

Chairman; Mr Gary Snook; Mr Tony McRae; Mr Terry Redman; Mr John Castrilli; Dr Steve Thomas; Mr John D'Orazio; Mr Peter Watson

Division 14: Agriculture and Food, \$167 012 000 -

Mr P.B. Watson, Chairman.

Mr A.D. McRae, Parliamentary Secretary to the Minister for Agriculture and Food.

Mr I.G. Longson, Director General.

Mr R.J. Delane, Deputy Director General, Biosecurity and Research.

Mr M.J. Marsh, Executive Director, Business Services.

Mr R. George, Manager, Natural Resource Management.

Mr G. Wilson, Director, Policy and Planning.

Mr M. McMullan, Chief of Staff, Office of the Minister for Agriculture and Food.

The CHAIRMAN: This estimates committee will be reported by a private contractor. The daily proof *Hansard* will be published in two parts: the first part will be distributed at 9.00 am tomorrow; the second part will be distributed at 9.00 am the day after.

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 fund. This is the prime focus of the committee. While there is scope for members to examine many matters, questions need to be clearly related to a page number, item, program, or amount within the volumes. For example, members are free to pursue performance indicators that are included in the budget statements while there remains a clear link between the questions and the estimates.

It is the intention of the Chairman 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 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. For the purpose of following up the provision of this information, I ask the minister to clearly indicate to the committee which 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 Committee Clerk by 9 June 2006, so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers and accordingly I ask the minister to cooperate with those requirements.

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 with the Clerk's office. Only supplementary information that the minister agrees to provide will be sought by 9 June 2006.

It will also greatly assist the contractor recording the proceedings if when referring to the *Budget Statements* volumes or the consolidated fund estimates, members give the page number, item, program and amount in preface to their question.

I now ask the new minister to introduce his advisers to the committee.

Mr A.D. McRAE: I have not yet been sworn in, so, technically speaking, I am still the parliamentary secretary.

The CHAIRMAN: It was only a figure of speech. We do not need another speech, thank you.

We have to deal with divisions 14, 15, 16, 17 and 18. I remind all members that at exactly 5.30 pm, divisions 14, 15, 16, 17 and 18 will cease. I therefore advise members that, if we are getting to the last half hour and they still have questions, it might be an idea to ask that the answers be provided as supplementary information so that we do not have the same situation as yesterday when a minister was halfway through an answer and had to be cut off. We do not want that to happen. The member for Moore.

Mr G. SNOOK: I refer to service 4 at page 285. Can the minister assure me that agricultural research stations will not be threatened with closure? What has been the total allocation of funds on an annual basis for the operation of research stations over the past four years, including this year?

Mr A.D. McRAE: There will be no closures of the Department of Agriculture and Food's research stations. The department operates a network of 13 research support units across the state, plus the Geraldton operational base, which makes a total of 14. These have been established over time as experimental or demonstration farms. In most cases, they have retained their original size from that historical development. However, the function of those research stations is different now from what it was when they were first established. Typically, a research station will operate as a demonstration farm and seek to show that the crop rotations, crop varieties and animal

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husbandry techniques can be proved in a functioning farm environment. The role of a research station now is really quite different. It is important to note that the 2005-06 budget for the 14 research support units totalled \$10.4 million, which was partly made up of \$4.2 million of external revenue; that is, revenue from the sale of product. That demonstrates their functionality as operating farms. An amount of \$6.2 million was from internal revenue; that is, from departmental allocations for research projects. The largest research support unit business is in Kununurra, which had a budget of \$1.7 million in 2005-06. The smallest is in Carnarvon, which operates on \$380 000 a year. There is going to be a shift in the way in which they service the communities, and in the particular commodities and products that they are involved in researching. I will ask Mr Longson to describe the detail of the change in the operations.

Mr I.G. Longson: Thank you. As the parliamentary secretary has outlined, the function of these research stations is very important. We do need them. They are a very important part of our infrastructure to provide for research activities and trials that we cannot easily conduct on farmers' properties. Something like 65 per cent of our grain trials, for example, are now operated on commercial properties because it is more applicable to get the results directly from commercial farmers. We require them for specialised research and controlled research conditions but we do not require the areas. It is our view that our main business is research, not farming, and for land surplus to our needs for research, it is better to lease it to adjacent farmers or surrounding farmers and then to resume use of it for research purposes as we need it - to rotate it, if you like. We are no longer inclined to try to run suboptimal farms on our research stations. We wish to use them mainly as research facilities.

Mr G. SNOOK: I ask a supplementary question. On the basis that there may be surplus land, has the government or the department given any thought to partnership arrangements with local organisations, such as local authorities, for private-public partnership arrangements for the supply and diversification of other industries that would be compatible to the requirements of an adjoining research station?

Mr A.D. McRAE: We actually initiated a range of discussions depending on the nature and size of the station itself and also what the demand is from local producers for additional lands and resources. I will ask Mr Longson to give some examples of the discussions that are going on now.

Mr I.G. Longson: I think that we will take those suggestions on board. We are dealing with it on a property-by-property basis and working with the local farming groups in that area to find the best use. It would be better to have those as leased properties or to lease the additional land because then we could very quickly reuse it for research purposes. If it were to be tied up on any sort of permanent basis, I think that would defeat our objective. We need to rotate our trials around research station property. As such, we would be a little circumspect about a use that might tie it up for a long period. However, it is on a case-by-case basis.

Mr D.T. REDMAN: In relation to the changes that the parliamentary secretary has mentioned that are likely to happen on the research stations, what will be the implications for the staff who are there now? Presumably there will be a drop in full-time equivalent positions on those research stations because of the change in task. Hence, will that mean that they will be shifting from the regions, or that FTEs will effectively shift back to the central office?

Mr A.D. McRAE: Principle number one is that nobody will lose a job. We are not going to say to somebody that, as a result of these changes, he no longer has a job. As a Labor government, we are simply not going to do that. I will ask Mr Longson to provide some comment on the detail of managing and directed staff to where they are most productively and efficiently used.

[3.15 pm]

Mr I.G. Longson: Thank you. We do not see a diminution of the amount of the research activity going on; in fact, we see that increasing, and that is the primary purpose of redirecting some of our "distracted" resource into farming and the research activity. We see that we will need those staff to run research trials, be they on research station properties or on commercial properties. There may be some diversion to other departmental activities, but our main problem at the moment is recruiting and actually getting staff into rural areas, as members would appreciate. It is not a problem that we foresee. We will have no problem reallocating any staff to other uses in their location or region. However, no, that is not the purpose of this at all and we do not envisage any difficulties for staff.

Mr G.M. CASTRILLI: I refer to the fourth dot point under "Significant Issues and Trends" at page 260. My question relates to that and also to the fourth, fifth and seventh dot points on page 261 concerning exports. Besides the major exports of grain, wool and live animal exports, who is actually promoting WA goods and services overseas? How is that promotion overseas being undertaken and what sort of budget is allocated to that activity in the department? There might be a separate section that does that. If there is, what activity is being carried out in overseas promotion, and what was the budget for last year and this year? I have difficulties trying to identify it. I presume there are key performance indicators for it. If so, how is it travelling?

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Mr A.D. McRAE: Agriculture, of course, is one of the key products of Western Australia that all the state's paid officers throughout the world have responsibility for promoting. I do not know whether the member has had the opportunity, given that he has been a member for less than 18 months, to travel to any overseas countries where a Western Australian trade office operates. If he has not, I will urge him to do it. Parliamentarians representing this state are given an allowance for that particular purpose, and I think members have a very strong responsibility to make themselves aware of precisely what the work of paid officers is. If he takes up that opportunity, he will see that we have extraordinarily highly skilled trade directors. I cannot give the member the number of trade offices we have. Off the top of my head, I think that it is in the order of eight to 10 - I am advised it is 14. We have just added a couple more recently. Our overseas trade office in Canberra will be the latest one, and the Premier will open it next month. That will be one of the important ones. If the member has not had the opportunity, what he will see when he does visit the trade offices is that they have direct relationships with the Department of Agriculture and Food - very direct relationships. We are providing briefings to all those trade offices on a regular basis. We provide briefings on products, niche marketing and investment opportunities; that is, in-flowing investment opportunities. We are continually making sure that we have a presence at trade fairs throughout the world, at which we promote Western Australian products. Most recently, I travelled with the Minister for Agriculture and Food to the Middle East. I can tell the members that in those circumstances the opportunities for Western Australia are very, very exciting. I would characterise it like this: the Middle East traditionally had markets into Europe and North America; however, because of the political circumstances that we are in now, the Arab world is actually finding some resistance to that trade, and these are people with whom Western Australia has had a long -

Mr G.M. CASTRILLI: Maybe I can help the parliamentary secretary.

Mr A.D. McRAE: Yes.

Mr G.M. CASTRILLI: I do not really need the answer to be that long. I asked a question because I have a true interest in exports. I have travelled through most of those countries in connection with the export business. I think I know a little bit about the overseas trade offices. I think that part of the function of the Department of Agriculture and Food to promote exports overseas was taken from the old Department of Commerce and Trade. I was just wondering if that function still happens with the Department of Agriculture and Food and, if so, who is doing it and what resources are allocated to it. I am very interested in exports. I am pro exports and I am interested in the key performance indicators for and outcomes of the trade promotion division; that is, what it does and what it has achieved. Maybe I would be best served if the answer were in the form of supplementary information.

Mr A.D. McRAE: I am happy to provide it for the member but I can tell him that Mr Henry Steingieser, who is also here as an adviser, is the head of the Department of Agriculture and Food's international trade division; that is, the food and trade development division. It is operating on a budget of \$3.5 million annually. There are around 30 staff in that division. They are the people who link directly from producers in Western Australia to our trade offices and to other trade people throughout the world. I am happy to provide by way of supplementary information some details of the objectives and performance indicators for 2006-07 for that division.

Mr G.M. CASTRILLI: In addition to that supplementary information, can the department also provide supplementary information about what assistance will be given in dollar terms to exporters trying to enter the export market and what programs are available to them?

Mr A.D. McRAE: I will also provide that as supplementary information.

The CHAIRMAN: Can we get the first one?

Mr A.D. McRAE: The first element of reporting will be on the food and trade development division's full-time equivalent positions, its objectives as part of the Department of Agriculture and Food and the indicators that it uses to measure the achievement of those objectives. I will come to a particular item in the budget papers in a minute. The second part that the member has asked relates to the extent to which that division or the department as a whole provides direct assistance in trade development and market development of Western Australian products.

Mr G.M. CASTRILLI: Grants and stuff to exporters to assist them to enter the export market.

Mr A.D. McRAE: The assistance would be by way of marketing, advice, network and liaison. We do not give direct grants. Does the member still want that information?

Mr G.M. CASTRILLI: If the department does not give direct grants or assistance through overseas promotions to individual companies, I do not need it, obviously.

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[Supplementary Information No B18.]

Mr A.D. McRAE: By way of additional information, I refer the member to page 267 of the budget papers. I have been talking about the “Effectiveness Indicator - Exports to Select Markets from Trade and Development” in that division. It is really worthwhile looking across that table to get a sense of where some of the real growth is and where some of the opportunities are. For example, bulk apple marketing to India has been a recent success and we are now marketing seed potatoes into Vietnam, Indonesia and Mauritius. Over time we have been continually developing the Western Australian dairy industry’s reach into China and there are continuing very good prospects in all of those areas. I am sure members would have seen reports in the newspapers recently about the profile that Western Australian wine is now getting in China, which is also very interesting.

Mr D.T. REDMAN: The seventh dot point on page 261 refers to the development of markets for new or value-added products, such as biofuels. I am interested in the department’s role in assisting stakeholders develop biofuels, and I also would like an explanation of what the \$200 000 in funding that the minister announced to assist the development of the biofuels industry is likely to be spent on.

Mr A.D. McRAE: Please clarify the two key elements.

Mr D.T. REDMAN: The two key elements of the question are as follows. What role is the department playing in helping the stakeholders in the industry and people who are looking at getting into and developing the biofuels industry on a commercial basis? Will the parliamentary secretary provide more detail on the \$200 000 that he announced for the biofuels industry? The minister referred to it being used to assist the development of the biofuels industry. Will the parliamentary secretary provide further information on how that money will be spent?

[3.30 pm]

Mr A.D. McRAE: I will answer the second question first. A biofuels industry task force is currently under way. The \$200 000 will not show up as an internal line item because it is actually in a mix of areas. It is not an allocation of \$200 000 for the biofuels task force. A total of \$280 000 is being allocated to biofuels development, of which \$130 000 will be used to fund current staff and current operating activities within the department. That is separate from the biofuels task force. The \$130 000 is to be used to fund the staff who continually work on this.

A specific amount of \$150 000 will be allocated internally to fund the biofuels task force. The \$150 000 probably does not represent the full cost because a host of departmental staff are also contributing to that task force. Another specific allocation is being made regarding their cost against the task force. The task force is to pay for the secretariat, for the attendance of the representatives on the task force and for some travel and research. Therefore, the \$150 000 is not paid in advance; it is not a direct assistance. It is to be used to explore what is going on among producers now and what opportunities they have to research how their products are matched with potential processes, sales and markets. That last point is the critical key of its work. A year ago, none of us would have thought that biofuels would be commercially viable in the short term, but with the oil price now sitting on around \$US70 a barrel and not looking like it is going to travel south any time soon, the commercial prospects for biofuels are improving. There is no doubt about that. It is fair to say that there is some optimism within government circles and, I am sure within even areas that the member represents, that the people who are involved in oil seed production are looking like they are going to be entering at the starting point of the new biofuels industry in the next few years. I think that is a realistic but optimistic view. It is realistic inasmuch as it will happen. The timing is the question as to how that will happen.

I can give the member some details of the \$130 000 that is allocated within the department. It specifically targeted research and activities to investigate cheaper food stock options for biofuel from grains, sugarcane, algae and tree species. It is used to research alternative use for oil seed by-products, including fertiliser trials, canola and mustard meal, and the glycerine trials on non-wetting soils to examine soil conditioning properties. It is used also to conduct a study on the potential impacts on the WA livestock industry of increased demand for animal feeds for the biofuel sector. If the demand in biofuels suddenly increases, the value of that feed stock will increase. Therefore, people may cease to use that as an animal feed stock because some of the produce is being diverted to biofuels. It is very important for us to understand the implications of that.

We are also going to conduct an analysis of the long-term impacts of biofuels on sustainable agricultural production. We will undertake feasibility studies on the potential for biofuels production in regional WA and facilitate industry investments in biofuels. We also must determine what the necessary conditions are to achieve private sector investment in the industry.

The CHAIRMAN: Parliamentary secretary, we have a time limit and other questions to get through.

Mr A.D. McRAE: Certainly.

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The CHAIRMAN: The parliamentary secretary could shorten his answers. If there is reference for the member for Stirling in the budget papers, the parliamentary secretary could refer him to that instead of reading it out, because we have quite a list of members to cover. Does the member for Stirling have enough information on the question he asked?

Mr D.T. REDMAN: Yes. Many people are now interested in investing in and setting up a biofuels project. What role is the Department of Agriculture and Food currently playing to assist people to crank up those projects, and what role will it play in the future?

Mr A.D. McRAE: That is what I was attempting to answer. The point is that unless we understand the distribution of those feed stocks either to animal feed or to biofuel seed -

Mr D.T. REDMAN: Is most of the department's work research and development focused?

Mr A.D. McRAE: Absolutely, because until we understand the conditions under which it will operate, it is not possible for us to market, encourage, promote or inform people of the available opportunities. We must be realistic about this. Why would we encourage somebody to move out of a particular product stream that they are currently involved in on the basis of a biofuels development that we are not comfortable -

Mr D.T. REDMAN: I will take up the debate another time.

Dr S.C. THOMAS: I congratulate the parliamentary secretary on his rise to the ministerial ranks.

Mr A.D. McRAE: I thank the member.

Dr S.C. THOMAS: In an agricultural sense, the cream always rises to the top, does it not? Whether it is fresh, clotted or sour, it is still there at the surface!

It does not really matter whether the parliamentary secretary looks at the last two dot points on page 262 or the fourth and fifth dot points on page 278 of the *Budget Statements*. We are dealing with the process of the Natural Heritage Trust. A combination of Natural Heritage Trust funding and national action plan for salinity and water quality funding is being used to develop the six regional-wide planning groups. The state has put a fair bit of money into that. I suspect it is between \$15 million and \$20 million over three years. What is the exact amount of funding over each of those three-year investment plans that the state has provided?

Mr A.D. McRAE: Is that for the national action plan for salinity and water quality?

Dr S.C. THOMAS: For both the national action plan and the Natural Heritage Trust. How much funding is being provided to the regional investment strategies of the national action plan and the Natural Heritage Trust? How much money is the state putting in? Admittedly, the commonwealth is putting in more money.

Mr A.D. McRAE: No.

Dr S.C. THOMAS: I may have to tease this out. The commonwealth government is providing more money than is the state if the Natural Heritage Trust and the national action plan money is combined.

Mr A.D. McRAE: No.

Dr S.C. THOMAS: The parliamentary secretary can give us the figures. What sort of control is the government exerting over the expenditure of those moneys in those six groups?

Mr A.D. McRAE: The question is in three parts, as I understand it. Firstly, how much is the state government spending under NAP and NHT? Secondly, why is the state government not spending as much as the federal government?

Dr S.C. THOMAS: No, I am not concerned about why the government is or is not spending as much as the commonwealth government. The federal government has a massive amount of funds that it can throw around. That does not matter. The issue is how much the state government is spending and what control is the state government exerting on how that money is expended. I will try and tease that out a bit further in a minute.

Mr A.D. McRAE: Under the current arrangements, the NAP funding is a \$158 million program over four years. It is being funded by the state government, and the commonwealth matches that \$158 million. It is a \$316 million program over three and a half years. Effectively, it is four budget cycles. In addition, NHT funds total approximately \$100 million from the commonwealth. That can be added to the commonwealth government's \$158 million that we are matching in the NAP. Then on the state ledger side a very significant component would have to be added within the Department of Agriculture and Food, the Department of Environment -

Dr S.C. THOMAS: In kind, yes.

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Mr A.D. McRAE: It is more than in kind, because these agencies are directly engaged in land management, land care and sustainability issues. This is not just something abstract. The people employed by those agencies are not sitting behind their desks. It is not the case that they may be part of it and they may not be. They are real people that cost the state taxpayers real money. The state government estimates it is spending in excess of \$300 million a year on those agencies. If that expenditure is totalled, the state's expenditure on land care in this state is well in excess of \$500 million a year. The commonwealth does not even come close to spending the amount the state government spends in regional Western Australia on the environment, land care, agricultural productivity and sustainability. I do not accept the argument that the federal government is spending a lot and that the state government is not spending a lot.

Dr S.C. THOMAS: The federal government will be intrigued by that answer; however, let us progress.

Mr A.D. McRAE: No, I am giving the member the answer to his question. The member's base assumptions are wrong, and I want him to understand that the state pours a huge amount of resources and expertise into this. In addition, there are six regional natural resource management strategies. The last of the six regional strategies to be signed off between the state and federal ministers was launched two weeks ago in the rangelands in Carnarvon. It is fair to say that the state government has some concerns about the influence and control that the federal government seeks to exert over those strategies. It has always been the state's desire to provide as much of that money as possible to local groups and to local farm scale and catchment-scale projects, because we know from experience that that will foster real change on the ground, which can actually change what is going on in terms of sustainability.

Dr S.C. THOMAS: I am pleased to hear the parliamentary secretary say that.

Mr A.D. McRAE: Absolutely. I have met the federal minister a couple of times at launches and I have put that view to him. This is part of a continuing arm wrestle between the state and federal governments. It is not just in NHT or NAP funding; right across the spectrum this federal government is being more antagonistic and confrontational to the states generally than any other federal government I have ever seen in my life.

Dr S.C. THOMAS: The parliamentary secretary probably knows that I do not disagree with him on that.

Mr A.D. McRAE: I did not know that. I am just telling the member that I am a bit passionate about it. The state governments, particularly with the involvement of local catchment groups, are much more capable of utilising the on-ground knowledge to put in place real change, real benefits and real sustainability practices than is someone from Canberra. Someone from Canberra would dictate what the key performance indicators should be, and they would have to fit a national model. Therefore, performance reports for the rangelands of Western Australia would be based on the same criteria as the performance reports for a rainforest. That is nonsensical.

[3.40 pm]

Dr S.C. THOMAS: In the interest of making this ministerial statement brief -

Mr A.D. McRAE: The member does not want to hear the answer.

Dr S.C. THOMAS: What controls is the state government exerting over the expenditure of those funds? Apart from the funds that are controlled directly by the minister in departmental budgets - that is, the \$158 million that the state government provides as its co-contribution with the federal government - what is the state government doing to control how that money is expended?

Mr A.D. McRAE: There are three ways of doing that. The first is through the regional plan. We sign off on the plan. We have officers directly involved in the preparation of that plan with each of the management groups. Secondly, officers from the department are directly involved in monitoring, overseeing and participating in the on-ground works. That includes a couple of the groups that are providing direct services from the departmental staff. The third leg of the monitoring and evaluation is that it is subject to an Auditor General's investigation and report. The Auditor General has general oversight of the reporting and looks at each of the reports of the regional groups as they are prepared. The three elements of the state government's control are preparation, implementation and review.

Dr S.C. THOMAS: I agree with the parliamentary secretary that on-the-ground local community groups are the best placed to deliver those services. However, the parliamentary secretary spoke about the land conservation district committees -

The CHAIRMAN: What page is the member referring to?

Dr S.C. THOMAS: It is the final dot point on page 262, which states -

Land Conservation District Committees (LCDCs) are struggling to find a relevant future . . .

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I suspect that one of the issues is they are being usurped by the six regional community groups. How does the parliamentary secretary's statement that "the local delivery of these services is best" ring true if the state government is disempowering those local groups to deliver that service? Earlier the parliamentary secretary referred to people who were not sitting behind their desks but were on the ground.

Mr A.D. McRAE: That is right.

Dr S.C. THOMAS: How does that statement gel with the statement that the government's people signed off on the plan, which suggests that only in extreme circumstances should administration costs be more than 60 per cent of the costs of grants to those areas? A 60 per cent administration cost would be an extreme level.

Mr A.D. McRAE: I am happy to talk about the dot point, but where is the figure of 60 per cent?

Dr S.C. THOMAS: It is in the South West Catchments Council's own documentation.

Mr A.D. McRAE: That document is not in front of me today. If the member wants to have a debate about that, this is not the forum in which to do it.

The CHAIRMAN: This question and answer has gone on long enough. Is the member for Capel happy with that?

Dr S.C. THOMAS: I will keep working on it in some other place.

Mr J.B. D'ORAZIO: I am not quite sure of the make-up of this committee. We have three members against the opposition's four. I know that we outnumber them, and we have talent versus -

The CHAIRMAN: No, there are three opposition members on the committee; the member for Bunbury is assisting.

Mr J.B. D'ORAZIO: I refer to page 283. The sixth dot point under "Major Initiatives For 2006-07" deals with an issue that is very dear to my heart - the protection of Western Australia's clean and green image. The protection of WA's clean and green image relies on protecting our state against pests and diseases. This dot point refers to an improvement to biosecurity by the appointment of new district veterinary officers. What improvements to biosecurity is the department putting in place? What extra measures are being implemented?

Mr A.D. McRAE: The member for Ballajura has a reputation of being one of the great environmental advocates in the government. This is a very important question. In many ways it relates to the questions that members were asking earlier about the marketing of Western Australian produce. One of the great advantages that Western Australia has in the world markets is its reputation for clean and green produce. WA is the world's benchmark on many products. That label carries with it extraordinary power in the marketplace. A buyer who is making a decision about what to put into the market, and who has a choice between buying a product that might be a bit dodgy or might not have a good reputation, and a product from Western Australia that he knows consumers want because of WA's clean and green image, will buy the Western Australian product. That is a market advantage that we should never give up lightly. We seek to protect it every day. I ask Mr Rob Delane to give members some more details about the biosecurity improvements due to the appointment of new district veterinary officers.

Mr R.J. Delane: The principal new investment in this year's budget for biosecurity is the additional new funding of \$900 000 for emergency animal disease preparedness. All members are aware of the importance of that area. We have a range of activities with particular focus on the prevention and preparedness for emergency diseases such as foot and mouth, mad cow and avian influenza. Sixty-seven serious diseases are subject to a national cost-sharing agreement between all governments and all animal industries.

Mr J.B. D'ORAZIO: Does that include flesh-eating fish?

Mr R.J. Delane: The biosecurity measures do include flesh-eating fish, but not in this particular discussion.

Mrs C.A. MARTIN: Piranhas?

Mr J.B. D'ORAZIO: I can spend half an hour explaining the flesh-eating fish in the Swan River.

Mrs C.A. MARTIN: Really?

Mr J.B. D'ORAZIO: It is a big problem.

Mr A.D. McRAE: And sharks.

The CHAIRMAN: Members, can we get back to the issue?

Mr R.J. Delane: The \$900 000 will increase in 2007-08 to \$2 million in new funding for the animal biosecurity area. The principal investments are in improved procedures, increased appointments of staff, improved

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communication on key issues such as avian influenza, farm biosecurity and emergency management training. Only last week in Perth we completed a national emergency management exercise called Exercise Wild West. That exercise included more than 60 interstate visitors to form the rapid response team. All the governments have come together for that. The combat agencies, as they are referred to, including our own, are coordinated by Animal Health Australia to develop improved veterinary and general emergency response capabilities.

Mr J.B. D'ORAZIO: Was that the first time it has been hosted in Western Australia?

Mr R.J. Delane: This is the first time we have hosted a major national exercise. We have run other internal exercises. We have participated in several national exercises in Australia; for example, the recent Exercise Eleusis was a mock avian influenza exercise. This sort of practice is costly, but it is an essential part of being able to respond quickly and appropriately to such diseases. Increased investments have been made to our animal health laboratories. I am afraid to say that I need to leave early because I will be in Melbourne tomorrow as part of a national initiative that we hope will see \$60 million of national funding invested around Australia for an improved biosecurity containment and diagnostic network.

[3.45 pm]

Mr J.B. D'ORAZIO: Realistically, what is our exposure to a disease that is going to create a problem? Not very long ago I attended a state emergency plan that was based on the avian flu and the epidemic that was going to occur if that problem arose.

A member: Not if - when.

Mr J.B. D'ORAZIO: The argument was if. I would prefer "if" rather than "when". Is the department working in cahoots with the other agencies, and, more importantly, what is Western Australia's risk of exposure? A number of different advisers have different views about how our exposure is rated.

Mr R.J. Delane: This is a difficult question. The answer lies in risk being a combination of the probability of it occurring and the impact it would have.

Mr J.B. D'ORAZIO: That is a nice bureaucratic answer. How about giving me a real answer!

Mr R.J. Delane: The extensive nationally funded quarantine measures, our own interstate quarantine measures and other systems that are in place mean that the probability of a very serious animal disease emergency in this country is quite low. The difficulty is that the impact that such a disease would have would be extreme. Hence, a very large preparedness investment is required. We all now have an appreciation of what impact an avian influenza scare, let alone an influenza outbreak of some magnitude, can have. An avian influenza outbreak among poultry, even if not the H5N1 strain and therefore not posing a risk to the community directly, would impose quite a cost to the community. An outbreak of foot and mouth disease in livestock industries anywhere in Australia will lead to the closure of national markets and livestock standstills around the country and it would have quite a severe economic impact, even if it were just a very small outbreak. Recently we have seen some market access issues for Australian grain and other matters, whereby even the suggestion of an outbreak can have quite a significant economic impact. That is the long answer, but the probability of an outbreak of an animal disease is low. Unfortunately, the probability of plant disease incursions is significantly higher. They simply do not have such a high profile as the animal disease impacts.

Mrs C.A. MARTIN: I was in Kununurra recently when the biosecurity package was launched. What is the state government's monetary contribution to that program?

Mr R.J. Delane: The member is referring to the launch of the Ord Guard initiative, which is part of an industry partnership that we invented almost 10 years ago. We work very closely with industry on that. In the past few weeks we have been working with the grain industry through the Grain Guard Committee to deal with a potentially serious issue that I advise we had lost the battle on. It was announced today that we have withdrawn quarantine measures for wheat streak mosaic virus. The direct investment that we have in partnerships such as the Ord Guard initiative is relatively small. The principal cost would be in staff time in the order of \$150 000. Behind that is a very wide range of initiatives. We separately invest approximately \$60 000 a year in the Ord River to deal with Mediterranean fruit fly incursions, silverleaf whitefly, melon thrips and other measures. A quarantine checkpoint at Kununurra is manned 24/7 for 365 days of the year.

Mr G. SNOOK: In view of the at times forgotten people in agriculture - that is, our pastoralists in the remote regions of Western Australia - I note the third dot point on page 283, which refers to the implementation of national management strategies for pest species including camels and a number of weeds and plants etc. Importantly, it refers to wild dogs, or dingoes. Does the parliamentary secretary acknowledge that the goldfields region of Western Australia have a wild dog epidemic, and are dingoes in plague proportions? If that is acknowledged, why does the Minister for Agriculture and Food not allocate some serious money towards

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controlling the wild dog population? In many cases, some stations have been decimated and up to 80 per cent plus of sheep flocks have been completely destroyed by dingoes. To equate that to the parliamentary secretary's own personal circumstances, he should try slicing three-quarters of his income and see how he gets on. I am aware that the government has been allocating some moneys to it. However, I am afraid that it is a situation whereby too few people, too far away seem to be continually neglected. They are real people with real issues and they play a vital role in this state's economy. I wonder why this government is not serious about trying to bring this epidemic under control.

Mr A.D. McRAE: Just because the pastoral industry tends to operate in the least densely populated parts of the state, it is not true to say that the pastoralists are a forgotten people. The pastoralists in this state are very good lobbyists. In the public's mind, there is an element that the pastoralists represent an iconic population of the state. People still think of the people in vast stations who very often live in quite tough conditions. It is true to say that not many people fully comprehend the extent of the wild dog problem.

Mr G. SNOOK: Or the conditions that those people live in.

Mr A.D. McRAE: It is fair to say that only rarely are people made aware of the impact that a pack of wild dogs have on a flock of sheep and what that really means on the ground for people. Most people would become aware of that through a third party such as an image on television. That is a rare experience for most people and yet the government and the department understand the ongoing battle pastoralists have to save flocks and herds from the ravages of packs of wild dogs. The wild dog problem is not a single element. Wild dogs include town dogs that have turned bad and feral dogs. Feral dogs that have been out in the bush for a very long time breed and there is a crossover with the dingo population. Purebred dingos are becoming rarer and rarer as they crossbreed. Most analysts agree that -

Mr G. SNOOK: With due respect, analysts probably do not spend enough time in the field. I have been in the Wiluna and northern Kalgoorlie-Leonora area often, and purebred wild dingos are still there in large numbers. With between 300 and 500 wild dingoes destroyed in a year on one station property, they are in plague proportions.

[4.00 pm]

Mr A.D. McRAE: Wild dog management programs that coordinate systematic aerial and ground baiting throughout localities and regions are carried out. This program is supported by the declared animal group consultative process. The department undertakes research on wild dog management, which will include matters that arise out of the discussion that the member for Moore and I are having about population dynamics. The research also determines in what areas the wild dog population is on the rise, and that will depend on particular seasonal conditions. We cannot hope to have a real impact on the control of wild dogs unless we scientifically understand the population dynamics, what triggers a population explosion and what pushes down the impact on a population explosion.

We can talk about this anecdotally; for example, on the basis of a couple of good seasons we will see a spread of animals or on the basis of a bad season the wild dogs will move out of the more arid areas into less arid areas for food and water. We need to understand all the dynamics. The Department of Agriculture and Food oversees the training of professional doggers and we train landholders in the best practice options for them on the farm or station. The department has produced a best practice manual, which is designed to inform people about how to track down the dog problem or anticipate it and repel it. The department works with each of the zone control authorities throughout the state in wild dog management planning.

In 2005-06, through the Department of Agriculture and Food, the government allocated over \$1 million on wild dog control programs. About \$450 000 of that amount was allocated directly from the department and the remaining \$550 000, or thereabouts, was allocated through the declared plant and animals control fund. That was a very substantial increase.

I was in Esperance last year when the regional cabinet was held and, at that time, a very strong lobby group put their concerns to cabinet about an outbreak of dogs onto the Nullarbor and up into the plains north of Esperance. The landholders were genuinely concerned because there had been a couple of mass kills in flocks and the government immediately allocated additional funds to respond to that outbreak. We can demonstrate that we have responded. This problem will never go away. On one level, we do not want to eliminate dingoes, because dingoes are part of the natural estate; on the other level, we are competing with those other strains of dogs that have gone bad and are killers. It is a balancing act.

[Mrs J. Hughes took the chair]

Mr G. SNOOK: Dog numbers have increased for a range of reasons. The principal reason is that over successive governments there has been a reduction in real money allocated to that area. That is my firm belief.

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Another reason is that the current owners of the land do not have their heart in it. Currently, the land in that region is held by mining companies or leased as pastoral land. The Department of Conservation and Land Management now runs a lot of stations. Under the old system, the owners of the land made sure that the doggers operated all the time. All those skills have gone out of the industry. Added to that, successive seasons throughout the Billalooona area to the top to the Kimberley have been unprecedented - generally one in every 100 years is a good season - and a range of food is available to all animals. This has resulted in an increase in the breeding of wild dogs. What is needed now is an increase in funding to address this problem. Without increased funding not only will pastoralists be driven out of the sheep industry, but also our native fauna - small marsupials and other wild animals - will be impacted upon because the dogs eat everything. These dogs are in packs of 20 and 30. That has been unprecedented in history.

The CHAIRMAN (Mrs J. Hughes): We still have four divisions to deal with. If members wish to ask questions on individual elements, will they put them on notice?

Mr A.D. McRAE: Madam Chair, on the basis of past practice, it is, in the end, in the hands of the members present to determine when they want to stop asking questions. I will take your guidance, and I accept your argument about shorter answers.

The CHAIRMAN (Mrs J. Hughes): Thank you.

Mr A.D. McRAE: I will ask Mr Delane to provide some detail on the operations of the wild dog program. Before I do, I will refer to what the member said; I did not hear a question. The member for Moore referred to the way things were done in the past, but that will not necessarily continue to be the best way to do things. It is wrong to characterise a change in approach as the landholders not having their heart in it. I gave a good example; that is, \$1 million in the current financial year in response to an outbreak of wild dogs on the Nullarbor. Evidence shows that the state government takes this issue absolutely seriously. I take it seriously and I know the minister takes it very seriously. Mr Delane, will give us a brief outline of some of the operational changes that we are making to counter the problem.

Mr R.J. Delane: Some members will be aware that Michelle Allen, a member of the Agriculture Protection Board of Western Australia, chaired a statewide dog review that resulted in a broadly supported wild dog strategy. That review identified, as the member pointed out, many factors, including the way the problem has been handled by pastoralists because of the impact of the problem on pastoral businesses. That has affected the way wild dogs are managed. The reduction in real resources by successive governments has been demonstrated to be much smaller than the reduction in resources that the pastoral industry has been able to put into this area.

Many strategies have been identified, including a genuine sharing of responsibility, approved training for pastoralists in the use of poisons, better support for doggers groups, training of doggers, better targeting of the baiting programs - which have been implemented - and research into improved bait effectiveness and, in fact, new bait products. The minister has taken a very strong interest in that area in particular. We are working with the Department of Conservation of Land Management, which has developed a salami-style bait for foxes to try to crack the technology. The salami-style bait is attractive to wild dogs and effective against them. That will make the wild dog baiting program much more efficient and should assist in most areas of the state.

Mr A.D. McRAE: If the member wishes, I will undertake to provide, by way of supplementary information, a copy of the wild dog management strategy review report. He will then have a copy of the detailed information which resulted in that change in policy.

[Supplementary Information No B19.]

Mr G.M. CASTRILLI: I refer to the second dot point on page 262 that refers to increased pressure on water resources. Members know how important water is to the agriculture process. Has the Department of Agriculture and Food made a submission on what impact the Yarragadee proposal will have on agriculture? If yes, what recommendations were made?

Mr A.D. McRAE: I will ask Mr Longson and Mr George to respond to that in turn.

[4.10 pm]

Mr I.G. Longson: Perhaps in the interests of time, I will defer straight to Mr Ross George, the acting executive director of natural resource management.

Mr R. George: The department has made a submission to the Yarragadee investigations about the extent to which there could be future demands for agriculture for water. That has been included in the overall sustainability assessment for the Yarragadee.

Mr G.M. CASTRILLI: Will the parliamentary secretary outline the general thrust of those recommendations or what the submission was about?

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Mr A.D. McRAE: Has that report been released or is it an internal report?

Mr R. George: It is an internal report that was prepared for and provided to the assessment group. I can check to see whether it is a public document. I am not sure at this stage. It was prepared by consultants.

Mr G.M. CASTRILLI: Will the Department of Agriculture and Food support or not support the taking of water from the south west, bearing in mind it could impact upon agricultural pursuits in the south west? I found out yesterday that the bores that will be put down will possibly pump more than 45 gegalitres out of the Yarragadee. That has not been determined. Obviously it will have an impact on agricultural pursuits and on the Department of Agriculture and Food because it is integral to its interests. What is the department's view on taking water from the Yarragadee?

Mr A.D. McRAE: I will ask Mr Longson to respond to that question.

Mr I.G. Longson: As the member is aware, it is our role to provide technical advice, and that would be the nature of our advice to that review; not to make a policy decision. Obviously our job is to try to identify the future demand for water for agriculture, from horticulture to the dairy industry in particular, and we have done that to the best of our ability. However, we would not make a policy statement; it would simply be technical detail.

Mr G.M. CASTRILLI: I was not asking for a policy statement. I was asking what recommendations, based on technical information, have been made? What will be the major impacts of the proposal? Will the department recommend against the proposal?

Mr I.G. Longson: No. We would not do that. We would simply try to articulate the demand for agriculture, as we understand the future demands. We would not make a judgment about the alternative use or policy on that.

Mr G.M. CASTRILLI: Surely the Department of Agriculture and Food would have a position on whether it took 45 gegalitres or 150 gegalitres of water out of the Yarragadee.

Mr A.D. McRAE: No. The member is focusing on the wrong part of the equation. The department's job is to identify present and future needs for agriculture and to undertake that assessment - that is, to give all the technical explanations as to why that amount of water is necessary, how that water needs to be available and how it is going to be delivered and used for agricultural purposes. That technical advice has then gone to the water strategy group.

Mr G.M. CASTRILLI: Has that been released publicly?

Mr A.D. McRAE: I have already indicated that I do not know. I am happy to find out; and, if it is, I will make it available.

The CHAIRMAN: Is that a request?

Mr A.D. McRAE: I am happy to make sure it is available to members.

Mr P.B. WATSON: I think we should make it a formal request.

Mr G.M. CASTRILLI: Yes, that the department provides a copy of its submission to - is it the Environmental Protection Authority?

Mr A.D. McRAE: No. It is the water task force, I think.

Mr I.G. Longson: It was to do with some of the initial work in relation to the Yarragadee. We really worked to provide the assessors with the Department of Environment, as it was then, with what we thought the future demands for agriculture would be.

The CHAIRMAN: Can we have a title, please?

Mr A.D. McRAE: Madam Chair, we will establish whether it is possible to make available to members the report prepared by the Department of Agriculture and Food that identifies future water needs for agriculture in the south west.

[*Supplementary Information No B20.*]

Mr D.T. REDMAN: I refer to page 265 of the *Budget Statements* - and I am pleased to be able to ask my question before Rob Delane leaves. My question relates to service 3, biosecurity in the service and appropriation summary. I draw the parliamentary secretary's attention to the 2005-2006 budget figure of \$53.9 million. The estimated actual for 2005-06 is up to \$67 million, and then we come back to the 2006-07 budget. Will the parliamentary secretary provide an explanation of that substantially increased actual figure against the 2005-06 budget?

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Mr A.D. McRAE: I will ask Mr Longson to give some detail, but this is a perennial question. It is because of the nature of fluctuations in biosecurity alerts. For example, the European house borer expenditure is now tailing off. We had 98 identified sites of the European house borer. Eighty of those have now been totally cleaned up. That means that the amount of resource that is spent on that particular biosecurity measure is tailing down as we reduce the total number of sites and risk sites that we have to deal with.

Similarly, the red imported fire ant funded scheme peaked in 2005-06. That will not continue into the future. We have one-off funding that was added for cane toads, weed control, wild dogs, footrot, locusts -

Mr G.M. CASTRILLI: The answer is on page 281.

Mr I.G. Longson: No, it is not entirely the answer.

Mr D.T. REDMAN: Is the parliamentary secretary saying that there is a \$13 million flex in the biosecurity budget, based on outbreaks?

Mr A.D. McRAE: I will ask Mr Longson to explain why that amount fluctuates so significantly.

Mr I.G. Longson: The substantial items, as the parliamentary secretary outlined, are in one-off items. We were successful in getting a \$7.6 million allocation from the state government and supplementary funding to address the issue of the European house borer. Embedded in that increase is the European house borer campaign and also a new round of red imported fire ant and other biosecurity activity. It also included a one-off cane toad allocation. That accounts for the increase from \$54 million to roughly \$67 million. The drop-off is also due to planning that resulted in red imported fire ant expenditure being reduced. It sees us looking at taking the European house borer program to national cost-sharing arrangements. Treasury is anticipating our success in that. I hope we are successful in getting national cost sharing, or we will need to come back to Treasury for supplementation for EHB. They are the principal items. Of course, there was an increase in animal biosecurity funding in 2005-06.

[4.20 pm]

Dr S.C. THOMAS: The third dot point on page 279 refers to salinity in the wheatbelt regional drainage evaluation project. This question is probably too detailed to answer now. It may be necessary to provide the answer by way of supplementary information or even by organising a briefing for those members who are interested. Will the parliamentary secretary provide an update of the model to examine interventions? We do not necessarily have interventions as yet, but there is a model to examine them. What is being planned in that area, particularly for the Yenyening Lakes and the systems beyond that, and how will the modelling be applied to the Blackwood River, in particular?

Mr A.D. McRAE: I will ask Mr George to answer that question. To date, the natural resource management strategy has revealed that we do not necessarily have a sufficient policy setting or institutional setting - that is, administrative and legislative framework - to manage the kind of model that is emerging in that part of the wheatbelt.

Dr S.C. THOMAS: For drainage models?

Mr A.D. McRAE: Yes. We need to change land use, emissions use and all sorts of controls to be able to properly manage that model. Ultimately, of course, drainage is a Department of Environment statutory responsibility, but it is not its alone. We had this discussion a little while ago about the NRM inputs: where does the expertise come from? The Department of Agriculture and Food is working with the Department of Environment and the Department of Conservation and Land Management. We are also presently involved in acting as the regulator for farm and small-scale catchment drainage. With the creation of the Department of Water, it will take over responsibility as lead agency for drainage. The department is working closely with the Department of Water to develop a strategic framework for rural drainage, as well as provide technical and policy support out in those localised catchments as they feed into the larger catchments that fall into that broader drainage evaluation program. The total budget so far this year is \$440 000. I will ask Mr George to elaborate on the technical issues.

Dr S.C. THOMAS: The modelling component?

Mr A.D. McRAE: Yes, on the technical use of that.

Mr R. George: The Avon drainage evaluation is approximately a \$2.8 million program. My understanding is that we will look at modelling the impacts on drainage to determine what extent it is reducing watertable or ground water levels - the aim of the drainage is to lower watertables; what is the width of the influence of those drains; how much land will be recovered; the extent to which there needs to be additional work to reclaim those soils by leaching; how much water is being lost; and what heavy metals and other toxic materials the drains

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contain. That modelling work will be assessed first at Yenyenning, I think, and then we will look at the Blackwood and other areas, which have different soils, by using different parameters.

Dr S.C. THOMAS: When can we expect some sort of response from that process?

Mr A.D. McRAE: It is about 12 months or so away. Mr George will add to that.

Mr R. George: The person who is managing this is based in Bunbury and we can arrange for him to provide the member with some further detail, if that is available.

Mr J.B. D'ORAZIO: I refer to the first dot point on page 272, under "Major Initiatives For 2006-07". Is the reason for the name change from the Department of Agriculture to the Department of Agriculture and Food to assist the food industry? I am asking that question on behalf of the member for Swan Hills. She is not here today and I am acting in her capacity.

Mr A.D. McRAE: The state's agricultural, food and fisheries industries account for a total value to the state's economy of \$4.9 billion. This includes an extraordinarily large, diverse and important number of sectors. By way of a breakdown, \$834 million, or 17 per cent, comes to us from processed foods; \$2.8 billion, or 58 per cent of the total of the state's agriculture and food products, comes from unprocessed foods - our bulk exports; \$468 million, or 10 per cent, comes from fisheries; and \$764 million, or 15 per cent, comes from the non-food agricultural products. I will ask Mr Longson to talk about the charge that he has been given to change the name of the department from the Department of Agriculture to the Department of Agriculture and Food. It relates to biosecurity, marketing and diversification of growers and products. We needed to change both the label of the department and, indeed, some of the operational and organisational arrangements within the department to match that change in circumstance for us.

Mr J.B. D'ORAZIO: Will the parliamentary secretary be specific about what is being done to encourage the food industry?

Mr A.D. McRAE: That is why we have changed the name of the agency.

Mr I.G. Longson: The purpose of agriculture is, of course, to produce food. We have always been in the food industry. This demonstrates a cultural shift; that is, we will no longer try to concentrate on producing low-cost commodities, but we will produce food for our consumers, be they overseas or local. The specific activities of the department will be to ensure that appropriate market insurance and food integrity processes are available for the agri-food sector; that is, country of origin labelling and issues related to genetically modified food compliance. We will enhance exports through assisting companies to identify and meet customer requirements, assist companies to develop value-adding opportunities and make sure consumers have information to enable them to exercise choice in selecting foods that meet their needs. Finally, and this is overdue, it will provide some coordination between the government departments that are involved in support of the food industry in Western Australia. We are working closely with the Department of Health and the Department of Local Government, in its regional development capacity, to provide services to the food industry.

Mr J.B. D'ORAZIO: Is the department doing anything about encouraging wine sales in the United States? I know that was an issue that was being floated a while back. If we can break into that market, the people in the south west will be very happy.

[4.30 pm]

Mr A.D. McRAE: I will ask Mr Longson to detail some of the work that has been done in the United States market. It goes without saying that the additional trade office that has been opened in the United States is part of that process. The performance of Western Australian wines in recent wine shows, both in Europe and North America, indicate that we occupy a really elite part of the market for the best of our wines, and that has not gone unnoticed. In terms of market presence, the department is well positioned to use the trade offices and we are great supporters of Western Australian wines when they are presented at international wine shows. It is that process that changes buyers' perceptions. I will ask Mr Longson to provide some more detail.

Mr J.B. D'ORAZIO: Perhaps the parliamentary secretary should talk about the change in label which worked really well in the US.

Mr A.D. McRAE: The member raised a very good point. It was very interesting to try to differentiate Western Australian wine from other Australian wine, because people in the target markets came to understand that if they bought something from Australia that was just labelled Australian wine, they could not be certain whether they were buying a top-shelf wine or a wine that may have been bulk produced and, in Australia, may have been marketed in a cardboard box. It is probably still good wine, but not one of our elite wines. There is one figure that really exemplifies why labelling it Western Australian wine demonstrates quality. We produce just over five per cent by volume of Australia's total wine. Just under a third of the total of Australia's premium wine

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comes out of Western Australia. Therefore, five per cent by volume and a third of the total of Australian premium wines come out of this state, and that demonstrates absolutely the kind of market presence that we have in terms of quality.

Mr I.G. Longson: Members will be aware that prior to 3 April, when the department's name was changed and it took over responsibility for the food industry, by agreement the support to the wine industry had been supplied by the Department of Industry and Resources. With that changeover we have been coming to grips with the needs of the wine industry. That industry has not been slow to suggest to us where the best investment might lie. Indeed, it has targeted, as the member picked up, the US market. Our style of working, as the parliamentary secretary indicated, is to provide support through our WA trade offices. We do provide limited support to trade fairs, but our early look at the US market indicated that with the Australia-United States Free Trade Agreement we needed to ramp up a whole range of product opportunities in the US in dairy, lamb and, particularly, wine. We are working with the Wine Industry Association of Western Australia, consistent with its identification of the US market, to go with a package of products to the US market and piggyback on the reputation of wine and some of the growing reputation of other products. At the moment, our approach is to give generic assistance and to work with the US on trade opportunities. We are learning from and listening to the US as we work out the best way to assist the industry.

Mr G. SNOOK: The third dot point on page 261 states that the government is adopting a cautious approach to the commercialisation of genetically modified food crops in Western Australia. Can the parliamentary secretary outline what he means by those cautious steps? Can he also outline the plan and the steps that he has proposed for that cautious approach towards commercialisation of GM crops and explain how progress has been made in that area?

Mr A.D. McRAE: The Western Australian government has a ban on the commercial operation of genetically modified crops in our state. It is our clear assessment that the risks associated with embarking on a GM agenda are greater for us than for any other region in Australia and we could potentially put at risk our clean green label. It gives us access to many markets in the world and we believe it may act as an influencing factor in consumer choice. The jury is still out on whether it acts to provide a premium. There is some anecdotal evidence to suggest that in some market circumstances it may provide a price premium for non-GM, or clean and green, products. There are three primary reasons why the government has a ban on GM food and food products and crops in Western Australia. They are the risk to existing producers, maintaining our clean green label as a producer of quality and reliability that consumers can trust, and our belief that there is some evidence of premium but certainly no evidence for any great cost benefit at the moment.

As part of that cautious risk assessment of the introduction of GM crops and biotechnology into Western Australia, the minister has established a ministerial genetically modified organisms industry reference group. I was the chair of that group until this week. We have had three meetings now. The focus of the group includes researchers, GM advocates, farmers, conservationists, consumer group interests, and researchers from universities as well as some of the leading GM specialists in the country who are employed by the Department of Agriculture and Food. The industry reference group has set itself the task of producing a series of discussion papers. The first of those that it has already signed off on for preparation relates to the use of GM cotton. It is intended that those discussion papers will be released for public comment. The first paper will probably emerge for public comment within three to six months. I cannot be clearer than that at the moment, but I would imagine three to six months will see the first discussion paper come out on cotton.

That is a way of getting some discussion and informed debate in Western Australia, because there is a lot of mythology about, whether it is good, bad or indifferent. Some farmers are absolutely convinced that their production dramas and their rates of cropping will improve if only they have access to GM seed. Other farmers are equally convinced that if they have a non-GM crop, a GM crop in their neighbour's paddock will put at risk their GM-free status. On an international scale, there are some very stringent controls around GM-free status product. We need to be very clear about what we put at risk. Firstly, we are potentially putting at risk those farmers who wish to retain, and are entitled to retain, their GM-free status. Secondly, the whole supply chain -

The CHAIRMAN: A bit faster, please. We have many questions on notice.

Mr A.D. McRAE: Madam Chair, with all due respect, it is up to the members -

The CHAIRMAN: Excuse me, parliamentary secretary; I will be the one who will call the shots. Member, there are many people who still need to ask questions. These are very long-winded questions and I am very conscious of the time. We still have four more divisions. Can we make the questions a little more succinct?

[4.40 pm]

Mr A.D. McRAE: Has that answered your question?

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Mr G. SNOOK: No. I asked about progress and I received a litany of all the reasons why. I am fully aware of those. I am fully briefed. Being an ex-farmer, I understand the processes. I asked specifically about the cautious approach that is being adopted. Approach means to move forward. I asked about what had been done to move forward. The minister told me that the committees are meeting. I accept that. Does the minister endorse the genetic modification of wheat, such as, for instance, the newly trialled salt-tolerant wheat?

Mr A.D. McRAE: I cannot see where that is in the budget paper.

Mr G. SNOOK: What role does the Department of Agriculture and Food play in the development of this type of GM science?

Mr A.D. McRAE: The government supports trials. We do not support commercialisation of any GM products. We have a ban on it, but we certainly support trials. There are trials on cotton under way now. There are trials on wheat, as the member just pointed out. Salt-tolerant wheat varieties are being trialled now. We are very happy to see the science of that develop in those controlled environments. We do not support the commercialisation of it because of the reasons I have outlined.

Mr D.T. REDMAN: Paragraph (b) in the footnotes at the bottom of page 287 shows the number of full-time equivalents for 2004-05 actual, 2005-06 estimated actual and 2006-07 estimate. I note a significant reduction in the full-time equivalents from 1 663 to 1 525 to 1 387 respectively. I bring the parliamentary secretary's attention to the fact that the break-up of the services on pages 270, 277 and 281 also refers to the reduction of full-time equivalents. Could the minister offer an explanation for that? Are we talking about real staff reductions in terms of people on the ground?

Mr A.D. McRAE: That is a very detailed operational matter. I will ask Mr Longson to respond.

Mr I.G. Longson: Unfortunately, this problem occurs every year because at the start of the year we have to indicate our safe staffing level. As contracts come in during the year, we engage additional staff on research contracts and short-term contracts to do particular tasks. For example, in 2005-06, last year's *Budget Statements* would have shown that we were predicting 1 430 staff, whereas we ended up with 1 525 staff. The additional staff were principally to do with additional research projects that were won during the year. About 42 additional staff were appointed to deal with the European house borer on a casual basis. The reduction this year is representative of the reporting actuals for 2006-07, which are higher when we are reporting at budget time. Every year about 70 per cent of our funds come from the consolidated revenue fund and about 30 per cent from external sources and we have to be prudent in how we budget. Approximately 80 per cent of our staff are permanent employees and about 20 per cent are on contract at any one time. Another factor in that drop-off for the coming year is Shared Corporate Services coming into effect. It was predicted to result in 60 staff relocating from the Department of Agriculture and Food to Shared Corporate Services and, by natural attrition, no longer being required by government. We have had to delay our role into Shared Corporate Services to July 2007. We will not be reducing our staff by 60 FTEs. A number of combinations will result in our numbers staying, in my estimate, at around 1 500 FTEs for this coming year.

Dr S.C. THOMAS: I draw the parliamentary secretary's attention to page 287 and the "Income Statement (Controlled)". The total costs of services projected for the out years - not 2007-08, but the years following that - show a significant overall decline, predominantly in grants and subsidies, amounting to \$120 million in cuts, which is about 40 per cent of the total budget.

Mr A.D. McRAE: Which line are you -

Dr S.C. THOMAS: Page 287, "Cost of Services", under "Expenses", the third item down, "Grants and Subsidies". Again, by way of supplementary information, can I have an indication why that level will drop by so much in the forward projections and what impact that might have on agricultural industries?

Mr A.D. McRAE: I will ask Mr Longson to give some detail of that. Earlier I talked about the three and a half year across-board budget cycles of the NAP funding, which is a total of \$158 million from the state government. That is certainly the single largest explanation for that shift.

Dr S.C. THOMAS: Is there expected to be some flexibility in the 2008-09 budget and for that to be reintroduced because in a lot of these areas, I believe, the federal government's intention is to roll these over? I am just concerned that if there is a downturn in the economy and the V8 loses a couple of cylinders, if it is not sitting out there as a forward projection, that will remain uncommitted and that will put those programs at risk in the future.

Mr A.D. McRAE: I agree with the member. This is another one of those examples in which the federal government has not been particularly cooperative. The state government has already suggested that we need to develop a protocol and understanding of ongoing funding for these programs because we do not see them as three-year programs. It is a nonsense to say that we can deal with the National Action Plan on Salinity and

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Water Quality in three and a half years. In our view, it will take 10 to 20 years or more and will require constant funding. We have put a proposition to the federal government that we should sit down and develop an ongoing cooperative strategy for NAP 2 going beyond this cycle, but we do not have a response for that. The federal government had a surplus in excess of \$17 billion, yet it made no investment for the future in this year's budget whereas we did make an investment for the state's future in the state budget.

Dr S.C. THOMAS: It does have further funding. The National Heritage Trust budget has not gone away. It has yet to be allocated in future years. The concern is that the state has not yet allocated funds.

Mr A.D. McRAE: I do not know what the member is referring to. I do not have any advice that we are aware of a line item in the forward estimates of the federal government's budget for funding of NHT or NAP under its current guise. We have proposed that we sit down and develop a protocol for understanding of that joint program. If the member has evidence of it, I would be delighted to see it.

Dr S.C. THOMAS: We will come to that at another stage.

Mr D.T. REDMAN: I refer to the sixth dot point on page 282, referring to effective disease surveillance in general terms. I am interested in the Department of Agriculture and Food's position on the eradication of footrot. As it is the target of eradication, is it considered to be a lost cause?

Mr A.D. McRAE: I will ask Mr Longson to respond to this because this has been a long-term program and he has some very good knowledge of the operational approach that we have taken to it.

[4.50 pm]

Mr I.G. Longson: Sadly, my knowledge is not as good as Mr Delane's. As the member would be aware, the footrot eradication campaign has been running for 20 years. It had a goal of eradicating virulent footrot by 31 December 2014. It has reached the point at which there has been agreement by the Western Australian Farmers Federation and the Pastoralists and Graziers Association of Western Australia to establish a funding mechanism to continue that campaign. Unfortunately, the mechanisms are not in place. The Biosecurity and Agriculture Management Bill, which will hopefully come before Parliament this year, will provide that mechanism. We are currently in discussions with the industry about how it wishes to approach that and fund the strategy going forward to 2014. It would include the industry making a decision as to whether it believes eradication is possible or whether management is needed to support farmers through protocols similar to ovine Johne's disease and risk assessment of whether sheep have footrot or to adopt appropriate biosecurity arrangements for their farms. It really is a work in progress. Once the mechanism is in place to raise funds, we will continue the discussion we have started with industry as to what approach can be taken.

The appropriation was recommended.