



Net Zero Emissions Farms	
Party:	Independent Member for Indi
<p>Summary of proposal:</p> <p>The proposal consists of 2 components:</p> <p><b>Component 1</b> would establish a network of Agricultural Extension Officers (AEOs) to support Australian farmers to meet the Government's net zero emissions target by 2050.</p> <p>The network includes 200 AEOs across 20 regional centres in Australia to support farms to achieve Carbon Neutral Certification, purchase zero emissions equipment, and implement new technical and other practices to reduce emissions.</p> <p>This component of the proposal would be in effect from 1 October 2022 and would terminate after 4 years.</p> <p><b>Component 2</b> would see the Department of Agriculture and the Department of Industry partner to develop a new Carbon Neutral Certification Scheme for farms (Scheme) through the Climate Active initiative. The certification scheme for farms would be an ongoing standard under the Climate Active initiative.</p> <p>This component of the proposal would start from 1 October 2022 and would be ongoing.</p>	

## Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balance by around \$126 million over the 2022-23 Budget forward estimates period. This impact entirely reflects an increase in departmental expenses.

The proposal would have an impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate PDI tables) over the period to 2032-33 is provided at Attachment A.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-25.3	-32.9	-33.3	-33.5	<b>-125.0</b>
Underlying cash balance	-25.3	-32.9	-33.3	-33.5	<b>-125.0</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

## Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

### Component 1

- The jobs specified in the proposal do not currently fall under the standard Australian Public Service (APS) classifications. The AEO roles have been estimated based on the APS classifications that closely match their salary and level of experience.
  - The network of AEOs assumes a mix of APS staff levels (APS 6 and Executive Level 1).

### Component 2

- The Scheme will make use of existing Climate Active infrastructure and processes.
- Departmental expenses are higher in the first year to account for additional costs associated with establishing the Scheme.
- Beyond the forward estimates, departmental expenses would grow in line with the wage cost index 3 (WCI3) and account for the efficiency dividend.

## Methodology

### Component 1

Departmental expenses of this component were derived using PBO's departmental cost model which projects the APS salary using the latest wage index parameters.

- Total departmental costs associated with AEOs include other salary and non-salary related expenses such as superannuation, human resource service, staff training and development and organisational services.
- Variable costs such as overtime pay, and rural loadings have not been included in the calculation.

### Component 2

Departmental expenses of this component over the forward estimates were estimated by the Climate Active component of the *Emissions Reduction and New Investments under the Technology Investment Roadmap measure* from the 2021-22 Budget.

- Additional costs of establishing the Scheme were added in the first year.
- Beyond the forward estimates, departmental expenses would grow in line with WCI3 and account for the efficiency dividend.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.<sup>1</sup>

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<sup>1</sup> [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/Costings\\_and\\_budget\\_information](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information)

## Data sources

The Department of Finance provided the standard departmental costs for salaries and non-salary related costs as at the 2022 Pre-election Economic and Fiscal Outlook.

Economic parameters used in the model were provided by the Department of Finance and the Treasury as at the 2022 Pre-election Economic and Fiscal Outlook.

Information on the Climate Active component of the *Emissions Reduction and New Investments under the Technology Investment Roadmap* measure from the 2021-22 Budget was provided by Department of Industry, Science, Energy and Resources, as at the *2021-22 Budget*.

Australian Government (2021) [Budget Measures Budget Paper No.2 2021-22](#), Australian Government, accessed 14 June 2022.

Climate Active (n.d) [Climate Active](#), accessed 14 June 2022.

## Attachment A – Net Zero Emissions Farms – financial implications

**Table A1: Net Zero Emissions Farms – Fiscal and underlying cash balances (\$m)<sup>(a)</sup>**

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b>Expenses</b>													
<b>Departmental</b>													
<i>Component 1</i>	-23.9	-32.0	-32.2	-32.4	-8.2	-	-	-	-	-	-	-120.5	-128.7
<i>Component 2</i>	-1.4	-0.9	-1.1	-1.1	-1.1	-1.1	-1.1	-1.2	-1.2	-1.2	-1.2	-4.5	-12.6
<b>Total – expenses</b>	<b>-25.3</b>	<b>-32.9</b>	<b>-33.3</b>	<b>-33.5</b>	<b>-9.3</b>	<b>-1.1</b>	<b>-1.1</b>	<b>-1.2</b>	<b>-1.2</b>	<b>-1.2</b>	<b>-1.2</b>	<b>-125.0</b>	<b>-141.3</b>
<b>Total (excluding PDI)</b>	<b>-25.3</b>	<b>-32.9</b>	<b>-33.3</b>	<b>-33.5</b>	<b>-9.3</b>	<b>-1.1</b>	<b>-1.1</b>	<b>-1.2</b>	<b>-1.2</b>	<b>-1.2</b>	<b>-1.2</b>	<b>-125.0</b>	<b>-141.3</b>

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

**Table A2: Net Zero Emissions Farms – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<b>Fiscal balance</b>	-0.3	-1.0	-1.7	-2.5	-3.1	-3.3	-3.4	-3.6	-3.7	-3.9	-4.2	-5.5	-30.7
<b>Underlying cash balance</b>	-0.3	-0.9	-1.6	-2.4	-3.0	-3.3	-3.4	-3.5	-3.7	-3.9	-4.2	-5.2	-30.2

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>2</sup>.

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

<sup>2</sup> [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au/online-budget-glossary)