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Submission to
NSW Treasury

~ Proposals for the 2012/13 State Budget ~

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1 Overview

Priority Expenditure Measures

- **Rural research & development** - the rural R&D budget to be returned to at least \$120 million p.a
- **Young farmers' finance scheme** - incentives to maintain and attract young people to rural and regional NSW
- **Detailed spatial and information systems in NSW**—Investment in mapping systems for ground water, mineral, energy and agricultural resources in NSW
- **Biosecurity** – that the State Government implement and maintain a range of measures, building towards the Beale recommendations
- **Roads** - \$370 million annually over four years to finance local, regional and rural road infrastructure
- **Grain rail branch lines** – Key funding to finance the upgrade of strategic grain freight rail lines. The proposed changes have a net present value of \$270 million

Key Expenditure Measures

- **Rural support workers** – a strong (long term) commitment to guarantee a long term future for rural support workers
- **Rural financial counselors** - the retention and expansion of RFCs
- **Local Government Rates** - Government agencies (State and Federal) to pay local Government rates for crown lands.
- **Bells line express way** – necessary upgrades to key road infrastructure
- **Inland rail link** – partial funding for a Melbourne-Brisbane inland rail line
- **Departmental Mining and Coal Seam Gas Liaison Officer**
- **On-site Regional Sewage Management Systems (OSMS)** – Benchmarking and education process to ensure sustainable coastal ecosystems
- **Wild dog control funding** - A comprehensive, nil tenure Wild Dog Control program that includes including coordinated local management and state-wide administration.

2 Expense Measures

2.1 Productivity and profitability

- Rural Research and Development Funding



Rural Research and Development

What NSW Farmers is seeking

A renewed focus on rural research and development within the NSW Government. Specifically NSW Farmers believes we need:

- the rural R&D budget to be returned to at least \$120 million p.a.
- research into land, water and energy use to be funded from a separate pool of funds and not at the expense of productive R&D;
- annual reporting on the un-leveraged productive rural R&D (spend) spent by the NSW Government;
- a balanced R&D portfolio of adaptive and blue sky research and everything in between;
- programs looking for new industries to revive rural communities; and,
- programs which improve the supply chain for agricultural commodities.

Costing

New Expense (\$m)	2012-13	2013-14	2014-15
Rural Research and Development	40.0	41.0	42.0

Benefit

Over the last fifty years, rural research and development has had a benefit cost ratio of 11.7¹. Following on from these figures, this investment over a three year period would result in a \$1.404 billion dollar net societal benefit.

Background

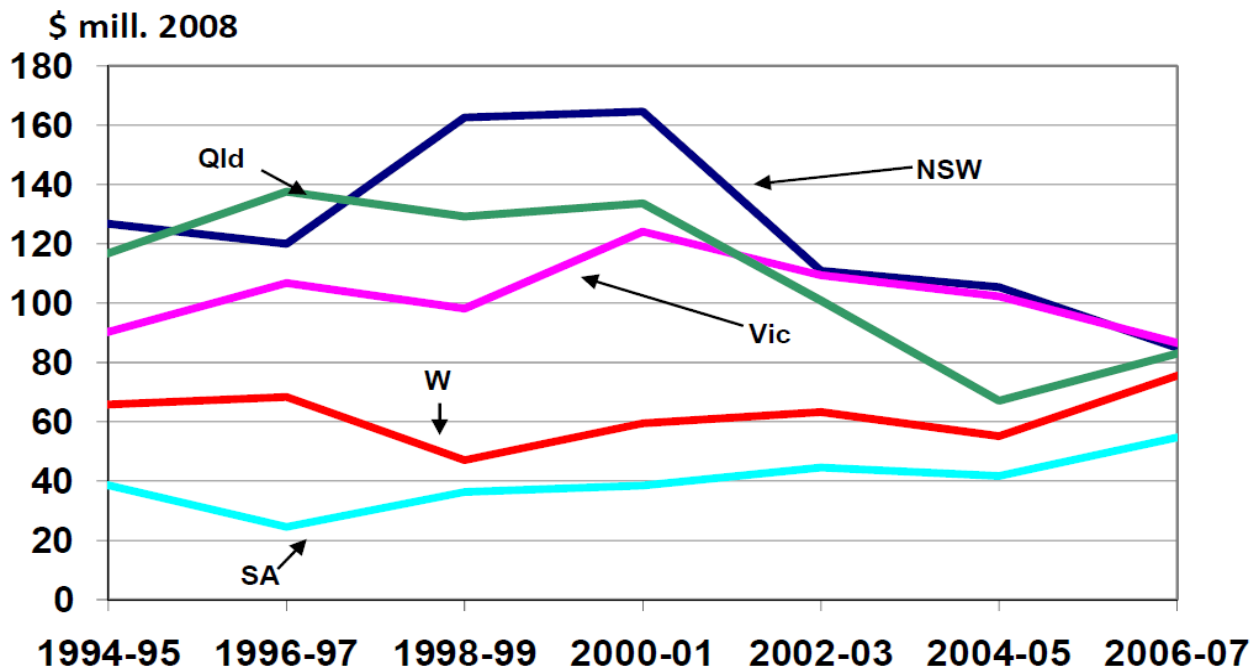
Public research and development within NSW

In 1975 NSW Government invested \$160 million² in R&D. This figure since has declined from around \$120 million in 1995 to \$80 million in 2007. In fact, as late as 2000, R&D funding equated to over \$160 million. However, it is not only a dollar figure that is important, but research intensity (investment in research/GVP). The research intensity has a much stronger correlation to productivity gains. Within NSW, the research intensity has dropped from 1.9% in 1975 to 0.94% in 2007.

¹ Mullen (2007) Productivity growth and the Returns from Public Investment in R&D in Australian Broadacre Agriculture, Australian Journal of Agricultural and Resource Economics, 51. (4), pp 359-384

² All figures are in AU\$2008

Mullen (2010) notes that while being hesitant about implying causation, it is evident that the states with the lowest research intensity also have the lowest multi factor productivity (MFP) growth.



Source: Derived from ABS data

Figure 1: State Government expenditure on rural research and development

Gains from public R&D

Since 1953, were it not for domestic research and development, Australia’s agricultural output would be almost half of what it is now. The value would have contracted from \$43.3 billion to \$27.7 billion. The combined value of the benefits gained from domestic R&D from 1953-2003 (at a real interest rate of 4%) equates to \$988 billion.

Benefits from research are estimated to be, at a minimum, around 15% per annum. These benefits cannot be entirely captured privately, as they are commonly non-rivalry in consumption and non-excludable in nature. These provide significant public benefits; not least of which is cheaper, healthier food and increased tax receipts. A reduction in environmental damage is one of the key positive externalities that accrue from a reduction in inputs as a result of rural research and development. This provides a flow on benefit, resulting in a greater level of social utility than the present case.

Over the last 50 years the benefit cost ratio of R&D in agriculture has been 13.2, meaning that for every dollar spent, \$13.2 are returned to society. Comparatively, when analysed in terms of internal rate of return (IRR), rural research and development consistently produces IRR figures of approximately 15%.



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Comparison to Electricity

Key to the NSW Farmers' position is to ensure that NSW can capitalise upon growing worldwide demand for agricultural produce, particularly food stuffs. In addition to this policy goal, NSW Farmers believes that increasing investment in agricultural R&D is an important policy lever of government to ensure food affordability. The PMSEIC noted that urgent investment in such R&D is crucial to ensuring Australians have access to '*cheap nutritious food*'.

ABS publish that the average NSW household spends \$212.67 per week on food, as opposed to \$32.05 on domestic power (electricity, gas, heating oil and heating wood) (ABS, 2011, 6530.0). As a proportion of the average NSW household spend this is 16.8 and 2.5 percent respectively.

As such, noting the NSW Government's response to rising power prices in the form of \$152 million in electricity rebates for eligible consumers, NSW Farmers commends increased investment in agricultural R&D as a means to managing the risk of an inflationary food market upon NSW consumers.

2.2 Rural Communities

- Young farmer finance scheme
- Rural Support Workers
- Rural Financial Counsellors
- Agricultural Resource in the Department of Education and Training

Young Farmer Finance Scheme



What NSW Farmers is seeking

Funding for initiatives designed to keep and attract young people to rural and regional NSW. Primarily, this would include increased accessibility to finance for young farmers; one of the key constraints limiting agricultural participation within younger generations.

Young farmer starter scheme

This would entail interest rate concessions on loans up to \$500,000 and the waiver of stamp and mortgage duty, with no repayments for the first 2 years and an interest rate equal to the concessional rate of interest (currently 2.77%) thereafter. A maximum of 20 loans should be allocated each year at the discretion of a Board of Trustees. These loans would be repayable over a fifteen year period.

Applicants would be required to apply to a board of the fund for a loan during a set application period. Government and agribusiness professionals would determine the eligibility of applicants by examining suitability, experience and the level of need and the ability of the young farmer to manage financial affairs.

The Board would supply successful applicants with an agribusiness mentor to assist them in the first five years of their venture.

Working group

In order to collaborate between industry and Government to build a comprehensive policy, NSW Farmers believes a working group should be formed. This working group would constitute members from industry and Government that would analyse the finer details of policy implementation and be responsible for overseeing the introduction of the Young Farmer Finance Scheme. Many senior Members of Parliament have expressed support for the creation of such a working group. It is expected the cost of a working group would be minimal.

Benefits

This will ensure the future sustainability of the agricultural industry within NSW, which now suffers from an ageing workforce. This drive in investment will stimulate the regional economy, adding incentives for increased employment and productivity.

Background information

- According to Australian Natural Resources Atlas (ANRA) projection, there will be a 30% decline in farmer numbers between 1996 and 2021

- The number of young farmers is rapidly declining in Australia, falling by 60% in the last 25 years. Only 3300 people aged under 25 years entered farming between 1996 and 2001
- The average age of farmers in Australia is 52
- There is currently no funding available for younger people in NSW to allow them to commence, develop or return to a career in agriculture or agribusiness. This follows the completion of the NSW Rural Assistance Authorities “AgStart” program
- Both the Queensland and Victorian Governments have financial schemes to help young farmers. The Victorian scheme has boasted an 85% success rate (with the applicant remaining in the agriculture sector after the repayment of the loan). To present day, there is exists a serious inequality in accessible beneficial policies for young farmers across States

Rural support workers

What NSW Farmers is seeking

NSW Farmers is seeking a long-term commitment to guarantee a long-term future for rural support workers.

Costing

New Expense (\$m)	2012-13	2013-14	2014-15
Rural support workers	1.4	1.4	1.5

Benefits

- The RSW model is strongly recognised as a crucial link in rural community capacity building and interagency collaboration
- The provision of support for families during drought and other emergencies, such as; floods, fires and storms
- The provision of a mobile hub for a number of support agencies that are able to direct individuals and communities to the appropriate available resources
- Their placement within the Department of Primary Industries that manages to overcome the current stigma associated with accessing mental health services
- The agricultural background of the RSWs results in the workers being more approachable and relevant than other such services to those in the agricultural industry

Background information

The RSW role is of vital importance to rural communities and individuals facing financial, physical and emotional stresses. Currently there are eight rural support workers in NSW. They are located in Grafton, Gunnedah, Dubbo, Scone, Goulburn, Hay, Wagga Wagga and Albury.

Rural Financial Counsellors

What NSW Farmers is seeking

The retention and expansion of rural financial counsellors across NSW

Costing

New Expense (\$m)	2012-13	2013-14	2014-15
Rural financial counsellors	1.5	1.5	1.6

Benefits

Rural financial counsellors:

- provide clients with access to financial information, options, decision support and referrals to other sources of industry professionals and Government assistance
- empower clients to make their own decisions on how to most effectively manage change and adjustment issues
- deliver effective, flexible and responsive services to those in need of assistance

Background Information

In 2009-10 alone, more than 10,200 farming, fishing and small rural business clients accessed the services provided by rural financial counsellors across the country. There are more than 190 individuals employed by not-for-profit organisations, with 119 of these people working as rural financial counsellors.

Rural financial counsellors aim to:

- help clients understand their financial and business position
- help clients understand their financial and business options
- help clients to plan operations, achieve realistic goals and identify risks help clients complete action plans to address industry adjustment and climate change pressures
- connect clients to information about Government and industry assistance
- refer clients to accountants, agricultural advisers and other relevant professionals, as required
- refer clients to professionals for succession planning, family support and personal (social and emotional) counselling, as required



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- assist clients to identify their advice and training needs
- apply a case management approach to provide clients with an holistic outcome

2.3 Planning

- Information system for Groundwater, Mineral and Energy Resources of New South Wales
- Departmental Mining and Coal Seam Gas Liaison Officer
- Strategic agricultural values mapping
- Local Government Rates

Information system for Groundwater, Mineral and Energy Resources of New South Wales

What NSW Farmers is seeking

Planned expansion of mining and coal seam gas activities in NSW highlights the need for better information to underpin decision making.

It is proposed that NSW Government initiates a project through the Office of Food Security and Agricultural Sustainability for development of a single platform, geological information management system and inventory.

Costing

New Expense (\$m)	2012-13	2013-14	2014-15
Information collection and standardisation	1.8	1.8	1.8

Benefits

This data will allow transparent, science-based decision making for competing sectors such as agriculture, farming, biodiversity/conservation, groundwater, mineral and energy industries.

The resulting inventory will provide a base-line snapshot against which to allocate resource usage, monitor impacts and to plan integrated future management strategies.

Background information

In New South Wales, the key mineral and energy resources include conventional minerals, industrial minerals, coal, and conventional and unconventional petroleum resources. Where present-day subsurface water systems are poorly understood, some shallow and deep groundwater aquifers are potentially at risk from resource extraction and other activities. Groundwater is an essential component of the inventory.

The Office of Food Security would need to link with agencies like Geosciences Australia and private providers which have extensive experience in NSW geological provinces and mineral, energy and water resources, as well demonstrated expertise in the rapid compilation and management of large, complex datasets.

Departmental Mining and Coal Seam Gas Liaison Officer

What NSW Farmers is seeking

The appointment of a Departmental Mining and Coal Seam Gas Liaison Officer within NSW Farmers

Background information

NSW Farmers is regularly contacted by members and non-members voicing concerns and seeking information on a range of mining and coal seam gas issues. This has been a direct result of Government policy which enables explorers to seek access to private landholdings. At times, these people have been referred to NSW Farmers by the Department of Trade and Investment, Regional Infrastructure and Services, which indicates a lack of publicly available information at a Government level.

Given NSW Farmers' unparalleled access to farmers and rural communities through our membership, it is suggested that this position be based in NSW Farmers' Sydney head office. The Queensland Government has recognised the need to get information about mining and coal seam gas to landholders. The programme in QLD (which is delivered through AgForce QLD) has received \$4.6 million in funding to develop and deliver materials and workshops to help landholders understand what their rights and obligations are in relation to coal seam gas.

If budgetary constraints are an obstacle to implementation of this important programme, NSW Farmers would support steps being taken to recover costs through application fees for mining and petroleum authorities. This should also be supported by resource companies, given their need to communicate effectively to obtain a social licence.

The Liaison Officer would:

- Handle incoming enquiries from members and non-members who need information about mining and coal seam gas issues
- Develop region-specific and commodity-specific materials to distribute to members and non-members who require detailed information about mining and coal seam gas issues
- Develop industry partnerships to enhance the efficiency and effectiveness of Governmental and Industry communication

Costing

New Expense (\$m)	2012-13	2013-14	2014-15
Total program	0.15	0.15	0.15

Benefits

- Increased communication and understanding between Government and industry surrounding a sensitive issue. This will provide a more efficient medium for the public and Government to express their concerns through.

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Strategic agricultural lands spatial analysis



What NSW Farmers is seeking

The allocation of funds to a whole-of-government project to develop a theoretical model and map based scenario tool for identifying strategic agricultural land and water systems across NSW. The tool will be used to analysis map data representing critical decision factors such as soil quality, water reliability, proximity to markets and infrastructure, and clustering of ancillary businesses. In the first instance, the resulting tool and underlying data will be a critical input to the *Strategic Regional Land Use Policy*. In the longer, term it will be the central tool for regional planning and agricultural development strategies at local government and state level. Major funding will also be needed to assemble existing data and collect new data where necessary. This must include hydrogeological data.

NSW Farmers experience as a member of the SRG indicates that significantly greater resources are needed than the \$2.4 million allocation for map information in the Coalition Government's first budget. To deliver on the election commitment of implementing these plans for each area across the state there will need to be a substantial apportionment in the 2012-13 budget.

Background Information

The NSW Government has been basing strategic planning over the last decade on incomplete and inadequate data. A sufficient system needs to be developed so to ensure the most efficient use of NSW resources for years to come. NSW Farmers holds concerns that inadequate resourcing of the current mapping process for strategic agricultural lands is leading to outcomes which could be challenged as arbitrary or not backed by the best science.

Costing

New Expense (\$m)	2012-13	2013-14	2014-15	2015-16
Model development/maintenance	0.3	0.55	0.25	0.25
Analytical services	0.25	0.25	0.25	0.25
Data collection	0.8	1.5	0.8	0.8
Scenario workshops Funding	0.25	0.25	0.25	0.25

Benefits

Rigorous analysis of competing land and water allocation options is required to restore faith in the NSW planning system and give confidence to local communities who will have major land use decisions impacted by the Regional Land Use Plans.

Local Government rates



What NSW Farmers is seeking

NSW Farmers calls for Government agencies (State and Federal) to pay local Government rates for crown lands.

Costing

New Expenses (\$m)	2012-13	2013-14	2014-15
Council rates ³	0.04	0.05	0.05

Benefits

The current situation has resulted in a reduction in local shire revenue. However, an equal- and sometimes greater level of resources are still required to service each individual shire. This leads to underfunding and under resourced services, such as road maintenance and utility provision among others. Reversing the funding gap will provide the following benefits:

- Increased productivity
- Improved social welfare
- Increased public health and safety

Background Information

- The total revenue a council can receive is capped and increases are indexed through the relevant Minister, however, the distribution of revenue collection is not specified.
- The reduction in revenue caused by Government purchases of private land has led to an increasingly large funding gap that can only be made up for by increasing residential and farm rates. However, the current policy of rate pegging reduces the ability of councils to be able to supplement the foregone revenue resulting from these purchases.
- Over the past 15 years, Government purchases of privately owned property have resulted in an 8-10% decrease in the Bourke Shire’s rate base. This pattern has been replicated within neighbouring councils.

³ Due to insufficient data, the costings were done on a case study basis. This case study draws from the Government’s purchase of Toorale Station in the Burke Shire Council.

2.4 Disease and Pest Management

- Biosecurity
- Wild dog control funding
- Sheep lice
- On-site Sewage Management Systems



Biosecurity

What NSW Farmers is seeking

A commitment to support biosecurity in NSW by:

- Continuing toward the National Biosecurity Agreement recommended by the Beale Review
- Continual commitment to funding the Queensland Fruit Fly monitoring and management program
- Giving Horticulture Officers powers to address abandoned/neglected orchards and rogue fruit trees
- Adding biosecurity as a key performance indicator for all departmental field staff and developing a system to enhance surveillance and reporting
- Conducting a review of biosecurity policies and reviewing and consolidating biosecurity legislation
- Committing to ongoing support of the cattle tick management program
- Providing funding to LHPAs to monitor Sheep and Goat NLIS Compliance

DPI Strategy

The NSW DPI strategy aims to:

1. Prevent the entry of biosecurity threats into NSW
2. Contain and eradicate biosecurity threats before they become established and spread in NSW
3. Effectively manage biosecurity problems to minimise their impacts in NSW
4. Ensure cooperation between NSW DPI and other agencies, industry and the community to manage biosecurity threats and problems
5. Maintain NSW DPI's capacity to manage biosecurity within NSW

Costing

New Expense (\$m)	2012-13	2013-14	2014-15
Destruction of abandoned and neglected orchards and vineyards ⁴	1.0	1.0	1.0
Staff requirements (horticulture inspection officers) ⁵	2.0	2.0	2.0
Continuation of Queensland fruit fly monitoring and management program ⁶	2.0	2.0	2.0

⁴ Fits with outcomes 1 and 3 - Effective management can limit the spread and impact of a biosecurity problem. Costs and impacts can escalate markedly if a biological problem is allowed to spread unchecked

⁵ Fits with outcome 5 - To work with biosecurity managers and research agencies to ensure NSW's biosecurity capability is supported by infrastructure and human resources

Staff requirements (sheep and goat NILS requirements) ⁷	2.0	2.0	2.0
Total	7.0	7.0	7.0

Benefits

This will significantly increase productivity in NSW by reducing the risk of biological contamination. The risk of biological contamination not only reduces the potential agricultural output, but also acts as a disincentive for efficient investment in capital. For example, if productivity in NSW increases by 1% as a result of the above spending requirements, this will result in a benefit of \$85 million.

Background Information

- Abandoned and neglected orchards can host a range of pests and diseases, in particular Codling Moth and Queensland Fruit Fly which if present can have an impact on the ability of commercial orchardists to supply fruit fly sensitive markets and the movement of fruit
- The Centre for International Economics found that 16 full time compliance staff were needed to uphold the Sheep and Goat NLIS system in NSW

Wild Dog Control Funding

What NSW Farmers is seeking

A comprehensive, nil tenure Wild Dog Control program that includes coordinated local management and state-wide administration and a wild dog and fox bounty.

Background

As recognised by the Office of Environment and Heritage⁸, wild dogs cause “substantial losses of livestock for sheep graziers: up to 30 per cent in some areas... prey[ing] on native mammals and birds and compet[ing] with native predators, such as quolls, for food and other resources”. A \$6.7 million fund was announced in 2003/04 to control wild dog populations. NSW Farmers understands from the NSW National Parks and Wildlife Service Annual Report 2002-03 that this funding was to be spread over a four-year period. NSW Farmers understands that less than half of this funding was for ‘on-ground’ control programs targeting pest animals (not limited to wild dogs), of which only \$1.2 million was allocated for the control of wild dogs.

⁶ Fits with Outcome 1 - biosecurity problems present in other Australian states would also have a significant impact if they entered NSW

⁸ Wild Dogs Fact Sheet (January 2006)
<http://www.environment.nsw.gov.au/pestsweeds/WildDogFactsheet.htm>

Nil Tenure Wild Dog Control Program

NSW Farmers proposes that the nil tenure Wild Dog Control Program be administered by the LHPA in conjunction with local Wild Dog Control Associations, with a state-wide manager employed to coordinate the program. The program would be supported by a NSW Wild Dog Control Steering Committee, which would provide expert advice on locally-appropriate control methods (e.g. aerial baiting vs. mound baiting); baiting rates; regional funding allocations etc, as well as the appropriate locations of pest animal controllers.

Based on recent wild dog reports, NSW Farmers believes an additional 15-20 Pest Animal Controllers (PACs) are required across the state, complemented by a strategic aerial baiting program. NSW Farmers understands that current funding arrangements for aerial baiting vary from region to region depending on arrangements with local LHPAs.

Without detail on how the purported \$6.7m over four years was allocated, it is difficult to determine the exact costings under the above model. However, based on each PAC costing approximately \$110 000 per annum (equipped with a vehicle, satellite telephone as required, etc), this aspect of the program would be \$1.5-\$2m per annum. Funding for strategic aerial baiting and the state-wide coordination aspects of the program would bring the annual total to approximately \$3m per annum.

The Victorian Fox and Wild Dog Bounty

The Victorian Government announced a policy aimed at wild dog and fox control. The Government has placed a redeemable \$50 bounty on wild dogs and a \$10 bounty on foxes, with an initial pool of funding of \$4 million. NSW Farmers is calling for a similar bounty to be available within NSW. These two policies have the potential to operate concurrently to effectively combat the serious issue.

Costings

New Expense (\$m)	2012-13	2013-14	2014-15
Nil Tenure Wild Dog Control Program	3.0	3.1	3.2
Wild Dog and Fox Bounty	4.0	-	-

Benefits

- Dramatically reduced stock and native wildlife losses on farms in the vicinity of National Parks and reduced harm on nearby land. The Invasive Animals Cooperative Research Centre estimates that wild dogs cause almost \$50m/year damage in direct costs. This does not consider the environmental or social costs of this invasive animal;
- Reduced productivity losses on farms in the vicinity of national parks, assisting the National Parks and Wildlife Service (NPWS) to meet its legislative obligation to minimise the likelihood of causing harm on adjoining land; and
- Removed fragmentation of wild dog control by placing Pest Animal Controllers under Livestock Health and Pest Authorities (LHPA) administration, publicly funded through the Department of Primary Industries, with local input from Wild Dog Control Associations.

On-Site Sewer Management Systems

What NSW Farmers is seeking

Pollution caused by poorly managed On-site Sewer Management Systems (OSMS) by local governments is a high risk issue to estuarine aquatic health, human health, tourism and the local economic status of a region. NSW Farmers are seeking that Local Governments be accountable for their sewer management and a benchmarking process implemented for all coastal councils and a consistent auditing tool of sewer management systems be put in place.

Background

Diffuse source water pollution is a key contributor to water contamination. OSMS maintained by local Councils have proven to be poorly maintained. The Whitehead Report into the Kalang River norovirus contamination event highlighted that some Councils still have improvements to do before achieving compliance with legislative requirements for septic management programs.

The oyster industry is seeking an audit process in coastal councils as a means of avoiding similar lessons learnt by the Wallis, Bellinger, Tilligerry, Tweed River, Georges River and Kalang incidents, to prevent another pollution event and to determine where extra resources may be required.

In 2005 the Department of Local Government conducted an audit of OSMS management by mail-out survey. This audit identified shortcomings in Council's management of on-site systems, but improvement in pathogen pollution of estuarine waters did not eventuate as indicated by the NSW Shellfish Program monitoring results.

In 2009, pathogens were included as a key pollutant in the NSW Diffuse Source Water Pollution Strategy (DECCW 2009). A related report, *Factors Influencing Water Quality in NSW Shellfish Harvest Areas* (I&I NSW 2010, unpublished) identified that a high number of NSW oyster industry harvest areas in 20 estuaries are at high risk of downgrade in classification due to deteriorating sanitary water quality.

While the oyster industry is the first to be affected, deteriorating sanitary water quality affects the safety of swimmers, recreational anglers and the tourism industry, significantly impeding the economic viability of a region.

The overwhelming risk factor is poorly managed OSMS. Fifty percent or 97,129, of the state's OSMS are located in coastal catchments. The management of this risk is the responsibility of the relevant local Council. There are some local councils which have demonstrated effective OSMS are attainable. However, a number of these local councils have demonstrated their inability to effectively manage

these OSMS, which poses a threat to not only the aquatic health, but also human health and the viability of tourism and recreational users of the waterways.

Costing

New Expense (\$m)	2012-13	2013-14	2014-15
Benchmarking and education program	0.1	0	0

Benefits

Clean waterways are essential for aquaculture, tourism and the community in coastal regions. Coastal regions attract tourism due to their extensive range of water activities and the coastal lifestyle associated with the waterways. This is evident in the value of tourism for coastal regions.

Value of Tourism in coastal regions 09/10

- Mid north Coast: \$2.2bn
- Northern rivers: \$1.4bn
- South Coast \$1.8bn
- Central Coast \$763mill

09/10 North Coast Oyster Production Data

Estuary	Oyster production (Doz)	Total Value (\$)
Nambucca River	124,096	\$764,683
Macleay River	109,523	\$633,022
Hastings River	271,826	\$1,594,865
Camden Haven	176,636	\$1,194,126
Manning River	78,521	\$495,475
Wallis Lake	1,974,840	\$10,956,220 (+\$125,630 Pacific Oyster Production)
Port Stephens	1,028,694	\$6,803,633
Brisbane Water	323,199	\$1,945,928
Total	4, 087 335	\$24, 513 582

Number of Closures in the last 12 months due to Sewage leaks (Oct10-Oct11)

Estuary	Number of Closures (21 Days/closure)	Approx total value of lost production (\$) ^{*9}
Nambucca River	3 (63 Days closed)	\$131, 986
Camden Haven	3 (63 Days Closed)	\$206, 109
Brisbane Water	5 (105 Days Closed)	\$559, 787
Total	11 (231 Days)	\$897, 888

*

Protection and Improvement of Livestock Productivity Pathology Diagnosis

What NSW Farmers is Seeking

A change of policy relating to the charging of fees for pathology diagnosis for livestock and plant disease, with the implementation of a maximum fee of \$100 for each case submitted to Industry and Investment NSW for diagnosis.

Benefits

The avoidance of outbreak and management of significant disease

The Victorian Program

the Victorian Significant Disease Investigation (SDI) Program is in place to increase Victoria's ability to identify and manage significant diseases early on in livestock and wildlife. This program increases the participation and incentives to veterinary practitioners by subsidising the pathology investigative services offered through the Victorian DPI.¹⁰

From 1 September 2010, Veterinary Practitioner subsidies will be:

⁹ Note: calculations are based on the assumption of consistent production across the year and calculated from the 2009/10 value of production figures.

¹⁰ For further information contact Victorian Department on Primary Industries or visit the website: <http://dpi.vic.gov.au/agriculture/pests-diseases-and-weeds/animal-diseases/disease-surveillance/sdi-fact-sheet>

- Undertaking and reporting the initial disease investigation to DPI - \$300 plus GST
- Laboratory testing costs - up to \$500
- Undertaking and reporting a follow-up investigation to DPI - \$300 plus GST

Background information

There is currently a disincentive for livestock producers and veterinarians to submit suspected animal disease cases to diagnostic facilities based upon the mechanism used to determine fees. In particular, it is not until after a diagnosis has been finalised that the farmer is aware of if a cost is to be paid, and if so, the magnitude of that cost.

The uncertainty of cost, combined with the possible high commercial expense to an individual producer if fees are to be charged, has reduced the likelihood of producers to seek a diagnosis relating to dead livestock. For many years, pathology fees for diagnostic purposes in plants and animals were free.

The Association believes that this places the disease status of the NSW livestock industries at risk and therefore the livelihood of producers and the State economy. Further it increases the potential of disease outbreak, which would have further consequences upon government and industry in managing such disease outbreak.

The uncertainty of charges has resulted in reluctance to send samples for diagnosis. Some of the consequences of this are:

- A lack of statistical information about the prevalence of certain diseases which can impact upon trade
- Less experience in diagnostic techniques for younger pathologists which could further add to the impact of any pandemic animal disease; whether exotic or endemic
- Some district veterinarians have indicated that they will not sign export certificates because of the lack of statistical information on disease prevalence

Producers currently face disincentive to send samples to diagnostic facilities to that ensures the State's biosecurity integrity is upheld. If a producer or veterinarian does not send an unknown disease sample to a diagnostic facility, on the basis that they are concerned of a possible fee of an unknown magnitude, this exposes the NSW livestock industries to an increased risk of an outbreak of exotic disease. Such an outbreak could have a significant impact on the economy by causing significant damage to the NSW livestock industries and by hindering trade relationships.

Bovine Theileriosis Treatment and Management

What NSW Farmers is Seeking

1. The immediate availability for veterinary practitioners to be granted a ‘consent to import’ Buparvaquone (a drug for treatment)
2. \$1 million for the management and control of bovine theileriosis over the term of this Parliament

Costings

New Expense (\$m)	2012-13	2013-14	2014-15
Testing and outbreak investigative capabilities	0.16	0.16	0.17
Active surveillance – abattoir survey	0.16	0.16	0.17

Benefits

Based upon a survey and estimates from NSW Department of Industries, Bovine Theileriosis has generated just over \$3.9 million in damage throughout the past year. It is impossible to quantify the exact nature and speed of the dispersion of the disease without active surveillance, such as an abattoir survey. This being said, even a rough benefit cost analysis responds unequivocally with a positive net present value for investment.

Background Information

“ *Theileria* are protozoan parasites carried by ticks. When ticks carrying *Theileria* feed on cattle, the parasite gets into their bloodstream and enters red blood cells. In some animals, sufficient red blood cells are destroyed to cause anaemia- a reduction in the red blood cell numbers. This reduces the ability of blood to carry oxygen and makes the animal ill”. – NSW DPI Factsheet

The consequential anaemia will result in lethargy and an intolerance to exercise. If a beast is forced to run this could lead to a collapse or even death. In dairy cows, it is common for there to be a drop in milk productive capabilities. According to DPI estimates, there are around 400 cases that have been reported to Vets across the State. It is impossible to know how many cases there are that have not been reported.

Currently, the cases coming to the attention of DPI are those affecting naïve animals (not immune). There are likely to be thousands of animals infected with both *T. buffeli* and *T. ikeda*, not showing illness because of immunity.

Industry is presently in discussions with regulatory agencies and manufacturers to identify and make available to veterinarians and livestock producers an effective therapeutic agent for the treatment of stock infected by theileriosis.

2.5 Transport and Infrastructure

- Roads funding
- Bells line expressway
- Grain Rail Branch Lines
- Inland rail link

Roads



What NSW Farmers is seeking

- \$1 billion over 4 years in a Local Infrastructure Fund to be made available from the NSW Government budget direct to Local Councils responsible for managing rural and regional roads. The funding announced for the local infrastructure backlog policy is insufficient to address this priority issue.
- An increase in the Regional Road Block Grant funding to address the \$60 million per year funding gap on regional roads, including a factor to address the inadequacy of the Block Grant funding formulae to reflect the annual increases in road construction and maintenance costs shown by the Australian Bureau of Statistics Local Road Construction Cost Index, or at least the Local Government Cost Index as developed by IPART, rather than the Consumer Price Index method currently used for annual funding increases.
- Continue the existing \$60 million Timber Bridge Partnership program for another four years, extending the program to include local roads.
- NSW Farmers's priority list of bridges requiring funding:
 1. Kapooka Bridge
 2. Aberdeen Bridge, South Bound
 3. The railway bridge on the Gunnedah Link to the Oxley Highway
 4. The railway bridge on the Narrabri Link to the Kamilaroi Highway
 5. The Boree Creek Bridge between Orange and Manildra.
- Bridges further to those mentioned above that are in dire need of funding:
 - Railway Bridge at the Crescent, Auburn
 - Manildra Bridge
 - Eunonie Bridge, Wagga
 - Nemingah Railway Culvert
 - Euston Murray River
 - Hay Bridge, Wyalong Road
 - Bridge, Grand Avenue Rosehill and pavement

Costing

New Expense (\$m)	2012-13	2013-14	2014-15
Local infrastructure fund	250.0	250.0	250.0
Timber bridge partnership program	60.0	60.0	60.0
Regional road block grant fund	60.0	60.0	60.0
Total	370.0	370.0	370.0

Benefits

The investment will provide numerous overlapping benefits to society, encouraging regional economic growth and development. These include, but are not limited to:

- Decentralisation
- Regional development
- Transport efficiency
- Increased productivity
- Safety

Background Information

The NSW Grain Freight Review recommended the NSW Government, with the assistance of industry and Local Government, remedy identified gaps in the grain road network to ensure Higher Mass Limit (HML) operation is possible on all critical grain routes. Of approximately 185,000 kms of total road network in NSW, there is a mere 15,000 kms appropriate for HML access. Moreover the lack of interconnectivity between the HML routes in the network compounds the inadequacy of this asset.

Nationally, 8 in every 10 kilometres of roads are local. Only about 20% of total road funding is council money for local roads. Almost 7 of every 10 kilometres of local roads are rural, however they receive about one-third of total local road maintenance and upgrade funding.¹¹ Road funding is usually based on population numbers, but that must change as increasingly efficient agricultural industries mean fewer regional residents.

\$10.3 billion is directed to NSW roads most of this expenditure is for the Coastal areas of Sydney Metropolitan, Illawarra, Hunter, Central Coast, North Coast for the Hunter Expressway, Pacific Highway, Hume Highway, Great Western Highway (to Lithgow) and the Princes Highway. NSW Farmers considers the funding to rural roads to be insignificant, with 'rural and regional road funding' consisting almost entirely of coastal areas close to Sydney.

A key finding of the Independent Inquiry into the Financial Sustainability of Local Government in NSW was, that based predominantly on data from the financial year 2004/05, NSW Local Governments had accumulated a huge infrastructure renewal backlog of \$6.3 billion that continues to grow by \$600 million per annum¹². Funding is required as a matter of urgency to address the problem of local roads and bridges reaching the end of their economic life.

The Bureau of Transport and Regional Economics in its report on 'Freight Measurement and Modelling in Australia' has highlighted that the dependence of NSW on road freight has increased

¹¹ Rural Local Road Funding, Fraser, March 2010

¹² Local Government Inquiry (2006), *Are Councils Sustainable? Final Report: Findings and Recommendations*

significantly and is expected to continue to grow. In the last 10 years, the amount of freight transported on NSW roads has increased by over 65 percent. The increasing demand on road transport has meant that a larger number of heavy vehicles are now travelling on NSW roads. This has both placed increasing pressure on existing infrastructure as well as exacerbating existing safety concerns.

Bells Line Expressway

What NSW Farmers is seeking

An upgrade to the Bells Line of Road to a four lane dual carriageway 100-110 kph with gradient generally less than 7% suitability for B-Double access providing an alternative route to the Great Western Highway across the Blue Mountains.

The total construction cost of the road is estimated to be between \$2 and \$3 billion with recurrent maintenance costs of 10% construction cost per annum (SKM, 2004_a).

Costing

New Expense (\$m)	2012-13	2013-14	2014-15
Construction costs (SKM 2004)	625.0	650.0	650.0

Benefits

Various studies indicate that the Bells Line could displace a significant proportion of traffic from the Great Western Highway. The resulting benefits to the community for the construction of the Expressway include savings in vehicle operating costs, travel time costs and accident costs. The total road user benefit was estimated to be between \$682 and \$1,037 million over a 30 year period (SKM, 2004_a).

The Expressway would extend from Lithgow to Windsor and if constructed, would reduce travel time each way by 35 minutes for cars and 20 minutes for trucks (SKM, 2004) opening up the gateway to Western NSW.

In the five years from completion of the Expressway, total economic growth induced by the expressway in the region is expected to be \$268 million (4.5%) in GRP, \$122 million (3.7%) in household income and 3,062 (3.9%) full time equivalent jobs. Furthermore, accident cost savings have been estimated in this report to be around \$2.7 million per annum, with the average annual

savings on vehicle operating costs and travel time determined by Sinclair Knight Merz (2004) to be \$9.9 million per annum.

Background information

Given that the forecast is for the Australian population to grow to 36 million by 2050, (7 million of which will be in Sydney), regional centres such as Orange, Dubbo and Bathurst need to be much larger than the current 40,000 people, and decentralisation and regional development need to be supported by the provision of infrastructure up front rather than on a reactive basis.

The Bells Line of Road is characterised by very steep grades, tight curves and limited overtaking opportunities. The present nature of the road limits growth of both passenger and freight transport to the west.

The Central West is the only region adjacent to Sydney without road access of an appropriate standard. An adequate route between the Sydney Basin and the Central West region could facilitate growth and relieve the safety and congestion issues on the Great Western Highway.

Road infrastructure investment can increase productivity, provide greater flexibility, facilitate innovation, reduce costs, improve efficiency and provide firms with a competitive advantage. This initial impact on existing businesses in the region is expected to be concentrated in those regions closest to Sydney, and tapering off to the west. The most significant increases in industry expansion are anticipated in manufacturing, transport and fresh market horticulture.

Tourism development as a result of the upgrade will be most marked in the areas that will become viable as day trips and short break holidays. Reduced travel time across the mountains will give the impression that western NSW is easier to get to making it easier to attract domestic self-drive tourism, especially from Sydney.

Shorter travel times between the Central West region and Sydney make it viable to commute or telecommute to work in Sydney, a trend evidenced in the Hunter region. It is also anticipated that more people will move to the region to take advantage of affordable housing; attractiveness of the location; and accessibility to Sydney. The establishment of weekenders, later used as retirement homes can also have a positive influence on the economic development of the region over and above household expenditure impact.

Grain Rail Branch Lines



What NSW Farmers is seeking

- The urgent implementation of the recommendations to the NSW Government arising out of the NSW Grain Freight Review.
- The creation of the Grain Industry Coordination Forum will be essential to assess the suitability of selected grain lines to be upgraded to Class 3 standards. The faster speeds allowable under class 3 track conditions would in turn attract greater above rail competition, encourage greater out loading efficiencies at up-country receivable sites, cheaper freight rates, more competition amongst grain-buyers at more silos, and less wear and tear on already dilapidated rural and regional road networks.
- Upgraded lines funded by the Government result in
 - actual freight savings
 - infrastructure that more participants can access
 - a new market dynamic being created
 - less logistical risk in the transport of grain
 - other social and environmental benefits

This will allow industry to reach consensus for the Grain Trade Australia location differential (or other market based freight rate, eg. GrainCorp released their own freight rates in June 2010) to be adjusted downwards to reflect the aforementioned efficiencies and market dynamics, the savings from the cheaper location differentials/freight rates should be returned to the Government (in the form of an increased access charge) and growers in a 50/50 split.

Costing

New Expense (\$m) ¹³			
Line	2012-13	2013-14	2014-15
Walgett to Burren Junction	27.3	2.8	2.8
Coonamble to Armatree	19.5	2.0	2.0
Merrywinebone to Burren Junction	15.0	1.6	1.6
Naradhan to Ungarie	18.0	2.7	2.7
Burren Junction to Narrabri*	27.0	2.8	2.8
North Star to Camurra Junction	na	na	Na
Armatree to Troy Junction	30.0	3.1	3.1
Wyalong to Temora	19.2	2.0	2.0
Ungarie to Wyalong	12.6	1.3	1.3

¹³ The upgrade cost was arrived at by estimating a \$300,000/km cost. The lower bound of the governmental estimates

Total	168.6	17.4	17.4	17.4
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Benefit

NSW Farmers has obtained the Federal Government's own documents on the benefits of the above investment. The total net present value (NPV) of upgrading and maintaining all of the above rail lines is \$270 million. A further disaggregated table outlining the NPV is below.

Priority One Upgrade to Class 3		
<i>Line</i>	<i>Net Present Value clearly positive</i>	<i>Net Present Value</i>
Walgett to Burren Junction	Yes	\$69 million
Coonamble to Armadale	Yes	\$50 million
Merrywinebone to Burren Junction	Yes	\$49 million
Naradhan to Ungarie	Yes	\$48 million
Burren Junction to Narrabri*	Yes	\$15 million
Priority Two Upgrade to Class 3		
North Star to Camurra Junction	Yes	\$30 million
Priority Three Upgrade to Class 3		
Armadale to Troy Junction	Yes	\$8 million
Wyalong to Temora	Yes	\$2 million
Ungarie to Wyalong	Within margin of error	-\$1 million

Background information

The NSW Grain Freight Review recommended that;

- the NSW grain branch line network remain in public ownership, and that over the next three years, a systematic program of investment, funded by a non-recoverable grant by the NSW Government, be undertaken to stabilise the conditions of the lines listed below to ensure that they can be reliably operated (at a minimum) as Class 5 lines. This decision was made in view of the broad economic benefits resulting from the branch line network:
 - North Star to Moree;
 - Walgett to Burren Junction;
 - Merrywinebone to Narrabri;
 - Warren to Nevertire;
 - Tottenham to Bogan Gate;
 - Coonamble to Troy Junction;
 - Lake Cargelligo to Temora;
 - Naradhan to Ungarie; and
 - Hillston to Griffith

The NSW Grain Freight Review also recommended that the NSW Government facilitate an ongoing government/industry grain logistics coordination vehicle, to keep the focus on efficiency improvements through all aspects of the supply chain including ports, bulk handling, and rail and road access. Whilst this body will require the support and participation of the three levels of Government, responsibility for facilitating its establishment should lie with the NSW Government.

NSW Farmers welcomes the NSW Government's commitment to establish this ongoing Grain Industry Coordination Forum.

Of the 2,735 kilometres of operational rail owned by the Country Rail Infrastructure Authority, 2,431 kms have grain trains operating upon them, of which 578 kms are class 1 (25 T axle load), 416 kms are class 3 (21 T axle load) and 1437 kms are class 5 (19 T axle load).

Grain data from GrainCorp shows that in the grain growing areas serviced by the 1217 kms of branch line network in NSW, on average 74% of grain is transported by rail. This equates to an average of 1.72 million tonnes per annum and an average of 1057 rail tonnes per kilometre in the branch line network grain growing region alone.

Inland Rail Link

What NSW Farmers is seeking

- A commitment to support the Inland Rail Link which will run through Albury, Parkes, Narromine, Narrabri, Moree and Toowoomba.
- A commitment to work with the Queensland and Victorian Governments to lobby the Federal Government to bring forward the start of the project date from 2014.
- A financial commitment to the Inland Rail Link pending similar commitments from other Governments.
- Leadership on this issue to put NSW back at the forefront of regional infrastructure investment in Australia.

Benefits

- An inland rail link would improve the freight efficiencies throughout the east coast of Australia and help develop and establish a much needed network of inland intermodal transport hubs.
- Such a rail link would allow for the cost effective movement of grain and other freight to major facilities throughout the east coast of Australia, to be further shuttled by both road and rail.
- NSW Farmers believes the added efficiencies to freight logistics created by the development of the North South Inland Rail Link would stimulate development of industry closer to the source of available raw materials and further stimulate the need for improving the standard of the restricted branch lines to feed both in and out of the North South Inland Rail Hubs.
- The introduction of the road and rail hubs will create a clear understanding of the potential development of roads to accommodate larger more efficient trucks such as B-double and road train access throughout NSW.
- The development of the inland rail link is critical in delivering improved efficiencies to the grains industry by delivering the most cost effective export and domestic logistics.

Background Information¹⁴

¹⁴ Alignment Study <http://www.artc.com.au/Content.aspx?p=175>:

- By 2050, an inland railway and the existing coastal railway are estimated to carry 74% of intercapital road and rail freight in the Melbourne-Brisbane corridor (by tonnes). This is an increase from the current 30% rail share in the corridor. Without inland rail, the rail mode share is forecast to be 67% in 2050.
- The 1,731 kilometre long rail would cut transit time down to 20.5 hours, terminal to terminal.
- The freight price using inland rail would be 48.8% of the price using road (door-to-door).

3 Revenue measures

4

Crown Roads



What NSW Farmers is seeking

NSW Farmers is calling for crown roads to be valued at a single flat rate so as to speed up the closure process. NSW Farmers is also calling for annual rents to be waived following the lodgement of the application to close a road.

Costing

New Revenue (\$m)	2012-13	2013-14	2014-15
Rent waiving	-1.8	-1.5	-1.2

Benefits

The current paradigm represents an inefficient allocation of resources, whereby a disincentive is in place for farmers to postpone land conversion due to past governmental administrative shortfalls. Removing such a tax will ensure a more equitable financial structure, which avoids placing a tax burden on the land owner whose duration is dependent on the ability of the Lands Department to process an application. The current waiting has stretched up to 7 years, placing an added tax burden on land owners of up to \$1500.

Background Information

- Figures from the Department of Lands state that as of 1 February 2011 there were approximately 31,550 Enclosure Permit accounts. Approximately 13,600 applications to close a road had been received with 5,600 having been completed. This has resulted in 5,860 road purchase applications of which 3,960 have been completed.
- While the application is being considered, the land holder is still required to pay rent on the land; some landholders need to pay up to \$350 per year.
- The application fee to close the road is \$475
- The road purchase application fee is \$220