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Evaluation of the Increase Market Access and Development Program

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More information

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (June 2016). However, because of advances in knowledge, users are reminded of the need to ensure that the information upon which they rely is up to date and to check the currency of the information with the appropriate officer of the Department of Industry, Skills and Regional Development or the user's independent advisor.

	<p>Government.</p> <p>Resourcing requirements: Resourcing requirements for reduced government market access facilitation role: Year 1: 6 FTEs, budget of \$1.2m Year 2: 6 FTES budget of \$1.2m Year 3: 4 FTEs budget of \$0.8m Year 4: 3FTEs budget of \$0.6m Year 5 and beyond: 2 FTEs budget of \$0.4m</p> <p>The Product Standards Unit would continue to require 2 FTE staff and an annual budget of \$350,000.</p> <p>Likewise the Animal Welfare Unit would continue to require 11.6 FTE staff with an annual budget of \$1.8m.</p> <p>It is possible that industry would seek government funding support for its enlarged responsibilities, and if government funding was provided, then this may offset the cost savings.</p> <p>Governance arrangements: The degree of industry oversight would depend on the resources provided by government to support both the transition phase and also the on-going self- managed program.</p> <p>Existing arrangement would continue for the Animal Welfare and Product Standards Program activity.</p> <p>Consultation strategy: An industry led consultation strategy would be required that incorporated a varying degree of government assistance. There would be a high degree of difficulty coordinating consultation for disparate industry programs and thus a risk of confused messages and uncoordinated approaches to market representatives by overlapping industry representations.</p> <p>Existing or proposed program pricing strategy: As per Option 1 with diminishing budget allocation required over the phase in period to a final annual budget (after year 5) of \$2.55m.</p> <p>Key performance measures: KPIs With much of the service provision being transferred over to industry (by year 5) the key performance measures of this program would be required to be readdressed to reflect the diminished involvement and changed focus of the remaining overseeing activities of the program.</p>
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Step 3 Options Assessment

Shortlist options by qualitatively listing below the benefits and costs of each option relative to the base case of 'no program'. If the program contains sub-components, it may be easier to consider the benefits and costs of each subcomponent.

	Benefits	Costs	Qualitative assessment of net impact
Option 1. Existing Increase Market Access and Development Program	<ul style="list-style-type: none"> • Increases in the number of direct investment requests, facilitated trade enquiries and inbound and outbound trade missions each year. • Benefits to NSW Food, fibre and other agricultural producers and manufacturers (who sell product interstate or overseas) from increased access to external markets. This results in: <ul style="list-style-type: none"> ○ Increased food and agriculture exports. ○ Jobs growth (particularly in regional NSW). • Benefits to transport, processing, service and related secondary industries from increased interstate and international trade of NSW food and agricultural products. • Benefits to the NSW Community from reduced disease and pest impacts and increased food quality; as both NSW produced and imported produce is of a higher quality or standard. • Animal welfare benefits to the NSW Community from increased and continued access to animals for production, commercial, entertainment and research purposes. • Benefits to the NSW environment, through protection against the introduction and spread of exotic pests and diseases. • Benefits to the Australian economy, as increased NSW market access will improve similar access for all 	<ul style="list-style-type: none"> • Total estimate of annual cost to the department is \$3.35 million (with 19.6 FTE staff) • Industry complying with appropriate product standards (including animal welfare). 	Benefits substantially outweigh the costs, as: <ul style="list-style-type: none"> • International and domestic market access for NSW food and agricultural produce, is facilitated by demonstrating a strong biosecurity, animal welfare and food safety system with reliable traceability and emergency response capabilities. • This program contributes to the Premier's priority 1: Creating jobs (through expanding agri-business opportunities), and State priority 2: Encouraging business investment. • The work that the program does provides NSW agricultural and food industries with increased access to external markets that in return contribute value to the NSW economy through increased sales income, supporting industry growth and employment growth. • Option 1 is not the preferred option <p>Ranking 2</p>

	<p>jurisdictions.</p> <ul style="list-style-type: none"> • Benefits to the Australian Government, and other States/jurisdictions responsible for interstate trade regulations, from the NSW Government efforts on trade agreements and regulatory frameworks for international trade etc. 		
<p>Option 2. Expanded program</p>	<ul style="list-style-type: none"> • Benefits as per Option 1 - plus possible improvements in value in the following ways: <ul style="list-style-type: none"> ○ More effective promotion of NSW food and agricultural products to overseas markets. ○ Improved understanding by overseas customers of what NSW has to offer in terms of investment opportunities. ○ Facilitation of new investment opportunities in NSW including the development of R&D exchanges, partnerships with Universities and RDCs and improved linkages with other NSW agencies. ○ Upskilling of DPI and LLS development officers and front line staff to support industry development and market growth. ○ Upskilling of Agricultural industries to enhance cooperative approaches to market development and servicing. ○ Development of Agriculture 'export ready' training material and the development of 'E Training' that would be provided by DPI through Tocal College. ○ Identification of issues and solutions in freight of agricultural produce to better access international markets. 	<ul style="list-style-type: none"> • Total estimate of annual cost to the department is \$6.63 million in the first year and \$5.63 million henceforth. Possible wage offsets through the Tradestart program need to be explored. 	<p>Net benefit is expected to be greater than that of Option 1</p> <ul style="list-style-type: none"> • There is an opportunity to streamline existing NSW Government services by centralising within DPI and increasing resourcing to increase the effectiveness of the International Engagement Unit. • Option 2 is the preferred option. <p>Ranking 1</p>

<p>Option 3. Industry-led program</p>	<ul style="list-style-type: none"> • Benefits as per Option 1 - less possible reductions in value in the following ways: <ul style="list-style-type: none"> ○ Peak industry bodies and business chambers lack the authority to negotiate market access issues and do not have the “badge of government” seen as vital in accessing some of our major markets. ○ Risks about inconsistent advice, overlapping and conflicting advice from different industries, branding etc. may lead to a tendency for groups to splinter, confusing importers. ○ Devolving responsibility to a number of industry groups may work against current moves at the Federal government level to take an Australia wide approach to market access and result in responding to repeated requests from customers. ○ Such an approach has the risk of discouraging further investment and purchase. 	<ul style="list-style-type: none"> • Total estimate of annual cost to the department would be \$3.35 million (with 19.6 FTE staff) in year 1, decreasing to \$2.55 (with 15.6 FTE staff) in year 5 and beyond. (This includes the activities of the Product Standards and Animal Welfare Units). 	<p>Net benefit is expected to be less than that for Option 1</p> <ul style="list-style-type: none"> • It is possible that industry would seek government funding support for its enlarged responsibilities, and if government funding was provided, then this may offset the cost savings. • May not be able to demonstrate the same strength of biosecurity and food safety system and furthermore the traceability and emergency response capabilities may not be as reliable (as per the stated objective). • Option 3 is not the preferred option. <p>Ranking 3</p>
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Appendix A: Cost Recovery Decision Framework

