

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

2018–19 BUDGET ESTIMATES



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
THURSDAY, 21 JUNE 2018**

**SESSION SIX
DEPARTMENT OF PRIMARY INDUSTRIES AND REGIONAL DEVELOPMENT**

Members

**Hon Alanna Clohesy (Chair)
Hon Tjorn Sibma (Deputy Chair)
Hon Diane Evers
Hon Aaron Stonehouse
Hon Colin Tincknell**

Hearing commenced at 5.00 pm

Hon ALANNAH MacTIERNAN

Minister for Regional Development, examined:

Mr RALPH ADDIS

Director General, examined:

Ms HEATHER BRAYFORD

Deputy Director General, Sustainability and Biosecurity, examined:

Mr NIEGEL GRAZIA

Acting Deputy Director General, Industry and Economic Development, examined:

Dr MARK SWEETINGHAM

Managing Director, examined:

Dr RICK FLETCHER

Executive Director, Fisheries and Agriculture Resource Management, examined:

Ms MELISSA MURPHY

Managing Director, Capability and Performance, examined:

Ms MANDY TAYLOR

Chief Finance Officer, examined:

Ms MEGHAN BARNES

Manager, Partnership Management and Project Monitoring, examined:

Mr PAUL GREGSON

Manager, Royalties for Regions Financial Management, examined:

Mr COLE THURLEY

Chief of Staff, Office of Minister MacTiernan, examined:

The CHAIR: Good afternoon, members. This is the 2018–19 budget estimates hearings with the Department of Primary Industries and Regional Development. On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you to today's hearing. Can the witnesses confirm they have read, understood and signed a document headed "Information for Witnesses".

The WITNESSES: Yes.

The CHAIR: It is essential that all your testimony before the committee is complete and truthful to the best of your knowledge. This hearing is being recorded by Hansard and a transcript of your evidence will be provided to you. It is also being broadcast live on the Parliament's website. The hearing is being held in public, although there is discretion available to the committee to hear evidence in private. If, for some reason, you want to make a confidential statement during today's

proceedings, you should request that the evidence be taken in private before answering the question. Agencies have an important role and duty in assisting the committee to scrutinise the budget papers and the committee values your assistance with this.

Minister, would you like to make a brief opening statement of no more than two minutes?

Hon ALANNAH MacTIERNAN: In order to maximise the democratic opportunity, I will pass.

Hon DIANE EVERS: My first question refers to page 206 with regard to the regional reform fund. There are estimated payments in 2018–19 for \$54 800 000 and I was wondering if I could have a list of the agencies receiving these funds, the amounts that they are receiving and the projects that will be undertaken with these funds.

Hon ALANNAH MacTIERNAN: I thank the member for the question. This is a really important project designed to increase the capability of remote Aboriginal communities. There is a number of components. There is \$20 million for north west Aboriginal housing and the Department of Communities will receive \$8.7 million of this for the Hedland transitional housing project. We have then the Kimberley schools project, which is overall a project at this stage of around \$23.6 million; \$9.5 million allocated for the schools visits where we have this year 10 largely remote Kimberley schools, which are doing explicit direct instruction. I have been to a number of events with the teachers and this is apparently going gangbusters. The idea is to ensure that these students have the basic foundational skills of western education to enable them to have choices in their future life. We have also got the central and municipal services improvement to remote Aboriginal communities. That is a \$25 million project for this year to the Department of Communities to enable a progressive upgrade of municipal services in the medium and large remote Aboriginal communities.

Hon DIANE EVERS: Was that \$23.6 million for the Kimberley schools; is that what you said?

Hon ALANNAH MacTIERNAN: At the moment, yes, that is what it is.

Hon DIANE EVERS: My next question is at page 189. I refer to the item in “Spending Changes” on “Digital Farms”. I am just interested in this digital farms program. I was hoping you could just give me a very brief overview of the program and that includes whether it is new or ongoing.

Hon ALANNAH MacTIERNAN: We allocated a total of \$22 million for the upgrade of broadband capability for rural businesses. We are looking particularly at agricultural businesses that were being very much held back by the lack of ability to access the internet in any meaningful way, having massively reducing their capability of using AgTech—the latest developments that are very heavily database AgTech capabilities—and also their ability to market. We have this \$22 million fund and the first part of this fund is a \$5 million one, which hopefully we will be announcing the results of—the competitive fund. We are really very much focused on that last mile of how you could leverage off existing telecommunications infrastructure, including the massive state government owned infrastructure we have discovered in our audit, but basically, it is last mile applications, so we are asking for shires and groups of farmers to get together with ISPs and bid for that. That is closed and hopefully we will be getting some recommendations soon. We had 16 applications for those and they are strongly leveraged. Part of the scheme is that we require people to make a contribution. Hopefully, in the next two months, we will have all those announced and rolled out.

Hon DIANE EVERS: And that \$22 million is for this year, or is that extending out?

Hon ALANNAH MacTIERNAN: No, \$22 million is over four years; about \$5 million for the digital farm is for 2018–19. But that will be expended because that will be basically grant funding from this contestable round. That will go out the door, we hope, in the 2018–19 financial year.

Hon DIANE EVERS: My last question for now then will be on page 194. The key efficiency indicator, “2. Regional Technical and Technological Development” is at the bottom of the page. I note that your employees have dropped from 341 to 291 with regard to that particular service yet your cost of service is staying roughly the same. I am just curious, with that sort of loss of employees, what services and programs might be lost due to the reduction in staff, and also why is this service costing the same with 50 fewer people?

[5.10 pm]

Hon ALANNAH MacTIERNAN: No-one seems to have details on that one. Obviously, what we have done in combining the departments in this budgeting process is we have combined these three agencies and that led to a reduction in the number of personnel required for a whole range of corporate services. As I understand how the budget works—and I wonder whether perhaps the director general might comment on this—those allocations have been spread over all the service areas. I believe that is how we are structuring the budget; is that correct?

Mr ADDIS: The minister is quite right. In the first year of the new budget, for the first integrated budget for the new department for the next financial year, 2018–19, we have the best estimates of the staff spread across the new key efficiency indicators. In the years beyond that, the numbers are very much estimates and will be firmed up as we work through our more detailed organisation design and into next year’s budget.

Hon DIANE EVERS: Are there any services that you are going to lose if you are losing that number of people in that particular area?

Mr ADDIS: There are certainly no services that we currently intend to lose into that second year, but there is a lot of work in terms of planning and designing the detailed organisation structure going into next year’s budget. By next year’s budget, we will have worked out what changes—if anything—in terms of services and activities are required.

Hon COLIN TINCKNELL: I note on page 190 the department’s commentary on its proposed commitment to work with the natural resource management groups and grower organisations to explore the science and best practice in regenerative agriculture, in particular focusing on the premium food markets that can be assessed by farmers using these methodologies. How much increased funding over that of previous years will be committed to the research, development, extension and adoption in the focus areas of soil acidity and salinity?

Hon ALANNAH MacTIERNAN: This is a work in progress. Was the reference you had to the NRM?

Hon COLIN TINCKNELL: Yes, resource management.

Hon ALANNAH MacTIERNAN: Obviously, we made an election commitment to keeping NRM funding, and in regional areas that is \$6.2 million a year. We have found a great deal of interest in the NRM groups across the state in looking at allocating some of their activity towards examining the regenerative agriculture. So that is sort of within the existing envelope. In terms of soil salinity and soil acidification, that is going to be very much the work that is done now through our new soils advisory committee that we have that will hopefully morph into a modernised soil and land conservation commission. We are very mindful of the Auditor General’s report on salinity and we are also mindful of what he said; that is, that basically work stopped on salinity in Western Australia and nationwide in about 2008.

We are getting very different stories from farming groups about this. Many say that salinity is not the problem that it was before, largely because we have a lowering water table. But one of the things that we want to do both in salinity and in acidification is to use the very latest in geoscience technology, working with Geoscience Australia who have developed some extraordinary new ways

of processing 40 years of data from satellite imagery. We have had Geoscience Australia over here talking to us and we have taken them up to meet with the pastoral industry to really look at how we can utilise this as a tool to really map what has happened with salinity over the last 40 years so we can get a time-sequenced understanding of what has happened with salinity.

I believe we can do something similar with acidification. I know, member, that there are many people who think that the only answer to acidification is lime sand. Obviously, lime sand has played a big role, but we do know people like Bob Nixon, for example—I am sure you would know him; he is a very eminent farmer—who has looked at alternatives locally, like the morel soils, and is looking at the role that they have. I know that a lot of you really do not like the word, for some reason or other, but a lot of the “regenerative” agricultural practices are showing very positive outcomes in terms of enabling them through the development of soil carbon and other things to actually to produce even in those soils that have been acidified.

Hon COLIN TINCKNELL: All that is well and good, but what I am after is the actual budget figure. You mentioned \$6.2 million as the total, but can you break that up into any particular spend?

Hon ALANNAH MacTIERNAN: No, that \$6.2 million —

Hon COLIN TINCKNELL: You mentioned \$6.2 million.

Hon ALANNAH MacTIERNAN: I mentioned the \$6.2 million because that is our regional NRM grant. We have statewide NRM groups. That round opened today and all the regional NRM groups are eligible to apply. They put forward various projects. Some of them will have projects restoring catchments. There will be a range of different projects that undertaken across the state. All I am saying in respect of that is that we do understand that within those NRM groups there is interest in this area and we would be most surprised if we did not receive any applications for funding under that NRM funding that we committed to at the last election for these regenerative agricultural practices. I really just urge the member not to be scared of this concept; it really is very much science-based. It is based on an understanding of the microbiology of the soil.

The CHAIR: Thanks, minister. I think the member has a very specific question.

Hon COLIN TINCKNELL: We are in this budget estimates hearing and I am just trying to find out what money has been put aside for this. Could I get some figures?

Hon ALANNAH MacTIERNAN: That \$6.2 million has been put aside for NRM.

Hon COLIN TINCKNELL: Is that the total amount?

Hon ALANNAH MacTIERNAN: Within NRM one would expect that there would be some projects that could come forward that would seek that. Also, we have a SoilsWest collaboration, so work will be done on all issues relating to soil, including acidification. As I said, we have been very mindful of the timely report of the Auditor General that reported that over the last year eight years there had not been any work done on salinity, so we have indicated—we have not specifically written this into the budget—that we will be working with Geoscience Australia to determine what the extent and what the rate of increase of salinity is.

Hon COLIN TINCKNELL: I think that has answered my question, thank you.

[5.20 pm]

Hon JIM CHOWN: I refer to page 179 in budget paper No 3 and the table “Royalties for Regions Expenditure” and the “Underspend Provision”. The first question I have is of the \$64 million underspent in the 2017–18 financial year, what are the individual assets in underspent allocations to each asset that makes up this total amount?

Hon ALANNAH MacTIERNAN: Mr Addis can answer this.

Mr ADDIS: The underspend provision is a whole-of-program provision rather than tied to specific budget lines or projects. It is designed to cover what is a fairly normal rate of slippage or underspend across the program over time. It has been a common practice for the life of the royalties for regions program. We are progressively tightening it up so that it is a much smaller percentage than in previous years and we are only applying it once in each budget out years period. Over four years there is only one provision; in previous years there has been one each year. That is a reflection of the maturing of the program. We are getting better at planning and timing expenditure and cash flows. The program is more fully allocated. Over time it has become more allocated as it has progressed and, accordingly, the proponents are much better prepared than they had been earlier in the program's cycle to get projects delivered on time. This is a much more modest approach to managing that slippage between years over project cash flows.

Hon JIM CHOWN: Taking that on board, why does the underspend provision total six per cent and in the year I have just mentioned increase to 10 per cent in the current budget—it has gone from \$64 million to \$119.1 million—if you are tightening up the provision, as you have just stated?

Hon ALANNAH MacTIERNAN: Would you be able to help us there, Mr Gregson?

Mr GREGSON: Generally, the first year is around that same figure—around \$118 million or \$119 million. Come the bilaterals in the following year when we get a handle on the actual costs of that particular year we are in, we can reduce the over-programming because we have access to how much has actually been spent in that year. For instance, the bilaterals that we have just done—if you look at last year's budget it was around \$118 million, but we have been able to refine that figure during the 2018–19 bilateral budget process because we are able to look back into 2017–18 and we realised that we did not need as much over-programming provision because we had spent a high proportion of our budget.

Hon JIM CHOWN: This provision was brought in under another name in about 2013–14 by the previous government due to the fact that a number of projects had not been completed and the moneys had not been spent, as such, and a number of them came in under budget. You are saying now with the deletion of this particular underspend provision in royalties for regions that you can get it down to the last dollar; is that what you are saying?

Mr GREGSON: Our budgeting has certainly been refined. Our actual spend is very close to the annual budget. In fact, last year, we spent 99.2 per cent of the budget, which was a vast improvement on previous years.

Hon JIM CHOWN: Of the \$64 million estimated actual in the 2017–18 year, that was not actually spent, was it? Or was it carried forward into this current budget time period?

Mr GREGSON: Sorry, can you repeat the question?

Hon JIM CHOWN: I will start again. The underspend provision was \$64 million in the 2017–18 year. That is actual as per the budget paper in front of us here. In the current budget 2018–19 year it has increased to \$119 million. I am asking what happened to the \$64 million.

Hon ALANNAH MacTIERNAN: Perhaps, Mr Gregson, it may be that you are having difficulty understanding the way that the member is conceptualising it.

The CHAIR: Let me perhaps rephrase for the member.

Hon JIM CHOWN: I am more than happy to.

The CHAIR: The actual underspend was \$64 million in 2017–18. You claim to have improved your budgeting arrangements over time. If that is the case, why is the budget estimate for the underspend for this financial year increased to \$119 million? Is that the question, member?

Hon JIM CHOWN: Yes, and what actually happened to the \$64 million, which is in the budget as a credit?

The CHAIR: Let us give the man a go at answering the question.

Mr GREGSON: As I said earlier, the \$118 million or \$119 million was a similar figure to the previous year. What we have done is, as the year has gone on, we have refined the figure. That is all we have done. Next year, no doubt, we will put in a provision for a similar amount again. As we get closer to the end of the financial year we are able to refine that figure to balance the budget. It ends up being only \$64 million as a balancing item.

Hon JIM CHOWN: In the 2019–20, 2020–21, 2021–22 out years there is no provision in this particular budget regarding underspend. You are saying that is calculated at the time of the budget?

Mr GREGSON: Correct—on a year-on-year basis.

Hon RICK MAZZA: My questions relate to a couple of sections of the budget papers. The first reference is budget paper No 2, volume 1, “Significant Issues Impacting the Agency”, the first dot point on page 190, which states that “Western Australia’s primary industries are heavily export focused”. Also, budget paper No 3, page 171, “Royalties for Regions Expenditure”, the thirty-second line item, “WA Open For Business”, which I believe is a component of “Seizing the Opportunity Agriculture”. Minister, what initiatives have you undertaken over the last 12 months in establishing some global markets for agricultural production in Western Australia?

Hon ALANNAH MacTIERNAN: Our key agricultural export, constituting 80 per cent of our exports, is, of course, grain. Our big challenge in the grain area is the increasing competition from the Black Sea and Argentina. We have been monitoring very carefully the impact that is having on our market. We have recognised that we need to move up the value chain. Whilst at this stage this increasing production from Argentina and the Black Sea is focusing on the lower end of the value chain in grain, we are aware that the Russians and the South Americans are very capable people, they will be doing the R&D and they will be improving their grain over time. A very important initiative of ours is that we have increased funding for grains research by \$24 million this year. We have reoriented the Northern Beef Futures program. We have listened to what industry were saying. What they wanted was more help given to the industry at the farm gate. They felt that they had a great deal of capability in the pastoral industry to grow and promote their product and find markets overseas and they wanted more assistance from us in terms of that farm gate and they wanted a restructure of that program. They wanted it not based in Bunbury and Waroona, but, indeed, based in the north of the state. We have done all those things. We have given a number of export-oriented grants to a range of different businesses to help them with infrastructure to enable them to move forward into markets. We have also run a whole series of premium food programs for small producers of high-grade product that are keen to develop into an export industry. We have had a very successful series of workshops to do that—just to mention a few.

[5.30 pm]

Hon RICK MAZZA: Just speaking about the competition from the Black Sea, my understanding is we had a very good year last year, with just over 16 million tonnes of grain produced in the state. My understanding is that the Black Sea produced over 100 million tonnes, a significant amount more than us. There has been a lot of media commentary around the fact that the live export controversy

is going to affect our grain market. What is the minister doing about making sure that we continue to have markets for our grain in Western Australia?

Hon ALANNAH MacTIERNAN: Overwhelmingly, our grain is export and, as I have set out, I thought in some length, what we have done is increase it by \$24 million and provide longevity so that we can enter into an arrangement with the GRDC for co-investment in our funding. I think I have set out what we are doing. In terms of the live export industry, I want to make this point: I know that the member has been saying things like I have destabilised the live export industry. How have I destabilised the live export industry? The live export industry has been destabilised by poorly performing exporters. It has been destabilised by a federal government that over the last five or six years has refused to enforce its own regulations, and that is what has —

Hon RICK MAZZA: Come on, minister. Your rhetoric around live export is what has caused the market to fall.

Hon ALANNAH MacTIERNAN: You asked me about live export.

Hon RICK MAZZA: That is nonsense.

Hon ALANNAH MacTIERNAN: What we are trying to do is ensure —

The CHAIR: Order!

Hon COLIN TINCKNELL: Chair, that is not the question.

The CHAIR: Thank you, honourable member. I will chair this hearing. Minister, if you could keep your answer—I understand the member mentioned live export. The question was related to wheat exports.

Hon ALANNAH MacTIERNAN: I am trying to understand the connection between live export and wheat.

The CHAIR: Yes, I am too. Perhaps we could move on to a new question.

Hon ALANNAH MacTIERNAN: If I could make this point —

The CHAIR: Minister! Order! Thank you. I am inviting the member to move on to a different question so that we can keep the flow of the hearing happening. If you have a question, ask it now, please.

Hon RICK MAZZA: Moving on to another subject, I refer to budget paper No 3, *Economic and Fiscal Outlook*, page 104, the line item “Biosecurity and Agriculture Management Act—Declared Pest Control Activities”. There is a flat fee being raised of \$30 on land in the districts of Harvey, Mandurah, Murray, Serpentine–Jarrahdale and Waroona under consideration for the declared pest rate. My question is: why is the DPR being extended to these districts in 2018–19? Is data available on the effectiveness of the 2016–17 DPR operations in other shires?

Hon ALANNAH MacTIERNAN: Unfortunately, I do not think the department has any notes for us here today, but in 2007 the BAM act was established and under that there was a structure of regional biosecurity groups, and this was preserved all during the time of the last government. It is a good structure. It is where local communities come together and make a decision that they believe that there is an agricultural pest, whether it is a dingo or an arum lily or whatever, that they want to exterminate in their particular area. They form their biosecurity group. They then come to the state government and they ask for recognition. If we assess that the pest that they are seeking to eliminate or control is something that is threatening agriculture and if we believe that they have the capability to have a significant impact, then we will recognise that group. Those groups then seek to have a levy raised on the landholders of their area, and that is matched by state government funds. The idea is to incentivise local communities to take action and to make decisions about what pests

they believe are a risk in their community. If they take that action, we will meet that funding by 50 per cent. There is nothing new. This process, as I said, has been in place now for—five new ones this year. This obviously costs government because we have to match the funding that they raise, but we do recognise that biosecurity is an important issue and obviously local communities are of the view that that is important. I think it is a very good structure and one that we will continue. Obviously, we have a process of consultation that we need to go through. Unfortunately, a few years ago that process was abandoned, but we have now resurrected it in terms of ensuring that we are conforming fully with the act in terms of letting everyone know that this is a proposal that has come forward from their own community.

Hon KEN BASTON: I refer to page 189 of budget paper No 2, volume 1. My question is with regard to “Transforming Agriculture in the Pilbara”, and there is \$2 898 000. Can you tell me exactly how this money will be spent and are there any KPIs attached to the funding; and, if yes, what are they and what projects have been identified?

Hon ALANNAH MacTIERNAN: Yes. The idea of this is to really look at horticulture in the Pilbara. There are three basic components: validation of land and water resources for irrigation development; business support and investment attraction to drive agricultural and horticultural development in particular; and irrigation systems research and development to optimise productivity from agricultural resources. We are hoping to be able to start some trial crops, but, fundamentally, it is building on work that was done previously as part of PHADI. We think that horticulture in particular and the production of forage crops also in the Pilbara is underdone and that there is a lot more capability there. I think Sahara Forest is one of the projects that we are looking at under that. We are certainly working with that, which is one of the undercover agriculture projects that are being considered. They are the basic elements of that particular project. More work is being done on that. Hopefully, we will have parts of that project underway this year.

Hon KEN BASTON: Are there no KPIs on that; that is new capital going into that.

Hon ALANNAH MacTIERNAN: It is funding of \$5.8 million from the RforR program for this.

Hon KEN BASTON: At the bottom of that table is “Yellowtail Kingfish—Industry Development”, and \$90 000. I just want to know: how will this be spent? What is hoped to be achieved through this expenditure?

Hon ALANNAH MacTIERNAN: The government has committed an extra \$90 000 to this project for a further market development, personnel training and aquaculture research. This increase in expenditure is funded from existing cash balances. It is a project that has been going, as you would know, member, since 2010. The pilot program is said to have demonstrated that the midwest was a suitable region for maximising the growth of yellowtail kingfish. I think, as you would be aware, they had an unfortunate mortality incident, but they are keen to rebuild and this is an additional expenditure to help them get this project across the line in a commercial sense.

[5.40 pm]

Hon KEN BASTON: On page 190, we are looking at aquaculture zones and the wording is “Improving support for the development of Western Australia’s emerging aquaculture industry will be a priority in 2018–19.” Obviously, that will create jobs et cetera. Regarding the development of aquaculture zones, can you tell me where they are and whether this is just for new aquaculture zones, or ones that have already been identified? How far are they off commercial use?

Hon ALANNAH MacTIERNAN: I might ask Ms Heather Brayford to deal with that question because she has very detailed knowledge of this.

Ms BRAYFORD: There are two aquaculture development zones. One is in the Kimberley, close to Cone Bay. That is a 2 000 hectare zone. It is fully allocated to two operators: Marine Produce Australia and the Aarli Mayi joint venture. Marine Produce Australia, as you may know, is a commercial activity producing barramundi and the other site is not producing as yet. It is in its early stages of development. The second zone is a 3 000 hectare zone in the midwest, which is off the Abrolhos Islands, which was recently declared by the minister. We are working through the final allocation process for that zone at the moment.

Hon DIANE EVERS: With regard to the recognised biosecurity groups, I understand that some environmental groups are trying to have particular issues or pests recognised here, but are finding it very difficult because, most often, it is focused on agricultural pests rather than environmental pests. I am wondering, of those recognised biosecurity groups that you have already been referring to, are many of them just for environmental pests; and, if not, why not? Can we continue to do more in that line?

Hon ALANNAH MacTIERNAN: That particular scheme, as I understand it—the Biosecurity and Agriculture Management Act—was very much focused on agriculture. It does cover the environmental processes, but it is not our only area of activity. Obviously through that NRM funding, many of the groups that are concerned about environmental pests obtain funding through the NRM grants.

Hon DIANE EVERS: I understand that. It is just that the recognised biosecurity groups give them that ability to raise the levy and then get matching funding. It is —

Hon ALANNAH MacTIERNAN: That is right and, as you can see, that is not something to be done lightly. As you can understand, there are many views about that. I guess we have been focusing mostly on those that are using that mechanism. We have focused mainly on those that have a direct economic consequence.

Mr ADDIS: Just to add to that, it is reasonably well known that the financial arrangements for agricultural pests under the BAM act work very well. I do not think the same can be said for environmental biosecurity issues. It does not have a similar sort of incentivisation mechanism. There has recently been, I think several months ago, a report by the Biosecurity Council on the management of environmental biosecurity issues and I know that our staff are working closely with the Department of Biodiversity, Conservation and Attractions on that exact issue. In fact, as recently as last night, I was talking to the DG about it, so it is certainly on our radar, but it is not an easy circumstance to resolve.

Hon DIANE EVERS: Thank you. I have another brief question. I notice that on page 189, the Minninup Pool tourist caravan park has been transferred to the department of agriculture or DPIRD rather than DBCA. I do not understand why. What is the rationale for transferring this pool?

Hon ALANNAH MacTIERNAN: It is because it is fundamentally a tourism project. What page was it on?

Hon DIANE EVERS: It is on page 189; that is why I thought we had attractions?

Hon ALANNAH MacTIERNAN: As much as anything, it is a tourism project, as you would be aware. We want to develop that as a tourist caravan park. That is something that the local member is very committed to, so it was seen that that would be more within the remit of the department in our portfolio. Obviously, the South West Development Commission will have a special role in overseeing transition projects for Collie. As you know, Collie is losing jobs as the coal winds back and we need to invest in other opportunities, including tourism.

Hon DIANE EVERS: It seems like that is what the DBCA is for, though, considering it has attractions. It just does not make sense.

Hon ALANNAH MacTIERNAN: It was in the Department of Jobs, Tourism, Science and Innovation.

Hon DIANE EVERS: Yes.

Hon ALANNAH MacTIERNAN: It has been transferred from them, not from an environmental department. It is to be developed as a tourist caravan park and we believe that because the South West Development Commission has people on the ground in Collie, they are well placed to drive this project.

Hon COLIN TINCKNELL: My question refers to budget paper No 2, volume 1, page 196, "Agriculture and Fisheries Biosecurity and Integrity". It is just a straightforward question: how much has been budgeted for the increase in animal welfare inspectors?

Hon ALANNAH MacTIERNAN: We have not included that in the budget yet. We are obviously waiting for the fate of the legislation.

Mr ADDIS: To be clear, there is no current decision to change that —

Hon ALANNAH MacTIERNAN: We have the Animal Welfare Act.

Mr ADDIS: There are no changes to inspectors yet, at this stage.

Hon COLIN TINCKNELL: Has there been any funds put aside for compensation in the event that the state government contributes in any way, through legislation or enforcement, to the transitioning of the livestock industry away from live export?

Hon ALANNAH MacTIERNAN: You will note, member, that the federal government made recent changes, which we support. They are not state government changes; federal government changes are what have led to LSS moving away from live export. We do not have a policy to move out of live export. However, I have certainly put it to the federal Labor team that were they to implement a transition, there would need to be some consideration given to adjustment. There is no doubt that there are plenty of processes around and there are increasing markets for processed meat all along. Interestingly, there could in fact be increasing grain demand from having more product processed here. Indeed, Roger Fletcher, one of the major meat processors, is incredibly interested in setting up a feedlot to do just that. So ironically, it is contrary to some earlier assertions in this place that a move away from live export might increase grain consumption.

Certainly, I think that if the federal government is undertaking a transition out, there does have to be capability. One of the things the farmers said to me at the farmers' meeting is that the people who will have the most difficulty are those farmers of fine grade merino wool, because the herd genetics are such that they are pretty rubbish meat at the end of the process, so they would possibly need a longer period than five years to restructure their herd genetics in order to produce a product that was able to do the wool job and then at the end of life do the meat job. We recognise there is that. We are also really interested in working out how we can assist with the feedlots that Mr Fletcher and others are interested in building. We also know that there is some question about the chilling capacity that we have had. If there is a constructive role that we can play that, we would want to do that. We hope our friends in the federal government, whose decisions are having this impact, would likewise participate in that.

[5.50 pm]

Hon COLIN TINCKNELL: I have one last question. I refer to page 189 and shark hazard mitigation initiatives, which are listed for \$400 000 a year up until 2021–22. I am trying to get an idea of what initiatives this refers to, how will the funding be spent and will the funding will be linked to a KPI?

Ms BRAYFORD: As part of the budget process, there is additional expenditure, as you said, of \$400 000 per annum over the period 2018–19 through to 2021–22 for shark hazard mitigation initiatives, including the rebate for the shark deterrent device; so that is one of the key elements of that expenditure. There are also broader initiatives to follow around community awareness of shark activity, protection across beaches and so forth, and general information to users. So it is \$400 000 for use as part of the rebate scheme and then for other expenditure to be determined by government.

Hon COLIN TINCKNELL: Will that be linked to a KPI?

Ms BRAYFORD: That will be linked to matching government priorities to expenditure.

Hon ALANNAH MacTIERNAN: We have the world-first subsidy for the surfers' device. We had the Shark Shield. Would you perhaps quickly articulate that, Ms Brayford.

Ms BRAYFORD: The original rebate scheme was announced last year and it was focused on the device for divers, which is the only device at the time that had been tested and verified for use. Very recently, in May, a new product, the surf device, was also tested and independently verified and added to the government's rebate scheme. That is now available for purchase.

Hon MARTIN PRITCHARD: I refer to budget paper No 2, volume 1, page 189 and the line item "Regional Economic Development Grants". I just wonder what they are.

Hon ALANNAH MacTIERNAN: I thank the member for this question. This is a grants program that will be administered by each of the development commissions. The idea is to support projects that can make a real contribution to local communities. It is really allowing ideas to come forward from communities with the commission to really help create jobs and shape the economic future of regional towns. It is a little bit of bottom-up capability building, so different groups will be able to come forward—businesses with ideas—maybe for a feasibility study, maybe a small capital grant, to help drive economic development in regional areas.

Hon JIM CHOWN: I would like to hark back a bit to a statement the minister made earlier in this hearing about regenerative agriculture. I just wonder what the minister means by that and her interpretation of it. Does the department have a policy regarding regenerative agriculture and what budget allocations have been put forward in regard to that policy?

Hon ALANNAH MacTIERNAN: As I said, there is no specific budget allocation for regenerative agriculture. Regenerative agriculture is one that focuses on profitability rather than just yield. It is focused on understanding in great detail the soil biology and how the composition of the soil biology can impact upon the nutrient take-up and performance of a plant, so it is a highly scientific approach, but it is understanding soil as a system. It is looking at soil as not necessarily an NPK box where you pour inorganic materials in and get an outcome; it is recognising that there is a much more complex biological system at play in terms of the soil microbiota. It is really very mainstream science. I think that over time we will see an increasing focus on this soil biology and an understanding that soil biology plays in the quality of the plants that we produce.

Hon JIM CHOWN: Is this a policy from the department that is written up as such?

Hon ALANNAH MacTIERNAN: No, it is just part of our normal scientific endeavour that we are prepared to look at. As I said, we have got a collaboration that Dr Mark Sweetingham has been involved in in looking at all of these issues of soil and soil health. Part of soil health really is focusing on the soil biology and some of the biological, as opposed to inert chemical, processes.

Hon JIM CHOWN: Which the department has been undertaking for many years, minister.

Hon DIANE EVERS: I have a question starting on page 192, where you have your new key effectiveness indicators that continue to the top of page 193. Some of them seem admirable, I really like the look of them, but I do not know whether the way you have got it makes sense. It says “extent of soil acidity does not increase”. Are we not really looking to say at what rate we can decrease the number of hectares consumed by soil acidity or that total soil organic matter does not decrease? Would it make more sense to say that an increase in soil carbon is what you are looking at? I am wondering whether those key effective indicators will be written to more likely reflect what the intention is.

Hon ALANNAH MacTIERNAN: I think at this point we probably could do better over time, but, as I said, we started off with a poor base. A lot of the capability in the department has gone. In relation to salinity for example, we have not really had any work done in the last nine years. I would certainly like to see us in the future having some more ambitious indicators, but I think the first thing we need to do is really get a better understanding of just what the current situation is, and that is the work that we are hoping to do through the soil and land conservation body so we have a more accurate map of what is happening in terms of soil acidity, soil carbon and soil health to get a more ambitious set of targets.

The CHAIR: Thank you. That draws us to a close. On behalf of the committee, I thank you for your attendance today. The committee will forward the transcript of evidence, which includes the questions you have taken on notice highlighted on the transcript, and we will send that out to you within seven days of this hearing. If members have any unasked questions, please submit them via the electronic lodgement system on the POWAnet site by 5.00 pm on Wednesday, 27 June. For the department, responses to these questions and any questions taken on notice are due by 12 noon, Friday, 13 July. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met. Once again, I thank you for your attendance today.

Hearing concluded at 6.00 pm
