



Parliament of Australia
Parliamentary Budget Office

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Parliamentary Budget Officer

Senator Richard Di Natale
Leader of the Australian Greens
Parliament House
CANBERRA ACT 2600

Dear Senator Di Natale

Please find attached a response to your costing request, *Securing the future of farming* (letter of 27 June 2016).

The response to this request will be released on the PBO website (www.pbo.gov.au).

If you have any queries about this costing, please contact Colin Brown on (02) 6277 9530.

Yours sincerely

Phil Bowen

28 June 2016



Policy costing—during the caretaker period for the 2016 general election

Name of proposal:	Securing the future of farming
Summary of proposal:	<p>The proposal has the following components:</p> <p><u>Component 1: Helping our soils survive</u></p> <ul style="list-style-type: none">• This component would provide capped funding of \$25 million (including administration costs) per year over the period 2017-18 to 2020-21 to improve research and investment in soil quality through a National Soil Health Strategy. <p><u>Component 2: Helping farmers sell direct</u></p> <ul style="list-style-type: none">• This component would provide grants of \$20 million (including administration costs) per year over the period 2017-18 to 2020-21 to connect farmers and local communities. <p><u>Component 3: Saying no to corporate control</u></p> <ul style="list-style-type: none">• This component would provide funding:<ul style="list-style-type: none">– of \$2 million for the establishment of an independent research and development group tasked with scoping the establishment of a genetically-modified (GM) contamination clean-up fund– of \$2 million for an inquiry into the assessment procedures for GM crops and products– for implementation of comprehensive, mandatory labelling for foods containing any ingredient, additive or processing aid, or other constituent product using genetic modification. <p>The proposal would have effect from 1 July 2017.</p>
Person/party requesting costing:	Senator Richard Di Natale, Australian Greens

Date of public release of policy:	20 June 2016 <ul style="list-style-type: none"> http://greens.org.au/news/wa/greens-announce-package-help-farmers-sell-direct http://greens.org.au/local-food http://greens.org.au/soil-health http://greens.org.au/food-system
Date costing request received:	27 June 2016
Date costing completed:	28 June 2016
Expiry date for the costing:	Release of the next economic and fiscal outlook report

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by \$143.5 million over the 2016-17 Budget forward estimates period. These impacts are due to an increase in administered expenses of \$137.3 million and an increase in departmental expenses of \$6.2 million. Detailed financial implications over the period 2016-17 to 2020-21, at which point funding for the proposal would terminate, are at Attachment A.

Components 1 and 2 of this costing are considered to be of high reliability as the estimates are based on capped administered funding with departmental expenditure based on similar sized grant programs. Component 3 is considered to be of medium reliability due to the uncertainty of the scope of implementing labelling for GM foods.

Table 1: Financial implications (outturn prices)^{(a)(b)}

Impact on (\$m)	2016–17	2017–18	2018–19	2019–20	Total
Fiscal balance	-	-50.0	-48.4	-45.0	-143.5
Underlying cash balance	-	-50.0	-48.4	-45.0	-143.5

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

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Methodology

Departmental expenditure estimates for Components 1 and 2 are included within the capped funding amounts as specified in the request. These estimates are based on other like programs and the estimates account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Administered expenditure estimates for Components 1 and 2 are the remainder of the capped funding amounts after allowing for the estimated departmental expenditure.

Administered and departmental expenditure estimates for Component 3 were based on the estimates for a 2012-13 Budget measure related to implementing recommendations from the review of food labelling.

Data sources

- The Department of Finance provided indexation parameters.
- 2012-13 Budget Paper No. 2.

Attachment A: Securing the future of farming— financial implications

Table A1: All components – Securing the future of farming—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	Total to 2020–21
Impact on fiscal and underlying cash balances							
Administered	-	-47.8	-46.4	-43.4	-137.3	-43.4	-180.7
Departmental	-	-2.3	-2.1	-1.6	-6.2	-1.6	-7.8
Total	-	-50.0	-48.4	-45.0	-143.5	-45.0	-188.5

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A2: Component 1: Helping our soils survive—Financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	Total to 2020–21
Impact on fiscal and underlying cash balances							
Administered	-	-24.1	-24.1	-24.1	-72.2	-24.1	-96.3
Departmental	-	-0.9	-0.9	-0.9	-2.8	-0.9	-3.7
Total	-	-25.0	-25.0	-25.0	-75.0	-25.0	-100.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A3: Component 2: Helping farmers sell direct—financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	Total to 2020–21
Impact on fiscal and underlying cash balances							
Administered	-	-19.3	-19.3	-19.3	-57.8	-19.3	-77.1
Departmental	-	-0.7	-0.7	-0.7	-2.2	-0.7	-2.9
Total	-	-20.0	-20.0	-20.0	-60.0	-20.0	-80.0

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

Table A4: Component 3: Saying no to corporate control—financial implications^{(a)(b)}

(\$m)	2016–17	2017–18	2018–19	2019–20	Total to 2019–20	2020–21	Total to 2020–21
Impact on fiscal and underlying cash balances							
Administered							
R&D on GM clean up	-	-1.0	-1.0	-	-2.0	-	-2.0
Inquiry into GM assessment	-	-1.0	-1.0	-	-2.0	-	-2.0
Mandatory food labelling	-	-2.4	-1.0	-	-3.3	-	-3.3
Total - administered	-	-4.4	-3.0	-	-7.3	-	-7.3
Departmental							
R&D on GM clean up	-	-	-0.1	-	-0.1
Inquiry into GM assessment	-	-	-0.1	-	-0.1
Mandatory food labelling	-	-0.6	-0.4	-	-1.0	-	-1.0
Total - departmental	-	-0.7	-0.5	-	-1.2	-	-1.2
Total	-	-5.0	-3.4	-	-8.5	-	-8.5

(a) A positive number indicates an increase in revenue or decrease in expenses or net capital investment in accrual and cash terms. A negative number indicates a decrease in revenue or an increase in expenses or net capital investment in accrual and cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil; .. indicates the value is not zero, but rounded to zero.