

## APPENDIX C – PRO-FORMA REQUEST FOR COSTING AN ELECTION COMMITMENT<sup>1</sup>

Name of policy	A Stronger Agriculture Sector
Person requesting costing (Prime Minister/Leader of the Opposition/Leader of a minority party):	Prime Minister
Date of public release of policy:	23/06/2016
Date of request to cost the policy:	23/06/2016
Summary of policy (please attach copies of relevant policy documents):	<p>The “A Stronger agriculture sector” policy includes the following elements:</p> <p><b>Invasive animals solutions - \$20 million over five years from within existing funding</b></p> <p>\$20 million over five years from 2017-18 to boost research and development aimed at eradicating invasive pest species. The Coalition will support the transition of the Invasive Animals Cooperative Research Centre into Invasive Animals Solutions to 2017 to build on this investment by leveraging up to a total of \$70 million cash and in-kind from universities, state governments, and the CSIRO and industry partners.</p> <p><b>Livestock export global assurance programme - \$8.3 million over four years</b></p> <p>The Livestock Export Global Assurance programme is managed by industry and is currently under trial. The programme is intended to work with the current Exporter Supply Chain Assurance System framework to better protect the welfare of animals by ensuring comprehensive animal assessment.</p> <p>The goal of the Livestock Export Global Assurance programme is to ensure animals are treated in accordance with international guidelines, in any market, and at all stages within a supply chain.</p> <p>The commitment will boost the output, competitiveness, and innovative capacity of Australia’s agriculture sector.</p> <p><b>Thoroughbred R&amp;D - \$1.2 million over 3 years</b></p> <p>The Coalition will invest \$1.2 million in research and development intended to boost disease control, bio-security, and reproductive</p>

<sup>1</sup> An electronic version of this pro-forma can be found at [www.electioncostings.gov.au/templates](http://www.electioncostings.gov.au/templates).

capabilities in the Australian thoroughbred industry.

Our commitment will be matched dollar-for-dollar through an industry supported R&D levy.

The thoroughbred industry employs approximately 4,400 people, a quarter of which are located in the Hunter region.

The commitment will help ensure the competitiveness and sustainability of thoroughbred industry and the regional communities it supports.

**Northern Australia Rice Industry - \$4 million from within existing funding**

The Coalition will support the development of the rice industry in Northern Australia building on successful initial research trials growing crops in Queensland.

Additional investment in research and development is required at this early stage to maximise the prospects of a successful outcome.

The Coalition recognises it would not be reasonable to expect southern Australian rice growers to contribute significantly to research and development from industry levies in support of development of a northern industry. That is why the Coalition will invest \$4 million over four years, funded from the Rural R&D for Profit program.

**Establish Commodity Milk Price Index - \$2 million from within existing funding**

The Coalition will invest up to \$2 million to establish a commodity milk price index.

Southern Australian dairy farmers have faced significant farm gate milk price reductions late in the 2015-16 season, causing severe financial hardship.

To help ensure the dairy industry does not find itself in a similar situation in future, an index would deliver greater transparency and market signals in domestic and global milk prices.

The Coalition will consult with the dairy industry on the design of the index that would provide dairy farmers with valuable information.

**Leadership in Agricultural Industries Fund - \$5 million over four years**

The Coalition will support efforts to develop leadership capacity within the agricultural industries to enhance the ability of emerging

	<p>farm leaders to advocate agricultural and rural issues to the Australian community.</p> <p>In addition to managing their own businesses, farm leaders are expected by their communities to champion agricultural issues with rural authenticity into urban communities, join international trade delegations to open new markets, run national corporate organisations and agribusiness companies.</p> <p>The \$5 million Leadership in Agricultural Industries Fund will also assist build farmer representative organisations capacities to lead industry through transitional and structural adjustments that strengthen the long term viability of the sector as well as communicating with farmers on questions regarding agricultural research and development levies.</p>
Intention of policy:	Build a stronger agriculture sector
Certification that this, or a substantially similar costing request, has not been submitted to the Parliamentary Budget Office	This policy has not been submitted to the PBO.
<p><b>Description of policy (please note that, where the request to cost a proposal differs from the announced policy, the costing will be on the basis of information provided in the costing request)</b></p> <p><b>What are the key assumptions that have been made in the policy including:</b></p>	
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	No.
Where relevant, is funding for the policy to be demand driven or a capped amount?	All policies capped except Thoroughbred R&D.
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	Third party agencies involved as covered above.
Are there associated savings, offsets or expenses? If yes, please provide details.	<p>Invasive animals solutions, northern Australia rice industry and commodity milk price index to be funded from within existing programs.</p> <p>Invasive animals solutions to be funded from A Competitive Agriculture Sector -boosting farm profits through rural R&amp;D programme (Agriculture PBS p 26) in 2017-18, and from the National Landcare Programme - National Heritage Trust (Environment PBS p 33) from 2018-19 onwards. The Northern Australia Rice</p>

	Industry and Milk Commodity Price index to be funded from A Competitive Agriculture Sector – boosting farm profits through rural R&D programme.					
<b>Description of policy (please note that, where the request to cost a proposal differs from the announced policy, the costing will be on the basis of information provided in the costing request)</b>						
<b>What are the key assumptions that have been made in the policy including: (continued)</b>						
Does the policy relate to a previous budget measure? If yes, which measure?	Some elements to be funded from existing programs, as explained above.					
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the programme? Will funding/cost require indexation? If yes, list factors used.	N/A					
What are the estimated costs each year? Are these provided on a cash or fiscal basis?	See table below. Total impact on UCB is expected to be \$14.5 million.					
	2016-17 (\$m)	2017-18 (\$m)	2018-19 (\$m)	2019-20 (\$m)	Total (\$m)	
Invasive Animals Solutions	0	0	0	0	-20	Funded as above
Livestock Export Global Assurance Programme	-1.3	-2.7	-2.4	-1.9	-8.3	
Thoroughbred R&D Levy	0	-0.4	-0.4	-0.4	-1.2	
Northern Australia Rice Industry	0	0	0	0	-4	Funded as above
Establish Commodity Milk Price Index	-0.25	-0.25	-0.25	-0.25	-2	Funded as above
Leadership in Agricultural Industries Fund	-1.25	-1.25	-1.25	-1.25	-5	
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	N/A					
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	No.					

What is the expected community impact of the policy?

How many people will be affected by the policy?

What is the likely take up?

What is the basis for these impact assessments/assumptions?

This policy is expected to strengthen the Agriculture White Paper and provide the best opportunities for the agriculture sector to grow.

**NOTE:** it will be up to the professional judgment of the relevant Secretary as to whether these assumptions are adopted in a Treasury or Finance costing of the policy.

<b>Administration of policy</b>	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?	Department of Agriculture and Water Resources.
<p>Should departmental expenses associated with this policy be included in this costing?</p> <p>If no, will the Department be expected to absorb expenses associated with this policy?</p> <p>If yes, please specify the key assumptions, including whether departmental costs are expected with respect to programme management (by policy agencies) and additional transactions/processing (by service delivery agencies).</p>	<p>The Department is already funded to deliver to the Landcare and the R&amp;D for Profit programs.</p> <p>The cost of administering the thoroughbred R&amp;D levy should be covered by existing departmental expenses.</p> <p>Administration costs for the Livestock Export Global Assurance programme should be included in the cost of the policy.</p> <p>Administration costs for the Leadership in Agricultural Industries Fund should be included within the \$5 million cap.</p>
Intended date of implementation.	As soon as practicable in 2016-17.
Intended duration of policy.	Four years.
Are there transitional arrangements associated with policy implementation?	No
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	N/A
Are there any other assumptions that need to be considered?	No.