



25 January, 2016
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Mr Peter Saunders
First Assistant Secretary
Regulatory Reform Division
Department of Prime Minister and Cabinet
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BARTON ACT 2600

Email: helpdesk-obpr@pmc.gov.au

Dear Mr Saunders

REGULATION IMPACT STATEMENT - FINAL ASSESSMENT SECOND PASS

I am writing in relation to the attached Regulation Impact Statement (RIS) prepared for proposals put forward in the context of the Agricultural Competitiveness White Paper to amend the income tax law dealing with Farm Management Deposits (FMDs).

I am satisfied that the RIS addresses the concerns raised in your first pass final assessment letter of 15 January 2015. Specifically, the problem section provides additional information on the issues associated with the current FMD scheme and the benefits of the proposed changes. In particular, the RIS details how current restrictions on FMDs limit the capacity for the scheme to fulfil its objective. The objective section provides additional information on the importance of the agricultural sector to the broader community and potential limitations associated with government action. Assessments of the net benefit of each option have been clarified to more clearly align with the identified problems and objectives, that is, encouraging primary producers to improve their resilience by building up cash reserves that can be drawn on in times of downturn or difficulty. Finally, the background section of the RIS includes an explanation of the processes leading up to the Government's decision to introduce changes to the FMD scheme and documents the status of the RIS as part of that process. In particular, the RIS notes that prior to release of the Agricultural Competitiveness White Paper, a short form RIS was prepared and regulatory costs agreed with OBPR. In relation to regulatory costs, I note that 2016 offsets for the chosen options will be found from within the Treasury portfolio.

Accordingly, I am satisfied that the RIS now meets best practice consistent with the Australian Government Guide to Regulation.

I submit the RIS to the Regulatory Reform Division for format final assessment.

Yours sincerely

Steve French
Acting Deputy Secretary
The Treasury
25 January 2016