

**Division 48: Agriculture and Food, \$128 401 000 —**

Mr P. Abetz, Chairman.

Mr W.R. Marmion, Minister for Finance representing the Minister for Agriculture and Food.

Mr R.J. Delane, Director General.

Mr K.R. Chennell, Executive Director, Biosecurity and Regulation.

Mr P.L. Metcalfe, Executive Director, Livestock Industries.

Mrs C. Gibbon, Manager, Financial Accounting and Contracts.

Ms M. Taylor, Director, Finance.

Mr J.V. Eftos, Executive Director, Business Support.

Mr J.K. Ruprecht, Executive Director, Irrigated Agriculture.

Mr E.A. Mavrantonis, Project Manager.

Mr M.W. Sweetingham, Executive Director, Grains Industry.

Mr G. MacLean, Principal Policy Adviser, Office of the Minister for Finance.

[Witnesses introduced.]

**The CHAIRMAN:** The member for Gosnells.

**Mr C.J. TALLENTIRE:** I refer to page 550 of the *Budget Statements* under “Resource Risk Management”. I am very interested to hear about the work of the department in relation to biosecurity. I note, though, that this service area has been cut by—if I have it right—nearly \$20 million. Can the minister explain, first of all, where the cuts have been made to the resource risk management area?

**Mr W.R. MARMION:** I can certainly provide some answers on biosecurity. The director general will make some initial comments.

**Mr R.J. Delane:** I will make some comments and then Kevin Chennell, the executive director of biosecurity and regulation, may add some comments. The first comment on these areas is that it depends on how we actually work through the programs. We have been working to shift significant resources into the second service area, transformational development, where we have been looking to make substantial changes in the industry sectors. We therefore naturally expect to see some variation in the allocations between the three services: firstly, the business and supply chain development; secondly, transformational development; and, thirdly, resource risk management. Apart from those changes, that did not change the overall quantum. The principal reasons for the reductions are as a result of the targeted voluntary severance scheme, some self-funded redundancies, agency expenditure review measures and the workforce renewal policy, which are similar issues that apply in each of these service areas.

**Mr C.J. TALLENTIRE:** We have acknowledged that there is around \$20 million worth of cuts to this service area. The department has acknowledged in the description of the service area that this is a vital area for minimising the risk that exotic biosecurity threats such as weeds, pests and diseases represent. How much of a cut has the department made to this biosecurity aspect of the service area?

**Mr W.R. MARMION:** I will defer to the director general.

**Mr R.J. Delane:** I am sorry, member, but I did not acknowledge that there had been a cut to that area; I indicated that there had been some significant changes, including adjustments to the service areas; and the member can get some sense of that on page 547.

**Mr C.J. TALLENTIRE:** Can I just clarify that, if I am reading the budget papers correctly, the 2014–15 budget had \$102 million allocated to this service area and the 2015–16 budget has \$83 million? How much of a cut is that, please?

**Mr R.J. Delane:** I just want to make the point for the benefit of members that if they want to get a full understanding of the numbers, particularly if they are going to use words such as “cut”, they need to know that sometimes there are movements between the three service areas. That is simply the point I wish to make, Chair. The reasons for the reductions, apart from that one, are as I outlined. We have worked through all of our areas on the basis that we have targeted any reduction to lower priority functions. The reductions in the biosecurity area in terms of staffing over the period have been less than in other areas. However, we deliver, firstly, on our statutory responsibilities and ensure that we have adequate resources for those; secondly, on government priorities; thirdly, on our contracted areas; and then, particularly in biosecurity, on a risk basis. We have not been able to protect any area of the department, including biosecurity, from the reductions associated with the combined set of savings measures and cost increases. Mr Chennell may wish to comment further on the finer detail of the service areas.

[9.30 pm]

**Mr K.R. Chennell:** I should report that we currently have a strong biosecurity operational unit in the Department of Agriculture and Food. In 2014–15, we carried out 827 emergency and reportable disease exclusions for livestock. In 2014–15 incidents were initiated for suspicion of foot and mouth disease, blue tongue, scrapie, avian influenza, swine influenza, rabies, Newcastle disease, anthrax and Hendra virus. We detected influenza virus in pigs, Australian bat lyssavirus and avian influenza in wild birds. In 2013–14 we had 12 detections of chemical residue violations in livestock and 67 significant intercepts in border quarantine, and in 2014–15 there have been 99 significant intercepts. We have significant funds through royalties for regions, boosting biosecurity defences as a \$20 million project, and significant funds have been allocated for a range of wild dog action and activities. The biosecurity area is strong. As the director general pointed out, the cuts in that area have not been as large as cuts in other areas. We expect the area to continue to function.

**Mr C.J. TALLENTIRE:** How much of the \$83 million is going towards biosecurity?

**Mr K.R. Chennell:** I think there is approximately \$32 million in the budget for 2014–15. That covers border biosecurity, livestock biosecurity, plant biosecurity and invasive species.

**Mr C.J. TALLENTIRE:** What is the amount for 2015–16?

**Mr K.R. Chennell:** The budgets are still being struck at operational level. I think there will be some reduction to that \$32 million.

**Mr C.J. TALLENTIRE:** Even though these budget papers have been prepared on the basis that the department has done all the agency divvying up and working out where the priorities are, the director general cannot—this is called the 2015–16 budget—tell me how much of the \$83 million will go towards biosecurity.

**Mr W.R. MARMION:** I will let the director general open the batting on this.

**Mr R.J. Delane:** Mr Chennell will make further comments about the biosecurity. It is a fact that the department is still settling its project and operational area budgets. We are in the middle of a further significant staff reduction, which requires us to work through in fine detail where those staff will come from. The current program is for a reduction of 100 staff. The member will appreciate that that is a very substantial part of our budget; hence we have not settled project level budgets and at this time cannot give the member exactly in which areas those reductions will occur.

**Mr C.J. TALLENTIRE:** Can the minister indicate what staffing cuts will be made to biosecurity?

**Mr K.R. Chennell:** The planning we have done to date indicates a cut of around 18 staff.

**Mr C.J. TALLENTIRE:** What role are local biosecurity groups playing in supporting those remaining staff in the biosecurity area?

**Mr K.R. Chennell:** We have a good relationship with local biosecurity groups, particularly around invasive species. Some funds have been carried over from the former natural resource management funds that support those groups. They are mostly around invasive species. We are encouraging groups such as that to amalgamate to form larger groupings and become recognised biosecurity groups and that then can attract government funding.

**Mr C.J. TALLENTIRE:** What is the capacity of those groups to raise money using the provisions in the Biosecurity and Agriculture Management Act, at a local or regional level?

**Mr K.R. Chennell:** Under the BAM act, a recognised biosecurity group can apply for registration and, following that, can canvass for a levy and request the minister create one. They need to be recognised under the BAM act.

**Mr C.J. TALLENTIRE:** How many times since the creation of the BAM act has that capacity been used?

**Mr K.R. Chennell:** We have recently supported the creation of an eastern wheatbelt recognised biosecurity group and we are in dialogue with a number of other groups that wish to form, but that has been in the past few months.

**Mr C.J. TALLENTIRE:** It has occurred only once since the creation of the BAM act, but can Mr Chennell tell me how much money has been raised using those provisions?

**Mr R.J. Delane:** For completeness, ever since the BAM act took over legal responsibility from the old act, the biosecurity groups, which used to be zone control authorities in the pastoral area in the rangelands, have been picked up in this. Five functioning pastoral recognised biosecurity groups have very substantial funding arrangements. They have been in place and, with a bit of bumpiness in one or two of those, have been in continuous operation throughout the implementation of the BAM act. The new area is in the agricultural areas

where the same rating mechanism was not adopted in the old agricultural-related resources protection legislation from 1976. So from that time forward, only properties in the pastoral area are able to avail themselves of the matched funding arrangements under that pastoral rating mechanism. The Biosecurity and Agriculture Management Act and its regulations provided for that same mechanism to be applied in the agricultural area. That matter was debated at some length in the chambers of this Parliament in 1976, and was revisited, I think, in 1978, but again it failed to be included in the legislation. The new provisions enabled the application of that funded rating mechanism statewide; only one has been picked up under that, but we are, with some assistance with funding from the royalties for regions program, in discussions with eight groups about the possible formation of recognised biosecurity groups individually or collectively. Certainly, the approach we have taken, and ministers today have taken, is to try to get those on some sort of scale so that they can deal with landscape-based pests, which, of course, are quite mobile. Also, we want to be able to get as many landholders operating within a common system so that we are not administering a very large number of recognised biosecurity groups such as the legacy of land conservation district committees that we still work with.

[9.40 pm]

**Mr C.J. TALLENTIRE:** If I have understood correctly, one new area called the wheatbelt biosecurity group has been created. I did ask how much money it has been able to raise, and how much has it expended. Can the minister also tell me which biosecurity threats it has been putting its funds to?

**Mr K.R. Chennell:** That eastern wheatbelt group has only recently formed, and to date it has not collected any rates. However, I can report that in 2015, Kimberley RBG raised \$335 000 in rates, Pilbara RBG raised \$185 6066, Carnarvon RBG raised \$302 860, Meekatharra raised \$196 472, and goldfields raised \$266 784. All those figures are matched by government funds, so that is about \$1.2 million in total.

**Mr C.D. HATTON:** I refer to the total cost of services on page 548 of the *Budget Statements* under the heading “Business and Supply Chain Development”. Minister, I see that the Department of Agriculture and Food Western Australia is spending \$87.7 million in 2015–16 on business and supply chain development. Can the minister tell me how this funding is broken down?

**Mr W.R. MARMION:** I will give a bit of an introduction on this. DAFWA delivers three services: business and supply chain development, transformational development and resource risk management. Business and supply chain development focuses on increasing profitability and the resilience of the state’s agrifood industries in their current general form. This is particularly important in the current economic environment. This service supports businesses in their efforts to increase the yield, quality and marketability of their existing and emerging products and in managing associated business risks. Funding for this service is broken down to expenditure to support development of domestic retail, export, farm production, logistics, pre-farm gate, processing and wholesale supply chain components.

**Mr C.J. TALLENTIRE:** I refer to page 555 of the *Budget Statements*, and the line item “State Contribution to Natural Resource Management” under “Grants to Charitable and Other Public Bodies”. I notice that we have contributions of \$6.8 million, \$6.9 million and \$7.2 million. We can see that line there—it is nice and there is lots of blank space around it, actually! The contributions are \$6.8 million, \$6.9 million and \$7.2 million, and there is \$9 million from 2014–15. Has that money been paid to the, I believe, seven NRM groups yet?

**Mr W.R. MARMION:** I will refer that to Mr Ruprecht.

**Mr J.K. Ruprecht:** A business case has been prepared because the funds for the state contribution to natural resource management are made up of both royalties for regions and a consolidated account contribution because royalties for regions does not encompass the urban area as part of the Perth region NRM area. That business case is currently being prepared. It will include approximately \$1.2 million per year from the consolidated account, and approximately \$6.8 million per year from royalties for regions. That business case is going through the government’s due diligence process, and we expect that program to be approved in the coming months. At that point there will be a capacity-building program and local action community programs envisaged that will support community groups with sustainable natural resource management.

**Mr C.J. TALLENTIRE:** I am being told, minister, that this money was allocated last year—12 months ago—and that it goes to community groups that do very important work such as tree planting. We are nearly at the end of the financial year, but none of that money has been given to them yet because we have heard that a business case needs to be prepared. But they will have gone through an assessment process—no; in fact I do not believe there has even been a call for new applications yet under the program. Let us just clarify that point. Has there actually been a call for new applications under the program that would then take up that \$9 million we have as the estimated actual for the 2014–15 financial year?

**Mr W.R. MARMION:** I refer this question to the executive director of irrigated agriculture, Mr Ruprecht.

**Mr J.K. Ruprecht:** That \$9 million was part of the previous state NRM program, and those funds are being spent on programs across Western Australia from the rangelands NRM through to the south coast NRM. What I was talking previously about was the new program, and we are working very hard on getting that program up and running as soon as possible.

**Mr C.J. TALLENTIRE:** Where can I see the new program? If it is not the \$9 million there, where is the money for this so-called new program?

**Mr J.K. Ruprecht:** The amounts from \$6.8 million, \$6.9 million and \$7.2 million are the royalties for regions contribution, and that is matched with the contribution from the consolidated account that can be seen on page 545 from 2015–16 for the administered transactions. That is where we are looking at the funding for the program, and it totals of \$8 million per year.

**Mr C.J. TALLENTIRE:** Given that the \$6.8 million that we see under the 2015-16 budget estimate is royalties for regions funding, I think, it has to be subject to a business case. All that money is in the budget yet the department is not in a position to hand it out to the groups because the business case has not been signed off on, and yet those groups desperately need that money. Why is the department holding up those groups from getting on with their good works?

**Mr W.R. MARMION:** I will refer this one to the director general, Mr Delane.

[9.50 pm]

**Mr R.J. Delane:** I am sure that the member appreciates that the release of royalties for regions funding requires the development of a business case and consideration by cabinet. The natural resource management area, as it is called, involves the Minister for Agriculture and Food, the Minister for Fisheries, the Minister for Water and the Minister for Environment. Those ministers have jointly considered the development of that plan, but until that business case has been approved by cabinet, those funds cannot be released to those groups.

**Mr C.J. TALLENTIRE:** Has the Department of Agriculture and Food called for applications yet?

**Mr W.R. MARMION:** I will refer to Mr Ruprecht.

**Mr J.K. Ruprecht:** We are working through the business case and are in anticipation of getting approval, as the director general has mentioned, through the due diligence process with the Department of Regional Development. We will announce the program as soon as we possibly can when we have the approval for the royalties for regions process.

**Mr I.C. BLAYNEY:** I refer to the top of page 551 of the *Budget Statements*. Is the government still planning to establish a new headquarter for the Department of Agriculture and Food WA in metropolitan Perth; and, if so, what are the next steps in the process?

**Mr W.R. MARMION:** DAFWA is working through with the Department of Treasury's Office of Strategic Projects—as the Minister for Finance, I am also involved—to develop a business case to assess the affordable accommodation options for the department. The government has allocated \$250 000 to meet the cost of developing a business case, which is due to be considered by government later this year in around October. The business case will reflect DAFWA's future organisational structure and functions. That should be sufficient to give the member the answer he requires.

**The appropriation was recommended.**