

# AUSTRALIA: ESTIMATES OF SUPPORT TO AGRICULTURE

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## DEFINITIONS AND SOURCES

Country Total Support Estimate (TSE) and derived indicators in **Table 1** cover all agricultural production, i.e. all agricultural commodities produced in the country. Definitions of basic data sets refer to the specific programmes applied in the country. For the Producer Support Estimates (PSE) and Consumer Support Estimates (CSE), where relevant the description of policy measures indicates where the policies are related to specific commodities. "MPS commodities", which vary across countries, are those for which market price support is explicitly calculated in Table 4.

**Table 2** provides a breakdown of the total PSE into four categories reflecting the flexibility given to farmers regarding which commodity to produce within the various policy measures. These categories are: Single Commodity Transfers (SCT); Group Commodity Transfers (GCT); All Commodity Transfers (ACT); and Other Transfers to Producers (OTP). All data sets in Table 2 come from Tables 1 and 3 where definitions are included.

Producer Single Commodity Transfers (PSCT) by commodity in **Table 3** are calculated only for the commodities produced in the country within a common set of commodities (wheat, maize, barley, oats, rice, sorghum, soybeans, sunflower, rapeseed, sugar, milk, beef and veal, pigmeat, poultry meat, sheep meat, wool and eggs), provided that the value of production of that commodity exceeds 1% of the total value of production in the country concerned. All data sets in the calculation of PSCT by commodity come from Tables 1 and 4 where definitions are included.

Market Price Support (MPS) and Consumer Single Commodity Transfer (CSCT) by commodity in **Table 4** are calculated for the following commodities Wheat, Milk, Barley, Oat, Sorghum, Rice, Soyabeans, Rapeseed, Sunflower, Refined sugar, Beef and veal, Pigmeat, Poultrymeat, Sheepmeat, Wool, Eggs and Cottons. Definitions are provided only for basic data sets from which all the other data sets in this table are derived, following the formula indicated in each commodity table.

An [Explanatory Note](#) contains a brief description of the country data files and definitions of support indicators. The [PSE Manual](#) provides comprehensive explanation of concepts, calculation, interpretation and use of the Producer Support Estimate (PSE) and related indicators of agricultural support provided in the database. Both sources are available as PDF files on [www.oecd.org/tad/support/psecse](http://www.oecd.org/tad/support/psecse).

**Fiscal year:** for example, 1 July 2007 - 30 June 2008 is attributed to calendar year 2007.

**Crop and livestock years:** Vary according to commodities, but for example 2007 – 2008 crop or livestock year is attributed to year 2007. Statistics on production, consumption and prices of livestock products refer to the year beginning 1 July, for example: production of wheat in crop year 2007-2008 is attributed to the calendar year 2007.

Statistics on production, consumption and prices of crops refer, in the main, to crops sown during the year beginning 1 April. Statistics on wheat, for example, refer to grain sown during the period from April to September and harvested between October and the following February -- i.e., the 2007-08 season (2007 for PSE/CSE purposes) relates to the harvesting period October 2007 to February 2008. Crop years are defined as relating to a 12-month harvest period beginning the first day of the following months: October for wheat, November for barley and oats, March for sorghum and July for sugar.

In the case of rice, the statistics relate to total national production, but the crop years differ by State. That for New South Wales (which accounts for over 90 per cent of national production) refers to rice harvested from April of the following year. The statistics for Queensland refer to the sum of grain harvested in the summer (beginning December) and the following winter (beginning June); thus rice harvested in NSW from April 1990 through June 1990 and in Queensland from June 1990 through August 1990 are included in the statistics for 1989.

## **Table 1. AUSTRALIA: Total Support Estimate**

### **Definitions:**

**I. Total value of production (at farm gate):** Total agricultural production valued at farm gate prices, i.e. value (at farm gate) of all agricultural commodities produced in the country [1].

*1. Of which share of MPS commodities (%):* Share of commodities for which MPS is explicitly calculated (in Table 4) in the total value of agricultural production.

**II. Total value of consumption (at farm gate):** Consumption of all commodities domestically produced valued at farm gate prices, and estimated by increasing the value of consumption (at farm gate) of the MPS commodities according to their share in the total value of agricultural production  $[(II.1) / (I.1) \times 100]$ .

*1. Of which MPS commodities:* Sum of the value of consumption (at farm gate prices) of the MPS commodities as indicated in Table 4.

**III.1 Producer Support Estimate (PSE):** Associated with total agricultural production, i.e. for all commodities domestically produced [Sum of A to G; when negative, the amounts represent an implicit or explicit tax on producers].

## ***A. Support based on commodity outputs:***

*A.1 Market Price Support:* On quantities domestically produced (excluding for on-farm feed use -- excess feed cost) of all agricultural commodities, estimated by increasing the MPS for the MPS commodities (sum of the MPS for the MPS commodities listed in the rows bellow) according to their share in the total value of agricultural production  $[(\sum \text{MPS commodities}) / (\text{I.1}) \times 100]$ .

*A.2 Payments based on output:*

## ***B. Payments based on input***

*B.1 Variable input use:*

### Fuel Tax Credits (Current Policy)

From 1994 this policy was called Diesel Fuel Rebate Scheme (reported in database as Diesel fuel tax rebates) and subsequently in 2003 became the Energy Grants (Credits) Scheme. After changes in the system the scheme was renamed Fuel Tax Credits in 2006. From 1994 to 1998 the reported data includes the fuel rebate for all primary production including fuel rebate for all agriculture commodities, fishing and forestry. From 1999 to present, only includes the rebate for off-road fuel use in agriculture. Precise figures are available with a two year time lag with more recent figures estimates based on budget estimates.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

### Rural Adjustment Scheme 1988-Part A and B (Policy ceased 1992)

The Rural Adjustment Scheme 1988 commenced on 1 January 1989 and ran until December 1992 when it was superseded by the Rural Adjustment Scheme 1992. Part A of the scheme delivered support through grants and interest subsidies and was aimed at lifting farm performance through the acquisition of improved skill levels, the adoption of technological developments, an increase in farm size or capital intensity, farm program changes and access to information on technological developments and their application, training needs and opportunities, and appropriate farm programs. Rural Adjustment Scheme 1988 Part B provided short-term interest subsidies on loans as carry-on assistance for farmers who were assessed as having prospects for long-term viability but had experienced a short-term downturn in income due to drought.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

### Wool Exceptional circumstance

From May 1993 to June 1994 interest rate subsidies were available to eligible wool producers who had experienced a short-term downturn in income as a result of the Government's decision to remove the Reserve Price Scheme for wool. Delivered as part of Exceptional Circumstances provisions under the Rural Adjustment Scheme 1992.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Sugar Industry Assistance Package 2000- Interest rate subsidies (policy ceased 2002)

Sugar Industry Assistance Package commenced in 2000 and was replaced by the Sugar Industry Reform Program 2002. Interest rate subsidies were provided to sugar enterprises on loans of up to AUD50,000 to enable producers to meet the expenses of replanting crops in the 2001-02 financial years. Interest rate subsidies were also provided on new or existing loans of up to AUD100,000 associated with the business of producing sugar cane. The subsidy for general sugar industry loans was subject to an off-farm assets test.

Transfers included in the Sugar SCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: YES.

#### Sugar Industry Reform Program 2002–Replanting interest rate subsidy (policy ceased 2004)

This policy operated from 2002-2004 and discontinued with the announcement of the Sugar Industry Reform Program 2004. Interest rate subsidies were provided to sugar enterprises on loans of up to AUD50,000 to enable producers to meet the expenses of replanting crops in the 2002-03 and 2003-04 financial years. The interest rate subsidies were paid over two financial years at the lower of 50% of the commercial interest rate or 5 percentage points.

Transfers included in the Sugar SCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: YES.

#### Citrus Canker Interest Rate Subsidies (current policy)

From 2005 interest rate subsidies have been made available to affected citrus growers up to a maximum of AUD100 000 per year over two financial years. The interest rate subsidies assist those citrus growers and citrus production nurseries affected by the citrus canker outbreak and/or the measures imposed to deal with the outbreak.

Transfers included in the all fruits and vegetables GCT.

Use of labels: Production and payment limits: YES; Variable payment rates: YES; Input constraints: NO.

### ***B.2 Fixed capital formation:***

#### 3 year write off on water facilities for primary producers (current policy)

From July 2004 this tax concession on water facilities allows primary producers to claim up to one third of capital expenditure on water facilities. Eligible projects include capital repairs,

structural improvements and additions to any structure that conserves or conveys water. Estimated value of this benefit also includes the following two tax concessions:

- Landcare deduction for primary producers (current policy)

Introduced before 1985, this tax deduction allows primary producers and users of rural land to claim a deduction for capital expenditure on a landcare operation in the year that it is incurred. Landcare operations may include soil conservation, prevention of land degradation or other related measures.

- Water facilities and land care concession for irrigation water providers (current policy)

From 1 July 2004, this tax deduction means certain irrigation water providers can claim an immediate deduction for capital expenditure on landcare activities and claim a deduction for capital expenditure on water facilities over three years. The measure aligns the deductions available to primary producers and businesses using rural land with deductions available to irrigation water providers which supply those primary producers and businesses with water.

Use of labels: Production and payment limits: YES; Variable payment rates: YES; Input constraints: NO.

#### Deduction of the capital cost of telephone lines and electricity connections (current policy)

This accelerated write-off provision introduced before 1985, allows capital expenditure incurred in connecting a telephone line to a primary production property and capital expenditure incurred in connecting or upgrading mains electricity to a property on which a business is conducted can be deducted in equal installments over ten years.

Use of labels: Production and payment limits: YES; Variable payment rates: YES; Input constraints: NO.

#### Tax write-off for horticultural plants (current policy)

This accelerated write-off provision introduced in 1995, allows capital expenditure incurred in establishing horticultural plants can be written off using an accelerated depreciation regime, with deductions available from the first commercial season. The cost of establishing plants with an effective life of less than three years can be written off in the first commercial year. Plants with an effective life of more than three years can be depreciated over a shorter period than their effective life using the maximum write-off periods set out in the legislation.

Transfers included in the all crops GCT.

Use of labels: Production and payment limits: YES; Variable payment rates: YES; Input constraints: NO.

#### Accelerated depreciation for grapevine plantings (policy ceased 2004)

Prior to 1 October 2004, this accelerated write-off provision introduced in 1995, allowed capital expenditure incurred in acquiring and establishing grapevines could be written off on a prime cost basis over four years, with the deductions being available from the time the vines were planted. Since 1 October 2004, new grapevine plantings are subject to the capital allowances regime applicable to horticultural plants (see separate entry). That is, the establishment costs of the grapevine may be written off at 13 per cent per annum (the write-off rate applicable to a plant with an effective life of 13 years to fewer than 30 years) with deductions available from the income year in which the grapevine's first commercial season starts.

Transfers included in the all fruits and vegetables GCT.

Use of labels: Production and payment limits: YES; Variable payment rates: YES; Input constraints: NO.

#### Rural Adjustment Scheme 1992—Productivity improvement (policy ceased 1997)

This policy ceased in 1997 and was superseded by provisions of the Agriculture Advancing Australia package. Interest rate subsidy provided under the Rural Adjustment Scheme 1992 up to a maximum value of 50 % of the total interest payable on new or existing loans for up to 3 years. The total amount of interest subsidy could not exceed AUD 100 000 per applicant in any 12 month period, or a cumulative total of support of AUD 300 000 over the previous 5 years.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

### ***B.3 On-farm services:***

#### Farm Innovation (policy ceased 2004)

Launched as a three-year pilot program of grants in May 2000 (discontinued in 2004), the Agriculture Advancing Australia Farm Innovation Program had the objective to encourage the adoption of innovative and already researched and trialled practices, processes, production techniques, technologies and products in the farming, fishing, food and forestry industries. Applicants needed to be registered rural businesses with an annual turnover in the range of AUD50,000 to AUD3 million in any of the preceding three years, and not exceeding AUD3 million in any one year. Projects selected for grant funding received up to 50% of eligible project costs (capital items, input costs and demonstration). Successful applicants were required to match grant funds.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Rural Adjustment Scheme 1988- skill Enhancement

Policy commenced in 1985 and ceased in 1998. It was replaced by Business and Marketing Skills measures in the Rural Adjustment Scheme 1988. Budgetary expenditure for improving farmers'

farm management skills and providing professional advice, either in isolation or as part of an integrated package of measures to increase the productivity of farm businesses.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Farm Business Improvement Program (FarmBis) (current policy)

Commencing with the 1997-98 implementation of the Agriculture Advancing Australia package, this programme has also been formerly known as the Agriculture Advancing Australia FarmBis program, FarmBis- Skilling Farmers For the Future and the Farm Business Improvement Program (FarmBis). The current version of the FarmBis program started in 2004-2005 with funding support until 2007-2008 and provides financial support to assist farmers, fishers and those involved in natural resource management to participate in learning activities to improve their management skills. The program is aimed at farm business improvement and is part of the Government's Agriculture Advancing Australia package.

FarmBis support is for activities around farm financial management that enhance the skills of participants to manage their business, natural and human resources. Preference is given to group training activities.

The subsidy rate is 50 percent of eligible course costs or 75 percent for Indigenous participants. Participant's eligibility is based on meeting some criteria, including: primary producers or primary production enterprise; indigenous land owners/managers; rural land managers; training provider; fishers for commercial purposes; and group of two or more businesses.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Advanced Property Management Planning (policy ceased 2000)

Advanced Property Management Planning was a component of the FarmBis program implemented with the Agriculture Advancing Australia package in 1997, which ceased with the 2000 review and reforms. Describes budgetary expenditure to assist farmers to attend advanced property management training courses and to engage professional consultants in the field of advanced integrated farm management planning, taking account of financial, natural resource and regional planning.

Use of labels: Production and payment limits: NO; Variable payment rates: YES ; Input constraints: NO.

#### Sugar Industry Reform Program 2002- Viability test and business planning (policy ceased 2004)

This policy operated from 2002-2004 and was replaced by business planning initiatives in the Sugar Industry Reform Program 2004. Funding for viability tests and business planning assistance was provided to producers to enable them to examine the viability of their individual sugar enterprises. An amount of AUD1,500 (exclusive of GST) was available to sugar enterprises for

this (a limit of AUD750 of this was available for the preparation of a business assessment). This assistance ensured that sugar enterprises addressed the need to facilitate necessary change.

Transfers included in the Sugar SCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Sugar Industry Reform Program 2002 and 2004 – Industry Guidance Group and Regional Advisory Groups (current policy)

This Sugar Industry Reform Program 2002 operated from 2002-2004 and was replaced by industry oversight groups and regional advisory groups in the Sugar Industry Reform Program 2004. The groups were set up to advise the Commonwealth and State Governments on the priorities for government programs relating to sugar in this region.

Transfers included in the Sugar SCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Australian Government Water fund (current policy)

Announced in September 2004, the Australian Government Water Fund is a AUD2 billion Australian Government programme of grants to invest in water infrastructure, improved water management, and better practices in the stewardship of Australia's scarce water resources. The Fund comprises three programmes: Water Smart Australia; Raising National Water Standards; and the Community Water Grants programmes. The Fund supports practical on-ground water projects that will improve Australia's water efficiency and environmental outcomes. The Community Water Grants are not included in reported spending as they are not directed towards agriculture-related projects.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Assistance to the Vegetable industry (current policy)

In 2005 the Australian Government allocated AUD3 million to help the vegetable industry to implement strategies identified in the 2005 report Setting Directions for the Future of the Vegetable Industry. The Australian Vegetable Industry Development Group was formed in 2006 to further this work and will encourage sustainable businesses, strengthen industry relationships and accelerate R&D priorities through training and assistance. This initiative will run until June 2008.

Transfers included in the all fruits and vegetables GCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

### National Livestock Identification System (current policy)

A National Livestock Identification System was agreed in 2003, with implementation compulsory in some sectors from 2005. One-off financial grants were provided to the States to assist in the implementation of this system, and to Meat and Livestock Australia to assist with development of the National Livestock Identification System database. The National Livestock Identification System enables effective livestock identification and tracing and assists in managing animal disease outbreaks, food safety incidents and providing assurances to consumers and markets about the integrity of Australian livestock and livestock products.

Transfers included in the all livestock GCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

### State program-Extension and Advisory (current policy)

Entry describes a range of payments/policies for State Extension and Advisory services commencing in 1987 until the present. Data taken from budgetary expenditure of State governments on extension and advisory services to agricultural producers to enhance production practices, promote ecologically sustainable development, etc. [For 1986 - 1995 data from [9a] and [9b]. From 1994/95 to 2006/07, OECD Secretariat estimates, based on the assumption that State governments continue to spend 21 % of total agricultural expenditure on extension and that the expenditures have evolved at the same rate as the increase in the consumer price index [9b, 16-31]

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

### Sugar Industry Reform Program 2004 – Sugar Business Planning (policy ceased 2006)

Introduced in March 2004 under the Australian Government's Sugar Industry Reform Program 2004, this policy ceased effect in 2006. Business planning assistance up to AUD2500 was provided to cane growers and harvesters receiving income support (with up to AUD1500 for those not receiving income support) to develop and implement business plans, to ensure they fully assess their situation and could better position their operation for the future or consider alternative outside the industry. The cost of this programme, including administration, is up to AUD14 million over three years.

Transfers included in the Sugar SCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

### Sugar Industry Reform Program 2004 – Retraining Assistance (current policy)

This assistance was announced with the Sugar Industry Reform Program 2004 and is available to 30 June 2007. Includes grants for retraining support for harvesters, mill workers and other industry employees made redundant through the reform process, as well as for growers who chose to leave the sugar industry. The Australian Government is providing up to AUD7 million

(including administration) in re-training in recognition that the reform process resulted in some displacement of industry participants. Existing programs in sugar regions received additional funding over three years. Growers who receive a Re-establishment Grant are also eligible for up to AUD2,000 in Retraining Assistance under this programme to help growers develop the skills to find other careers when they leave the sugar industry.

Transfers included in the Sugar SCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Sugar Industry Reform Program 2004 – Sugar Crisis Counseling (current policy)

Under this component of the Sugar Industry Reform Program 2004, up to AUD5 million is available from March 2004 to 30 June 2008 for crisis counselling services for families in the sugar industry. The funding has allowed many people from the sugar cane industry to access valuable financial counselling and family support services. These services assisted individuals and families in the sugar cane industry by providing crucial information and support such as assisting with the development of budgets and advocating on behalf of clients with creditors.

Transfers included in the Sugar SCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### National weeds strategy

The objective for this program is controlling weeds of national significance threatening the natural environment and agriculture.

Transfers included in the all crops GCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### State program-Pest and Disease

Brings together net budgetary expenditure of State governments on disease and pest control programs. For 1986 - 1995, data from [9a] and [9b]. From 1992/93 to 2006/07, OECD Secretariat estimates based on the assumption that State governments continue to spend 15 % of their total agricultural expenditure on pest and disease control and that the expenditures have evolved at the same rate as the increase in the consumer price index [9b, 16-31].

Use of labels: Production and payment limits: NO; Variable payment rates: YES ; Input constraints: NO.

#### Ovine Johnes Disease Interim Surveillance Program and Ovine Johnes Disease Control and Evaluation Program (policy ceased 2004)

The six-year National Ovine Johnes Disease Control and Evaluation Program, commenced in 1998 and concluded in June 2004. It was an initiative of the livestock industries and State and Australian governments and was managed at the national level by Animal Health Australia. States

were responsible for managing and implementing operational aspects of the program. At the conclusion of the program the national sheep industry now has a better understanding of the extent of the disease within Australia and also the challenges facing producers and governments who implement control and management programs. The disease was more widespread than had been initially anticipated and a traditional control program, based on regulation, is now considered unnecessarily restrictive on trade.

Transfers included in the all ruminants GCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Citrus Canker Eradication Program (current policy)

The National Citrus Canker Eradication Program was established in 2005 within the Queensland Department of Primary Industries and Fisheries to deal with an outbreak of citrus canker, detected in a commercial citrus orchard near Emerald in central Queensland in June 2004. The costs of removal and destruction of infected trees is shared by the Australian Government (50%) and the citrus producing states.

Transfers included in the all fruits and vegetables GCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Wildlife and Exotic Disease Preparedness Programs

Describes a number of programs reported since 1987, consisting of Australian Government grants to the States to support State monitoring and surveillance as well as applied research, to identify and prepare for potential outbreaks of exotic diseases such as Newcastle disease, Foot and Mouth Disease and BSE. There are a number of different programmes under this title, such as the feral animal control program, which support this output.

Transfers included in the all livestock GCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Australian Plagues Locust Commission (current policy)

Describes funding since 1987 for the Australian Plague Locust Commission, which was established in 1974 to overcome the inherent difficulties in controlling infestations of insects capable of migrating long distances across state boundaries and which pose a threat to agriculture. The Australian Plague Locust Commission monitors infestations and introduces controls as necessary to ensure plague locusts remain under control. The Commission is funded by the Commonwealth (50%) and state (50%) governments.

Transfers included in the all crops GCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

### Tuberculosis Freedom Assurance Program (policy ceased 2006)

From 1998 to 2006 the Commonwealth Government contributed to a national program (co-funded by industry and the states) to maintain Australia's freedom from bovine tuberculosis. The Commonwealth provided 50% of the program's funding over the eight years of operation.

Transfers included in the all livestock GCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

### ***C. Payment based on current A/AN/R/I production required***

#### Sugar Grower Restructuring Grants (policy ceased 2006)

Introduced in March 2004 under the Australian Government's Sugar Industry Reform Program 2004, grants at the individual farm level for growers who choose to remain in the industry were provided by the Australian Government in 2005-2006 up to AUD40 million (including Centrelink administration). The grants are available for sugar farm enterprises to undertake significant operational restructuring within the industry. They were paid in two installments over two years. Grants are paid at a rate of AUD75 per hectare under cane (capped at AUD15,000, or AUD7,500 an installment). Before accessing restructuring grants, growers are required to undertake Business Planning to develop an activity plan and identify appropriate strategies to maximize the anticipated benefits from the grant.

Transfers included in the Sugar SCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Natural Disasters

Summary of a variety of state programs - individual program details unavailable.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Support/Relief

Summary of a variety of state programs - individual program details unavailable.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

### ***D. Payment based on non-current A/AN/R/I production required***

#### Sugar Industry Reform Program 2004—Sugar Farms Intergenerational Transfer Scheme (current policy)

Introduced in March 2004 under the Australian Government's Sugar Industry Reform Program 2004, the scheme aims to ensure cane farms can be more readily handed from one generation to

the next through tax reductions on intergenerational transfer in the sugarcane industry. Sugarcane growers who satisfy certain criteria have a three year window of opportunity to gift their farm without attracting the disposal (gifting) of assets rules that apply to government income support payments.

Transfers included in the Sugar SCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### Sugar Industry Reform Program 2004—Sugar Income Support (policy ceased 2005)

To help farming families most in need, the Australian Government's Sugar Industry Reform Program 2004 provided up to 12 month income support from 2 March 2004 to 1 March 2005 to help those growers and harvesters in financial hardship. All eligible customers had to undertake business planning activities within six months of being granted Income Support.

Transfers included in the Sugar SCT.

Use of labels: Production and payment limits: NO; Variable payment rates: YES; Input constraints: NO.

#### ***E. Payment based on non-current A/AN/R/I production not required***

##### Sugar Sustainability Grant (policy ceased 2005)

Part of the Sugar Industry Reform Program 2004, AUD146 million in Sustainability Grants was paid to growers and mills in two equal installments in June 2004 and in September 2005. The payments were made to: mills that were engaged in the manufacture of sugar from cane (operational as at 29 April 2004); and eligible growers who supplied mills in one or more of the crushing seasons during the Base Period (2001, 2002 and 2003 seasons). An eligible grower was an (individual or corporate) entity which: had a Supply Agreement during the Base Period with the Mill Owner for the supply of cane; and at 29 April 2004, was growing sugar cane for the purpose of supplying an Eligible Mill for the 2004 crush. Payment of the second installment of the grants was conditional upon the sugar industry as a whole demonstrating evidence of reform, but there was no individual requirement for production or otherwise to receive the grant.

Transfers included in the Sugar SCT.

Use of labels: Input constraints: NO.

##### Farm Management Deposit Scheme (current policy)

Part of the Agriculture Advancing Australia package in 1997-98, the Farm Management Deposit Scheme replaced the Income Equalisation Deposit Scheme and Farm Management Bond Scheme. The Farm Management Deposit Scheme allows farmers to reduce their tax liabilities by setting aside money in high income years and withdrawing it as income in low income years. It reports the value of tax concessions available to enhance farmers' capacity to manage the significant climatic and price risks in farming with improved financial tools.

Use of labels: Input constraints: NO.

#### Income Equalization Deposit Scheme (policy ceased 1998)

This policy ceased in 1998 and was replaced by Farm Management Deposit Scheme in the Agriculture Advancing Australia package. The value of income tax concessions to primary producers as estimated by the Industry Commission [11] [15]. Refer Farm Management Deposit Scheme for further details.

Use of labels: Input constraints: NO.

#### Dairy Structural Adjustment Program (current policy)

Announced September 1999, the Dairy Structural Adjustment Program provided quarterly installments over eight years to producers with an interest in an eligible dairy farm enterprise on 28 September 1999. The dairy farm enterprise must also have delivered milk to a company or other organisation during the 1998/99 financial year as entitlements are based on historical deliveries of manufacturing and market milk during that year. Payment of Standard Payment Rights granted to eligible dairy farmers commenced in the last quarter of 2000. An additional eligibility criterion was that a producer had not received any other types of Commonwealth assistance after the program was announced. Producers were asked to declare whether they had applied for, or received, a re-establishment grant under the Farm Family Restart Scheme (now called Farm Help) or a re-establishment grant under the Rural Adjustment Scheme or a rural partnership program.

Use of labels: Input constraints: NO.

#### Income Tax averaging for primary producers (current policy)

Long-standing tax concession reported since 1988, which allows farmers to be taxed at their average rate of income over a rolling 5-year period (flattening out fluctuating incomes and therefore tax brackets). The value of the concession reported from data published annually in Department of the Treasury documents (see tax concessions entry in cookbook). Value represents the difference in the agricultural sector's income tax liability with and without income averaging [7].

Use of labels: Input constraints: NO.

#### Exemption of sugar industry exit grants (Current Policy):

Introduced in 2003-2004 as part of the Sugar Industry Reform Program 2004, individuals who exit the industry and remain out of the agricultural industry for at least 5 years are exempt from paying Capital Gains Tax on the sale of their property.

Use of labels: Input constraints: NO.

#### Sugar Re-establishment Grant/Exit assistance SIRP 2004 (current policy)

Programs formed under the Australian Government's Sugar Industry Reform Program's of 2002 and 2004. Under this assistance the Australian Government provides re-establishment grants to growers who wish to leave the sugar industry for at least five years or leave agriculture altogether. Re-establishment grants are paid once the farm property has been sold or retired from cane production, or the farmer has ceased to be involved in the sugar enterprise. Customers do not have to qualify for Income Support to gain access to the Re-establishment Grant; however, assets tests do apply.

Transfers included in the Sugar SCT.

Use of labels: Input constraints: NO.

#### Exceptional Circumstance Provision

Policy commenced as part of the Rural Adjustment Scheme and was replaced by the Agriculture Advancing Australia package in 1997. The policy was for farmers whose farm business incomes have been adversely affected by exceptional circumstances (such as extreme and prolonged drought). The policy included interest subsidies.

Use of labels: Input constraints: NO.

#### Exceptional Circumstance Relief payment—Drought (as 5 may 1998) (AAA)

In 1997, the Exceptional Circumstances Relief Payment was introduced as income support to replace the Drought Relief Payments. Exceptional Circumstances Relief Payments are designed to provide targeted 'last resort' income support to farm families in Exceptional Circumstances declared areas who are experiencing difficulties meeting basic living expense. Exceptional Circumstances Relief Payment help to ensure that long-term viable farm families will not be forced to leave the land due to short-term adverse events that are beyond their ability to manage. Exceptional Circumstances Relief Payments provide income support for the duration of an Exceptional Circumstances declaration (usually for up to two years). Exceptional Circumstances Relief Payment is paid to eligible farmers at the rate equivalent to the Newstart (welfare safety net payment) Allowance and is subject to an income and assets tests (except for certain farm assets which are excluded) and is reviewed every six months. While originally included as budgetary expenditure under the Agriculture Advancing Australia package, Exceptional Circumstances Relief Payments are no longer part of the Agriculture Advancing Australia package.

Use of labels: Input constraints: NO.

#### Exceptional Circumstance Relief payment—Rain

In 1997, the Exceptional Circumstances Relief Payment was introduced as income support to replace the Drought Relief Payments. Exceptional Circumstances Relief Payments are designed to provide targeted 'last resort' income support to farm families in Exceptional Circumstances declared areas who are experiencing difficulties meeting basic living expense. Exceptional Circumstances Relief Payment help to ensure that long-term viable farm families will not be forced to leave the land due to short-term adverse events that are beyond their ability to manage.

Exceptional Circumstances Relief Payments provide income support for the duration of an Exceptional Circumstances declaration (usually for up to two years). Exceptional Circumstances Relief Payment is paid to eligible farmers at the rate equivalent to the Newstart (welfare safety net payment) Allowance and is subject to an income and assets tests (except for certain farm assets which are excluded) and is reviewed every six months. While originally included as budgetary expenditure under the Agriculture Advancing Australia package, Exceptional Circumstances Relief Payments are no longer part of the Agriculture Advancing Australia package.

Use of labels: Input constraints: NO.

### Drought Relief Payment Scheme

In 1994, the Drought Relief Payment was introduced to provide welfare support to farmers experiencing a temporary loss of income and it was replaced by the Exceptional Circumstances Relief Payment in 1997. The Drought Relief Payment was paid under the Farm Household Support Act 1992 to eligible farmers in areas declared to be in Exceptional Circumstances drought. Payments were made at the level of the JobSearch Allowance (the unemployment benefit). Farm assets were excluded from the assessment of applications for Drought Relief Payment, although a test on off-farm assets applied. In recognition that the difficulties of the drought would not cease immediately with the first rains, the Drought Relief Payment was to be available for six months after the Exceptional Circumstances declaration was lifted.

Use of labels: Input constraints: NO.

### Farm Family Restart Scheme (FFRS) – Income support (current policy)

The Farm Family Restart Scheme commenced on 1 December 1997, and was renamed Farm Help in the 2000 review of the Agriculture Advancing Australia package, to provide short term financial assistance in the form of income support (as well as training, advice and a grant to support reestablishment outside the industry reported elsewhere). The assistance aims to help farmers while they take action to improve their long-term financial prospects, either by improving the financial performance of their farm enterprise, finding alternative sources of off-farm income or re-establishing outside farming, should they choose to do so. Income support is subject to income and non-farm assets tests. To qualify for Farm Help a person must, for a continuous period of at least 2 years before applying for the program, have been a farmer for tax purposes, largely by deriving more than 50 percent of his or her gross income from the farm enterprise.

Use of labels: Input constraints: NO.

### Exceptional Circumstance interim income support (current policy)

Policy commenced as part of the 2000 Agriculture Advancing Australia package reforms. As a full Exceptional Circumstances declaration may take some time, farm families are eligible for interim payments if they are experiencing difficulties meeting basic living expenses in areas declared to have a *prima facie* case for Exceptional Circumstances assistance. Farmers in areas under assessment for Exceptional Circumstances assistance (*prima facie* Exceptional Circumstances areas) are eligible to apply to Centrelink for six months of interim income support

at a rate equivalent to the Newstart (welfare safety net payment) Allowance. The income support is subject to an assets and income test (except for certain essential farm assets, which are excluded). When the Government makes a full Exceptional Circumstance declaration for a *prima facie* area, Interim Income Support is replaced by the Exceptional Circumstance Relief Payment.

Use of labels: Input constraints: NO.

#### ***F. Payment based on non-commodity criteria***

##### ***F.1 Long-term resource retirement***

##### ***F.2 A specific non-commodity output***

##### ***F.3 Other non-commodity criteria***

#### **Farm Household Support Scheme (FHS) 1992**

The Farm Household Support Scheme came into operation in March 1993, and was terminated in May 1997. The program provided up to 9 months of welfare-equivalent income support for day-to-day living expenses to those farm families who were unable to access commercial finance. If the recipient subsequently sold the farm, the income support received was converted to a grant. If not, then it was to be repaid. When the scheme was terminated, the outstanding debts were converted to grants and the very few farmers who repaid the loan were reimbursed for the repayments they had made.

#### ***G. Miscellaneous payments***

**III.2 Percentage PSE**  $[100 \times (\text{III.1}) / ((\text{I}) + (\text{Sum of A2 to G}))]$

**III.3 Producer NPC:** For all agricultural commodities the Producer NPC is estimated as a weighted average of the producer NPC calculated for the individual MPS commodities and shown in Table 4. For each commodity Producer NPC = [domestic price received by producers (at the farm gate) + unit payments based on output] / border price (also at the farm gate).

**III.4 Producer NAC**  $[1 / (100 - (\text{III.2})) \times 100]$

**IV. General Services Support Estimate (GSSE):** Total budgetary expenditure to support general services provided to agriculture [ Sum of H to N].

#### ***H. Research and development***

**CSIRO Plant and animal research (Commonwealth programmes):**

Net budgetary expenditure for research and product development, improvement of production efficiency and optimal use of the natural resource base, including grants from the Department of Agriculture, Fisheries and Forestry to industry trust funds and part of the expenditure by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in the grains industry. Commonwealth budgetary outlays, estimates are derived partly from the Science and Technology Budget Statement.

## Securing the future - protecting our industries from biological chemical and physical risks:

In 2005-06, the Securing the Future program covered a broad range of activities and programs to minimize risk and develop standards in biological, chemical and physical risk management. Initiatives include training staff in incident management, launching an online chemical permit system and building awareness of security threats to agriculture and the food supply chain. This program replaced "Building a National Approach to Animal and Plant Health" which ceased June 2004.

### State program:

Net budgetary expenditure of State governments for research and product development, improvement of production efficiency and optimal use of the natural resource base. [For 1986 - 1995, data from [9a] [9b]. From 1992/93 to 2006/07, OECD Secretariat estimates, based on the assumption that State governments continue to spend 37 % of total state agricultural expenditure on research and that the expenditures have evolved at the same rate as the increase in the consumer price index. [9b, 16-31]].

### ***I. Agricultural schools***

### ***J. Inspection services***

#### Commonwealth program:

Net budgetary payments for inspection services, [1b], [2] and [3], in particular for export inspection related to meat inspection. [Since 1993 data reflect the value of the 'meat inspection subsidy' to the AQIS [1a] [2] [15].

#### State program:

Net budgetary payments by State governments for inspection services. 1986 - 1995: figures based on IAC reports [9a] and [9b]. From 1992/93 to 2006/07: OECD Secretariat estimates, based on the assumption that State governments continue to spend 5 % of agricultural expenditure on inspection and that the expenditures have evolved at the same rate as the increase in the consumer price index. [9b, 16-31].

### ***K. Infrastructure***

#### **Commonwealth program**

##### Murray-Darling Basin 2001 Program:

Budgetary expenditure under the national Heritage Trust for the rehabilitation of the Murray-Darling Basin, with a view to achieving a sustainable development of the Basin, by: reducing salt and nutrient levels in the river system; developing integrated catchment plans for all Murray-Darling catchment areas and commence major on-ground works to address land and water degradation; restoring riparian land systems, wetlands and floodplains; improving the health of

key river systems; and encouraging ecological and sustainable land use by reducing salinity and water logging in irrigated areas [1a].

#### National Landcare Program:

Budgetary expenditure under the Natural Heritage Trust to support actions by communities to manage natural resources (land, water, vegetation and biological diversity) sustainably, in partnership with government [1a].

#### Re-establishment Scheme:

Budgetary expenditure under the Rural Adjustment Scheme for structural adjustment assistance through producer retirement programme: grants or loans provided to farmers (in financial difficulty and without prospects for long-term profitability) to leave the farming sector. Replaced by the Farm Family Restart Scheme [1a].

#### Rural Communities Programme:

Budgetary expenditure under the Agriculture - Advancing Australia -package (AAA) to improve the access of rural communities to information and services, through community planning, financial counseling, information provision, information services technology and community development projects [1a].

#### Rural Partnership Program:

Budgetary expenditure to finance projects of regional producer communities for structural adjustment [1a].

#### Regional and Community Projects:

The AUD75 million Regional and Community Projects is an Australian Government initiative to help the sugar industry and/or its dependant communities by providing funding for a range of regionally based targeted projects that is intended to assist the medium and longer term sustainability of the sugar regions.

### **State programmes**

#### Rural Adjustment:

Budgetary expenditure of State governments on rural adjustment: [For 1986 - 1995, data from [9a] [9b]. From 1993/94 to 2006/07, OECD Secretariat estimates, based on the assumption that State governments continue to spend 4 % of agricultural expenditure on rural adjustment and that the expenditures have evolved at the same rate as the increase in the consumer price index. [9b, 16-31]].

#### Land and water conservation:

Budgetary expenditure of State governments on land and water conservation. [For 1986 - 1995, data from [9a] [9b]. From 1994/95 to 2006/07, OECD Secretariat estimates, based on the assumption that State governments continue to spend 11 % of agricultural expenditure on conservation and that the expenditures have evolved at the same rate as the increase in the consumer price index. [9b, 16-31]].

### ***L. Marketing and promotion***

#### Commonwealth program:

Budgetary expenditure on export assistance (EMDGs and IAMP) and the annual grant to the Australian Wool Realisation Corporation [1a], [1b] and [2].

*State program:* Budgetary expenditure of State governments on export assistance. [For 1986 - 1995, data from [9a] and [9b]. From 1991/92 to 2006/07, OECD Secretariat estimates, based on the assumption that State governments continue to spend 1 % of agricultural expenditure on marketing and that the expenditures have evolved at the same rate as the increase in the consumer price index. [9b, 16-31]].

### ***M. Public stockholding***

### ***N. Miscellaneous***

**V.1 Consumer Support Estimate (CSE):** Associated with agricultural production, i.e. for the quantities of commodities domestically produced, excluding the quantities used on-farm as feed -- *excess feed cost*. [Sum of O to R; when negative, the amounts represent an implicit tax on consumers].

***O. Transfers to producers from consumers:*** Associated with market price support on all domestically produced commodities, estimated by increasing the transfers calculated for the MPS commodities according to their share in the total value of production  $[(O.1) / (I.1) \times 100]$ .

*O.1. Of which MPS commodities:* Sum of the values of transfers from consumers to producers associated with market price support for the MPS commodities as calculated in Table 4.

***P. Other transfers from consumers:*** Transfers to the budget associated with market price support on the quantities imported of domestically produced commodities, estimated by increasing the transfers calculated for the MPS commodities according to their share in the total value of production  $[(P.1) / (I.1) \times 100]$ .

*P.1. Of which MPS commodities:* Sum of the transfers to the budget associated with market price support on the quantities imported of the MPS commodities as calculated in Table 4.

### ***Q. Transfers to consumers from taxpayers***

*Q.1. Commodity specific transfers to consumers:* Sum of commodity specific transfers from taxpayers to consumers (farm gate level) from commodity MPS tables (Table 4).

*Q.2. Non-commodity specific transfers to consumers:* Sum of non-commodity specific transfers from taxpayers to consumers (farm gate level).

**R. Excess Feed Cost:** Associated with market price support on quantities domestically produced and used on-farm as feed as calculated in Table 4. [Sum of excess feed costs in the MPS tables (Table 4) for feed crops.]

**V.2 Percentage CSE**  $[100 \times (V.1) / ((II) + (Q))]$

**V.3 Consumer NPC:** For all agricultural commodities the Consumer NPC is estimated as a weighted average of the consumer NPC calculated for the individual MPS commodities and shown in Table 4. For each commodity Consumer NPC = domestic price paid by consumers (at the farm gate)/ border price (also at the farm gate).

**V.4 Consumer NAC**  $[(1 / (100 - (V.2)) \times 100]$

**VI. Total Support Estimate**  $[(III.1) + (IV) + (Q)]$  and  $[(S) + (T) - (U)]$

**T. Transfers from consumers**  $[(O)+(P)]$

**U. Transfers from taxpayers**  $[(III.1)-(O)+(IV)+(Q)]$

**V. Budget revenues**  $[(P)]$

**Sources :**

[1a] Information provided by the Australian Government Department of Agriculture, fisheries and forestry (DAFF- previously AFFA or DPIE).

[1b] DPIE, "Portfolio Budget Statements", various years.

[2] Industry Commission, "Annual Report" (Canberra: AGPS, various years).

[3] Ministry of Finance, "Budget Statements -- Budget Paper No. 1" (Canberra: AGPS, various years).

[4] Industry Commission, Annual Report 1990-91, (Canberra: Aus. Govt. Pub. Service, 1982).

[5] Industries Assistance Commission, "Assistance to Australian Agriculture" (Canberra: AGPS, 1982).

[7] DPIE, "Assistance to farmers in 1991-92 through the rural adjustment scheme", mimeograph, Canberra, 29 October 1991; DPIE, "Rural Adjustment Scheme, 1990-91" (Canberra: AGPS, 1996); Parliament of the Commonwealth of Australia, "Rural Adjustment, Rural Debt and Rural

Reconstruction" (Canberra: Senate Printing Unit, 1994); Rural Adjustment Scheme Advisory Council, "Annual Report 1996-97"

[8] DPIE, "National Landcare Program -- Report on the Operations of the Land and Water Elements, 1993-94" (Canberra: AGPS, 1996); National Landcare Facilitator Project, "Annual Report: The State of the Community Landcare Movement in Australia" (P.O. Box 3141, Manuka, ACT, Australia, September 1996).

[9a] Industries Assistance Commission, "State Government Assistance to Agriculture" (Canberra: Aus. Govt. Pub. Service, April 1988).

[9b] Industry Commission, "State, Territory and Local Government Assistance to Industry", Report no. 55 (Canberra: AGPS, 1996).

[10] OECD, "National Policies and Agricultural Trade -- Country Study: Australia" (Paris: OECD Publications, 1987).

[11] Industry Commission, "Annual Report", various years (Canberra: AGPS). Industries Assistance Commission, "Annual Report", various years (Canberra: AGPS).

[12] OECD, "Tax Expenditures -- Recent Experiences", OECD Publications, Paris, 1996.

[13] ABARE, "CSB 1991", Table 87 (AWB prices). Also reported in ABARE, "ACS 1997" -- Table, "Australian wheat prices".

[14] OECD Secretariat, results of the MTM (Ministerial Trade Mandate Model).

[15] Productivity Commission, "Trade and Assistance Review 1997-1998" (Canberra: AGPS).

[16] New South Wales State Budget, various years.

[17] Queensland State Budget, various years.

[18] South Australia State Budget, various years.

[19] Tasmania State Budget, various years.

[20] Victoria State Budget, various years.

[21] Western Australia State Budget, various years.

[22] Northern Territory Budget, various years.

[23] Australian Capital Territory Budget, various years.

[24] Information provided by Primary Industries and Resources South Australia.

- [25] Information provided by Agriculture Western Australia.
- [26] Information provided by New South Wales Agriculture.
- [27] Information provided by New South Wales Dept of Land and Water Conservation.
- [28] Information provided by Northern Territory Dept of Primary Industries and Fisheries.
- [29] Information provided by Queensland Dept of Natural Resources.
- [30] Information provided by Primary Industries and Fisheries Tasmania
- [31] Information provided by Victorian Dept of Natural Resources and the Environment

**TABLE 2. AUSTRALIA: Breakdown of PSE by commodity specificity and other transfers**

All data sets in Table 2 come from Tables 1 and 3 where definitions are included.

**Definitions:**

**I. Single commodity transfers (SCT):** the annual monetary value of gross transfers from policies linked to the production of a single commodity such that the producer must produce the designated commodity in order to receive the payment. This includes broader policies where payments are specified on a per-commodity basis. SCT is also available by commodity. [Sum of commodity SCTs from Table 3]

**Percentage SCT:** is the commodity SCT expressed as a share of gross farm receipts for the specific commodities (including support in the denominator). This indicator can be expressed for the total SCT (Table 2), or for a specific commodity (Table 3).

$$\%SCT = 100 * SCT / (\text{value of production}_{COM} + A2_{COM} + B_{COM} + C_{COM} + D_{COM})$$

$$\text{Share in Total PSE (\%): } SCT_{SHARE} = 100 * SCT / PSE$$

**II. Group commodity transfers (GCT):** the annual monetary value of gross transfers from policies whose payments are made on the basis that one or more of a designated list of commodities is produced. That is, a producer can choose among a set of allowable commodities to produce and receive a payment that does not vary with respect to this decision. [GCT = B<sub>GROUP</sub> + C + D<sub>GROUP</sub>]

$$\text{Share in Total PSE (\%): } GCT_{SHARE} = 100 * GCT / PSE$$

**Transfers to specific groups of commodities:** The GCT involve to the following groups of commodities:

There are four different commodity groups, based on the policies in place over the period starting in 1986.

- **All crops:** Includes mostly disaster payments and weed strategy payments;
- **Fruits and vegetables:** Disease control and eradication payments;
- **All livestock:** Payments related to animal identification and control and disease control and eradication;
- **Ruminants:** Disease control and eradication payments.

**III. All commodity transfers (ACT):** the annual monetary value of gross transfers from policies that place no restrictions on the commodity produced but require the recipient to produce some commodity of their choice. [ACT = C + B<sub>ALL</sub> + D<sub>ALL</sub>]

**Share in Total PSE (%):**  $ACT_{SHARE} = 100 * ACT / PSE$

**IV. Other Transfers to Producers (OTP):** the annual monetary value of gross transfers made under policies that do not fall in the above three cases (SCT, GCT, ACT). That is, payments that do not require any commodity production at all. [OTP = E + F + G]

**Share in Total PSE (%):**  $OTP_{SHARE} = 100 * OTP / PSE$

**V. Total PSE:**  $PSE = A+B+C+D+E+F+G = SCT + GCT +ACT + OTP$

**Percentage PSE:**  $\%PSE = 100 * PSE / \text{value of agr. production} + A.2. + B + C + D + E + F +G)$

### **TABLE 3. AUSTRALIA : Producer Commodity Specific Transfers by commodity**

Tables 3.1 to 3.16 provide information on Producer Single Commodity Transfers (PSCT) for the following commodities: Wheat, Milk, Barley, Oat, Sorghum, Rice, Soyabeans, Rapeseed, Sunflower, Refined sugar, Beef and veal, Pigmeat, Poultrymeat, Sheepmeat, Wool, Eggs and Cottons. All data sets in the calculation SCT by commodity come from Tables 1 and 4 where definitions are included.

#### ***Definitions:***

**I. Level of production:** Data from Table 4 (Market price support table)

**II. Value of production (at farm gate):** Data from Table 4 (Market price support table)

**III. Producer Single commodity transfers:** Sum of transfers to specific commodity in categories A, B, C1 and D.

#### ***A. Support based on commodity outputs***

*A1. Market Price Support* [Data from Table 4]

*A2. Payments based on output*

Data from Table 1 – see the policies providing payments based on output (A.2) to the specific PSE commodity, in the definitions in Table 1.

***B. Payments based on input use*** [B1+B2+B3]

*B1. Variable input use*

Data from Table 1 – see the policies providing payments based on variable input use (B.1) to the specific PSE commodity, in the definitions in Table 1.

*B2. Fixed capital formation*

Data from Table 1 – see the policies providing payments based on fixed capital formation (B.2) to the specific PSE commodity, in the definitions in Table 1.

*B3. On-farm services*

Data from Table 1 – see the policies providing payments based on on-farm services (B.3) to the specific PSE commodity, in the definitions in Table 1.

#### ***C. Payments based on current A/An/R/I, production required***

Data from Table 1 – see the policies providing payments based on current A/An/R/I, to the specific PSE commodity, in the definitions in Table 1.

#### ***D. Payments based on non-current A/An/R/I, production required***

Data from Table 1 – see the policies providing payments based on non-current A/An/R/I, production required (D) to the specific PSE commodity, in the definitions in Table 1.

**IV. Percentage SCT : %SCT =100\*(III)/((II)+(A.2)+(B)+(C)+(D))**

**TABLE 4. AUSTRALIA: Market Price Support estimate by commodity**

**Definitions:**

**I. Level of production**

**Cereals:** Total production of grain [1], [2], [3]. See general notes for crop year definitions.

**Rice:** Total paddy production [1], [2], [3].

**Oilseeds:** Total production of oilseeds as received at crushers [1], [2], [3].

**Sugar:** Total cane sugar acquired by crushers between May and December, multiplied by 0.96. [1], [2].

**Milk:** Total production including milk intake by factories between 1 July and the following 30 June and the wholemilk equivalent of farm cream intake, but excluding milk produced for on-farm use. Quantities in litres are multiplied by 1.031 / 1000, to convert them into tonnes. [1] [2]

**Beef and veal:** Total production in carcass weight of slaughterings (including dairy cattle) and for canned meat production. [1] [2]

**Pigmeat:** Total production in carcass weight of slaughterings, including for canned meat production. [1] [2]

**Poultry:** Total production of poultry meat (chicken, turkeys and ducks) in carcass weight of slaughterings, including for canned meat production. [1] [2]

**Sheepmeat:** total production in carcass weight of mutton and lamb slaughterings (including for canned meat production), and sheep exported live. [1] [2]

**Wool:** Total production in greasy equivalent weight of shorn wool (includes crutching), dead and fellmongered wool and wool exported on skins. [1] [2]

**Eggs:** Commercial egg production, excluding Tasmanian production. For the period 1986-2004, it is calculated by multiplying production in million dozen by 0.665; except for the year 1989, it is estimated by dividing gross value of production by gross unit value [4].

**II. Producer prices**

**Cereals and oilseeds:** Implicit price measured at the farm-gate, obtained by dividing the value of production by the level of production. [1] [2] [4]

**Sugar:** Implicit price received by cane growers, obtained by dividing the value of production of raw sugar by the level of production of raw sugar, and by 0.96. [1] [2] [4]

**Milk:** Implicit price at the farm-gate, obtained by dividing the average gross return at the farm-gate by the level of production. [1] [2] [4]

**Meats:** Implicit price at the farm-gate, obtained by dividing the value of production (intake by abattoirs, valued at the farm gate, plus estimated value of live animal exports) by the level of production. [1] [2] [4]

**Wool:** Implicit price measured at the farm-gate, obtained by dividing the value of production by the level of production. [1] [2] [4]

**Eggs:** Implicit price measured at the farm-gate, obtained by dividing the value of production by the level of production. Since 1994, OECD Secretariat estimates have been based on the gross value of production reported by ABARE [2].

#### IV. Level of consumption

**Cereals:** Total consumption of grains for food, feed and seed. [1] [3]

**Rice:** Total consumption of rice, in paddy weight, derived by multiplying apparent consumption of milled rice by 1.625. [1] [2] [5]

**Oilseeds:** Total consumption of soybeans, sunflower seeds, and rapeseed (including linseed and safflower seed), all uses, calculated as production minus exports [3].

**Sugar:** Volume acquired for domestic refining multiplied by 0.96. [1] [2]

**Milk:** Consumption of market (fresh) milk -- assumed equal to production; plus the consumption of milk products in milk-equivalent, estimated separately for butter, cheese, condensed whole milk and whole milk powder by multiplying domestic consumption of each product by a specific milk yield factor. [1], OECD Secretariat estimates.

**Beef and veal:** Total apparent consumption of beef and veal, carcass weight. [1], [6].

**Pigmeat:** Total apparent consumption of pigmeat (pork plus bacon and ham), carcass weight [1], [6].

**Poultry:** Apparent consumption, carcass weight equivalent of whole birds, pieces and giblets [1], [6].

**Sheepmeat:** Total consumption of mutton and lamb, carcass weight [1], [6].

**Wool:** Consumption of virgin wool by the wool textile industry (greasy equivalent) [1]. OECD Secretariat estimates.

**Eggs:** Consumption assumed to be equal to production.

#### VII. Reference prices

**Wheat:** Unit value of exports of wheat and flour [1], [2].

**Rice:** In 1986, unit value of exports (f.o.b.) of untreated milled white rice (weighted by domestic disposals of medium and long-grain rice) [7]; since 1987, weighted average of export prices for medium and long-grained rice [1], [2]. The MPS is calculated by comparing the reference price to the weighted average of domestic wholesale prices of the same types of rice.

**Sugar:** The reference price is the net returns to millers from export sales. 1986-1996, based on calculations by the Industry Commission. Estimated according to a formula that converts the price of raw sugar, f.o.b. Caribbean ports into an estimated sugar price, f.o.b. Thai ports. Adding freight and insurance costs to Australia yields a landed price of raw sugar, c.i.f. Queensland. To the latter price is added the per-tonne tariff rate to yield the import parity price to refiners, which is then increased by 2.75% to adjust for the price premium on Australian sugar. From this number is subtracted an estimate of domestic freight and handling costs, and pool expenses, to yield an estimate of the average net return to millers from domestic sales. The returns to millers from export sales is estimated by taking the f.o.b. Thai port price, adjusting it for polarisation differences, and subtracting export and pool expenses. Sugar tariff was removed in 1997 thus eliminating MPS. [1] [2] [8] [9]

**Milk:** Border prices of butter, SMP and cheese converted into a milk equivalent border price using technical coefficients minus a processing margin, calendar year. The border price of butter is the “average unit export value of butter” [1], the border price of SMP is “average unit export value of skimmed milk powder” [1]. The processing margin is calculated as the difference between the domestic wholesale price (domestic wholesale prices of butter and SMP converted into a milk equivalent price using technical coefficients) and the producer price. The domestic wholesale price of Butter [1] [6] and the domestic wholesale price of SMP [1] [6].

Sources:

[1] Australian Bureau of Agricultural and Resource Economics (ABARE), "Australian Commodity Statistics", various years, (Canberra: AGPS). Note that prior to 1994 this publication went under the title "Commodity Statistical Bulletin". ABARE, "Commodity Statistical Bulletin" (Canberra: AGPS, various years).

[2] Australian Bureau of Agricultural and Resource Economics (ABARE), "Australian Commodities – Forecasts and Issues", various years, (Canberra: AGPS, December issue). Note that from 1989 through 1993 this publication went under the title "Agriculture and Resources Quarterly"; prior to that it was published under the title, "Quarterly Review of the Rural Economy".

[3] Australian Bureau of Agricultural Economics (ABARE), "Crop Report", December issue, various years (Canberra: ABARE).

[4] Australian Bureau of Statistics, "Value of Agricultural Commodities Produced -- Australia", Catalogue No. 7503.0 (Canberra: AGPS, various years). Australian Bureau of Statistics, "Value of Principal Agricultural Commodities Produced--Australia", Catalogue No. 7501.0 (Canberra: AGPS, latest year).

[5] DAFF replies to the OECD Agricultural Directorate's "Medium-Term Market Developments and Policies Questionnaire".

[6] AGLINK model database.

[7] Industries Assistance Commission, The Rice Industry, Report No. 407 (Canberra: AGPS, 23 October

1987), p. 77.

[8] Industry Commission, "Annual Report" (various years).

[9] Productivity Commission, "Trade & Assistance Review 1997-98".