



Department of  
AGRICULTURE  
FISHERIES &  
FORESTRY -  
AUSTRALIA



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Mr Trevor Rowe  
Secretary  
House of Representatives Standing  
Committee on Economics, Finance  
and Public Administration  
Parliament House  
CANBERRA ACT 2600

Dear Mr Rowe

Thank you for your letter of 17 June 2002 to the Secretary of the Department of Agriculture Fisheries and Forestry – Australia (AFFA), Mr Michael Taylor regarding the House of Representatives Standing Committee on Economics, Finance, and Public Administration inquiry into Local Government and Cost Shifting.

I am pleased to forward AFFA's submission to the inquiry. If you have any questions or require further information regarding the submission, please contact Mr David Poulter on 6272 4383.

I hope the Committee finds the information contained in the submission useful.

Yours sincerely

Geoff Gorrie  
Deputy Secretary

10 September 2002

House of representatives Standing Committee on  
Economics, Finance and Public Administration

Submission No: 339

Date Received: 4/3/03

Secretary: .....

House of Representatives  
Standing Committee on  
Economics, Finance, and  
Public Administration

Inquiry into Local  
Government and Cost  
Shifting

Submission by the Commonwealth Department of Agriculture,  
Fisheries and Forestry – Australia

August 2002

## Executive Summary

Local government can be very important to Agriculture Fisheries and Forestry Portfolio industries. While there are some AFFA programs that may make direct payments to local government bodies, most AFFA program payments are either made directly to individual producers, groups of producers or the local community. Payments are usually made through Centrelink or the state rural adjustment authorities, through research and development corporations or directly to groups of producers in partnership with the States. However, local government can be highly relevant to program delivery and is often involved in these partnerships.

In many cases, the input of local government is actively sought in the design of particular program projects and initiatives being delivered in a local area. Often this is through a partnership approach involving the Commonwealth, state and local community (including local government). This approach has been shown to have substantial benefits for local communities in building management skills and capacity as well as ownership of the problems faced by local communities. From the Commonwealth's point of view, this reduces dependence on Government assistance and enables better targeting to local problems and issues. However, care needs to be taken in involving local government. In particular, the role, cost, capacity, the impact of cessation of the program and the on-going catalytic effect all need to be considered when involving local government. In many cases it is also important to involve state government in the process, who can bring substantial resources and expertise.

Program managers within AFFA are aware of the risks of cost shifting between all levels of government. In general, this risk is managed through the negotiation of agreements, which specify the activities that need to take place, linked to a payment schedule. AFFA is not aware of any examples of cost shifting by state governments to local governments as a result of implementation of Portfolio programs.

## **1. Introduction**

The Commonwealth Department of Agriculture, Fisheries and Forestry – Australia (AFFA) welcomes the opportunity to provide a submission to the House of Representatives Standing Committee on Economics, Finance, and Public Administration inquiry into Local Government and Cost Shifting.

Local government can be very important to Agriculture Fisheries and Forestry Portfolio industries. Local government provides local infrastructure (such as local roads and other waste disposal centres), which can be important to supporting producers. In particular, local government provides community resources, such as libraries and community halls, which are particularly important in maintaining local communities, which in many cases can be isolated from more abundant services in urban areas. Local government is also well placed to assist in responding to the social and economic consequences for local communities of animal disease emergencies, such as foot and mouth disease (FMD), and in providing local resources to assist in combating the disease, in conjunction with State/Territory agencies. Local government representatives are included in the membership of high-level national committees, along with the other tiers of government that would be formed in the event of a major FMD outbreak. Representatives of local government provided valuable assistance in developing the national FMD response framework that was tested in a major national FMD simulation, Exercise Minotaur, in September 2002.

While there are some AFFA programs that may make direct payments to local government bodies, most AFFA program payments are either made directly to individual producers through Centrelink or the state rural adjustment authorities, through research and development corporations or groups of producers in partnership with the States. However, local government can be highly relevant to program delivery and is often involved in these partnerships. Importantly, from the agriculture fisheries and forestry Portfolio perspective, local government can also be an important source of information in determining policy responses and AFFA officers frequently have contact with local government representatives. For example, in the course of the assessment of an Exceptional Circumstances application, local government frequently provides valuable information on local conditions.

## **2. BACKGROUND**

### **2.1 Overview of AFFA**

AFFA serves the Australian community by promoting the profitability, competitiveness and sustainability of Australia's agricultural, food, fisheries and forestry industries and enhancing Australia's natural resource base to achieve greater national wealth and stronger rural and regional communities.

The Department's responsibilities include:

- assisting Australian agricultural, food, fisheries and forestry industries become more competitive, profitable and sustainable;
- enhancing the natural resource base that supports Australia's agricultural, food, fisheries and forestry industries;

- delivering scientific and economic research, policy advice, programs and services to assist portfolio industries overcome challenges and capitalise on the opportunities of a dynamic and globally-integrated operating environment;
- addressing issues relating to the integrity of Australia's food supply chain, from producer to processor to the consumer;
- safeguarding the integrity of Australia's animal, plant and fish health status;
- undertaking quarantine, export inspection and certification, and food safety standards activities and ensuring their consistency with international regulations governing trade between nations; and
- optimising opportunities for Australian animal, plant, fish, food and forestry products to access overseas markets.

AFFA includes businesses that provide specialist services to portfolio industries such as the Australian Quarantine and Inspection Service (AQIS), the Australian Bureau of Agricultural and Resource Economics (ABARE), and the Bureau of Rural Sciences (BRS). The Department also oversees a number of statutory marketing authorities, regulatory authorities, Research and Development Corporations, and advisory bodies.

In 2001-02, AFFA received an estimated \$242 million in Commonwealth revenue to deliver portfolio outputs in addition to receiving around \$182 million from external customers and clients for specific services. The Department also administers about \$1,085 million of additional Government funds directed towards programs for Australia's agricultural, fisheries, forestry and food industries and to support improved natural resource management.

## **2.2 Rural Commodity Overview**

The agricultural, fisheries and forestry industries play an important role in the economic health of Australia. Most of these industries are located in rural and regional Australia where local government can be important. While agriculture represents around 3 per cent of Gross Domestic Product (GDP), the proportion of the Portfolio industries in local economies is likely to be much higher.

In 2000-01 there were 429,000 people employed in the agriculture, forestry and fishing industries. This figure comprised: 369,000 people engaged in agriculture; 28,000 in rural service industries; 13,000 in forestry and logging; and 19,000 in commercial fishing.

Farm, forest and fisheries products represented around 21 per cent of Australian exports of goods and services on a balance of payments basis in 2000-01. Mineral resources (36 per cent), other merchandise (22 per cent) and services (21 per cent) constituted the remaining export categories.

### **2.2.1 Agriculture**

Australia's gross value of agricultural production was estimated at \$37.8 billion in 2001-02, a 34 per cent increase over the \$28.3 billion recorded in 1996-97. Farm exports contributed \$30.5 billion to the Australian economy in 2001-02, representing more than 80 per cent of total agricultural output. The total value of farm exports has risen by an estimated 40 per cent over the past five years.

The pattern of rapidly declining numbers of agricultural establishments in the early 1990s has slowed, with the number of establishments remaining at around 145,000 between 1995 and 2000. The number of agricultural enterprises in Australia increased slightly from 145,226 in 1999 to 146,371 as at 30 June 2000. The number of establishments by agricultural activity is detailed in Table 1.

In 2001-02, the relatively low value of the Australian dollar, relatively buoyant international prices for agricultural commodities and good seasonal conditions in most parts of Australia contributed to significant increases in both the total value of agricultural production and the value of agricultural exports. However, the gross value of farm production and the value of farm exports for 2002-03 are both forecast to decline due to an appreciating Australian currency, lower commodity prices and less favourable climactic conditions.

**Table 1: Establishments with agricultural activity, as at 30 June 2000**

Enterprise Establishments	No. of
Beef cattle farming	35,236
Grain-sheep/beef cattle farming	18,232
Grain growing	16,463
Sheep farming	14,302
Dairy cattle farming	13,820
Sheep-beef cattle farming	9,253
Other fruit growing	8,300
Grape growing	6,522
Vegetable growing	5,313
Sugar cane growing	5,029
Plant nurseries, cut flower and flower seed growing	3,630
Horse farming	2,021
Crop and plant growing n.e.c.	1,614
Other livestock farming n.e.c.	1,158
Pig farming	1,145
Cotton growing	974
Poultry farming (meat)	845
Poultry farming (eggs)	508
Deer farming	196
Other industries	1 811
<b>Total all industries</b>	<b>146 371</b>

Source: Australian Bureau of Statistics; *Agriculture (Catalogue 7113.0)* (October 2001)

### 2.2.2 Fisheries and Forestry

The gross value of Australian fisheries production was estimated at \$2.5 billion in 2001-02, having increased by around 41 per cent over the previous five years. Australian exports of fisheries products have increased by 70 per cent since 1996-97 and realised an estimated \$2.1 billion in 2001-02.

The forestry industry consists of both native and plantation forest resources, supporting nearly 1000 mills. The gross value of forestry production amounted to an

estimated \$1.3 billion in 1999-2000, a 27 per cent rise since 1996-97. The value of Australian forest product exports, including paper and paperboard products, was estimated at \$1.8 billion in 2000-01. The total value of forest product exports has risen by 46 per cent since 1996-97.

### 2.3 The Australian Food Industry<sup>1</sup>

The food industry is a vital component of the Australian economy. Food products, incorporating fresh horticultural produce and processed goods (i.e. meat, dairy, processed seafood, beverages and ingredients), account for about 43 per cent of total retailing turnover in Australia and around 20 per cent of Australia's merchandise exports. Exports of these food products have averaged annualised growth of nine per cent over the past decade and realised \$16.9 billion in 2000-01. In the same financial year, Australia imported \$4.3 billion of processed food and beverages.

The food industry directly employs over 225,000 people throughout Australia, many in regional centres, in around 25,000 horticultural establishments and other food businesses. Australia's food product system makes a significant contribution to the economies of regional areas through employment, business and service opportunities.

The processed food industry is Australia's largest manufacturing sector (with a turnover in excess of \$55 billion in 2000-01) adding value to Australia's agricultural commodities sold in both domestic and export markets. The industry contributes around \$14.3 billion or 2.2% to Australia's GDP. The industry comprises around 3,400 firms employing over 163,000 people. Around 22 per cent of processed food and beverage sales are to international markets.

Changing consumer tastes; preferences for healthy eating; improvements in handling, storage and distribution systems; enhanced plant breeding techniques; improved management practices; and more targeted marketing in the Australian domestic market, has resulted in a 15 per cent increase in the consumption of fruit and vegetables over the last decade and an increase of more than 40 per cent in the past 50 years. This trend has provided significant growth opportunities for Australian horticulture.

Fresh horticultural products contribute around five per cent of the value of Australia's food exports and have doubled in value over the 1990s to around \$680 million in 2000-01. The horticultural industry makes a significant contribution to rural and regional economies with over 60,000 employees located in these areas.

The wine industry is also a successful value adding industry. Wine grapes are grown in all States of Australia. The industry is based on about 5,000 grape growers supplying around 1,400 wineries. It directly employs around 15,700 people, with a further 4,880 in wholesaling and 7,640 in retailing. Australia exports wine to nearly 80 countries and in 2001-2002, exports were 417.3 million litres worth \$2.1 billion. The industry makes an important contribution to a number of regional economies by providing direct employment, and by generating employment in supplier industries. It also provides also a major contributor to tourism, with winery visits one of Australia's popular weekend activities.

<sup>1</sup> Information on the food industry and world food trade presented here and in sections 2.3 and 2.4 has been extracted from an AFFA publication *National Food Industry Strategy* (June 2002).

### 3 AFFA Programs Involving Local Government

A complete list of Portfolio programs is at Appendix A. While the programs administered through the Agriculture, Fisheries and Forestry Portfolio make few direct payments to local government, local government is still an important stakeholder in the objectives of many of these programs. For this reason, where it is appropriate, local government is often encouraged to play a partnership role in delivering the Portfolio's programs. In many cases, the input of local government is actively sought in the design of particular program projects and initiatives being delivered in a local area. Several of the Portfolio's programs (eg Rural Financial Counselling Service, Rural Partnership Program, National Action Plan for Salinity and Water Quality (National Action Plan), components of the Natural Heritage Trust) take a partnership approach, which involves all levels of government plus, the local community.

The Rural Financial Counseling Service program is a good example of the three levels of government successfully operating in partnership to fund and manage a project. The Commonwealth offers grants of up to 50 per cent of the total cost of employing a rural financial counselor to provide information to producers in financial difficulty, and applicant groups from communities must seek the rest of the funding from state governments and from local government and non-government organisations. Grant applicants must be not-for-profit groups with the ability to manage the project according to its guidelines, and genuinely representative of the relevant community.

Contributions from the States form a substantial part of the remaining 50 per cent funding that must be sought by project management committees, with States often providing 25 per cent of the total amount needed for the project. The remaining funding is sought from local government, local businesses and community groups, and through "in kind" contributions of volunteer time and donated infrastructure. It is not uncommon for local government to provide free office space, access to equipment such as photocopies and faxes, and even (in some cases) some clerical assistance.

However, funding is not the only contribution that state and local governments make to the Rural Financial Counseling Service operation. Local government (together with other non-government community organisations) often plays an important role in direction setting and management of projects. These bodies take a strong interest in RFCS projects because they have invested in them financially and see them as an important service to producers in difficulty in their feeder area. It is not uncommon for these groups to be represented on project management committees.

The Commonwealth regards this funding contribution as an important feature of the program. Not only does the financial contribution of state and local government bodies make it possible to extend the benefit of the program to a wider number of communities, but the investment made by local government and local community organisations is important in ensuring that the projects are "owned" at the local level and genuinely reflect local community needs.

A further example is mechanisms under the National Action Plan and Natural Heritage Trust that have been established to promote the involvement of local government in natural resource management. The Australian Local Government Association (ALGA) is a member of the Natural Resource Management Ministerial



Council, which oversees Commonwealth/state action on natural resource management. The National Action Plan, which is one aspect of Commonwealth and state natural resource management, recognises the crucial role of local government in the successful implementation of the program. This role is identified in existing National Action Plan Bilateral Agreements between individual States and the Commonwealth, including the requirement for local government representation/experience on the relevant regional bodies.

A working group was established under the auspices of the Ministerial Council to develop the framework for the NHT extension. ALGA is a member of that working group. Regional investments will become the principal delivery mechanism for the NHT and will follow, where appropriate, the model developed for the National Action Plan for Salinity and Water Quality. Under this model, investment is made on the basis of accredited regional natural resource management plans. Local government's role in this process has been recognised by the Council of Australian Governments, which agreed, in April 2002, to support arrangements that include adequate:

- local government representation on regional bodies;
- local government involvement in the development of integrated natural resource management regional plans; and
- awareness of regional objectives in local planning.

It is important to note that seeking resource commitments from other levels of Government and the community for Portfolio programs is not cost shifting by the Commonwealth onto the States or local government, as is sometimes stated. Rather seeking contributions from other parties ensures that the effectiveness of programs is enhanced by seeking a strong commitment from other participants, backed up by a resource contribution. It also adds to the level of funding available for programs. Management of the risks of cost shifting is further discussed in section 5.2 below.

The above examples illustrate that local government has been and remains an important partner in Portfolio programs. There can be many advantages in involving local government as part of the local community. Many of these advantages were identified in the mid term review of the Rural Partnership Program (RPP), which found that the local community benefits (which include local government) from the RPP were:

- The development of a partnership between the Commonwealth and State Governments and the regional community, which can improve the delivery of other programs and services;
- Community participation in formulating regional strategy, which empowers and challenges the community to take control of its destiny;
- Ownership of the program by the community which increases acceptance;
- Change in culture and attitudes towards the use of government support programs;
- Promoting an longer term strategic approach by communities;
- The development and empowerment of local leaders;
- Strengthening and establishing linkages and networking amongst regional agencies and organisations (eg local government, State governments, agricultural and natural resource departments, regional and industry development organisations, welfare bodies and educational bodies);
- Integration and seamless delivery of programs on the ground (eg mix of structural adjustment, agricultural production and natural resource management).

While the above points relate to the RPP, they would also apply more generally to other programs delivered through a partnership approach.

## **5 Role of Local Government in Portfolio Program delivery**

### **5.1 Involvement of Local Government in Portfolio Programs**

The Portfolio is keen to involve local government in its programs, including their delivery, when it is appropriate. The Agriculture Advancing Australia (AAA) program is due to expire in June 2004. AFFA is evaluating the AAA program, including delivery.

The question of what is the appropriate role of local government in Portfolio programs is an important one. As discussed above, the Portfolio has pursued a partnership approach with a high level of benefits being identified by independent evaluations. It is likely that the Portfolio will seek to engage all levels of government in a partnership approach.

In the context of a partnership approach, the role of the state government in management of the program is also very important. State officials in each state regularly communicate with Commonwealth program managers about projects that have been funded in their state and any difficulties that may be emerging, providing valuable insights into local issues. State officials routinely advise on applications for new or enhanced funding and on the "areas of greatest need" within their state. It is common practice for these state officials to regularly meet with Commonwealth program managers to discuss emerging issues for the program and to make suggestions about ways to improve program delivery, effectiveness and accountability. Current work on the introduction of measures for annual audit and review and review of the Rural Financial Counseling Service is a good example of the benefits of collaboration.

It is also important to try and harness the resources of State Government, which can be substantial. In most cases, local governments in areas where the agriculture, fisheries and forestry industries operate do not have access to the same level of resources and information that State Governments do. There are also substantial efficiencies to be gained by negotiating with a limited number of state government agencies, as opposed to numerous local government bodies.

AFFA is also aware that there are also a number of risks that need to be considered for local government bodies. The major risks are potential competition impacts between local governments tendering for funds and the capacity of local government to contribute to a program.

AFFA does not want to set up a situation where several local governments are devoting substantial resources, competing for limited program funds. It is therefore important that projects be appropriately prioritized and this necessitates the involvement of state government and helps ensure that state governments contribute to dealing with issues within their jurisdiction.

The resources available to local government are also an issue in considering program delivery. Local governments, particularly ones dealing with large geographic areas,

will often not have substantial resources to deliver large Commonwealth programs. Therefore, when undertaking a partnership approach to program delivery, care needs to be taken that local government is not over burdened. Under the partnership approach, it is important that the local community make some contribution. Often this contribution is "in kind". In kind contributions allow communities, including local government, to contribute to the program when it is difficult for them to make funds available. There is also an added benefit that in kind activities may be carried on after the program is finished, once the benefits are established in the mind of the community.

However, there are a number of disadvantages to in kind contributions, which need to be kept in mind. It can be difficult to value in kind contributions. Sometimes it is difficult to know whether in kind activities would have been done anyway in a lot of cases. It can also sometimes be difficult to know whether in kind activities have been undertaken and it can be costly to monitor this. For these reasons, if local communities can contribute cash, this is preferred to in kind contributions.

From the discussion above, several principles can be established for the involvement of local government in future program delivery. They are:

1. Establishing that local government has a role achieving the objectives of the program;
2. That delivering the program with local government body is cost effective;
3. Establishing that local government has the capacity (including skills) to deliver program, including that other local government priorities will not be compromised.
4. That when the program finishes, the local government body is not adversely impacted by the cessation of the program.
5. That the catalytic effect of the program is likely to be on-going.

## **5.2 Managing the risks of cost shifting**

Portfolio programs where local government is involved tend to be for a specific project purpose and tend to be time limited. For this reason, they tend not to be of the nature where a state government contribution can be withdrawn as a result of Commonwealth monies being provided. In general, the main cost shifting issue faced by the Portfolio is between the Commonwealth and the states, rather than from state governments onto local governments.

However, in many cases, this is difficult to identify. For example, the Review of the Administration of the Natural Heritage Trust, undertaken as part of the mid term review of the Trust in 1999, does not contain specific examples of cost shifting. It is noted on page 115 of the review report that "the extent of actual "cost shifting" within Natural Heritage Trust funded areas is difficult to determine, but anecdotal evidence suggests that it has occurred to some extent."

Program managers are aware of the risks of cost shifting and processes are in place to minimize the risk that this will occur. In general, when programs are delivered involving local and state government, the main instrument used by to manage the risk of cost shifting is through cost sharing agreements, which are established before a program is implemented in a particular area. These agreements aim to establish clear

financial and other contributions, with payments made progressively following the undertaking of agreed activities by the other parties.

For example, individual RPP strategies have their own unique set of costs and corresponding budget allocations. The community committee, in consultation with the State and Commonwealth, determines administration costs at the local level. Within a community's draft proposal for a RPP, the community committee budgets for expected administration costs such as salaries, office space, equipment etc over the life of the program. Based on this budget the final allocation to administration expenses is determined. The Commonwealth aims to cap administration costs at around ten percent of overall project budget, however where some RPPs are resource intensive this cost may fluctuate.

Commonwealth/State Agreements are in place for each active RPP. While they allow for a re-allocation of funds up to 25 percent between measures (subject to agreement in writing between the Minister for Agriculture, Fisheries and Forestry and the relevant state minister), some more recent Agreements specifically exclude movement of funds either to or from the administration cost component, which places a certain discipline and accountability on the community committees. As state agencies administer the RPPs on behalf of the Commonwealth, the community committee submits its monthly expenses and forward monthly projections to the State agency for payment.

The use of in kind rather than cash contributions as part of program arrangements can risk cost shifting. This can be difficult to identify. The Commonwealth's approach, where possible, has been to seek matching contributions from other parties in cash, such as in the National Action Plan for Salinity and Water Quality. Alternatively, audits of a selection of funding proposals against agreed costing and accounting guidelines can be developed. An approach is being developed under the Natural Heritage Trust.

## **6. Conclusion**

In general AFFA makes few direct payments to local government, this is largely because of the nature of the Portfolio's programs, which tend to be targeted more at dealing with policy issues in the Portfolio industries. AFFA is unaware of any cost shifting by State Governments onto local government as a result of the provision of Portfolio programs.

While there are few payments directly to local government, the importance of local government to Portfolio industries, which are usually located in rural and regional areas, should not be underestimated. Where appropriate, the Portfolio seeks to engage local government in a partnership approach, along with state governments. This approach has been shown to have benefits, particularly in terms of improving the delivery of those programs, empowering the local community and its leaders, changing culture and developing longer term strategies and strengthening linkages between levels of government. However, AFFA program managers are aware of the risks of cost shifting in these partnership programs. The main way of managing these risks is through the implementation of cost agreements, which establish resources contributed by all parties and the activities that need to be undertaken for future payments to be made.

## **AGRICULTURE, FISHERIES AND FORESTRY – AUSTRALIA PROGRAM INFORMATION**

The Commonwealth Department of Agriculture, Fisheries and Forestry - Australia (AFFA) is responsible for a vitally important outcome for Australia. Our mission is:

*“Increasing the profitability, competitiveness and sustainability of Australian agriculture, fisheries and forestry industries, and enhancing the natural resource base, to achieve greater national wealth and stronger rural and regional communities.”*

### **AGRICULTURE – ADVANCING AUSTRALIA PACKAGE**

*Agriculture – Advancing Australia (AAA)* is a package of programs designed to help rural businesses face the challenges of the future by becoming more competitive, sustainable and profitable. The AAA package consists of the following programs.

#### **AAA – FarmBis**

AAA – FarmBis helps the management team of farmer & fishing enterprises to develop business and natural resource management skills by funding education and training.

Website: [www.affa.gov.au/farmbis](http://www.affa.gov.au/farmbis)

Phone: For the FarmBis contact number in your State or Territory, phone 1800 686 175

AAA – FarmBis Australia is a national program that provides grants for organisations to develop new education and training activities for Australia’s agricultural, horticulture, aquaculture, commercial fishing and agricultural industries.

Website: [www.affa.gov.au/farmbis/australia](http://www.affa.gov.au/farmbis/australia)

Phone: FreeCell 1800 686 175

#### **AAA – Farm Help**

AAA – Farm Help provides up to 12 months of income support and professional advice to farmers while they take steps to improve their farm’s financial situation or sell the farm. For those farmers who decide to sell the farm, a re-establishment grant and re-training assistance is also available. Farm Help encourages farmers to work towards either improving their farm’s performance and financial position or to re-establish themselves outside of farming. Applications for income support can be made until 30 November 2003, with income support available until November 2004. Applications for the Re-establishment Grant can be made until 30 November 2003.

Contact Officer: Anne McGovern 6272 4283

Website: [www.affa.gov.au/farmhelp](http://www.affa.gov.au/farmhelp)

Phone: Farmer Contact: Centrelink Farmer FreeCell Line 1800 050 585 NES Phone:

Centrelink Foreign Language service: 13 1202

**AAA – Rural Financial Counselling Service**

AAA – Rural Financial Counselling Service provides grants to rural community groups to contribute towards the cost of employing a rural financial counsellor and the associated on costs. Financial counsellors assist primary producers, fishing enterprises and small rural businesses in rural areas who are experiencing financial hardship and have no other source of financial advice.

Website: [www.affa.gov.au/financialcounselling](http://www.affa.gov.au/financialcounselling)

Phone: FreeCell 1800 686 175

**AAA – Farm Management Deposits**

AAA – Farm Management Deposits enable primary producers to set aside pre-tax primary production income in good years, as cash reserves to help meet costs in low income-years. Further information is available from participating financial institutions, the Australian Taxation Office (ATO) or through AFFA's website.

Telephone: ATO 13 28 66 - individual primary producers; ATO 13 72 86 - tax practitioners;

AFFA 1800 686 175 - general queries about FMD policy or financial institution reporting requirements

Website: <http://www.affa.gov.au/fmds>

**AAA – Farm Growth**

AAA – Farm Growth through Export Growth aims to further develop markets and to open up bilateral trade and investment opportunities for the agriculture and food sectors. It works to overcome regulatory, technical and economic, impediments to our farm and food exports.

Website; [www.affa.gov.au/exportgrowth](http://www.affa.gov.au/exportgrowth)

Phone: FreeCell 1800 686 175

**AAA – Women in Rural Industries**

The AAA - Women in Rural Industries program aims to improve the recognition of women's contributions to rural industries (agriculture, fisheries, forestry and natural resource management) and to increase the participation of women in decision-making in these industries. WIRI provides the secretariat for the AFFA Secretary's Rural Women's Advisory Group and the Commonwealth/State Rural Women's Working Group.

Website: <http://www.affa.gov.au/industryleadership>

Phone: FreeCell 1800 686 175 or 02 6272 3984

**AAA - Young People in Rural Industries**

The AAA - Young People in Rural Industries program is designed to develop the personal and professional skills of people aged 18-35. It is open to young women and men working in rural industries or in natural resource management, and has a special focus on those who normally would not have access to funding for professional development. The goal is to cultivate the potential of young people by providing the skills and understanding required to play a leading role in developing future directions and policies for rural industries.

Website: <http://www.affa.gov.au/industryleadership>

Phone: FreeCell 1800 686 175 or 02 6272 3292

### **AAA - Agricultural Development Partnerships**

The AAA - Agricultural Development Partnerships Program was announced in the 2001 Budget and will provide assistance for structural adjustment, targeted to specific agricultural industries and regions experiencing significant problems affecting farm viability. When established the aim of the program is to provide structural adjustment assistance to regional communities to promote the profitability, competitiveness and sustainability of agricultural industries.

Phone: 02 6272 3830

### **AAA – Farm Innovation Program**

AAA – Farm Innovation Program provides grants to eligible farming, food, fishing and forestry businesses to adopt innovative practices, process and products. All grant rounds have closed, however, fact sheets on successful projects from rounds 1 to 4 are available at the website below or by contacting the AAA hotline.

Website: [www.affa.gov.au/farminnovation](http://www.affa.gov.au/farminnovation)

Phone: FreeCell 1800 686 175

### ***OTHER AFFA PROGRAMS AND INITIATIVES***

#### **Rural Partnership Program (RPP)**

The Rural Partnership Program operates in 12 regions across Australia and provides a high level of autonomy and flexibility to enable regional communities to develop strategies, which specifically target their particular problems, while working in a partnership with all tiers of government and the key interest groups in a region.

A wide range of farm business activities can be funded. The following examples are a guide:

- business planning and productivity improvements
- natural resource management projects
- training in market development and other identified priorities
- implementation of best practice farming technology

The RPP aims to achieve long-term change and to encourage:

- profitable and self-reliant rural sectors which operate competitively and which can adapt to changing market, economic and resource conditions;
- sustainable management of the natural resource base;
- more robust, equitable and prosperous rural communities.

RPPs have operated in 12 regions across Australia, these are: : Alpine Valleys (Vic), Atherton Tablelands (Qld), Desert Uplands (Qld), Eyre Peninsula (SA), Gascoyne Murchison (WA), Loddon Murray (Vic), Murrumbidgee Irrigation Area (NSW), Riverland (SA), South Coast (WA), South West Strategy (Qld), Sunraysia (NSW & Vic) and WEST 2000 (NSW). A number of these Programs have now finished.

#### **Inland Marketing Corporation**

The Inland Marketing Corporation (IMC) project aims to promote and enhance the economic well being of inland New South Wales. The Commonwealth agreed to contribute to IMC to undertake a number of activities to achieve the following outcomes:

- **Local Product Development** – engage in and facilitate with local producers to adapt their crop selection and production techniques to meet expanding opportunities including value adding in international markets;

- **Marketing and Facilitation** – involves developing networks among distributors and retailers, ensuring quality assurance at the market end of the supply chain, market intelligence to guide local product development and liaise with Government agencies, both in Australia and abroad; and
- **Supply Chain** – undertake the Parkes Freight Hub which includes the collection, processing and shipment of air, road and sea freightable products.

It is envisaged that IMC will foster a wider range of marketing options through the introduction of innovative solutions for the marketing and transportation of agricultural produce.

The Commonwealth's support for the IMC project was not contingent on IMC being an unlisted public company where the shareholders are rural NSW Shire Councils. The Commonwealth does not hold any equity in IMC and is not involved in the decision making processes of IMC.

#### **National Action Plan for Salinity and Water Quality**

The *National Action Plan for Salinity and Water Quality* is a strategy for tackling two of Australia's most pressing natural resource management issues – increasing salinity levels and declining water quality. Over seven years, Commonwealth funding of \$700 million is matched dollar for dollar by State and Territory governments to target the worst affected areas in 21 priority regions.

The National Action Plan (NAP) and the Natural Heritage Trust recognise the critical role of local government in supporting regional bodies to develop and implement integrated regional natural resource management plans through the provision of planning, capacity building and administrative support.

While recognising that local government participation in NAP activities in the Priority Investment Regions and Trust activities in all regions may vary due to the level of experience, skills, resources and infrastructure available, local government support is a key component in the delivery of NAP and Trust outcomes:

- as community leaders, local government is well positioned to promote the changes needed to deliver integrated natural resource management;
- through existing local government infrastructure and administration it can provide regional bodies with local expertise, feedback and support and facilitate the delivery of on-ground actions, infrastructure support, regulation and incentive-based systems;
- local government planning laws are integral to sustainable natural resource management; and
- local governments can be significant land managers in their own right.

At its 5 April 2002 meeting, the Council of Australian Governments re-affirmed the crucial role of local government in the successful implementation of the NAP. Specifically, the Council agreed to support arrangements that include adequate:

- local government representation on regional bodies;
- local government involvement in the development of integrated natural resource management regional plans; and
- awareness of regional objectives in local planning.

This role is identified in existing NAP Bilateral Agreements between individual States and the Commonwealth, including the requirement for local government representation/experience on the relevant regional bodies.



The delivery of the Trust will be building on the regional arrangements developed for the NAP and extending them to other regions. Bilateral agreements for the Trust will include similar requirements for local government representation on relevant regional bodies as the NAP agreements.

For more information visit the website at [www.napswq.gov.au](http://www.napswq.gov.au) or telephone (02) 6272 5132.

### **Natural Heritage Trust**

The \$2.5 billion Natural Heritage Trust represents the biggest financial commitment to environmental action by any Commonwealth Government in Australia's history.

Since 1996, the Trust has invested funds to help local communities deliver more productive agricultural land, healthier waterways, cleaner beaches, less air pollution, and save our threatened species. By the end of the 2001-02 financial year, \$1.4 billion had been invested in the Trust and related programs for more than 11,900 projects around Australia. More importantly, an estimated 400,000 Australians have been involved in these projects.

In the May 2001 Budget the Commonwealth Government extended the Natural Heritage Trust for a further five years, from 2002-03 to 2006-07. From July 2002 there will be more than \$1 billion in funding over the five years to 2006-07 to support the sustainable management of Australia's natural resources.

The Commonwealth Government is working with State and Territory Governments to make the Trust more effective. As a result of these discussions, the number of Trust programs has been reduced from twenty-three to four. These are Landcare, Bushcare, Rivercare and Coastcare:

- The **Landcare Program** will invest in activities that contribute to reversing land degradation and promoting sustainable agriculture.
- The **Bushcare Program** will invest in activities that contribute to conserving and restoring habitat for the native flora and fauna which underpin the health of the landscape.
- The **Rivercare Program** will invest in activities that contribute to improved water quality and environmental conditions in river systems and wetlands.
- The **Coastcare Program** will invest in activities that contribute to protecting coastal catchments, ecosystems and the marine environment.

The Natural Heritage Trust is jointly administered by Agriculture, Fisheries and Forestry — Australia and Environment Australia.

Funds will be delivered at three levels: national investments, regional investments, and a local action component – the Australian Government Envirofund.

#### *National investments*

Investment at this level will cover national priorities, addressing activities that have a national or broad-scale, rather than a regional or local, outcome. This

will include state-wide activities as well as those that cross State, Territory and regional boundaries. It will also address matters of direct Commonwealth jurisdiction, such as those relating to Commonwealth waters.

#### *Regional investments*

Regional investments will become the principal delivery mechanism for the Trust and will follow, where appropriate, the model developed for the National Action Plan for Salinity and Water Quality. Under this model, investment is made on the basis of a regional natural resource management plan, incorporating the major natural resource management issues in the area.

#### *Interim regional arrangements*

In determining the future direction of the Trust, the Commonwealth Government recognised the need to provide support for ongoing work consistent with expected regional priorities, to build on the outcomes of existing investments, and to maintain momentum and continuity within communities while this new structure is implemented.

Funds will be available for activities that need to begin before accredited plans are in place. This interim funding is expected to fund projects that are clearly critical in terms of timing and achieving regional outcomes and the development of regional plans.

#### *The Australian Government Envirofund*

The Australian Government Envirofund is the local action component of the Natural Heritage Trust. It will help communities undertake local projects aimed at conserving biodiversity and sustainable resource use.

The Australian Government Envirofund will enable community groups to apply for grants of up to \$30 000 to carry out on-ground actions to target local problems. State/Territory and Local Governments are not eligible to apply for the Government Envirofund funding.

#### **Requirements**

Projects will need to be completed within 12 months and help achieve one or more of the Trust's environmental priorities, which are listed in the Australian Government Envirofund Guidelines. Preference will be given to projects that take a systematic and coordinated approach to dealing with an environmental problem.

#### **Eligibility**

To be eligible for funding from the Australian Government Envirofund it is necessary to be part of a registered community group (an unincorporated group can apply, but will not receive its funding until it is incorporated); a registered Indigenous community or organisation; or an individual proposing activities that have a very high public benefit.

#### **Applications**

The 2002-2003 funding round of the Australian Government Envirofund closed at 5pm on Wednesday 5 June 2002. Calls for applications for 2003-04 are anticipated to be made towards the end of the 2002 calendar year.

#### **Contact**

For information about **Trust funding in 2002-2003**, contact Environment Australia's Community Information Unit on 1800 065 823 or the Department of Agriculture Fisheries and Forestry - Australia Natural Heritage Trust Contact Officer on 02 6272 4399 or email [nht.contact@affa.gov.au](mailto:nht.contact@affa.gov.au). The Trust has a website at [www.nht.gov.au](http://www.nht.gov.au).

#### **Fisheries Resources Research Fund**

The Fisheries Resources Research Fund (FRRF) provides strategic research, review and assessment capabilities that will support policies leading to competitive, profitable and sustainable wild-catch and aquaculture fishing industries. The Fund is funded through yearly parliamentary appropriations. For 2002-03, \$2.75m in funds has been allocated to the FRRF.

Website:

[www.affa.gov.au/content/output.cfm?ObjectID=D2C48F86-BA1A-11A1-A2200060B0A01234](http://www.affa.gov.au/content/output.cfm?ObjectID=D2C48F86-BA1A-11A1-A2200060B0A01234)

Phone: FRRF Secretary - 02 6272 4156

#### **Australian Quarantine and Inspection Service Export Facilitation Program**

The AQIS Export Facilitation Program provides advice and support to farmers and other agricultural and fishery producers who are seeking to export their produce. Export facilitation officers advise on export matters such as other countries import conditions and inspection procedures, Australian legislative requirements, AQIS fees and charges, quality assurance and documentation. The program also advises on export requirements for a wide range of products, including meat, frozen animal food, dairy, plant and grain, fish, fresh fruit and vegetables, organic and biological products (including pharmaceuticals) and live animals.

Website: [www.aqis.gov.au](http://www.aqis.gov.au)

Phone: Contact AQIS in your state or territory

#### **Dairy Industry Adjustment Package**

The Dairy Industry Adjustment Package is funded by a levy of 11 cents per litre on retail sales of drinking milk and includes structural adjustment payments, exit payments and regional assistance.

Dairy Structural Adjustment Program website: [www.daa.gov.au](http://www.daa.gov.au)

Phone: Dairy Adjustment Authority Help line 1800 503 603

Dairy Exit Program Website: <http://www.centrelink.gov.au>

Phone: Centrelink 132 850

Dairy Regional Assistance Program Website: <http://www.acc.gov.au/DairyRAP/>

Phone: Call your local Area Consultative Committee as listed on the website.

#### **Great Artesian Basin Sustainability Initiative**

This Initiative provides incentives for pastoralists in the Great Artesian Basin to rehabilitate uncontrolled artesian bores and replace open earthen bore drains with piped stock water reticulation systems. While aimed at the partial recovery of artesian pressure, the Initiative also provides opportunities for improved stock, land and vegetation management to improve farm viability. Commonwealth funds are made available to the States as grants to accelerate their bore rehabilitation and bore drain replacement programs.

Website: [www.gab.org.au](http://www.gab.org.au) and [www.dnr.qld.gov.au/water/artesian\\_basin](http://www.dnr.qld.gov.au/water/artesian_basin)

Phone: Canberra 02 6272 4627

### **Forest Industry Structural Adjustment Program (FISAP)**

FISAP is designed to assist businesses and workers involved in the native hardwood timber industry to adjust to changes in the nature and availability of native timber resources as a result of the Regional Forest Agreement process. There are three elements to the program: Industry Development Assistance, Business Exit Assistance and Worker Assistance. In NSW and Victoria, FISAP is funded and administered jointly by the Commonwealth and State governments and Commonwealth payments are generally made through the State governments to the successful applicants. In Queensland, the program operates as a Commonwealth-only Industry Development Assistance program and payments are made directly to the successful applicants. The operation of FISAP in Western Australia is dependent on decisions to be made by the State government on future hardwood timber allocations in that State. Except in Western Australia, it is not anticipated that there will be any more calls for applications for FISAP assistance.

Website: [www.affa.gov.au/forestry](http://www.affa.gov.au/forestry)

Phone: (02) 6272 4196.

### **New Industries Development Program**

The New Industries Development Program offers financial assistance and practical information to organisations undertaking commercialisation of new agribusiness products, services and technologies. The main activity of the New Industries Development Program is to provide funding assistance for agribusiness Pilot Commercialisation Projects in agricultural, processed food, fisheries and forestry industries. Funding of up to \$100,000 is available to support agribusiness PCPs that aim to commercialise new products, varieties technologies or services. Each year the NIDP offers up to 15 In Market Experience Scholarships to help Australian agribusiness enterprises acquire the new skills contacts and sources of information required to commercialise new high value agribusiness products services or technologies. Scholarships are awarded to a maximum of \$30,000 each.

Website: <http://www.affa.gov.au/agribiz>

Phone: 1300 884 588

### **Research and Development Corporations**

AFFA is a major contributor to the funding of Commonwealth Research and Development Corporations (R&DCs). These bodies focus on expanding Australia's rural research and development (R&D) effort, improving its efficiency and effectiveness by investing in high priority areas, and enhancing industry's international competitiveness through more effective uptake of research results. R&DCs provide an alliance between industry and Government to pursue R&D to advance the interests of industry as well as those of the community.

Twelve rural-industry based R&DCs operate within the AFFA Portfolio and are generally funded on the basis of the Government matching, dollar-for-dollar, industry R&D levies up to a maximum of 0.5% of the industry's gross value of production (GVP). Two other RDCs, the Land and Water Resources RDC, and Rural Industries RDC receive substantial Government funding in recognition of the broad public interest in environmental issues, and the need to pursue generic rural R&D and support new and emerging rural industries.

For further information on the work of the various R&DCs, please contact the R&DCs direct. Information on R&D tax concessions and the R&D Start program (non AFFA programs) please contact AusIndustry, phone 132 846.

#### **Sugar Industry Infrastructure Program**

The Sugar Industry Infrastructure Program provides funding for infrastructure development (transport, irrigation and drainage) in the Queensland and NSW sugar industries and is designed to ensure the future growth of the Australian sugar industry.

The program originally involved \$40 million in Government funding (\$20 million each from Commonwealth and State), of which \$38 million was for Queensland and \$2 million for New South Wales. The New South Wales component of the program was completed in June 2000. Federal funding of \$1.76 million remains to be spent under the Queensland component.

For further information, please phone (02) 6272-5407. or refer to the website at: <http://www.affa.gov.au/content/output.cfm?ObjectID=29D54390-B981-4595-A4A0193340EE9851>

#### **Supply Chain Management for GM Products Project (Biotechnology Project)**

AFFA received departmental funding for 4 years from July 2000 under the National Biotechnology Strategy to undertake studies and work in relation to addressing supply chain development and management for GM, non-GM and co-mingled products to meet domestic and international market requirements for commodities and processed foods".

The objectives of the Project are to ensure that industry is well placed to make informed decisions about whether to adopt GM products and their effective management; enhance industry's capacity for supply chain management of GM products, and ensure that the government is able to support appropriately these systems in regard to GM products.

Website: <http://www.affa.gov.au/segregation>

Phone: 02 6272 4940

#### **Northern Australia Quarantine Strategy (NAQS) – Australian Quarantine and Inspection Service**

NAQS, a program within the Australian Quarantine and Inspection Service, is designed to protect Australia from incursions of exotic pests, weeds and diseases present in countries to our north. It does this by: identifying and evaluating quarantine risks facing northern Australia; and providing early detection and warning of new pests through monitoring, surveillance and public awareness across northern Australia and in neighbouring countries.

Website: <http://www.aqis.gov.au/naqs>

Phone: Canberra 02 6272 4595, Cairns 07 4030 7803 or 07 4030 7854

#### **East Timor Program – Australian Quarantine and Inspection Service**

The Australian Quarantine and Inspection Service's (AQIS) East Timor Program was established in 1999 to manage the increased risk associated with the movement of military and civilian personnel and equipment between East Timor and Australia. This includes: pre-inspection duties within East Timor; increased border control at the point of entry; and monitoring and surveillance activities (both onshore and offshore). A core component of the East Timor Program is the establishment of the East Timor

Agricultural Quarantine and Animal and Plant Health Support project, aimed at assisting East Timor in developing its own quarantine service.  
Phone: Canberra 02 6272 3198

#### **National Residue Survey**

The NRS undertakes residue surveys to underpin export and domestic marketing initiatives of participating industries. Industry participation is voluntary, however residue testing may be required to gain export certification by AQIS and/or market access to sensitive markets. Some industries use residue results to underpin their industry quality assurance programs.

Industry pays for the NRS services via commodity specific levies.

Laboratories are contracted for periods of up to two years by the NRS, following a competitive tendering round. NRS contracted laboratories undergo ongoing proficiency testing to international standards.

The NRS monitoring surveys ascertain the levels of agvet chemical residues and other chemical contaminants (e.g. metals) in meat, animal, grain, horticulture, seafood and aquaculture products. The results from these surveys are widely reported and easily available on the AFFA website ([www.affa.gov.au/nrs](http://www.affa.gov.au/nrs)).

Targeted surveillance data is also collected to identify the occurrence of particular residues or contaminants and identify and manage their sources. NRS works with industry to manage residue issues, that pose a high risk, or potential risk to Australia's export markets. For example, the beef industry funds surveillance testing to support organochlorine (NORM) and antimicrobial (NARM) management programs. This information is the property of the participating industry.

The NRS also is contracted by external bodies to undertake laboratory performance evaluations.

Enquiries are welcome from industries desiring random monitoring or targeted testing to be conducted on their product, or from programs requiring laboratory performance evaluations.

Term of the Program: Ongoing (since the early 1960s)

Details of the contact officer: Graeme Hamilton  
Ph: 02 6272 4549; Mob: 0428 264 083; Fax: 02 6272 4023; email:  
[graeme.hamilton@affa.gov.au](mailto:graeme.hamilton@affa.gov.au)

#### **Australian Quarantine & Inspection Service (AQIS) International Mail Program**

The AQIS International Mail Program is responsible for the quarantine screening of over 150 million inbound international mail articles per year at 7 Australia Post international mail centres around Australia. Screening methods used by AQIS include advanced tri-colour display x-ray units and detector dog teams. Working closely with Australia Post and the Australian Customs Service, the Program plays an important role in the protection of Australia's animal, plant, human health and the environment from the incursion of exotic pests and diseases.

For further information about the International Mail Program, please contact us.

Email ([international.mail@aqis.gov.au](mailto:international.mail@aqis.gov.au) )

AQIS Website: [www.aqis.gov.au](http://www.aqis.gov.au)

AQIS International Mail National Program Manager: Louise van Meurs 02 6272 4382

**Levies Revenue Service**

The Levies Revenue Service (LRS) is an organisation within the Commonwealth Department of Agriculture, Fisheries and Forestry - Australia (AFFA). The LRS is responsible for both the collection and distribution of levies to the relevant Research and Development Corporations, Statutory Marketing Authorities, Animal Health Australia and the National Residue Survey. LRS is also responsible for the distribution of the Commonwealth's matching levy research and development contributions.

LRS collects over 60 different levies and charges from a client base of over 10,000 levy payers.

For more information about LRS, please visit our website at [www.affa.gov.au/levies](http://www.affa.gov.au/levies) or phone 1800020 619.