February 2010, p. 94.

26 *Proof Estimates Hansard*, 8 February 2010, p. 95.

27 *Proof Estimates Hansard*, 8 February 2010, p. 103.

28 *Proof Estimates Hansard*, 8 February 2010, p. 103.

2.30 The committee was interested in mechanisms to encourage state governments to maintain a reasonable level of funding on research and development (R&D). The department advised that, through the Primary Industries Ministerial Council, there is a collaboration of the states, research and development corporations, universities and industry to develop a national research development and extension framework. It aims to develop a framework for future investment across each individual sector of the agricultural industry by identifying the long-term demand for R&D. The department observed that 'it is an ambitious project, but so far it is going very positively through that process'.²⁹

Wheat Exports Australia (WEA)

2.31 The committee raised concerns about the current price of wheat. WEA explained that Australia's price is largely determined by world prices which are largely based on supply and demand, with world wheat stocks a major influence on that. In 2007 Australia had some of the lowest world stocks of wheat around, however, in 2008 and 2009 they have grown. Because of the turnaround in the stock situation, there has been a consequential fall in price.³⁰

2.32 The committee asked about the benefits of the new wheat marketing arrangements, from WEA's point of view. WEA informed the committee that 'of course there has been a dramatic change'. The main benefit for growers is that they have more choice and there is competition, with 28 organisations accredited. While not all of those are active in the market at any one time, at least 15 or more are active and vying for business. WEA observed that with competition, they are already seeing innovative products and new approaches. In addition, there has been an increase in liquidity in the market.³¹

Trade and Market Access

2.33 The committee sought an update on negotiations with the Russian Federation to resolve suspensions of red meat exports from Australia. The department advised that there have been some positive developments over the last six months or so. A number of red meat establishments have been relisted, but eight remain suspended. To apply for relisting, individual establishments have to prepare a report which is endorsed by AQIS. It is then sent at government level to the Russians who assess it and decide whether to relist or not.³²

2.34 In relation to kangaroo meat exports, the department indicated that the Russians suspended all trade from 1 August 2009, following an audit visit to

29 *Proof Estimates Hansard*, 8 February 2010, p. 107.

30 *Proof Estimates Hansard*, 8 February 2010, p. 116.

31 *Proof Estimates Hansard*, 8 February 2010, p. 118.

32 *Proof Estimates Hansard*, 8 February 2010, p. 124.

Australia. Since that time, Biosecurity Services Group has been working with state regulatory authorities, state governments and industry to make improvements to the supply chain. The next step is a submission to the Russian Federation, followed by a re-establishment of the trade or an audit visit from Russian authorities before the trade is re-established.³³

33 *Proof Estimates Hansard*, 8 February 2010, p. 124.

