

10. AGRICULTURE, FORESTRY AND FISHING

NATURE OF OUTLAYS

The Agriculture, Forestry and Fishing function covers outlays on: land management; water resources; rural adjustment designed to improve farm productivity, profitability and sustainability; quarantine services; diesel fuel rebates for primary producers; contributions to research and promotion, price support arrangements and subsidies (including where the cost of services provided by departments and agencies is borne by Government in whole or in part); efforts to conserve, extend or rationalise exploitation of forest resources; forest pest and disease control activities; forest firefighting and fire prevention services; freshwater, ocean and coastal fishing and fish farming; and research into fish management and related problems of the fish industry. Outlays on sport fishing are classified to 8. *Recreation and Culture*.

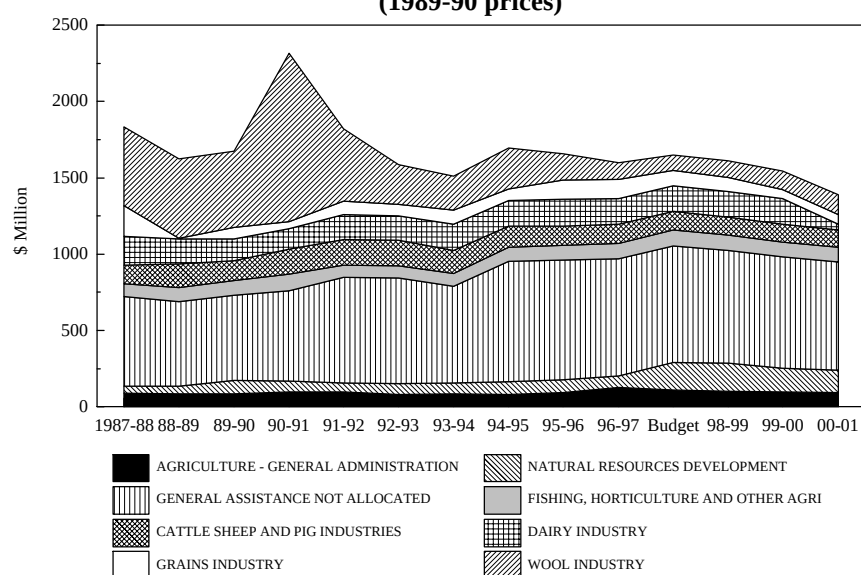
A large proportion of outlays in this function correspond to various levies and charges collected by Government on behalf of industry. These industry contributions are classified as revenue, i.e. not offsets within outlays (see Other Taxes, Fees and Fines in *Statement 5*).

Outlays in other functions also assist agricultural industries, e.g. outlays on transport infrastructure and services, and by agencies such as the Commonwealth Scientific and Industrial Research Organisation. In addition, taxation legislation provides concessional treatment of research and development costs, and for the averaging of income from primary production.

This function includes outlays of the following portfolios:

- Administrative Services;
- Environment, Sport and Territories;
- Veterans' Affairs;
- Industry, Science and Tourism;
- Primary Industries and Energy;
- Prime Minister and Cabinet; and
- Treasury.

**Chart 1. Overview of Commonwealth Outlays on
Agriculture, Forestry and Fishing
(1989-90 prices)**



TRENDS IN AGRICULTURE, FORESTRY AND FISHING OUTLAYS

As shown in Chart 1, the major impact on function outlays over the period between 1987-88 and 1997-98 was the 1990-91 peak in wool outlays associated with the management of the wool stockpile and associated debt. The increase for Natural Resources Development and Management from 1997-98 will result from the commencement of the Natural Heritage Trust.

The increase in real terms in 1994-95 principally reflects additional outlays to the rural sector on exceptional circumstances drought assistance. Outlays are expected to decrease from 1997-98 as the need for drought relief decreases and in 2000-01 as assistance to the dairy industry through the Domestic Market Support Scheme is terminated.

1997-98 AND FORWARD ESTIMATES

			1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Specific Industries							
10.1	Wool	\$m	123.1	121.5	132.9	149.3	169.1
		%		-1.3	9.4	12.3	13.3
10.2	Grains	\$m	149.8	119.8	115.5	76.3	74.7
		%		-20.0	-3.6	-33.9	-2.1
10.3	Dairy	\$m	193.9	196.1	200.4	202.8	47.7
		%		1.1	2.2	1.2	-76.5
10.4	Cattle, Sheep and Pig	\$m	142.8	142.6	143.2	147.0	147.4
		%		-0.1	0.4	2.7	0.3
10.5	Fishing, Horticulture and Other Agriculture	\$m	115.9	126.4	122.6	123.8	121.5
		%		9.1	-3.0	1.0	-1.9
	Sub-total	\$m	725.5	706.4	714.6	699.2	560.4
		%		-2.6	1.2	-2.2	-19.9
10.6	General Assistance not Allocated to Specific Industries	\$m	891.9	898.9	893.6	900.6	899.7
		%		0.8	-0.6	0.8	-0.1
10.7	Natural Resources Development and Management	\$m	89.3	215.9	219.7	195.6	186.9
		%		141.8	1.8	-11.0	-4.4
10.8	General Administration	\$m	143.5	127.9	125.1	120.9	120.4
		%		-10.9	-2.2	-3.4	-0.4
	TOTAL	\$m	1850.2	1949.1	1953.1	1916.4	1767.4
		%		5.3	0.2	-1.9	-7.8

10.1 WOOL INDUSTRY

Outlays consist of payments to Wool International to manage the stockpile and repay the wool industry's debt, and to the Australian Wool Research and Promotion Organisation for industry promotion and management of wool research and development. These payments are funded by the wool tax. The Government also provides a matching contribution for research and development up to 0.5 per cent of the Gross Value of Production.

10.2 GRAINS INDUSTRY

Outlays predominantly relate to wheat. The wheat levy funds the trading and value adding activities of the Australian Wheat Board, with the Government providing a matching contribution for research and development of up to 0.5 per cent of the Gross Value of Production. Outlays are expected to decrease in 1999-2000 as the levy contribution for the Wheat Industry Council will cease on 30 June 1999, in line with a restructuring of the wheat industry.

10.3 DAIRY INDUSTRY

Outlays consist of contributions to the dairy industry for promotion, administration, market support, and research and development. Payments to the Australian Dairy Corporation and the Australian Dairy Research and Development Corporation are funded primarily through dairy levies, with the Government providing a matching contribution for research and development of up to 0.5 per cent of the Gross Value of Production. Outlays are expected to decrease in 2000-01 as assistance through the Domestic Market Support Scheme is terminated.

10.4 CATTLE, SHEEP AND PIG INDUSTRIES

Outlays are contributions to the meat industry for promotion, research and development and control of cattle diseases. Payments to the Australian Meat and Livestock Corporation and the Australian Pork Corporation for promotion, administrative and operational expenses are funded primarily through industry levies, with the Government providing a matching contribution for research and development of up to 0.5 per cent of the Gross Value of Production.

10.5 FISHING, HORTICULTURE AND OTHER AGRICULTURE

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Fishing Industry	\$m	36.4	37.4	39.8	41.1	37.7
	%		2.7	6.4	3.3	-8.3
Horticulture and Other Agricultural Industries	\$m	79.5	88.9	82.9	82.7	83.8
	%		11.8	-6.7	-0.2	1.3
TOTAL	\$m	115.9	126.4	122.6	123.8	121.5
	%		9.1	-3.0	1.0	-1.9

Fishing Industry

Outlays include funding for fisheries management by the Australian Fisheries Management Authority (AFMA) and for fisheries research. AFMA recovers costs attributable to the industry while the Budget funds community service obligations. The drop in outlays in 2000-01 reflects the expected final payment of a loan to the Northern Prawn Voluntary Adjustment Scheme.

Horticulture and Other Agricultural Industries

Industry levies fully pay for the activities of the Australian Wine and Brandy Corporation. The Australian Horticultural Corporation is funded through industry levies and Government matching grants. The rise in outlays in 1997-98 reflects the restoration of funding to ongoing levels following one-off reductions in 1996-97 associated with surplus cash balances.

10.6 GENERAL ASSISTANCE NOT ALLOCATED TO SPECIFIC INDUSTRIES

		1996-97 Estimate	1997-98 Budget	1998-99 Estimate	1999-00 Estimate	2000-01 Estimate
Rural Adjustment	\$m	67.6	36.3	16.1	8.8	-1.3
	%		-46.3	-55.6	-45.3	-114.8
Integrated Rural Policy	\$m	-	44.8	46.4	52.5	55.5
	%		na	3.6	13.1	5.7
Quarantine and Inspection Services	\$m	180.3	167.5	165.3	149.9	132.6
	%		-7.1	-1.3	-9.3	-11.5
Diesel Fuel Rebate Scheme	\$m	611.6	624.4	645.8	668.5	692.1
	%		2.1	3.4	3.5	3.5
Other	\$m	32.4	25.9	20.0	20.8	20.8
	%		-20.1	-22.8	4.0	-
TOTAL	\$m	891.9	898.9	893.6	900.6	899.7
	%		0.8	-0.6	0.8	-0.1

Rural Adjustment

The Rural Adjustment Scheme provides assistance, through interest subsidies and grants for training and consultancy services, to farmers who are commercially viable in the long term. The reduction in outlays from 1997-98 reflects a winding up of the Scheme, which is to be replaced by the Integrated Rural Policy Package (see below). Further major outlays for drought assistance appear under *6.6 Other Welfare Programmes*. Other minor drought related outlays measures are shown under *4.4 Student Assistance*, *8.4 National Estates and Parks*, and *10.7 Natural Resources Development and Management*.

Integrated Rural Policy Package

This classification includes funding for the Integrated Rural Policy Package, to be announced later in the year. The Package aims to promote a self-reliant, productive rural sector supported by targeted Government measures which focus on building the skills and capacity of rural industries and communities to manage effectively in an uncertain environment. Savings which become available as a result of winding up the Rural Adjustment Scheme will be used to fund the Package.

Australian Quarantine and Inspection Service

The Australian Quarantine and Inspection Service (AQIS) conducts inspection services for the export and import of animals, animal products, plants and plant products, and the quarantine surveillance of arriving vessels, persons and goods. The decrease in outlays from 1997-98 reflects the implementation of company quality assurance-based export meat inspection, whereby the inspection function will be performed by company employees under the scrutiny of a Government veterinary officer, rather than by AQIS. This decrease is offset, somewhat, through the provision of funding for the implementation of recommendations of the report, *Australian Quarantine - A shared responsibility* (Nairn) and the report of the National Task Force on Imported Fish and Fish Products.

Diesel Fuel Rebate Scheme - Primary Production

The Diesel Fuel Rebate Scheme provides for a rebate of excise or customs duty on diesel fuel used for eligible primary production activities. Legislation to revamp the operation of the Scheme was introduced in Parliament in December 1996. The legislation will address overclaiming of the rebate and containment of growth in outlays associated with decisions by the Administrative Appeals Tribunal and the Federal Court to widen eligibility under the Scheme.

Other Programmes

This classification includes outlays for a range of programmes to address issues in the rural sector, including the Rural Communities Access Programme (RCAP), as well as programmes addressing animal diseases and chemical usage. The fall in outlays in 1997-98 principally reflects a reduction in funding to RCAP. The recent review of RCAP and options for service delivery in rural areas will be taken up in the development of the Integrated Rural Policy Package (see above).

10.7 NATURAL RESOURCES DEVELOPMENT AND MANAGEMENT

This classification covers water, land and forest management programmes primarily within the Department of Primary Industries and Energy, and includes the

Government's contribution towards the Murray-Darling Basin Initiative. Land and water programmes are now integrated within the National Landcare Programme under the *Natural Resource Management (Financial Assistance) Act 1992*.

The significant rise in outlays from 1997-98 reflects additional funding for the conservation, sustainable use and repair of Australia's natural environment to be provided through the Natural Heritage Trust (see also 7.4 *Environment Protection* and 8.4 *National Estate and Parks*).

10.8 GENERAL ADMINISTRATION

This classification comprises running costs for the Department of Primary Industries and Energy.