

Division 16: Primary Industries and Regional Development — Services 6 and 7, Agriculture and Food, \$147 913 000 —

Ms M.M. Quirk, Chair.

Mr D.A. Templeman, Minister for Local Government representing the Minister for Agriculture and Food.

Mr R. Addis, Director General.

Ms H. Brayford, Deputy Director General, Sustainability and Biosecurity.

Mr N.J. Grazia, Acting Deputy Director General, Industry and Economic Development.

Ms M. Taylor, Chief Financial Officer.

Dr W. Fletcher, Executive Director, Fisheries and Agriculture Resource Management.

Mr B. Mezzatesta, Executive Director, Operations and Compliance.

Mr J.K. Ruprecht, Acting Executive Director, Business Development.

Dr M.J. Carbon, Acting Executive Director, Biosecurity.

Dr M.W. Sweetingham, Managing Director.

Ms M. Murphy, Acting Managing Director, Business Performance.

Mr C. Thurley, Principal Policy Adviser.

Mr G. Hamley, Chief of Staff, Minister for Local Government.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

Members, we will be dealing with divisions 16 and 19 and the Western Australian Meat Authority. I give the call to the member for Geraldton.

Mr I.C. BLAYNEY: I refer to page 201 of budget paper No 2, volume 1, and the third line item "Agricultural Research Grant Allocations". Looking across that line item, there is \$17 million for this year's budget, \$17 million again in 2019–20, it goes down to \$4.7 million in 2020–21 and then back up to \$16 million in 2021–22. Can the minister explain the drop to \$4.7 million in 2020–21?

Mr D.A. TEMPLEMAN: I thank the member for Geraldton. I will ask Mr Addis to ask the relevant officer to explain that difference in the allocation.

Mr R. Addis: I will ask the chief finance officer, Mandy Taylor, to provide an answer.

Ms M. Taylor: The allocations provided in the grants and subsidies table relate to various grants that we get, particularly through our external funds projects. It also includes any grants that we might pay out to third party providers as well. I do not have a specific list of what they are, but I could provide that as supplementary information.

Mr I.C. BLAYNEY: Is it right that that is not government money being expended, but external money coming in?

Ms M. Taylor: The majority of it is external funds that are coming in and being paid out.

Mr S.A. MILLMAN: In terms of grains research, I refer to page 189 of budget paper No 2 and significant issues impacting the budget. An important part of the diversification of the Western Australian economy is invested in grains research and development. Can the minister please outline the government's investment in this research and development and how this is allocated for in the budget this year?

Mr D.A. TEMPLEMAN: Thank you, member, for your interest in the grains research development capacity of the Western Australian economy. Additional funding of \$10 million has been allocated in both 2020–21 and 2021–22 for ongoing delivery of grains research and development to enable negotiation of a long-term matching co-investment arrangement with the Grains Research and Development Corporation. Current funding ends in 2019–20. If the funding is not continued, it will adversely impact the effectiveness of WA grain growers' ability to compete with other market participants. A reduction in market share will affect income levels, leading to declining job opportunities in the regions. As the member highlighted, this is an important element to ensure that we continue to build capacity going forward.

[5.10 pm]

Mr S.A. MILLMAN: Further to that, what sort of matched funding is provided by the federal government to complement the investment that the Western Australian government is making in this grains research, and is Western Australia getting its fair share?

Mr D.A. TEMPLEMAN: I am happy for Mr Addis to respond to that. It is a very good question.

Mr R. Addis: Historically, the research and development corporation, which is the national entity responsible for distributing grower levies plus commonwealth-matched funding to research and development, has contributed in a matching way—not matching dollar for dollar, but leveraged with WA's investment. That continues to be the case. We would always like to see more. Part of this year's budget is a commitment of, I think, \$24 million in additional grains research and development-focused funding to ensure that we are in a strong negotiating position to get a long-term co-investment package with the Grains Research and Development Corporation. Obviously grains is far and away our most important single product sector. I must say how important grains research and development is in making sure that we are able to stay in front of our competitors in that important export sector. We are well advanced with discussions and in developing that program with GRDC. We hope we are in a position to announce that jointly with them in coming months.

Mr R.S. LOVE: I refer to page 190 in budget paper No 2. There are a range of dot points. Counting down from the start of the dot points on page 189, the eighth dot point refers to regenerative agriculture. I am wondering whether the persons who have been assigned to work in regenerative agriculture are already employed by the department. If they have recognised scientific qualifications, what is the scientific qualification to work in regenerative agriculture?

Mr D.A. TEMPLEMAN: I am happy to make some preliminary comment and then perhaps some additional information can be added. Obviously, the farming community considers soil health, soil quality and land condition to be a major priority for sustainable economic development in WA. Heavy soil holds water and nutrients that are readily available for plant roots, and suppresses pests and weeds. It also sequesters carbon from the atmosphere and cleans the water that flows through into rivers, lakes and aquifers. Regenerative agriculture is a farming system that uses a variety of tools that, in the right location, can assist in repairing degraded or unproductive land and it can build resilient soils and healthy landscapes by focusing on improving soil micro biodiversity. It requires a transformational change from conventional agriculture. This is something I was reading up on recently because I had never heard of the term before. But certainly it is a transformational change, and reflects that. I understand that the approach has been described as holistic, aimed at building the organic carbon content of the soil, increasing and improving soil, biodiversity and resilience. There has been a review. In early 2018, the Minister for Agriculture and Food established a soils ministerial advisory committee to advise on new and emerging systems supporting soil health improvement in WA, which I understand relates also to this particular method. I will ask the director general if he wishes to make any additional comment to what I have provided.

Mr R.S. LOVE: Before he does, I remind the minister that I specifically wanted to know whether persons involved in this program will have appropriate scientific qualifications and what level of expertise they will have in such a science.

Mr D.A. TEMPLEMAN: I will get the director general to respond.

Mr R. Addis: I make the point at the outset that soil health is a key part of the productivity of our ag sector. Farmers are the best stewards of that, and I think increasingly in the last decades have taken a strong proactive role. Regenerative agriculture is a form of land management and soil management. There are some ideas that can contribute to that work. Similarly, the soil council that the minister has reinitiated this year under the relevant act is a part of that. The work that we do with the soils health alliance at the University of Western Australia is again part of that broad approach the department takes, working with farmers and industry to make sure that, long-term, soil is maintained and improved. We have a raft of good quality, very experienced soil scientists and other scientists who contribute to this sort of work. I think the answer is yes, the Department of Primary Industries and Regional Development staff who are involved in this broad area of soil health and sustainability have exceptionally good experience and scientific skills.

Mr R.S. LOVE: Can the minister explain to me what is meant by “explore the science and best practice in regenerative agriculture”? If it is an accepted practice, how is the department exploring the science? What sorts of outcomes would be expected from participation in this program and how are they measured?

Mr D.A. TEMPLEMAN: I am happy for Mr Addis to respond.

Mr R. Addis: I am not quite sure in what way it is a program in and of itself.

Mr R.S. LOVE: It is a dot point in the budget, so I am asking about it.

Mr R. Addis: It is part of our broader approach to soil health.

Mr R.S. LOVE: It is in a dot point, so presumably it is significant. With respect, I did not write the budget. The budget papers have outlined this as a significant issue. I am asking about what the department has outlined as a significant issue. I am being asked why it is important—it is important because it has been put in the budget papers.

Mr R. Addis: I am not disagreeing that it is important. It is important as part of a broader approach by the department to soil health.

Mr R.S. LOVE: So how is the department going to structure its participation in all of this?

The CHAIR: Is that a further question or have we entered into a debate?

Mr R.S. LOVE: It is the same question; it has not been answered. I want to know how he is going to structure a program to deal with regenerative agriculture, what will be the expected outcomes and how they will be measured.

Mr R. Addis: We have a range of scientists working on soil science in a broad sense, which includes the ideas and practices that are going out of what is known in this context as regenerative agriculture. Dr Mark Sweetingham might have something to add to that.

Dr M.W. Sweetingham: I think it is best answered by the fact we have had a long-term investment in soil science. We have capacity in soil microbiology, agronomists and crop nutritionists who look at how the crop grows in response to plant health and also, obviously, people in animal husbandry. The regenerative agriculture movement has its origins in the natural resource management world. We are looking at trying to marry some of the holistic principles at landscape level management of the health and wellbeing of the soil and the landscape with what has been traditionally the strength of the department in a very productivity-oriented part of delivering boosted productivity of our agricultural systems. We do not see that as a conflict. We have the science capability to look at and to monitor varying trends of animal and plant growth in a range of farming systems. We probably will be looking at establishing some long-term trials on some of our research stations that look at different methods of maintaining soil health over a long period. This might include organic amendments as opposed to more conventional and current methodologies of boosting productivity over the life of a long-term crop rotation.

[5.20 pm]

Mr I.C. BLAYNEY: I refer to page 192 of budget paper No 2, volume 1, and the sixth line item of the service summary, “Agricultural and Fisheries Biosecurity and Integrity”. The budget estimate for 2018–19 is \$78 million. How is this split between agriculture and fisheries? That figure is to be reduced to \$49.6 million by 2021–22, so how and where will it be cut to get that figure?

Mr D.A. TEMPLEMAN: I thank the member for his question. He is referring to the sixth line item, “Agricultural and Fisheries Biosecurity and Integrity”. He is querying the distribution of that funding between agriculture and fisheries and he is also asking why there is a decline from \$78.004 million to \$49.636 million in 2021–22. Is that correct?

Mr I.C. BLAYNEY: And how will that be achieved?

Mr R. Addis: This is the first year that we have done a truly integrated budget for the new department, which brings together, as the member knows, fisheries, agriculture and food, and regional development, and it is the first year that we have split our service summary across those seven service categories. Obviously, the former agency had quite a different format and regime. The first year is reflective of our overall total cost of services across the seven and has been done in what I would describe as a reasonably scientific way. The out years, which are only estimates and very much subject to the work we have in front of us in restructuring the new department and getting the balance right across our services, are essentially extrapolations of the first year. The decline is spread across the seven service categories. The bulk of the decline over the out years relates to the very large component of our overall total cost of services, which is represented by one-off funded projects over and above normal core operating business. In particular they are royalties for regions-funded projects, which by their nature are time limited with

a start and finish date. By the end of the out years period, a large quantity of those projects will have rolled out, and the same applies for a number of other externally funded projects that are time limited and so are not reflected in the backend years of this budget. Regarding the answer to the question of how we spread funding reductions across the different activities that we do, to be specific, in the first year, the numbers are a good reflection of the real balance, and the out years, as I said at the start of my answer, are only estimates. They will change and the spread will change as a result of the restructure work and planning we have in front of us.

Mr I.C. BLAYNEY: I am sorry if it was not clear enough, but the first question I asked was: what is the allocation in biosecurity between agriculture and fisheries? I would not have thought that biosecurity in agriculture really had a hell of a lot in common with biosecurity for fisheries.

Mr R. Addis: Are you saying it has not?

Mr I.C. BLAYNEY: I would not have thought so. If there were two separate budgets before and they have just been lumped together, I am curious to know how much of the figure is allocated to agriculture and how much to fisheries.

Mr R. Addis: The member is correct that the majority is for agriculture. As far as I am aware, we have not split them, because we are intending to run biosecurity in a fairly integrated way so we get the benefits of respective skills out of both fisheries and aquaculture, which is an approach we have taken across the board when it makes practical sense. The bulk of the effort is absolutely in agriculture, as the member is pointing to. I do not think we have specific numbers that I can provide today on that.

Mr I.C. BLAYNEY: Is the director general saying that he does not know how much of that budget will be split between agriculture and fisheries?

Mr R. Addis: I am saying I do not have the figures today and as far as I am aware we have not quantified those things. The level of effort that has been brought into the new department from biosecurity functions of the former Departments of Fisheries and Agriculture and Food has largely stayed intact. There has not been substantial change, and as the member is probably aware, particularly in the agriculture space, the biosecurity function is dealing with a very high level of pressure at the moment.

Dr D.J. HONEY: I have a question about that item. Members all know the custom and practice here much more than I do, but it strikes me that almost every line item in the budget, if we look in the forward estimates, drops off dramatically on the expenditure side over time. That surely does not reflect —

The CHAIR: Member, if you are still referring to —

Dr D.J. HONEY: I am referring to budget paper No 2, volume 1, page 192 and the service summary table. I apologise, Madam Chair. The listed expenditure drops off very dramatically, but it does not present a very realistic picture of expenditure in the forward estimates. In fact, it would look to substantially underestimate the likely spend going forward, and surely there is an intention here to reflect what we realistically think we are likely to spend, even though we might not have the detail.

The CHAIR: Member, is there a question in all of that?

Dr D.J. HONEY: Why is it dropping off so dramatically? It does not look realistic at all, although I appreciate the point around the government gaining some efficiencies. I know the minister does not expect to answer for the rest of the document, but I am not sure it would be prudent. If I was budgeting forward, I would not drop it off so dramatically. Just saying that we will only leave things we know about does not sound like a prudent practice to get a realistic estimate of forward expenditure and liabilities for the government.

The CHAIR: I am not sure that that requires a response, minister, but do your best.

Mr D.A. TEMPLEMAN: I think it is a comment on the presentation of the budget papers and the intent.

Dr D.J. HONEY: The question is: does the minister realistically think that reflects an estimate of forward expenditure or not?

Mr D.A. TEMPLEMAN: I am happy to let Mr Addis respond to that part of the member's question.

Mr R. Addis: As I tried to articulate in my answer to the previous question, a large part of the overall total cost of services is in its nature funded short term by funding such as RforR and external funding and is over and above what we would call the normal continuing scope.

The CHAIR: Mr Addis, for the purposes of Hansard, if you are using acronyms, could you at least say what they are.

Mr R. Addis: For the record I am referring to royalties for regions.

I have lost my train of thought now! Those short term-funded projects are over and above the continuing, what we would call, core business scope and level of service and activity for the department at an operating level.

Dr D.J. HONEY: Sure, I heard that answer before.

I might as well talk about a topical issue. I refer to the first dot point at the top of page 190 of the *Budget Statements*, which states —

Western Australia's primary industries are heavily export focused ...

What is the current value of live sheep exports to Western Australia each year? The corollary of that is: what would be the impact if we were to ban those exports? Does the minister have any estimate of that at the moment?

The CHAIR: Sorry, member, which dot point?

Dr D.J. HONEY: It is the first dot point at the top of page 190 referring to the industries that are heavily export focused, and obviously sheep exports are a significant part of that.

Mr D.A. TEMPLEMAN: In answer to the first part of the member's question, live sheep export was valued at around \$ 203 million in 2016–17.

[5.30 pm]

Dr D.J. HONEY: I get that. If the minister could, do we have an estimate for 2017–18 as well, or is it about the same?

Mr D.A. TEMPLEMAN: I refer to Mr Addis.

Mr R. Addis: We are obviously only part way through the year, but we expect it to be about a similar value.

The CHAIR: Members, I am mindful of the time. We have another division to get through, and also the Western Australian Meat Industry Authority. Members might be mindful of that.

Mr I.C. BLAYNEY: I have a question about saleyards. Is that within the Department of Agriculture and Food budget or is that in the Meat Industry Authority?

Mr D.A. TEMPLEMAN: That would be under the WA Meat Industry Authority.

Mr R.S. LOVE: I have a further question on the live export trade. Given the current situation, in which there is talk of shutting the industry down or at least suspending various parts of it, and the minister has made those discussions known, has the department any idea of the net effect of the cessation of that industry on the net returns to agriculture? This is slightly different from simply asking the value of it; what would be the difference in value in the sheepmeat industry without the livestock export industry flourishing? Has work been done on that? While the department is making decisions on animal welfare, is it cognisant of the economic impacts of those decisions—what they might be, and whether they have been quantified?

Mr D.A. TEMPLEMAN: My understanding is that the process of monitoring and assessing the industry is underway and ongoing. Mr Addis may like to make an additional comment.

Mr R. Addis: I would clarify that the objective is certainly not to shut the industry down. In fact, the minister has made clear that she wants to ensure that the trade can be sustainable. The objective is to ensure that the Animal Welfare Act in Western Australia is applied by her and by the department, and that we avoid unnecessary cruelty to animals. We are obviously cognisant of the impact of any changes in the way that is applied to industry. There has been a series of meetings with processors and producers, and we will be having further discussions with groups this week. There is ongoing work to better understand some of implications and options in the event that the pattern of trade changes over time. We do not yet have the results of that to hand.

Mr R.S. LOVE: On the basis of the minister's preferred objective of ceasing the trade in certain months of the year, which has been stated, has any work been done on the effect of that, and where those animals could possibly go?

Mr R. Addis: As I said in my response, work is on foot at the moment. It is not complete, and therefore I do not have the results of that to hand.

Mr S.A. MILLMAN: Further to that—perhaps this question can be more properly directed to Mr Addis—in terms of the recent political developments with a federal Liberal backbencher introducing her private member's bill to ban the live sheep export trade, in the analysis that the director general has just alluded to, will that constellation of circumstances also be taken into account, if the federal government moves first?

Mr D.A. TEMPLEMAN: In answer to that question, and Mr Addis may be able to add to this, I want to highlight the Premier's comments to the Parliament last week during question time that highlighted the approach to this issue by Western Australia. Firstly, the Premier, the minister and the government want to see vast improvements to what has occurred, and want to work actively with the federal government to initiate measures to deliver higher quality animal welfare outcomes in the live sheep export trade. Only yesterday, the former minister made some comment about the move for a private member's bill. That will take some time in the process of the Parliament; progressing a private member's bill through any Parliament can be a lengthy process even if it is granted time by

Mr Ian Blayney; Mr David Templeman; Mr Simon Millman; Mr Shane Love; Chair; Dr D.J. Honey

the government of the day. The minister is working very diligently to deliver genuine positive animal welfare outcomes, and needs the federal government to come to the party. It seems to me that this issue has a sense of continually moving, because pressure points are opening up everywhere, including on the federal government's own side. I understand that last week the minister made a plea to the federal minister, Mr Littleproud, about some of the measures that we believe will dramatically improve animal welfare in the live sheep export trade, but, unfortunately, they did not gain support. I think the minister is also very mindful of the economic issues associated with our meat farmers, and is very much aware of the issues associated with their livelihoods. However, I underline the comments by the Premier that there is no doubt that the industry in general has a very important responsibility to address issues of animal welfare. The general public is becoming increasingly concerned about what it is seeing on the television and through investigative journalism. I hope that there will be ongoing negotiation and discussion between the federal and state governments about this issue, and that it is resolved to deliver quality animal welfare outcomes while also being mindful of the importance of the industry to our meat farmers. Mr Addis may want to make an additional comment.

Mr R. Addis: I think the minister has covered the issue very well.

The CHAIR: Member for Moore, do you have a further question that issue?

Mr R.S. LOVE: I refer to the line item for the voluntary targeted separation scheme on page 189 —

The CHAIR: Sorry, that is a new one; I was asking for further questions. The member for Cottesloe, with a further question.

Dr D.J. HONEY: Is our Department of Agriculture and Food doing any work directly with the sheep exporters on the animal husbandry issue? This is following up on the dot point on page 190 of budget paper No 2.

Mr R. Addis: There has been a series of meetings with importers, exporting agents, processors and producers, and this week there will be a series of more practical sessions with industry stakeholders to try to get to the nitty-gritty of the issues and options we need to start acting on. The department's livestock directorate is working closely on that with growers and industry.

[5.40 pm]

Mr R.S. LOVE: I refer to the \$8.3 million for the line item "Voluntary Targeted Separation Scheme" under the "Spending Changes" table on page 189 of budget paper No 2. How many of those positions that have been separated have come from service areas 6 and 7?

Mr D.A. TEMPLEMAN: I will make some preliminary comments. The voluntary targeted separation scheme is a commitment by government to address budget repair. It is a voluntary scheme. The budget brought down by the Treasurer highlights a target of some 3 000 over the scheme's time line. Currently, over 2 000 personnel have been approved under the voluntary targeted separation scheme. I need to highlight that it is a voluntary process. The target of 3 000 remains, but the time within which that target is expected to be met has been extended. The scheme applies across all government agencies. Mr Addis may want to make further comment.

Mr R. Addis: The impact of the voluntary targeted separation scheme on our business in terms of the former departments and functions and regional areas versus the metropolitan area has been, by and large, pretty evenly spread across all those bases. There have not been any substantial hotspots or imbalances in the impact. It has been spread remarkably evenly.

The CHAIR: Members, we are still on division 16, services 6 and 7, and we still have division 19 and the Western Australian Meat Industry Authority.

Mr R.S. LOVE: I specifically want to get to how this is affecting the functionality of the areas of agriculture and fisheries within the now expanded department. Is the minister confident that, of the positions that have been voluntarily separated, the losses in those areas of expertise have not negatively affected the functions of the department?

Mr R. Addis: We could always do with more staff, but when the resources that are available mean that we have to do with less, that is what we have to do. As I have said, we have managed this to make sure that, as much as possible, the spread is even. We are in the middle of redesigning the new organisation in a more integrated function. We are halfway through that restructure process and we expect in the next four or five months to be at the end of that. Through that redesign process, we will take the opportunity to address any remaining hotspots, but there really are none that are particularly glaring. We will take the opportunity to make sure that, by the end of that restructure, we have addressed any of those issues.

The CHAIR: I reiterate that time is moving on.

Mr R.S. LOVE: When the voluntary targeted separation scheme has been applied to a department or an area such as agriculture and fisheries, are there any structured parameters around the persons who are accepted to ensure that there is no short-term loss of expertise within those various areas?

Mr D.A. TEMPLEMAN: I will answer that. During the previous government's term in office, it was responsible for the decimation of the Department of Agriculture and Food, and I did not hear the member make any comments about that when it was done as a direct cut. This is a voluntary severance scheme; therefore, the scheme is an offer for people to voluntarily opt into the scheme. It is the responsibility of the department to respond to the continuation of service delivery. As the director general has highlighted, that process is underway. As the demands of that department continue to surface, it is the responsibility of the department and, ultimately, the government, to respond to the expertise that is required. I remind the member of what his government oversaw in the decimation of the Department of Agriculture and Food. Of course, during most of that time, members of the National Party were the ministers overseeing that portfolio area.

Mr I.C. BLAYNEY: Madam Chair, I do not think we have any questions about the Rural Business Development Corporation. I have one question on the Western Australian Meat Industry Authority and the member for Moore has a question about the Western Australian Meat Industry Authority. We are agreeable to putting divisions 16 and 19. If we can have one final question on this division, we can then move to the Western Australian Meat Industry Authority.

Mr R.S. LOVE: The last dot point on page 190 of the budget papers refers to the review of the Animal Welfare Act, the Aquatic Resources Management Act and the Biosecurity and Agriculture Management Act. How is the department positioned to resource this review, given that the Department of Primary Industries and Regional Development's staff level is forecast to drop by 100 FTEs in that period?

Mr D.A. TEMPLEMAN: The final dot point on page 190 highlights some legislative reform processes that are currently underway. Obviously, the Aquatic Resources Management Act, the Animal Welfare Act and the Biosecurity and Agriculture Management Act are seen as priorities and appropriate resources will be allocated to appropriately and adequately review those acts. The department has a responsibility to ensure that that review process is resourced to make sure that those acts are reviewed appropriately and meet community expectations and, indeed, that there is direct input by key stakeholders.

Mr R.S. LOVE: So the minister would hold that the time line is appropriate and he does not think that it is unachievable?

Mr D.A. TEMPLEMAN: The regulatory legislative reform of these acts is seen as a priority and the department will be given appropriate resources to achieve those reviews.

The appropriation was recommended.