

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

2016–17 ANNUAL REPORT HEARINGS



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
TUESDAY, 13 FEBRUARY 2018**

**SESSION ONE
DEPARTMENT OF AGRICULTURE AND FOOD**

Members

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

Hearing commenced at 9.59 am

Hon ALANNAH MacTIERNAN

Minister for Agriculture and Food, examined:

Mr RALPH ADDIS

Director General, Department of Primary Industries and Regional Development, examined:

Ms HEATHER BRAYFORD

Deputy Director General, Sustainability and Biosecurity, Department of Primary Industries and Regional Development, examined:

Ms MANDY TAYLOR

Acting Chief Financial Officer, Department of Primary Industries and Regional Development, examined:

Dr MARK SWEETINGHAM

Acting Managing Director, Research, Development and Innovation, Department of Primary Industries and Regional Development, examined:

The CHAIR: On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I welcome you to today's hearings. Can the witnesses confirm that they have read, understood and signed a document headed "Information for Witnesses"?

The WITNESSES: Yes, we have.

The CHAIR: Thank you very much. It is essential that your testimony before the committee is complete and truthful to the best of your knowledge. This hearing is being recorded by Hansard and a transcript of your evidence will be provided to you. It is also being broadcast live on the Parliament's website. The hearing is being held in public, although there is discretion available to the committee to hear evidence in private. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session before answering the question. Agencies have an important role and duty in assisting the Parliament to review agency outcomes and the committee values your assistance with this.

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

Hon ALANNAH MacTIERNAN: No, I do not think that is necessary, but I gather that we will be very much focused on the annual report covering the 2016–17 year. I note that much of the activity, obviously, in that financial year was under the previous administration, but we will endeavour to give our best possible answers.

The CHAIR: Thanks, minister. Also, we are following the procedures as set out in the procedures manual tabled in the Parliament.

Let us start with committee members for questions, and then we will go to Hon Jim Chown as a participating member and then Hon Dr Steve Thomas.

Hon DIANE EVERS: My first question is with regard to ecosystem services. In question 8(b), asked prior to the hearings, I asked about if the ecosystem services have been valued with regard to the impact from salinity. The answer was, "The value of ecosystems services is taken to be the cost of

recovery action.” The cost of recovery is not really counted as ecosystem services, even though it may be a good, valuable tool for decision-making. So my question is: will the department seek to value things like the healthy soil, clean water, habitat, pollination and other benefits that collectively make up ecosystem services in order to assist in setting priorities for funding to avoid further degradation and loss of these services?

Hon ALANNAH MacTIERNAN: Look, member, I think that is a very good point that you make. As you would be aware, we are really trying to refocus much of our work and, in particular, in relation to the issue of the state of soils and just what we are actually doing to the overall global value of that as an important economic and environmental asset. I am happy to take on notice your suggestion about this. I am not saying that we have necessarily got all of these things right at this particular point in time. We would be happy to look at what is possible. Just noting the current financial environment that we find ourselves in, whilst the principle is there, we want to focus the resources of the department on actually achieving practical outcomes in that soils area. We really have got a body of work to do.

The CHAIR: Member, did you want to take any of that on notice?

Hon DIANE EVERS: No, I think that is sufficient. The follow-up questions are along the same line in that I understand the situation you are in and that funding is going to be an issue. I want to re-emphasise how important it is that we do act on the things that matter with regard to agriculture.

The second question is with regard to the SoilsWest Alliance. It seems like a great idea and I am looking forward to seeing how it evolves. Further to my question on that regarding the research areas to be targeted—that was question 3(c)—I would be interested to know what priority will be given to research in more niche industries to develop higher value production, so innovative processes such as regenerative agriculture. These things that are often primarily smaller farms and businesses and that may have operated under the radar of the ag department in the past, but in those areas are new ideas and things that might take us to try new crops and new horticulture.

Hon ALANNAH MacTIERNAN: There are a number of issues that you have raised there and I think we share your view, although we do say that regenerative agricultural, which is a rekindling of very old knowledge with more science wrapped around it, is something we are extremely interested in. Member, you may have already received an invitation from us—if not, we will make sure you get one—to attend a lecture by Charles Massy. I know we have invited Hon Colin Tincknell. But we really recognise that we do need to refocus our activity, that we need to move beyond the NPK sandbox approach to soil and to really understand that the microbiome of the soil is immensely important to unleashing the fertility of that soil. We are re-establishing, as you are aware, the Soil and Land Conservation Council and, in the interim, a ministerial committee to help advise us on what might be the body of work we need to strengthen around this. But I do stress that the interesting thing is that whilst I agree there are lots of niche opportunities in Western Australia and we are working on a number of those, anything from cricket farms to hemp farms, this is not just for the tree changers in Gidgegannup. The regenerative agricultural practices are really moving out into the broadacre area and a number of the farmers that are now coming into this regenerative farming alliance are indeed intergenerational broad-scale crop farmers.

Hon DIANE EVERS: Great, thank you. I have a few questions about the tomato potato psyllid. It seems like that was addressed quite strongly, quite quickly—really pleased to see that. Now we have had the Queensland fruit fly appear in Fremantle. I am just interested to know how many other similar biosecurity events have happened in the last year. Given the significant resources targeted at the tomato potato psyllid and the likely increase in events of this kind as the climate changes,

does the department expect to be given further resources to prepare for these episodes to avoid having to redirect resources from other ongoing departmental work, as happened in the past year?

The CHAIR: Just on that part, the resources question is a policy question that the minister can answer, that I do not think is fairly directed to the department at this stage.

Hon ALANNAH MacTIERNAN: There are two things. I think when you have something like the psyllid arrive, or be discovered—we do not really know how long it has been here—then we would never have the sorts of resources available permanently to deal with the psyllid. I think we had about 300 at the time that were mobilised, so it was all hands on deck.

[10.10 am]

Dr SWEETINGHAM:: It was 230.

Hon ALANNAH MacTIERNAN: It was 230; thank you. But we have restructured the department. One of the benefits of coming together with Fisheries, for which biosecurity is also a major issue, is that we now have a deputy director in Heather Brayford here, and I will get her to comment a bit on the structure, even though it is sort of going a bit beyond the report. But we are really happy to talk about this because it is a very critical issue. One of the things that was identified in our response to the survey was that we really did not have enough strength in the plant pathology area; we did not have people who necessarily had credibility in the national forums. Having people who are well connected—it is a bit of a problem with what happened with the government over the last eight years; we became disconnected in a lot of areas. But it is really important that we have very good connections and standing with our colleagues in the other states in the way in which these incidents are managed and their confidence in the findings that we make. We are certainly much more focused on biosecurity now, I think. With Ms Brayford coming into this role, we are much better placed now to be on top of our game.

Would you like to talk, Heather, a bit about the structure?

Ms BRAYFORD:: Sure. In terms of the structure, we are really, now that we have the three departments, particularly Fisheries and the ex-DAFWA together, looking at building capability and capacity across the full biosecurity suite. It is a complex suite which goes through livestock, invasive species, environmental biosecurity, aquatic biosecurity, plant biosecurity. It is not a simple matter. There is a long continuum of biosecurity issues, particularly looking at being able to ensure that we have, can I say, the technical and scientific expertise with the public policy expertise and also then the operational expertise, because you really need those three things working together if you can have an integrated system of biosecurity. So you need to make sure you have those three things working. One of our key focuses is to make sure that we have that capacity and capability. Also, the other key element is ensuring we have the relevant diagnostic services and facilities to support that work as well. That is quite important. It is really around capability and capacity across that broad spectrum of quite complex issues and getting the skill set right. That will take some time. As the minister said, you will not always have those resources on hand. In some respects it is an insurance policy; you need to be able to respond given the circumstances.

Hon COLIN TINCKNELL: I have a similar question to Hon Diane Evers' earlier on about soil—a very quick question. I refer to page 179 on soil salinity. Can you confirm that the last assessment was carried out in 1998? Also, how frequently should soil salinity assessments be carried out?

Dr SWEETINGHAM:: What was that page reference again?

Hon COLIN TINCKNELL: It is page 179 and 5.42.

Hon ALANNAH MacTIERNAN: I will let Mark Sweetingham respond in greater depth, but I think it is pretty clear that we have a lot more work to do in this area. This has been underdone and that is, again, why we are, after a hiatus of some 15 years, wanting to resurrect the soil and land conservation council, because we do think issues like this so seriously impact on our capacity to generate a return from our agricultural lands to have sustainable agricultural lands, and we need to take a more holistic approach to the way that we deal with it.

Dr SWEETINGHAM:: I think it is fair to say that we have taken a little bit of emphasis off soil salinity as a mega-challenge for the industry in recent times as a consequence of the fact that climate change, or a drying climate across particularly the south west, has actually played to our advantage a bit, because with lower winter rainfall there is less recharge and filling up of the saline watertable that percolates back to the surface.

Hon JIM CHOWN: I agree with you.

Dr SWEETINGHAM:: And we have diverted some resources away from that area to a more critical area of soil acidification. Having said that, I think it would be very wise of us to relook at maintaining a more active watch in this area. Particularly, there will be certainly key parts of the environment where we need to keep a more active watch, and we should be able to do that.

Mr ADDIS:: Might I add, we do have a surveillance network of water level and salinity that is modest across the southern ag zone. It costs us about \$300 000 a year in terms of staff and costs, and that is used to inform a five-yearly soil sustainability report card that is publicly available. So, we do maintain a watching brief, but I think, as Mark has highlighted, it is one of those issues we would be looking to review.

Hon COLIN TINCKNELL: Thank you. Changing the subject, just a general quick question. Who was the recipient of the \$500 000 grant for the Broome yards wash-down project?

Hon ALANNAH MacTIERNAN: What page is that, Hon Colin Tincknell?

Hon COLIN TINCKNELL: I am sorry. It is in the annual report, but I do not have the page number on me.

The CHAIR: What is the name of the award again?

Hon COLIN TINCKNELL: It was called the \$500 00 grant approval.

Hon ALANNAH MacTIERNAN: It would be part of the Northern Beef Futures, I would have thought. Have we got that?

Hon COLIN TINCKNELL: I was wondering who the recipient was for the Broome export yards wash-down project? It was a \$500 00 grant.

Hon ALANNAH MacTIERNAN: I am happy to get that. Without seeing where it is in the report, it is a bit hard to say definitively, but I suspect that that was part of the Northern Beef Futures. The idea was to develop all of the critical parts of the supply chain. We have had a considerable revamp of that project, but I think that grant probably would have come out earlier in the financial year, before we took over.

Hon COLIN TINCKNELL: I am happy to take that on notice. I have a lot of questions on notice that I will be submitting.

The CHAIR: After the hearings?

Hon COLIN TINCKNELL: Yes.

The CHAIR: It would be good to get as many as you want into the hearings while you have the minister in front of you. We will just take that question about the grant as A1.

[*Supplementary Information No A1.*]

Hon ALANNAH MacTIERNAN: Could I ask if you can reference pages, because it is very hard for us.

The CHAIR: For the most part we do try.

Hon ALANNAH MacTIERNAN: Otherwise we do not know and we are flying blind.

The CHAIR: That is right. I understand.

Hon COLIN TINCKNELL: We note that 22 per cent of the total revenue originated from the royalties for regions scheme in the past. Given the fiscal constraints, how does the department aim to maintain current services with less royalties for regions funding potentially available; and, if not, what areas do they project will be cut to alleviate pressure off the state budget?

The CHAIR: Again, that is a broader policy question that is not contained in the annual report. The minister can choose to answer it.

Hon ALANNAH MacTIERNAN: We clearly have a problem of the fiscal cliff. What had happened in the past is that agriculture had lost a very significant amount—about 40 per cent of its budget—from the consolidated fund. Then when things got really bad, a top up came in from RforR funding. That is a short-term funding fix, and there was a fiscal cliff that was about to kick in in the current financial year.

We dealt with that in last year's budget for the short term. Very much part of the matter that is exercising us now is how do we do that in the longer term. In part, there will be some gains, obviously, that we are going to be making from the amalgamation of the three departments plus the development commission. We are really trying to claw back on corporate service funding so that we can ensure that we can protect and redirect the funding for the agriculture R&D and extension. It is not an easy issue for us, but we are in there in the trenches fighting.

[10.20 am]

Mr ADDIS: It is worth adding that this issue has been a long time in the making. It has been part of DAFWA's previous financial structure for several years. We have established a dedicated project team to properly understand the nature and timing of the issues and ensure that we can work through what are the best responses to make the most of the resources we are going to have. That involves Treasury working jointly with us to do that, so we are taking it extremely seriously. We know that it is a substantial issue that we have got to address.

Hon JIM CHOWN: I would like to revert back to what this session opened up with; that is, soil. Obviously, we cannot grow much without healthy, fertile soil. I encourage the department and yourself to investigate the declining fertility in our agricultural lands.

Hon ALANNAH MacTIERNAN: I think you would be aware, member, of the many statements I have made in this regard and the actions that I have been taking to deal with this.

Hon JIM CHOWN: My question in regard to that is: minister, what would be the primary issue that needs to be addressed, in your opinion, in broadacre agriculture to bring up soil fertility that would make microbiology, as you have already stated, more active and then enhance the soils to become more productive?

Hon ALANNAH MacTIERNAN: I will let Dr Sweetingham discuss this. It seems to us that a focus on the introduction and expansion of organic matter rather than inorganic fertilisers might indeed be part of the way in which we deal with this growing problem of acidification of the soil, which is a massive problem around the world.

Hon JIM CHOWN: So you mean addressing soil pH and soil acidity?

Hon ALANNAH MacTIERNAN: That is clearly a major constraint on soil. Obviously, the agricultural processes have a tendency by their very nature to acidify soil, but we have seen this increasing and there is an argument that there is a role played by many of the substances that we have been using to stimulate fertility that inorganic fertilisers—some would even argue some of the herbicides that have been utilised have gone into this process of acidification, but also seeing soils that have declined in fertility. We have had the benefit of going out and seeing a number of properties where they have really worked to redress this and to build the soil carbon as an important way of dealing with this. As I said, we are kickstarting with a lecture with Dr Massy shortly, then followed by going out and looking at some demonstrations. You would be familiar, honourable member, with the work of Major General Jeffery and his advocacy in this regard. We might focus on a different way of dealing with it, but both of us are keen to look at what the best practice models are. Interestingly, I was at a company the other day that develops organic soils. It is working very, very hard on the broadacre application of this; how in fact we might be able to use the injection of soil onto Western Australian broadacre paddocks to enhance fertility. Extraordinarily, we found out from another source that in Singapore and throughout Asia they are importing organic soils from Germany to try to improve the fertility of their soils.

Hon JIM CHOWN: I actually cannot see that happening in Western Australia, minister. When talking about my electorate, it is an area the size of Victoria in a drying climate and with very infertile soils.

Hon ALANNAH MacTIERNAN: Would you like to share your resolution?

Hon JIM CHOWN: In regard to addressing soil microbiology et cetera—maybe Dr Sweetingham could correct me if I am incorrect—correcting pH is the first step in enhancing soil fertility. We address that in a very practical way by importing from the coast lime sands—out of Lancelin, for example—over a million tonnes per annum, and that is increasing dramatically. I think the department says that we need about 2.5 million tonnes per annum into the agricultural area at least to stop the depredation of pH. My question in regard to that matter is: would your government be putting money into ensuring that the roads are viable and able to carry efficient transport to enhance agriculture and to address what you are trying to address—declining soil fertility?

Hon ALANNAH MacTIERNAN: If I could clarify for my understanding: you are really saying that the business-as-usual model, the model of digging up the beach sand and carting it over to the wheatbelt, which has basically been the modus operandi for the past 50 years, is the best one —

Hon JIM CHOWN: It has not been that long, no.

Hon ALANNAH MacTIERNAN: — and that is the model you would like us to stick with?

Hon JIM CHOWN: No, what I am saying, minister, is that it is the easiest and most cost-efficient model of rectifying declining soil pH. With that rectifying soil pH, then you can get on with microbiology. Agriculture per se does not have 10 years to rectify these problems. It needs something that will do it within two or three years. You would be aware of the very narrow margins out there today.

Hon ALANNAH MacTIERNAN: Yes, totally, but I am just trying to grasp this. We have been doing this, we have been tipping the lime on the soil for a long time, and we still have declining fertility. So what would be your diagnosis?

Hon JIM CHOWN: That is a good question, minister, because in reality I do not think enough producers are actually accessing what is available to them.

Hon ALANNAH MacTIERNAN: Sorry?

Hon JIM CHOWN: I do not think enough producers are utilising what is available —

Hon ALANNAH MacTIERNAN: So we need more lime?

Hon JIM CHOWN: Yes.

Hon ALANNAH MacTIERNAN: Right; okay. I have to say that there is a number of farmers who really are talking about the more judicious use of this product. I am pleased to say that some of the people who have agreed to come on to our ministerial advisory council have been doing a lot of detailed work on how we can do this in a more focused way.

I know that Dr Sweetingham is a great supporter of lime and lime routes. Dr Sweetingham, are you aware of some of the work that is underpinning a more complex response to this question of acidification?

Dr SWEETINGHAM: The whole issue of soil fertility needs to be dealt with in different farming systems. The member represents big chunks of the grain belt, which has a particular set of farming systems with big machinery, with not only acidity but soil compaction from traffic. Big tractors are a big part of it. We have gone through a minimum-tillage revolution, which was designed to stop the soil blowing away from being overly cultivated.

Hon JIM CHOWN: It has been very effective too.

Dr SWEETINGHAM: It was very effective; however, it has now had the effect of stratifying a lot of the immobile nutrients near the surface and now we are seeing big tracts of that country treated with mouldboard ploughing and these factors. I agree with the member that soil pH and de-compaction and retaining stubble in minimum tillage are things that are effective ways to boost organic matter and soil biological activity. You can move to other farming systems in higher rainfall coastal areas and sandy soils where we still have eutrophication issues into estuaries with phosphorus leaching, so there is a completely different set of challenges there.

[10.30 am]

We can go out into the rangelands where we have issues, where potentially overgrazing can lead to massive erosion problems. There are a whole range of issues that pull together here. The SoilsWest alliance has been mentioned a couple of times, and this is something that we are and I am very proud of. We have formed this relationship with UWA to hook into some of the high-level science knowledge that some of their experts have and link that up with some of the more practical agronomic R&D that we do in the department. I know that the SoilsWest website is a beautiful one-stop shop for a whole lot of information that professional agronomists, farmers and researchers should be accessing to help solve these very complex questions that we have just been talking about.

Hon JIM CHOWN: Page 56, minister, “Changes in government/department amalgamation”. My question is: when will the full plan for the integration of DAFWA into DPIRD be completed and when will the restructure be made a public one? What will the cost of the restructure be and what are the projected staff numbers for DPIRD once the restructure takes place?

Hon ALANNAH MacTIERNAN: These are questions that we would be happy to answer in the appropriate forum. This is about the report to 2017, and, of course, that restructure took place subsequent to the final date for this annual report. Obviously, we are going through the process and not only is it not raised by the report here, but this is something that is really very much an undertaking that is going on this year. You will see the report next year that will be able to —

The CHAIR: Perhaps, minister, you could actually —

Hon JIM CHOWN: Actually, minister, the report says amalgamation of key DAFWA staff joining the DPIRD project management office to help determine roles —

The CHAIR: Member! The Chair is speaking. Thank you.

Hon JIM CHOWN: Sorry.

The CHAIR: Minister, perhaps you could just talk to that paragraph on page 56 about the preparation work that is being done. Just respond to that paragraph.

Hon ALANNAH MacTIERNAN: Right. This is referring to the preparation for an amalgamation. As members would be aware, we had 41 different government departments and we had made a commitment that we were going to modernise the public sector. No other state had anywhere near that number of government departments and it had produced not only massive cost inefficiencies, but also a siloing of endeavours. We announced—this is referring to the announcement—that we were going to bring together Regional Development, Fisheries and Agriculture. As this says, this has now actually taken place—it came into effect on 1 July 2017—and, of course, all the team now are focused very much. We have a new structure for the combined entity and we believe that it has the potential to really enhance our delivery in regional areas and really enhance the agricultural endeavour. We do not, of course, have the cost of this, but as you would always understand, when you do a restructure, there is a short-term cost, but because we will be, particularly in the corporate services areas, reducing the complement of staff doing that sort of thing, there will be long-term savings.

Hon JIM CHOWN: Has the full integration taken place already?

Hon ALANNAH MacTIERNAN: Yes, it has. When I say that the full integration has taken place, in a structural sense it has. People have been assigned, but it is an ongoing process because we have got a priority services review being undertaken that is looking across government at how we deliver our services better in regional areas. There is still work that will be undertaken over the coming year.

Hon JIM CHOWN: When do you expect it to be fully operational as an integrated department?

Hon ALANNAH MacTIERNAN: We are operational. It is not that we are not operational; we are operating as a joint entity. But as you work through issues, you find new and better ways of doing things.

The CHAIR: Minister, perhaps a diagram of the new structure can be taken on notice and sent to the committee so that we can forward that to the member, and also note that we will be asking questions about the cost of restructure within a budget estimates context.

Hon ALANNAH MacTIERNAN: I think the director general wants to talk.

Mr ADDIS: In terms of the integrated structure, we moved to an integrated structure from having Agriculture, Fisheries and Regional Development to having sustainability and biosecurity, industry outcome and development, agricultural R and D and innovation and business performance. The first stage of that was in December, which was down to tier 3 in terms of leadership. We are in the middle of designing the next stage of reorganising within those pillars. The design of that we expect will be finished this quarter and we will be moving to it progressively over the next five to six months.

Hon JIM CHOWN: Would you be expecting more staff or less staff?

Mr ADDIS: We will have less staff than we started with. There are obviously a couple of measures that are pushing us in that direction and we are well advanced with that, but they will be deployed in a more focused way towards those priorities of the business.

The second point I make is that the integration of systems—finance, HR, IT et cetera—will be an ongoing piece of work. It is a substantial piece of work and will take at least the rest of this year.

The CHAIR: We might move on to another member for questions—Hon Dr Steve Thomas. The new departmental structure is taken on notice as A2.

[*Supplementary Information No A2.*]

Hon Dr STEVE THOMAS: Minister, I refer you and your departmental advisers to page 17, which talks about the history. Obviously, it is very hard to hold the current minister to account for the history going back for that period of time, but I am a little concerned about the level and standard of advice that you, minister, have received. As a part of the budget estimates process some months ago and follow-up questions, I asked for a list of species and pest diseases that had been eradicated from Western Australia. This is the answer you provided: you have Mediterranean fruit fly on three occasions, which I found quite interesting because it is still quite prevalent. But I am particularly interested because if you look at the time line on page 17, the second point is —

1896/97 — A serious yet unsuccessful attempt was made to eradicate Mediterranean fruit fly, which remains a significant pest today.

Given that the departmental advice seems to indicate that it has been eradicated three times, are we talking about going back prior to 1896 and claiming credit for that, because it would seem to conflict with the advice sitting in the page in the annual report?

Hon ALANNAH MacTIERNAN: Member, just for clarification, can you show us the answer that you received and was it an answer to these questions here? Was it an answer as part of this process?

The CHAIR: No, minister. It was an answer to a question —

Hon Dr STEVE THOMAS: It was an answer to a question in budget estimates

The CHAIR: — in estimates. Minister if it will help, let me try to reformulate the member's question. Has Mediterranean fruit fly been eradicated?

Hon ALANNAH MacTIERNAN: No, it has not. All I can presume, and I do apologise for this—accuracy is a bit of an issue in some of these technical things. We believe that that probably should be a reference to Queensland fruit fly. I do apologise that that mistake has been made. Believe me, we have had a few of these sorts of issues. You might be aware that we have had Q-fly arrive in the last couple of months.

[10.40 am]

Hon Dr STEVE THOMAS: I think you might find Queensland fruit fly on the list too, but I will have a look at the other. This is not your responsibility, necessarily. This is —

Hon ALANNAH MacTIERNAN: I apologise. I think —

The CHAIR: Member, perhaps we could move on, if you would like to put a question on notice regarding which fruit flies have been eradicated and when.

Hon Dr STEVE THOMAS: I think the minister will answer it in due course.

Hon ALANNAH MacTIERNAN: Can I just —

Dr SWEETINGHAM: I can make a comment about fruit fly.

Hon ALANNAH MacTIERNAN: Yes, but I just want to—it is a question about Mediterranean fruit fly. We have got a program actively involved at the moment in Carnarvon, and there are some quite radical solutions that are being proposed from time to time, but it is a problem, and I do apologise. We have not eradicated Mediterranean fruit fly, and we certainly have not eradicated it three times. We will get that sorted out and get back to you, but I suspect it is Q-fly.

[*Supplementary Information No A3.*]

Hon Dr STEVE THOMAS: I am sure the minister will chase it up. That is fine.

If we could jump to—there are a couple of references to this particular one—page 43, “Service 5 Biosecurity and product integrity”, and in particular I am interested in the co-investment. It is the second indicator on service 5—it is also re-emphasised, probably in more detail on page 151, if that helps—with the efficiency indicators where the co-investment is 14 per cent effectively under, so it is less than half of the target. In terms, then, of that co-investment, does that figure include government co-investment? So does that include co-investment from other government sources; does it include co-investment from royalties for regions; does it include federal co-investment, for example; and does it include co-investment from the private sector?

The CHAIR: Table 20 on page 151—is that the one?

Hon Dr STEVE THOMAS: Yes, table 20—it is probably the most detailed there, Madam Chair. There are a couple of references.

Mr ADDIS: So you have moved to table 20 on page —

The CHAIR: Page 151.

Hon Dr STEVE THOMAS: Yes, the key numbers. So page 151, under 5.2, table 20, the target was 25 per cent co-investment, and the outcome was 11 per cent, so it was less than half.

The CHAIR: So it kind of starts on page 146, item 2, about co-investment, where it indicates that funding from the RFR program is not included as co-investment, and what the member is asking is: what is included as co-investment?

Hon Dr STEVE THOMAS: Is any other government funding included as co-investment? The follow-up question will be that I am assuming that a fair bit of this comes under things like regional biosecurity groups, but we might do the first question first, Madam Chair.

The CHAIR: To make it clear, what is included in co-investment in that table?

Hon ALANNAH MacTIERNAN: In particular are you talking about the biosecurity field?

Hon Dr STEVE THOMAS: Particularly in biosecurity, so specifically page 151, 5.2, and that table 20 for the biosecurity and product integrity service. I am interested in a breakdown of why we do not get that co-investment, where the co-investment is actually coming from, and where the shortfall is in that co-investment. Was there an expectation, for example, that regional biosecurity groups would be more advanced at this point and putting in a greater investment, which would be a reasonable answer identifying an issue, or is it coming from somewhere else?

Hon ALANNAH MacTIERNAN: I am advised here that the reduction is because some of the expected expenditure for this new service is being reported under service areas 2, 3 and 4, rather than service 5.

Mr ADDIS: My understanding is that we used to report against five services. In this financial year we shifted to reporting under six. There was a need to reapportion the cost allocation base as a result, and that has led to (a) we had to make some estimations and (b) it is not readily comparable across the years, so I think to get to the bottom of your answer, we probably need to take that on notice and come back to you with more details.

Hon Dr STEVE THOMAS: I am perfectly happy with that.

Hon ALANNAH MacTIERNAN: I would imagine that some of the co-investment is from various federal government programs, particularly from the grower groups like GRDC, Meat and Livestock—those sorts of things—and the grower levies that are collected federally and then redistributed back.

The CHAIR: We will take that question on notice; that is, what is included in co-investment in that financial year —

Hon ALANNAH MacTIERNAN: Under that line —

The CHAIR: — under biosecurity, and how much is included in each, whether it is levies or whatever, if that can be identified.

[Supplementary Information No A4.]

Hon Dr STEVE THOMAS: I just direct you to page 122 in the notes to the financial statements. It has got “Employee benefits expense”, “Supplies and services” et cetera, income of \$44 million from royalties for regions. Very little of this obviously relates to the current government’s policy, so that is why it is important that we have the department here to ask. In the measurement of wages paid in Agriculture, is there a correlation between income from royalties for regions and expenditure that is not included in the wages line? The minister is well aware that I am very interested in how much royalties for regions has funded employment, effectively. I am particularly interested in how much it has funded employment in the department of agriculture and whether all effective salary expenses are in the salary line, versus a contract basis or a project basis where salaries are actually a part of the expenditure, because I suspect there might be quite a bit of programs that are royalties for regions-funded, which is effectively a lot of salaries. I would like to know, and let us see if we can pin down, how much of that might have been a cross-transfer from the department into royalties for regions. It is before your time, but I am still interested in that process.

Hon ALANNAH MacTIERNAN: We have certainly done that analysis, and I am happy to share with you. I think I have probably tabled it before in our previous budget estimates. The consolidated fund proportion for Agriculture has drastically reduced. When the fiscal cliff became very serious, or the lack of capability, we saw various things like Seizing the Opportunity Agriculture introduced, and that in fact enabled us to pay the wages of lots of people who were in the department of agriculture. We have a graph that will demonstrate how the loss —

Hon Dr STEVE THOMAS: The transfer, effectively.

Hon ALANNAH MacTIERNAN: Yes, that is right.

Hon Dr STEVE THOMAS: I am interested in pinning that down, if we can. If you can provide that at some date, that does not have to be this week.

Hon ALANNAH MacTIERNAN: So the number of employees in the department of agriculture whose wages were actually funded by RforR?

Hon Dr STEVE THOMAS: Exactly.

Hon ALANNAH MacTIERNAN: It was a lot.

[Supplementary Information No A5.]

Hon AARON STONEHOUSE: I refer to page 47, specifically the second paragraph, which discusses a trial undertaken using thermal sensors attached to aircraft and drones to detect feral pigs. I had a couple of questions around that. Firstly, I was wondering what the cost of that trial was, and what component was funded by the state of Western Australia, if any. I was wondering what the outcome of that trial was, if you can speak to that a bit.

Hon ALANNAH MacTIERNAN: So are you looking at the twenty-first century farming bit or harnessing technology?

Hon AARON STONEHOUSE: Harnessing technology, and it is about halfway down that first paragraph under that heading.

Hon ALANNAH MacTIERNAN: I will certainly let, perhaps, Dr Sweetingham have a go at this. Are you familiar with this at all?

Dr SWEETINGHAM: I am not, minister, not to the level of detail being requested by the member about the cost estimates on this matter. I would have to take it on notice.

Hon ALANNAH MacTIERNAN: So it is particularly the unmanned drone that was used for water hyacinth?

Hon AARON STONEHOUSE: No, further down that paragraph it mentions attracting federal funding for a trial using thermal sensors attached to aircraft and drones to detect feral pigs. What was the cost of that trial?

The CHAIR: The production losses are at \$4.6 million a year. What was the cost of the trial?

Hon ALANNAH MacTIERNAN: I am happy to do that. We will get you information on the total cost of that and how much of that was —

Hon AARON STONEHOUSE: And the state's contribution to it, if any.

Hon ALANNAH MacTIERNAN: And the state's contribution.

Hon AARON STONEHOUSE: On the trial, I was wondering if you could give me some information on the outcome of the trial—specifically, how that data is being used to eradicate feral pig populations and what the department's plan is to integrate that data into its approach to feral pigs.

[10.50 am]

Hon ALANNAH MacTIERNAN: If there is one.

Hon AARON STONEHOUSE: If there is one.

[*Supplementary Information No A6.*]

Hon AARON STONEHOUSE: Can you speak about the trial at all now?

Hon ALANNAH MacTIERNAN: I have to say that we are particularly interested in developing some of this remote sensing and disability to gather data. You would be aware that the Auditor General recently came down with a pretty scathing critique of the amount of surveillance work that had been undertaken in the pastoral lands, and that married up with the reportage of what we know about the declining state of the pastoral lands. We clearly need to do better. Over the last eight years, there had been a dramatic cut in that surveillance activity. One of the things we have to do is that we are going to have to get out there and physically do the checks. We believe that there is a lot of scope to use technology to improve the effectiveness of our monitoring of these rangelands and ensuring that they are being kept in proper order.

Hon AARON STONEHOUSE: Absolutely. It seems that if we can use this kind of technology, we could work a little smarter rather than work harder.

Hon ALANNAH MacTIERNAN: Yes.

Hon AARON STONEHOUSE: Just a final question—on page 57, referring to the section entitled “Reducing red tape to increase competitiveness”, you talk a little bit there about the Regulatory Burden Reduction project task force. I was wondering if you could expand a little bit for the committee on some of the opportunities for reducing red tape that that task force has identified since its inception.

Hon ALANNAH MacTIERNAN: I will leave this—this is not a creature of mine.

Hon AARON STONEHOUSE: Depending on how much information you can give us now, are you able to quantify or put a dollar figure on savings or red tape reductions identified by that task force.

Hon ALANNAH MacTIERNAN: Good point. Does anyone have any idea?

Dr SWEETINGHAM: Perhaps not in terms of the amount of money saved, but you asked for an example of the sort of work that the red tape reduction group are working on. One of them is the amendments to the aerial spraying regulations designed to streamline operations that are currently with Parliament, including pilot licensing requirements, the need for pilots to require monthly spray records, accreditation with the civil aviation authority et cetera—and an ability to recognise remotely piloted aircraft. I imagine that includes drones and the like. That is just one area where we are working at the moment.

Hon AARON STONEHOUSE: Are you able to perhaps, minister, provide more information on notice?

Hon ALANNAH MacTIERNAN: If it exists, we will provide it.

The CHAIR: The question is the dollar figure regarding the savings —

Hon ALANNAH MacTIERNAN: I think you are wanting a dollar figure, but you are looking at if there were any examples.

The CHAIR: Savings and examples of red tape reduction.

Hon AARON STONEHOUSE: If you can quantify it, savings and examples. I am just noting that it is a bit light on detail here in the report. That is all.

[Supplementary Information No A7.]

Hon ALANNAH MacTIERNAN: Can I just say—referenced here is the closure of the Potato Marketing Corporation effectively occurred during this financial year. That was a big regulatory leap forward—or deregulatory leap forward. We are still negotiating through that, but I think that would be a classic case.

Hon AARON STONEHOUSE: Maybe you can correct me if I am wrong, but it seems that the closure of the Potato Marketing Board was more of a policy decision than anything that came specifically from a red tape reduction task force.

Hon ALANNAH MacTIERNAN: That would probably be correct.

The CHAIR: We will go back to committee members now. Hon Colin Tincknell, do you have any questions?

Hon COLIN TINCKNELL: Yes, I do have at least one. Talking about page 33, “Growing productivity”, I ask about the current regime for regulating the potato industry and, further, how does that regime differ from other agricultural products?

Hon ALANNAH MacTIERNAN: Sorry, that is page 33?

Hon COLIN TINCKNELL: “Growing productivity”—there is a mention there. I ask about that current regime for regulating the potato industry, and, further to that, I ask: how does that regime differ from other agricultural products?

Hon ALANNAH MacTIERNAN: Effectively, now it is the same as other agricultural products. Previously there was a quota and you were only allowed to produce certain sorts of potatoes within your quota. Now that has been taken away so potatoes are effectively like carrots or Jerusalem artichokes. You can grow as many and as many different types as you like without there being any regulation now. I do not think quotas on agricultural production is a particularly smart way to go, so I think that the move made under the last government was a good one. I have to say, and I am not necessarily blaming people at a political level for this, this has turned out to be quite a massive administrative task—winding this all up and getting some settlement of outstanding issues, particularly litigation. But I think we are there now and I think it is a new regime. People are adapting to it. We did have, unfortunately—it was a bit of a perfect storm because just after the deregulation,

while it was still being worked through in its final stages, we had the potato tomato psyllid, which, of course, interfered with the supply of potatoes to the eastern states. That is probably not going to change anytime soon. We are working with industry to look at new ways, new markets and new value-add to that product.

Hon COLIN TINCKNELL: Thank you.

The CHAIR: We might just move on to the Hon Diane Evers for one last question.

Hon DIANE EVERS: This is a follow-up to one of the answers given about the regulatory changes to spraying. In my question—I think it was number 6 in the questions prior—you said that pilot licensing would no longer be required. I am assuming that is for drones. People who are still doing aerial spraying from a plane will be required to be pilots, I would assume.

Hon ALANNAH MacTIERNAN: I think this is referring to requiring a licence to spray. The CASA requirements to be a licensed pilot would remain.

Hon DIANE EVERS: I would assume so. It is just that it says, “Pilot licensing no longer required.”

Hon ALANNAH MacTIERNAN: I think that is the licensing of pilots to spray.

Hon DIANE EVERS: Has something changed that makes it not necessary? It was a legal requirement in the past but now it is not. Is that because the technology has advanced so that any pilot should be able to go up and do that?

Mr ADDIS: I think the review work that was done by the department with industry identified there were essentially some onerous and redundant processes required and has gone through the work to get rid of those. I am not quite sure whether they were regulations or what the nature was, but from what I understand there was no change to the environmental regulations, just in the way that the licensing arrangements are done—the licensing for spraying.

The CHAIR: That draws to a close this hearing. On behalf of the committee, I thank you for your attendance today. The committee will forward the transcript of evidence, which highlights the questions taken on notice, together with any additional questions in writing, after Monday, 26 February 2018. Responses to these questions will be requested within 10 working days of receipt of questions. Should you be unable to meet this due date, please advise the committee in writing as soon as possible beforehand. The advice is to include specific reasons as to why the due date cannot be met. If members have any unasked questions, I ask them to submit these via the electronic lodgement system on the POWAnet site by five o’clock on Friday, 23 February 2018. Once again, I thank you all for your attendance today.

Hearing concluded at 11.00 am
