

# MINISTER FOR AGRICULTURE AND MINISTER FOR LAND AND WATER CONSERVATION

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## OVERVIEW

<i>Agency</i>	<i>Budget 1999-2000 \$m</i>	<i>Budget 2000-01 \$m</i>	<i>Variation %</i>
<b>Department of Agriculture</b>			
Total Expenses	238.9	232.2	(-) 2.8
Asset Acquisitions	9.9	9.6	(-) 3.5
<b>Rural Assistance Authority</b>			
Total Expenses	27.1	28.6	5.5
Asset Acquisitions	0.1	0.1	...
<b>Department of Land and Water Conservation</b>			
Total Expenses	515.6	516.1	0.1
Asset Acquisitions	24.9	27.7	11.2
<b>Luna Park Reserve Trust</b>			
Total Expenses	1.4	0.7	(-) 45.1
Asset Acquisitions	...	...	...
<b>Safe Food Production New South Wales</b>			
Total Expenses	351.7	11.1	(-) 96.8
Asset Acquisitions	0.8	0.8	(-) 4.4
<b>Total, Minister for Agriculture and Minister for Land and Water Conservation</b>			
Total Expenses	<b>1,134.7</b>	<b>788.7</b>	<b>(-) 30.4</b>
Asset Acquisitions	<b>35.7</b>	<b>38.2</b>	<b>7.0</b>

Total expenses in 2000-01 for this portfolio are budgeted to decrease by 30.4 percent, compared to budgeted expenses for 1999-2000. The decreased budgeted expenditure is due to the deregulation of the dairy industry, and thus the expenses and revenues associated with the vesting powers of the former Dairy Corporation will not be incurred in 2000-01.

After allowing for this, total expenses are budgeted to decrease by 0.1 percent. This is mainly attributable to \$10 million spent by the Department of Agriculture for a Newcastle Disease eradication program in chickens in 1999-2000, which is not anticipated in 2000-01.

The budgeted asset acquisition programs for this portfolio is to increase by 6.8 percent. This mainly relates to building works in Dubbo (\$4 million) and additional water infrastructure works undertaken by the Department of Land and Water Conservation.

## **DEPARTMENT OF AGRICULTURE**

The Department of Agriculture's key role is to assist the New South Wales food and fibre industries to be economically viable and environmentally sustainable.

### **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

The Department's Corporate Plan and the Government's budget allocation include initiatives to assist the profitable production of high quality, residue free food and fibre products for increasingly diverse domestic and overseas markets, in synergy with the community's commitment to the care of our fragile environmental resources.

The Departments expenditure and Budget in recent years has included enhancements for noxious weed control, acid soil action program and the Government's water reform program.

In recent years the Department has made considerable improvements in its internal corporate support services. In order to maximise efficiency of core service delivery, increased revenues from commercial activities will be used to provide greater scope for the Department to concentrate on providing its key research and extension activities for the benefit of the wider farming community.

### **STRATEGIC DIRECTIONS**

NSW Agriculture's primary aim remains "profitable, sustainable food and fibre industries and a viable New South Wales rural community".

The Department's key strategies to achieve its above goals are to:

- ◆ maintain a strong research and extension commitment to all aspects of plant and animal production systems to ensure our industries have the advantage of the most productivity enhancing technologies possible.
- ◆ develop and promote new technologies to improve soil health and remediate chemical and pesticide contamination of soils and to improve individual farm and catchment wide water use.

- ◆ develop, communicate and encourage adoption by industry of quality assurance systems and provide efficient and effective plant and animal health diagnostic services.
- ◆ encourage farmers, other sectors of industry and service organisations to adopt integrated pest management, biological control, disaster preparedness and other practices to counter pest and disease incursions and natural disasters.
- ◆ assist farmers to better analyse and manage their own financial situations including gaining an appreciation of the financial impact of changing technologies and different operating environments.

## **2000-01 BUDGET**

### **Total Expenses**

The components of the Department's \$232 million total expenses for 2000-01 are:

- ◆ \$83 million for the Food and Fibre Products programs to encourage food and fibre industries to be internationally competitive, self-reliant and meet customer requirements from efficient and environmentally sustainable production systems.
- ◆ \$50 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 including requirements of overseas markets for pests, disease, residue and weed status.
- ◆ \$68 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); and minimise the impacts of vertebrate pests and noxious insects;
- ◆ \$31 million for agricultural education, animal welfare and rural support to assist farming enterprises achieve a high level of physical and financial planning skills; ensure compliance with community standards and expectations; and promote the welfare of animals.

Major allocations in the 2000-01 Budget include:

- ◆ funding of \$6 million over the next three years (including \$2 million in 2000-01) to continue initiatives to combat the problem of soil acidity including acid sulfate soils.
- ◆ funding of \$2.5 million to assist the NSW sheep industry combat Ovine Johne's Disease.

- ◆ funding of \$6.7 million to improve the delivery of noxious weeds control programs across New South Wales through local government authorities.
- ◆ funding of \$2.9 million for the third year of the Government's five year \$117 million Water Reform program involving both the Department of Land and Water Conservation and NSW Agriculture.
- ◆ funding of \$4.5 million as a further contribution towards the establishment of Safe Food Production NSW to oversee and coordinate food safety regulations across all NSW food industries.
- ◆ Instigation of a variety of research and other initiatives in keeping with the Department's objectives, for example:
- ◆ appointment of a Departmental Riverina horticulturalist to the main citrus growing area in Japan to identify varieties of fruit suitable for growing in New South Wales for Japanese markets; and
- ◆ construction of specialist glasshouse facilities at Gosford to assist the development of specialised and potentially lucrative protected cropping enterprises.

### **Asset Acquisitions**

NSW Agriculture has a significant asset infrastructure for research, advisory, regulatory and educational purposes valued at \$216 million. These assets and the ongoing capital works program are an integral component in enabling NSW Agriculture to lead food and fibre research and be recognised as the premier public provider of information and services for the food and fibre industries of New South Wales.

A key component of the Department's capital strategy is the development and enhancement of nine "key agricultural centres of excellence". These centres have an integrated approach between research, extension and other Departmental services and those of CSIRO, universities and Industry.

Major items of NSW Agriculture's \$9.6 million asset acquisition program for 2000-01 include:

- ◆ \$2.7 million for industry funded annual provisions.

- ◆ \$1.8 million for the purchase of plant and equipment.
- ◆ \$1.1 million to enhance and provide information technology infrastructure.
- ◆ \$0.7 million to correct occupational health and safety related problems at various locations.
- ◆ \$0.6 million for a laboratory information management system.
- ◆ \$0.5 million for construction of a genetic plant research laboratory at Wagga Wagga.
- ◆ \$0.5 million to enhance training facilities at Tocal Agricultural College, Paterson.
- ◆ \$0.5 million for the Wagga Wine and Grape Teaching enhancement.

## **RURAL ASSISTANCE AUTHORITY**

The Authority administers:

- ◆ the provision of assistance to primary producers under the Advancing Australian Agriculture Package;
- ◆ 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 producers and small businesses suffering from the effects of natural disasters;
- ◆ the provision of financial support for water use efficiency schemes under the Water Reform Structural Adjustment Package;
- ◆ the provision of financial support for farmers' attendance at FarmBis training programs;
- ◆ the State's Farm Debt Mediation Act, which requires financiers to offer farmers mediation prior to commencement of any legal recovery action in regard to secured debts; and
- ◆ other initiatives, such as West 2000 and the Murrumbidgee Rural Partnership Program.

## **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

The Rural Adjustment Scheme (RAS 92) ceased on 30 June 1998. However the “exceptional circumstances” provisions of RAS 92 will continue. These allow for special arrangements for assistance in “exceptional circumstances” (such as severe drought) when interest subsidies of up to 100 percent may be made available. Commitments under RAS 92 will exist for the next few years.

FarmBis is an assistance scheme for farmers to undertake farm business management training and commenced in New South Wales on 1 December 1998. It largely replaces group training grants and individual advice provided for under the Rural Adjustment Scheme. FarmBis is administered by the Authority and is jointly funded by the NSW Government and the Commonwealth Governments to \$21 million over 3 years.

The Authority is managing the Water Use Efficiency Scheme as part of the Water Reform Structural Adjustment Package from 1998-99 on behalf of the State Government. A total of \$25 million is being spent on this scheme over a five-year period. The scheme is designed to encourage irrigators to make optimal use of irrigation water by provision of financial assistance to irrigators with the capacity to undertake capital improvements to increase on-farm water use efficiency and to increase the adoption of water use monitoring technologies.

Negotiations are being finalised for the Murrumbidgee Rural Partnership Program, which is expected to be introduced in 2000-01. The scheme is designed to enhance the viability of farm business within the Murrumbidgee Irrigation Area by the provision of financial assistance in the areas of business enterprise, planning and business and property redevelopment.

## **STRATEGIC DIRECTIONS**

In providing financial assistance to farmers via the various programs discussed above, the Authority will continue to place emphasis on measures which improve performance in the areas of productivity, profitability, sustainability and the financial management skills of primary producers.

## **2000-01 BUDGET**

### **Total Expenses**

In 2000-01, total expenses of the Authority are budgeted at \$28.6 million. Key areas of expenditure include:

- ◆ \$11.3 million for the Advancing Australian Agriculture program, which includes FarmBis and “Exceptional Circumstances” provisions;
- ◆ \$7.5 million for the Water Use Efficiency scheme;
- ◆ \$3.6 million for the West 2000 program, which is designed to achieve profitable and self-reliant rural industries that can adapt to changing market, economic and resource conditions; and
- ◆ \$2 million for the Murrumbidgee Rural Partnership Program.

### **Special Conservation and Natural Disaster Schemes**

The Authority manages the State’s Special Conservation Scheme, which provides concessional interest loans for works such as soil conservation, irrigation and water supply. Loans are provided on the basis that the proposed works would have a beneficial impact on the land, the community and the environment. In 2000-01 \$7 million is being made available for this scheme.

The Authority also manages Natural Disaster Relief to primary producers and small businesses. Under this scheme, concessional rate loans are made available to assist eligible primary producers and small businesses to recover from the effects of natural disasters, such as storms, floods or bushfires. In 2000-01, a notional amount of \$2 million has been provided for this scheme. Additional funding will be provided if required and will depend on the extent and severity of natural disasters.

### **Asset Acquisitions**

The Authority receives a minor allocation of \$50,000 for the replacement and upgrade of computer facilities.

## **DEPARTMENT OF LAND AND WATER CONSERVATION**

The Department of Land and Water Conservation is the State's primary land, vegetation and water resource manager. The Department works in partnership with local communities, other State and Local Governments and the Commonwealth to achieve the optimal mix of social, economic and environmental outcomes in the management of natural resources.

### **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

The Department's expenditure and budget in recent years has included significant funding enhancements provided for the development and implementation of major reform priorities in water and vegetation management. There has also been major internal re-prioritisation of resources available to the Department to meet reform priorities.

Recent major developments include:

- ◆ Staff have been relocated to regional centres to better service client stakeholders. These initiatives include the establishment of State Water which is to operate from Dubbo.
- ◆ The Department has received significant funding for the implementation of water reforms under the \$117 million, 5 year water reform package.
- ◆ The Department has continued to be involved in major projects such as implementation of Hawkesbury-Nepean Floodplain Management Strategy, due to be completed in 2002-03, at a total cost of \$58.3 million and the Tweed River Entrance Sand Bypass with contracts let in 1999-2000 for the next phase of this major, joint New South Wales - Queensland initiative.
- ◆ Establishment of the Native Vegetation Management Fund through which incentive funding is negotiated with landholders to promote native vegetation.

## STRATEGIC DIRECTIONS

As the State's primary land and water resource manager, the Department's purpose is to sustain ecosystems which support and enhance the quality of life for the citizens of New South Wales. The role of the Department, as a leader in natural resource management, is to help the community obtain the maximum benefit from the State's limited, and sometimes fragile, natural resources. To deliver the required outcomes the Department's strategies focus on four key result areas:

- ◆ sustainable ecosystems;
- ◆ customer and community satisfaction;
- ◆ better-informed natural resource management decisions; and
- ◆ equitable sharing of natural resources.

The major priorities of the Department in 2000-01 are the continued delivery of the Government's reforms for the management and use of water, conservation of native vegetation and the management of the coastal environment.

In order to consolidate the Government's water reform agenda, the Department is revising the State's major water legislation. A White Paper has provided a vehicle for public consultation and in 2000-01 a Bill will be introduced to Parliament. The proposed legislation will provide a statutory basis for the preparation of water management plans, prepared by the community and associated water management committees. The plans will primarily focus on strategies to meet the Government's environmental objectives including the setting of conditions that will define access rights for water users. Under the proposed legislation, the Department would be required to prepare implementation programs for the water management plans and be held accountable for achieving the program.

Under the native vegetation reform program, the Department will continue to work with community groups to deliver regional vegetation management plans and enhanced conservation of native vegetation through incentives provided to landholders from the Native Vegetation Management Fund. Data held on native vegetation is being improved through the implementation of an integrated native vegetation mapping program. Plantation investment in New South Wales will be supported through the implementation of the Plantations and Reafforestation Act.

Under the Government's coastal policy, services will be directed at assisting local councils to develop and implement coastal and estuarine management plans; monitoring and reporting the quality of coastal river systems, estuaries and marine waters; addressing acid sulfate soils; managing coastal Crown land and minor ports; control or eradication of Bitou Bush and the coordination of natural resource data activities.

The reforms are being implemented in partnership with the community to achieve ecologically sustainable development of the State's natural resources.

## **2000-01 BUDGET**

### **Total Expenses**

Total expenses in 2000-01 are estimated at \$516 million. Major expenditures include:

- ◆ \$8 million funding to investigate and ameliorate the impact of salinity across New South Wales, including \$3 million for the Salt Action program;
- ◆ \$51.8 million to meet commitments in delivering projects in backlog water supply and sewerage schemes in country towns;
- ◆ \$4 million, as part of an additional \$16 million over four years (excluding Commonwealth Government contributions) for flood mitigation projects;
- ◆ \$2.2 million, as part of an additional \$5.9 million over four years, for the remediation of Lake Macquarie and the employment of a Lake Coordinator;
- ◆ \$0.7 million, as the final instalment of a \$1.3 million project to restore the Terrigal sea wall;
- ◆ \$2 million, as part of \$8 million over four years, to map native vegetation in New South Wales;
- ◆ \$0.9 million for the second year of a three year, \$2.7 million project matched dollar for dollar by the Commonwealth Government, to contribute to the remediation of Hexham Swamp;
- ◆ \$5 million for the Native Vegetation Management Fund (part of a total program of \$15 million) to protect, maintain and rehabilitate native vegetation across New South Wales;
- ◆ \$5 million ongoing funding for the Total Catchment Management program;
- ◆ \$3.9 million for the Rivercare program to ensure the sustainable management of rivers and riparian lands;

- ◆ \$19 million as the New South Wales' contribution to the operating costs and works program of the Murray Darling Basin Commission; and
- ◆ \$7.8 million contribution to the Irrigation Areas and Districts and \$17 million for various sustainability works and measures including the implementation of Land and Water Management Plans.

### **Asset Acquisitions**

Total asset acquisitions in 2000-01 are estimated at \$27.7 million. Major works include:

- ◆ \$4 million for Dubbo building extensions;
- ◆ \$3.7 million for flood security and upgrade works at Chaffey, Glenbawn, Pindari, Burrendong, Copeton and Keepit Dams;
- ◆ \$2.5 million for Macquarie River re-regulation capability;
- ◆ \$2 million for river structures;
- ◆ \$1.7 million for works at Wellington, Bethungra and Wyangala Dams; and
- ◆ \$0.7 million for Blowering Dam structural integrity.

### **LUNA PARK RESERVE TRUST**

The role of the Luna Park Reserve Trust is to manage the land and other assets of Luna Park Reserve.

### **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

For part of 1999-2000, the Trust continued to operate the site as a venue for private and corporate functions. Functions were used to generate additional revenue while maintaining a positive public profile. On 12 August 1999 Metro Edgley Pty Limited was selected as the new long term operator for Luna Park. It presently occupies and operates the site under a license from the Trust.

The expenditure incurred by the Trust has been for functions for the period 1 July 1999 to 12 August 1999, the conduct of the tender process and the operation of the Trust in general.

## **STRATEGIC DIRECTIONS**

Since August 1999 Metro Edgley Pty Limited has undertaken the preliminary stages of the redevelopment of Luna Park. The proposal includes retaining the inherent qualities and theme of Luna Park as a fun park, while incorporating a Hotel/ Serviced Apartment complex, Restaurant, Café, Circus and Theatre. It is envisaged that these new amenities will make Luna Park a commercially viable operation while maintaining the character and history which has seen it become a famous Sydney icon.

The construction works are scheduled to be complete by mid 2002. Due to the Olympics, major construction will not commence until early 2001. In the meantime Luna Park will continue to cater for private and corporate functions. It is also intended to open Luna Park to the public on weekends and in school holidays within the current operating guidelines, until major construction works commence in 2001.

The Luna Park Reserve Trust expects to be in a position to meet all its operational commitments without need to seek any financial assistance from the Government.

### **2000-01 BUDGET**

#### **Total Expenses**

Total expenses in 2000-01 are estimated to be \$0.8 million. This is principally related to a depreciation charge of \$0.5 million and expenditure to meet the operating costs of the Trust. The Trust will make no asset acquisitions in 2000-01.

## **SAFE FOOD PRODUCTION NEW SOUTH WALES**

Safe Food was established in December 1998 to ensure NSW industries are ready to meet the National Food Hygiene Standard signed by all Commonwealth and State Health Ministers in December 1998.

Under the authority of the Minister, Safe Food, when fully implemented, will be responsible for ensuring the safe production, processing, wholesale and transport of foods for human consumption from the paddock or ocean to the back door of the retail shop. A Dairy Division and a Seafood Division have already been established.

## **EXPENDITURE TRENDS AND RECENT DEVELOPMENTS**

During the budget year 2000-01, the Meat Industry Authority will be incorporated into Safe Food NSW. The new division will be known as the "Meat Division" and will continue to be responsible for overseeing the hygienic operations of 7,500 meat (red meat, poultry and game) processing facilities and vans to ensure compliance with national standards.

During the budget year 2000-01, the NSW Dairy Industry will be deregulated, and hence a major reduction in expenditure will occur. This expenditure related directly to the Supply Management functions performed by the Dairy Division of Safe Food NSW. These functions will be taken over by the various industry participants, with the Dairy Division no longer having pricing control.

## **STRATEGIC DIRECTIONS**

The strategic direction of Safe Food is to implement the new standards in the production/processing sectors in an integrated way which will:

- ◆ maximise the food safety benefits for consumers and the food industry; and
- ◆ minimise the compliance costs for individual food businesses.

## **2000-01 BUDGET**

### **Total Expenses**

Total expenditure for Safe Food Production NSW during 2000-01 is budgeted to be \$11.1 million, with the majority of this expenditure (\$6.1 million) being on salary and wages of its audit staff.