

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2023–24 Budget Estimates

Melbourne – Tuesday 6 June 2023

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Paul Hamer

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Ellen Sandell

WITNESSES

Ms Gayle Tierney MLC, Minister for Agriculture,

Mr John Bradley, Secretary,

Mr Matt Lowe, Deputy Secretary, Agriculture, and Chief Executive, Agriculture Victoria,

Mr Paul Smith, Deputy Secretary, Forestry and Resources,

Ms Phuong Tram, Executive Director, Forestry Policy and Fibre Innovation,

Ms Sarah-Jane McCormack, Executive Director, Agriculture Policy Programs,

Dr Simone Warner, Head of Agriculture Victoria Research,

Mr Trevor Pisciotta, Executive Director, Animal Welfare and Agriculture Regulatory Policy,

Mr Dougal Purcell, Executive Director, Agriculture Services and Regions,

Dr Katherine Clift, Executive Director, Biodiversity Victoria,

Ms Bronwyn Di Carlo, Executive Director, Finance, and

Dr Graeme Emonson, Deputy Secretary, Corporate Finance, Department of Energy, Environment and Climate Action.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2023–24 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream and other committee members.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for Agriculture the Honourable Gayle Tierney and officers from the Department of Energy, Environment and Climate Action. Minister, I will invite you to make an opening statement presentation, and this will be followed by questions from the committee. You have 10 minutes for your presentation, beginning now.

Gayle TIERNEY: Good afternoon. Thank you, Chair and committee members, for having us here today. I start by acknowledging the traditional owners of the lands on which we are meeting today, the Wadawurrung people – Wurundjeri people, sorry. The Wadawurrung people are in my electorate. I pay my respects to their elders past and present and Aboriginal elders who may be with us today.

Visual presentation.

Gayle TIERNEY: This government is continuing to support our farmers and growers to ensure Victoria remains a national and global leader in agricultural production. Victoria's agriculture sector produces some of the most unique and high-quality food and fibre products in the world, accounting for 25 per cent of Australia's gross agricultural product. Despite sustained challenges caused by extreme weather and trade factors,

agriculture remains a key sector for the Victorian economy. Gross value of production grew in four of the last five years, from \$14 billion to \$17.5 billion. Agricultural production and food manufacturing are the backbone of many regional communities, with employment now totalling over 150,000 jobs across the state.

In the past 12 months the government has supported industry growth and responded decisively to a range of challenges in close partnership with the agriculture sector. We recognise effective biosecurity is essential for Victoria's prosperity. Significant investments have been made to protect Victoria from the rising outbreak risk. The Victorian government has bolstered its preparedness activities to prevent EAD outbreaks, and if necessary, rapidly deliver an effective emergency response. We responded to the detection of varroa mite in New South Wales in June 2022 by putting strong measures in place to safeguard our pollination-dependent industries. Victoria maintains a control order and permit system to restrict the movement of beehives, equipment and products into Victoria while ensuring industry can continue to operate.

The flood and storm events of late 2022 and early 2023 were major natural disasters with significant impacts on the agriculture sector, affecting over 12,000 agricultural properties. The government has provided approximately 4000 grants or concessional loans to impacted farmers in 53 local government areas: \$14.2 million to farmers in the Greater Shepparton area, \$13.7 million in Campaspe, \$9.9 million in Moira and \$9.7 million in Loddon.

The government understands the important role that regulatory frameworks play in supporting the sector. In 2022 we enhanced 11 pieces of agriculture legislation to safeguard food security, food safety and access to export markets. We also enhanced penalties for unlawful entry into agricultural properties with biosecurity management planning. We also have made substantial progress towards modernising Victoria's animal welfare laws to provide a modern and robust assurance framework that supports export trade and meets the expectations of the community.

Our government understands the challenges of climate change and that they are often hardest felt on the land. In September 2022 I launched the *Victorian Agriculture and Climate Change Statement*, with support from the Victorian Farmers Federation and Farmers for Climate Action. The statement outlines the plan towards a profitable and productive agricultural sector that well-positions the sector for a net zero economy. Key actions include engaging farmers across the state with the On-Farm Emissions Action Plan Pilot and undertaking trials for livestock methane abatement, with promising results.

Victorian food and fibre exports have reached a record high, the valuation of \$17.9 billion – that is a 29 per cent increase year on year – cementing our position as Australia's largest exporter across a range of key industries, and of course we also built export profitability as we established the \$15 million Food to Market program.

The 2023–24 budget has committed \$31.2 million to support Victorian farmers to continue to grow and export quality world-class produce at home and abroad. It is being delivered through farm-to-market services, including \$2 million to expand key elements of the existing Victorian Grown program, extending the successful Wine to the World program with \$4.5 million to help wineries reach new markets and \$10 million to support the continued growth of our distillers through the expansion of the Distillery Door program.

The budget also recognises the importance of farm safety and wellbeing, with a \$3 million investment which includes a \$900,000 investment for the National Centre for Farmer Health. This budget also invests \$17.5 million over two years to continue to bolster our biosecurity system. This funding will boost critical biosecurity, technical and specialist capability, with a focus on early detection, preparedness and preventative actions to reduce risks. It will also ensure that a highly trained workforce and equipment is available to support in an emergency response and develop smart surveillance tools for early detection. And our \$9.5 million package to implement animal welfare commitments will deliver a further \$7 million in grants to key community groups and support the final phase of delivery of the modernised animal welfare regulations.

The Victorian forest and wood products industry remains an important sector. Victoria produces 24 per cent of the total national log volume, with the majority sourced from plantations. We have continued to support the native timber industry as it transitions, with total support with this budget now over \$875 million since 2019. We have partnered with the private sector to establish a new plantation estate in Gippsland, and our investment of \$120 million, matched almost dollar for dollar by our investment partner, represents the single largest

investment in plantation establishment in Victorian history. We will continue to build Victoria's plantation sector, which is already Australia's largest at 22 per cent of the national estate.

After years of sustained uncertainty due to increasing severe bushfires and third-party litigation, on 23 May this year we announced the end date of native timber harvesting, which will be brought forward to 1 January 2024. An additional \$200 million is being provided to assist workers and their families to transition away from native timber harvesting, bringing the total funding in this budget to \$388 million. The \$200 million transition package in this budget includes a sawmill voluntary transition package to ensure all native timber mill employers can access packages to switch sectors or remain in the industry by sourcing alternative supply; a forest and land management works package to secure the critical skills, experience and specialised equipment of forest contractor crews; and a supply chain resilience package for native timber manufacturing businesses to make informed decisions about their future. A further \$188 million in worker and industry support payments and services will continue to stabilise the industry and keep workers retained and paid and support the Maryvale mill workers impacted by Opal's decision to exit white copy paper.

Transition support programs already well underway through our broader investment of more than \$875 million are being fast-tracked, scaled up and enhanced. These include a boosted worker support package to provide impacted forestry workers with detailed case management, support payments and free training courses inside and outside of the TAFE network; long-term programs to support local economies to diversify into new and expanding industries; and assistance for timber businesses to transition to sustainable plantation fibre.

So, members, through government support and targeted investment we are delivering a managed transition, supporting disaster recovery, safeguarding the sector against biosecurity threats and supporting the sector to adapt and modernise to maintain its edge and seize new opportunities.

The CHAIR: Thank you, Minister. The next 8 minutes will go to Mr O'Brien for questions.

Danny O'BRIEN: Thank you, Chair. Good afternoon, all. Minister, I want to talk about the timber industry. Was the decision to bring forward the closure of the timber industry part of a deal with the Greens to block an inquiry in the upper house brought on by former IBAC Commissioner Robert Redlich blowing the whistle on rampant corruption within the government?

Gayle TIERNEY: Absolutely not.

Danny O'BRIEN: Did you have any discussions with the Greens about the decision?

Gayle TIERNEY: No.

Danny O'BRIEN: Did you or anyone in your office or anyone in the government have discussions with the Greens about the decision?

Gayle TIERNEY: Not that I am aware of, no.

Danny O'BRIEN: Okay. Minister, how much have ForestWorks been funded by the government to deliver mental health support for timber workers?

Gayle TIERNEY: There are a number of contracts that are entered into. As Minister I have signed off on a framework generally, but as you would know, contracts are a matter for the department. I will ask the Deputy Secretary for forestry to make comment.

Paul SMITH: Sure. Just to clarify through the Chair, Mr O'Brien, the question relates to?

Danny O'BRIEN: ForestWorks.

Paul SMITH: ForestWorks? Yes, sure.

Danny O'BRIEN: So they have a package for mental health support, I believe.

Paul SMITH: Yes. We have got a very comprehensive package of work that is provided by ForestWorks. They are a not-for-profit organisation that has representation across different industry interests. They are the

primary provider for the worker support service, and they provide one-on-one case management for affected timber workers and their families as well as supply chain workers. The service is the primary conduit for support to workers, including responses for their health and wellbeing, which includes mental health responses.

Danny O'BRIEN: Okay. Is that just one single contract with ForestWorks?

Paul SMITH: There is one single contract with ForestWorks.

Danny O'BRIEN: Is that the only one they have got, as well?

Paul SMITH: At this point, yes.

Danny O'BRIEN: The question – sorry, Mr Smith – is what the quantum of that contract is.

Paul SMITH: I would take that as a commercial-in-confidence arrangement, Mr O'Brien.

Danny O'BRIEN: Why would that be commercial in confidence? They are a not-for-profit group. They are providing mental health support. It is not a commercial arrangement.

Paul SMITH: We negotiate a contract for service provision with them, and that is the arrangement that we have with them.

Danny O'BRIEN: So is it funded as part of the items on budget paper 3, page 28?

Paul SMITH: Correct. So there are two elements of the service delivery. We stood up worker support with ForestWorks at the end of last year in the knowledge that the courts had made the decision to injunct and put decisions in place to stop native forest harvesting, so we have been providing that case support since last year. The mental health service response that is currently in place is 10 case managers within ForestWorks, and they refer, in a triage sense, to other clinical health providers throughout the state to ensure that there are mental health services and support available to workers and businesses and community members and their families.

Danny O'BRIEN: So, Mr Smith, was that contract subject to a competitive tender process?

Paul SMITH: We ran a process last year, and the previous department determined that the best and most empathetic and targeted support service to be provided would be one at arms length from government by engaging the not-for-profit organisation ForestWorks. They have a long history in worker transition and support.

Danny O'BRIEN: So, no, there was not a tender process?

Paul SMITH: We did not run a tender process because the single best decision that we made was to, at arms length from government, engage a trusted industry-based, not-for-profit organisation that is trusted by workers, businesses and communities.

Danny O'BRIEN: So there was no tender process and they are a not-for-profit, but it is commercial in confidence how much they are being paid. Why can't timber workers, for a start, know what this organisation is being paid?

Paul SMITH: We have a contract with ForestWorks to provide services from a number of different perspectives over a period into the next couple of years. That contract will be managed according to the service need and the demand.

Danny O'BRIEN: So were any specialist mental health providers considered for this project?

Paul SMITH: As I referred to, there are 10 case managers within ForestWorks, and they refer to clinical expertise within the Royal Flying Doctor Service and Gateway Health. They are providing specialist mental health support for timber workers and their families in the East Gippsland and Corryong regions.

Danny O'BRIEN: Sorry, just to clarify, RFDS and the other one you mentioned – are they subcontracted by ForestWorks?

Paul SMITH: Yes, correct.

Danny O'BRIEN: Right. But face to face on the ground or is that like a national –

Paul SMITH: They are face to face on the ground. We have a number of clinical providers of mental health services because these are specialist services. We take that very seriously to ensure that people with any mental health issues and their friends and families have access to the best mental health support we can provide.

Danny O'BRIEN: Okay. Thank you. Minister –

Gayle TIERNEY: Can I follow on from that, Mr O'Brien, in that I understand –

Danny O'BRIEN: My time is limited, Minister, so –

Gayle TIERNEY: that the Premier extended an invitation to you to provide any other information to us, if you thought that there needed to be more assistance in this area, and that we would be very happy to take that on board. I would encourage you to have that dialogue with us.

Danny O'BRIEN: But, Minister, as recently as 27 April the Australian Forest Contractors Association and the Australian Forest Products Association were assured by your office that the shutdown of the timber industry would not occur until 2030. At that time were you or your office aware that a decision had been made to close the industry early?

Gayle TIERNEY: I just refute the actual tenor of that question. The decision about bringing forward the date to 1 January was made very close to the actual handing down of the budget.

Danny O'BRIEN: So when you say 'very close', was it the day before in cabinet?

Gayle TIERNEY: I am not in a position to actually talk about, as you well know, what is discussed in or out of cabinet.

Danny O'BRIEN: When a multimillion- or multibillion-dollar industry is being told, 'There's no change coming' and then, bang, this gets dropped on them on budget day, surely Victorians are entitled to know when the decision was made. Who made the decision, Minister?

Gayle TIERNEY: Of course this went through absolute due process, and I can assure you that it did. It was a determination that was very close, as I said, to the actual announcement of the budget.

Danny O'BRIEN: The Premier on Friday referred to legal advice that says that the government apparently cannot act to protect the industry from ongoing litigation. Who requested that legal advice? Was it you or your department?

Gayle TIERNEY: We have asked for a number of pieces of legal advice over time, but in terms of the item that was discussed on Friday, the Premier requested it.

Danny O'BRIEN: The Premier requested that from the Victorian government solicitor and senior counsel?

Gayle TIERNEY: Yes.

Danny O'BRIEN: Okay. Do you have a copy of that advice?

Gayle TIERNEY: Not with me.

Danny O'BRIEN: Obviously not with you – does the department have a copy, and can you provide it to the committee?

Gayle TIERNEY: Well, my position is the same position that –

The CHAIR: Apologies, Minister. Mr O'Brien, your time has expired. The next 8 minutes belong to Mr Galea.

Michael GALEA: Thank you, Chair. Good afternoon, Minister and officials. I would also like to talk about the native timber transition. Minister, I am referring to budget paper 3, page 28, table 1.9, specifically the line items 'Timber harvesting transition support' and 'Timber worker and industry support'. Minister, could you please outline the purpose of these investments?

Gayle TIERNEY: Can I start by saying that the decision that the government took that was contained in the budget papers was a decision that was not taken lightly. I think that we need to be really cognisant of the fact that there are a number of workers and their families going through a difficult, challenging time at the moment, and I think that we should enable them to go through that process. Everyone deals with these sorts of things in different ways, and we need to understand that and allow that to happen uninterrupted.

But what we also needed to do was not just give a commitment but also demonstrate to people that are affected by this decision that we want a managed transition, and we are very serious about that. We want to make sure that mill workers have got a place in terms of being looked after. We want the sawmill operators to know what their pathway is. We want the contractors and the crews that operate to have an idea about what will be discussed in terms of their future pathways and the communities in which they live to also understand and know the process for engagement and support. We will also of course establish a transition fund that will be available to sawmill businesses, and there is the opt-out provision for sawmills that has been in existence for some time and will continue to operate for a period of time for businesses to sit down and get guidance and support in terms of financial advice about what way they might be able to modify their business, change their business or indeed stay in the industry – not everyone will be leaving the industry, and in fact a number of mills have indicated that that will be the case for them in terms of their assessments at the moment.

So there is a lot of work that is being done, because all of the different groups affected by this decision are unique and quite discrete, and we are also very much aware of the geographic locations of the different parts of the timber industry and what that means in terms of providing training and case management into employment. I think that is the underlying thing – that people can be assured that the government is definitely in the business of a managed and just transition. If there are other issues that are raised in community or by workers directly, we are more than happy to take those on board and see whether we can find solutions to whatever those are.

I think in terms of the case management in particular, this is a case-management system that is not about getting tips on how to go for a job interview or how to write a CV, and it is not about just role-playing. It is proper case management, and we did this to a certain degree when we went through the auto transition situation, but this is even extended beyond that in that the case management will continue until that person says they do not want that assistance anymore. It is about making sure in the first instance that they are referred to the key organisations, whether it be ForestWorks – I know the Skills and Jobs Centres are already connected up in terms of the work that they do with ForestWorks and other worker support centres so that people do not have to keep on repeating their story. The first thing is to just check in on people's wellbeing and see whether there is any immediate assistance. The next thing is to start providing some information in an orderly way that is not overwhelming – to talk to not just the worker who is directly affected but the entire family, if they so wish, and to appraise them of the supports that are available. Sometimes we found in the auto industry that people just wanted to hop in the caravan and take off and have a break – just spend some time with family – and that they did not want to feel under pressure to make any decisions at any particular time. This is the great thing about the particular case management that we are organising: people can go off and do other things. As long as they register and check in and we know where they are going to be and when they might come back, we then can make sure that we roll the assistance out again on their return. Then they might be in a position where they might want to get tickets to work, whether it be in construction or transport. It might be a course, whether it be within the TAFE system or outside, or whether they want to get into employment as soon as possible. The commitment that we give is that we will case manage people and respect that people have got different circumstances and that we will not be treating anyone as one size fits all – quite the reverse. One of the things we found out with the auto transition is that everyone is different, everyone is paced at different points and everyone has got different skill sets. Some might decide that it is better for them to retire. Some might choose to do other things that are important to their wider family responsibilities. We are just saying this is a government that is absolutely committed to a managed and just transition so that we can see real growth and engagement in those communities that are affected.

Michael GALEA: Thank you, Minister. If I can ask, broader to that, you mentioned those two line items – that total of \$388 million. In relation to the in excess of \$875 million that you referenced in your presentation, can you perhaps expand in broader terms what that support that will provide to the forestry sector?

Gayle TIERNEY: As I said, there is the new \$200 million that is announced in the –

The CHAIR: Apologies, Minister. I hate to interrupt. Mr Galea, your time has expired.

Michael GALEA: Thank you, Chair.

The CHAIR: Mr O'Brien, I will hand over to you for the next 8 minutes.

Danny O'BRIEN: Thank you, Chair. Minister, can I just continue on forestry. You mentioned what I think is referred to as GPIIP, Gippsland Plantation Investment Program. How many trees have been planted under that program so far?

Gayle TIERNEY: Thank you. In terms of GPIIP, HVP's land assembly program is well underway, with over 570 hectares purchased and several further land parcels in the pipeline for acquisition. While the GPIIP agreement with HVP was entered into in September 2022, the establishment of softwood plantations in the Gippsland region is a seasonal activity that typically occurs in the winter months, and I understand that they are planting as we speak.

Danny O'BRIEN: So they have started?

Gayle TIERNEY: Yes.

Danny O'BRIEN: Can I move on to agriculture – AgVic in particular. Budget paper 3, page 145, indicates a \$233 million cut this year compared to the revised figure for last year, or a 10 per cent cut on the budget last year. One hundred Agriculture Victoria jobs were cut last year. How many more jobs will be cut in AgVic this year as a result of the funding cuts?

Gayle TIERNEY: That is directed –

Danny O'BRIEN: To you, Minister.

Gayle TIERNEY: Thank you. Look, what I can say is that this is a really strong sector, and we are making sure that we are delivering and supporting a sector that is doing incredibly well, not just domestically but internationally as well.

Danny O'BRIEN: We understand the sector very well, Minister. The question is: how many jobs will be cut this year?

Gayle TIERNEY: In terms of the question you asked, if there are going to be any changes, it certainly will not be in terms of frontline activity, Mr O'Brien. In terms of the precise question, I will refer the matter to Deputy Secretary Matt Lowe.

Danny O'BRIEN: Mr Lowe, thank you.

Matt LOWE: Thanks, Mr O'Brien. Pardon to pass it off, but matters on savings are matters for the Secretary.

Danny O'BRIEN: Sorry, can you turn towards me? I cannot hear you, Mr Lowe.

Matt LOWE: Sorry. Matters on savings are matters for the Secretary, so I will pass to the Secretary.

Danny O'BRIEN: Okay. We will get someone eventually who might answer the question.

John BRADLEY: Mr O'Brien, the answer to your question in relation to the savings requirements within this budget is that, as per the questionnaire provided to the committee, there is an amount identified in relation to savings within the 2023–24 budget that reflects the government's efforts to try and return the VPS to something that approaches pre-pandemic levels. That is part of a more comprehensive fiscal strategy to manage

as part of the four-step plan in the budget repair program. The amount that is identified within the 2023–24 budget for the department as a whole is \$27.5 million. As part of that process, secretaries are responsible –

Danny O’BRIEN: Sorry, that is in staff wages, is it?

John BRADLEY: No, sorry, \$27.5 million is the financial amount that needs to be saved.

Danny O’BRIEN: Right. But specifically on wages?

John BRADLEY: No.

Danny O’BRIEN: Right.

John BRADLEY: That is the total amount that is identified as the saving requirement in 2023–24.

Danny O’BRIEN: I am sorry, Secretary, I am limited on time. Is there a figure identified by the department for job losses either in the department and specifically in AgVic?

John BRADLEY: No, Mr O’Brien. The department is responsible now for reporting back to government on the best measures to achieve that \$27.5 million, and that is where the specific programs will be determined. As the minister said, the saving programs will be expected to be directed towards back office functions and the items identified by the Treasurer in announcing the saving program.

Danny O’BRIEN: Given we do not have that figure, could I ask you to provide to us on notice a list of full-time equivalent positions by program and location for AgVic for the current and the past five years?

John BRADLEY: Minister, I am happy for us to consider the best response to that on notice.

Gayle TIERNEY: Sure.

Danny O’BRIEN: Sorry, that should not be one that you need to consider.

John BRADLEY: I just want to make sure, Mr O’Brien, that I am in a position to answer the question as asked, but we will come back to you on notice.

Danny O’BRIEN: Okay. Thank you. This might be to Mr Lowe: will AgVic take money from farmers compensation funds to make up any shortfalls in funding?

Matt LOWE: No. The livestock compensation funds – I think that is what you are referring to – have a specific governance around them. The funds are derived from industry, and the funds are directed through an independent funding allocation process that reports through to the minister towards industry priorities essentially.

Danny O’BRIEN: Okay. There is a level of anxiousness in some of the industry that that is what is on the cards. So you can rule it out completely?

Gayle TIERNEY: Absolutely.

Matt LOWE: Yes.

Danny O’BRIEN: Thank you.

Matt LOWE: What I would clarify, though, is consistently over a number of years AgVic has been a funding proponent into those funds as well, and we can test those funds along with industry proponents as well. It is up to the committee to decide whether what we put forward is of merit or not.

Danny O’BRIEN: Yes. Minister, I understand the rabbit-monitoring program, which has been run for over 30 years, has been cut as part of these funding cuts. Why has this essential pest program been cut in the budget?

Gayle TIERNEY: There is an allocation in terms of weeds and pests in the budget, but in terms of the specific details, I will refer the matter to Deputy Secretary Lowe.

Matt LOWE: Thanks, Mr O'Brien. I am not aware that we have cut any rabbit-monitoring programs. Having said that, we will always be looking to ensure that we are conducting our pests and weeds management programs in accordance with best practice. We are constantly reviewing those programs to ensure they are calibrated and targeted towards actually dealing with the issue at hand and managing those pests in accordance with community expectations.

Danny O'BRIEN: This was a program that monitored rabbit population trends, and it was used to target rabbit management programs like where you release calicivirus et cetera. Could you perhaps take that on notice and check for me whether that has been in fact cut?

Matt LOWE: I can rule that out. We have not cut that program.

Danny O'BRIEN: You have not cut it, okay. Thank you. Minister, during a very rare interview on the ABC *Country Hour* on 14 April, you said that there is a 56 per cent chance of an incursion of an emergency animal disease within the next five years, and you said that that information had been provided to the department. Firstly, can I ask if that information provided to the department could be shared with the committee? Secondly, has that chance of an incursion arisen given the cuts to the AgVic budget?

Gayle TIERNEY: Firstly, from the quote that you mention the 56 per cent is a well-known fact.

The CHAIR: Apologies, Minister. I hate to interrupt. Mr O'Brien, your time has expired. We will go for the next 8 minutes to Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Minister and officials. I also want to discuss biosecurity. I am referring to budget paper 3, pages 28 through 30, which outline the \$17.4 million being provided to manage biosecurity risks. Minister, can you please outline from which threats this funding will protect Victorian farmers and the broader community?

Gayle TIERNEY: It is the particular threats that you are seeking information on in terms of foot-and-mouth disease or lumpy skin – is that correct?

Lauren KATHAGE: Yes.

Gayle TIERNEY: As we would well know, particularly those that are interested in agriculture, when lumpy skin and foot-and-mouth disease were exposed, essentially, in countries north of Australia towards the middle of last year, we got a lot of evidence from our biosecurity team, the CSIRO and everyone else connected to biosecurity, and of course a lot of activity swung into action. There was a program that was instigated by the Commonwealth in terms of vaccinations in Indonesia, but in terms of Victoria we wanted to check exactly what we had in place, what needed to be put in place and what we would then need to do in terms of surge capacity. So I was able to secure \$33 million for biosecurity initiatives straightaway in terms of a rapid response to what we considered to be a major potential threat. We all know that if foot-and-mouth disease gets into this country, if there is an incursion, it will suspend markets and it will have massive financial implications and production implications for agriculture for more than 10 years. So this is very, very serious and we do not take this lightly.

As result of the work that was done by the task force – and Matt Lowe might wish to talk, because he is also the co-chair of the biosecurity task force that we have set up – they then implemented a scheme so that farmers were also absolutely connected up with what was happening and what the preparation work was and is to this day. A number of workshops have continued to inform the agriculture community as to where things are up to. There have also been mock exercises to work out exactly what emergency agencies are required at what point if there is an incursion and what sorts of gaps might be in the system. We have been working tirelessly around this for nearly 12 months, and I think that we have got to a point, particularly now with the further \$17 million in this budget, of having a system that I am assured as a minister by the chief veterinary officer is, now in Victoria, on the balls of its feet and will be able to respond to any incursion.

I am not sure whether the Deputy Secretary would like to add any further comments in relation to the work that he has done on the task force.

Matt LOWE: Yes, absolutely, Minister. I think a key element was the setting up of the task force. One of the key elements of a foot-and-mouth or any emergency animal disease outbreak would be to surge resources,

surge human resources, quickly to the areas where they are needed. One of the key focuses for us was to ensure that that was a whole-of-government approach; that was chaired by myself and the emergency management commissioner. We also developed a Victorian government emergency disease response plan to guide a large-scale state response under the national biosecurity and state emergency management arrangements. The investments that were made were really important to ensure that we had the necessary skills and expertise, goods and equipment, and appropriate communications and industry engagement in place to support our increased preparedness as well.

I am happy to go through some of those aspects, Minister. For example, in terms of some of the categories – emergency animal disease policies, industry preparedness and support – biosecurity sits in a national system. For example, if a foot-and-mouth outbreak occurred anywhere in Australia, our livestock exports would be shut down, so it is really important for us that we are calibrated nationally and we are acting consistently with the Commonwealth and with our state and territory counterparts. Ensuring that we are working with the Commonwealth and with our state and territory counterparts on national EAD policies to support a nationally consistent and agreed approach is really important.

You might be aware of AUSVETPLAN, which is what governs our responses to emergency animal diseases. Both the foot-and-mouth disease and the lumpy skin disease elements of that plan have been reviewed, updated and endorsed at the national level as well, with Victoria's input. We have updated and ensured that they are currently fit for purpose. The state emergency control arrangements and orders are in place as well. We have looked at economic support considerations for producers and businesses and ensured that our valuation and compensation arrangements are in place, and a comprehensive waste disposal work plan has also been implemented to support the safe disposal of carcasses and other waste.

In relation to communications and industry engagement, we have undertaken 82 awareness events for 5800 producers and 123 awareness events and meetings of 1520 stakeholders. I believe that number is from 22 May, so there would have been more that we have undertaken to date. We have developed 448 farm biosecurity plans with farmers. I think the key thing about farm biosecurity plans is that if foot-and-mouth gets through the airport, gets through packaging, it still has to get to livestock to spread, so ultimately our last line of defence is really solid biosecurity on farms. Biosecurity management plans are incredibly important, and that is a really key focus for us in terms of working with farmers and the agriculture sector more broadly to ensure that they are in place.

I can keep going, Minister, with your permission –

Lauren KATHAGE: And the practical on-farm investments –

The CHAIR: Apologies, Ms Kathage, your time is expired. I now will hand to Ms McArthur for the next 8 minutes.

Bev McARTHUR: Thank you, Chair. I refer to budget paper 3, page 168, Minister, where agriculture industry development and regulation is cut by 8 per cent, from \$166.5 million to \$152.7 million. I also note in your presentation today the considerable contribution that you have referred to of agricultural production to the state's GDP, including to the export market. The Port of Portland provides live export; we have had this discussion I think in the house. Do you support live export?

Gayle TIERNEY: Chair, this is a matter that is being worked through at the Commonwealth level, but there has been no live export apart from a breeding shipment that did depart the Port of Portland some time ago, and I am happy to get the date of that. I have checked the shipping records, Chair.

The CHAIR: Thank you, Minister.

Bev McARTHUR: The question was, Minister: do you support live exports?

Lauren KATHAGE: Chair, on a point of order –

The CHAIR: Ms Kathage on a point of order.

Lauren KATHAGE: I am just not sure how this really relates directly to the budget papers. We are here to hear from the minister and staff on the impact of the budget papers.

Bev McARTHUR: Budget paper 3, page 168.

The CHAIR: Mr O'Brien.

Danny O'BRIEN: On the point of order, in the minister's own presentation she has talked about \$17 billion of exports. It is absolutely pertinent to the budget and the management of Victoria's agricultural sector to know what the minister's view is on a major export industry. Even if it is not currently a major export industry, there is opportunity in the future.

Mathew HILAKARI: On the point of order –

The CHAIR: Mr Hilakari on a point of order.

Mathew HILAKARI: We have given some latitude here, but if we are asking question time questions, question time is actually the appropriate place for it. If we could refer back to the budget as opposed to some loose basis.

The CHAIR: Thank you, Mr Hilakari. Mrs McArthur, I fail to see how this is relevant. The minister has already pointed out it has to do with the Commonwealth. I am conscious of your time, and –

Bev McARTHUR: Well, do not keep taking it out, Chair.

The CHAIR: Then I would suggest that you move on, thank you.

Bev McARTHUR: Okay. Minister, I will refer to the Rural Financial Counselling Service as reported in budget paper 3, 'Outputs' table, page 167. There are an awful lot of things that farmers have traditionally been worried about: flood, drought, storms, animal diseases, international markets. I am not surprised to see this table reflect that thousands of businesses have been looking for help from that program. These days we can add government-inflicted problems like inflated energy prices, appalling road and rail infrastructure and stifling regulations. But there is a new challenge I want to ask you about, and that is the plague of transmission lines which is about to spread all across Victoria to connect new renewable zones to our outdated grid. Minister, what consideration have you given to the financial impact on farmers? With land and farm values decimated by the blight of new lines, farmers cannot raise funding for mortgages or loans, and with easements carving paddocks in half, productivity will be cut. We know about the VNI West project, the Western Renewables Link project – but this is going to be repeated across the state. What estimates do you have for the cost to Victorian farmers, and what representations are you making on their behalf to mitigate the damage?

Gayle TIERNEY: Thank you. Going to the beginning of your question, yes, farmers have been hit with almost everything possible in terms of weather. We have had storms, we have had hail, we have had floods and we have had bushfires, and this government has made sure that we have provided grants and concessional loans to a whole range of farmers, which I went through in terms of my presentation. To basically try and denigrate that is not taking on board the reality of what this government has been doing to support farmers who are in need.

Now in respect to the issue of the lines, of course I am always interested in what farmers have got to say about a range of things that they believe are impacting on their properties. But the member well knows that this is an issue that is the remit of the Minister for Energy Minister D'Ambrosio, and I would suggest that if she was genuine about this issue she would be pursuing it with that minister.

Bev McARTHUR: Well, I know you are concerned about agriculture, Minister, so I thought you might be concerned about farmers with relation to this issue – but anyway. In your presentation you referred to the livestock methane abatement issue; most of us call it belching. Do you commit to protecting Victorian farmers from any move to a tax on methane, which would frankly be a fig leaf for banning livestock production in Victoria?

Mathew HILAKARI: Chair.

The CHAIR: Is there a point of order, Mr Hilakari?

Mathew HILAKARI: Yes. On a point of order, Chair, we have been down this path already and you have made a ruling on it. We are trying to stick to the budget papers during these sessions.

Bev McARTHUR: Yes, at budget paper 3, page 168 –

The CHAIR: Mrs McArthur, Mr Hilakari has raised a point of order.

Bev McARTHUR: Yes. He is wondering where the page reference is.

Danny O'BRIEN: Actually, what was the point of order?

The CHAIR: Apologies, Mr Hilakari.

Mathew HILAKARI: Relevance, that is the point – where is the relevance in here?

Bev McARTHUR: Budget paper 3, page 168: can you confirm, Minister, whether the agricultural research budget programs referenced in budget paper 3 page 168 include research into methane abatement?

Gayle TIERNEY: Mrs McArthur, we have a number of activities in relation to dairy in particular, but our Ellinbank SmartFarm and our other SmartFarms are geared towards undertaking a range of innovative research. The climate change statement that was launched last year had an important aspect to it in the first line, and it talked about profitability. What the agriculture department is absolutely wedded to is when we are coming up with ways in which we can mitigate against methane, it is always front of mind that farming productivity and production are also secured.

Bev McARTHUR: Will you tax their bottom line?

Gayle TIERNEY: No-one is talking about that apart from you, Mrs McArthur.

Bev McARTHUR: No, no, I want you to confirm you are not considering it – or that your federal colleagues are not.

Gayle TIERNEY: Now I have got to speak for other people.

Bev McARTHUR: Well, you must be talking to the federal minister –

Michael GALEA: On a point of order, Chair, I do not see how the state Minister for Agriculture is expected to answer a federal matter question.

Bev McARTHUR: She should be representing Victorian farmers.

The CHAIR: Mrs McArthur, you are out of time. The next 8 minutes belong to Mr Hilakari.

Mathew HILAKARI: Thank you, Minister and departmental staff. I am pleased to be actually talking about agriculture related to your portfolio area. So if I could take you to budget paper 3, page 28, I would like to take you to 'Backing Victoria's world-class producers to grow'.

Members interjecting.

The CHAIR: Mr O'Brien, Mrs McArthur, the sideline commentary is unnecessary. I will remind you again another member is asking a question. Thank you.

Danny O'Brien interjected.

The CHAIR: Thank you, Mr O'Brien.

Mathew HILAKARI: Thank you for your assistance, Mr O'Brien. I would like to ask about 'Backing Victoria's world-class producers to grow'. Could you just start by giving a bit of an overview of that commitment? How is it going to deliver for Victorian producers as well?

Gayle TIERNEY: There are a number of things that are contained within that umbrella, and I am pleased that a number of those have actually been addressed in this budget. There are things like the Horticulture Centre

of Excellence business case, and this is because we understand the importance of horticulture. We understand the importance of propagation. I recall just recently being out in the seat of Bass, where I met a number of growers and propagators – in fact one of them is now the biggest propagator in the entire country – and they talked to me about the need for training and skills and the connection of industry and how important it is. I know that Matt Lowe as well as Dr Xavier Csar, who you will meet later this afternoon, and the CEO of the Victorian Skills Authority have met with the leadership of the horticulture industry to progress that. So I am pretty excited about that, because it does mean that they will be able to find a home and there will be greater connectivity between the skills that are required and the jobs that are out there, and we definitely have got quite a few jobs that are available in the horticulture industry.

The other thing that we are doing is providing \$5 million in hospitality scholarships. They will be particularly connected to regional areas but not necessarily only, and we are wanting the hospitality scholarships to connect in with local producers so that cafes, restaurants, wineries and distilleries are connected up with the local producers regardless of whether it is grapes, cheese, wine, meat or smoked trout – all of those sorts of things – because there is a real need to, one, attract more people into the hospitality industry.

We are also cognisant of the fact that many of the Commonwealth Games venues are in regional Victoria, and we do need a lot of people in the hospitality industry connected with agriculture to be able to explain to visitors exactly what is on offer and that it is clean and green produce made locally with little kilometres in between paddock and plate. So that is another important initiative.

We have also of course got the Victorian Grown extension program. It is so good that people have wanted us to continue funding that, so that is happening. There is also research into alternatives to 1080 that primarily arose out of a parliamentary inquiry that was held a little while ago, so research is happening in respect to that, which of course will only enhance our clean, green reputation in the agriculture sector.

We are also of course mindful of farmer health and wellbeing, and we know that in terms of accidents, agriculture unfortunately is right up there. We have been working with WorkSafe for some time, and there will be some specialised interventions for on-farm safety moving into the future. One which we found during the floods was basic instruction on how to get bogged vehicles and equipment out of the paddock. People were injuring themselves because they were pushing the metal a bit too far, and that is just one example.

But we have also got the National Centre for Farmer Health, who do an amazing job not just with whoever the farmer might be on a property but the entire farm family, and that has been a bit of a passion of mine for a while. In fact I remember being in Gray Street, Hamilton, many years ago, where we actually talked to locals who were quite concerned about the level of farmer suicide at the time. As a result of that and following conversations we were able to get the Labor government at the time to agree to set up a centre called the National Centre for Farmer Health, so it has survived for a long time. It is highly regarded, and it is hands-on in terms of practical advice and information. But it also conducts significant research. They are engaged by a whole range of organisations right across the country.

These are some of the supporting initiatives – not all of them, but some of the supporting initiatives – under the banner of backing Victoria's producers to grow. These are necessary initiatives, necessary interventions to extend programs that already work or indeed new initiatives that are connected up to other events or activities that are happening in different parts of regional Victoria.

Mathew HILAKARI: Thank you, Minister. I am so pleased to be a representative for a community that produces about 10 per cent of Victoria's vegetables, close to the city, reducing those miles. Those pieces of broccoli and cauliflower that you eat would come from the Werribee South area typically, so I have a great deal of pride in the horticultural and agricultural sector. Pests and weeds are always an issue, and you briefly mentioned some of that, but can you elaborate any further on some of the initiatives around government?

Gayle TIERNEY: I might hand pests and weeds over to the Deputy Secretary.

Matt LOWE: Thank you. There is \$5 million over four years for community pest and weed management, and this is a really important investment from a departmental perspective in I guess building on the learnings that we have gathered over many years of pest and weed management. The focus of the program will be about working with and supporting communities who are closest obviously to the issues and the pests or weeds of importance in those local communities to support them with the expert advice from Agriculture Victoria –

The CHAIR: Apologies for interrupting. Time has expired. I am going to hand over the next 8 minutes to Ms Sandell.

Ellen SANDELL: Thanks, Chair. Good afternoon, Minister and officials. I also want to ask about the transition out of native forest logging.

Gayle TIERNEY: Sure.

Ellen SANDELL: Minister, in the government's media release you referred to the government delivering a program of land management that works to manage the 1.8 million hectares of public land subject to the timber harvesting allocation order. So my understanding is that some logging, some commercial logging, still happens in areas outside the allocation order, usually under licences through the *Forests Act*. So I am talking about, across the west of the state, places like Gunbower and Cobboboonee. Are they also included in this announcement to get out of native forest logging?

Paul SMITH: Minister?

Gayle TIERNEY: Paul. Yes, sure.

Paul SMITH: Yes. So they operate under a forest produce licence. There are about 50 licences that are current. Most of those will expire in the end of June next year, June 2024. They support a number of different activities, from firewood collection to specialty timbers for things such as guitars and specialty furniture through to providing logs for activities such as woodchopping events and the like. So they are managed by VicForests, and they are really important to local communities and local businesses.

Ellen SANDELL: So they are not part of this.

Paul SMITH: No. So they will be managed as a separate decision that needs to be made about the ongoing community forestry part of that.

Ellen SANDELL: Thank you for clarifying that. So, Minister, what will happen to VicForests as an organisation after 1 January? Will they be disbanded? Has a decision been made on that?

Gayle TIERNEY: So post 1 January 2024, in terms of what it might look like, that has not been determined as yet. But can I assure you that there are significant skills that are held by people within the organisation, and we will seek to optimise the utilisation of those skills, absolutely.

Ellen SANDELL: Okay. Thank you. But there is no decision on VicForests as an organisation.

Gayle TIERNEY: The form or type of organisation where those skills will be best utilised is yet to be determined.

Ellen SANDELL: Thank you for that. So have the government made a decision about whether they will repeal the wood pulp agreement Act and when that will happen?

Gayle TIERNEY: No. The government is absolutely focused on organising and making sure that the transition is managed really well.

Ellen SANDELL: So there is no decision on that. Sorry, I just have limited time. I have got a few other technical questions.

Gayle TIERNEY: Sure. Yes.

Ellen SANDELL: So just in terms of the wood pulp agreement Act – my understanding is that compensation has been paid to Opal Australian Paper because we are not able to give the volume of timber. So is the government anticipating any compensation will be payable to industry between now and 1 Jan. for not being able to deliver the timber?

Gayle TIERNEY: Paul.

Paul SMITH: Thanks, Minister. So there is no compensation that has been paid to Opal under the wood pulp agreement, that legislation.

Ellen SANDELL: Over what period?

Paul SMITH: I beg your pardon?

Ellen SANDELL: No compensation over what period?

Paul SMITH: Over any period. Since the cessation of native forestry there has been no compensation paid to Opal. What there have been are support payments to stood-down workers to ensure that every worker maintains their connection to their employer as well as is able to put food on the table, and that is what the government has put forward.

Ellen SANDELL: The government is liable for compensation in terms of not delivering that volume of wood. Isn't that correct?

Paul SMITH: There is no compensation being paid.

Ellen SANDELL: To industry. Okay.

Paul SMITH: And there will need obviously to be, in the transition period, a discussion with the owners of Maryvale about their future and their transition to a brown paper and cardboard manufacturing facility.

Ellen SANDELL: Okay. Thank you. Minister, does the government anticipate between now and 1 Jan., that date, that any logging in native forests that are subject to this will continue? I am thinking about, for example, salvage logging in the Wombat. Or are there any other coupes subject to this timber allocation order that you anticipate will be logged between now and 1 Jan.?

Gayle TIERNEY: VicForests will still be operating down the track, and essentially what will occur is that they will be able to continue with their activities, but they will be subject to of course the laws that are in place at the time and indeed weather conditions.

Ellen SANDELL: Okay. Thank you. On a separate matter, if I refer to budget paper 3, page 72, last year's budget included money for 'Climate ready agriculture' to help farmers with drought resilience and preparedness, but that funding has now ended. Why did this funding end, and does the government have any other alternative programs to help farmers, particularly, adapt to the changing climate?

Gayle TIERNEY: Look, can I just talk through the On-Farm Emissions Pilot Program, because it is one that I think is really hands-on and very practical. I have had the opportunity to actually visit producers and sit down with them and with their support person. It is also of course a pilot program that is connected to the University of Melbourne, and it uses a tool that is internationally renowned. What I particularly like about this program is that it has the entire family sit down if they are wanting to – beyond the actual producer – and understand all of the inputs into the actual business. That goes to things like fertiliser and a whole range of other things, and they are able to input that. The data is collected; it is then sent to the University of Melbourne and comes back in a format that is easily understood. Then there is the next step, which is, 'What else can happen in terms of climate change adaptability so that there can be some effective change.' This is becoming incredibly popular through a range of sectors, whether they be beef or sheep, and it is going through a number of animal livestock categories so that we can keep pulling the knowledge together.

Ellen SANDELL: In terms of this program, was it not successful, or is it being replaced?

Gayle TIERNEY: It was our understanding that in terms of the information we were getting back, people were very much supportive of the on-farm pilot, and they wanted to do more work in that space. The other thing is that the climate change advisory council that I have also provides input into what they think are some really good ways in which Agriculture Victoria can play a role in terms of climate change.

Ellen SANDELL: In terms of that program specifically?

The CHAIR: I apologise, Ms Sandell, time is up. For the last session of questions I am going to hand over to Mr Hamer.

Paul HAMER: Thank you, Minister. Thank you, department officials. If I could start by just taking you to budget paper 3, pages 168 to 169, about the agriculture research investment. You briefly touched on that there were some dairy initiatives in there, but I was just wondering if you could provide a broader overview of the research initiatives in that funding and how they are going to support the agriculture sector.

Gayle TIERNEY: Yes, thank you. I think in terms of research Agriculture Victoria hits above its weight somewhat, and as you could imagine, agriculture is incredibly diverse. Whether it be pests, weeds, climate change, innovation, you name it, research is very much part of the business of Agriculture Victoria. But also the department partners up with a number of other organisations that have particular expertise in certain areas. I am really pleased to see that that is continuing, particularly in terms of facilitating initiatives and projects on our smart farms. Mr Hamer, I am not sure if you are aware that AgVic has got a number of smart farms located right across the state. They are charged with the responsibility of undertaking research that will provide innovation to improve the way that we grow our food and of course produce livestock and other entities that people want to eat essentially. That of course includes research that is connected to the smart farms that tracks consumer confidence in the way that we produce food, and it is also connected up with markets that are available or are hungry for the products and the production that we produce.

Ellinbank is a leading dairy innovation facility not just in this state but right across the country, and it is a collaboration between government and industry partners. It is co-investing in the establishment of the world's first grazing-based carbon-neutral dairy by 2026. This is a very ambitious objective, and it showcases that this government is absolutely committed to sustainability, ongoing profitability and environmental stewardship in the agriculture sector. That is the type of approach that this government and the department has with all things agriculture. It needs to balance a whole range of inputs and then arrive at a place that encourages leadership and innovation in the agriculture sector.

We are probably the leader of the pack really in terms of dairy industry research. We are doing things, as I said, in DairyBio and dairy base feed. We are doing a whole lot of work with the types of food that livestock ingest and how that impacts on gut health and how that impacts on the end product. We know that we are at the forefront of cutting-edge research in respect of that because we have had the opportunity to see what other countries are doing, and I can say that we are, as I said, at the top of the pack when it comes to making sure that there is that connection between profitability, sustainability, innovation and leadership. Our research base, the evidence base that we have within the department and through our connections with other like-minded organisations, is unparalleled.

Paul HAMER: Thanks, Minister. Obviously Victoria is a very large grain producing state, I was just wondering if you could expand on some of the research investment that is going into assisting grain farmers?

Gayle TIERNEY: Thank you. They are often forgotten, and they should not be because they actually are the breadmakers in the original sense of the word. They spend a lot of time at night on their headers doing laps and laps of various paddocks, particularly in my part of the world. In my electorate it is often the case where you just see lights going on in the dark as you hit the various roads. In terms of the grain sector, we have made substantial investments to support our grain farmers. They do produce some of the world's best nutritious grain crops. We have also spent money promoting innovation and commercialisation of grain varieties, crop production, grain quality and food science. These investments aim to address key challenges faced by the industry – including of course again climate adaptation – to foster its growth and its competitiveness. An example of this is the investment of \$12 million in the Horsham grains innovation precinct to position Victorian grains industries as world leaders in nutritious grain crops, including lentils as well as field peas. There is \$7 million to build a state-of-the-art glasshouse complex to fast-track crop research in new varieties, crop pest and disease management and climate resilience. There is also \$5 million to build a science and business incubation hub that will promote innovation and commercialisation in crop production, grain quality and food science innovation. As you can see, the research that AgVic does and its connection with industry is not just theoretical. It is very practical, hands-on research that is played out on farm, but it is also played out close to where the product is made. It is absolutely important and sensible that a lot of this activity is around Horsham in particular.

Paul HAMER: Thanks, Minister. Talking about grains is a good segue into our support for the food and beverage industry. I was wondering if you could elaborate on what support the government will provide for the distillery industry in particular.

Gayle TIERNEY: Distillery is a new industry that has captured the imagination of many, and many that have wanted to expand the distillery industry. As you might recall, it was –

The CHAIR: Apologies, Minister. The time is up, as much as I am interested in the distillery industry.

Danny O'BRIEN: Move for an extension of time.

The CHAIR: Minister and department officials, thank you very much for appearing before the committee today. The committee will follow up on any questions taken on notice in writing, and responses are required within five working business days of the committee's request.

The committee is going to take a short break before beginning the consideration of the training and skills and higher education portfolios at 3 pm. I declare this hearing adjourned.

Witnesses withdrew.