



Kristina Keneally MP

Monday, 21st March 2011

Mr Tony Harris
Acting Parliamentary Budget Officer
NSW Parliament
Macquarie Street
SYDNEY NSW 2000

21/3 11am

Dear Mr Harris

I am writing to you to formally request, under Part 4 (Election policy costings) of the Parliamentary Budget Officer Act 2010, an official costing for the *Food Security for NSW* policy, which has been publicly announced.

This policy document includes commitments under Section 18(2) of the Act, specifically:

- Identify and map valuable farming land and establish a Statewide interagency food security taskforce
- More artificial reefs.
- Legislative changes to remove unnecessary and inefficient restrictions on commercial fishers, cut red tape and allow more flexibility in some fisheries.

Please find attached a copy of this policy outlining the purpose of the policy and relevant details required to complete the costing as per the requirements of the Act.

A copy of the NSW Treasury costing and budget impact statement for the policy has also been included for your reference.

Should you require any further information on this request, please contact my office on (02) 9228-5239.

Yours sincerely

Kristina Keneally
Premier of NSW
Leader of NSW Labor Party





Food security for NSW

March 2011



Primary industries: Food security for NSW

Regional NSW is the backbone of our economy, sustaining communities all over the State.

Investing in agriculture is about growing all of NSW - growing our economy, our industries, as well as our regional communities.

Our State's primary industries are major employers – our \$8.6 billion agriculture industry alone supports more than 73,400 jobs.

It is NSW Labor that has supported, and continues to support, the development of profitable primary industries that create a prosperous NSW.

It is NSW Labor that supports our land managers and fishers – as they contribute to a stronger economy and safer environment, through the sustainable use and management of natural resources.

A re-elected Keneally Government will continue to pursue our farming future, an add to our record \$443 million agriculture budget, by providing \$7.8 million to identify and protect valuable food-producing land.

This is about providing regional communities with the tools to pinpoint where food is best grown in NSW and under what conditions. It will ensure that we protect the future of jobs on our farming lands and maximise the supply that sustains NSW families.

This is something which has never been done, and it will provide new support for our already strong agricultural sector.

We will enhance our fishing future too, by investing an additional \$2.8 million in offshore artificial reefs – creating opportunities for anglers while protecting the sustainability of the fishing resource for future generations.

These are real, practical policies to ensure that NSW families continue to eat fresh, quality, locally grown food at reasonable prices; and ensure our farmers have good, productive land and strong businesses for generations to come.



Kristina Keneally

What this policy means for you

Every person in NSW has the right to safe, inexpensive, and nutritious food.

Urban encroachment, climate change, population growth, weeds and feral animals all threaten food security in NSW.

A re-elected Keneally Government will continue to make sure that everyone in NSW has access to fresh, quality, locally grown food at reasonable prices by ensuring our farmers have good, productive land and strong businesses.

NSW Labor will identify and protect valuable food-producing land and will invest in scientific research to increase agricultural productivity and promote export to improve profit.

The agriculture industry is worth \$8.6 billion to the NSW economy. It directly employs more than 73,400 workers in NSW. A further 134,200 people are indirectly employed in the entire sector.

Agriculture is the lifeblood of our country towns and regional centres. It is the sector which feeds and clothes the people of NSW.

There is no doubt after 10 years of drought and now flooding rains, our farmers have done it tough. It is estimated that some 30,000 jobs were lost during the drought years.

We must bring these jobs back to rural NSW. This work will protect jobs in the agriculture and fisheries sectors.

Labor will develop a food security strategy.

We will set up a State-wide interagency food security taskforce to identify important farmlands in NSW and effectively monitor pests and diseases to ensure early detection and response.

We will also continue to deliver important projects and infrastructure which allow for more cutting edge research to strengthen our agricultural industries.

NSW Labor will also continue to invest in our State's valuable fishing industry to create a more competitive and sustainable fishing future.

We will continue to invest in primary industries science to make sure we are on top of our game when it comes to biosecurity, and to work closely with the State's primary producers to manage NSW lands and NSW waters to sustain quality production in this state.

Through our continued work with communities, a re-elected Labor Government will deliver support and services designed to help farmers make decisions about their future and meet the challenges of uncertain prices and demand, severe natural disasters and competitive global markets.

ACTION:

Securing NSW food production

- Invest \$7.8 million to identify and map valuable farming land and establish a State-wide interagency food security taskforce
- Continue to commit \$8.7 million in annual funding to fight weeds

Investing in Agricultural Research and Development

- Continue to roll out the \$56 million upgrade to support agricultural research
- Continue to construct the new laboratory and administrative complex at University of Newcastle Ourimbah Campus
- Continue to contribute to \$12 million annual funding for agricultural research projects to enhance major NSW crop yields
- Continue to contribute to \$10 million annual funding for projects to grow and expand NSW sheep and beef production
- Continue to roll out \$3.4 million for a biosecurity information system (BioSIRT) to protect our biodiversity

Protecting our Fishing Future

- \$2.8 million towards more artificial reefs.
- More than \$14 million to be rolled out in 2011/12 for programs that directly benefit recreational fishing in NSW
- Immediate legislative changes to remove unnecessary and inefficient restrictions on commercial fishers, cut red tape and allow more flexibility in some fisheries.
- Streamline the Seafood Industry Advisory Council (SIAC) and allow industry to govern responsibilities that rest with them and ensure recreational fishers are better heard through the Advisory Council on Recreational Fishing (ACoRF).

Labor and Primary Industries

The NSW Labor Government has always helped farmers and producers in the agricultural and fishing industries.

Supporting our farmers has and will always be at the heart of Labor's policies. This is demonstrated by our long history of drought support. It was also the Hawke and Keating Labor Government that introduced the 'Exceptional Circumstances' policy for drought relief for farmers.

The NSW Labor Government has committed more than \$535 million in assistance measures since the drought began. It continues to be important as we support food producing land.

A NSW Labor Government will deliver a number of policies which will invest in the ongoing development and growth of primary industry sector, while meeting the challenges faced by farmers and processors.

We will invest in the State's agriculture and fisheries sectors; focusing on bio-security and sustainability projects, and improving recreational fishing opportunities across NSW.

This policy shows the NSW Labor Government's commitment to securing profitable, adaptive and sustainable primary industries across our State.

Our Challenges

Food Security and helping NSW farmers become more productive, competitive and sustainable are the two challenges that we face. We have well researched and solid policies in place which will tackle these issues head on.

The Australian Farm Institute (2008) found that every Australian farm business feeds 600 people every year; 150 domestically and 450 overseas. This figure will need to double by 2050 to ensure that Australians maintain the status quo.

Food production in NSW is under pressure. Some challenges include the frequency of natural disasters such as more severe droughts, floods, and storms. A rising population also means a need to increase in food production. There is increased pressure on, and reduction in, land used for food production.

The NSW Labor Government, through the Science and Research service group of Industry and Investment NSW, will provide science, research and innovative technologies to help farmers increase production and in an environmentally sustainable way.

Our Record

LABOR

■ Record Drought Support

More than seven years of drought the NSW Government's drought support has exceeded \$535 million.

■ Record Budget

A \$443 million investment commitment for Primary Industries in the 2010-11 Budget.

■ Record Budget for Science and Research

A \$146.5 million commitment towards science and research to ensure we meet productivity and sustainability challenges of the future.

■ Annual grants to fight weeds

This Government is proud to have introduced the weeds action program which provides \$8.7 million annually to provide regional communities with resources they need to fight weeds.

■ Science, Research and Biosecurity

More than 700 scientists and technicians working on more than 900 projects at any one time, spread across our extensive network of research facilities and working in close collaboration with farmers, foresters and fishers.

■ Agriculture and Fisheries Export

Exports totaled \$9 billion in 2009, with the major export items of beef, wheat, sheep meat, wool, wine and cotton contributing three-quarters of NSW's agriculture exports alone. Agricultural exports accounted for 35 per cent of the State's total merchandise exports in 2008/9.

■ Investing in Biosecurity

Begun work on a \$56 million upgrade of biosecurity facilities at the Elizabeth Macarthur Agricultural Institute (EMAI) at Menangle in Sydney's southwest.

■ Fisheries

More than \$2 million on measures to safeguard the sustainability of our publicly-owned fish populations. More than \$14 million in 2009/10 to programs designed to improve recreational fishing in NSW.

■ Locust Funding

An emergency grant of up to \$18.5 million to help our farmers protect their crops against the 2010/2011 Plague Locust outbreak. Free insecticide – and in some cases spraying equipment – was available.

■ Aquaculture

Provided \$3.1 million in 2008 to save Hawkesbury River oyster fishery from QX disease and continues to attract and encourage investment in aquaculture

OPPOSITION

■ Contradicting Food Security Policy

The Opposition's land use strategy policy 'appears' to put agricultural needs first, but Barry O'Farrell has promised he will allow houses to be built on valuable farming areas such as the Sydney food bowl.

■ No Funding for Farmers

No clear policy on funding for our farmers.

■ Agriculture Department to be isolated

Will rip the department of Agriculture out of Industry and Investment (I&I). I&I is a crucial department, which synergises the expertise of many portfolios. The Agricultural industry deserves to have direct access to expertise from other portfolios, such as export opportunities through State and Regional Development.

■ Flip flopped on conservation

Promised to ensure conservation of Grey Nurse Sharks but also committed to removing current protection measures in place.

■ Lack of understanding towards commercial fishing security policy

Promised to provide resource access security for commercial fishers if they are elected. Labor has ALREADY provided this security through tradable fishing rights (shares) and guaranteed compensation if those shares are cancelled.

■ Flip flopped on fishing policy

Announced contradictory policies calling for a moratorium on fishing closures and marine parks but also implementation of more closures.

■ No Funding to fight weeds

No commitment to fund the weeds action program.

Securing NSW food production

Agriculture is the lifeblood of NSW rural communities. As our population grows we need more food and more houses produced in NSW. We must achieve a balance to ensure that land users can co-exist. We need to plan ahead.

A re-elected Labor Government will invest \$7.8 million to identify and map valuable farming land – securing the future of farming, and of food supply, for NSW

Once this land is identified a State-wide interagency Food Security Taskforce will be tasked with identifying ways to protect this land while allowing our urban centres to grow.

The Food Security Taskforce will include government agencies, food sustainability organisations, farmers, Local Government and academics. This taskforce will:

- Oversee the development of a Food Security Strategy for NSW; and
- Identify impediments and potential solutions to securing food production.

Identifying and mapping our most important agricultural land will enable the NSW Government and Local Governments to plan for a balanced approach to agricultural and urban development. Mapping will also assist landholders and investors in food production in making informed business decisions about an area's suitability for farming.

Weeds cost NSW farmers \$1.2 billion a year and are a major threat to biodiversity. There are 204 plant and animal species on the Threatened Species list because of weeds.

Since 1999 we have expanded the successful regional weed grants and last year launched the *Weeds Action Program*.

This program is important in prioritising funding for areas most hard hit by the spread of weeds.

A re-elected Keneally Government will maintain its \$8.7 million a year program to eliminate weeds and ensure our regional communities get the resources they need for effective weed management.

ACTION:

- Invest \$7.8 million to identify and map valuable farming land and establish a State-wide interagency food security taskforce.
- Continue to commit \$8.7 million in annual funding to fight weeds

Investing in Agricultural Research and Development

NSW Labor will invest in agricultural research and development in NSW. The Elizabeth Macarthur Agricultural Institute (EMAI) is the largest science facility in the State, with more than 150 scientists and support staff working in animal, plant and aquatic research.

World leading EMAI scientists oversee teams working to diagnose, control and prevent animal and plant diseases, improve Australia's agricultural competitiveness and maintain the disease-free status.

EMAI plays a crucial role in the State's response to exotic animal or plant disease incursions.

During the 2007-08 equine influenza outbreak, for example, more than 131,000 veterinary samples were tested at EMAI for the virus, with thousands of samples being tested daily during the height of the crisis.

A re-elected NSW Labor Government will ensure NSW remains at the cutting edge of biosecurity by continuing our investment in the EMAI.

Furthermore, Labor will continue to invest in the \$5.9 million laboratory and office complex at Ourimbah. This world-class research facility will increase the Government's science and research capacity and help make new horticultural technology more accessible to NSW Farmers.

NSW Labor will continue to grow and strengthen our farmers and their crops through important research projects carried out by Industry and Investment NSW.

As natural disasters pose a threat to the productivity of our farmers' crops we will continue to fund \$12 million in projects to strengthen crops. This jointly funded initiative with the Federal Government will develop germplasm in major crops grown in NSW such as wheat including durum, barley, chickpea and canola.

This will enable our valuable crops to be more tolerant towards climatic extremes such as drought, heat and water stress and frost.

A re-elected Keneally Government will continue to support meat production in our agricultural sector. This includes the work conducted with the Federal Government to provide \$10 million in projects to evaluate pastures and farming systems.

This will ensure that the beef and sheep industries continue to grow, expand and are well equipped to compete with international markets.

The Keneally Labor Government is committed to ensuring our valuable flora and fauna are preserved and protected. We will continue to enhance our capacity to respond to outbreak of exotic plant or animal diseases.

This Government will follow through with the \$3.4 million funding for a biosecurity information system (BioSIRT). This database will enhance the Government's capacity to respond to outbreaks of exotic plant or animal diseases. The new initiative will transform the way it is managed and enable government, industry and community resources to be accessed more efficiently. This will be crucial in allowing us to analyse biosecurity threats, predict future trends and develop practical approaches to position our primary industries for the future.

ACTION:

- Continue to roll out the \$56 million upgrade to support agricultural research
- Continue to construct the new laboratory and administrative complex at University of Newcastle Ourimbah Campus
- Continue to contribute to \$12 million annual funding for agricultural research projects to enhance major NSW crop yields
- Continue to contribute to \$10 million annual funding for projects to grow and expand NSW sheep and beef production
- Continue to roll out \$3.4 million for a biosecurity information system (BioSIRT) to protect our biodiversity

Protecting our Fishing Future

The NSW Government will continue to invest in the fishing industry and creating new habitats for marine life by building more artificial reefs today.

We have already approved the deployment of offshore artificial reefs at Sydney, Newcastle and the Wollongong as part of a \$2 million project funded by the NSW Recreational Fishing Trust. This is the first time that purpose built reefs of this scale have been used in Australia.

A re-elected Labor Government will provide a further \$2.8 million to expand this project and construct additional offshore artificial reefs at locations off South West Rocks, Gosford and Kiama.

The reefs will create new highly productive fish habitats to improve offshore recreational fishing opportunities and locations. The reef system will generate an estimated return of up to \$92 million for the fishing industry and associated businesses.

This Labor Government has worked hard to ensure the future of recreational fishing in NSW by providing enhanced opportunities for anglers and assured sustainability of the fishing resource for future generations.

A re-elected Keneally Government will continue to deliver more than \$14 million in projects. This will go towards estuarine artificial reefs in locations at Botany Bay, Lake Conjola, Lake Macquarie, Merimbula Lake and St Georges Basin. Towards Fish Aggregating Devices maintained from Tweed Heads in the States north to Eden in the south. Towards increasing fishing stock across NSW and a robust safety program - including the installation of "Angel Rings", education material and clinics.

To date, more than \$90 million in recreational fishing licence sales have been reinvested into worthwhile recreational fishing projects across the State that directly benefit anglers.

In addition, the NSW Government has worked constructively with the commercial fishing sector for years on delivering tangible reforms. The reforms agreed have been incorporated into the 'Pyrmont Pact' which provides initiatives to support a viable and sustainable industry.

A re-elected Keneally Government will continue to actively work with industry on linking shares to tradable fishing rights so that we can develop a solution that works for, and is supported by, commercial fishers

The Labor Government has built strong consultative frameworks for both recreational and commercial fishers. As a result, fishers are extensively consulted about policy and management directions.

The independent Seafood Industry Advisory Council provides strategic advice on matters relevant to the future of the commercial viability of the NSW seafood industry. The Council contains representatives from all major commercial fisheries, as well as post harvest, aquaculture and other seafood related industries.

The independent Advisory Council on Recreational Fishing (ACoRF), which includes representatives from all major recreational fishing sectors, assesses all projects and provides advice on expenditure matters as well as recreational fishing policy issues directly to the Minister.

ACTION:

- \$2.8 million towards more artificial reefs.
- More than \$14 million to be rolled out in 2011/12 for programs that directly benefit recreational fishing in NSW
- Immediate legislative changes to remove unnecessary and inefficient restrictions on commercial fishers, cut red tape and allow more flexibility in some fisheries.
- Streamline the Seafood industry Advisory Council (SIAC) and allow industry to govern responsibilities that rest with them and ensure recreational fishers are better heard through the Advisory Council on Recreational Fishing (ACoRF)



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Costing of Proposal

Title/Subject:	Food Security for the Future
Pink/Physical ID:	EA1640462
Proposal by:	Government
Agency:	Department of Industry and Investment
Cluster:	Industry and Investment
Detailed description:	This policy seeks to invest \$7.5 million to identify and map valuable farming land and to establish a State-wide interagency food security taskforce.
FIS No: 475	
Classification: GGB	

General Government Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Expenses (incl. depreciation)	0	2,751	2,752	2,285	0	
Less Agency Offsets (1)						
Less Agency Revenue						
Less Crown Provisions						
Budget Result Impact	0	-2,751	-2,752	-2,285	0	0
						Residual
Capital Expenditure						
Less Capital Offsets (1)						
Net Capital Cost	0	0	0	0	0	0
Depreciation						
Net Lending (2)	0	-2,751	-2,752	-2,285	0	

Public Trading Enterprises Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Revenues						
Expenses						
Operating Result	0	0	0	0	0	0
						Residual
Capital Expenditure						
Less Capital Offsets (1)						
Net Capital Cost	0	0	0	0	0	0
Depreciation						
Net Lending (2)	0	0	0	0	0	

Accumulated Net Financial Liabilities as at 30 June (3)

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
General Government Sector	0	2,751	5,503	7,788	7,788
Total State Sector	0	2,751	5,503	7,788	7,788

(1) Includes items such as available funding within existing estimates, expenditure offsets, recurrent savings associated with capital projects, linked assets sales.

(2) Equal to Budget Result or Operating Result Impact plus Net Capital Cost.

(3) Equals cumulative Net Lending Impact. Total State Sector equals sum of General Government and PTE (and PFE) sectors.

Key costing assumptions

The information for these costings is based on a previously submitted proposal 'Securing Our Food Production Future' by the Department of Industry and Investment. Key assumptions include that the proposal will require 19.8 staff on a FTE basis (including leader, project officers, scientists, technical staff, system modeller, climate modeller, economist and support officers) for 2011-12 and 2012-13, and 15.4 staff for 2013-14. Information was provided in 2010-11 dollars.

Key data

Key data include salaries, the cost of project activities and other operating expenses for the development of the three tools (and their individual cost): 1- Mapping Important Farm Land Tool (\$2.8m); 2- Modelling Climate Impacts Tool (\$2.9m); 3- Benchmarking Plant Pest and Disease Tool (\$2m). Escalation of 2.5 per cent per annum has been applied to salaries from 2011-12 (consistent with Treasury systems). For other operating expenses, only round figure numbers have been provided (based on previous projects) so no escalation has been applied.

Caveats or qualifications




N/A

Implementation issues (including how Treasury can assist in speedy implementation and any potential difficulties and how these might be overcome)

This proposal will need to be included in the formulation of the 2011-12 Budget.

Other comments (including explanation where Treasury costing differs from agency or PBO estimates)

N/A

Position	Name and extension	Signature	Date
Analyst(s)	Pablo Simoes		23/2/11
in consultation with			
Director	Lindsey Williams		23/2/11
Deputy Secretary	Matt Roberts		23/2/11

Costing of Proposal

Title/Subject:	Expand the Offshore Artificial Reef System
Pink/Physical ID:	E1640458
Proposal by:	Government
Agency:	Department of Industry and Investment
Cluster:	Industry and Investment
Detailed description:	This proposal seeks \$4.7m to expand and construct more offshore artificial reefs off South West Rocks, Newcastle, Gosford, Wollongong and Kiama.
FIS No: 475	
Classification: GGB	

General Government Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Expenses (incl. depreciation)						
Less Agency Offsets (1)						
Less Agency Revenue						
Less Crown Provisions						
Budget Result Impact	0	0	0	0	0	0
						Residual
Capital Expenditure			211	216	2,378	2,462
Less Capital Offsets (1)						
Net Capital Cost	0	0	-211	-216	-2,378	-2,462
Depreciation						
Net Lending (2)	0	0	-211	-216	-2,378	

Public Trading Enterprises Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Revenues						
Expenses						
Operating Result	0	0	0	0	0	0
						Residual
Capital Expenditure						
Less Capital Offsets (1)						
Net Capital Cost	0	0	0	0	0	0
Depreciation						
Net Lending (2)	0	0	0	0	0	

Accumulated Net Financial Liabilities as at 30 June (3)

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
General Government Sector	0	0	211	427	2,805
Total State Sector	0	0	211	427	2,805

(1) Includes items such as available funding within existing estimates, expenditure offsets, recurrent savings associated with capital projects, linked assets sales.

(2) Equal to Budget Result or Operating Result Impact plus Net Capital Cost.

(3) Equals cumulative Net Lending Impact. Total State Sector equals sum of General Government and PTE (and PFE) sectors.

Key costing assumptions

The assumed expenditure profile aligns with verbal advice provided by the Office of the Minister for Primary Industries. The Office advised that initial funding is proposed to be \$200,000 in both 2012-13 and 2013-14 for an Environmental Assessment (EA). The Office also advised that of the remaining \$4.3m, \$2.15m (50 per cent), \$1.29m (30 per cent) and \$860,000 (20 per cent) is proposed to be provided in 2014-15, 2015-16 and 2016-17 (all in \$2010-11). Treasury costing assumes that EA costs are escalated by the Consumer Price Index (CPI) and the later costs in line with a proxy escalation rate for steel price movements.

Key data

Treasury costing uses the forecast of the NSW State and Local General Government new Total tangible fixed assets (ABS unpublished data) as a proxy escalation rate for steel price movements. Rates are 2.7 per cent in 2011-12 and 2.5 per cent from 2012-13 to 2016-17. CPI rates are 2.8 per cent in 2011-12 and 2.8 per cent in both 2012-13 and 2013-14.

Caveats or qualifications




There is a risk in the accuracy of NSW Treasury's estimates as the cost of the offshore artificial reefs to be constructed will depend on the price of steel. The offshore artificial reef is mainly constructed from steel. The Office advised that the Government's expenditure is expected to be matched from the Recreational Fishing Trust but this will have no bearing on this costing. No operating costs are anticipated as there will be no maintenance of the structures and no new staff will be employed.

Implementation issues (including how Treasury can assist in speedy implementation and any potential difficulties and how these might be overcome)

Funding of this proposal will need to be included in the formulation of the 2012-13 Budget.

Other comments (including explanation where Treasury costing differs from agency or PBO estimates)

An EA has been completed and planning approval obtained for reefs at Sydney, Newcastle and Wollongong. Currently a trial reef, estimated to cost \$941,000, is in the tender stage and when constructed will be deployed off Sydney for scientific monitoring. This prototype is being funded from the Recreational Fishing Trust. The Office advised that the cost of construction and deployment of five additional reefs totalling \$4.7m is based on this cost (5 x \$941,000). The escalated amounts in 2015-16 and 2016-17 total the residual amount shown of \$2.462m and consist of \$1.462m in 2015-16 and \$999,000 in 2016-17.

Position	Name and extension	Signature	Date
Analyst(s)	Conan Yuen (x4165)		24/2/11
in consultation with			
Director	Lindsey Williams		24/2/11
Deputy Secretary	Matt Roberts		24/2/11