

Mr Brendon Grylls; Mr Fran Logan; Mr Shane Hill; Mr Bill McNee; Ms Jaye Radisich; Mr Rod Sweetman; Mr Mick Murray; Mr Paul Omodei

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**Division 13: Agriculture, \$128 260 000 -**

Ms Guise, Chairman.

Mr Logan, Parliamentary Secretary to the Minister for Agriculture, Forestry and Fisheries.

Dr G.A. Robertson, Director General.

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

Mr A.W. Richman, Manager, Agriculture Protection Board of Western Australia.

Mr G.S. Pickles, Program Manager, Animal Pests.

Mr J. Dagostino, Principal Policy Adviser.

[7.50 pm]

Mr GRYLLS: On page 227 the first dot point states that salinity is a major environmental issue facing agriculture and remains a critical area for investment, and that over the next five years there will be major public funding from both the State and Commonwealth to manage the impacts of salinity on agriculture, the environment, water supplies and rural infrastructure. I am sure that the parliamentary secretary is as concerned as I am and would be disappointed if only \$60 million could be allocated to attracting matching funds over the next five years. Could the parliamentary secretary outline his plans for ensuring that Western Australia receives the maximum available federal government funding, which is \$158 million over seven years?

Mr LOGAN: I refer the member to the figures he quoted in *The West Australian* yesterday. He indicated in the House and to the Press externally that only \$60 million in new funding for salinity is available over four years to attract federal government funding. The member's party indicated in the newspaper article that it was disgusted with the minimal amount of money that was allocated to salinity. I think the words used were "a drop in the bucket".

What the member did not indicate to the Press and forgot to highlight to the House was that the available funding is a bit more than that; in fact, a significant amount of \$12.941 million is available in new funding initiatives in addition to existing funding. The total amount for 2002-03 is \$41.621 million. The water resources authorities and the Department of Environmental Protection will contribute \$4.04 million in the forthcoming financial year; the Department of Conservation and Land Management, \$8.05 million; the Department of Agriculture, \$8.95 million; and the Water Corporation, \$1 million together with the funding of overheads of \$7 million. That comes to a total of \$28.6 million. If that is added to the \$12.941 million, it gives a total for 2002-03 of \$41.621 million. In 2003-04 the total will be \$40.251 million; in 2004-05, \$44.129 million; and in 2005-06, \$33.41 million. Over the five-year funding initiative, including this year, various state agencies will contribute \$165 million to salinity. That is not \$60 million.

The member might criticise the Government because only \$60 million of new money is being allocated as additional funding for salinity, but he cannot avoid the reality, which he needs to make clear in his discussions with his constituents, that the amount is \$165 million over the five-year period. If the member does not do that, he will be doing himself, the Government and Western Australia a disservice. The federal Government is seeking to confine its dollar-for-dollar contribution to new money. What is the member suggesting? Is the member arguing that the significant amount of existing funding - that is, the \$28.6 million allocated from agency budgets for 2002-03 and the rest of the money over a four-year period - should not be recognised by Canberra as money that can meet the Commonwealth's requirement for funding on a dollar-for-dollar basis? Is the member suggesting that we should not seek that?

Mr GRYLLS: No, I am giving the parliamentary secretary the opportunity to explain to me how he will ensure that the \$158 million that has been made available by the Commonwealth over the next seven years is accessed by our State. I understand that other money is going to salinity, but the only money that can attract matching funding is the \$12.941 million this year. How will the parliamentary secretary guarantee that the State can get the maximum amount of money available to it from the federal Government?

Mr LOGAN: As the member knows, the position put by Hon Warren Truss, the federal Minister for Agriculture, Fisheries and Forestry, is that is how the funding should be applied. The member also knows that we do not agree with that position. We will be arguing that the significant amount of \$40 million, which is sought from state agencies, should also be recognised as new money being pumped into salinity and that meets the requirement for federal funding on a dollar-for-dollar basis. The National Party should not criticise the Government and try to play down the amount of money that the Government has poured into salinity, as it did yesterday when it attempted to tell *The West Australian* that the Government had made available only \$60 million of new money.

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Mr GRYLLS: That was not our story. That was released from the parliamentary secretary's side.

Mr LOGAN: That is the story that the member is taking to the wheatbelt and to his constituency. Instead of running that line, he should be joining with the Government in attempting to get Hon Warren Truss, the federal Minister for Agriculture, Fisheries and Forestry, to recognise the other funding that the Government has applied to salinity as meeting the requirements for federal funding on a dollar-for-dollar basis.

Mr GRYLLS: Is the parliamentary secretary's only plan to get the rest of the funding, to try to argue about the existing money?

Mr LOGAN: Yes.

Mr GRYLLS: Is there no plan to find any additional money to prop up that \$60 million?

Mr LOGAN: It is in the State's interests to argue that line.

Mr GRYLLS: It is the bottom line interest.

Mr LOGAN: It is in the State's interest because we are funding a considerable amount of money from existing agencies' revenue, which we believe should meet the requirements that the federal Government has set down for funding.

Mr HILL: I refer the parliamentary secretary to page 246, dot point three. Could the parliamentary secretary expand on that?

[8.00 pm]

Dr ROBERTSON: The inability to trace the origins of animals, and therefore the trail of disease, was a very important aspect of the foot-and-mouth disease outbreak in the United Kingdom. As a result of that, livestock industries have made an in-principle decision to move to a national identification scheme to enable all animals to be traced. Cattle may be traced using electronic tags that contain the details of their origin. Fortunately, Western Australia is in by far the best position. Our sheep ear tags and cattle tail tags and brands allow us to do a good job of tracing. Our record is much better than New South Wales' record because it does not have a statewide sheep identification system.

Mr HILL: Will there be a central database?

Dr ROBERTSON: The intention is to move towards a national database. Animals will have electronic tags that will be read at saleyards. The industry is looking at the time lines and the cost of moving in that direction.

Mr McNEE: I refer to dot point one on page 227. We can argue about funds for a long time, but spending \$500 000 effectively is much better than wasting \$1 million. To date we have a bad track record. How much public funding has been provided by both the State and Commonwealth Governments? Which departments and organisations will be the principal recipients? How much will the Department of Agriculture receive? That is important, because the department liaises with rural people far more than any other group. Departmental officers are not feared; they are part of the scene.

Mr LOGAN: Agriculture expenditure for 2002-03 will be approximately \$9 million. I can refute the criticism levelled by the member for Merredin and reported in *The West Australian* yesterday about projects being shelved and some projects not going ahead. The Department of Agriculture will spend \$1 million for rapid catchment appraisal; \$1 million for the rural towns project; \$1 million for engineering and demonstration catchments; \$1 million for farming systems; \$1 million for spatial data and information; \$1.1 million for soil management and breeding; \$1.1 million for risk management and regulation; and \$1.8 million for general extension.

Dr ROBERTSON: The general extension reference relates to working with groups of farmers on what can be done on a catchment-by-catchment basis to overcome salinity, which is not an easy issue.

Mr McNEE: The parliamentary secretary mentioned a number of good projects. The rural towns project is good. We are all aware that boreholes have been sunk at the extremities of towns. Those holes provide information about the water levels and so on. Signs have been put up indicating that we are doing something about it. What are we doing? Has the Government allocated \$1 million to the rural towns project this year? If it has, what will it be used for? What is the next step? The boreholes have been sunk and information has been gathered, but something must be done with that information.

Dr ROBERTSON: The rural towns program is moving into the engineering stage of developing solutions. The member is aware of what is being done in Merredin with pumping and desalination. This year more than two-thirds of that money will be used for projects involving local government. Water will be removed from the system one way or another. We have found from the boreholes and hydrogeological models that not much

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salinity in the towns at the bottom of catchments is coming from the regional land water system. It is largely coming from Mundaring. It is being used on gardens and in septic tanks. We are working with a number of towns implementing innovative solutions to reduce the amount of water used, encouraging the use of perennial plants to achieve better drainage and linking in with sewerage development programs so that septic tanks are phased out very quickly. In addition, the water in some towns is not particularly saline. It could be pumped out, mixed with other water and used for recreational purposes. As I said, two-thirds of this year's allocation will be focused on delivering projects that remove water.

Ms RADISICH: I refer to dot point three on page 239. Last year I had occasion to meet with representatives from the farm business development unit and to discuss concerns raised by wine grape growers in the Swan Valley about their inability to sell the grapes they expected to sell. The FarmBis program offers marketing, quality control and other training services to affected growers in my area who could take up those opportunities to prepare for the future. What would be considered an exceptional circumstance for an agriculturalist to be able to access joint funding through FarmBis?

Mr LOGAN: Is the member asking that question with specific reference to viticulture?

Ms RADISICH: No.

Mr LOGAN: Is the question about exceptional circumstances funding for drought in general?

Ms RADISICH: Is it available only for drought situations?

Mr LOGAN: Yes.

Dr ROBERTSON: It is for circumstances totally outside the control of the industry and so serious that the industry is unable to manage the situation. Drought is almost the only circumstance that qualifies. About 10 years ago, the depression in the wool price was declared an exceptional circumstance and a program was implemented across all States to assist wool growers. That is the only time that I recall exceptional circumstances being declared for anything other than a seasonal event.

[8.10 pm]

Ms RADISICH: Do situations such as surplus supply or market movements qualify?

Dr ROBERTSON: They theoretically qualify, but they must be on a large scale, such as an international event that results in a large number of producers being affected.

Mr GRYLLS: I refer to the rural towns programs. The Merredin project is a fantastic project and has gained Australia-wide recognition. However, funding for the first year has run out and Merredin is in the process of applying for a new round of funding to ensure that it can continue. We would like to see some meat on the bones of some of these projects rather than just salty water being pumped out of the ground, desalinated and tipped into the gutter. We would like to see the project expanded and to see desalinated water put back into the pipeline to show people that it has a valid use. Can the parliamentary secretary or an adviser advise how that program will expand in relation to the Merredin desalination project? Towns such as Katanning and Brookton have similar problems. Will the project be expanded to operate in those towns? Obviously Merredin is the first pilot.

Mr LOGAN: The issue of salinity has been raised by the National Party on a number of occasions. Although it is not specifically covered by any of the budgetary line items in the documents before us because it is covered by a different minister, it is being examined under the sustainability program through the Premier's office. It is also being examined by the Water Corporation through Hon Nick Griffiths' office. At this stage, it is a preliminary area because of the review being undertaken by the Water Corporation for a desalination plant for the metropolitan region where the major demand is for water, particularly in the industrial areas.

Dr ROBERTSON: The \$900 000 this year for the rural towns projects is to be applied according to local government decisions after they have done their planning and identified the most positive impact it will have on the local community. Things like desalination are classic win, win projects. I expect some of those areas to be funded. The allocation of \$660 000 will mean that not everyone's wishes will be funded this year. It is a recurrent line item in the budget, which should ensure that the money for the rural towns will be allocated in the future. In the past two years, the focus has been on problem identification.

As the member for Merredin may be aware, a number of towns were reluctant to be involved in the program in the first instance because they did not want to admit they had a salinity problem. I am very pleased to say that has seesawed, and 23 towns are involved and another 16 wish to start on the investigation phase. The money will be used in the best way possible, largely on engineering works to make a difference.

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Mr GRYLLS: I am trying to emphasise that this is a really important project that has run out of funding. It has attracted publicity and has been used to demonstrate a future strategy. It would be very disappointing if it were to fall over because it could not get funding for the second year.

Mr LOGAN: Is the member referring to the rural towns project?

Mr GRYLLS: The rural towns project is one of the funding arms. The Water Corporation is also involved. Funding has been spread across a number of agencies; nonetheless, I want to highlight the importance of it.

Mr SWEETMAN: I refer to the sixth dot point on page 226 in relation to farm performance. It reads in part -

Industries and businesses that can provide higher returns on capital applied will use land in the future.

We were talking about corporate farming, consolidation of ownership of farming properties and things like that. Ultimately, we will head in that direction if government does not keep interfering in primary industry. Is that sentence a reference to that?

Dr ROBERTSON: It was not meant to be a reference to that specifically. It was probably more a reference to some of the land-use competition that occurs, particularly in the south west where the beef industry is being rapidly displaced by horticulture, the dairy industry and plantations because the return on investment is higher. All the data that we have indicates that the larger the business, the higher the return on capital. The member has probably understood it to be of that nature.

Mr SWEETMAN: I refer to the bottom line figure on page 229, which is the total consolidated fund appropriation, particularly the reduced figure of \$124 387 in 2005-06. That could be severely impacted on if we continue to run into trade barriers and trade blocks in places such as America and, to a lesser extent, the Economic Union to which we do not export a great deal of produce.

I will accept the answer as supplementary information. I recently read an article in a credible publication that indicated that the average farm subsidy as a percentage of total farm income was six per cent for Australian farmers, 24 per cent for US farmers, 49 per cent for EU farmers and 65 per cent for Japanese farmers. In the light of the strengthening Aussie dollar, I want to quantify the implications for our primary producers of trying to export products to those markets. We seem to have two swings against us at the same time, with the Aussie dollar increasing in value and trade blocks in those countries. Our dollar is worth 55c or 56c in the US dollar. If Australia is exporting products there, but its farmers are subsidised to the tune of 24 per cent and we are subsidised to the tune of six per cent, assuming we buy only plant and fertilisers from the US, that is an extra cost we must bear and perhaps the Americans are ahead of us. The US has one of the strongest currencies in the world, and it is trying to sell its products. I am trying to work out our ratio in real terms. How much more efficient must we become as primary producers to hold our place in those markets? If the countries I referred to subsidise their farmers for the next 10 years, we might be unable to send product into those areas.

[8.20 pm]

Mr LOGAN: I gather that the issue that gave rise to the question was the \$300 billion farm trade subsidy announced by George Bush the other day. One of the minister's advisers found some information about that on a web site, and I will provide the member with the web site page. The adviser told me that nearly 60 per cent of the \$300 billion farm trade subsidy would be used to purchase unproductive land and applied to combat environmental damage in the United States. That is the reason Bush is on his tour of Europe; he is trying to explain to the Europeans that they have misread the reasons behind the subsidy. The Europeans believe that the subsidy will distort their primary exports. I have not yet looked at the web site, but I am assured that nearly 60 per cent of that \$300 billion would be spent over several years to purchase land from unproductive farmers and land that has been degraded by overuse and overgrazing. We cannot take this discussion any further tonight, but it would be interesting for all members to look at that web site and the detail of that Bill. The member asked about the competitiveness of Australian primary producers in the global market that we face at the moment. The value of the dollar is currently increasing and in the long term there will be a decreasing rate of return for the value of our primary exports.

Dr ROBERTSON: The department conducts benchmarking exercises on a regular basis. Western Australian broadacre producers are generally close to being the most efficient in the world in terms of production costs. The member's reflections on what is currently happening internationally are certainly a cause for concern. The dollar has gone from 50c to just over 56c today. That makes a big difference; it is a 10 per cent drop in our competitiveness. The world grain stocks are pretty high and there is downward pressure on grain prices. Wool prices have come down in the past couple of weeks and have exactly mirrored the strengthening of the dollar. They are worrying issues for Australian competitiveness. The main export to the United States is beef, and

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Australia is very competitive in that market. The challenge for Australian agriculture is to be more competitive in the niche markets into which the United States does not dump its products. That will be an ongoing challenge.

Mr LOGAN: The member asked for further information by way of supplementary information.

Mr SWEETMAN: I am not sure whether that is now required. I did a quick calculation. What am I leaving out? Under the farm Bill, United States farmers will be subsidised to the tune of 24 per cent. In real terms, our farmers are subsidised at a rate of six per cent of total farm income. If a comparison were made with the Aussie dollar, and some allowance were given to items that we import from America, which we pay more for than the Americans, I conclude that we will not start to feel the pain until the Aussie dollar gets to about 67c or 68c. Of course, we will feel it a helluva lot earlier than that. Does that mean that American farmers are far more advanced than Australian farmers in their growing techniques and unit production? Dr Robertson answered part of my question. I am trying to anticipate where the next problem will come from.

Mr MURRAY: I refer to the first paragraph on page 236 of the *Budget Statements*, which discusses the expansion of the State's dairy industry. What is the Government doing to support that expansion?

Mr LOGAN: Rabobank, the merchant banking industry analyst, predicts that world demand for dairy products will increase by two per cent per annum, while export supply will grow by only one per cent per annum. Therefore, there is an opportunity to contribute to the shortfall in supply. The budget of the Department of Agriculture includes more than \$1.3 million for dairy industry activities. In particular, the 2002-03 budget provides \$250 000 to investigate the feasibility of expanding dairy production into new areas, attracting investment into the dairy industry, and finding opportunities to boost heifer numbers and industry growth. A further \$400 000 has been invested in the Vasse milk farmlet project to provide a model for sustainable intensification of dairy production in the south west. Other areas of investment include \$200 000 for the more effective use of fertilisers to minimise effects on the environment and \$150 000 to provide benchmark and enterprise analysis information to dairy farmers. The remainder of the funding will go towards the appointment of a dairy development officer and senior research officer. In addition, in 2000 the Government provided a \$27.25 million package over three years to assist in dairy deregulation. That money is now beginning to run out.

Mr HILL: I refer to the fourth dot point under the major initiatives for 2002-03 on page 241 of the *Budget Statements*. Could the parliamentary secretary provide further detail on the online graduate certificate course?

Dr ROBERTSON: I am sorry; I do not have any more detail on that initiative.

Mr LOGAN: We will provide that information by way of supplementary information.

[*Supplementary Information No B51*]

Mr McNEE: Research is pretty important. I refer to the first dot point on page 227 of the *Budget Statements*. Research on salinity is terribly important. We have some wonderful scientific people and I would like to think that they will be tapped properly and effectively. One day we will find the answer on how to combat salinity and it will probably be simple. That is what I think might happen. Some hugely expensive projects are being carried out, and I hope that we can find the answer. How much does the Department of Agriculture contribute to the Cooperative Research Centre for Plant-based Management of Dryland Salinity? What are the main projects of that centre? Does the parliamentary secretary have any idea which crops look promising? I note that in yesterday's *The West Australian* an article referred to a wheat called nypa, and it said that some work had been done in Western Australia. That is the first I had heard of it. All that ties into the department's interest in the cooperative research centre and so on.

[8.30 pm]

Mr LOGAN: I do not know whether we will find the magic bullet that the member is looking for until such time as we can stop those who want engineering solutions and those who want vegetation solutions arguing with each other about the most appropriate course for salinity. The Cooperative Research Centre for Plant-based Management of Dryland Salinity, which is based at the University of Western Australia, was a joint federal-state government initiative that was established last year. I will ask Dr Robertson to comment on its funding for this year and its research projects.

Dr ROBERTSON: The Department of Agriculture is one of a number of partners in that centre. It is unabashedly focused on trying to develop plant-based solutions. It has two major thrusts to its research. One is to look at plants that are able to use more water, with a particular focus on perennial pasture plants or perennial tree crops that have commercial possibilities. That work is very strategic and is quite long term. We hope there will be some solutions, but it will take a lot of hard work. The other component of its research is to more effectively use land that is saline; that is, to develop both salt-tolerant crop plants and plants that will grow and be more productive on the salt land. For example, although quite a few plants will grow on salt land, most of

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them have nasties in them that cause sheep or cattle not to do particularly well. We make a contribution to the centre in two ways: first, we put \$100 000 cash into the centre each year, and, secondly, we fund in kind. The deputy director of the national centre is funded directly by the Department of Agriculture. A large part of our work, particularly our low recharge farming systems activities, which cost about \$1 million, is linked to and managed by the cooperative research centre.

Mr LOGAN: This is not directly related to the question raised by the member, but it is related in a way. The Carbon Rights Bill, which was first and second read in the Legislative Assembly last week, contains a reference to vegetation. It goes beyond simple trees and plantations. It also talks about general vegetation. That reference was put into the Act because of the arguments of the Australian Government, assisted by the State Governments, in the international discussions that have emerged from the original Kyoto meeting to add into the Kyoto Protocol article 3.4, which goes beyond simple trees as a way of doing carbon sinks. The Australian Government argued that other forms of vegetation also should be included in the Kyoto Protocol for the purpose of carbon sequestration, much to the disgust of the Europeans. Western Australia in particular has a significant amount of land, and trees grow in plantation numbers only in areas with high rainfall levels. It was specifically for the purpose of addressing the issue of dryland salinity. Article 3.4 was accepted and has been included in the Kyoto Protocol. The CRC for dryland salinity is very interested in the Carbon Rights Bill on the basis that it gives the CRC, hopefully, a financial tool to be able to take its research projects further and experiment in forms of vegetation and crops that would meet the Kyoto Protocol requirements for carbon sequestration.

Mr GRYLLS: I refer to the first dot point on page 227. Is the Cooperative Research Centre for Plant-based Management of Dryland Salinity investigating the options that genetically modified technology provides to plants that can utilise saline conditions? I would be very interested to hear the parliamentary secretary's thoughts on that because obviously it will be a very contentious issue over the next few months.

Mr LOGAN: Dr Robertson would know more about the research work done by the CRC. I do not know whether it is applying any GM techniques to identify vegetation that would be most effective in dryland salinity.

Dr ROBERTSON: The centre is not directly applying any genetically modified technology at this stage, but it is very closely locked into work on the behaviour of particular genes in controlling salinity tolerance. That is the first step to identify exactly which genes - it is a large number of genes - go together to enhance the salt tolerance of a plant. When we understand that part of it, we can then look at how we might switch those genes on in individual plants or move them from other species. The research centre is quite confident that better understanding the biotechnology of plants will allow plants that will grow much better in saline conditions to be selected.

Mr GRYLLS: Does the parliamentary secretary not want to give me any indication about GMOs?

Mr LOGAN: No. The minister will make statements about that later this year.

Mr SWEETMAN: I refer to pages 229 and 238. I have two questions but they connect reasonably well. The allocation for 2001-02 was \$135 million and for 2002-03 it is \$128 million. That is a decrease of about \$7 million. The number of full-time equivalents has decreased significantly. There has been a decrease of about 70 in the number of FTEs from 2001-02 to 2002-03. Where has the money been taken from? Where will the FTEs be trimmed from? The two go hand in glove. If there is to be less in the budget, there will be fewer FTEs. I am trying to make the connection between the drop in the budget allocation and the drop in FTEs.

[8.40 pm]

Mr LOGAN: The total cost of outputs is outlined on page 229. The operating revenue in 2001-02 was \$95.024 million and the prediction for this financial year is \$78.483 million. That is the operating revenue. That is one component of that reduction. I refer to the line showing the total cost of outputs. The estimate for 2001-02 was \$233 million and the actual figure for 2001-02 was \$230.478 million and the budget estimate for 2002-03 is \$207.725 million. These are the figures that the member is looking for. By working down the page, the member can follow the reduction in the figures to the total consolidated fund appropriations of \$128 million. I will give the member an idea of the reduction in the total cost of outputs from \$230 million to \$207 million, which is a variance of \$22 million. Those variances are represented by the completion of the food fibre promotion, which was state funded to \$700 000; and the reduction in the one-off funding in the dairy assistance package, which as I indicated earlier was funded by the previous Government and has been gradually running out over those years - the reduction from 2001-02 to this year's proposed budget was \$1.103 million. The variances include reduced funding for multi-peril crop insurance from \$500 000 to \$300 000 on the basis that that is the estimated money that is needed for that review to continue over 2002-03. The Government is not getting rid of that review; it is taking the issue seriously. That is the estimated money that is expected by the Department of Agriculture for that review to continue over the forthcoming year and is a reduction of \$200 000.

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The Natural Heritage Trust estimate is anticipated to be reduced, which represents \$6.5 million. The finalisation of the one-off commonwealth funding for exceptional circumstances, which ran out, represents a reduction of \$12.1 million. The state adverse season commitment is down from \$3.3 million to \$1.3 million, which is a reduction of \$2 million. The Expenditure Review Committee savings initiative, which has been placed on agriculture for 2002-03, represents a saving of \$2 million. The reduction in the capital user charge and depreciation is a reduction because capital works were transferred to the holding fund. That means there has been a reduction in the accrual appropriation capital user charge in depreciation of \$1.166 million. It also relates to the reduction in Australian Quarantine and Inspection Service activities, and those budget estimates may increase depending on commonwealth funding arrangements; that was a reduction of \$3 million. There was a reduction in funding from services to industry of \$4.025 million. There was also the increase in the priority assurance dividend required by Treasury of the department from \$6.28 million to \$6.96 million, which would account for a variance of \$680 000. There was a reduction in Agriculture Protection Board service delivery because of its being melded into the department, which provided a saving of \$1.682 million. There was a reduction in the dry season support funding for the balance of the Carnarvon farm recovery program, which is \$500 000; a cessation of land care trust activities now managed by community groups provided a saving of \$800 000; and various project initiatives such as FarmBis, which provided a saving of \$872 000. In total, that provides a variance of \$22.753 million. Those variations go across outputs 1, 2, 3 and 4 at the top of page 229. The savings do not relate to any particular output, but are spread across those four areas of appropriation outputs.

Mr SWEETMAN: How do you link that to FTEs?

Mr LOGAN: Dr Robertson will talk about that operational matter.

Dr ROBERTSON: The exact operational areas where the FTE reductions will finally rest are still in the process of being developed. Some of them are obvious. We have had a significant work force managing the assessments under the exceptional circumstances grants. Those people were on short-term contracts and they are gradually winding down. The key focus, however, will be that in the future the Department of Agriculture will be focusing on research and development, agriculture protection issues and natural resource management issues that closely link in with the Commonwealth for the ongoing Natural Heritage Trust and the salinity action plan. We will not be continuing our involvement with some of the more peripheral areas, such as assisting with land use planning and those sorts of issues. We will be cutting down on others significantly.

Mr McNEE: My question carries on from the question asked by the member for Ningaloo. I refer to page 238. The number of person-hours involved in natural resource management declined by 110 000 and will decline by a further 30 000 hours in this year's budget. How many of those hours were lost specifically to salinity management and research? What is the reason for that decline and have any projects been cut? I also notice that the cost of managing the program has increased by about 30-odd per cent. I wonder how all that fits in?

Dr ROBERTSON: The reason for the reduction in hours in the natural resource management area is the winding up of the Natural Heritage Trust and not knowing at this stage with any degree of certainty what might happen to the NHT extension and with the National Action Plan for Salinity. There is a significant shift in the way business will be done. Whereas the department had in the order of 40 staff funded by the Natural Heritage Trust who were delivering to largely community-focused projects, it is my judgment that very few of those people will be funded through the department in the future; they will largely be funded to work directly with community groups. That is not finalised yet. The National Action Plan for Salinity has just been signed and the bilateral discussions between the State and Commonwealth will involve community groups and will start in the next week to 10 days. The Natural Heritage Trust discussions of a similar nature will start in mid to late June and because there is no understanding that there may or may not be money coming through the department to employ staff to work in this area, we are not able to put it in our budget. There is no reduction in state funding for research and development and the extension in salinity programs. That has been maintained in this budget. The difference is related to the decline in Natural Heritage Trust activities.

[8.50 pm]

Mr GRYLLS: The industry and market development trends on pages 225 and 226 highlight the increasing competitiveness of the international marketplace within which our agricultural producers operate. Given this, would the parliamentary secretary please explain the Government's rationale for cutting the industry and marketing budget by \$3 million, which appears on page 229, and detail the impact on the agency's service delivery?

Dr ROBERTSON: A significant portion of the money that is in the industry and market development area of the department, which is largely the area that does the research and development to increase industry production as distinct from the areas that handle the agriculture protection or the natural resource management areas, is funded by external sources. The largest contributor of funds is the Grains Research and Development Corporation. I

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commented about the Natural Heritage Trust being uncertain and not being able to put anything related to that in this budget. We apply on a competitive basis for money from the large raft of industry-owned and managed research and development corporations to carry out research and development. The budget figure is what we know we have in a contractual sense for out years. Therefore, the member will notice that that component declines in each out year. Page 256 of the budget papers, about the sixth line down, shows proceeds from services to industry. In a budget sense, that amount will decrease by just over \$4 million. All that money is for investment in research projects by industry. We were able to estimate our budget figure for 2001 at \$18 million because we had contractual arrangements for that. At this time of the year we are already certain of \$22.5 million. We expect a similar, if not better, outcome next year. However, we cannot put things in a budget that we do not have a reasonably high degree of certainty of achieving.

Mr GRYLLS: The department expects to raise that money and it will be available for that project, but it cannot be put in the budget.

Dr ROBERTSON: That is correct. Those activities are funded by competitive research grants. The Department of Agriculture is the largest recipient of Grains Research and Development Corporation money. The department attracts more research money from that corporation than does the Commonwealth Scientific and Industrial Research Organisation. We expect to continue to be competitive in that area into the future. However, we will not know that until probably the middle of the next financial year.

Mr LOGAN: That figure is a conservative estimate. As indicated in previous years, it may well change as the year progresses and a higher amount becomes available.

Mr GRYLLS: We need some rain and wheat so that we can get some GRDC money.

Mr LOGAN: That is correct.

Mr SWEETMAN: I want to ask a series of questions. They are all linked and it will make it easier if I ask them by way of one question. I refer to output 3, agriculture protection, on page 229. With the activities of the Agriculture Protection Board being drawn into the mainstream activities of agriculture, is there a net reduction in allocations to fund APB services; and with the reduction in the number of full-time equivalents, are we losing people from agriculture protection services?

Mr LOGAN: There is a minor reduction in the total appropriation for the APB. I ask Dr Robertson to comment on its effect on services.

Dr ROBERTSON: In the part of the Agriculture Protection Board budget that comes through the Department of Agriculture, there is a reduction from \$10.625 million to \$10.473 million. That is not a result of a budget decision this year but is a flow-on from last year's budget decision. We believe that agriculture protection is a critical issue in this State at the moment. In framing our budget, we make certain that we do not reduce the allocation to the agriculture protection area. We believe that the service delivery will be able to be maintained. There are some ups and downs in the area, because we are part of a national cost-sharing arrangement. If new diseases appear in any State, there is generally a cost-sharing arrangement based upon the size of the industry in each State that is affected by the disease, rather than the State that has the problem being required to deal with it itself. At least at this stage of this year we expect less money to go across the Nullarbor Plain to deal with emergency outbreaks in other States due to the completion of some programs. Therefore, the expectation is that the service delivery in this area will be maintained, and that is what we are aiming to do.

Mr LOGAN: Under division 14, the figures for 2001-02 to 2002-03 highlight that the total appropriation to the Agriculture Protection Board has been reduced by \$70 000.

Mr SWEETMAN: I refer to goat eradication and goat surveys. Is any goat eradication program in place in Western Australia now, or has that been discontinued? How much does the goat survey work cost? What is the allocation in this year's budget?

Dr ROBERTSON: The management of the goat program is changing quite fundamentally. In recent times there has been legislative power to deal with goats under the Soil and Land Conservation Act, the Agriculture and Related Resources Protection Act and the Act that applies to the Pastoral Lands Board. That has not been a particularly efficient way of dealing with the problem. I am sure that the member will be fully aware that, as a result, there has been quite a lot of confusion in the pastoral industry about the status of goats and what should be done. We are in the final stages of working with the Pastoral Lands Board and the Agriculture Protection Board to put in place a program under which the management of goats in the pastoral areas, on pastoral leases, will be carried out as part and parcel of the inspections that are done for the Pastoral Lands Board. Therefore, in the future there will not be a separate goat eradication program, but there will be a very low tolerance for having feral goats on pastoral properties; that is, one will be able to run goats on pastoral properties, but they must be



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goats that have been domesticated and are identified, fenced and able to be managed and mustered. The final decision on the aerial surveys has not been made. It is probable that they will cease. The saving is approximately \$150 000. My colleague Mr Pickles, who has direct responsibility for this area, might wish to add something.

Mr PICKLES: The feral goat program started in 1991 as an eradication program that industry instigated and requested that the Government be involved in. A review was undertaken, and in 1999 a management program started. Since that time, the reliance on the goat industry has increased dramatically in the pastoral area. A lot of the industry wants a long-term goat industry. The best way to manage the rangeland goat industry is through the total grazing biomass. All grazing has an impact on the rangeland. This is where the direction is coming from to integrate Land Administration Act issues so that it will be part of normal pastoral lease inspections to ensure that the rangeland condition does not decline but remains stable and improves.

[9.00 pm]

Mr SWEETMAN: Primarily, that is something that took place within the pastoral region. We now have a very serious problem with dogs throughout the pastoral region, and they are probably as far south and as far west as they have ever been. Some aspects of the dog control program work intermittently, particularly the baiting. The baiting only works when the dog wants to take the bait, but in good times he will take the lambs, the goat kids and things like that instead of picking up a stale old bait. It is clear to most of the people in the pastoral region that we still need the old-style, old-fashioned doggers on the ground to hunt the very clever, very sly dogs that usually do not take baits even in bad times.

Mr LOGAN: Paid for by whom, the Government or the pastoralist?

Mr SWEETMAN: If the minister has diverted money from what was previously the goat eradication program, and if there has been a reduction in costs for goat counting, some money should be available. Pastoralists already pay levies. The Government pays only part of the money that goes towards dog eradication. The situation is so serious that there has to be a bit of give on both sides. The pastoralists would look favourably at some small increase in the levy that they pay, as long as the Government matches that dollar for dollar to try to get on top of this serious problem.

Mr LOGAN: The aerial baiting program will continue. The total expenditure on wild dog management for 2002-03 will amount to \$1.35 million, which is virtually equivalent to what it was in 2001-02. A program has been agreed to in Yilgarn, in the north-eastern wheatbelt, for employing a dogger in conjunction with funding from local government. That person will be employed by the Agriculture Protection Board for the purposes of dogging, in addition to the normal programs running at the moment.

Dr ROBERTSON: It is agreed that dogs are a rapidly escalating problem in pastoral and adjacent agricultural areas. Two different issues are involved. Firstly, in the pastoral areas the problem has been brought about by exceptional conditions in the last several years, but conditions have tailed off in the past 18 months and the dogs appear to be moving. The Agriculture Protection Board has allocated an additional \$88 000 for dog control this coming year; in addition, the Department of Land Administration has allocated \$250 000 for managing dogs on some of its estates adjacent to the pastoral areas. The pastoralists, of course, must pay their own way. They pay a vermin rate, a declared plant and animal control fund rate, and they make decisions about whether they prefer that to be invested in dogs, goats or other pests. That process will take place over the next month or so, and the member may see some significant changes in the profile of investment. The agricultural areas where the resurgence of sheep numbers in some of the marginal or outer wheatbelt areas has been accompanied by a number of dog attacks are slightly different, because farmers as distinct from pastoralists do not pay a rate for vermin control. However, the Agriculture Protection Board allocated \$30 000 a year over a three-year period to match industry and local government on a dollar-for-dollar basis to put on a couple of doggers in that area who might do exactly as the member said. One of the difficulties in the agricultural areas is that the baits probably work, but it is difficult to use baits because there are also farm dogs and domestic dogs around the place. The observation that baits are not working as well as they did is certainly true. Over the past few years dogs have had abundant natural food and have been less likely to take dry meat poisonous baits.

Mr PICKLES: The focus with wild dog management is really on preventive rather than reactive control. The preventive control relies on the aerial baiting program, which has proved to be very efficient and effective. Over 580 hours of aerial baiting is done each year across the pastoral and adjacent agricultural areas. In relation to reactive ground control, there are currently 11 declared animal groups, which are put together by land-holders - 10 in the pastoral areas and one in the north-east wheatbelt. Those groups employ a dogger to do reactive ground baiting, trapping or shooting. With preventive baiting, we are taking a two-pronged attack to make sure

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we have good buffer zones around a lot of this country, but we must also rely on reactive control using doggers. We currently have 11 declared animal groups and one of those is in the adjacent agricultural areas.

Mr LOGAN: If the member is looking at expenditure for dog management area by area in 2002-03, Carnarvon has an expected expenditure of \$197 302, Meekatharra, \$164 816 and west Pilbara, \$145 790.

Mr SWEETMAN: Is that extra?

Mr LOGAN: That is the allocated money for wild dog management for those areas, which are specifically applicable to the member's constituency.

Mr McNEE: Reference is made to skeleton weed in the third dot point on page 245. There has been improved progress against serious weeds. Mention is also made of absentee landowners, which is relevant to hobby farmers in the lower part of my electorate in the Chittering shire. Commercial farmers complain to me about hobby farmers not picking up the fruit that falls off their trees. We also have hobby farms in the hinterland out as far as Goomalling. I am concerned on the one hand but pleased on the other that we are getting on top of this issue; we have seen a 21 per cent increase in the number of quarantined properties, although the infested area has increased by 89 per cent. How does the parliamentary secretary see the future? Are we losing the war and how is the battle going?

[9.10 pm]

Mr LOGAN: Details of the funding were recorded in *Hansard* the other day during my response to the member for Stirling who expressed concern about the available funding for the skeleton weed program. I indicated that the funding for that program continues at the same rate as for previous years for the war itself and the operations by the department.

Dr ROBERTSON: The program is certainly a very difficult one. The member will probably be aware that a number of farmers are concerned about the identification of the expanded areas this year. One of the most disappointing aspects is that a large number of new infestations were found as the search area was extended. They had probably existed for a number of years but had not been identified or reported by the land holder.

The minister has recently established a review committee that will work very intensively with some independent outside experts, both in economic farm management and in weed science, to come back with advice on whether it is still worthwhile waging the war or whether another opportunity or action can be taken. Commitment by the industry is clearly critical to moving forward. A much higher level of industry ownership and involvement in the program is needed if it is to be successful.

The animal scientists who deal with animal eradication say that people can eradicate something if they have a very high level of reporting of the problem, which is absolutely critical to determine whether there is a problem or not. It can then be guaranteed to be eradicated. If someone puts a bullet in the head of a sheep, he knows that the disease dies with it. Unfortunately, skeleton weed has difficulty meeting any of the three criteria that are required for an eradication program. People have difficulty in finding it or knowing it is there even if they are experienced spotters. We are aware that in some cases people probably know that it is there but it is not being reported. Chemical eradication is not 100 per cent successful and people have to keep going back to use it again. We will rely very much on the expertise of the review committee, which will report in a few weeks. Most of the information is available, and it is a matter of considering it and making a judgment.

The second issue the member raised about small farms is certainly an ongoing problem. We are in the process of implementing a different way of dealing with small farms, such as those in the southern end of the member's electorate. He may be aware that in the past few months we have been running a number of workshops for small farmers, trying to provide them with advice that they need and at the same time educating them about how they can identify and manage problems. The response in the member's electorate has been amazingly successful. Large numbers of people have turned out on Friday nights after a week of working in the city to attend a three or four-hour workshop on how to identify and control weeds. We will build on that.

We will be changing the role of people who deal with small farms. Instead of having an agricultural protection officer, a soil conservation officer and perhaps somebody else to give advice on other matters such as neglected orchards and the fact people should pick up fruit, we will be putting together a team to work through the south west, largely from Manjimup, perhaps Busselton, Bunbury, Waroona and out of Midland to service north of Perth, that will pick up that broad range of activities to provide knowledge and information to small farmers.

The position will also be providing a comprehensive regulation to check that cattle are being adequately identified and to make certain that sheep do not have footrot, to check on weeds and pests, and to give small farmers information to help them manage those problems. Of course, small farmers are not often there during

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weekdays. We will therefore be looking at a different service model that may be more focused on evening and weekend delivery of that inspection support and advice. We are in the process of designing that.

Mr LOGAN: Could I confirm that the \$380 000 that the Department of Agriculture provides to the skeleton weed program is continuing in next year's budget, as I said in the Legislative Assembly? The member for Stirling's criticism was that he could not find the amount in the budget. The reason the amount is not specified separately in the budget is that it is contained in the skeleton weed and declared plant and animal trust fund. Because industry also makes contributions, the money is kept in a separate trust fund. The money is declared in the budget, but it is wrapped up in the moneys in the Agriculture Protection Board net appropriation determinations, which are found on page 256. The \$380 000 is contained in the \$5 million, but it is in a separate fund because of the industry's contribution.

Mr GRYLLS: My question is on the same lines as those of the member for Ningaloo and the member for Moore. Obviously growers in the Yilgarn and Northam wheatbelt areas are extremely concerned about skeleton weed and the dog issue. The minister has put in place a committee, which is fantastic news. However, one of the problems raised is that the majority of funding for the skeleton weed program comes from growers. The department does not know from year to year how much funding will be available for skeleton weed searches, because it is dependent on the size of the crop. This creates a lot of uncertainty, especially in a year like last year, when people do not know the size of the crop. There was a lot of concern that the uncertainty would lead to problems in the search program. Is the review committee being directed to address that problem to try to find solutions? One of the major issues growers raised was finding some sort of continuity from season to season in the fight against skeleton weed rather than hoping that they had enough crop to pay for the research.

Mr LOGAN: I will read out the terms of reference of the ministerial review so that the member is aware of the broad parameters under which it is operating. I will then ask one of the advisers to give the member a specific response to his question. The first term of reference is using all available information to conduct a review of the skeleton weed eradication program, which means that the committee undertakes a review of the program. The second is that the review committee assesses whether the program is effective, including the likelihood that the program will achieve its objective, which is to eradicate skeleton weed. The third is that the committee review the operational performance of the program, including management, searching, treatment, research and regulation. The fourth is that it examines future approaches, which would lead to a more effective, efficient program, and more cost-effective management of the risk posed by skeleton weed. The fifth is that the review committee makes recommendations to the Minister for Agriculture regarding the program's performance, future direction and management. The terms of reference are broad with respect to the operational issue and the problem the member has raised about the application of the program.

[9.20 pm]

Dr ROBERTSON: That was an issue. The member may be aware that the levy was due to be increased last year but, because of the dry season the previous year, the Department of Agriculture contributed \$600 000 extra to keep the program stable. The funding is not being specifically considered by the technical review group, because it is very much a technical group. The legislation under which the skeleton weed levy is raised contains a sunset clause, which comes into effect in late 2002. A separate committee involving members of the Agriculture Protection Board and the two producer organisations has been considering ways to raise funding in the future and the level of that funding. It has recently provided recommendations to the minister.

Mr RICHMAN: The member may be aware that the department and the board jointly hosted a grain industry forum in April this year at which the question of surety of future funding was raised by a number of growers. The concern has been acknowledged and a commitment has been made to find alternative options.

The existing legislation under which the compulsory grower contribution is raised - the Plant Pests and Diseases (Eradication Funds) Act 1974 - is due to expire on 31 October 2002. Cabinet has now approved the drafting of replacement legislation. The preference is to have complete new legislation drafted and considered by Parliament in sufficient time to replace the existing Act in a seamless way. However, if that is not possible, the intent is to seek amendment of the existing Act for a further 12 months to give more time for the development of a new Act, while simultaneously ensuring the funding mechanism remains available to industry.

Ms RADISICH: I refer to page 242 and the protection of the productive resource base. I have a particular interest in the application of this measure in the Shire of Mundaring. We have a number of properties in the area that have too much stock, on which the soil is degraded and the topsoil washed away and so on. Can the department limit the number of animals on smaller properties? Have any initiatives been developed within the department to assist small agriculturalists who may be facing challenges in managing their properties and maintaining the integrity of the soil?

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Dr ROBERTSON: This issue is one of concern through a broad belt of areas that have hobby farms and where the management of properties is not a prime concern. The department certainly does have the power, through the Commissioner of Soil and Land Conservation, to set or restrict stocking levels on properties if they are overgrazed, resulting in land degradation. In the new approach that I referred to earlier, we will send a team through the areas where hobby farms are a significant land use. We will try to integrate giving advice on the number of stock that should be carried - often the overstocking is not deliberate but results from lack of knowledge or understanding - with having the big stick available to take action if necessary if that advice is not considered and acted upon.

Mr OMODEI: I refer to page 241. The second last dot point under the heading "Salinity management" states-  
Implementation of the State's investment framework to provide a strategic analysis of the state's investment priorities in salinity.

In relation to combating salinity in the Moora, Dandaragan, Katanning and Esperance areas, why has the State Government ceased the maritime pine project? I note that in other budget appropriations there are no funds this year. It seems to me that the farmers in those areas were led to believe that there would be a significant industry based on maritime pine. There is no doubt about the impact of the maritime pine in that area, particularly the electorate of the member for Moore. We have built an expectation among farmers and it now appears that the State Government has withdrawn those funds. Why is that the case?

Mr LOGAN: That program, as the member for Warren-Blackwood would be more than well aware, does not come under the Department of Agriculture but under the forestry portfolio.

Mr OMODEI: It comes under combating salinity. That is what the program was about.

Mr LOGAN: That would be one program -

Mr OMODEI: There is no other significant reason.

Mr LOGAN: That would be one program that I know is being looked at by the Forest Products Commission through the use of the carbon rights legislation, which I spoke about earlier in this Chamber and which I introduced to the Legislative Assembly last week, as the member would be well aware. That is one program that the Forest Products Commission will be looking at for combating salinity. As to the future investment, I cannot answer that question. It is certainly not within the scope of these budget papers for me to give that information.

Mr OMODEI: The parliamentary secretary represents the forestry portfolio as well as agriculture.

Mr LOGAN: Absolutely, but we are here discussing issues relating to agriculture, fisheries and other areas covered by the appropriation Bill. As the member is more than well aware, after we had this discussion last year, the Forest Products Commission is not covered by the appropriation Bill because it is a government trading enterprise. Nevertheless, I spoke to Dr Paul Biggs about the maritime pine plantation program. He is very enthusiastic about it, and is attempting to expand it by using whatever green investment funds are available through the carbon rights program.

Mr McNEE: The member for Warren-Blackwood has raised a very important issue. I refer to page 241, again under the heading "Salinity management". The second dot point reads -

Development of viable salinity management options especially those for the productive use of saltland.

The final dot point reads -

Initiation of catchment demonstrations and engineering evaluations.

What are some of the salinity management options for the productive use of salt land? In which catchments will demonstrations take place, and which engineering options will be evaluated?

[9.30 pm]

Mr LOGAN: That is a similar question to that which the member for Moore asked earlier when he asked how those moneys will be spent within the programs I identified.

Mr McNEE: This is not a political speech I hope.

Mr LOGAN: The member asked how it is to be applied. I am not indulging in political speak; it is similar to a question he asked earlier about how those funds are to be applied in the field. A significant amount of funding will come from the other agencies, particularly the catchment programs. A significant amount of money will come from the commonwealth Department of Environment and Water Catchment Protection, the Water Corporation and other funds.

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Dr ROBERTSON: The productive use of saline land largely refers to the growing of plants. The options range from the halophytes on the very saline land through to the Balansa clovers on some of the waterlogged, less saline land. We still do not have particularly attractive solutions. In fact, the economic analysis we have done on them suggests that the money invested in that is about lineball; hence it is not a great incentive for farmers to invest in projects on saline land. The carbon rights legislation to which the parliamentary secretary referred, may create a new opportunity on saline land for the development and use of saline trees. Some excellent work has been done in Western Australia at Murdoch University with Alcoa in selecting salt-tolerant *Eucalyptus cameldulensis* and other native trees. They will not produce commercial timber growth rates but the growth rates will be beneficial if carbon rights are involved in that formula.

In the last budget the Government foreshadowed an allocation of \$10 million, which has started to flow through in this year's budget between the DEWCP and the Department of Agriculture and which is composed of \$6 million for demonstration catchments and \$4 million to demonstrate drainage projects. Decisions have not been made about the locations on which those demonstrations will occur, largely because to do so would have resulted in the Commonwealth not considering it to be new money. The Commonwealth's definition of new money is money on which a decision on where it will be specifically spent has not been made. In that context, we hope that in the regional plans we have worked hard with regional groups to develop, a number of opportunities have been identified and we hope that the state money will attract matching dollars from the Commonwealth.

The bilateral agreements and the conclusion of the plans will occur in the next few weeks. We hope that within 10 to 12 weeks the catchments will be identified and the planning activities will have started.

Mr SWEETMAN: I refer to the multi-peril crop insurance project under dot point four on page 239. The parliamentary secretary said earlier that the appropriation to further investigate multi-peril crop insurance had decreased from \$500 000 to \$300 000. Although that amount might provide the results we need from whatever investigation is done on this, is a theme developing in relation to multi-peril crop insurance? The word "crop" should be dropped because there is a need for it across primary industry. Whatever the parliamentary secretary comes up with on crop insurance, it will probably have broader implications. Will any discussions be held with the federal Government to see whether it will be part of setting up a compensation fund or a self-help fund? The primary producer, the State and the Commonwealth could contribute to what would be this multi-peril insurance fund. Will the \$300 000 be spent on developing a case for multi-peril crop insurance in Western Australia? Will the task force consult with the federal Government to find out where it stands on this issue?

Mr LOGAN: I will provide the member with an explanation about the \$300 000 and what it will be used to purchase before I ask Dr Robertson to explain how the task force will expend that money. As the member knows, the Minister for Agriculture established the multi-peril crop insurance task force in August last year. It was originally allocated \$500 000 over the 2001-02 financial year with a potential allocation of \$2.5 million over a four-year period. In January 2002, its budget allocation for the year was reduced to \$150 000 as part of a budget deferral exercise. The budget of the task force for 2001-02 was \$150 000 and its expenditure to 29 May 2002 was \$129 087. The estimated expenditure for 30 June 2002 was \$169 000, which would overspend the budget by \$19 400. The budget allocation for this year is \$300 000.

From analysis of past Western Australia wheat yield data, the task force has completed three studies into how traditional types of overseas multi-peril crop insurance schemes might perform. That was sourced from farm consultants and Co-operative Bulk Handling Ltd. The task force will soon meet to discuss the conclusions of the latest studies completed by professional actuaries Trowbridge Consulting. The task force will then be in a position to report its investigations into MPCl to the minister as well as make recommendations for other tools for the management of multiple risk, including weather derivatives. The task force is expected to complete its work in the latter half of 2002.

They are the specific issues that the task force has been addressing. It has examined how MPCl has been addressed internationally, how the MPCl would be applied, and what the actuarial information will be required to implement the MPCl. It also considered the possibility of other forms of insurance cover such as derivatives for other seasonal hardships. Dr Robertson will discuss the issue about whether the task force has considered the broader application of MPCl involving the federal Government.

Dr ROBERTSON: I am not certain how the task force has considered that issue, but I know that the minister always intended to take the results of the review to the Commonwealth Government. It is hoped that if the scheme could fly, it would be adopted nationally and would replace the exceptional circumstances money for which the Commonwealth is currently a significant contributor. It was always problematic as to whether it could stand on its own feet without ongoing support. Earlier, the member for Ningaloo referred to the United States 2002 farm Bill, which provides a significant allocation of funds for multi-peril crop insurance. The Europeans

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believe that is now perhaps the largest distorting subsidy that the US farmers receive, particularly in the marginal grain producing areas. The international experience is that for MPCl to be successful, Governments need to be involved. The work of the task force will be taken to the Commonwealth as soon as it is completed.

[9.40 pm]

Mr LOGAN: Division 14, the Agriculture Protection Board and division 15, the Rural Business Development Corporation have already been covered in the debate.

**The appropriation was recommended.**