



Policy costing request—during the caretaker period for a general election

Name of policy:	Forests for our Future
Person requesting costing:	Senator Di Natale
Parliamentary party:	Australian Greens
Date of request to cost the policy:	29 June 2016
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance)?	No
Details of the public release of this policy (Date, by whom and a reference to that release):	http://greens.org.au/forests http://greens.org.au/sustainable-wood-products
Description of policy	
Summary of policy (as applicable, please attach copies of relevant policy documents):	<ul style="list-style-type: none">- A \$25 million fund for a comprehensive review of Regional Forest Agreements and native forest management, and to develop a transitional plan beyond the expiry of the current Regional Forest Agreements. This review is to report by 2018, including the transitional plan and associated recommendations.- A commitment of \$20 million over the forward estimates for research and development in the plantation forestry sector.- A commitment of \$3 million to contribute to the establishment of a national farm forestry cooperative for farmers.
What is the purpose or intention of the policy?	<p>To consider options for native forest management which ensures the protection of native forest for habitat, carbon, water, tourism and recreation, and which provides for the long-term jobs and sustainable economic security of regional and rural communities in our forest regions.</p> <p>To promote innovation in plantation wood and fibre production and processing, in order to develop capacity of our plantation timber industry to meet market demand for a variety of sustainable wood products, from both hardwood and softwood sources.</p> <p>To support sustainable and productive farm forestry practices, boosting wood supply from non-native forest sources.</p>

What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list the components and interactions with proposed or existing policies.	No
Where relevant, is funding for the policy to be demand driven or a capped amount? If a capped amount, are the costs of administering the policy to be included within the capped amount or additional to the capped amount?	Capped
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	For the review of native forest management it is expected that state/territory governments would have a role in delivering the policy’s outcomes (i.e. actively participating in/contributing to the review and plan), because Regional Forest Agreements are cross-jurisdictional agreements. For farm forestry cooperative, it is expected that states/territories, and potentially peak bodies in the forestry and farming sectors, might also contribute to the establishment of the cooperative.
Are there associated savings, offsets or expenses? If yes, please provide details.	No
Does the policy relate to a previous budget measure? If yes, which measure?	No
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?	n/a
Will the funding/program cost require indexation? If yes, list factors to be used.	n/a

Expected impacts of the proposal				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
Estimated financial implications (outturn prices)^(a)				
	2016–17	2017–18	2018–19	2019–20
Underlying cash balance (\$m)	-26	-23	0	0
Fiscal balance (\$m)	-26	-23	0	0
(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?	Yes, relevant post-budget costings by PBO			
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?	No			
What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?	<p>This policy will provide for a sustainable and responsible approach to the management of our native forests in the 21st century. With the imminent expiry of the Regional Forest Agreements across the country, this comprehensive review of their effectiveness is required to inform the options ahead for native forest management.</p> <p>This policy will also progress plantation forestry as a source of timber, to enable new techniques, technologies and innovations in growing, harvesting and processing wood products from plantation sources</p>			
Administration of policy:				
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?	<p>Department of the Environment for the native forest management review</p> <p>Department of Agriculture for both plantation R&D and farm forestry cooperative</p>			
Please specify whether any special administrative arrangements are proposed for the policy and whether these are expected to involve additional transactions/processing (by service delivery agencies).	Administration costs are to be met from outside the funding cap			
Intended date of implementation:	1 September 2016			
Intended duration of policy:	As above			

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Are there transitional arrangements associated with policy implementation?	No
List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).	n/a
Are there any other assumptions that need to be considered?	No
NOTE: <i>Please note that: The costing will be on the basis of information provided in this costing request. The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i>	