

CONFIDENTIAL
CABINET DECISION

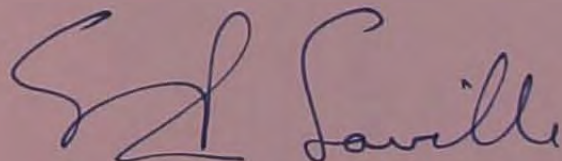
No. 3884

Submission No.: 3335

Title: BULL PURCHASE INCENTIVE SCHEME

Cabinet:

- (a) approved of the establishment of a "Bull Purchase Incentive Scheme" effective from 1 January 1985, to be operated by the N.T.D.C.;
- (b) endorsed the proposed terms and conditions of the scheme as detailed in Attachment A of the submission; and
- (c) agreed that the scheme be reviewed prior to 31st December 1985 with the view to determining if the scheme should be extended.



S.F. SAVILLE
A/Secretary to Cabinet

4 December 1984

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FOR CABINET

SUBMISSION No: 3335

Title:	BULL PURCHASE INCENTIVE SCHEME
Minister	MINISTER FOR INDUSTRIAL DEVELOPMENT & TOURISM
Purpose:	TO SEEK CABINET APPROVAL OF THE INTRODUCTION OF A BULL PURCHASE INCENTIVE SCHEME AND TO APPROVE THE PARAMETERS OF SUCH A SCHEME
Relation to existing policy:	EXTENSION OF NTDC INCENTIVES PACKAGE
Timing/ legislative priority:	NO LEGISLATIVE REQUIREMENT
Announcement of decision, tabling, etc:	ANNOUNCEMENT OF NEW SCHEME ONCE DETAILS APPROVED AND COMMENCEMENT DATE SET. ADVERTISING WILL ALSO BE UNDERTAKEN
Action required before announcement:	COMMENCEMENT DATE TO BE SET
Staffing implications, numbers and costs, etc:	NO IMMEDIATE STAFFING IMPLICATIONS BUT TO BE REVIEWED FOLLOWING IMPLEMENTATION ON INCIDENCE OF APPLICATIONS RECEIVED
Total cost:	ESTIMATED COST 1984/85 - \$100,000

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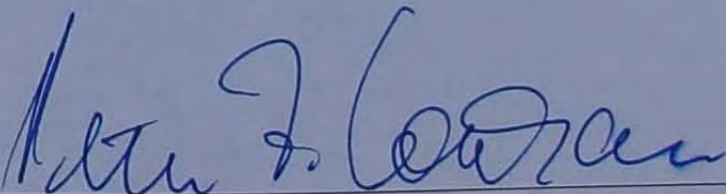
Department/Authority LAW

COMMENT ON CABINET SUBMISSION No.

TITLE: BULL PURCHASE INCENTIVE SCHEME

COMMENTS:

It is within the power of the NTDC to provide the proposed incentive scheme. There appear to be no constitutional or legal barriers to the proposal.



SIGNED: P.F. CONRAN

DESIGNATION: A/DIRECTOR, EXECUTIVE & POLICY UNIT

DATE: 14 NOVEMBER 1984

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Department/Authority DEPARTMENT OF THE TREASURY

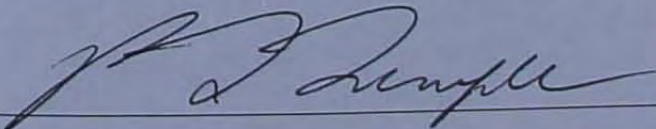
COMMENT ON CABINET SUBMISSION No.

TITLE: BULL PURCHASE INCENTIVE SCHEME

COMMENTS:

Submission Supported.

Provision for this proposal has been included in the Budget.



SIGNED: P F TEMPLE

DESIGNATION: DEPUTY UNDER TREASURER

DATE: 16.11.84

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Department/Authority PRIMARY PRODUCTION

COMMENT ON CABINET SUBMISSION No.

TITLE: BULL PURCHASE INCENTIVE SCHEME

COMMENTS:

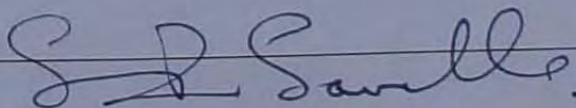
The Department of Primary Production supports the proposal for a Bull Purchase Incentive Scheme.

A breeding stock subsidy was in operation from 1949 to July 1973 which paid up to 75% of freight and handling costs from point of purchase to place of destination. The scheme was administered by the now Department of Primary Production. (See Page 5 of Paragraph 15.)

Attachment A, Page 2, Paragraph 1.

The meaning of "Bulls purchased must be proven sound and serviceable" is not clear. It should be spelt out that bulls should require a veterinary examination for both physical and reproductive soundness to attract the incentive.

SIGNED:



DESIGNATION: SECRETARY

DATE: 26 November 1984

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**Agricultural
Development and Marketing
Authority**

BISHOP STREET, STUART PARK, DARWIN, N.T. 5790
G.P.O. BOX 821, DARWIN, N.T. 5794
TELEPHONE: 81 4811.
TELEX: AA85630.
VOCADEx: 81 1971.

Chairman,
Northern Territory Development
Corporation,
G.P.O. Box 2245,
DARWIN 5794.

Peter Blahu

22/11

Dear Sir,

The Authority supports the proposed initiative to introduce a "Bull Purchase Incentive Scheme".

It is suggested that consideration be given to clarifying the meaning of "purchase price", in particular whether it is to be taken as the price paid to the vendor or the landed cost.

Also, there could be some potential for anomaly, when the entitlement for a bull with a purchase price of \$1,500 is compared with a purchase price of \$1,501.

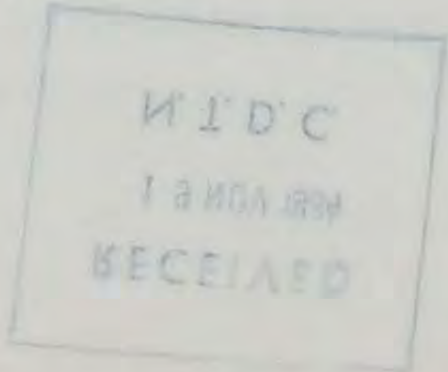
Yours faithfully,

Anthony Thomas

W.A. THOMAS
Chairman

15 November, 1984

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THE ISSUES

1. Cabinet approval is sought for the introduction of a "Bull Purchase Incentive Scheme" by the N.T.D.C. and to the endorsement of the terms and conditions of the scheme.

BACKGROUND

2. The N.T.D.C. has developed a package of incentives to encourage the industrial development of the Territory. Few of the incentives are applicable to the further development of the Territory's rural industries.
3. The Northern Territory Cattlemen's Association and a member of the N.T.D.C. Board, Mr. Bill Prior, have suggested that the introduction of a subsidy to pastoralists on the purchase of bulls to upgrade commercial cattle herds would provide an appropriate incentive for the further development of the Territory's pastoral industry.
4. The Board of the N.T.D.C. considered the proposal and agreed to pursue the introduction of such a scheme. Funding was requested in the 1984/85 budget submission and was subsequently included in the Corporation's budget as presented to the Legislative Assembly.

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4.

CONSIDERATION OF THE ISSUES

5. The Territory cattle herd is in the order of 1.5 million head with an annual turnoff of around 350,000 head. Accordingly the cattle industry is an important sector of Territory production and contributed some \$67M in 1982/3, the last available figures.
6. There are numerous problems facing the industry, including BTB eradication which are being addressed. Solutions lie largely in the further development of properties with more intensive development programmes and with increased control of cattle herds.
7. Significant further investment in the industry is accordingly required and is proceeding in many cases. As further improvements are put in place on properties so the need for the upgrading of herds increases.
8. From a market point of view, product improvement is important to sustain and develop the output of the industry and the upgrading of herds is of vital importance.
9. Accordingly, the provision of an incentive to further encourage the upgrading of herds is considered desirable. The Cattlemen's Association of the Northern Territory consider this attractive and the Department of Primary Production supports the concept.

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10. A scheme has been designed (Attachment A) which provides for a reimbursement to pastoralists purchasing bulls on the following basis -
Bull price - \$800 to \$1500/head - \$100 reimbursement
Bull price - over \$1500/head - \$200 reimbursement.
11. The proposed scheme limits eligibility to commercial herds and to pastoralists who are satisfactorily carrying out disease eradication programmes.
12. As the scheme is one of providing incentive to cattle producers, there has been no attempt to exclude any specific cattle property operators such as large corporation owned stations, overseas owned stations or Aboriginal owned ventures.
13. As there is no experience in the operation of such a scheme, it is not known to what extent the provision of an incentive will encourage additional bull purchases. It should be recognised that in many instances, the subsidy payment will be made to purchase bulls that would have been purchased in any event (i.e. without subsidy).
14. For this and other reasons including assessment of the initial implementation of the scheme, it is proposed that the scheme initially be established for one year, commencing 1st January, 1985 and that the scheme be reviewed before 31st December, 1985, as to the desirability of its extension.

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6.

OPTIONS

15. The broad options are to :
 - a) Introduce a "Bull Purchase Incentive Scheme", as proposed,
 - b) Introduce some alternative incentive or package of incentives to encourage the further development of the Territory's cattle industry,
 - c) Not provide any incentive scheme to the industry other than those already existing, (e.g. BTEC assistance measures)
16. Option A is considered appropriate to demonstrate the Government's concern and commitment to the further development of the industry.
17. There are a range of options as to the type of bull subsidy to be applied. The Cattlemen's Association suggested a freight subsidy on bull purchases and breeding cow purchases. This is considered administratively cumbersome. The Department of Primary Production suggested a percentage of bull purchase price. This would be workable but the Board of the N.T.D.C. were of the view that a flat reimbursement level would keep the processing simple and still have the same general effect.

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7.

PUBLIC IMPACT OF THE RECOMMENDATION

18. The Cattlemen's Association strongly support the introduction of this form of assistance. The level of assistance that they promote however, is greater than recommended. Budgeting restraints however must be taken into account and the level of incentive proposed matches available funds.

Generally, the proposal should be well received by rural producers.

FINANCIAL CONSIDERATIONS

19. Bull purchases vary significantly from property to property and from year to year. The extent to which additional purchases will be encouraged by the incentive is unknown and accordingly, cost estimates of the scheme cannot be precise.

20. Enquiries with pastoral houses would indicate that around 600 bulls per annum are currently purchased but confirmed considerable variation from year to year.

21. The Corporation has included an amount of \$100,000 in its 1984/85 budget for the operation of this scheme. On information available this would be sufficient to cover the introduction of the scheme in the first year given an increase in purchases being stimulated by the scheme.

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8.

EMPLOYMENT AND STAFF CONSIDERATIONS

22. The implementation of the scheme can be handled with existing N.T.D.C. staff. With the increase in other rural industry workloads however, (e.g. Part D BTEC loans) it may be necessary to consider an additional staff member at a later stage.

COMMONWEALTH, STATE AND LOCAL GOVERNMENT RELATIONS

23. No adverse effect foreseen.

CO-ORDINATION AND CONSULTATION

24. The Department of Primary Production have been consulted in the formulation of the scheme and their comments on this submission sought. Normal comments from Treasury and Department of Law have been obtained.

LEGISLATION

25. There are no legislative requirements.

PUBLICITY

26. If the scheme is approved a draft press release is attached for immediate release (Attachment B). A programme of advertising of the scheme would need to be put in place and a brochure on the scheme would be prepared for distribution to rural producers and their agents and advisers.

TIMING

27. It is considered appropriate to introduce the scheme from 1st January, 1985 if approved.

Accordingly, an early decision is desirable.

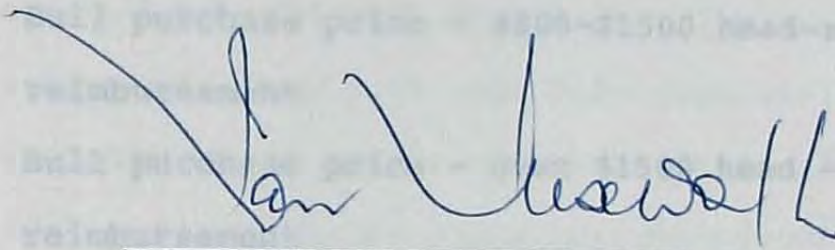
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9.

RECOMMENDATIONS

28. It is recommended that Cabinet approve of the establishment of a "Bull Purchase Incentive Scheme" effective from 1st January, 1985, to be operated by the N.T.D.C.
29. It is further recommended that Cabinet endorse the proposed terms and conditions of the scheme as detailed in Attachment A.
30. It is recommended that the scheme be reviewed prior to 31st December, 1985 with the view to determining if the scheme should be extended.



IAN TUXWORTH.

29/11/84

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ATTACHMENT "A"

BULL PURCHASE INCENTIVE SCHEME

THE SCHEME

The purpose of the scheme is to encourage participants in the Northern Territory to undertake the continuing upgrading of their commercial cattle herds. The scheme aims to provide pastoralists with a financial incentive to purchase bulls to achieve upgrading.

Under the scheme the NTDC may partially recoup pastoralists purchasing bulls on the following basis -

Bull purchase price - \$800-\$1500 head - : \$100 head
reimbursement

Bull purchase price - over \$1500 head - : \$200 head
reimbursement

No reimbursement will apply to bulls costing less than \$800 per head.

ELIGIBILITY

The owners of all commercial cattle herds in the Northern Territory who have undertaken or are undertaking approved BTB eradication programmes are eligible to receive assistance under the scheme. The Corporation reserves the right, however, to disallow payment where it considers the purposes are not oriented to commercial herd upgrading or where the Department of Primary Production is not satisfied with the status and progress with the approved BTB eradication programme.

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The scheme applies to bulls purchased both within the N.T. and from elsewhere in Australia. Bulls purchased must be proven sound and serviceable to qualify for the assistance. Bulls purchased from a registered stud, bulls having breed certification or commercial bulls to the N.T.D.C.'s satisfaction will be acceptable.

Reimbursement will apply specifically to the purchase price. Freight costs, testing and other costs in addition to the purchase price will not be taken into account in determining the reimbursement level of assistance.

Requests for reimbursement must be provided on the N.T.D.C. "Bull Purchase Incentive Scheme" application form and be accompanied by evidence of payment of purchase. Generally, the scheme will apply to bona fide purchasers of bulls to upgrade commercial herds. Reimbursement will not be applicable for sales of bulls between properties of common ownership or in other circumstances where the N.T.D.C. considers a "commercial purchase" of bulls has not taken place.

TERM OF THE SCHEME

The scheme will initially be introduced for a period of 1 year commencing 1st January, 1985. Bulls purchased prior to that date will not be eligible for reimbursement.

The scheme will be reviewed prior to 31st December, 1985, to determine if it should be extended.

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Mr. Ian Tuxworth, the Chief Minister and Minister for Industrial Development and Tourism announced today that the Northern Territory Development Corporation will commence the operation of a "Bull Purchase Incentive Scheme" from 1st January next year. He said the scheme is aimed at encouraging cattle producers to continue the upgrading of their herds for the overall benefit of the industry.

Mr. Tuxworth said that the scheme would provide a reimbursement to pastoralists purchasing bulls on the basis of \$100 a head for bulls purchased for between \$800 and \$1500 and \$200 a head for bulls purchase for over \$1500. All cattle herd owners in the Territory would be eligible for assistance under the scheme provided they conducted commercial cattle ventures and they were satisfactorily carrying out disease eradication programmes.

Mr. Tuxworth said the cattle industry is vitally important in the future of the Territory's growth and the Government wished to demonstrate its commitment to and confidence in the industry by the provision of suitable incentive assistance. The scheme will operate for twelve months and will be reviewed towards the end of that period to determine if it should be extended.

Mr. Tuxworth said the Northern Territory Cattlemen's Association had made an approach to the Government for such an incentive to be provided.

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ENDS.