



**Australian Government**  
**Department of Finance**  
**The Treasury**

## **PUBLIC RELEASE OF 2016 ELECTION COMMITMENT COSTING**

<b>Name of proposal costed: A Stronger Agriculture Sector</b>	
<b>Costing Identifier:</b>	COA 033
<b>Summary of costing:</b>	<p>The proposal is to support a number of initiatives under the 'A Stronger Agriculture Sector' policy all commencing in 2016-17. This includes:</p> <p><u>Invasive Animal Solutions</u> \$20.0 million over five years for research and development aimed at eradicating invasive pest species.</p> <p><u>Livestock Global Assurance programme</u> \$8.3 million over four years to better protect the welfare of animals by ensuring comprehensive animal assessment.</p> <p><u>Thoroughbred Research and Development</u> \$1.2 million over three years in R&amp;D intended to support biosecurity and reproductive capabilities in the Australian thoroughbred industry. Funding provided will match dollar-for-dollar any money raised through an industry supported R&amp;D levy.</p> <p><u>Northern Australia Rice Industry</u> \$4.0 million over four years to support the development of the rice industry in northern Australia.</p> <p><u>Establish Commodity Milk Price Index</u> \$2.0 million to establish a price index to provide greater transparency and market signals in domestic and global milk prices.</p> <p><u>Leadership in Agriculture Industries Fund</u> \$5.0 million over four years to develop leadership capacity within the agricultural sector.</p>
<b>Person making the request:</b>	Prime Minister
<b>Date costing request received:</b>	23/06/2016
<b>Date of public release of policy:</b>	23/06/ 2016
<b>Date costing completed:</b>	27/06/2016



<b>Additional information requested (including date):</b>	Not applicable.
<b>Additional information received (including date):</b>	Not applicable.

### Financial implications (outturn prices)<sup>(a)</sup>

Impact on	2016-17	2017-18	2018-19	2019-20
Underlying Cash Balance (\$m)	-2.6	-4.4	-4.1	-3.6
Fiscal Balance (\$m)	-2.6	-4.4	-4.1	-3.6

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

(b) The total cost of the proposal (\$40.5 million), is partially offset by savings of \$26.0 million from the *A Competitive Agriculture Sector – boosting farm profits through rural R&D* measure announced in the 2014-15 Budget and the *National Landcare Programme*.

#### Where relevant, state that the proposal has been costed as a defined or specified amount.

All elements of the costing are costed as a specified amount, with the exception of the Thoroughbred Research and Development which will match the money raised through the industry levy.

#### Where relevant, include separate identification of revenue and expense components.

The Thoroughbred Research and Development proposal has the following costing components:

Impact on	2016-17	2017-18	2018-19	2019-20
Revenue – thoroughbred industry levy (\$m)	0.0	0.4	0.4	0.4
Expense (\$m)	0.0	-0.8	-0.8	-0.8
Total impact (\$m)	0.0	-0.4	-0.4	-0.4

#### Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.

#### Qualifications to the costing (including reasons for the costing not being comprehensive).

The costs for Invasive Animal Solutions, Commodity Milk Price Index and Northern Australia Rice Industry would come from within the existing resources of *A Competitive Agriculture Sector – boosting farm profits through rural R&D* measure announced in the 2014-15 Budget and the *National Landcare Programme*.



**Where relevant, explain effects of departmental expenses.**

As specified in the costing proposal, departmental expenses associated with the Leadership in Agriculture Industries Fund and the Livestock Export Global Assurance programme are included within the specified amount stated in the costing request. Departmental costs associated with administering the Landcare and R&D programs, and the thoroughbred R&D levy will be met from within the existing resources of the Department of Agriculture and Water Resources.

**Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.**

Not applicable.

**Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).**

Not applicable.

**Background information**

**Costing methodology used:**

Overall costs for the proposal (with the exception of the Thoroughbred Research and Development proposal) are based on the table contained in the costing request that identifies the profile for each element of the costing.

**Thoroughbred Research and Development**

- **Costing techniques.**

The estimated production of mares is multiplied by the proposed levy rate to calculate the levy revenue.

- **Policy parameters.**

A levy of \$10 per mare covered per season and a levy of \$10 per mare returned per season. Sourced from the press release *Coalition backs in the thoroughbred industry* released by the Minister for Agriculture on 20 June 2016.

It is assumed that the levy commences from 1 July 2017.

- **Statistical data used.**

The Department of Agriculture and the Thoroughbred Breeders' Association have advised that the production of mares subject to the levy is estimated to be 40,000 per annum.

