



# Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition  
Date Referred: 13/03/2019

Proposal No: Y096  
Date Published: 18/03/2019

Proposal Title: Dairy Action Plan

Cluster: Industry

## General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	1,090	733	751	2,574
Depreciation	-	-	-	-	-
Less: Offsets	-	1,120	763	781	2,664
Revenue	-	(30)	(30)	(30)	(90)
<b>Net Operating Balance:</b>	-	-	-	-	-

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	-	-	-	-

<b>Net Lending/(Borrowing):</b>	-	-	-	-	-
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## Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	-	-	-	-
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## Notes and costing assumptions

- The policy proposes to establish a Dairy Action Plan from 2019-20 to 2022-23, which would:
- establish a dedicated Dairy Business Advisory unit within the Department of Primary Industries
  - work with the industry to develop a 'buy local fresh milk' marketing campaign and undertake a targeted campaign overseas
  - offer fully subsidised course fees for the NSW Dairy Farm Training Program
  - maintain a commercial dairy at the Department of Primary Industries for research and training
  - reprioritise investment into key research areas identified as priorities by the industry
  - continue industry extension support services.

The policy specifies that the Department of Industry will absorb all of the costs of this policy.

The PBO estimates that the total cost and revenue impacts of the policy would be \$2.7 million over the forward estimates and \$3.5 million by 2022-23, when the Dairy Action Plan finishes. The PBO considers it feasible for the Department of Industry to absorb the impacts of the policy. The PBO notes that the Cluster's recurrent budget for primary industry functions is \$318.4 million for 2018-19, which indicates scope to reprioritise resources to meet the revenue and cost impacts of this policy. As such, the PBO estimates the net impact of this policy is nil.

The table overleaf summarises the PBO's estimate of the various elements of the Dairy Action Plan.

**Notes and costing assumptions continued:**

(\$000s)	2018-19	2019-20	2020-21	2021-22	2022-23	Total by 2021-22	Total by 2022-23
<b>Dairy Business Advisory Unit</b>		<b>715</b>	<b>733</b>	<b>751</b>	<b>770</b>	<b>2,199</b>	<b>2,969</b>
Business resilience / advisory officer	-	150	154	158	162	461	623
Technical specialist (0.6 full-time equivalent)	-	90	92	95	97	277	374
Dairy Advocate	-	175	179	184	188	538	727
Other operating expenses	-	300	308	315	323	923	1,246
<b>"Buy Local Fresh Milk" campaign</b>		<b>375</b>	-	-	-	<b>375</b>	<b>375</b>
Advertising, media and communications	-	375	-	-	-	375	375
<b>NSW Dairy Farm Training Program</b>		<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>90</b>	<b>120</b>
<b>Maintain a commercial dairy for research and training</b>						nil	
<b>Reprioritise investment into research areas</b>						nil	
<b>Continue industry extension support services</b>						nil	
<b>Total impact to be offset</b>		<b>1,120</b>	<b>763</b>	<b>781</b>	<b>800</b>	<b>2,664</b>	<b>3,464</b>

**Dairy Business Advisory Unit**

The PBO estimates that the cost of this unit would be \$2.2 million over the forward estimates and \$3.0 million when the Dairy Action Plan finishes in 2022-23. This is based on the Department of Industry's estimate of the likely scope and cost of the unit, comprising:

- the total employee costs for 2.6 full-time equivalent staff, including a Dairy Advocate to chair the unit
- other operating expenses totalling \$0.3 million per year.

The PBO has indexed the costs by 2.5% per year. This is based on the NSW Public Sector Wages Policy and the mid-point of the inflation target of 2% to 3%.

**Buy Local Fresh Milk Campaign**

The PBO estimates the cost of the campaign is \$375,000 for 2019-20 only. This is based on the Department of Industry's estimate of the likely scope and costs for collaborating with Dairy Australia for media and communications activities e.g. overseas marketing, promotions and signage etc.

**Fully-subsidised course fees for the NSW Dairy Farm Training Program**

The Department of Industry advised that the traineeship fees is approximately \$1,000 per trainee and that there are presently 25 to 30 trainees per year. The Department advised that the full subsidisation of the training program would have a revenue impact of \$25,000 to \$30,000 per year. The PBO has included a revenue reduction of \$30,000 per year, as a conservative estimate of the impact of the subsidy.

**Maintain a commercial dairy for research and training**

The Department of Industry advised that Tocal Agricultural College currently operates a commercial dairy, and that it is available for research and education purposes. The Department advised that this policy component will have a nil impact.

**Reprioritise investment into key research areas**

The Department of Industry advised that it would seek additional funding from national agreements and/or partner with Dairy Australia to identify and fund research initiatives. This would have no budget impact.

**Continue industry extension support services**

The Department of Industry advised that there are currently no plans to reduce industry support, and that it will continue to partner with Dairy NSW and Local Land Services to carry out this function.