

4.3.3 MINISTER FOR AGRICULTURE

OVERVIEW

Agency	Forecast 1995-96	Estimate 1996-97	Variation
	\$m	\$m	%
Department of Agriculture			
Current Payments	199.5	176.8	(-) 11.4
Capital Payments	9.8	11.1	13.3
Rural Assistance Authority			
Current Payments	83.7	62.4	(-) 25.4
Capital Payments	9.3	11.1	19.4
Total, Minister for Agriculture	302.3	261.4	(-) 13.5

The reduction in total payments in this portfolio in 1996-97 is due to -

- reduced costs relative to 1995-96 on drought measures (following the improvement in drought conditions);
- the inclusion in the 1995-96 figures of the cost of the Quarantine Service prior to its transfer to the Commonwealth;
- redundancy payments in 1995-96; and
- compensation payments made in 1995-96 for chlorfluazuron (helix) residue contamination in cattle.

After allowing for these factors, the current payments of the Department of Agriculture will increase by 7.1 per cent in 1996-97. Rural Assistance Authority current payments will increase by 5.7 per cent in 1996-97 after adjusting for the improvement in the drought situation.

DEPARTMENT OF AGRICULTURE

The Department's key objectives are -

- to assist the New South Wales food and fibre industries to be economically and environmentally viable through the development and adoption of production and marketing practices that are both internationally competitive and environmentally sustainable;
- to assure consumer confidence in the quality of New South Wales food and fibre products; and
- to encourage the development and use of farm business and risk management skills that assist New South Wales primary producers to be economically viable and self reliant.

Expenditure Trends and Recent Developments

The Department of Agriculture has undergone substantial restructuring over the last five years to accommodate policy initiatives to make it more attuned to market forces, competition policy and deregulation. Initiatives have also been taken in the manner in which the Department's research, extension, regulatory and other services are delivered. A major component of these changes has been the decentralisation and the use of improved consultative networks to provide the rural community with improved access to Government.

In March 1996 the Premier announced a new development and operational charter for the Department. This action plan is based on a coordinated network of "Centres of Excellence" and greater community consultation. Under this plan, the Department's research, extension, regulatory and other services will be delivered by a system of specialised, integrated units that will provide more relevant and cost effective services in close cooperation with universities, CSIRO, industry funding bodies and other providers.

New South Wales Agriculture will continue to be a bridge between consumers, food and fibre processors and primary producers. This will be achieved by providing integrated market driven and scientifically based research, extension, education, regulatory and policy services.

The Government also recognises however that the Department has a key role in ensuring that the State's food and fibre products are produced in a sustainable manner that does not threaten the environment and is in keeping with the community's expectations. This includes measures to guarantee rigorous surveillance and control of important animal and plant pests and diseases.

During 1996-97 approximately \$12.5 million will be spent implementing new initiatives on capital works and staff salaries.

Strategic Directions

The Department's key strategies are as follows -

- decentralisation of the services provided by the Biological and Chemical Research Institute from Rydalmere to twelve more appropriate country locations plus rationalisation of the State's current five regional Veterinary Laboratories to three laboratories including the "state of the art" Elizabeth Macarthur Agricultural Institute at Camden;
- creation of seven agricultural consultative Regions instead of five, with new boundaries based on the water catchment boundaries of the Department of Land and Water Conservation. Regional Directors will be based at Wollongbar, Gunnedah, Maitland, Dubbo, Broken Hill, Yanco and Goulburn;
- consolidation and development of nine "Centres of Excellence" based on closer links with universities, CSIRO and industry funding corporations and an integrated approach between research, extension, education and other services. These nine larger centres will focus on particular industries and priorities and be complemented by a variety of other services strategically located in other parts of the State;
- creation of an Office of Rural Communities to provide better coordination between all Government services to rural communities and a more integrated and professional approach to rural policy research;
- establishment of a special Rural Communities Consultative Council and a Regional Consultative Network to provide a new level of, and better consultation between the Government, the Department of Agriculture, the rural community, community groups and other State and local government agencies including the New South Wales Rural Assistance Authority and Rural Lands Protection Boards;
- an increased commitment to the environment through the establishment of the NSW Centre for Agricultural Environment Research at Wollongbar, further development of the Department's Organic Waste Recycling Unit at Richmond and expansion of Trangie based programs to improve the management of our fragile western rangelands; and
- improvement of plant and animal disease surveillance and control, including the complete overhaul and modernisation of the Department's entire range of legislative responsibilities.

1996-97 Budget

Major payments in the 1996-97 Budget are -

- \$81.6 million for the Food and Fibre Products programs to encourage food and fibre industries to be internationally competitive, self reliant and meet customer requirements for efficient and environmentally sustainable production system;
- \$52.5 million for Quality Assurance programs to -
 - ensure that the producers and processors of food and fibre products meet the plant and animal product quality standards of local and overseas markets;
 - ensure that agricultural exports meet the requirements of overseas markets for pest, disease, residue and weed status;
 - reduce the threat of exotic pests, disease and weeds to New South Wales;
 - minimise the impact of existing and future pests, diseases, residues and weeds in New South Wales; and
- \$35.1 million for Resource Management programs to encourage agricultural systems and practices that are environmentally sustainable; increase the ability of the agricultural sector to recover from natural disasters (including drought); minimise the impacts of vertebrate pests and noxious insects; encourage the implementation of environment and resource management plans and policies which also take account of the needs of competitive and market driven agricultural industries; and, encourage sustainable management of pastures and rangelands for the production of marketable food and fibre products.

Current Payments

Total current payments in 1996-97 will be \$176.8 million. In addition to the expenditure discussed above, the following initiatives were recently announced by the Premier and include -

- the establishment and operation of new Agricultural Regions and Regional Consultative Committees (\$0.25 million);
- the establishment of the Rural Communities Consultative Council (\$0.18 million);
- the establishment and development of nine agricultural Centres of Excellence at Wollongbar, Tamworth, Narrabri, Armidale, Orange, Trangie, Wagga Wagga, Yanco and Camden and linkages with National Cooperative Research Centres and the upgrading of key research facilities at Alstonville, Grafton, Gosford and Griffith Research Stations and the Richmond Organic Waste Recycling Unit (\$2.5 million);
- the establishment of a Cooperative Research Centre for Sustainable Cropping Systems at Tamworth (\$0.35 million);
- the establishment of a research centre for sustainable rice farming systems at Yanco (\$0.14 million);
- the recruitment, training and operation of “whole of industry” extension and technical specialists such as extension agronomists, extension horticulturalists, livestock officers, veterinary officers and environmental specialists (\$2 million);
- the development of significant research and extension projects to improve the viability of agricultural enterprises in rangelands and arid environments (\$0.2 million);
- the provision of extension data such as marketing, technical and environmental information through electronic services (\$0.5 million);
- monitoring and control of residues in farm produce (\$0.24 million) and maintaining the integrity of areas free from pests and diseases such as cattle tick, parthenium weed and fruit fly (\$0.3 million);
- the introduction of scientifically based, active surveillance programs for animal diseases to enhance overseas market access (\$0.3 million);
- the reduction in the use of chemicals for the use of animal and plant pests and diseases by promoting integrated pest management programs (\$0.28 million);

- the provision of a coordinated state-wide plant diseases diagnostic service based on services transferred from Rydalmere and located at centres such as Alstonville, Tamworth, Yanco and Wagga (\$0.25 million);
- environmental monitoring and rehabilitation of the agriculture resource base (\$0.32 million) and the introduction of a new program to evaluate and promote organic farming methods (\$0.08 million); and
- the establishment and implementation of the “Camden Park” environmental model for protection of the environment and Australia’s agricultural heritage (\$0.15 million).

Capital Payments

In 1996-97, total capital payments for the Department will be \$11.1 million.

Approximately \$3.4 million of this total will be expended as part of the decentralisation initiatives and implementation of the Government’s “key centre” concept for integrated research, extension, education and diagnostic services.

Capital payments will include -

- \$1.17 million to correct occupational health and safety related problems at various locations;
- \$0.85 million provided by the Commonwealth Government for the construction of additional teaching facilities at C.B. Alexander Agricultural College, Paterson, and Murrumbidgee Agricultural College, Yanco;
- \$1.24 million to relocate key functions from the Biological and Chemical Research Institute at Rydalmere, to decentralised locations;
- \$0.45 million enhancing and providing Information Technology infrastructure; and
- \$1.82 million for the purchase of plant and equipment, ozone depleting gas phase-out, and office relocation.

RURAL ASSISTANCE AUTHORITY

The Authority administers -

- the provision of assistance to primary producers under the Commonwealth/State Rural Adjustment Scheme;
- the State's Special Conservation Scheme, which provides concessional rate loans to assist farmers to implement improved land management practices;
- the State's Natural Disaster Relief Scheme, which provides assistance to both primary producers and small businesses suffering from the effects of natural disasters; and
- other initiatives, such as the State's Farm Debt Mediation Act.

Expenditure Trends and Recent Developments

The Rural Adjustment Scheme (RAS 92), which was introduced from 1 January 1993 -

- places strong emphasis on productivity improvement, farm adjustment, training and skills enhancement;
- enables special arrangements for assistance in exceptional circumstances (such as severe drought) where interest subsidies of up to 100 per cent may be made available; and
- provides for re-establishment grants to non-viable farmers to assist them in adjusting out of the industry.

The Commonwealth contributes 90 per cent of funding for the Rural Adjustment Scheme, with the State contributing 10 per cent. However, where exceptional circumstances are invoked, incremental increases are shared by the Commonwealth and the State on a dollar for dollar basis.

The “exceptional circumstances” provisions of the Rural Adjustment Scheme were invoked in July 1994 to provide assistance to farmers in specified areas of New South Wales who would otherwise have prospects of long term profitability and sustainability but for exceptional drought conditions. The scheme has been extended on a number of occasions since this time, with the current expiry date of 31 December 1996.

In addition, interest subsidies were made available to assist farmers to plant winter crops during 1995. These subsidies were introduced by the State in 1994-95 to assist drought affected farmers in New South Wales. Some \$4.8 million was provided to farmers under this Scheme.

In 1995-96 expenditure under all areas of the Rural Adjustment Scheme will total a record \$76 million, including \$49 million for Exceptional Circumstances, Drought.

The Rural Assistance Authority began administration of the Farm Debt Mediation Act in February 1995, with the aim of the Act being to enforce mediation between primary producers and financial institutions, prior to any legal recovery action being undertaken. This Act is currently under review.

Strategic Directions

The Authority, in providing financial assistance to farmers via the Rural Adjustment Scheme, will continue to place emphasis on measures which improve performance in the areas of productivity, profitability, sustainability and financial management skills of primary producers.

1996-97 Budget

Current Payments

In 1996-97 it is expected that \$55 million will be made available to primary producers under the Rural Adjustment Scheme. With the continuation of drought conditions throughout New South Wales, expenditure under the “exceptional circumstances” provisions of the Rural Adjustment Scheme is forecast at \$35 million.

In addition, during 1996-97, it is expected that total funding of \$2.8 million will be directed to the Rural Partnership Program - Drought Regional Initiatives. Grants will be provided to encourage farmers to undertake on-farm drought preparedness works. Fifty per cent of the costs of the Drought Regional Initiatives will be met by the State, on the basis that matching funds will be received from the Commonwealth Government.

Capital Payments

The Rural Assistance Authority manages the State’s Special Conservation Scheme which provides concessional rate loans to farmers for purposes such as soil conservation and water supply works. Loans are provided on the basis that the proposed works will have a beneficial impact on the land, the community and the environment. In 1996-97, \$9 million will be made available for this scheme.

The Rural Assistance Authority also manages Natural Disaster Relief to primary producers and small businesses. Under this Scheme, concessional rate loans are made available to assist eligible farmers and small businesses to recover from the effects of natural disasters, such as storms, floods or bushfires. An estimate of \$2 million has been included in the 1996-97 Budget in relation to this Scheme. Additional funding will be provided if required and will depend on the level of natural disaster activity.

In 1996-97, the Authority will also undertake minor capital works relating to the agency’s computer facilities.