**REPORT OF PROCEEDINGS BEFORE**

# STANDING COMMITTEE ON NATURAL RESOURCE MANAGEMENT

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**At Sydney on Wednesday, 27 October 2004**

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**The Committee met at 11 a.m.**

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**PRESENT**

The Hon. Pam Allan (Chair)

The Hon. R. S. Amery
Mr G. J. Aplin
The Hon. I. M Armstrong
Mr P. R. Draper
Mr G. F. Martin

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**JOHN VERHOEVEN**, Director, Natural Resources Investment, Department of Infrastructure, Planning and Natural Resources, 23 Bridge Street, Sydney, sworn and examined:

**CHAIR:** I declare the meeting open and ask an officer of the secretariat to read the Committee's terms of reference.

**COMMITTEE MANAGER:** The terms of reference are: (c) Approaches to land use management on farms which both reduce salinity and mitigate the effects of drought; (d) ways of increasing the uptake of such land use management practices.

**CHAIR:** I now ask the officer to read the Legislative Assembly Standing Orders 332, 333 and 334 in order that the witness and other interested persons may be aware of the procedure for the examination of witnesses by the Committee.

**COMMITTEE MANAGER:** Standing Order 332, examination of witnesses:

Witnesses shall be examined on oath or affirmation as follows:

(1) The Chairman may first question the witness uninterrupted upon the subject matter of the inquiry.

(2) Other Members may then ask questions.

Standing Order 333, recording of evidence:

The questions and the evidence of witnesses shall be reported by Hansard unless otherwise ordered by the Committee.

Standing Order 334, correction of evidence:

Witnesses may correct their evidence. Corrections shall be confined to verbal inaccuracies. Evidence can only be altered in substance by re-examination.

**CHAIR:** Thank you for appearing before the Standing Committee today. We are pleased to hear your evidence. I am advised that you have been issued with a copy of the Committee's terms of reference and a copy of Standing Orders 332, 333 and 334. Is that correct?

**Mr VERHOEVEN:** Correct.

**CHAIR:** We have received a submission. Would you like that to be part of the formal evidence?

**Mr VERHOEVEN:** The submission from the Minister for Natural Resources?

**CHAIR:** That is correct.

**Mr VERHOEVEN:** Yes.

**CHAIR:** We would be delighted if you would like to make a presentation and take some questions afterwards.

**Mr VERHOEVEN:** If I may, thank you, madam Chair. The submission by the Department of Infrastructure, Planning and Natural Resources - and I will use DIPNR from now on, if that is convenient - to the Steering Committee on Natural Resource Management addresses the following two terms of reference:

(c) Approaches to land use management on farms that both reduce salinity and mitigate the effects of drought, and

(d) Ways of increasing the uptake of such land use management practices.

If I could provide an overview of natural resource management reforms, which will then help with the questions that were sent out and provide a context, on 15 October 2003 the New South Wales Government announced that natural resource management (NRM) in this State was to undergo a series of historic changes following the recommendations of the Native Vegetation Reform Implementation Group chaired by the Honourable Ian Sinclair. These reforms signalled a fundamental shift in the way that land is to be managed, with a move away from punitive measures to incentives to help farmers and other land managers.

The Premier released details of a major plan to protect native vegetation and other natural resources while making it easier for farmers to carry on with their work. The funding to protect native vegetation is part of over $430 million provided by the New South Wales and Australian Governments to CMAs for regional natural resource management programs. This includes the National Action Plan for Salinity and Water Quality, the Natural Heritage Trust, New South Wales Sustainability Trust and New South Wales Land and Water Management Plan programs.

Key elements of the plan include, firstly, the creation of 13 locally driven catchment management authorities (CMAs) to deliver natural resource management programs at the catchment level, allowing local communities to have a more direct say in key decisions about how their natural resources are managed; secondly, the creation of an independent Natural Resources Commission to make recommendations on State level natural resource management standards and targets, audit the performance of CMAs, report on the achievements of targets and carry out inquiries; thirdly, the introduction of changes to native vegetation management to end broad-scale land clearing and give greater certainty to farmers and industry in their various activities. The core objective of these reforms is to improve the ecological health and the economic productivity of landscapes and sustainable communities.

The CMAs are working with their local communities to develop and implement comprehensive catchment action plans (CAPs) which provide a clear expression of where they are going to deliver real natural resource improvements. The CAP will be used by each CMA to, firstly, protect and restore the landscape, its functions and its key assets, that is both natural and made, using innovation, best practice and science; second, to direct investment on ground, on farm and on land managed in conjunction with private lands such as riverine corridors; third, to re-engage the community and landholders in natural resource management and, fourth, to build the community's and landholders' capacity to more effectively manage natural resources. Capacity building by the CMA, Landcare and other groups should include skilling up, providing training initiatives, and be linked to employment opportunities where appropriate.

The new approach to natural resource improvement is based on a regional natural resource management model encapsulated in a CAP achieving landscape scale improvement. Underpinning the CAP is sound science and knowledge to understand the catchment, to be clear about the key natural resource assets to be protected or improved so that the state of the catchment, the pressures on the catchment and the responses by the CMA and Governments are explicit.

Through the ten-year CAP, the CMA should - in fact will - clearly outline the outcomes to be achieved in one year, in three years and in 10 years. These outcomes are described by regional catchment and management targets developed by the CMA in the CAP and these are grouped under themes or matters for targets agreed to by Government. The catchment standards and targets for each CMA region will be developed locally by the CMAs from their regional perspective in response to the national framework and to the State level standards and targets. In turn, they will guide investment and provide a basis for assessing, where appropriate, the application of a product or tool called the PVP Developer process and property vegetation plans, and I will explain that a little further in the questioning. The catchment standards and targets, which aim to maintain and improve environmental outcomes, will obviously vary from catchment to catchment.

Finally, as part of the natural resource management reforms, CMAs must direct investment at

the time their CAPs are developed to ensure that a minimum of $120 million over the next three years is available across the State for the development and implementation of property vegetation plans on ground and on-farm. Of the total funding that CMAs receive, they are to direct 80 percent of funds to on-ground works, 15 percent to coordination and support and 5 percent to monitoring, evaluation and reporting.

**CHAIR:** You have been provided with our questions, have you not?

**Mr VERHOEVEN:** Yes, I have.

**CHAIR:** The first question relates to drought and how DIPNR is working to assist farmers to anticipate and manage drought?

**Mr VERHOEVEN:** Good management of drought at the national, State and at the farm level, including cities and urban areas, comes from taking a holistic approach to resource management, which I indicated in the outline is underpinned by sound knowledge of the resource base and the CMAs having realistic goals and expectations about access to resources.

As I have already outlined, the New South Wales Government is currently introducing these major institutional reforms to the way that natural resources are managed in this State. The formation of DIPNR rationalises within the agency strategic natural resources policy and planning and, with the formation of the Department of Primary Industries (DPI), that agency focuses on responsibility for advice and services to the agricultural sector in the catchment, so we have a rationalisation of responsibilities.

To ensure that the best possible on-ground resource condition outcomes are obtained, the New South Wales Government has invested responsibility for NRM investment with these community-based catchment management authorities. The CMAs are autonomous from DIPNR and other New South Wales agencies and report directly to the Minister for Planning and Infrastructure and for Natural Resources. This ensures that local communities in each of these catchments have real power to direct the action on ground and on-farm, where it is most needed, in this case looking at salinity and drought management. As I have indicated, the CMAs are developing their integrated catchment action plans. DIPNR is resourcing or working with the CMAs to enhance their ability to respond by the allocation of $430 million over four years to implement their CAPs; funding of over $100 million over three years for staff and resources for the 13 CMAs; the transfer of over 245 technical staff from DIPNR to the CMAs.

**CHAIR:** Is that complete?

**Mr VERHOEVEN:** It is in the process of being carried out.

**CHAIR**: The CMAs are not quite fully operational?

**Mr VERHOEVEN**: There is a full recruitment process operating right now. From memory, approximately half the staff have already received letters of appointment and the other positions are being actively recruited too, and the aim is to have those staff move across into the CMAs as soon as practicable.

**CHAIR**: These are staff from DLWC?

**Mr VERHOEVEN**: These are staff from DIPNR.

**CHAIR**: The ones that have come across that have been beefed up, are they previous DLWC people? I know you are recruiting beyond that, are you not?

**Mr VERHOEVEN**: Also from DPI and DEC, yes, that is right, but you are right, the 245 staff that I referred to are basically what were the natural resource landscape staff in what was previously the DLWC. DIPNR is also providing or resourcing the CMAs with service level

agreements between itself and the CMAs, and also co-ordinating similar service level agreements with other agencies than the CMAs, with the provision of IT services, human resource services, legal services and so on.

**Mr MARTIN**: Is DIPNR working on new approaches to land use management, particularly in relation to the reduction of salinity and the effects of drought?

**Mr VERHOEVEN**: The department is working with a range of other agencies, including the Department of Environment and Conservation, or DEC, and DPI, and working with the CMAs to develop and implement. In fact, the main item here, if I can take a little time to explain, is to develop and implement a property vegetation or PVP process, which will be run through the CMA catchment action plan. So it is part of their integrated approach to delivering in the catchment. The PVP process will provide a range of outcomes in biodiversity, soils, salinity and water quality, while addressing vegetation management from property through to subcatchment scale. The PVPs will also help mitigate the effects of drought, although this impact is not being quantified while the process is being rolled out.

PVPs are the most significant component of the recent native vegetation reforms and they will provide landholders with a clear and simple process so that they can manage native vegetation on their own properties. A PVP is a legal agreement; it is voluntarily negotiated between the landholder and their CMA, not between the landholder and DIPNR. So this is part of the devolution of responsibility to the CMAs. The PVP process has been designed to support landholders in the management of their native vegetation through a number of ways. It provides the basis for applying for financial incentives; it provides long-term security; it ensures that broad scale clearing does not occur, except where it improves or maintains environmental outcomes; it will secure off-sets associated with clearing proposals; it will reduce the need for repeated development applications to manage native vegetation; and it will allow far greater flexibility to proposed management options for a property that complement the region's CAP. So it links the property right back through to the catchment management.

DIPNR and DEC have developed a decision support system, referred to as the PVP Developer, and that is designed to standardise the assessment of the improve or maintain test for broad scale clearing of native vegetation, and, as I have indicated, this includes these components which will also deliver a range of other outcomes, such as biodiversity. PVP Developer is based on world best science and will be used in all forms of native vegetation clearing proposals, as well as the delivery of incentives for native vegetation management.

In addition to the PVP process DIPNR offers, in particular salt action teams are also working with CMA staff to ensure that CMAs are basing their investment decisions informed by the best available science and technology. For those who may recall the work of the salinity committee previously, the salt action teams' tasks or one of their main tasks is to close the gap between research and application on ground. So those six teams are still operating in the State. Information about dryland salinity management, emerging from the work of the New South Wales Salinity Strategy and from other research programs, assists farmers in times of drought. One example that I can think of is planting salt bush on saline outbreaks, which not only helps to rehabilitate the scalded area of the outbreak, but also provides grazing fodder where other vegetation has declined during the drought.

**The Hon. IAN ARMSTRONG**: From DIPNR's point of view will the senior agency in this process be DIPNR or will it be CMA?

**Mr VERHOEVEN**: The on ground delivery will be the responsibility of the CMA. DIPNR is providing the policy framework and the systems and support tools to enable the CMAs to get on with their work.

**The Hon. IAN ARMSTRONG**: It just appears to me that there are a number of Government agencies involved in this process, but there is a certain working in isolation, there is a certain attrition on behalf of some of these departments, such as the Department of Agriculture. For instance, as of the 1st of next month there will only be one Department of Agriculture person working

on water in the entire Lachlan valley. Their office will be stationed at Orange. Would it not be far better to hand that over to CMA or to DIPNR and take the department out of it all together, rather than just have a token officer?

**Mr VERHOEVEN**: I do not have enough details about the operation of DPI in relation to the example that you have given, so I really cannot comment on that. I think you would need to look at that in terms of their total strategic approach in the State. In terms of the operation of the agencies with the CMAs, in fact they are certainly not working in isolation. They are working very closely together. This important tool, the PVP Developer, as I have indicated, is being developed jointly. The biodiversity layer for that, for example, is being developed by DEC staff working closely with DIPNR staff.

In relation to the staffing of the CMAs, the majority of staff will be staff being transferred across from DIPNR to part of the CMA complement. As I have indicated, there is also staff from DPI and DEC to go across and that will provide at least two major benefits. Firstly, they will have the knowledge from those agencies within the CMAs. On a day-to-day operational basis, staff within the CMA already have a network with these other agencies. Secondly, it will close the gap and provide even stronger linkages between each of the CMAs and those particular agencies as well.

**Mr MARTIN**: In relation to the Environmental Services Scheme, can you give us some information of its aims and what success it has had in addressing dryland salinity and, once again, also mitigating the effects of the drought?

**Mr VERHOEVEN**: The Environmental Services Scheme is a pilot program of the New South Wales Salinity Strategy, so it is not a full ongoing implementation program. It was always conceived as a pilot program to test a number of areas. In fact, in this case it is testing or investigating the institutional, the legal and the legislative arrangements necessary to establish markets for on-farm production of environmental services. Environmental services include improved water quality, for example, more stable soils, improved native vegetation coverage and so on, carbon sequestration.

The scheme was established to integrate land use change for a more sustainable production base and it includes 20 pilot farms or groups of farms scattered throughout the State looking at different catchment types. There are 15 on the inland and five on the coast. The focus on those is looking at salinity related issues, but on the coast they are also looking at acid sulphate soil issues. The scheme's vision is based on the recognition that public good environmental services, that is those services which benefit not just the farmer but those downstream or off the farm, are part of normal farm business, and if a financial value were placed on those public good services, then there would be a strong incentive to more sustainably manage the farm.

As the on ground component of the Environmental Services Scheme only commenced in the year 2003, it is too early to expect resource condition outcomes. They would be masked at this stage by climatic variation. To try and provide you with that answer in the future, the scheme has a monitoring and evaluation component, which is currently being co-ordinated by DIPNR, but that component will also be moved to the CMAs. This collaborative approach with DIPNR and the CMAs, in terms of monitoring the outcomes with this Environmental Services Scheme, will ensure that the knowledge gains are transferred to the farmers efficiently, in real time. As we are learning, it goes straight to the CMAs, and that helps them with their decision-making. DIPNR is continuing to work with the landholders and the CMAs to implement this pilot scheme and at this stage all 20 pilots are progressing successfully in accordance with their five year contract.

**Mr MARTIN**: In relation to the carbon sequestration, how big a part of the pilot scheme is that or is it just more a novelty at this stage?

**Mr VERHOEVEN**: No, there are a number of benefits from the scheme that are being monitored, a number of environmental benefits, including carbon, but, as I said, also water quality, soils, biodiversity for example. The benefits will vary from pilot farm to pilot farm, so I cannot, unfortunately, give an overall figure, but certainly the intent is that they are monitored. In fact, as we

learn, you can actually start putting some values. So instead of just saying we are getting carbon benefits, you can start to quantify those carbon benefits, or instead of saying we are getting water quality benefits, you can start to quantify. That information will allow CMAs a more quantifiable approach to their decision-making in the future as well. So if they are looking at where vegetation might best be placed in the catchment, they can actually run these benefits through the PVP Developer in the future and look at where they are getting maximum benefit for the expenditure.

**The Hon. RICHARD AMERY**: It is very interesting what you said about quantifying the benefits. You can then put numbers or measurements arising out of a project, one of these bio projects, and you can actually say this produces one, two, five, seven, ten, whatever the number may be, carbon benefits, or you mentioned water quality, issues like that as well.

**Mr VERHOEVEN**: Correct.

**The Hon. RICHARD AMERY**: The other issue at the back of my mind was the salinity targets issue where you have got numbers, which is probably the only way you can really assess these things. Are you saying that we have got that now? Are you actually doing those numbers now, that you can do a pilot project, an on-farm project and then after a trial period, whatever is deemed to be appropriate, you can come up with a number of benefits coming out of that project?

**Mr VERHOEVEN**: The PVP Developer that I mentioned earlier on in fact has four layers within it and those four layers actually allow the CMA officer who is working with the farmer to quantify the benefits on-farm at that point. So, in fact, we use as much science to load into the PVP Developer. The aim of the Environmental Services Scheme is to allow us to fine tune those benefits and in fact to give us further information. So we are going out there with best science as it currently is, and with the Environmental Services Scheme in operation, we will be able to update that information as it rolls out from the implementation of those 20 pilots.

**Mr MARTIN**: Your submission discusses the potential of salt bush to rehabilitate saline discharge sites. Would you outline the extent of the average subsidy that farmers receive to plant salt bush under the New South Wales Salinity Strategy's Environmental Services Scheme that you were just talking about?

**Mr VERHOEVEN**: The scheme does not provide subsidies to farmers to plant salt bush. I should make that point up front. It has been based on competitive tenders from participating landholders to undertake a range of integrated on ground actions on their farms, to provide a broad range of environmental services. In receiving this question, I went back and checked the 20 schemes and there is no one scheme which is providing funding for just salt bush. You will find that there are a range of on ground actions, and salt bush would be one of those, but it is integrated as part of a package and that is the way the farmers operate their business they look at the whole package on their farm, not just one element. So establishing salt bush, as I said, is one of a number of these land use changes that farmers are implementing in contracting under the scheme.

What we are finding though in terms of drought management, the fact that the salt bush fodder provides some degree of drought proofing is in fact an additional outcome to the value of landholders. That was not factored in at the time that these contracts were first developed. We were looking at the benefits in terms of salinity or water quality, et cetera. Those farmers who have salt bush as part of their package are now finding that that is an additional benefit which they just had not thought of before.

**The Hon. RICHARD AMERY**: We are interested in research right across all schemes. Referring to other Government departments, there is no subsidy coming from any Government agency at all for salt bush?

**Mr VERHOEVEN:** No, I had looked at it just in terms of the environmental services scheme, I had not checked any other.

**The Hon. RICHARD AMERY:** What does DIPNR see as ways of increasing the rate of

landholder uptake of land use management practices that mitigate the impact of droughts and salinity? We are talking about DIPNR, and I know that there is a number of agencies involved with on-farm projects, but I suppose you would not have details of that?

**Mr VERHOEVEN:** No, my answer is in relation to DIPNR. If I can go back a step or two, under the New South Wales salinity strategy there were three pilot projects, which investigated the barriers and the triggers for the uptake of land use change by farmers. We found, for example, that some farmers are wary of incentive schemes - something new, and they are wary of it: what is the hidden catch - while other farmers would certainly like to participate but are financially unable to do so. They are having to crop year after year to maintain servicing. These particular projects also investigated various types of incentive schemes, such as natural resource auctions, grants, traditional grants, bush tenders for example, to maximise the outcomes of investment to secure these long-term land use changes with the focus in this case to mitigate salinity, they were under the salinity strategy.

There was a range of findings. The most important one was that there is no one approach that can be successfully applied across all catchments, it really does vary from region to region in the State and even across sub-catchments because it depends on the problem in those particular sub-catchments. So the message to CMAs initially is that they will need to tailor their approaches if they are gong to be successful in the uptake, they cannot just take a one-size-fits-all approach. CMAs such as the Lachlan and Central West are already using the findings of the salinity strategy, because they had one of the pilots in their part of the world, to design their incentive programs. DIPNR will work with the CMAs across the State to evaluate the strengths and weaknesses of alternative payment and delivery mechanisms for providing incentives and to provide a framework and resources for the ongoing evaluation of a CMA incentive scheme, so we will be looking across a range of incentive classes, not only in the State but in the other States, seeing what works well, so that we can provide advice back to the CMAs on a short list basically of incentive programs that do deliver and deliver well with low transaction costs, for example.

**The Hon. RICHARD AMERY:** Schemes like the native vegetation scheme where we paid money to farmers to fence off property and promote or retain native vegetation - is part of that factored into environmental benefits, whether they be salinity benefits or others? Are the numbers ever taken from that; is that part of the project or is that just a scheme on the side on the native vegetation legislation?

**Mr VERHOEVEN:** I think you are referring to the Native Vegetation Management Fund.

**The Hon. RICHARD AMERY:** Yes.

**Mr VERHOEVEN:** There was, from memory, $20 million in that particular scheme. We are now at the very tail end of that scheme. Its purpose, though, was a little different. Its aim was to provide funding for the conservation of high value vegetation and, you are right, its purpose was to provide funding for landholders to be able to fence off areas to protect stream and riverine corridors, for example, to protect high conservation vegetation, so its purpose is a little different to the sort of more general incentive schemes that CMAs are now looking at.

**The Hon. RICHARD AMERY:** An interesting point would be that, because they are actually doing that, there would be some environmental benefits coming out of it, so we don't factor in the amount of hectares that have been locked up, for want of a better description, under that program, it is not factored into any of these assessments of the amount of land that has been set aside for--

**CHAIR:** Biodiversity credit or something?

**The Hon. RICHARD AMERY:** Yes. I forget the numbers now, but there is quite a substantial number of hectares that have now been set aside by farmers who have received financial benefits from the scheme, but has there been an audit of the benefits of that? I am encouraged to hear that we can actually get environmental benefits out of it and I am getting the feeling that there is probably a lot of land that has been unassessed and there are probably some great environmental benefits coming out of it.

**Mr VERHOEVEN:** Certainly the intent would be that over time, as the CMAs develop their catchment action plans - and we are looking here at high conservation vegetation - they would be able to sort of map that into their catchment action plans to be able to say, well okay, we have this area in terms of high conservation vegetation within our particular catchment; it represents X percent of high conservation vegetation, and that could be factored in as part of what they would see as their long-term aim to achieving a certain percentage of high vegetation and biodiversity in their particular catchment.

**CHAIR:** You would not object if we wrote to you, arising from Richard's question, or the Minister seeking further clarification?

**Mr VERHOEVEN:** No, that would be fine.

**The Hon. RICHARD AMERY:** It is a good project.

**CHAIR:** And he expects results now.

**Mr APLIN:** You have already touched on some of these issues in relation to the CMAs, but perhaps you could elaborate on action to date by the 13 new catchment management authorities in their role of implementing on-ground actions to mitigate salinity and what role they will have in drought management.

**Mr VERHOEVEN:** For the year 2003-04, the eight inland CMAs and the Hunter-Central Rivers CMA and the Hawkesbury Nepean CMA are investing around $27 million, or approximately 40% of the NAP and NHT funding they have for that year, on actions relating to mitigating salinity. These CMAs have set catchment targets for salinity. For example, the Namoi CMA has the following catchment target for dry land salinity:

> By 2010 to reduce the mobilisation of salt across the whole catchment by ensuring that the areas of land affected by a water table within two metres of the surface does not exceed the current level of 2,896 hectares.

That is taken from their blueprint so, while they do not have a catchment action plan at this stage, they are working to the catchment blueprint which has the same footprint.

To meet this particular target, Namoi CMA is investing in the following activities that it predicts will achieve the salinity catchment target: Adoption of best management practice across the catchment to reduce recharge and mobilisation of salt, such as the establishment of perennial pasture to reduce recharge, soil structure improvement and interception plantings at recharge sites; revegetation of and stock management on saline discharge sites, so they are hitting the cause areas; implementation of gully control structures where there is a risk of intercepting saline water table, and groundwater monitoring bore construction.

For each of the CMAs I have all their other salinity related activities and I can go through each of those if you like or perhaps just give one or two examples where we actually have some quantified hectares, so you can see what their thinking is. For example, the Central West CMA with the funding that they have targeted to salinity, they are looking at investing in 7,000 hectares of better-managed perennial species in salinity hazard areas; 1,000 hectares of salt interception plantings establishment in their target areas; 65 landholders assisted to have appropriate machinery for conservation farming in priority landscapes, and 90 landholders trained in soil management in priority landscapes. I have similar figures for other CMA areas, if you are interested.

**Mr APLIN:** I would be interested in hearing about the Murray.

**Mr VERHOEVEN:** The Murray: Over 7,000 hectares of perennial pasture established and 178 hectares of plantation forestry established for recharge control.

**CHAIR:** Are you happy to provide those figures across the board?

**Mr VERHOEVEN:** In fact the figures are in the Minister's submission.

**Mr MARTIN:** I presume by "priority landscape" you mean more badly affected?

**Mr VERHOEVEN:** In terms of salinity priority, correct.

**Mr APLIN:** This would lead on to the next question, and that is: Are you satisfied with the progress being made so far by the CMAs in developing catchment action plans that mitigate those very impacts of drought and salinity to which you refer?

**Mr VERHOEVEN:** The CMAs are making good progress, both in their establishment and in implementing the on-ground actions. They are currently finalising recruitment of staff and they are implementing their 2003-04 investment strategies, so with the process of the CMAs being established they have maintained the ongoing program of getting investment on ground. The catchment action plans are not expected to be completed until mid to late 2005, although their three-year investment strategies are expected to be completed by CMAs and approved by ministers in early to mid 2005, so this maintains the continuum of investment roll-out.

As I have indicated, the CMAs have access to the latest scientific and technical information on salinity mitigation, much of it from the New South Wales salinity strategy, and that allows them to base their decisions about on-ground investment. DIPNR and the other agencies, such as DPI and DEC, are collaborating to ensure that the CMAs are successful in their task. As I have already indicated, for example, DEC and DIPNR have jointly developed the PVP Developer, that is a decision support tool to help the CMAs develop their property vegetation plans with landholders.

**Mr DRAPER:** I was interested in your summation of the Namoi targets and what they are trying to achieve, which brings me back to the changes to the planning laws that have been implemented recently. Councils can now apparently approve new developments which meet the planning guidelines, but do not really seem to consider end water run-off or salinity levels in the adjoining properties or the impact of the new development on adjoining existing creek systems and I was wondering what role the CMAs played in the council's determinations. Do they have input into decision-making processes like that?

**CHAIR:** Or can they veto them?

**Mr VERHOEVEN:** Chair, I am not qualified to give a comprehensive answer on that, if I could take that question on notice?

**CHAIR:** Yes, and in fact Peter might provide you with a bit more background on that particular issue that he is raising, which would be useful I think.

**Mr DRAPER:** I am more than happy to do that. You mentioned before about the implementation of investment programs. I was wondering what sort of expertise the CMAs have to assist them when they are performing that role of directing investment?

**Mr VERHOEVEN:** They have expertise at a number of levels, firstly the CMA board membership itself, and that includes skills and knowledge in a range of areas including primary production; environmental, social and economic analysis; biodiversity conservation; water quality; business administration; community leadership; State and local Government administration; negotiation and consultation, and cultural heritage.

In terms of their staff, CMAs are recruiting over 245 experienced professional, technical and administrative staff from DIPNR, with other technical staff being seconded from DPI and DEC. In addition, there are over 130 regional facilitators and community support officers funded by the NAP and NHT through the CMAs investment strategies and they are currently working on-ground with communities as well.

As I have already mentioned, New South Wales Government agencies are working with CMAs with the implementation of these decision support tools and, through DIPNR's science and information board, ascertaining their information needs, so that the CMAs can make better informed decisions to develop and implement their investment programs. At a regional level the Government's six salt action teams are still in operation and they are directly assisting CMAs develop effective salinity programs.

**CHAIR:** Are you working closely with CMAs; is that your personal role?

**Mr VERHOEVEN:** It is certainly the role of my particular division in terms of natural resource investment. We are providing the investment tools and the investment framework for the CMAs to in fact carry out their work.

**CHAIR:** Are you picking up any reinventing of the wheel? Is there awareness by the new CMAs that there were some existing structures in place and work had already gone on with blueprints and so on? Are they building on that work or is there any CMA that has thrown out the previous effort and started afresh? Do you have any feel for what is going on?

**Mr VERHOEVEN:** Certainly to date CMAs have been building on the work that has been done previously by the catchment management boards and by the previous native vegetation committees, and water committees for that matter as well. Certainly in developing their one-year investment strategies, the 2003-04 strategies, they have relied on the catchment blueprints and taken the actions from those to build up their investment strategies. In developing their three-year investment strategies, they are also going back to the catchment blueprints, for example, and drawing from the priorities factored in those. Once the catchment action plans are developed in 2005 then obviously they will need to go back and fine-tune their investment strategies, but they are certainly building on what has been done in the past, they are not taking the Greenfields approach.

**CHAIR**: Are the CMAs directly responsible to the Minister?

**Mr VERHOEVEN**: Correct.

**CHAIR**: The Natural Resources Commission audits the CMAs. What mechanisms are in place within DIPNR to monitor the CMAs more consistently? I do not mean in terms of auditing. You obviously have dialogue if there is an issue. That is formalised, is it? Do people visit from your part of the agency and other parts of the agency doing a similar sort of dialogue?

**Mr VERHOEVEN**: That is probably working at at least two levels. Certainly, regionally, there is ongoing strong contact between DIPNR's regional officers and the CMAs in a particular region. At a State level though there is a hierarchy of reporting required formally from the CMAs, which we had prepared for one of the other questions, but I can cover that now if you like.

**CHAIR**: Sure.

**Mr VERHOEVEN**: That provides us with the ability, centrally, to be able to monitor how things are going. If I can go forward to that particular question, and this relates back to the target that the CMAs are working to because the reporting is based on targets. That provides you with the ability to in fact quantify progress. The targets that the CMAs are building into their investment strategies and their catchment action plans are what we call SMART targets - they are simple, they are measurable, they are realistic and they are time bound. So if you have got a well-developed target, you have got your performance indicator built into that target. So the targets in the CAPs will provide the basis for evaluating and demonstrating the CMA's success and they will meet a number of requirements of both the CMA Act and the national framework for standards and targets as well, so it will meet Commonwealth needs as well.

Importantly, the targets can be supported by scientific evidence and they address the cause of the problem, not the symptoms. So we are dealing with the problems in the catchments. Importantly, too, you have mentioned the NRC; the CMAs must promote any approved State-wide targets that will

be developed by the NRC, and the NRC can thus provide advice to the Minister about the extent to which the catchment action plans are incorporating those regional targets and addressing State-wide targets.

Targets must also be shown to be consistent with any relevant Government policy or plans or regulation, and when you are looking at targets, you can either have them described as "outcomes", so that is at a higher level about change in recource conditions, such as the salinity target, and that is a catchment target, or you can have an "outputs" target, which is the amount of action required to achieve particular outcomes, and these are couched in management targets.

It is required that a CMA keep its CAP under regular review, and, similarly, the blueprints previously were required to explicitly identify a range of information regarding monitoring, evaluation and reporting, and I think this gets to the nub of the question. The CAPS and CMAs will also be required to. So they have got to tell the Minister and tell Government about the processes that will be used to assess the effectiveness in achieving intended results, that is the evaluation process they are using, the accountability for delivering performance reporting and monitoring arrangements and clear requirements for periodic and regular review.

The key monitoring and evaluation mechanisms required, for example, under the NAP and NHT bilateral agreements are a series of financial and progress reports, quarterly financial reports required by each CMA, six monthly reports of milestones and outputs required by each CMA, and this is in addition to the financial report, and an annual report by each CMA of those ouputs and outcomes and finances. An annual report is also required under New South Wales legislation, and the CMAs have drafted their first annual report for 2003/2004 to meet last year's requirements. These quarterly, bi-annual and annual reports produced by the CMAs, so it is not by an agency but by the CMAs, will form the basis of a combined State NAP NHT report for both New South Wales and Commonwealth Governments, and the CMA reports will be reviewed by a joint Government steering committee for the purposes of tracking expenditure and for assessing the value of program investments, because they will be assessed against these management targets.

The CAP itself will be subject to review at least every five years and can be modified as circumstances change. So it is not cast in stone, it is a dynamic document, for example, in the future if new State-wide standards and targets come out. DIPNR has also, as I have indicated, established a science information board and that board will establish priorities for data collection and develop methodologies for assessing resource condition change, and this will help the CMAs meet their commitments. So they are not left in isolation; we are working with them on this.

**The Hon. RICHARD AMERY**: There are three questions that have been tabled and I will read them into the record. The first one is probably an unfair question and maybe the Committee could seek information. This idea of reporting and having targets is something which I strongly support. I think unless you have got some sort of measuring device for either achieving or not achieving a target, you just do not know where all the money and planning is going. There was a figure, and I cannot recall whether it was a State figure or a national figure, that the amount of area affected by salinity is growing at the rate of about 10 percent per year. Do not hold me directly to that. At some time I know that each catchment may be able to bring in some figures or auditing targets to see whether they are making it, but has there been any change in those sort of dire statements that were made many years ago that the land affected by salinity is growing? With all of these strategies, national, State, catchment, is there any evidence yet, or is it too early, that some of this is being turned around, that either the rate affected by salinity is slowing or maybe even going backwards? That is probably one thing I would like to think that at some time in the future, that somewhere, from a national point of view we could actually say that in the last ten or 20 years we have slowed the rate of land affected by salinity or even done better than that. Can you take that question on notice?

Question 10 which has been tabled here is: In your submission you say good management practices for salinity involve the integrated holistic management of the landscape. What role does DIPNR have in ensuring there are enough professionals at the local level to achieve the necessary outcomes?

Question number 11 again refers to your submission. You say CMAs are offering incentives to help farmers convert machinery to introduce conservation farming on their properties. Can you give us some examples of these incentives?

Question number 12 again refers to your submission where you mention various possible beneficial outcomes arising from the remediation of saline sites, such as the establishment of new business ventures. Could you please give the Committee examples of where you can show the benefits, rather than the talk, about the possibilities of them? Again, it is part of this idea that all these things are going on, but are the numbers and are the examples really coming forward?

**Mr VERHOEVEN**: If I could answer at least part of your first question, not question 10, but the one prior to that, I cannot confirm this 10 percent figure. I would need to go back, and in fact I will take that on notice if I can and try and confirm that figure for you, but the New South Wales Salinity Strategy had a short-term target, that is over the first 10 years, of reducing the rate of increase of salinity. So it recognised that salinity was going to continue to increase and the effort was to reduce that trend line, to reduce the rate of increase. So in the salinity report that came out in 2000 there were figures for salinity in both tonnes and EC units for each of the valleys in terms of their total tonnage and EC units now or in 2000, what it would be like in ten years and further on, in 2050 for example, if nothing were done and things continued as current, and then what would happen if the salinity strategy and all the elements of that were implemented, and certainly in terms of the first ten years, how would that rate of increase change, what would be the end of valley values if that rate of increase was shifted. It is those target figures which the inland Catchment Management Boards had built into their blueprints and which the CMAs will now be looking at in developing their catchment action plans.

In terms of whether actions have impacted to change those, it is too early to tell, it really is early days, for two reasons, (a) just the time and that actions are only now being implemented on ground, so it is too early, and the second is that with climatic variation in the short-term, it tends to mask out the effects of these longer term natural resource changes. Certainly, the efforts though, the activities that the CMAs are introducing, for example those in their 2003/2004 strategy that I have read out, and the others that are in the Minister's submission, they were based on the use of models, so that the modelling that we already have available, the CMAs were able to use that to say we are going to improve 7,000 hectares in terms of perennial vegetation, and they were able to at least quantify from the modelling what effect that would have on reducing salt. The real test, as you have indicated, though is to be able to go back in the future, when we do reach those years, and say with our monitoring has this in fact achieved the desired outcome, does it agree with the modelling outcomes that we were working with? Certainly, people are making decisions on the basis of modelling which is based on historic information anyway. So they are informed decisions.

**The Hon. RICHARD AMERY**: In the short-term there has been some work down in the Murrumbidgee and there have been some great results in the last few years of the lowering of the water tables and also in Wacool Shire there has been some work where salinity problems have been turned around. Again, I suppose you have to assess those sort of local achievements in a broader picture. If there have been some encouraging early reports, that would be helpful I think.

**The Hon. IAN ARMSTRONG**: And Lake Cargellico.

**Mr VERHOEVEN**: If I can take that on notice and try and provide the Committee with some quantified information.

**CHAIR**: Do you have any staff left in DIPNR who could make these things available?

**The Hon. RICHARD AMERY**: That comes back to question 10. Do you have enough professionals at the local level?

**Mr DRAPER**: Can I add Gunugunu Creek to that list where a lot of work has gone on?

**Mr VERHOEVEN**: In terms of question 10, I think I have answered that in responding to a previous question in terms of the staff. The staff numbers that were actually transferred across to the CMAs, in fact they are now CMA staff and certainly not DIPNR staff, but there are also still staff within DIPNR, both in the regions and centrally, to develop these decision support tools for example, so they support both directly, within each of the CMAs, as well as agency support to provide these support tools and assistance and so on.

**CHAIR**: Have the CMAs organised their first State-wide conference yet? Do you think that will happen next year?

**Mr VERHOEVEN**: There is a combined Landcare/CMA State forum or conference next year that is to be held in the Murrumbidgee and I can provide the Committee with the details of that.

In terms of your question on offering incentives to help farmers to convert machinery to introduce conservation farming, I can provide a couple of examples there within two CMA regions. That program to provide incentives to farmers to convert conventional farm machinery to conservation farm machinery began under what we call a TARGET project, which is one of the pilot projects in the salinity strategy, and that was run in the Central West CMA region. The actual cost of conversion is around $15,000, and that is prohibitive for many farmers. If you remember, I indicated before that some farmers would like to participate but the costs are prohibitive. The Lachlan and Central West CMAs are each offering $5,000 incentives to farmers to convert their machinery for minimum tillage purposes, and both CMAs plan to offer around 65 conversions in their 2003/2004 programs. So it is an incentive which is occurring right now.

**The Hon. IAN ARMSTRONG:** That is on ploughing machinery, is it?

**Mr VERHOEVEN:** It is on farming machinery to effect minimum tillage, for example.

**The Hon. IAN ARMSTRONG:** That is with sowing machinery; it is to lift the height.

**Mr VERHOEVEN:** I think that is involved, but I cannot confirm that.

**The Hon. IAN ARMSTRONG:** Putting in rigid tines.

**CHAIR:** We looked at some - Greg, Tony McGrane and I - at Dubbo, didn't we?

**Mr APLIN:** Yes, and they were basically built on farms.

**CHAIR:** But you are saying that this sort of equipment will now qualify for a grant or something?

**Mr VERHOEVEN:** Farmers can apply for incentives to CMAs to help cover the cost of this conversion.

**The Hon. RICHARD AMERY:** Next we have the outcome of business ventures?

**Mr VERHOEVEN:** Okay. There are probably at least two examples where remediation of saline sites can deliver a win-win that I might quote. The first is successful marketing of saltbush lamb as a gourmet product by restaurants, and that is occurring in and around Parkes and Cowra, for example. The second is Horizon Salt's marketing of salt recovered from evaporation ponds. This is occurring in the south-west of the State.

**The Hon. RICHARD AMERY:** Do you have any details on that?

**Mr VERHOEVEN:** It is a high quality product and it is being marketed as having unique characteristics.

**CHAIR:** It is certainly available in gourmet shops in Sydney.

**Mr VERHOEVEN:** That is right.

**CHAIR:** Did you see Horizon Salt when you went to the Murray? They are down there I think.

**Mr VERHOEVEN:** They are in the Murray, correct.

**CHAIR:** In Victoria or on our side?

**Mr VERHOEVEN:** I would need to confirm that, I think they are on the Victorian side, but I will confirm that. It is interesting too that they are in fact enthusiastically marketing their product at the same time as you have a real marketing venture by sea salt producers, and it is basically the same mineral, yet in this case the inland salt is being marketed as a gourmet product and is attracting a premium price.

**CHAIR:** What is the saltbush doing, garnishing dishes?

**Mr VERHOEVEN:** It is feed for the animals.

**CHAIR:** So they are saltbush-fed?

**Mr VERHOEVEN:** That is right.

**CHAIR:** We are not nibbling it; the animal is.

**Mr VERHOEVEN:** That is right.

**The Hon. IAN ARMSTRONG:** Where is that being done?

**Mr VERHOEVEN:** That is in and around Parkes and Cowra.

**CHAIR:** So the restaurants are promoting the fact that they have saltbush fed animals?

**Mr VERHOEVEN:** Lamb, that is right. It has a tangier taste to it.

**(The witness withdrew)**

**(The Committee adjourned at 12.05 p.m.)**