

PRIMARY INDUSTRIES AND ENERGY

NSW Sugar Export Industry - Infrastructure support

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
1.0	0.0	0.0	0.0

Explanation

Under the joint Commonwealth and Queensland Sugar Industry Review, the industry and government Working Party presented an integrated package of 74 recommendations relating to the Queensland and New South Wales sugar industries, including the removal of the tariff on sugar from 1 July 1997 (the only element of the package under Commonwealth jurisdiction).

Both industry and Government strongly support the full adoption and implementation of the integrated package of reforms, which will provide a framework for increasing efficiency, reducing costs, improving raw sugar marketing services, and increasing the opportunities for innovation.

In response to the recommendations of the Working Party, the Commonwealth has allocated \$1.0 million in 1997-98 to assist the New South Wales sugar industry address transport and handling impediments that currently constrain its ability to export sugar. In addition to this, an additional \$1.0 million will be allocated from the existing Sugar Industry Infrastructure Programme to the New South Wales industry.

A Sugar Task Force of Federal Government backbenchers will also be established to investigate:

- the shares to apply to the allocation of access to the United States quota allocation between New South Wales, Queensland and Western Australia;
- how the Sugar Industry Infrastructure Programme is to be allocated to initiatives for the benefit of the sugar export industry; and
- other matters in relation to the effect of the review on the industry.

The Government believes that this package improves the sustainability of the sugar industry and its international competitiveness. The reforms will also position the industry well to meet future challenges from other producers around the world, from alternative sweeteners, and competition from other crops.

PRIMARY INDUSTRIES AND ENERGY

Reallocation of funds from natural resource management programmes

Function: Housing and Community Amenities, Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-5.0	-5.1	-5.2	-5.3

Explanation

This saving represents a reallocation of funds from the Landcare Programmes in each of the years 1997-98 to 2000-01 to cater for other priorities within the portfolio, and in recognition of other new major initiatives. The savings represent approximately 5 per cent of total Landcare funding.

PRIMARY INDUSTRIES AND ENERGY

Quality Food Australia

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
0.2	0.0	0.0	0.0

Explanation

The Supermarket to Asia Strategy was first announced in 1996-97 with the aim of improving the Australian food industry's competitiveness by developing food markets in Asia.

This measure provides seed funding for industry to develop a Quality Food Australia proposal to assist Australian food companies coordinate their promotion activities in Asia. Specific elements of the proposal include:

- the establishment of Australian Food Industry Centres in selected Asian markets, in conjunction with Austrade;
- cooperative food services and retail promotions between Australian exporters in Asian markets;
- the development of a recognisable umbrella brand identity for Australian food; and
- the development of a quality certification programme and logo.

The benefits of the measure are anticipated to be:

- further development with industry of those aspects of the Quality Food Australia proposal which are viable without any further government funding; and
- a contribution to a greater impact for Australian food in the Asian market.

PRIMARY INDUSTRIES AND ENERGY

Supermarket to Asia - The Delicatessen

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
1.0	0.0	0.0	0.0

Explanation

The Supermarket to Asia Strategy was first announced in 1996-97 with the aim of improving the Australian food industry's competitiveness by developing food markets in Asia. It was recognised that there was a need for Australian producers to appreciate the specific requirements of the Asian consumer.

The aim of this measure is to:

- identify the opportunities for increased exports of high-value, specialist products to Asia;
- evaluate the scope for Australia to competitively provide those products, in the form required, identify impediments to the development of these export markets, and develop strategies for overcoming those impediments; and
- provide a strategy to communicate the opportunities to producers, and support and encourage exporting by them to address the market opportunities.

The benefits of the measure are anticipated to be:

- increased volume and variety of exports of high value products from rural and regional areas to Asia; and
- increased Asian customer satisfaction with Australian food products.

PRIMARY INDUSTRIES AND ENERGY

Integrated Rural Policy Package

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
44.7	46.3	52.4	55.4

Explanation

The Mid-Term Review of the Rural Adjustment Scheme (RAS) has concluded that the Scheme, and in particular interest rate subsidies, have not been effective in promoting rural adjustment or fostering the development of a profitable and competitive farm sector. In this light, the Government has decided to wind up RAS. Commitments already entered into will be honoured. See the related outlays measure titled: 'Rural Adjustment Scheme'.

The Government will redirect RAS funding to the Integrated Rural Policy Package with a funding envelope of \$198.9 million over four years. The objective of this Package is 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.

The Integrated Rural Policy Package will draw upon several reviews of Commonwealth rural policies undertaken recently, including the Mid-Term Review of RAS, the National Rural Finance Summit Activating Committee, the Special Rural Task Force, and the report of the Review of the Rural Communities Access Programme and meetings to date for the Business Plan for Australian Agriculture.

The Government will consult with stakeholders, industry groups and the States before finalising the individual elements of the Integrated Rural Policy Package later in the year.

PRIMARY INDUSTRIES AND ENERGY

Rural Adjustment Scheme

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-46.3	-43.7	-50.3	-55.3

Explanation

Existing assistance measures under the Rural Adjustment Scheme (RAS) were designed to foster the development of a more profitable farm sector able to operate competitively in a deregulated financial and market environment and improve the sustainability of the farm sector. Specific assistance measures include interest subsidies for farm build-up and productivity improvements, grants for training and professional advice, and re-establishment grants.

The Mid-Term Review of the Rural Adjustment Scheme (RAS) has concluded that the Scheme, and in particular interest rate subsidies, have not been effective in promoting rural adjustment or fostering the development of a profitable and competitive farm sector. In this light, the Government has decided to wind up the RAS and replace it with a more effective integrated rural package. Commitments already entered into will be honoured, including RAS commitments in relation to drought in exceptional circumstances. These commitments amount to some \$73.5 million over the next four years.

The Government will redirect RAS funding to the Integrated Rural Policy Package to be announced later this year. See the related outlays measure titled: 'Integrated Rural Policy Package'.

PRIMARY INDUSTRIES AND ENERGY

Reallocation of funds from the Rural Communities Access Programme

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-2.4	0.0	0.0	0.0

Explanation

The Rural Communities Access Programme (RCAP) provides a variety of information and financial assistance services to rural communities. The programme comprises the following six elements:

- Rural Counselling Programme;
- Business Advice for Rural Areas;
- Countrylink;
- Australian Country Information Service;
- Telecentres; and
- Rural Access Programme.

The recent RCAP Review Report provides the basis for consideration of a range of options for service delivery to rural areas and to ensure rural communities and industries have the necessary strategic capacity to become self-reliant. This will be taken up in the context of the Government's new Integrated Rural Policy Package. See the related outlays measure titled: 'Rural Adjustment Scheme'. Funding of \$2.4 million is being transferred from RCAP in 1997-98 and, together with savings from the Rural Adjustment Scheme, will be redirected to the Integrated Rural Policy Package. See the related outlays measure titled: 'Rural Adjustment Scheme'. An amount of \$4.7 million remains in RCAP to meet existing commitments in 1997-98.

PRIMARY INDUSTRIES AND ENERGY

Australian Quarantine and Inspection Service - Implementation of reports into quarantine and imported fish and fish products

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
15.0	20.2	20.3	20.5

Explanation

This measure provides funding to respond to Professor Nairn's report, *Australian Quarantine - A shared responsibility* (the Nairn Report), and the report of the National Task Force on Imported Fish and Fish Products.

This includes:

- a public awareness campaign and processes for involving quarantine stakeholders;
- enhancing the Australian Quarantine and Inspection Service's (AQIS) capacity for independent and transparent risk analysis, to support our World Trade Organisation obligations and assist trade maintenance;
- addressing directly operational exposures/weaknesses identified by Nairn through increased surveillance and the use of new technology; and
- establishing infrastructure to deal with the plant and fish health and quarantine issues.

As well, the Government's response includes seed money for the early phases of outbreak management, a process which is being pursued in collaboration with the States.

While the Government will meet a significant proportion of the increased quarantine effort, industry will be required to contribute to the implementation costs of the Nairn and the Fish Task Force reports through increased fees and charges to help reduce the direct call on Australian taxpayers, and reinforce the Nairn report's concept of 'a shared responsibility'.

The corresponding revenue measure for this initiative is titled: 'Australian Quarantine and Inspection Services - implementation of reports into quarantine and imported fish and fish products (industry charges)' (see Part II).

PRIMARY INDUSTRIES AND ENERGY

Australian Quarantine and Inspection Service - Implementation of the Review of Export Meat Inspection (redundancies)

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
13.1	11.1	12.9	7.2

Explanation

This measure provides funding for redundancy payments, to some 700 meat inspection staff, associated with the introduction of a quality assurance system for export meat inspection.

The Government established a joint review with industry, of the Australian Quarantine and Inspection Service's (AQIS) export meat inspection function, which reported in November 1996. The review identified a reform strategy that will result in AQIS's role in export meat inspection contracting to the setting of standards and the administration, supervision and auditing of export meat inspection systems.

The centrepiece of the reform strategy is the implementation of company quality assurance-based inspection, whereby the inspection function will be performed by company employees under the scrutiny of a government veterinary officer. A trial of full quality assurance systems, known as Project 2, has been developed by AQIS in

consultation with Australia's export meat industry, and submitted for consideration by Australia's major trading partners.

Consistent with the Government's policy to separate regulatory and service delivery functions, and to facilitate the reform to export meat inspection, a new and financially separate Division will be set up, which will have responsibility for implementation of the export meat inspection reform agenda.

PRIMARY INDUSTRIES AND ENERGY

South East Fisheries Adjustment Package

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
1.5	0.0	0.0	0.0

Explanation

The Government set up the South East Fisheries Working Group in October 1996 to consider whether it was appropriate that any fishing permit holders in the South East Fishery receive adjustment assistance because of loss in the value of their fishing entitlements, due to a transition in management arrangements from boat unit limits to catch quota limits in 1992. This transition resulted in a long-standing dispute over the arrangements.

The Working Group recommended targeted financial assistance to selected operators, and structural adjustment assistance designed to move the fishery forward and correct market failure in the quota trading market.

This measure provides a contribution to fund a package of adjustment measures in the South East Fishery. Other funding is sourced from within existing funding under the National Fisheries Adjustment Programme.

The package will provide for: the provision of targeted financial assistance to those operators whose values of fishing entitlements were reduced via the transition from boat units to quota; and the introduction of a buy-out scheme with the objective of reducing the fishing effort by about 30 per cent.

The Government expects that the adjustment measures will:

- reduce the number of boats in the fishery to decrease current and future pressure on vulnerable fishery resources;
- facilitate non-viable operators to adjust out of the fishery;
- stimulate the quota trading market to encourage autonomous adjustment;
- provide greater certainty and stability in the rules under which fishermen operate; and
- provide an equitable means to resolve long-standing disputes which will otherwise continue to impede management of the fishery.

PRIMARY INDUSTRIES AND ENERGY

Fisheries Research and Development Corporation

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-3.6	0.0	0.0	0.0

Explanation

This measure represents a one-off reduction in the Fisheries Research and Development Corporation's (FRDC) cash reserves to offset increased funding for other portfolio priorities.

Because the FRDC has made provision for cash reserves of \$5.3 million in 1996-97, the one-off reduction of \$3.6 million should be possible without affecting the operations of the Corporation.

PRIMARY INDUSTRIES AND ENERGY

Fisheries Resources Research Fund

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-0.2	-0.2	-0.2	-0.2

Explanation

This saving represents a reallocation of funds from the Fisheries Resources Research Fund to offset increased funding for other portfolio priorities.

The small reduction in funding from the Fisheries Resources Research Fund will be achieved through streamlining administrative procedures and better targeting of research, and will not affect the Government's capacity to assess performance in fisheries management.

PRIMARY INDUSTRIES AND ENERGY

National Electricity Market reform and corporatisation of the Snowy Mountains Hydro-electric Authority

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
2.5	0.5	0.0	0.0

Explanation

The measures facilitate the introduction of the National Electricity Market (NEM) and progress the corporatisation of the Snowy Mountains Hydro-electric Authority (SMHEA).

The Commonwealth will continue to work with States and industry, facilitating the effective transition to a fully competitive NEM in 1999-2000, and reviewing, monitoring and promoting the effectiveness of the arrangements in areas such as market management, code administration and grid interconnections.

The Commonwealth will also promote competitive electricity reform and work with the Australian power sector in the emerging NEM to develop export promotion opportunities for energy products and services, particularly in the APEC region.

In conjunction with the governments of NSW and Victoria, the Commonwealth will complete the reform and corporatisation of the Snowy Mountains Hydro-electric Authority in order to: improve existing governance arrangements; allow for the repayment of advances and borrowings; and improve contestability in the emerging NEM by establishing the SMHEA as an independent generator.

Performance will be indicated by the progressive implementation of energy reform and the corporatisation of the Snowy Mountains Hydro-electric Authority.

PRIMARY INDUSTRIES AND ENERGY

Rationalisation of the National Energy Efficiency Programme

Function: Fuel and Energy

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-2.8	-2.8	-2.7	-2.7

Explanation

This measure represents a rationalisation of Commonwealth energy programmes, through a reduction in the National Energy Efficiency Programme, as a consequence of increased State and local government activities and outcomes achieved through energy market reforms.

This rationalisation is appropriate in light of changes in the energy sector in recent years and the Commonwealth's view of the appropriate role for government which have seen:

- the trend towards increased State and local government and private sector funding in recent years for energy initiatives, including the establishment of specialist State bodies;
- a significantly more robust and competitive energy market in Australia, flowing from Council of Australian Government reforms to gas and electricity production and transmission industries, creating the impetus for innovative products and services thereby reducing the level of market failure; and
- the National Commission of Audit Report's recommendations regarding appropriateness of Commonwealth activities.

This measure focuses the Commonwealth's investment in energy programmes on activities which have national outcomes and a clearly defined Commonwealth role.

PRIMARY INDUSTRIES AND ENERGY

The Energy Research and Development Corporation

Function: Fuel and Energy

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-2.6	-9.0	-11.3	-13.8

Explanation

This measure represents a rationalisation of Commonwealth energy programmes through the winding up of the Energy Research and Development Corporation (ERDC).

Consistent with the Government's review of the appropriateness of Commonwealth activities, the need for direct Commonwealth investment in energy research and development through the ERDC has been overtaken by changes in the energy sector:

- the trend towards increased State government and private sector funding in recent years for energy initiatives, including the establishment of specialist State bodies;
- a significantly more robust and competitive energy market in Australia, flowing on from the Council of Australian Government reforms to gas and electricity production and transmission industries, creating the impetus for innovative products and services; and
- the Commonwealth's existing contribution to research and development through:
 - generic industry support programmes in the Department of Industry, Science and Tourism;
 - funding to universities and CSIRO for research purposes; and
 - tax concessions, under some circumstances, for research and development.

PRIMARY INDUSTRIES AND ENERGY

Savings in Primary Industries and Energy portfolio running costs

Function: Agriculture, Forestry and Fishing

Financial Implications (\$m)

1997-98	1998-99	1999-00	2000-01
-1.0	0.0	0.0	0.0

Explanation

This saving represents a one-off reduction of \$1 million in departmental running costs to offset increased funding for other portfolio priorities.