



**NSW GOVERNMENT  
RESPONSE**

**TO THE**

**LEGISLATIVE COUNCIL STANDING COMMITTEE ON  
STATE DEVELOPMENT REPORT ON**

**ASPECTS OF AGRICULTURE**

**May 2008**

## **1. Agriculture and the NSW Economy**

**Recommendation 1: p25** - That the NSW Department of Primary Industries ensure that economic information on agriculture is made available by region/catchment areas and by industry, to better enable planning and analysis at local and State government level.

### **Response**

Planning by local and state governments occurs periodically and data needs to be provided at relevant times, such as when local environment plans are being revised.

The NSW Department of Primary Industries (NSW DPI) currently provides data on request from local councils and other agencies primarily using data sourced from the Australian Bureau of Statistics (ABS) and Australian Bureau of Agricultural and Resource Economics (ABARE). In addition to data on current industries, NSW DPI provides information on soils and other resources and industry trends so that future opportunities can be taken into account.

## **2. Land Management**

**Recommendation 2 p32** - That the Minister for Primary Industries, through the *Noxious Weed Act 1993* (NSW), prohibit the sale or propagation of lippia in all areas of New South Wales.

### **Response**

In April 2006 the Minister for Primary Industries asked the Noxious Weeds Advisory Committee (NWAC) for advice on declaring lippia (*Phyla canescens*) under the *Noxious Weeds Act 1993* (the Act).

On 31 August 2006, lippia was declared a class 4 noxious weed in the local government areas of Gunnedah, Liverpool Plains, Moree Plains and Tamworth Regional. The Order states that – “The growth and spread of the plant must be controlled according to the measures specified in a management plan published by the local control authority and the plant may not be sold, propagated or knowingly distributed.”

In 2007, NSW DPI prepared an issues paper for consideration by NWAC which includes a range of management options for the weed. NSW DPI has also proposed that NWAC continue consultation with key stakeholders on the control of lippia. A workshop is planned for the middle of 2008. The outcome of the workshop will be a management plan which may include State wide restrictions on sale and propagation.

Prohibiting the sale or propagation of lippia in all areas of NSW is currently not considered the best way to manage the problems associated with this plant. Lippia is already widespread in NSW. Actions to control lippia throughout all of NSW would require a major re-direction of local government resources and be prohibitively expensive.

Prohibiting the sale of lippia would also create a problem for the sale of fodder and other produce that may be contaminated with the plant. Lippia is a contaminant in some hay and lucerne produced in the west of the State. The plant is also a commercial ornamental horticulture crop. During the recent drought it has gained popularity for its tolerance of dry conditions. It can also be used as a substitute for grass lawns, as it does not require mowing.

A 'best practice' control manual for lippia is currently being prepared by the consultant group Swift Natural Resource Management for use by local control authorities and land owners. It is due for publication in mid 2008.

### ***3. Sustainable Farming Practices***

**Recommendation 3:p37** - That the NSW Department of Primary Industries continue to work with NSW Catchment Management Authorities to provide incentives for conservation farming practices.

**Recommendation 4:p38** - That the NSW Department of Primary Industries increases its emphasis on holistic management in its PROfarm training program.

**Recommendation 5:p38** - That the NSW Department of Education and Training ensure that future agricultural education programs include comprehensive coverage of conservation farming methods and holistic management.

#### **Response**

NSW DPI is the lead government agency and collaborator in the provision of extension programs and technical support to NSW Catchment Management Authorities (CMAs) for conservation farming practices. The CMAs have access to natural resource management investment funds which they can use to establish incentive schemes for improved adoption of conservation farming practices. NSW DPI is able to work with the CMAs, as a partner organisation, to support the on-ground implementation of conservation farming. NSW DPI will continue to work with CMAs on a range of projects that provide benefits to primary industries.

NSW DPI training programs, such as PROfarm, are developed to address broad issues, but individual subjects need to be targeted and focused to ensure that prospective attendees can clearly see the goals, outcomes and benefits from an investment of time and other resources in training. In many cases an individual will follow one course with another to complete a broad but personalised portfolio of accessible and relevant training.

PROfarm, through the nature of its delivery, i.e., short courses and workshops, allows those seeking training to pick and choose specific courses tailored to addressing social, ecological and financial issues, as well as purely technical demands, as part of a holistic approach to agriculture and land management. Courses, such as SOFT (Shaping Our Futures Together) and Working with People in Dairy have a clear social focus, whereas others, such as Safe Tractor Operation and Maintenance and Beekeeping, are technically focused.

In contrast, the successful Beef-N-Omics program combines technical and financial aspects of beef cattle farm management with a retirement, estate and succession planning program that addresses the social as well as the financial impacts of key decisions as part of long term farm management and planning.

Taking a more holistic approach are courses such as Landscan that equip landholders to make important land use decisions based on technology, financial and natural resource management.

PROfarm courses such as Farming for Climate Change, Farmers' Guide to Managing Climate Risk and Farm Water Supply and Climate Risk, provide participants with a well-rounded response to climate change.

The Department of Education and Training (DET) Agriculture Years 11-12 syllabus (1999) and the Agricultural Technology Years 7-10 syllabus (2003) require students to study both plant and animal enterprises and participate in a variety of practical activities to meet course requirements. Both syllabuses have a substantial focus on sustainable management practices. These syllabuses, developed by the NSW Board of Studies, can be chosen by students for study during their secondary schooling.

For example, to satisfy the requirements of the Agricultural Technology Years 7-10 syllabus, students:

- evaluate the impact of past and current agricultural practices on agricultural sustainability; and
- evaluate management practices in terms of profitability, technology, sustainability, social issues and ethics.

In Stage 6 HSC Agriculture, students learn about sustainable agricultural production involving:

- historical development of land use practices;
- farming practices that have led to soil degradation and the consequent effects on soil and water;
- sustainable farming practices that address degradation;
- the role of farmers, community and government in reducing the harmful effects of agriculture;
- the tension between sustainability and short term profitability in farming systems; and
- the use and potential for integrated pest management.

This course also offers the study of a whole elective, Sustainable Land and Resource Management. The study of this elective contributes 15% of the total HSC mark.

The Stage 6 Primary Industries Industry Curriculum Framework, developed by the NSW Board of Studies for delivery in NSW schools, offers HSC students a number of qualification outcomes, among which are a Certificate II in Conservation and Land Management (RTD20102). In addition, students are able to include elective units of competency from that qualification if they choose to take other pathways available in the framework which lead to other qualifications, such as Certificate II in Rural Operations (RTE20703), Certificate II in Agriculture (RTE 20103) or Certificate II in Horticulture (RTF20103).

Syllabus and Industry Curriculum Frameworks documents are developed by the NSW Board of Studies. Officers of the Department of Education and Training are consulted in the syllabus development process and support the importance of the inclusion of holistic management principles in school level agricultural education courses.

TAFE NSW is working closely with the Agri-Food Industry Skills Council in the review of Agri-Food Training Packages to ensure that conservation farming methods and holistic management are incorporated into the revised Training Packages.

TAFE NSW currently delivers qualifications from the Rural Production Training Package. This training package provides coverage of conservation farming methods and holistic management in a range of units of competency so that students learn to:

- develop a whole farm plan;
- develop and implement sustainable land use strategies;
- plan production for the whole land/farm based business;
- manage agricultural crop production;
- manage integrated crop and pasture production; and
- supervise agricultural crop establishment.

TAFE NSW recently accredited a new Certificate IV and Diploma of Agriculture specialising in Organic Production and a short course in Organic Soil Management. These courses include conservation farming and holistic management practices that are provided in an organic farming context.

TAFE NSW is developing a course in Holistic (Land) Management. Graduates from this course will be able to assess the health of ecosystems, develop strategies to manage landscapes based on developing holistic goals and take into account the biological, physical, financial and social context required to manage land.

#### ***4. The Future of Agriculture - Research and Development***

**Recommendation 6:p41** - That the NSW Government work in conjunction with private industry to establish a baseline level of funding to be provided to the NSW Department of Primary Industries to maintain research and development programs.

**Recommendation 7:p41** - That the NSW Government undertake a leadership role at a national level to persuade the Commonwealth Government to review the existing funding formulae for agricultural industry research and development, and establish a baseline level of funding to be maintained.

#### **Response**

The NSW Government commits significant ongoing resources to primary industries science and research.

The 2007-08 Budget includes projected net recurrent expenditure on NSW DPI science and research activities of \$97.2 million, as well as \$10.5 million in capital expenditure. It is not considered necessary to specify a baseline level of funding for

these science and research activities outside of the normal Budget and forward estimates priority setting process.

NSW DPI has a reputation for being a highly effective research and development agency and is regularly rated in the top 1% of research agencies world wide in the plant and animal sciences. The direct cost of the Department's portfolio of research is greater than \$100 million per year with over 700 projects across 59 different science disciplines.

This is a highly efficient investment with industry and the Commonwealth together contributing over \$50 million of this funding to NSW DPI via competitive grants from the Rural Industries Research and Development Corporations, the Cooperative Research Centre program and a number of industry partnerships.

The NSW Government investment is effective, with the economic benefits of NSW DPI research being strong and measurable. For example, a recent evaluation of five NSW DPI program areas showed that the Department had invested \$114 million in these programs up to 2003 and that the industry return from this research was conservatively assessed at \$1,311 million, with community and environmental returns of at least the same order.

Unlike many sectors of the economy, there are strong issues of market failure in agriculture that require ongoing government investment in primary industries research and development.

The NSW Government recognises the critical importance of primary industry research and development programs. A key aspect of maintaining this relates to the Commonwealth maintaining its commitment to the highly effective Rural Industries Research and Development Corporations and the Cooperative Research Centre programs.

These effective partnership arrangements have served the primary industries of NSW and the NSW community well and should be preserved.

It is clear that government funded R&D remains a critical mechanism to maintain the competitiveness and sustainability of Australian agriculture.

NSW DPI estimates that since 1953 the returns from research to broadacre agriculture in Australia have been in the order of 15 – 40% and, importantly, show no sign of declining. The benefits from this research are shared by producers, processors and consumers and more broadly by the environment and the community.

The partnership between the NSW Government and Australian Government is critical to maintaining the baseline funding required for agricultural industries research and development. The NSW Government is committed to taking a strong advocacy and leadership role to persuade the Australian Government to maintain and improve the funding formulae for agricultural industry research and development.

The NSW Minister for Primary Industries will continue to advocate the need for strong Commonwealth support for research and development through the Primary Industries Ministerial Council.

At the departmental level, NSW DPI is a member of, and takes an active role in the work of the national Research and Development Subcommittee of the Primary Industries Standing Committee. The Subcommittee is currently working on the development of a National Research, Development and Extension Framework, which includes addressing investment and funding issues. Once the Framework is finalised it will be submitted to Standing Committee and Ministerial Council for endorsement.

As part of this process, NSW DPI will seek a review of the current funding formulae, and presenting the need for baseline funding levels by the Australian Government for sectors facing temporary production downturns as a result of drought.

## ***5. The Future of Agriculture - Climate Change and Drought Preparedness***

**Recommendation 8:p45** - That the NSW Government undertakes a leadership role at a national level to persuade the Commonwealth Government to convert a proportion of the budget allocation for Exceptional Circumstances assistance to Drought-Preparedness assistance once the drought has lifted. The Drought-Preparedness assistance should include training and incentives for conservation farming methods and climate-risk management.

**Recommendation 9:p46** - That in order to better promote conservation farming practices, the NSW Department of Primary Industries review existing methods of information and education dissemination to ensure that they are targeted appropriately, with special consideration to the role of women in agriculture.

### **Response**

Drought preparedness remains the central component of national drought policy development. The need for drought policies which improve resilience, preparedness and flexibility for our farming systems is widely acknowledged. NSW has, and will continue to work with the Australian Government and other jurisdictions on drought policy through the Primary Industries Ministerial Council, the Primary Industries Standing Committee and its sub committee, the Industry Development Committee.

At the most recent meeting of the Primary Industries Ministerial Council in April, Ministers agreed to review drought policy under three broad assessment topics that cover the physical, social and economic dimensions of drought.

The Primary Industries Standing Committee, which includes NSW, will oversee the three assessments that are to be conducted by Australian Government agencies, and any outcomes that may arise from these reviews.

Initiatives to improve drought policy are being reviewed in the context of climate change and a renewed focus by government nationally on research and development, productivity growth and competitiveness.

As well as encouraging the adoption of self-reliant approaches, drought policy is also aimed at maintaining and protecting Australia's agricultural and environmental resource base during periods of extreme climate stress, and ensuring the long-term sustainability of agricultural and rural industries. Part of the process involves developing targeted assistance measures and information programs that will improve farmers' decision making capabilities and forward planning decisions.

NSW will continue to actively contribute to this process and seek the inclusion of training and incentives for conservation farming methods and climate-risk management as part of these targeted assistance measures.

TAFE NSW provides training and recognition of prior learning to women in agriculture. For example, it has conducted courses specifically for women in agriculture, including *Envirolearn* at Gunnedah and Mulalley, and has conducted an extensive recognition of prior learning program *Credit Where Credit's Due* for women in agriculture. These programs included sustainable farming techniques, finance and management units.

NSW DPI also has in place a continuous improvement methodology that evaluates participation in education and training and ensures products are modified to meet stakeholder requirements. Activities are conducted according to demand so the popularity of these activities is an important indicator. Activities range from awareness raising through media and agricultural shows, short courses under PROfarm and full time courses. Exit surveys are routinely conducted.

In addition, NSW DPI participates in relevant activities organised by community groups, including the Country Women's Association. The promotion of conservation farming at Rural Women's Gatherings is an area of special focus by NSW DPI, which provides sponsorship. This demand side is important in ensuring products are designed to meet the needs of the whole farming sector, including women.

NSW DPI operates the NSW Rural Women's Network (RWN). Rural women have identified a range of priority issues, which include isolation, health, education, lack of services, family and broader community issues. The RWN works with other agencies and groups to stimulate action to address these issues. RWN also works with rural women themselves - enhancing their skills, knowledge and confidence and their access to information and support, so they too can stimulate action and address these issues.

NSW DPI also monitors developments in other jurisdictions, and negotiates to deliver successful products developed interstate or by CRCs and R&D Corporations.

## **6. The Future of Agriculture - Future Crops**

**Recommendation 10:p47** - That the NSW Minister for Primary Industries work with the NSW Health Minister to seek an amendment of section 23 of the *Drug Misuse and Trafficking Act 1985* (NSW) to allow commercialisation of industrial hemp in



NSW, as is the case in other states. Responsibility for control of industrial hemp should be placed with the Department of Primary Industries.

#### **Response**

In 2007, a collaborative project between NSW DPI, the Attorney General's Department, NSW Health and NSW Police commenced to further investigate allowing commercial industrial hemp cultivation in NSW. After consideration of the issues, these agencies agreed to progress the changes necessary to allow industrial hemp commercialisation. Support was also given to the transfer of responsibility for authorising the cultivation of hemp for research purposes from the Director-General of NSW Health to the Director-General of NSW DPI.

Although industrial hemp is of no value for its drug content the concern has been that its cultivation could be used as a cover for criminal activities involving marijuana production. In January 2008 an interagency hemp committee was formed to ensure that law enforcement and public good would not be adversely affected by the commercial production of industrial hemp.

The *Hemp Industry Bill 2008* was introduced into Parliament on 7 May 2008 to authorise and regulate the cultivation and supply of low-THC hemp for commercial production and other legitimate uses.

### **7. The Future of Agriculture - Value Adding**

**Recommendation 11:p49** - That the NSW Department of State and Regional Development work with the NSW Department of Primary Industries to review existing and develop additional incentives for secondary industries, such as payroll tax concessions, with the aim of promoting more value adding to agricultural products in rural and regional areas.

#### **Response**

The Department of State and Regional Development's (DSRD's) Business Investment Programs provide financial incentives and facilitation services to eligible projects in regional NSW, including those which involve value-adding to agricultural produce. Many of DSRD's investment clients are in the business of food (including meat) processing, wine production, timber processing and paper manufacture, and storage, packing and grading of grains, citrus etc. Depending on the scale of the project, financial assistance can take the form of up-front assistance, payment on achievement of employment milestones, and payroll tax relief.

The Payroll Tax Incentive Scheme provides payroll tax relief to businesses in prescribed locations which are becoming liable to pay payroll tax for the first time in NSW.

The Business Drought Assistance Program provides payroll tax relief to businesses in drought-affected areas, with a focus on businesses which are dependent on farm produce as the major raw material input.

Manufacturing (which encompasses all value-add to primary produce) is a key sector of focus under the Innovation Statement. Other programs support early stage work into the development of industry value-adding through organisations such as Regional Development Boards.

DSRD and DPI will liaise through the Regional Coordination Management Group (RCMG), on a region by region basis, to focus on key priorities as per the State Plan.

## **8. The Future of Agriculture – Harvesting Native Species**

**Recommendation 12:p50** - That the NSW Department of Primary Industries, in conjunction with relevant industries, develop marketing and education campaigns for native products, particularly kangaroo meat.

**Recommendation 13:p50** - That the NSW Department of Primary Industries undertake further research into the harvest of native plant and animal species, with a view to creating a sustainable addition to future agricultural production.

### **Response**

The consumptive use of wildlife, particularly iconic fauna species, is contentious. The current focus on Japanese whaling is a good example, and Australia's kangaroo harvest is frequently compared to both whaling and the harvest of harp seals. Despite some international and domestic opposition, NSW has a well-established commercial kangaroo industry which operates in accordance with a management plan approved by the Australian Government.

In NSW, the commercial kangaroo harvest is regulated by the Department of Environment and Climate Change (DECC), which has statutory responsibilities for the protection of native wildlife (flora and fauna). The Kangaroo Management Section (KMS) of DECC delivers the management program, including the management of licensing, population monitoring, setting of commercial quotas and compliance and enforcement.

The NSW Government also has an active research program focusing on native plant species which is conducted by NSW DPI in partnership with industry, the Commonwealth, other state agencies and universities. Primary funding partners include the Rural Industries Research and Development Corporation, Catchment Management Authorities, CRCs and, to a lesser extent, Horticulture Australia Ltd. Current research projects are focused on breeding improved varieties of tea tree for oil, the use of Australian essential oils to control post harvest rots in fruits and vegetables, improving the performance of native plants for commercial production (including wax flowers, boronias, thryptomenes, gymea lilies and eucalypts) and pathology and entomology to support the market access of finger limes (native citrus). The total value of these projects is over \$1.4 million.

Notable achievements arising from research by NSW DPI include the establishment of the NSW Christmas bush industry (current farm gate value of at least \$40 million) and the selective breeding of tea tree varieties to double the oil yield and so allow the development of a profitable tea tree oil industry (current farm gate value about \$6 million per year). NSW DPI has also evaluated the chemical composition of essential

oils from Australian native plants and the cost-effectiveness of sea freight as a means to enhance the export of wild flower species. NSW DPI is actively working with the wildflower industry to prepare a strategic plan for R&D for 2007 to 2012 and to establish quality specifications for the industry. NSW DPI has also participated in research to use Australian aquatic plants in constructed wetlands as a means of water filtration and recycling, and the use of native trees as buffer strips in vegetable production systems.

NSW DPI is evaluating the effects of high-intensity management on native pastures and an element of recently completed research focussed on developing sustainable native grassland ecosystems. Also, native trees such as wattles will be evaluated for their ability to provide a comparatively low-cost source of shade to the delicate growing tips of green tea crop plants destined for the export market.

NSW DPI is also actively involved in research on native molluscs and fish, in partnership with industry and the Fisheries R&D Corporation, Australian Centre for International Agricultural Research, the Aquafin Cooperative Research Centre (CRC), the Seafood CRC, Cotton Catchment Communities CRC and the National Aquaculture Council.

NSW DPI staff have pioneered research into the Sydney Rock Oyster, with the industry now worth more than \$35 million. Key achievements of the Department's selective breeding program for SROs have been to improve growth rates and provide resistance to the devastating QX disease. Other current research focuses on developing and improving production practises for silver perch, snapper, mulloway, kingfish and blacklip abalone.

The Kangaroo Management Program also contributes to various research projects, both in kind and financially. Two current projects benefiting from KMP support are an investigation into the grazing pressure of kangaroos and sheep and an investigation that will determine the impact of kangaroo harvesting on biodiversity.

The NSW Commercial Kangaroo Harvest Management Plan 2007-11 provides for adaptive management experiments to test alternative management scenarios. The plan also specifies criteria that must be met in order for adaptive management experiments to proceed. These criteria are intended to ensure proposals are relevant, scientifically rigorous and have the potential to contribute to future management of the commercial harvest. Proposals that do not meet these criteria are unlikely to be approved, however, where a proposal has merit, DECC may work with the proponents to help ensure necessary criteria are met.

DECC is currently assisting to finalise a proposal that aims to test whether collaboration between landholders in relation to kangaroo harvesting can have a positive impact on grazing management, attitudes towards biodiversity and economic opportunities for landholders. The proposal is by the University of NSW under the banner of the Future of Australia's Threatened Ecosystems (FATE) concept, and involves a group of properties north of Broken Hill (the Barrier Area Rangecare Group, BARG).

The NSW Government supports the concept of appropriate use of native species that can assist in achieving biodiversity outcomes, however, any harvest of native species will need to be undertaken in accordance with relevant licences (issued by DECC).

If product is to be exported, Australian Government approval will also be required, which would necessitate the development of an approved wildlife trade management plan (such as the NSW Commercial Kangaroo Harvest Management Plan 2007-11). A plan must address a range of issues, including the effect of the harvest on the subject species and its ecosystems. Conservation-based (sustainability) objectives as well as animal welfare considerations must therefore be appropriately identified and met.

## **9. Agriculture and Society - Exceptional Circumstances and Drought**

**Recommendation 14:p62** - That the NSW Government provide funding to develop and enhance the role of Drought Support Workers to enable them to provide long-term community support. The strengths of the Drought Support Worker program should be built upon to create a permanent Rural Community Development Worker program, to provide support to rural communities at all times.

**Recommendation 15:p63** - That the NSW Department of Primary Industries continue to endorse the Rural Financial Counselling Service by ensuring that its funding contribution to the Service matches the period for which the Commonwealth Government provides the service; and that it look to enhancing the service through the provision of long term financial planning advice in conjunction with agronomy advice to better assist farmers to ensure their viability.

**Recommendation 16:p66** - That the NSW Government undertake a leadership role at a national level to persuade the Commonwealth Government to extend Exceptional Circumstances declarations for a sufficient time after the lifting of drought to allow farmers to recover and implement appropriate long-term strategies to ensure viability.

**Recommendation 17:p67** - That the NSW Government inform the Commonwealth Government of issues arising during this Inquiry relating to possible unintended consequences of Exceptional Circumstances funding, to assist in any future revisions of Exceptional Circumstances policy.

**Recommendation 18:p67** - That the NSW Government establish benchmark or key performance indicator timeframes for the NSW Rural Assistance Authority to comply with when processing applications for interest rate subsidies and other drought assistance. These benchmarks should be reported against in the Annual Report.

### **Response**

The NSW Government has formally recognised and congratulated the NSW Drought Support Workers for the professional way in which they have undertaken their duties and understands that the farming community appreciates the services they provide.

Drought Support Workers are an important component of the Lemma Government's drought support initiatives, which is why the Government continues to extend their employment as required.

The option of enhancing the Drought Support Workers role will be considered as government continues to review drought support initiatives to ensure that those in need of assistance gain access to the critical programs that they require.

The NSW Government will maintain its funding commitment to the Australian Government Rural Financial Counselling Program. A new three-year Program is to commence on 1 July 2008 and NSW DPI will work with the Australian Government to ensure that the Program is effective in assisting farmers with improved financial planning and coping with factors such as drought and climate change. Rural financial counsellors are able to refer farmers to other sources of information, such as agronomic advice.

Under current policy provisions, Exceptional Circumstance (EC) assistance measures are typically available for up to 24 months to help eligible farmers and small business operators recover from an EC event. In some instances, the period of assistance can be extended where an EC event continues and there is little opportunity for farmers to recover.

The NSW Government notes that in the 2008-09 Budget, the Australian Government committed \$14.5 million over three years to provide up to 12 months of income support payments to eligible farm families in areas for which exceptional circumstances declarations are not extended. The program, commencing from 16 June 2008, will provide income support payments equivalent to NewStart Allowance payments to farm families that have not recovered from the impacts of the prolonged drought and are in need of income support.

Drought policy reform, including EC arrangements, is a current issue being considered by Primary Industries Standing Committee and Primary Industries Ministerial Council. Issues arising from the Inquiry into Aspects of Agriculture will form part of NSW advice to the Committee and Council.

The Rural Assistance Authority (RAA) has a performance indicator timeframe for processing applications it receives under the various assistance schemes it administers. This timeframe is to make an initial decision within 28 days of receiving an application, a commitment that is affirmed in the Authority's Annual Report.

During the period of the Committee's deliberations on the Aspects of Agriculture inquiry, the RAA was receiving an unprecedented number of applications for assistance. For example, in 2005/06, 4,994 applications for EC assistance were received by the RAA. By comparison, from July to October 2006, 2,216 applications were received and from November to April 2007, 7,043 applications were received. This represents a monthly increase of some 280 percent in applications received over 2005/06.

To cope with this demand the RAA recruited a significant number of additional staff, opened a second office in Orange and created a dedicated section to deal

exclusively with small business applications. These additional measures ensured an increase in processing capacity to approximately 350 applications per week without impacting on the current standard of high quality decision making that the Authority is renowned for.

Under the policy guidelines set by the Commonwealth Minister for Agriculture, Fisheries and Forestry, the task of assessing the eligibility of applicants may require a substantial amount of additional information to be sought by the Authority, if not provided by the applicant in the first instance. This can have a significant impact on the Authority's ability to process applications within acceptable timeframes.

The RAA is aware of the importance of ensuring that application processing times for assistance, particularly EC assistance, are kept to the minimum possible. The average time for processing EC applications is being kept to within two to four weeks, thereby meeting the current benchmark.

## **10. *Agriculture and Society – Labour and the Rural Workforce***

**Recommendation 19:p74** - That the NSW Department of Education and Training increase its commitment to education and training in the rural sector by improving access to short courses, such as finance and management, for people in rural and remote areas, including through flexible delivery and online learning.

**Recommendation 20:p74** - That the NSW Department of Education and Training identify ways of using existing rural and regional training facilities with a view to retaining skilled people in rural and regional areas following their training.

### **Response**

TAFE NSW currently conducts short courses and delivers training for people in rural and remote areas through flexible delivery and online learning through its broad network of rural and regional colleges and through OTEN (Open Training and Education Network), TAFE NSW's distance learning facility. Examples include delivery of:

- Certificate IV in Agriculture and Diploma of Agriculture flexibly from Armidale Rural Skills Centre to Dorrigo, Walcha, Tamworth and Bingara;
- online distance education by TAFE NSW – Riverina Institute of qualifications from the Conservation and Land Management Training Package including Diplomas in the following areas: Conservation and Land Management (Natural Area Restoration and Management); Conservation and Land Management (Vertebrate Pest Management); Geographic Information Systems; Spatial Information Services; Organic Farming; Certificates II, III and Diploma of Permaculture; and the Advanced Diploma of Agriculture; and
- a range of short courses, offered on a commercial basis by Riverina Institute, including: Farm Computing (in association with software companies); Farm Property; Business Planning; Certificate IV in Rural Business and Developing a Marketing Plan.

In addition, TAFE NSW is further extending its range of products to support flexible delivery and online learning. New flexible learning resources for the Diploma of Agriculture will be available progressively from June 2008.

The DPI-administered Tocal College meets regularly with TAFE to coordinate development and delivery of courses. NSW DPI is sometimes better able than TAFE to deliver courses in rural and remote areas and coordination between the agencies ensures effective and efficient provision of education and training services.

TAFE NSW has a network of Rural Skills and Environment Centres across NSW through which it delivers training and retraining programs for people in rural and regional areas. These Skills Centres are located at Albury, Armidale, Coffs Harbour, Dubbo, Forbes, Moree, Mudgee, Orange, Taree, Wagga Wagga and Wollongbar. The Skills Centres are modern facilities equipped with the latest delivery technology including videoconferencing and computers for online delivery.

In addition, staff located at these Skills Centres travel to rural and remote communities to deliver programs on farming at other TAFE and school facilities.

TAFE NSW supports delivery in these rural and remote communities with mobile resources including notebook computers, a mobile library, first aid and animal care mannequins, hydraulic equipment, welders and sets of heavy earthmoving equipment (front-end loaders, backhoes, bobcats, excavators and forklifts).

## **11. *Agriculture and Society – Rural Mental Health***

**Recommendation 21:p82** - That the NSW Department of Health and NSW Department of Primary Industries work together to identify and systematically train frontline workers in rural and regional areas to identify signs and symptoms of depression and link farmers to mental health services where necessary.

**Recommendation 22:p82** - That the NSW Department of Health work in partnership with the Rural Doctor's Association to provide general practitioners working in rural and remote areas with the knowledge needed to recognise the signs and symptoms of depression and link farmers to mental health services where necessary.

### **Response**

A Drought Mental Health Assistance Package was announced by the NSW Government in October 2006, following consultation with the NSW Farmers' Association. This Program provides funding for Drought Mental Health Workers (DMHW) to work in conjunction with and support the Department of Primary Industries' Drought Support Workers. Initial funding for the Program was to December 2007; however a continuation of the Program has been approved which will see the dedicated Drought Mental Health Workers funded for a further 18 months. Training has been provided in this area to NSW DPI workers and the need for future training will be monitored.

The 2008 Drought Mental Health Assistance Package includes funding initiatives specifically targeting General Practitioners as key participants in the program,

developing specific training resources and conducting workshops for GPs focusing on the development of tailored services and relevant networks. In addition, in 2007 the Centre for Rural and Remote Mental Health, in collaboration with key stakeholders, developed an Introduction to Rural and Remote Mental Health for General Practitioners. The program is focused on strategies for developing partnerships, networking with other health and non-health services, and enhancing pathways to care for people in rural areas experiencing common mental health problems including depression and anxiety. This course is accredited as an elective unit of study within the NSW Institute of Psychiatry's Graduate Certificate in Mental Health and is being offered from 2008.

It is unclear why the Rural Doctor's Association (RDA) has been identified as the partner organisation to provide general practitioners working in rural and remote areas with the knowledge needed to recognise the signs and symptoms of depression. While the RDA has an important role for rural doctors in developing rural policy, undertaking research and lobbying for rural doctors, they are not involved in professional development activities for GPs.

The Royal Australian College of General Practitioners (RACGP) and the Australian College of Rural and Remote Medicine (ACRRM) have professional development programs for General Practitioners. Both the RACGP and ACRRM are members of the General Practice Mental Health Standards Collaboration (GPMHSC), which aims to promote development and uptake of quality education and training in mental health for general practitioners and general practice teams. It is funded by the Commonwealth. The RDA is not a member of the GPMHSC.

With recurrent funding of \$3.5 million, the Rural NSW General Practice Procedural Training Program provides opportunities for GPs and GP Registrars to gain experience in procedural general practice, including mental health. Since the Program commenced in 2003, there have been 19 mental health positions filled at the following hospitals: Lismore, Curran Centre Orange, Tweed Heads, Broken Hill, Dubbo, Maitland, Manning, Wagga Wagga, Goulburn; with a further five applicants being approved to commence in 2008 so far. This training assists GPs to provide competent healthcare service, including the ability to recognise the signs and symptoms of depression, to all citizens within their communities.

The NSW Government is making a significant investment in health workforce initiatives focused on increasing workforce numbers and improving distribution of health professions particularly in regional and rural NSW.

In 2005 the Government introduced a new medical training agreement to ensure that rural, regional and outer metropolitan hospitals were the first to be staffed by new trainee physicians. In 2006 new networks for psychiatry and basic surgical training were introduced. The five psychiatry training networks established link metropolitan and rural psychiatry training positions. The networks are supported through recurrent funding of \$2.6 million. This funding supports Network Directors of Training and Education Support Officers. Rural scholarships of \$2,000 are available to specialist trainees including psychiatry trainees undertaking two rural rotations per year.



## **12. Agriculture and Society – Recognising the Importance of Agriculture**

**Recommendation 23:p85** - That the NSW Government develop a vision statement and core set of values that enshrine the importance of agriculture to the State as a whole. The NSW Government should work with rural and metropolitan communities to develop genuinely shared and agreed values.

**Recommendation 24:p85** - That the NSW Government ensure that the importance of agriculture and rural communities to New South Wales as a whole is more prominently reflected in future revisions of the NSW State Plan.

**Recommendation 25:p85** - That the NSW Department of Education and Training develop and resource a 'twin city' program between schools in the city and schools in country towns with the objective of enabling students to gain a better understanding of their country and metropolitan counterparts. The program should be developed in conjunction with existing and future local government 'twin city' programs.

### **Response**

The NSW DPI Corporate Plan for 2008 to 2011 has as its vision "*Profitable, adaptive and sustainable primary industries building vibrant communities*". Five key result areas have been identified as leading to the achievement of this vision. In particular, the three that address the importance of agriculture to the State as a whole, and working with rural and metropolitan communities are:

- contributing to the strong economic performance of primary industries in NSW;
- appropriate access to and wise management of natural resources – working with primary industries to achieve improvements in natural resource and environmental management; and
- a strong voice for primary industries – through community and stakeholder consultation, leading an informed debate, and providing information and expert advice, to convey the potential social and economic benefits of primary industries.

These key result areas and the associated strategies and outcomes detailed in the Corporate Plan will contribute to the NSW State Plan Priorities of '*Growing prosperity across NSW*' and '*Environment for Living*'.

State Plan Priority P6 is aimed at increased business investment in rural and regional New South Wales. In order to achieve this State Plan Priority, the NSW Government is working to:

- establish a new regional business engagement model, with the active involvement of RCMG, Regional Development Boards, local government and local representative groups;
- develop industry sector priorities for all NSW regions, reflecting their unique needs and comparative advantages;
- meet the skills needs of regional businesses and communities;
- better link infrastructure to business growth needs in regional areas;
- support innovation and competitiveness in regional NSW manufacturing; and
- attract new investment and jobs to areas of geographic disadvantage.

Through these initiatives the Government continues to signal the importance of rural and regional economies for the long-term welfare of the New South Wales community. Through agency collaboration mechanisms for State Plan implementation, the Department of State and Regional Development will continue to work with the Department of Primary Industries to address the investment attraction needs of primary industries in rural and regional NSW.

The NSW Department of Education and Training has a program in place to encourage interaction between school students from rural and metropolitan backgrounds.

The NSW Cultural Exchange Programs in Schools initiative was first established in 2004. It is a cross-sectoral project involving the NSW Department of Education and Training, the NSW Catholic Education Commission and the Association of Independent Schools NSW. The project is managed by the NSW Department of Education and Training on behalf of all NSW schools.

Cultural exchange programs aim to promote greater understanding, respect and acceptance among students from diverse backgrounds. Programs may be curriculum based, cross-curriculum initiatives or projects which address specific local needs.

The aim of the cultural exchange program is for schools to share and learn from school communities different to their own.

This may include exchanges between:

- schools with differing degrees of cultural diversity among their student populations;
- country and city schools with different school populations;
- inner and outer metropolitan schools with different school populations;
- schools with different religious affiliations; and
- schools of different types including government and non-government, single sex and co-educational, primary and secondary schools.

Schools involved in a cultural exchange together determine the aim and content of their program and the learning and social outcomes that they hope students will achieve.

Schools have a significant role in building community harmony. Through sharing information and ideas between different communities, cultural exchanges encourage the development of school cultures which value diversity and assist in maintaining healthy community relations.

Cultural exchange programs aim to develop in students a greater understanding of Australia's diversity and aim to bring together students from different cultural, religious, geographic and socioeconomic backgrounds. They allow students to interact with and learn from students who are different to themselves and to participate in new and unique experiences beyond their own communities.

Cultural exchange programs help to break down barriers, challenge myths and stereotypes and promote community harmony. They assist students to develop positive relationships with others, understand a range of perspectives and develop the understanding and skills needed for effective participation in our global society.

Some examples of students' reactions to their experiences through the NSW Cultural Exchange Programs in Schools include:

"The exchange has changed my life and made me understand the ways of city life." (Peter, Broken Hill)

"I never realised that the country and city could be so vastly different in culture, values and expectations. It's a truly eye-opening experience." (Sasha, Northern NSW)

"My country experience enabled me to gain a new appreciation for life on the land. Love the great open space." (Lu, Newcastle)

"I had a great time. Met amazing people. Made new mates." (Emre, Sydney)

Some NSW schools have also developed their own relationships through sister school or city relationships and have developed their own exchange programs. For example, Orange High School in the central west of the State has an annual interschool carnival with Hurlstone Agricultural High School in Sydney. Another example is the exchange program between Mitchell High School in Sydney and Quirindi High School in the north west.

In 2007, a group of 30 students and three staff members from Mitchell High School, Blacktown travelled to Quirindi High School. The visit was sponsored by the Blacktown City Council as part of the sister city relationship between Blacktown Council and the Liverpool Plains Council. All funding was supplied through Blacktown City Council as part of its twin city relationship with the town.

### **13. *Water Issues – Water Management and Control***

**Recommendation 26:p92** - That the NSW Department of Water and Energy work in consultation with water license holders to investigate long term options to provide flexibility in relation to fixed water charges in situations where there is zero water allocation, for example, through the use of sinking funds and payment deferrals.

**Recommendation 27:p100** - That the NSW Government, during negotiations with the Commonwealth Government in relation to the National Plan for Water Security, ensure that funds available for water saving initiatives are directed to a range of innovations across large and small scale irrigation properties, including: the use of real-time telemetry in irrigation areas, for the monitoring and management of water allocations; and implementation of pressurised water delivery systems, where feasible.

**Recommendation 28:p100** - That the NSW Department of Primary Industries work actively to assist the irrigated agriculture industry in the development of proposals for funding associated with the National Plan for Water Security.

**Recommendation 29:p100** - That the NSW Government, during negotiations with the Commonwealth Government in relation to the National Plan for Water Security, ensure that the security and certainty of the water rights of current participants in water sharing plans, such as the irrigation industry, stock and domestic users, town users, industrial users and environmental flows, are recognised. Any changes to water sharing plans should be made in consultation with the participants, with adjustment to plans made through savings or purchase.

### **Response**

#### *National Plan for Water Security*

On 26 March 2008, COAG agreed in-principle to a Memorandum of Understanding (MoU) on Murray-Darling Basin reform. Amongst other things, the MoU sets out certain principles in relation to Commonwealth investments and Commonwealth-State Water Management Partnerships. It was also agreed that before the next COAG meeting (in July), the Commonwealth will agree with the other Basin governments on priority water savings projects in the Murray-Darling Basin for priority funding.

The Commonwealth has since announced that the "Water for the Future" funding package will consist of \$12.9 billion over ten years, including \$3.1 billion for environmental water purchases and \$5.8 billion for rural water projects. The NSW Government is currently developing a funding proposal. In developing the package of proposed projects consideration is being given to projects that address the Commonwealth's assessment criteria including value for money, securing a long term sustainable future for irrigation communities, as well as substantial and lasting returns of water to the environment and real improvements in river health.

#### *Private Irrigators*

The NSW Government, through DPI is actively involved with the irrigated agriculture industry, and other partner organisations, to ensure the development and adoption of water use efficient technologies and practices. NSW DPI does this through effective networks and partnership arrangements with Catchment Management Authorities (CMAs), Commodity Research & Development Corporations, Cooperative Research Centres (such as the CRC Irrigation Futures) and local, regional and state based irrigator organisations.

The November 2007 Performance Audit Report by the NSW Auditor-General confirmed the effectiveness of NSW DPI programs in increasing grower awareness of water use efficiency options and technologies and in educating and training irrigators in farm water resources planning and management.

In relation to the National Plan for Water Security, the MoU signed in March 2008 recognises that in States such as New South Wales some water infrastructure is privately owned. As a result the Commonwealth has been negotiating with the irrigation corporations on potential funding proposals separately from the NSW Government. While DWE is not in a position to assist irrigators with the development

of proposals for on-farm water efficiency improvements, DWE is assisting communities and water supply corporations in the identification and development of proposals for funding under the "Water for the Future" funding package for efficiency improvements in broad-scale water supply infrastructure.

#### *Water Sharing Plans*

Under the terms of the MoU, existing water access rights of NSW water users as set out in the water sharing plans will be maintained until the expiry of plans already in force. The Commonwealth is to develop a "Basin Plan" which will come into effect in 2011. As existing water sharing plans expire from 2014 they will be revised to be consistent with the Basin Plan, in consultation with irrigators and affected communities. It is expected that any changes that are required to NSW water sharing plans resulting in reduced access to water will be achieved by the Commonwealth either by providing assistance to users or purchasing water licences. The Commonwealth *Water Act 2007* specifically excludes compulsory acquisition of water entitlements.

## **14. Water Issues – Water Trading**

**Recommendation 30:p104** - That the NSW Department of Water and Energy prepare a full impact statement on the current and future (the next five years) effect of permanent out of catchment water trading. The impact statement should be completed and made public by June 2008.

**Recommendation 31:p105** - That the NSW Government, during the 2009 review of the current restriction on permanent water transfers from irrigation regions of 4% annually, lobby the Commonwealth Government to adjust the restriction on permanent transfers to 2% annually, to allow time for those regions to adapt to the resulting structural changes.

#### **Response**

DWE is not able to undertake an assessment of the extent of future permanent water trading. This is because it is not possible to predict the impacts of a range of factors including climate, markets, emerging new demands for water, as well as incentives such as that provided by the Commonwealth Government for irrigators to sell their licences.

However, DWE in consultation with NSW Irrigators Council undertook a survey of irrigators across NSW which included their attitudes to water trading. Also, on 6 February 2008 DWE presented a paper to the Annual Conference of Australian Agriculture and Resource Economics Society on water trading. The paper discussed the level of water trading over recent years within NSW along with water prices, reasons, attitudes and knowledge of both permanent and temporary trading. The results of the survey are available on DWE's website [http://www.naturalresources.nsw.gov.au/water/pdf/wsp\\_irrigators\\_survey\\_2005\\_06\\_report.pdf](http://www.naturalresources.nsw.gov.au/water/pdf/wsp_irrigators_survey_2005_06_report.pdf).

In addition, the Rural Industries Research and Development Corporation, Murray Darling Basin Commission and the National Water Commission commissioned

Frontier Economics to undertake case studies in the Victorian Murray Valley on the economic and social impacts of water trading. This report, published in November 2007, is available from the NWC website at <http://www.nwc.gov.au/publications/iindex.cfm>. A key conclusion is that "water trading prompts change that would in any case have happened as a consequence of other forces for change in rural economies – such as drought, varying commodity prices and rural adjustment – rather than being, of itself, the primary force for change."

The 2004 National Water Initiative (NWI) specified the 4% threshold for trade out of the irrigation areas to apply from June 2005. This has been set to alleviate concerns regarding stranded assets and rates of adjustment. A major proportion of irrigation entitlements in the south-west of the State are held by the Irrigation Corporations. The NSW Government has conducted significant consultation with the Irrigation Corporations over the NWI requirements. This has included regular meetings and workshops to discuss issues. Exit fees were a particular aspect that needed to be resolved and this occurred last year and the threshold was then applied. Consequently, the Irrigation Corporations have had three years to prepare for the introduction of the threshold. The review of the trade threshold in 2009 is designed to determine if the threshold can be increased to a higher level or removed.

On 26 March 2008, COAG noted a stocktake report on the progress of water reform prepared by the Climate Change and Water Working Group. COAG agreed to implement certain urgent actions and to prepare forward work plans on four priority areas including enhanced water markets. The work program consists of three projects related to water markets:

- review of the 4% limit on out-of-district permanent trade for the southern MDB;
- compatible electronic registers the feasibility of a national common register; and
- other actions to enhance water markets such as reducing the transaction costs of trade, actions to expand water markets into new areas and regulation of market player.

The project groups are due to report to COAG on 3 July and 2 October 2008.

## **15. Regulation and Planning – Better Regulation**

**Recommendation 32:p112** - That the NSW Government's Better Regulation Office, in consultation with relevant industry bodies, farming organisations and Government agencies, review the range of legislation and regulation impacting on agriculture. The review should identify the purpose for which the legislation or regulation exists and determine areas of duplication. The review, and proposed actions, should be made publicly available for comment once completed and should be completed before the end of 2008. An implementation schedule for the proposed actions should be included in the review outlining clear objectives and associated performance indicators and identifying responsible Government agencies.

**Recommendation 33:p113** - That the NSW Government's Better Regulation Office work with the NSW Department of Primary Industries and industry groups to:

- develop a web-based 'one-stop shop' to provide advice on regulations applying to the agriculture industry, with the information also available in hard copy; and
- investigate the potential to consolidate information collection, where the same information is needed for more than one regulatory process, to prevent duplication.

### **Response**

The NSW Government supports the intent of recommendations 32 & 33, which seek to ensure that regulation is only applied where it is demonstrated to be necessary, and to reduce compliance costs by removing duplication and making it easier for regulated parties to locate and understand their obligations.

It remains a matter for individual Departments to ensure that new and existing regulations in their areas of portfolio responsibility are as effective and efficient as possible, including through the application of best practice regulatory principles. Departments are required to apply these principles in both the making of new regulation and the review of existing regulation.

There are a significant number of Acts, regulations and other legislative instruments currently impacting on the agriculture sector in NSW. Most of these instruments are already subject to statutory review periods or 'sunset' arrangements that require them to be regularly reviewed for their continued relevance, effectiveness and efficiency. The completion of many of these reviews is the responsibility of DPI and DWE and these departments will take into account the issues that Standing Committee has identified when developing its forward program of regulation review.

Agencies such as DPI and DWE will call upon the expertise of the Better Regulation Office (BRO) to assist in this process, where required. The BRO provides advice and assistance to all NSW Government agencies in conducting reviews of specific regulatory burdens in their areas of responsibility. In particular, the BRO is tasked with ensuring that regulation making and review processes demonstrate best practice and remove unnecessary red tape; including by clearly establishing that the regulation is necessary, that alternatives have been considered, that effective consultation is undertaken, and that opportunities are identified to remove duplication and streamline requirements as much as possible.

The projects proposed by Standing Committee under recommendations 32 and 33 represent potentially significant programs of work. In considering the implementation of the recommendations in respect of Primary Industries legislation, NSW DPI will work closely with the BRO on review and reform projects in the context of the Department's available resources and stakeholder needs.

It is relevant to note that the Minister for Primary Industries has established a high-level Agriculture Ministerial Advisory Council to provide a single, consolidated, high level source of advice on agricultural issues in relation to government policies, legislation, services and fees that impact on the industry. The Council will also explore, develop and resolve issues within the agriculture industry through communication with stakeholders and assist in attracting funding from the relevant industry for extension and research and development.

The Council has established a Government Regulation Working Group, to review and advise on the impacts of regulatory settings on the agriculture sector. The Council and this Working Group provide a further consultative mechanism to assist NSW DPI and the NSW Government more broadly in regulatory review and reform processes.

## **16. Regulation and Planning – Regulative Consistency Across State Borders**

**Recommendation 34 p116** - That the NSW Minister for Roads take a leadership role in achieving national consistency in road regulations relating to truck loading, weight limits and for the transport and movement of rural machinery.

### **Response**

There is a national approach to road reform, which encompasses rural uses. NSW is a signatory to an Intergovernmental Agreement that involves all states and the Federal Government. NSW has implemented 36 out of 40 of the national reform initiatives agreed by Australian Transport Council on the recommendation of the National Transport Commission.

In relation to truck loading and dimensions, NSW has given legislative backing to the national load restraint guide; has implemented all decisions on national vehicle dimensions; has implemented the national Compliance and Enforcement Bill which deals with heavy vehicle mass, dimension and load restraint; and in December 2007 implemented the national Performance Based Standards reform, meeting the national deadline for implementation.

In relation to heavy vehicle weight limits, NSW has implemented all national reforms. In particular, Concessional Mass Limits are available on all road networks in NSW and Higher Mass Limits are available for heavier vehicles on 55 per cent of the State-owned road network. These reforms apply equally to the rural sector and the transport and movement of rural machinery. NSW has approved the operation of B-Triples and AB-Triples in NSW under the NSW Road Train Modernisation Program. These vehicles offer a superior alternative to existing Road Train combinations as they are more modern, safer and productive and result in less road wear.

More than 75 per cent of interstate road freight in Australia travels from, to, or through NSW. Half of all Australian road freight takes place in NSW for at least part of its journey. NSW has half the nation's bridges. As a consequence NSW has significant infrastructure management challenges in accommodating this freight demand on its road network, together with other vehicle movements.

The dispersed nature of Australia's population and markets underlines the importance of efficient transport infrastructure to improving productivity. The Council of Australian Government's (COAG) road reforms present the opportunities for future productivity gains through improving the efficiency, adequacy and safety of Australia's transport infrastructure by committing to high priority national transport market reforms including:



- reform of road pricing, including through the introduction of Incremental Pricing, aimed at promoting the more efficient, productive and sustainable provision and use of infrastructure; and
- harmonising and reform of rail and road regulation within five years, including productivity-enhancing reforms, improved road and rail safety regulation and performance-based standards for innovative heavy vehicles.

As road freight is a key economic issue for NSW and Australia, achieving economic efficiency and better safety within the freight and logistic sector are important issues for the NSW Government. Accordingly, the NSW Government has created the new Road Freight Advisory Council (RFAC) and instructed the Council to “assist in identifying and delivering freight solutions that will meet the needs of the NSW and Australian community and economy”.

The NSW Government’s approach is built on “three pillars”:

1. Improving safety management and outcomes in the freight and logistics sector.
2. Better integrating road network access and road asset management issues (that is, matching the right truck to the right road, at the right price).
3. Delivering compliance assurances for the community, road owners and the industry itself.

The NSW Roads and Traffic Authority (RTA) chairs the Registration and Licensing Task Force of Austroads, which has made substantial progress in achieving consistent treatment of vehicles under the different jurisdictions’ registration systems. The RTA also meets quarterly with the NSW Farmers’ Association and will continue to pursue any remaining inconsistencies identified by the Association through the national taskforce.

## ***17. Regulation and Planning – Impact of Regulations and Planning Issues***

### **Recommendation 35:p120**

That the Department of Primary Industries liaise with the Catchment Management Authorities to make software used in the preparation of property vegetation plans publicly available, subject to any commercial or privacy constraints.

### **Recommendation 36:p126**

That the NSW Minister for Planning adopt the key recommendations of the Central West Independent Review Panel contained in its 2007 report *Central West rural lands inquiry: review of land use planning in the Central West*.

### **Response**

The software used in the preparation of property vegetation plans (PVPs) is the responsibility of the Department of Environment and Climate Change. At present, it is not technically feasible to make the software publicly available because the system is integrated with other Departmental software and databases and are not stand-alone tools. However, there is a long term plan to make this software publicly available.

All users of the software must undergo a training and accreditation process to ensure the tools are used correctly and that the tools' outputs are credible. The software automates the clearing assessment that is set out in the Environmental Outcomes Assessment Methodology. This is a public document and available on the Department's website. Underpinning this Assessment are five databases. These are also publicly available.

The Central West Independent Review Panel released its report on 22 August 2007 following public hearings in the Central West of New South Wales and the receipt of written submissions. The report from the Inquiry, and its recommendations, will be a significant factor in guiding future rural land use planning in the Central West region and across rural and regional New South Wales.

A major recommendation arising from the report was the preparation of a Rural Lands State Environmental Planning Policy (SEPP). The State Environmental Planning Policy (Rural Lands) 2008 was gazetted on 9 May 2008. The Rural Lands SEPP will ensure that future planning for rural lands is undertaken within a consistent strategic framework. The Rural Lands SEPP will remove all concessional lot provisions from pre-existing environmental planning instruments, although landholders who currently hold dwelling entitlements for land in rural or environmental protection zones will not be affected.

Another key focus of the Inquiry was the issue of minimum lot size. The Panel formed the view that the current methodology employed for determining minimum lot size was too prescriptive toward the economic viability of a farm unit and failed to take into account a broader variety of socio-economic factors described as 'the changing face of agriculture'. The Rural Lands SEPP gives rural and regional Councils the option of either retaining existing minimum lot sizes or seeking to vary the minimum lot size based upon a set of principles in the Rural Lands SEPP. Councils have been encouraged to progress with their rural strategies and Local Environmental Plans on this basis.

## **18. Regulation and Planning – Physical Infrastructure and Payroll Tax**

**Recommendation 37:p128** - That the NSW Government conduct a review to develop sustainable integrated transport networks, including road, rail, sea freight and air, in rural and regional areas, in accordance with NSW State Plan priority P2 'Maintain and invest in infrastructure'.

### **Recommendation 38:p130**

That NSW Treasury work with the NSW Department of Primary Industries to develop a proposal for targeted payroll tax concessions in rural and regional areas, including in inland NSW, to encourage and stimulate business investment in those areas, with the proposal to be considered by the NSW Government for implementation in the next financial year.

### **Response**

The NSW Government agrees in principle that transport networks which are integrated and sustainable should be developed. The Government's State Infrastructure Strategy outlines a comprehensive expenditure program for transport across the state up until 2015. However, the provision of improved transport and its integration, particularly for supply chains, is not only a state responsibility and therefore the State Government looks forward to working with the Commonwealth through the processes of AusLink and Infrastructure Australia. Considerable funding for local road infrastructure is also provided by the Australian Government, with the traditional Financial Assistance Grants supplemented in recent years by the Roads to Recovery Program.

There is little doubt that there is a link between infrastructure provisions in rural NSW and the economic health of the regions. However, funding continues to be an issue, with the NSW Government allocating substantial funding to rural roads. Clearly, funds allocated to any road project, urban or rural must demonstrate (via rigorous economic analyses) a substantial return to the community. Infrastructure provision for timber haulage from maturing plantations and to facilitate timber processing plants has been identified as an important issue by the Forest and Forest Products Ministerial Advisory Council.

It is incorrect that the Regional Road Block Grant scheme has declined and that funding for Timber Bridge replacement is impossible to obtain. The Regional Road Block Grant Scheme is indexed annually to the CPI. Councils also have access to the merit based REPAIR Program and the use of the Supplementary Block Grant, a residual of the former 3X3 Program made redundant with the introduction of GST. Councils have considerable flexibility in the prioritisation and application of these funds to their Regional Road networks.

On 28 October 2006, the NSW Premier announced the introduction of the Timber Bridge Partnership, with funding of \$60 Million to be provided over three years on a 50:50 basis with councils. To 31 December 2007 the replacement of 127 timber bridges on Regional Roads has been announced as part of this Program.

In June 2007, the Minister for Roads announced the 2007-08 State Budget included a record \$2.6 billion to be spent on rural and regional NSW roads. The Minister stated in his announcement that "roads and bridges are vital infrastructure links for rural and regional areas and are essential for local economies". The Minister also confirmed that the Government is still working with Councils on the commitment to upgrade timber bridges across NSW under the \$60 Million three year Timber Bridges Partnership. It is a matter for Councils to prioritise this funding across their road and bridge networks.

The closure of rail branch lines will have some impact via increased use of the road network in affected areas. The size of the impact is, however, unknown.

The NSW Government considers that existing payroll tax incentive measures adequately service all areas of New South Wales. On 23 February 2006 the Government announced the introduction of the Payroll Tax Incentive Scheme (PTIS) effective from 1 July 2006. This scheme provides businesses newly liable for payroll tax that relocate to, or expand in, regions of NSW with higher than average

unemployment with a payroll tax rebate. This scheme already provides assistance to rural and regional areas, as well as parts of Sydney.

Eligible new businesses receive a rebate which fully offsets their payroll tax liability in the first three years of operation, phasing down in the following two years. To be eligible for the rebate, businesses must be:

- either in their first year of operation, relocating from interstate or overseas, or
- expanding their payroll and becoming eligible for payroll tax for the first time.

Concessions based simply on location, e.g. rural and regional, are generally not supported as this creates definitional problems in determining boundaries and eligibility.

In September 2007, the Premier requested the Independent and Regulatory Tribunal (IPART) to inquire into State taxation. Among other things, IPART was requested to recommend options to improve the efficiency, equity, interstate competitiveness, simplicity and transparency of the NSW tax system. A draft report is expected in June 2008.