

**STANDING COMMITTEE ON PUBLIC ADMINISTRATION**

**INQUIRY INTO PASTORAL LEASES  
IN WESTERN AUSTRALIA**

**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
WEDNESDAY, 4 DECEMBER 2013**

**SESSION TWO**

**Members**

**Hon Liz Behjat (Chairman)  
Hon Darren West (Deputy Chairman)  
Hon Nigel Hallett  
Hon Jacqui Boydell  
Hon Amber-Jade Sanderson**

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**Hearing commenced at 11.07 am**

**Mr ROBERT DELANE,**  
**Director General, Department of Agriculture and Food, sworn and examined:**

**Dr PAUL NOVELLY,**  
**Manager, Rangeland Research, Department of Agriculture and Food, sworn and examined:**

**Mr DAVID WARBURTON,**  
**Policy Officer, Rangelands Reform, Department of Agriculture and Food, sworn and examined:**

**The CHAIRMAN:** Gentlemen, welcome to this hearing of the Standing Committee on Public Administration into its pastoral lease inquiry. I apologise for keeping you waiting. I know this hearing was due to start at 10.45. After the last hearing, we needed to canvass some issues. We have said that you will be here until 11.30 this morning. I know that everyone is on a tight time frame. We will take some evidence from you today but there may be some other matters that we will need to follow up with you in writing just to clarify some points.

I will introduce our committee. We have Amber-Jade Sanderson from the East Metropolitan Region and my deputy chairman, Hon Darren West, from the Agricultural Region. My name is Liz Behjat from the North Metropolitan Region. We have Hon Nigel Hallett from the South West Region and Hon Jacqui Boydell from the Mining and Pastoral Region. We have every region other than South Metropolitan covered here today.

Starting with the gentleman on the left, can I ask you now to take an oath or an affirmation.

[Witnesses took the oath or affirmation.]

**The CHAIRMAN:** You will have all signed a document entitled “Information for Witnesses”. Have you read and understood that document?

**The Witnesses:** Yes.

**The CHAIRMAN:** These proceedings are being recorded by Hansard and a transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing for the record. Please be aware of the microphones and try to speak into them and ensure that you do not cover them with papers or make noise near them, and speak in turn so that Hansard is able to identify who has said what. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that publication or disclosure of the uncorrected transcript of evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege.

[11.10 am]

Gentlemen, my very first question to you has to be: why did DAFWA choose not to make a written submission to this inquiry when we did call for those submissions?

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**Mr Delane:** We did not see a lot of merit in that.

**The CHAIRMAN:** Merit in the inquiry?

**Mr Delane:** Not in the inquiry, of course. That is not for me or anyone else to judge. We expected there would be quite a lot of submissions and issues would be raised and we expected that you would want to talk to us about those issues. We could have provided the same sort of information that is routinely available to your research officers. That may or may not have helped you. I always expected that you would ask us before you to talk about the real issues you have identified.

**The CHAIRMAN:** Recently the committee travelled to the regions to take evidence from a large number of organisations and people involved in the pastoral industry. A lot of the evidence centred around the number of DAFWA staff in regional areas, which has reduced significantly over recent years. Could you talk to us about that please.

**Mr Delane:** The observation is accurate. My department's staff numbers peaked, I think, in 1999–2000, to almost 1 900 staff. We are of the order of 700 less than that now for a range of reasons. I have been director general for four years. In that time, because of budget priority changes and cost increases in our operating environment, we have needed to reduce our staff numbers for the department as a whole by 28 per cent. Clearly, that means that our staff have been reduced in a lot of areas in the department, including the rangelands. We do not have the same number of staff that we had in the rangelands once or the same number of staff we had in the rangelands back in the days of the Agriculture Protection Board in the early 1990s and in the 1980s and perhaps in the 1970s, which is what some comments to you, I am sure, are based upon. There have also been some changes. I think you have heard from and will hear from organisations that did not exist previously that are doing the sorts of things that my department used to do in the 1990s, in natural resource management for example, and even some industry groups—there are not many in the rangelands—are doing things that were the sole domain of my department previously. The changes under the Agriculture Protection Board legislation—in fact, the repeal of that legislation—led to the establishment of recognised biosecurity groups as incorporated groups. With the intent of trying to create flexibility and responsiveness for the producer groups that are involved and recognised by security groups, we also have a shift and some further reduction in our staffing. It is a matter of fact and well established on the public record that we have fewer staff out there. Are all the reasons why that has occurred accurately described? Generally, they are not.

**The CHAIRMAN:** Could I ask you—you will need to take this on notice—to provide to the committee from 2000 until present the number of staff who were employed by DAFWA over those periods and in what regions they were employed so that we can see that matrix for ourselves and the diminishing number of employees? Are you able to provide that?

**Mr Delane:** I am not sure of the starting year but I am pretty sure we have a routine table that goes back, perhaps not as far as 2000, that I could readily provide to the committee, which will outline the trends in our staffing.

*[Supplementary Information No B1.]*

**The CHAIRMAN:** One of the major issues facing pastoralists today—again, we have heard lots of evidence with regard to this, and it is out there in the public domain—is feral animals. We also heard that DAFWA no longer supports the number of doggers that it used to. By far and away, of the feral animals, dogs gave us the biggest problem, even though we heard about donkeys, camels, pigs and rogue cattle. DAFWA no longer supports the number of doggers that it used to, and other programs with regard to the control of feral animals have also been scaled back. What is the justification for those cutbacks?

**Mr Delane:** I am not sure that the issue has been accurately or fully described to you. There have been long-term trends of a decline in the number of staff applied to feral animal control by landholders collectively and there is also a decline in the number of publicly-funded staff involved

in feral animal control. We need to be clear about the responsibility here. The Agriculture and Related Resources Protection Act, passed by the Parliament in 1976, clearly articulated the responsibility for feral animal and other pest control with the landholder or land manager, including the rangelands. What was established differently for the rangelands than for the other parts of the state was that a pastoral rate was put in place, which was matched by the state, so the state assumed some responsibility for that. Today the combined funding through the pastoral rates, matched by the government, administered by us and delivered through recognised biosecurity groups is nearly \$2.5 million of pest control, about 60 per cent of which is wild dog control. The facts are that animal pest control is the responsibility of the land manager or land owner and has been for a very long time as a result of legislation. The APB was able to do a lot more previously than the department was able to do. We are able to do very little in that regard now because of long-term reductions in the resources available. That has not changed landholders' responsibility.

**The CHAIRMAN:** How many doggers do you employ at the moment?

**Mr Delane:** I will have to take that on notice.

**The CHAIRMAN:** If you could take that on notice and also perhaps provide a ten-year window.

**Hon NIGEL HALLETT:** The last four years would be interesting.

**The CHAIRMAN:** Okay, definitely the last four years and perhaps a bit further back. If you can provide the numbers that you had and now have.

*[Supplementary Information No B2.]*

**Mr Delane:** Just for clarity, Chair, with your blessing, we will provide information on the number of doggers that we fund, rather than the number of doggers that we employ.

**The CHAIRMAN:** Alright, the number of doggers that you fund, that is fine.

**Hon NIGEL HALLETT:** What I would like to know, Rob, is how many doggers were out there 10 years ago when the industry was fairly vibrant, the rate of decline, and also the decline in funding that has come from the department.

**Mr Delane:** For doggers.

**The CHAIRMAN:** That is all part of supplementary information B2. The third area that I would like to talk to you about is how DAFWA assesses the health of pastoral lands. In particular, DAFWA's position on buffel grass in the Pilbara and Gascoyne. Is that counted in the rangelands conditions report?

[11.20 am]

**Mr Delane:** I will go to the general, but I will need to seek some advice on whether we are taking buffel grass into account, which of course, is not a species that exists across the entire rangelands. The department has done an enormous amount of work assessing the conditions of the rangelands for decades. We have had the rangelands monitoring system, the so-called WARMS system, since 1993. We do routine rangelands condition monitoring reports for the Pastoral Lands Board on individual leases and the Commissioner of Soil and Land Conservation, who is part of my organisation, provides annual reports on the condition of the rangelands. We did other work in 2011 using a biophysical assessment to provide our professional assessment of the viability of the southern and northern rangelands based on the condition of the range, the size of properties and their ability to be viable pastoral properties in the current and expected circumstances. In 2010–11 we also did a specific report on the condition of the Gascoyne catchment and whether that may or may not have been a contributor to the floods in Carnarvon. There is a range of work that has produced an enormous amount of data before you get to any broader remote sensing information on the rangelands. As to specifics, Paul Novelly will answer.

**Dr Novelly:** Buffel grass is included in our assessment of our WARMS sites in the grasslands and until 2008 buffel grass was considered in our assessed lease level of range condition. In fact, in our pasture types, we even have a buffel grass pasture type, which is an accepted pasture type. So buffel grass, despite being an exotic species, certainly is a component of our grasslands and we can consider it, we note it and we rate it.

**Hon NIGEL HALLETT:** I would just like to touch a little bit on the viability of pastoral leases. A lot of agricultural industries and businesses are getting to that point and one of the issues that have come up a few times during the inquiry is the willingness of banks to lend money to pastoralists. The general consensus is that that is around the issue of tenure and the fact that there is some uncertainty of tenure. Clearly, you are working fairly closely with the industry, so do you accept that, or do you think perhaps the harsh reality is that we have a lot of pastoral leases that are not, and probably may never again be, viable in their current form?

**Mr Delane:** Thanks for the question. I think you would need to ask banks whether they take, or do not take, the presence of a long-term or perpetual lease into account when lending. I think our assessment would clearly be that whilst that may be a factor, any uncertainty is usually a factor in borrowing from banks because it adds to the risk. There are other risks that generally, would be more important than that and the reality is the evidence is very heavily stacked that there are a significant number of pastoral leases that are not viable. There are a significant number of pastoral leases where the major income of the leaseholders is from other activities. The evidence we get back is that they would prefer to run pastoral leases if they could be viable, but they are not. They tend to be the more southern leases and they tend to be historic sheep properties, of which some are not, and have not, been viable sheep properties for many years.

**The CHAIRMAN:** There are no further questions; that is it.

**Mr Delane:** I was just getting warmed up, Chair.

**The CHAIRMAN:** Unless there are other things that you would like us to take into consideration.

**Mr Delane:** No, thank you, Chair.

**Hon DARREN WEST:** If I may, seeing as we have a couple of minutes. On that last bit about viability, would you have any suggestions as to what percentage of pastoral leases may fall into that category of not being, or close to not being viable? Are we talking about half of them or a third of them or 10 per cent of them?

**Mr Delane:** We did some work on that in 2011 and that report, suitably redacted so as not to make reference to any specific pastoral leases, has been made available through FOI. I am happy to provide that. It was done with a particular methodology and there will be plenty of people who will want to dispute whether that is the relevant methodology or not but, fundamentally, it was really driven out of some very, very difficult seasons leading up to 2011 and very difficult industry conditions. It was pretty clear to us that part of our responsibility was to do an overview assessment of the state of the rangelands including biophysically, economically and physically. The report was done in the context of some challenging market issues which the committee would be aware of, but also in the context of our optimism for the future of some rangelands activity. We are very positive about the opportunities for the cattle industry in the northern parts of the state. We are very pessimistic about the possibilities for some parts of the southern rangelands that do not support cattle. Under the current construct of land condition and property size, et cetera, we do not think they are viable and we think the evidence in that regard is pretty clear.

**Hon AMBER-JADE SANDERSON:** Can we request that those reports be provided?

**Mr Delane:** We will provide those reports, suitably redacted, to the committee.

*[Supplementary Information No B3.]*

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**Mr Delane:** I am sorry, that was a long answer, but the short answer is that that work shows what we believe with significant authority and we did have the work peer reviewed. There is a very significant portion of pastoral leases in the southern rangelands that are not viable, given that they can only effectively run small stock units—sheep or goats—they are relatively small in size and the condition of the rangelands and markets means that they are unworkable. I think the evidence on the ground clearly supports that. For the northern parts of the state, subject to suitable markets, we are very optimistic about the industry and, in fact, think that with the combination of industry change, market change, potentially a shift in the way the production system works to more a breeding than a production business, that there could be significantly greater turn-off of cattle, significantly greater viability and better conditions of the rangelands in the north. That will not happen overnight, but we are very optimistic about that.

**The CHAIRMAN:** There is one further question.

**Mr Delane:** Thank you, Chair.

**The CHAIRMAN:** I can always think of something. When we were speaking to people about this, especially in the Pilbara and Gascoyne regions, there seemed to be quite a difference of opinion between DAFWA and the industry itself about the numbers of stock that the pastoral leases can support. Pastoralists have one view and DAFWA has another view. Talk to me about your view and how you come up with the figures that you say.

**Mr Delane:** Thank you, Chair; I would have thought the committee would be surprised if there was not a difference of view. Our job is to support the owner and the regulator of those pastoral leases. We do not administer them; our job is to provide the best information that we possibly can to both the landlord administering the leases and to the tenants managing their businesses and the state's assets. It would be surprising if we always agreed. The tenants will always be driven by different forces. I think it is a matter of long-term public record that we believe there have been a number of properties that are overstocked based on their carrying capacity. That is probably borne out by our assessment and other assessments of the condition of some of those properties and their ability to carry stock now. Not all of them; there is enormous variability in the condition of properties, but some properties are now much less viable than they were before in terms of their carrying capacity. There is plenty of documentation, including the Duncan review, on the public record that illustrates that. Does that mean that we are going to claim that we are always right? We tend not to behave in that way but we have always stood by our assessments of the carrying capacity of properties and we always will. It will be up to the landlord and the tenant to resolve how they deal with that. Dr Novelly may want to make some comments about how we make that assessment.

[11.30 am]

**Dr Novelly:** I would like to go on record as saying that it is important to realise that the assessment we make, which we call a potential carrying capacity, is an indicative figure and is in no way, shape or form an upper limit for a lessee in terms of running stock. A lessee is perfectly free to run as many stock as he or she chooses to run, provided there is no negative impact on the range resource. We would anticipate that in periods of good years lessees would run stock above our potential carrying capacity estimates and in periods of poor years they would run stock at levels below our potential carrying capacity estimates. On an average of 10 or 15 years, those levels would bounce around our potential carrying capacity. In fact, history suggests that for those leases that we would class as being in good rangelands conditions, they are more or less the numbers they run. How do we work them out? Basically we do rangelands surveys. We have been doing surveys in Western Australia since 1969 and currently about 87 per cent or 88 per cent of the state has been surveyed. In doing those surveys, which are basically to describe the land systems and range resource condition, part of that is to assign a potential carrying capacity to those various land systems. How much stock do we believe this land system can run—okay? Every survey actually defines for each pastoral lease the proportion of each land system that that lease has. It is simply a mathematical

calculation. If a lease has three land systems and, let us say for argument's sake, that they are one-third, one-third and one-third, we will say the area of this land system can carry four cattle units per square kilometre, this area can carry five and this area nine, then we simply add those figures together. We then, in conjunction with local pastoralists, discuss the consequences of a decline in the range condition from good, and we judge what we refer to as discount factors, which say if the rangeland is in fair condition rather than good, or poor condition rather than fair, and how the numbers will drop off. That is what we do; the documents are published and publicly available to all pastoral lessees. Recently, in 2011 and 2012, when the Department of Agriculture and Food was assisting the Pastoral Lands Board in training lessees for their range conditioning monitoring methodology, we once again distributed copies of these reports. They are public, the methodology of determining the carrying capacities is outlined in each of the published reports and it is all a matter of public record.

**Mr Warburton:** Can I add something there?

**The CHAIRMAN:** Sure.

**Mr Warburton:** The point I would make as well is that when an assessment of a pastoral lease is done—which is one of the services we provide for the Pastoral Lands Board under a memorandum of understanding—the point of them is rangeland condition trend. Irrespective of whatever number of livestock is or is not on the lease, the point is the trend in the rangeland condition. It is that that relates most to the role of the Pastoral Lands Board. What is happening with that? I guess, having already raised rangeland condition monitoring, that is the philosophy that is behind it, because essentially, it is very difficult to go out and actually verify the number of livestock on a lease and, like my colleague has said, there is no mandated upper limit to what stock can be held on a lease. But we can realistically go out and ascertain what the trend in rangeland condition is and that is something that both a pastoralist could and should be monitoring and that the Pastoral Lands Board, in terms of their regulatory role, is most concerned about. In essence it is more about the rangeland condition trend than the number of animals on the ground.

**Dr Novelly:** And it is important to stress that the Department of Agriculture and Food does not set mandated stock numbers for pastoral leases. That is a decision taken by the Pastoral Lands Board. We may provide advice to the board, but in fact, the Department of Agriculture and Food does not mandate the stock levels either within a region or on individual pastoral leases. We simply provide general advice as to what we believe the capacity of the rangelands is, in both a pristine good condition and if the condition has declined as a consequence of various factors.

**The CHAIRMAN:** Thank you very much for attending today, we appreciate it. Just for those members of the public who are at the hearing today, this is the last of our public hearings, the last of all of our hearings in fact, and so the committee will now go into its deliberation phase over the summer break from Parliament. It will not be until Parliament resumes early next year that our report will be finalised and tabled in Parliament. Now you are all aware of the process that we will go through with those other members who are present at the moment. Thank you.

**Mr Delane:** Thank you.

**Hearing concluded at 11.35 am**

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