

Election Costing Request Form

Details of request	
Party:	Liberals and Nationals Government
Name of Policy:	Better Environment and Better Farms Services
Date of request:	2 March 2023

Description of policy	
Summary of policy (please attach copies of relevant policy documents and include information on what the policy aims to achieve):	The policy is about transforming how the environment is valued and managed. A dedicated team will be established to help develop the State's Natural Capital Account. Local Land Services will also be transformed into a one-stop-shop for farmers, to help them improve the management of natural capital and navigate important environmental issues.
Has the policy been publicly released yet?	No

Your estimated costing of the policy ¹						
	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	Total \$'000
Impact on General Government Sector (GGS) net operating result ²	6,130	6,195	3,412	3,474	2,788	21,999
Impact on GGS capital expenditure ³						
If different from above, impact on total State Sector net financial liabilities ⁴						

Note: Has the policy been costed by a third party? No
If yes, can you provide a copy of this costing and its assumptions?

¹ Amounts should be expressed in nominal dollars. GGS - General Government Sector.

² Negative for a saving that reduces expenditure

³ Negative for a reduction in capital expenditure.

⁴ Only required if proposal is outside GGS. Negative for a reduction in net financial liabilities.

Key assumptions made in the policy	
Does the policy relate to a previous announcement? If yes, which announcement?	Not applicable
What assumptions have been made in deriving the financial impacts in your estimated costing? <i>(See checklist)</i>	See Attachment A
Is there a range for the costing or any sensitivity analysis that you have undertaken?	See Attachment A
Are there associated savings, offsets or, in the case of a revenue proposal, offsetting expenses? If yes, please provide details.	See Attachment A
Are there significant costs or savings outside the forward estimates period which should be considered in costing this policy? ⁵	See Attachment A

Administration of policy	
Intended date of implementation:	See Attachment A
Intended duration of policy:	See Attachment A
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	See Attachment A
Are there any specific administrative arrangements for the policy that need to be taken into account (e.g. agreements between different levels of government)?	See Attachment A
Are there transitional arrangements associated with policy implementation?	See Attachment A

If the policy is mainly an expenditure⁶ commitment	
Demand driven or a capped amount:	See Attachment A
Eligibility criteria or thresholds:	See Attachment A

If the policy is mainly a revenue commitment	
Transaction based or capped:	Not applicable
Thresholds and/or exemptions:	Not applicable

⁵ Particularly important for large projects with long lead times, policies with a delayed timetable for implementation, or policies where up-front investment is required to achieve long term savings.

⁶ Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.

Collection method:	Not applicable
Additional expenditure associated with collection:	
If the policy is mainly a capital costs⁷ commitment	
Nature of Capital Spending	
Type of work, size and capacity:	Not applicable
Proposed start and completion date of work:	Not applicable
Intended construction schedule/cashflow:	Not applicable
Associated asset sell off (if any):	Not applicable
Recurrent Impacts	
Offsetting expenditure savings:	Not applicable
On-going maintenance, depreciation and operational expenses:	Not applicable
Third party funding involvement:	Not applicable
Delivery model ⁸	Not applicable

⁷ Capital costs differ from expenditure in that only depreciation will be included in the impact on operating balance.

⁸ There is a range of possible delivery models, e.g. built, owned and operated by a NSW government agency; built and transferred to a private operator; privately built for public operation; privately built and operated with government assuming risk or providing a guarantee in relation to future income (often applicable to public/private partnership arrangements), and so on. The policy should provide assumptions about the proposed delivery model.

Attachment A – Better Environment Better Farms Services Hub

The policy comprises 3 elements, as summarised below.

1) NSW's Natural capital accounts

The policy will coordinate the delivery of the state's regional natural accounts and integrate them alongside the state's financial accounts. The total cost is \$7 million for the Environment Group in the Department of Planning and Environment over the period 2023-24 to 2026-27, comprising:

- \$4 million spread over 2023-24 and 2024-25 to work with a specialist partner, to complete Natural Capital accounts by December 2024 (\$2.0m per annum)
- \$3 million over four years for a team to perform this activity (\$0.75m per annum)

2) Supporting farmers to demonstrate sustainability

The policy will provide Local Land Services a sustainability partnership team, totalling \$2 million per annum from 2023-24 to 2026-27. The policy will also provide partnership grants, totalling \$1 million per annum for primary industries productivity and abatement purposes from 2023-24 to 2026-27.

The total funding commitment for this component will be funded from within the existing Primary Industries Productivity and Abatement Program's budget. Programs within this budget will be reallocated or reprioritised accordingly to accommodate this policy, and as such the net cost is nil.

3) Helping farmers to manage natural capital

The policy will fund Local Land Services to support farmers on the ground directly, to develop and implement farm plans, facilitating carbon aggregation. This is a 5-year program totalling \$15 million, comprising \$2.6m to \$2.8m per annum in staffing expenses and \$0.8 million per annum in ICT expenses in 2023-24 and 2024-25.

	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	2027/28 \$'000	Totals
NSW's Natural Capital accounts	2,750	2,750	750	750		7,000
Supporting farmers to demonstrate sustainability	0	0	0	0	0	0
Helping farmers to manage natural capital	3,380	3,445	2,662	2,724	2,788	14,999
Totals	6,130	6,195	3,412	3,474	2,788	21,999