



**National
Farmers
Federation**

**National Farmers' Federation
Pre- Budget Submission 2020-21**

6 January 2020

NFF Member Organisations



CANEGROWERS



**National
Farmers
Federation**



The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and length of the sector.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct grass roots member services as well as state-based policy and commodity-specific interests.

Statistics on Australian Agriculture

Australian agriculture makes an important contribution to Australia's social, economic and environmental fabric.

Social >

There are approximately 85,000 farm businesses in Australia, 99 per cent of which are wholly Australian owned and operated.

Economic >

In 2018-19, the agricultural sector, at farm-gate, contributed 2.4 per cent to Australia's total Gross Domestic Product (GDP). The gross value of Australian farm production in 2018-19 is estimated to have reached \$62.2 billion.

Workplace >

The agriculture, forestry and fishing sector employs approximately 323,000 people, including full time (236,700) and part time employees (84,300).

Seasonal conditions affect the sector's capacity to employ. Permanent employment is the main form of employment in the sector, but more than 26 per cent of the employed workforce is casual.

Environmental >

Australian farmers are environmental stewards, owning, managing and caring for 51 per cent of Australia's land mass. Farmers are at the frontline of delivering environmental outcomes on behalf of the Australian community, with 7.4 million hectares of agricultural land set aside by Australian farmers purely for conservation/protection purposes.

In 1989, the National Farmers' Federation together with the Australian Conservation Foundation was pivotal in ensuring that the emerging Landcare movement became a national programme with bipartisan support.

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List of Recommendations

Recommendation 1: That the Australian Government commits to only finalising an A-EU FTA that: 1) substantially improves market access for all of Australia's agricultural commodities currently facing barriers; 2) does not impose EU systems for protecting geographical indications on Australia; and, 3) does not impose new or different regulatory standards on Australian farmers.

Recommendation 2: That the Australian Government commits to launch FTA negotiations with the UK, should it be in a position to negotiate an FTA, which secures duty-free, quota-free market access and liberal trade arrangements.

Recommendation 3: That the Australian Government funds the NFF's initiative to lead a whole-of-industry strategy to establish collaborative and capacity building relationships that support stronger commercial ties between Australia and India. The NFF seeks funding of \$200,000 over two years.

Recommendation 4: That the Australian Government pursues and adequately funds initiatives that support ongoing constructive engagement with the Chinese government and secures agreement to launch FTA negotiations with Taiwan that complement ChAFTA and the Hong Kong FTA.

Recommendation 5: That the Australian Government commits the resources necessary to work with other TPP-11 members to expand membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

Recommendation 6: That the Australian Government commits the resources necessary to constructively work with India to secure its full participation in RCEP negotiations and to achieve new market access for Australian agricultural exports to all RCEP markets and the Indian market in particular.

Recommendation 7: That the Australian Government commits the resources necessary to relaunch FTA negotiations with Gulf Cooperation Council countries.

Recommendation 8: That the Australian Government commits the resources required to enable Australia's negotiators to play a constructive role in addressing current challenges facing the WTO, including contributing solutions for updating and expanding the WTO institution and rules.

Recommendation 9: That the Australian Government commits the resources required to reinvigorate efforts to achieve commercially meaningful reductions in trade-distorting agricultural subsidies paid in major subsidising countries.

Recommendation 10: That the Australian Government ensures adequate resourcing of Australia's capacity to bring and successfully prosecute breaches of trade agreement obligations that commercially damage Australian interests.

Recommendation 11: That the Australian Government increases the funding needed to expedite the negotiation of import and export protocols, which meet biosecurity and other standards, to enable trade in currently blocked agricultural commodities.

Recommendation 12: That the Australian Government transparently engages with industry, calculates costs on the most efficient supply of services, and considers the range of factors impacting on the international competitiveness of Australia's agricultural exports when setting cost recovery fees for export certification.

Recommendation 13: That the Australia Government commits to more targeted action on NTBs and establishes clear timeframes and progress goals so that the effectiveness of initiatives to address NTBs can be assessed.

Recommendation 14: That the Australian Government includes innovative provisions in trade agreements that effectively enable commitments to be updated, to reflect developments in trade and investment practices, and improved to maximise the benefits of the trade agreement for all parties.

Recommendation 15: That the Australian Government commits \$10 million to fund commodity groups to review and update their traceability systems consistent with the National Traceability Framework.

Recommendation 16: That the Australian Government implement the relevant recommendations of the Senate inquiry into the feasibility of a national horse traceability register for all horses.

Recommendation 17: That the Australian Government, through the National Biosecurity Committee, publishes a detailed progress report on implementation of the 42 recommendations of the 2017 IGAB Review report Priorities for Australia's Biosecurity System, including timeframes for implementation of outstanding recommendations.

Recommendation 18: That the Australian Government commits to ensuring adequate long-term funding for the national biosecurity system, through prompt implementation of the Biosecurity Imports Levy (or other comparable mechanism), and increased appropriation funding.

Recommendation 19: That the Australian Government agrees to produce an annual biosecurity Budget-related paper, to improve transparency of biosecurity revenue and expenditure, as per the recommendation of the Biosecurity Imports Levy Steering Committee.

Recommendation 20: That the Australian Government prioritises and adequately resources implementation of recommendations made by the Inspector General of Biosecurity in recent reviews, particularly the reports *Pest and disease interceptions*

and incursions in Australia and Effectiveness of biosecurity measures to manage the risks of brown marmorated stink bugs entering Australia.

Recommendation 21: That the Australian Government exempts biosecurity activities funded by cost-recovery from average staffing level caps or efficiency dividends so that the Department of Agriculture can employ and train adequate staff to manage increased imports and biosecurity risk.

Recommendation 22: That the Australian Government commits to increase funding for the Inspector General of Biosecurity function, to enable more timely and comprehensive analysis and transparent reporting to the public on departmental performance and system improvements.

Recommendation 23: That the Australian Government commits to ensuring the Animal Welfare Task Group can continue to deliver its important role overseeing development and implementation of national standards and guidelines for livestock welfare.

Recommendation 24: That the Australian Government commits to genuine EPBC Act reform and implementation of recommendations from the Craik Report that recognise the contributions farmers make towards meeting biodiversity objectives.

Recommendation 25: That the Australian Government commits \$100 million to adequately resource the development of outreach facilities to support regular engagement and communication with farmers.

Recommendation 26: That the Australian Government commits \$100 million to improve data collection and develop datasets that are nationally consistent and accessible to streamline the operation of the EPBC Act.

Recommendation 27: That the Australian Government commits to the implementation of formal bilateral or trilateral (where local government is in play) negotiations to resolve how to ensure that a farmer can communicate on a common regulatory template and get a single set of advice on their particular site and be assured (protected) from sanction if the advice is adhered to.

Recommendation 28: That the Australian Government commits to establish a National Biodiversity Conservation Trust fund with an initial investment of \$1 billion to support the protection of matters of national environment significance and protect and build biodiversity assets and natural capital.

Recommendation 29: That the Australian Government adequately resources the MDBA and Basin Governments to implement the Plan, particularly Supply Measures where genuine consultation is lacking.

Recommendation 30: That the Australian Government reviews the rainfall triggers in the Carbon Farming Initiative Plantation and Farm Forestry Methodologies to ensure the plantation sector can make investment decisions.

Recommendation 31: That the Australian Government maintains the funding for existing organisations, including Foodbank, SecondBite and OzHarvest.

Recommendation 32: That the Australian Government supports implementation of the National Food Waste Strategy.

Recommendation 33: That the Australian Government invests in \$2 million in R&D to discover new pathways for harvested, but not marketed, consumable produce.

Recommendation 34: That the Australian Government creates tax incentives that fairly recognise food donations across the value chain.

Recommendation 35: That the Australian Government develops a coordinated national approach to adaptation to climate change and managing emissions in the agricultural sector.

Recommendation 36: That the Australian Government commits an additional \$20 million in R&D to support agriculture's adaptation to climate change.

Recommendation 37: That the Australian Government allocates \$1 million over 4 years to enable legal representation for the agriculture sector to engage in current and future native title reform processes.

Recommendation 38: That the Australian Government recommits to funding both the Native Title Respondent Funding Scheme and the Native Title Officer Funding Scheme while there remains ongoing native title claims which affect primary producers.

Recommendation 39: That the Australian Government commits to establishing a Rural, Regional and Remote Telecommunications Fund to resource ongoing mobile network expansion, a request supported by the Rural, Regional and Remote Communications Coalition.

Recommendation 40: That the Australian Government commits to fully implement all of the *2018 Regional Telecommunications Review* recommendations related to government.

Recommendation 41: That the Australian Government commits to funding the Digital Tech Hub beyond the current two year funding period, a request supported by the Rural, Regional and Remote Communications Coalition.

Recommendation 42: That the Australian Government invests in measures supporting Australians to adopt firming technologies to improve reliability.

Recommendation 43: That the Australian Government commits further funding to an expanded ARENA to drive innovation in renewables and grid stabilisation as well as support investment in key economic sectors including agribusiness.

Recommendation 44: That the Australian Government commits funding for further rounds of the improved access to agricultural and veterinary chemicals initiative.

Recommendation 45: That the Australian Government commits to implement reforms to the rural Research and Development Corporation system in line with the proposals put forward in the NFF submission to *Modernising the RDC System* consultation process, which reflect the views of a broad coalition of industry representative bodies.

Recommendation 46: That the Australian Government commits \$1.5 million per annum to give substance to its commitment to develop a National Agriculture Workforce Strategy.

Recommendation 47: That the Australian Government introduces a centrally managed program, with an appropriate level of funding, to drive uptake of the Seasonal Worker Program. The NFF recommends that the Government provides seed funding of up to \$30 million to cover the initial year of operation, after which time it is anticipated that the operation of the fund would be cost neutral.

Recommendation 48: That the Australian Government commits to offering discounted course fees/reduced VET-FEE HELP repayment liability for VET students who work in agriculture for at least 3 months of the year; and/or:

1. reducing Trade Support Loans by 25 per cent for each 3 months of regional agricultural work in a year, up to the maximum of \$20,000; and
2. developing an agricultural curriculum program to ensure integration with other programs and greater focus on agricultural courses to promote agriculture as a career of choice.

Recommendation 49: That the Australian Government commits to \$1.2 million to re-establish the Education and Training Advisers network for the rural sector.

Recommendation 50: That the Australian Government commits to permanently funding mental health awareness and intervention programs in rural and regional areas, and to resourcing long-term mental health services including through primary health care networks.

Recommendation 51: That the Australian Government commits to controlling any risk of wage-blowout, and introduces measures which promote productivity and limit real unit labour costs.

Recommendation 52: That the Australian Government works with industry, community groups, local government and state and territory governments to develop and implement a national drought policy.

Recommendation 53: That the Australian Government commits to not enacting any reform that either reduces the level of investment in rural and regional roads or increases the relative cost of transporting agricultural produce.

Recommendation 54: That the Australian Government continues dedicated funding for the ACCC Agricultural Enforcement and Engagement Unit and provides resources for small businesses to facilitate their engagement in ACCC processes.

Recommendation 55: That the Australian Government commits to review the unconscionable conduct provisions in the *Competition and Consumer Act 2010*.

Recommendation 56: That the Australian Government commits to retaining the Zone Tax Offset and the Fringe Benefits Tax remote area exemption for employee housing.

Recommendation 57: That the Australian Government commits to expanding on the set of Regional Deals already announced, guided by the priorities of agricultural value chains in each region.

Recommendation 58: That the Australian Government commits to making the small business instant asset write-off permanent and retain the specific accelerated depreciation arrangements for primary producers.

Recommendation 59: That the Australian Government commits to:

- 1) Extending the accelerated depreciation provisions to horticultural netting;
- 2) Ensuring that the Regional Investment Corporation's Farm Investment Loans are accessible to farmers who wish to purchase netting;
- 3) Ensuring that program designs that will guide funding decisions of the Future Drought Fund recognise the contribution of netting to building drought resilience; and,
- 4) Implement a 10-year national netting grant program.

Recommendation 60: That the Australian Government commits to retain the existing system of fuel tax credits and extend fuel tax credits to aviation fuel used in pastoral operations.

Recommendation 61: That the Australian Government commits to continuing the current taxation arrangements for family farms under trust structures.

Recommendation 62: That the Australian Government investigates the extent to which farmers have retirement plans and how the use of superannuation by farmers, where lacking, could be encouraged. This investigation should include the scope to roll Farm Management Deposits into superannuation accounts.

Recommendation 63: That the Australian Government creates a federal grant program that helps farmers purchase relevant software and advice to enable them to create robust investment performance data for their farm business.

Recommendation 64: That the Australian Government commits to further pursuing its deregulation agenda by improving the quality of regulation and minimising the burden of regulation on farm businesses.

Introduction: Agriculture – Growing Australia

NFF's vision, shared and taken up by the Australian Government, is for Australian agriculture to become a \$100 billion industry by 2030. The sector is a source of strength in the Australian economy, positioned to capitalise on growing global demand for safe, high quality food and fibre over coming decades. What we need to do to reach the \$100 billion goal is detailed in the NFF's [2030 Roadmap](#). Progress to date in achieving this vision is set out in the [2030 Roadmap 2019 Report Card](#).

To achieve this vision, the sector needs regulatory and public policy settings that foster growth and productivity; innovation and reward endeavour. We need a simpler, fairer and more efficient tax system that encourages investment, innovation and productivity growth. We also need a competitive, flexible and dynamic economy. The NFF considers the recommendations in this submission will help achieve these outcomes.

They are organised under the five pillars of the 2030 Roadmap: Customers and Value Chains; Growing Sustainably; Unlocking Innovation; Capable People and Vibrant Communities; and Capital and Risk Management.

Pillar 1 – Customers and the Value Chain

NFF seeks a commitment to secure and expand access to global markets through enhanced international trade relationships and trade agreements. We seek a commitment to increase the international competitiveness of Australian agricultural exports through reducing regulatory red tape and building world class supply chain infrastructure. The NFF's vision for the future of food and fibre trade is a strong Australian agricultural brand that stands for quality and integrity and commands a premium price to match. To maintain this brand, Australia will need to maintain its pest and disease-free status and invest in preventative biosecurity measures that have proven to have the highest rate of return for biosecurity spending.

1.1 Lowering international and domestic barriers to trade

Trade between Australia and the rest of the world generates economic growth, creates jobs, and leads to better paid jobs. Lowering trade barriers is critical to expanding trade. Australia exports 70 per cent of its agricultural produce. The long-term viability of our farming businesses critically depends on secure access to international markets and government policy that does not reduce our international competitiveness.

1.2 Commit to an ambitious agriculture outcome in the EU-FTA

Significant scope exists to expand Australia's agricultural exports to the EU. In 2018, Australia exported A\$3.3 billion worth of agricultural products to the EU and imported [A\\$5.5 billion of agricultural goods from the EU](#). This is a significant deviation from Australia's usual agricultural trade pattern, with Australia being a net food exporter with other major markets. High EU tariffs and quota restrictions imposed on Australian agricultural exports and unfair EU agricultural subsidies are largely to blame for our agricultural trade deficit with the EU.

The NFF seeks a commitment from the Government to secure a trade agreement with the EU that substantially improves market access for all of Australia's agricultural commodities currently facing barriers. The NFF's preferred market access outcome from all FTA negotiations is duty-free, quota-free access for agricultural goods with liberal trade facilitation arrangements.

The NFF is opposed to the Government agreeing to extend protection for EU geographical indications as requested by the EU and seeks, instead, EU agreement to Australia's certification trademark system as providing the requisite level of protection for EU products. The NFF is also opposed to the Government agreeing to any provisions in the FTA that impose new or different regulatory or other standards on Australian farmers as a condition of concluding the agreement.

Recommendation 1: That the Australian Government commits to only finalising an A-EU FTA that: 1) substantially improves market access for all of Australia's agricultural commodities currently facing barriers; 2) does not impose EU systems for protecting geographical indications on Australia; and, 3) does not impose new or different regulatory standards on Australian farmers.

1.3 Initiate negotiations for an Australia-UK FTA at the appropriate time

The United Kingdom (UK) is Australia's eighth largest trading partner, with two-way trade valued at \$26.9 billion in 2018. The UK is our second-largest source of foreign investment, valued at \$574.8 billion in 2018. It is our largest export destination within the EU. We share strong cultural ties that position us well as a UK trade partner.

The NFF seeks a commitment from the Australian Government that, should the UK be in a position to negotiate an FTA, it will seek to expeditiously launch FTA negotiations. The FTA should aim to ultimately secure duty-free, quota-free access for Australian agricultural exports and liberal trade relations that reflect our shared commitment to open markets.

Recommendation 2: That the Australian Government commits to launch FTA negotiations with the UK, should it be in a position to negotiate an FTA, that secures duty-free, quota-free market access and liberal trade arrangements.

1.4 Strengthen our trade and investment relationship with India

The India Economic Strategy sets out a detailed path for strengthened ties between Australia and India. This includes stronger agribusiness trade and investment ties. The Strategy notes collaboration and long-term partnerships will be critical to achieving positive outcomes for both countries. To this end, the NFF seeks a commitment from the Australian Government to support industry's efforts to build long-term partnerships with Indian counterparts.

Recommendation 3: That the Australian Government funds the NFF's initiative to lead a whole-of-industry strategy to establish collaborative and capacity building relationships that support stronger commercial ties between Australia and India. The NFF seeks funding of \$200,000 over two years.

1.5 Strengthen our trade relationship with China and launch trade negotiations with Taiwan

China remains the largest market for Australian agricultural exports accounting for 24 per cent of agricultural exports in 2017-18. The China-Australia Free Trade Agreement (ChAFTA) has contributed to the growth in our exports by locking in lower tariffs for many commodities and increasing quotas. Despite the increased market access achieved under ChAFTA, a number of commodities have been subjected to trade barriers put in place with little or no notice. The NFF seeks a commitment from the Australian Government to continue to engage with the Chinese government to increase transparency and certainty in market access arrangements.

The NFF also seeks a commitment from the Australian Government that it will seek to negotiate an FTA with Taiwan that builds on ChAFTA and the recently ratified Hong Kong FTA.

Recommendation 4: That the Australian Government pursues and adequately funds initiatives that support ongoing constructive engagement with the Chinese government and secures agreement to launch FTA negotiations with Taiwan that complement ChAFTA and the Hong Kong FTA.

1.6 Expand membership of the TPP-11

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11) includes provisions relevant to current trade and investment commercial relationships. To maximise the benefits of this agreement, the NFF seeks a commitment from the Australian Government to work constructively with TPP-11 members to selectively expand membership to Australia's other trade partners.

Recommendation 5: That the Australian Government commits the resources necessary to work with other TPP-11 members to expand membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

1.7 Achieve new market access outcomes in the Regional Comprehensive Economic Partnership (RCEP) negotiations

The NFF welcomed the announcement on 4 November 2019 that 15 RCEP members had reached agreement on the text of the RCEP agreement. We seek a commitment from the Australian Government, however, to continue to work with India to find constructive solutions to their outstanding issues and enable them to commit to new market access that benefits both the Indian people and Australian agricultural exporters.

Recommendation 6: That the Australian Government commits the resources necessary to constructively work with India to secure its full participation in RCEP negotiations and to achieve new market access for Australian agricultural exports to all RCEP markets and the Indian market in particular.

1.8 Relaunch trade negotiations with the Gulf Cooperation Council

Australia's agricultural exports to the Middle East, including Gulf Cooperation Council (GCC) countries, were just over 5 per cent of Australia's total agricultural exports in 2017-18. There are opportunities, however, to increase this trade, particularly our exports of livestock and horticultural products. Increasing market access to GCC countries also aligns with the Australian agricultural sector's objective of opening as many markets as possible. The ability to shift to other markets when existing markets close or to capitalise on improved commercial returns is a critical risk management tool used by Australian agricultural exporters. The NFF seeks the Australian Government's commitment to continue to explore opportunities to relaunch FTA negotiations with the GCC to secure improved market access for Australia's agricultural exports to these markets.

Recommendation 7: That the Australian Government commits the resources necessary to relaunch FTA negotiations with Gulf Cooperation Council countries.

1.9 Protect and strengthen the multilateral trade system

The World Trade Organisation (WTO) is facing multiple challenges that are undermining its ability to both assist WTO members enforce existing trade obligations as well as update and improve commitments that strengthen and expand international trade and investment. As a trading nation, Australia has long

been a supporter of the multilateral system. We value the certainty created by a set of internationally recognised and effectively enforced trade and investment rules. The NFF seeks a commitment from the Australian Government that it will invest the necessary resources to enable Australia's negotiators to play a constructive role in securing support to update the WTO institution and rules.

Recommendation 8: That the Australian Government commits the resources required to enable Australia's negotiators to play a constructive role in addressing current challenges facing the WTO, including contributing solutions for updating and expanding the WTO institution and rules.

1.10 Reduce trade distorting agricultural subsidies

Agricultural subsidies paid by some of Australia's major trade partners continue to put Australian agricultural exporters at a competitive disadvantage. This includes subsidies paid to EU, US, Chinese and Indian farmers. While agricultural subsidies are a long-standing issue, they continue to negatively impact on global agricultural production and trade and undermine the competitiveness of Australian agricultural exports. The NFF seeks a commitment from the Australian Government to draft a new strategy aimed at reducing trade-distorting agricultural subsidies and to reinvigorate work to achieve outcomes that materially address the competitive disadvantage faced by Australia's agricultural exporters.

Recommendation 9: That the Australian Government commits the resources required to reinvigorate efforts to achieve commercially meaningful reductions in trade-distorting agricultural subsidies paid in major subsidising countries.

1.11 Prosecute trade disputes to protect Australia's agricultural trade interests

The NFF welcomes the Australian Government's renewed efforts to employ the WTO dispute settlement system to address breaches of WTO commitments by other WTO members. WTO and FTA dispute processes should be seen as but one of many trade policy tools available to the Australian Government to protect and promote Australia's trade interests. The NFF seeks a commitment from the Australian Government that it will commit the resources necessary to enable Australia to efficiently and effectively prosecute trade disputes where commercial damage has resulted, or is likely to result, from a breach of a trade obligation, and there is solid evidence to support a successful prosecution.

Recommendation 10: That the Australian Government ensures adequate resourcing of Australia's capacity to bring and successfully prosecute breaches of trade agreement obligations that commercially damage Australian interests.

1.12 Invest more in securing import protocols for agricultural products

Australia's trade agreements have expanded market access for many Australian agricultural exports by lowering tariffs and expanding quotas. Many products, however, remain blocked from accessing markets under the improved arrangements secured under trade agreements because of the absence of import protocols. The NFF seeks a commitment from the Australian Government to increase the resources needed to successfully negotiate both import and export protocols that meet the biosecurity and other requirements of Australia and our trade partners.

Recommendation 11: That the Australian Government increases the funding needed to expedite the negotiation of import and export protocols, which meet biosecurity and other standards, to enable trade in currently blocked agricultural commodities.

1.13 Commit to a fairer system of export certification cost recovery

Australian agricultural producers and exporters are subject to a raft of regulation, red tape and government fees. This includes fees charged by the Government to certify that Australia's agricultural exports meet the requirements of importing countries. These fees reduce the international competitiveness of Australian exports. Producers and exporters in many competing countries, for example, are not required to pay similar fees. Nor do Australian agricultural producers benefit from a range of subsidies provided to farmers in competing countries. While Australian exporters are willing to pay their fair share of these costs, there is a lack of transparency around how fees are calculated. There also appears to be no consideration of the impact of these costs on the competitiveness of Australia's agricultural exports nor the contribution agricultural exports make to the Australian economy.

Recommendation 12: That the Australian Government transparently engages with industry, calculates costs on the most efficient supply of services, and considers the range of factors impacting on the international competitiveness of Australia's agricultural exports when setting cost recovery fees for export certification.

1.14 Step-up initiatives to address non-tariff barriers

The NFF welcomes the Australian Government's efforts to address non-tariff barriers (NTBs) impeding Australia's agricultural exports. These include the Non-Tariff Measures Working Group, led by the Department of Agriculture, and the NTB Advisory Group, led by the Department of Foreign Affairs and Trade. To date, the

work of these groups has largely focussed on data collection, interdepartmental coordination and increased engagement in NTB initiatives in international fora.

We are yet to see, however, any material reduction in the NTBs faced by agricultural exports as a result of these initiatives. The NFF seeks a commitment from the Australian Government to more targeted and effective action on NTBs. To this end, we ask the Australian Government to commit to establishing clear timeframes and progress goals so that the effectiveness of NTB initiatives can be assessed and used to redirect efforts where action has proved ineffective.

Recommendation 13: That the Australia Government commits to more targeted action on NTBs and establishes clear timeframes and progress goals so that the effectiveness of initiatives to address NTBs can be assessed.

1.15 Update and improve Australia’s existing FTAs

Australia’s free trade agreements (FTAs) often include inbuilt agendas that provide for ongoing consultation on ways to update FTA commitments. Similarly, implicit and explicit commitments have been made at the time of concluding a number of our FTAs to improve market access and or other commitments. Generally, prescribed inbuilt agendas and implicit commitments have not resulted in improvements in either market access or rules outcomes. While trade agreements are often referred to as ‘living agreements’ the practice tends not to live up to the rhetoric. The NFF seeks a commitment from the Australian Government that inbuilt agendas effectively enable FTAs to be updated and commitments improved to the benefit of all parties.

Recommendation 14: That the Australian Government includes innovative provisions in trade agreements that effectively enable commitments to be updated, to reflect developments in trade and investment practices, and improved to maximise the benefits of the trade agreement for all parties.

1.16 Effective traceability systems in Australia

Effective traceability systems are critical for accessing export markets. They underpin our export certification processes and support improved access arrangements. Our trading partners are also imposing increasingly complex requirements on imports. Chief among these are sanitary and phytosanitary (SPS) measures, which typically require some level of traceability. Any perception that the traceability systems underpinning Australia’s export certification processes are not delivering expected outcomes could undermine preferential market access arrangements and risk greater increases in importing country requirements and attendant compliance costs.

Robust traceability systems are also important in protecting producers and consumers against food fraud. And the ability to manage biosecurity incursions and

food safety incidents is contingent upon the ability to track produce through the supply chain. Accurate tracing can reduce costly consequences by targeting pests and disease responses and limiting product recalls.

Consumers are demanding more information about food safety, quality, provenance and sustainability of production. Increasing disconnectedness with agricultural systems, increasing incidents of food safety scandals and better education have all influenced this demand.

The NFF recognises the Government's National Traceability seeks a commitment from the Australian Government to fund commodity groups to review and update their traceability systems consistent with the National Traceability Framework.

Recommendation 15: That the Australian Government commits \$10 million to fund commodity groups to review and update their traceability systems consistent with the National Traceability Framework.

1.17 Establish a national horse traceability register

The Rural and Regional Affairs and Transport References Committee inquiry into the *Feasibility of a national horse traceability register for all horses* recommended in its final report that the Australian Government progress the development and implementation of a national horse traceability register. The Committee suggested that the register should be established primarily on biosecurity grounds, and would also enable identifying horses during natural disasters, reduced horse theft, improved rider safety, better horse welfare, increased regulatory compliance and access to international horsemeat markets, and improved breeding practices. There is broad support from horse industry participants to establish a national traceability register.

Recognising the work of the NSW Department of Primary Industries in driving the national horse traceability working group, the NFF recommends that the Australian Government take on a leadership role the in working group to ensure consistency across states. This should be progressed under the auspices of the Agriculture Senior Officials Committee. The NFF suggests that the register should be funded through a cost-sharing model between government and industry participants to ensure that those who create biosecurity risk are responsible for the management of that risk.

Recommendation 16: That the Australian Government implement the relevant recommendations of the Senate inquiry into the feasibility of a national horse traceability register for all horses.

1.18 Reinforce the national biosecurity system

The NFF seeks a strong, well-resourced, efficient and innovative biosecurity system that protects Australia's agriculture industries, natural environment, community

and economy from the damaging impacts of pests and diseases. The volume of incoming cargo, vessels and passengers continues to grow, heightening the risk of major biosecurity threats entering and establishing in Australia. The NFF is concerned that resourcing of the biosecurity system is not keeping pace with the growth of the biosecurity task.

Preventative measures have the highest rate of return for biosecurity investment, and resourcing of biosecurity functions at the border and pre-border should be a priority for the Australian Government. Once pests arrive in Australia, the costs amplify significantly, as do the social impacts. Recent studies found a major outbreak of foot and mouth disease in Australia could cost up to \$50 billion over ten years¹, while a major outbreak of African swine fever would cost more than \$2 billion over five years². The cost of managing exotic species that have already breached the border and established in Australia are significant. While the exact economic cost of pest animals, weeds and other invasive species in Australia is unknown, researchers have conservatively estimated the combined cost to be more than \$13 billion a year³. This does not include the cost of managing diseases or pathogens.

Australia remains free of many damaging pests and diseases found elsewhere in the world, which brings many benefits. Not only does this status protect the environment, community and agricultural industries from the direct damaging impacts of these pests and diseases, it also provides a competitive advantage when marketing our produce overseas. Export markets demand high-quality, safe food and fibre, and market access often relies on being able to demonstrate freedom from certain pests and diseases. It follows that Australia's favourable pest and disease status contributes to our produce being both highly competitive and sought-after on the world market. Maintaining this status is central to industry growth ambitions.

The 2017 review of the Intergovernmental Agreement on Biosecurity (the Craik Review) made 42 recommendations to strengthen the biosecurity system and ensure it is fit to meet the challenges of the future. The NFF is concerned about progress in implementing the Craik Review recommendations, more than two years after the review's recommendations were first published. While good progress has been made in some areas, others – including key recommendations about system resourcing – appear to remain without resolution.

Additional resourcing is urgently required to reinforce and modernise the national biosecurity system. A May 2019 report by the Inspector General of Biosecurity (IGB) highlighted significant concerns about a system stretched “close to breaking point”

¹ Buetre H., et al, 2013. Potential socio-economic impacts of an outbreak of foot-and-mouth disease in Australia. ABARES Research Report 13.11.

² ACIL Allen Consulting, 2019. *Economic analysis of African swine fever incursion into Australia*, prepared for Australian Pork Limited.

³ Hoffman, B. D. and Broadhurst L. M., 2016. *The economic cost of managing invasive species in Australia*. NeoBiota 31: pp 1-18.

in managing the 2018-19 brown marmorated stink bug (BMSB) season⁴. In the report the IGB advised that “Departmental resourcing was and is inadequate to meet the BMSB challenge⁴”, and noted that while the volume of incoming cargo needing BMSB intervention is predicted to increase, the Department of Agriculture staff cap will reduce.

The NFF strongly supports the IGB’s recommendation that arbitrary staff caps be removed for cost-recovered and critical biosecurity assurance and oversight functions. Staff shortages at the border also affect the service standard experienced by importers and lead to delays and extra costs for industry.

The IGB reports consistently raise concerns about resourcing and delivery of important frontline biosecurity functions, systems and programs, including the detector dog program and container Cargo Compliance Verification. The NFF strongly supports recommendations made by the IGB⁵.

Recommendation 17: That the Australian Government, through the National Biosecurity Committee, publishes a detailed progress report on implementation of the 42 recommendations of the 2017 IGAB Review report Priorities for Australia’s Biosecurity System, including timeframes for implementation of outstanding recommendations.

Recommendation 18: That the Australian Government commits to ensuring adequate long-term funding for the national biosecurity system, through prompt implementation of the Biosecurity Imports Levy (or other comparable mechanism), and increased appropriation funding.

Recommendation 19: That the Australian Government agrees to produce an annual biosecurity Budget-related paper, to improve transparency of biosecurity revenue and expenditure, as per the recommendation of the Biosecurity Imports Levy Steering Committee.

Recommendation 20: That the Australian Government prioritises and adequately resources implementation of recommendations made by the Inspector General of Biosecurity in recent reviews, particularly the reports *Pest and disease interceptions and incursions in Australia* and *Effectiveness of biosecurity measures to manage the risks of brown marmorated stink bugs entering Australia*.

Recommendation 21: That the Australian Government exempts biosecurity activities funded by cost-recovery from average staffing level caps or efficiency dividends so

⁴ Inspector-General of Biosecurity, 2019. Effectiveness of biosecurity measures to manage the risks of brown marmorated stink bugs entering Australia. Department of Agriculture.

⁵ Including recommendations in 2019 IGB reports: *Pest and disease interceptions and incursions in Australia* and *Effectiveness of biosecurity measures to manage the risks of brown marmorated stink bugs entering Australia*.

that the Department of Agriculture can employ and train adequate staff to manage increased imports and biosecurity risk.

Recommendation 22: That the Australian Government commits to increase funding for the Inspector General of Biosecurity function, to enable more timely and comprehensive analysis and transparent reporting to the public on departmental performance and system improvements.

1.19 Lead coordination of animal welfare regulation

The NFF acknowledges that the agricultural sector has a responsibility to be a leader in animal welfare for commercial livestock and production animals. The industry takes its responsibility to consumers and the community very seriously, and is committed to continuous improvement in animal welfare. To do this effectively industry must work in partnership with governments.

The Australian Government has an important role to play in national coordination, including coordination of national animal welfare policy and of co-regulation between industry and state and territory governments. An important part of this is participation in and support for the Animal Welfare Task Group, which has oversight of the livestock welfare standards and guidelines process. The NFF is concerned that the Animal Welfare Task Group has not been active recently, which puts at risk the ongoing development and implementation of standards and guidelines. Governments need to show leadership and commit to resourcing the work of the Task Group.

Recommendation 23: That the Australian Government commits to ensuring the Animal Welfare Task Group can continue to deliver its important role overseeing development and implementation of national standards and guidelines for livestock welfare.

Pillar 2 – Growing Sustainably

The long-term success of the agricultural industry will be dependent on continued access to productive land and water. The NFF promotes the protection and sustainable management of agricultural land to underpin the sector's aspiration of becoming a \$100 billion farm-gate value industry by 2030. As our understanding of natural systems continue to improve, opportunities to open and realise the benefits of new markets are incumbent on enduring research under a coordinated national framework for the industry.

2.1 Better deal for agriculture under a renewed EPBC

The NFF recommends policy reform to improve farmers' interactions with the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). Dr Wendy Craik's review of the interaction between the EPBC Act and farmers identified several shortcomings including that some requirements under the Act were both confusing and impractical, and that lack of resourcing compounded these problems. The report also offered a new direction to manage the landscape, shifting from a heavily regulated regime to a market-based approach. The NFF understands these findings will feed into the 10-year statutory review of the EPBC Act.

The NFF notes that almost half of Australia's landmass is managed by farmers and, in that respect, the EPBC Act needs to recognise that farmers are ideally placed to both manage land sustainably and protect the environment and should be encouraged to do so. Key areas of improvement in implementing the EPBC Act include increasing resourcing, improving communications and mapping. Immediate action is required after the review to improve agriculture's interaction with the EPBC Act.

2.2 Communications

The EPBC Act is a complex piece of legislation. The Government's ability to effectively communicate the Act and inform farmers of the rights and responsibilities under the Act is critical to its successful operation. However, the NFF's survey of farmers' experiences with the EPBC Act found that the Act remains 'distant' from agricultural users, with many expressing frustration over the lack of on-ground consultation and direct communication with farmers. The Craik report noted that positive outcomes for the agriculture sector could be increased with more localised communication and strategic approaches based on regions.

This includes the development of conservation advice, which farmers have described as impracticable and unreasonable, and difficult to interpret and implement. This is compounded by the duplication and confusion created by State and Commonwealth environmental laws, and regular changes to the laws as governments change.

2.3 Mapping

Accurate mapping is a key requirement of the EPBC Act, especially when developing conservation advice. However, there is substantial evidence in NSW and Queensland that mapping is inaccurate and unreliable. The NFF is of the view that the current state of mapping is such that it cannot be relied upon as a decision tool, nor reasonably utilised as a compliance tool. A common frustration with landholders is the divergence in mapping products and regulatory instruments between jurisdictions. In Queensland for example, Federal Government provides mapping for the EPBC requirements, State Government provides different vegetation and ecosystem mapping for two pieces of legislation and Local Government provides mapping for meeting vegetation management requirements relating to locally specific schemes. Landholders recommend that the mapping for all three jurisdictions be included in one place.

Recommendation 24: That the Australian Government commits to genuine EPBC Act reform and implementation of recommendations from the Craik Report that recognise the contributions farmers make towards meeting biodiversity objectives.

Recommendation 25: That the Australian Government commits \$100 million to adequately resource the development of outreach facilities to support regular engagement and communication with farmers.

Recommendation 26: That the Australian Government commits \$100 million to improve data collection and develop datasets that are nationally consistent and accessible to streamline the operation of the EPBC Act.

Recommendation 27: That the Australian Government commits to the implementation of formal bilateral or trilateral (where local government is in play) negotiations to resolve how to ensure that a farmer can communicate on a common regulatory template and get a single set of advice on their particular site and be assured (protected) from sanction if the advice is adhered to.

2.4 \$1 billion for Environmental Stewardship Fund

Currently, the command and control approach of the EPBC Act is largely punitive and has proven inefficient and inadequate in protecting matters of national environmental significance (MNES). The 2016 State of the Environment Report highlighted an increasing decline in Australia's biodiversity, despite the objective of current legislation to arrest this decline. There is an opportunity to take a different approach that incentivizes farmers to maintain and improve the landscape. The Craik Report identifies market-based mechanisms as an alternative method that may complement EPBC Act regulations, recommending an initial allocation of \$1 billion over four years be provided to establish a National Biodiversity Conservation

Trust fund explicitly tied to the EPBC Act to support the public benefits of protection of MNES outside of legislated requirements.

The NFF believes this will underpin a future natural capital market. The \$30 million pilot Agriculture Biodiversity Stewardship fund allocated last year will address crucial research gaps and improve knowledge required to establish a natural capital market. While research is nascent, broad interest across multiple sectors demonstrate the support for this initiative. Greater investment is required, however, to accelerate this research.

Recommendation 28: That the Australian Government commits to establish a National Biodiversity Conservation Trust fund with an initial investment of \$1 billion to support the protection of matters of national environment significance and protect and build biodiversity assets and natural capital.

2.5 Bipartisan support for MDBP

Various reviews into the Murray-Darling Basin Plan (Plan) have identified severe shortcomings with its implementation. These include the:

- Productivity Commission review into the implementation of the Plan;
- Vertessy review into fish deaths;
- Australian Academy of Science review of mass fish deaths; and
- Independent review of social and economic conditions in the Murray-Darling Basin.

It is incumbent upon Basin Governments and all stakeholders to ensure that the Commonwealth and the Murray-Darling Basin Authority (MDBA) respond to implementation issues and new information that emerges. Public confidence in the Plan is critical. The NFF recommends adequate resourcing be made available to the MDBA and Basin Governments to implement the Plan, particularly Supply Measures where genuine consultation is lacking.

Recommendation 29: That the Australian Government adequately resources the MDBA and Basin Governments to implement the Plan, particularly Supply Measures where genuine consultation is lacking.

2.6 Implement National Forest Industries Plan

The NFF welcomed the announcement of the Government's National Forest Industries Plan to support the growth of a sustainable forestry industry. If the forestry industry plants one billion new trees over the next ten years, an estimated additional 18 megatonnes of carbon dioxide will be sequestered per year by 2030. Critical to this is continued bipartisan support for the National Forestry Industries Plan and reviewing rainfall triggers in the Carbon Farming Initiative Plantation and Farm Forestry methodologies.

Recommendation 30: That the Australian Government reviews the rainfall triggers in the Carbon Farming Initiative Plantation and Farm Forestry Methodologies to ensure the plantation sector can make investment decisions.

2.7 Halve food waste by 2030

Up to 25 per cent of all vegetables produced don't leave the farm. The Foodbank Hunger Report 2018 showed that Australians living in regional or remote areas are 33 per cent more likely to experience food insecurity than those living in major and capital cities. This means more than 1.5 million country Australians have experienced food insecurity. It is an unacceptable statistic considering regional Australia is where food is sourced. Existing charities, including Foodbank, SecondBite and OzHarvest, should have their funding maintained to reduce food waste and relieve hunger.

The NFF recommends the Government supports the National Food Waste Strategy with the goal of halving food waste by 2030. This includes funding R&D to discover new pathways for harvested, but not marketed, consumable produce. The NFF also recommends the Government create tax incentives that fairly recognise food donations across the value chain.

Recommendation 31: That the Australian Government maintains the funding for existing organisations, including Foodbank, SecondBite and OzHarvest.

Recommendation 32: That the Australian Government supports the implementation of the National Food Waste Strategy.

Recommendation 33: That the Australian Government invests in \$2 million in R&D to discover new pathways for harvested, but not marketed, consumable produce.

Recommendation 34: That the Australian Government creates tax incentives that fairly recognise food donations across the value chain.

2.8 Carbon neutral trajectory

The NFF recognises that climate change is impacting and ongoing constructive policy is required to support transition and adaptation while protecting agriculture from increased costs that cannot be passed forward. There are great opportunities for Australian agriculture to contribute to our national emissions reduction goals, but innovative approaches are needed to reduce emissions intensity and enable farmers to efficiently participate in carbon markets. The red meat industry's goal of being carbon neutral by 2030 is one example of industry's efforts to move towards carbon neutrality.

A number of reports have identified the importance of mitigating and addressing the impacts of climate change including:

- The Australian Farm Institute’s (AFI) report ‘Australian agriculture: an increasingly risky business’;
- The AFI Research Report ‘Change in the air: Defining the need for an Australian agriculture climate change strategy’; and
- The Acil Allen report ‘*Supporting Agriculture to Adapt to Climate Change*’ commissioned and endorsed by the Agriculture Ministers’ Forum (AGMIN).

The NFF recognises the Climate Research Strategy for Primary Industries (CRSPI), a partnership between RDCs, state, the Northern Territory, and Federal Government agencies; and the CSIRO. Addressing the challenge of climate change is necessary to drive the agriculture sector’s goal of \$100 billion by 2030 and requires a national framework to coordinate adaptation.

It is critical, however, that the suite of policies that seek to reduce emissions are fully examined to ensure they work cohesively while minimising the risk of unintended consequences or perverse outcomes. Mandatory cap and trade policies are not suited to the farm sector. The NFF recommends enhanced public investment in research that delivers on-farm carbon abatement and productivity outcomes.

Recommendation 35: That the Australian Government develops a coordinated national approach to adaptation to climate change and managing emissions in the agricultural sector.

Recommendation 36: That the Australian Government commits an additional \$20 million in R&D to support agriculture’s adaptation to climate change.

2.9 Improving agriculture’s ability to resolve Native Title disputes

The native title system is complex and requires expert legal experience to fully consider the implications of any proposed changes. These are neither skills nor resources that the NFF or its members have at its disposal. In order to adequately engage in the native title reform process, the NFF is seeking funding to engage legal expertise to ensure reforms impacting pastoralists do not result in unintended consequences. There are three separate funding streams required:

1. Native Title Officer funding
2. Legal representation funding for pastoralist in responding to NT claims
3. Funding to assist industry to participate in NT law reform

The current Native Title Respondent Funding Scheme and the Native Title Officer funding Scheme has provided an important service allowing the agriculture industry to employ native title officers assisting the resolution of native title claims and facilitate efficient and effective resolution of claims. Given native title claims currently affecting the agriculture industry and potential claims in the future, the

NFF recommends the Government recommit funding to the Native Title Respondent Funding Scheme and Native Title Officer funding scheme so long as there remains ongoing native title claims which affect primary producers.

Recommendation 37: That the Australian Government allocates \$1 million over 4 years to enable legal representation for the agriculture sector to engage in current and future native title reform processes.

Recommendation 38: That the Australian Government recommit to funding both the Native Title Respondent Funding Scheme and the Native Title Officer Funding Scheme while there remains ongoing native title claims which affect primary producers.

Pillar 3 – Unlocking Innovation

To achieve a \$100 billion agricultural industry by 2030, the sector depends on public policy settings that foster growth and increase productivity, establish new market opportunities and champion innovation. This includes creating world-class connectivity that positions farmers to capture the benefits of the next generation of farming technology.

A truly connected agricultural sector will assist Australian agriculture to compete and connect with global markets. State-of-the-art tools such as Big Data and fast internet greatly increase on-farm productivity by enabling farmers to digitally analyse critical information such as soil moisture, meteorological records and satellite imagery. A recent collaborative research project, *Precision to Decision: Accelerating Precision Agriculture to Decision Agriculture – Enabling Digital Agriculture in Australia*⁶ found that:

“If precision agriculture was fully implemented it would deliver an estimated boost to the value of agriculture of 25% (\$20.3 billion) and lift the Australian economy by an estimated 1.5% (\$24.6 billion).”

To put this statement in context, the Australian agricultural sector is currently valued at around \$60 billion. This means that agriculture is currently only reaching 75% of the potential it could reach if it was enabled to fully participate in the digital economy.

To unlock innovation and to ensure that Australia is a world leader in cutting edge science and technology that improves the quality of our products and reduces input costs, NFF has three key objectives for the industry:

- 1) By 2030, the agricultural value chain be highly digitised, and the telecommunications infrastructure in regional, rural and remote Australia support this digitisation;
- 2) Biofuels and renewable sources of electricity be affordable and provide reliable power to supply the agricultural value chain;
- 3) Australian agriculture has a competitive edge because of world-class research, development and extension.

⁶ Zhang A, Baker I, Jakku E and Llewellyn R (2017) Accelerating precision agriculture to decision agriculture: The needs and drivers for the present and future of digital agriculture in Australia. A cross-industry producer survey for the Rural R&D for Profit ‘Precision to Decision’ (P2D) project. CSIRO, Australia.

3.1 A national strategy for regional telecommunications

Access to quality telecommunications services is an essential part of modern life, underpinning social connectivity and the delivery of many essential services. Digital connectivity is also central to economic growth and industry competitiveness. There is much to be gained by improving and expanding connectivity in regional Australia – both for agricultural businesses and for the regional communities they are part of.

Access to quality, reliable, affordable telecommunications consistently ranks as one of the highest priorities of the NFF’s members. This includes basic voice connections as well as access to data services that meet the growing needs of farm families and businesses, including for the adoption of new digital technologies that build efficiency and unlock growth potential.

Recognising that telecommunications is an issue that is central not only to agriculture but also to other businesses operating in regional areas, and to the delivery of health and education services and social connectivity, the NFF became a founding member of the Rural, Regional and Remote Communications Coalition (RRRCC). The RRRCC was established in 2016 to advocate for quality, reliable, affordable telecommunications services in regional Australia and now includes 21 advocacy, representative and volunteer organisations for whom improving bush telecommunications is a priority.

The rollout of the National Broadband Network (NBN) and the Mobile Black Spot Program (MBSP) have significantly improved telecommunications in rural and regional Australia. The *2018 Regional Telecommunications Review: Getting it right out there*⁷ confirmed, however, that there are still gaps in regional Australia in terms of coverage, data speeds and competition between different telecommunication carriers.

The NFF welcomed the Government’s response to the review and commitment of new funding for a Regional Connectivity Program, two further MBSP rounds and a Digital Tech Hub. To build on these investments, the NFF and RRRCC more broadly seek a long-term commitment to ongoing mobile network expansion, and for MBSP infrastructure to promote competition as well as coverage by requiring open access for all networks. Furthermore, while there has been good progress, further action is needed to fully address a number of the Regional Telecommunications Review’s 10 recommendations.

Expansion of mobile coverage is critical in regional and rural areas. Current and previous programs have resulted in further coverage. However, there remain premises, vital community hubs and high traffic areas that are at risk from having no mobile coverage. The NFF appreciates that funding has been committed for

⁷ Australian Government (2018). Regional Telecommunications Review - Getting it right out there, Commonwealth of Australia.

Round 6 of the MBSP, but a long-term commitment to network expansion is needed, as is an adaptive and innovative approach to encouraging competition and ongoing participation from telecommunications providers.

Recommendation 39: That the Australian Government commits to establishing a Rural, Regional and Remote Telecommunications Fund to resource ongoing mobile network expansion, a request supported by the Rural, Regional and Remote Communications Coalition.

Recommendation 40: That the Australian Government commits to fully implement all of the *2018 Regional Telecommunications Review* recommendations related to government.

Recommendation 41: That the Australian Government commits to funding the Digital Tech Hub beyond the current two year funding period, a request supported by the Rural, Regional and Remote Communications Coalition.

3.2 Investment in electricity

Access to affordable and reliable electricity for all users is paramount to maintaining the international competitiveness of Australian agriculture.

The National Electricity Market is not working as intended for Australians and needs serious reform. The NFF recognises that Australia's electricity generation mix needs to change as existing infrastructure assets reach the end of their useful lives and to meet emissions reduction targets.

The NFF seeks a solution that addresses the trilemma of affordability, reliability and sustainability and advocates for investment in measures to put downward pressure on electricity prices and ensure a smooth transition to competitive, firmed renewables. A lack of transmission infrastructure to accommodate the renewable generators has equally affected investment in the sector.

Currently, the renewables sector is developing at a rate that the transmission and firming infrastructure is ill-equipped to keep up with. This lag is a critical issue that needs to be addressed. There is a clear role for Government to support reliability of the grid as the market continues its transition to renewable energy.

The 'underwriting new generation investments' scheme and Snowy Hydro 2.0 can play a role in supporting reliability but there is scope for greater investment to support Australians to invest in firming technologies, for example, battery storage technologies, recognising their large uptake in households. The Government's Regional and Remote Communities Reliability Fund and Energy Efficient Communities program are welcome programs that support rural communities struggling with high electricity prices.

There are also opportunities to improve energy efficiency and productivity in the agriculture sector, and therefore reduce the cost burden on farmers.

Automotive diesel oil (ADO) is the dominant fuel source for the agriculture industry. The agriculture sector is interested in alternative fuels and innovative technologies but the slow uptake of these reflects the large number of businesses in the sector, the relatively small size of many of these businesses, as well as the limited sector relevant advice and expertise in energy management. While there are significant industry efforts underway to address these issues, there is also a role for Government to incentivise uptake and deployment of mature technologies including off-grid solar pumping, electrification of ADO pumps, replacing ADO back-up generators, and bio-gas for industries. Equally, the Clean Energy Finance Corporation's *'practical guide to lowering on-farm energy use and carbon emissions'* identifies further options for the sector to improve energy efficiency whilst reducing emissions.

The NFF has a goal for Australia's farm energy sources to be 50 per cent renewable by 2030. Since 2012, the Australian Renewable Energy Agency (ARENA) has been the primary mechanism for driving clean energy development, but the current energy landscape is different to that which existed when ARENA was established. Today's energy system is more decentralised and the cost of renewable technologies has significantly decreased. The current energy landscape presents an opportunity for industry, but requires the remit of ARENA to be expanded for industry, including agribusiness, to be able to capitalise on those opportunities. A well-targeted investment agenda would drive deployment of technology, support emissions reduction and allow the agriculture sector to stay globally competitive as businesses adapt and thrive as Australia's energy transition continues.

In the medium and long term, there are significant opportunities for agriculture to improve energy efficiency and productivity by fuel switching to efficient and demand-managed renewables with various energy storage options. Support for R&D and demonstration of alternatives, such as electric, hydrogen, and biofuel farm equipment, will help the agricultural sector test options that are operationally viable and supported by a robust, reliable supply of next generation fuels. This effort would also begin the process of building the necessary supply chains and maintenance businesses.

However, funding allocated to ARENA is expected to run out by 2023 and its future is uncertain. Given the importance of R&D to support Australian agriculture, the NFF recommends that the Australian Government commits further funding to an expanded ARENA to drive innovation in renewables and grid stabilisation as well as support investment in key economic sectors including agribusiness.

Recommendation 42: That the Australian Government invests in measures supporting Australians to adopt firming technologies to improve reliability.

Recommendation 43: That the Australian Government commits further funding to an expanded ARENA to drive innovation in renewables and grid stabilisation as well as support investment in key economic sectors including agribusiness.

3.3 Efficient and safe access to agricultural technologies

The task of feeding a growing global population can only be achieved by embracing technological advancements. It is critical that the way new technologies (including agricultural and veterinary chemicals and biotechnology) are assessed and approved is scientifically independent and rigorous. The NFF strongly supports the independence and rigour of our national regulator for agricultural and veterinary chemicals – the Australian Pesticides and Veterinary Medicines Authority (APVMA) – and for gene technology – the Office of the Gene Technology Regulator (OGTR). The NFF stresses the importance of ongoing support for these institutions as well as for ongoing efforts to streamline and modernise the regulatory frameworks for which they are responsible.

Access to technologies depends not only on the right regulatory framework, but also on the investment environment. Australian farmers can have difficulties accessing particular agvet chemicals or uses that are available to overseas competitors, due to the small size of the Australian market. This is a particular issue for smaller industries and for emerging pests and diseases. The Australian Government’s improved access to agricultural and veterinary chemicals initiative has been valuable to Australian producers, supporting improved access to a range of agvet chemicals and minor uses. Program funding expires in 2019-20 and the NFF is calling on the Government to commit to further rounds of this important initiative.

Recommendation 44: That the Australian Government commits funding for further rounds of the improved access to agricultural and veterinary chemicals initiative.

3.4 Strengthen the agricultural innovation system to deliver productivity growth

For Australia’s agricultural industries to remain globally competitive, continuous productivity improvements are required. Key to realising improvements in productivity and profitability is the generation and application of new knowledge and technology delivered through R&D. This includes R&D that delivers both incremental and transformational change.

The rural Research and Development Corporations (RDCs) are the cornerstone of Australia’s agricultural innovation system. The system of co-investment by primary producers (through industry levies) and the Australian Government that underpins the RDCs makes them unique in the world. Levy payers contribute around \$500 million a year to the RDCs for R&D and marketing, and the Australian Government provides around \$300 million in ‘matched’ funding for eligible R&D. The NFF welcomes the statement in September 2019 that the Minister for Agriculture and the Australian Government remain committed to this joint funding model.

The RDCs have delivered great benefits to our agricultural industries in the past, and there are opportunities to modernise and improve the RDC system so that it

can continue to deliver for farmers and for the economy more broadly in the future. The NFF understands these opportunities will be considered by an Agricultural Innovation Advisory Council, which is to consider submissions to the *Modernising the RDC System* discussion paper released in September 2019.

The NFF, together with a coalition of industry representative bodies, developed a detailed submission to the *Modernising the RDC System* consultation process. This submission made a number of recommendations relating to:

- improving accountability and transparency;
- facilitating cross-sectoral collaboration;
- increasing investment and ways to improve outcomes;
- levy payer involvement in the system;
- improving extension and adoption; and
- advocacy and policy.

Recommendation 45: That the Australian Government commits to implement reforms to the rural Research and Development Corporation system in line with the proposals put forward in the NFF submission to *Modernising the RDC System* consultation process, which reflect the views of a broad coalition of industry representative bodies.

Pillar 4 – Capable People, Vibrant Communities

For the industry to succeed, it needs the right people for the job, especially with the industry’s aim of reaching \$100 billion by 2030. People are the backbone of Australian agriculture. It is “people power” that will deliver Australia’s world-class commodities to the world. Australia’s agricultural industry, however, is experiencing widespread labour challenges which many farmers fear threaten the future viability of their farming businesses.

4.1 Commit to providing a sufficient and suitably qualified labour force for agriculture

Access to quality labour is critical for the growth of Australian agriculture and the NFF’s vision for a \$100 billion industry by 2030, but the sector continues to be burdened by labour challenges, including a general shortage of workers and a shortage of skilled workers. These challenges stifle the productivity of farms. Precise figures remain elusive. And while a recent ABARES study suggested the issue is less pronounced than farmers maintain, other research indicates, for example, that more than 60 per cent of growers in the fruit and vegetable sector experience difficulty recruiting. Industry has responded at the ‘grass roots’ with a number of initiatives⁸, and government programs⁹. But the issue persists. Produce goes uncultivated and unpicked, productivity is choked, and farms suffer. Case studies have suggested aggregate losses can range into the hundreds of thousands — occasionally even millions — of dollars. The costs escalate when the impact on future productivity of farms, the broader supply chain, and the flow-on effect to agricultural communities is considered.

More worryingly, however, these labour challenges are a driver of unlawful and more or less disreputable employment practices which continually dog the industry. A recent survey conducted by the Victorian Farmers’ Federation indicated that as many as 5000 workers in the Sunraysia region may be undocumented, a phenomenon which is driven in whole or part by the lack of a legitimate workforce¹⁰. More concerning are the persistent stories of under-payments and improper deductions, mistreatment of legitimate workers, sham arrangements, bonded labour and other forms of modern slavery. Industry is commitment to stamping out this problem.

⁸ Greener Futures.

⁹ E.g. SWIT, backpacker arrangements and SWP.

¹⁰ Perhaps explaining, at least in part, the inconsistency between ABARES studies and industry experiences.

Nevertheless, that commitment is frustrated by the underlying causes; principally including mass labour shortages.

The Federal Government has proven receptive to the NFF's calls for solutions to that labour shortage. In November 2018, the Government announced amendments to many of the key migration programs used by Australian farmers to access overseas workers for their farms. Industry considers these moves a positive short-term step towards alleviating labour issues. In addition to expanding the 'back packer' programs, the changes include adjustments to the seasonal worker program, expansion of the rural skills list for the purposes of skilled migration, and incentives to encourage migrants to settle in rural areas. In addition, the government is currently undertaking a significant shake-up of the VET sector which, it is hoped, will result in increased skilled trainees for the benefit of the sector. Furthermore, there are a number of measures designed to encourage and assist unemployed Australians to give farm work a try.

However, the complexities underpinning the issues remain, as does the need for sustained Government engagement.

One point nine million dollars was allocated in the 2018/19 Federal Budget to develop a National Agriculture Workforce Strategy. At the time of writing, the Government has provided little to no detail regarding how these funds will be spent. It appears, however, that, while adequate to *develop* a strategy, these funds will be insufficient to give effect to whatever strategy is ultimately developed. As such, the NFF calls on the Government to give substance to this announcement and commit funding which will do more than create another consultative body.

The Workforce Strategy could include, for example, mechanisms, such as a nationwide workforce counselling service. The service is a coordinated team of people on the ground who can reach out to individual farms to explain the myriad of programs which are available to support them, including the various iterations of the Pacific labour schemes, working holiday maker programs, local workforce solutions, VET training incentives, the Harvest Trail Service, and industry labour agreements. The service could also analyse their particular workforce needs and provide advice on the programs which best address those needs, together with associated obligations and restrictions. For such a service to be effective, it would require considerably more than the remainder of the \$1.9 million allocated to be established.

<p>Recommendation 46: That the Australian Government commits \$1.5 million per annum to give substance to its commitment to develop a National Agriculture Workforce Strategy.</p>

4.2 Seasonal Worker Program – seed funding

A major barrier to uptake of the Seasonal Worker Program (SWP) is the perceived upfront costs to both businesses and employees. While employer contributions have reduced, the fact remains that the upfront costs to businesses are much

greater than the \$300 per worker ultimately required to be paid. An approved employer must pay upfront the full return international airfare and domestic transfer costs for seasonal workers from their port of departure in the participating country through to the location of employment, in addition to the cost of health insurance and accommodation in Australia. They will also be responsible for providing initial spending money and other ad hoc expenses, such as costs associated with buying appropriate clothing and incidentals.

This requires a leap of faith from a price-taking sector which is traditionally risk adverse and cost conscious. For Pacific Island and East Timorese employees, the cost of travel to Australia is likely to be significant in relative terms to their income at home. It also requires the employer to bare the risk if the employee must return home — because they didn't work out, are unwell, or are otherwise unable or unwilling to work — before the costs are recouped through authorised deductions.

Overcoming the perceived costs barrier is important if the SWP is to grow to its full potential.

The NFF proposes a centrally managed “SWP Administration Fund” where contributions towards the cost of travel and accommodation are paid either during or at the end of the season. Employees would access the fund to cover their travel to Australia. Employers would deduct periodic amounts from employee's wages to cover the cost of airfares etc. and pay these into the SWP Administration Fund. The Department of Employment or the ATO would administer the fund. Seed funding may be required of approximately \$30 million to cover the initial year of operation, after which time it is anticipated that the operation of the fund would be cost neutral.

Recommendation 47: That the Australian Government introduces a centrally managed program, with an appropriate level of funding, to drive uptake of the Seasonal Worker Program. The NFF recommends that the Government provides seed funding of up to \$30 million to cover the initial year of operation, after which time it is anticipated that the operation of the fund would be cost neutral.

4.3 Attracting Australian youth to work in agriculture and tertiary training

Despite varied efforts by industry to attract local workers to careers in agriculture, there has been limited uptake of jobs in agriculture by domestic workers. While there are multiple factors which might explain this, including the often isolated location of farms and perceptions that the industry does not provide long-term career paths, it is clear that there are inadequate incentives attracting local workers to the industry. Meanwhile, every year a mass of “backpackers” undertakes three months of agricultural work in regional Australia. These workers are almost all entirely motivated by the incentive of a second-year visa to stay and work in Australia.

With the right incentives, young Australian residents will also go to regional areas to work in agriculture. Youth unemployment in many regions of Australia is too high. Research suggests that young (under 30) single unemployed persons or those looking for work have a strong willingness to relocate for work, but that they often lack the skills and experience that employer's need.

The Government can boost participation of young Australians in the agriculture workforce by targeting policy settings to incentivise the uptake of both vocational education and training (VET) and regional agricultural work. This aligns the two key policy needs: giving workers the skills and experience they need and providing a willing domestic labour source for farm businesses in regional Australia. The important distinction between a program of this nature and one that imposes a requirement to undertake work-like activities is that uptake depends on individual choice – that is, those applying for work actually want it.

Specifically, the Government should consider implementing a new industry-supported initiative that could offer discounted course fees or Trade Support Loan offsets for VET students who work in agriculture for at least 3 months of the year. As part of an appropriately established program, course fee discounts would be available on upfront payments or through reduced VET-FEE HELP repayment liability. Alternatively, Trade Support Loans could be reduced by 25 per cent for each 3 months of regional agricultural work in a year, up to the maximum of \$20,000.

The job market for graduates of tertiary agriculture qualifications is five time larger than the supply of graduates. There needs to be publicity of the compelling rationale for a career in agriculture and an agricultural lens must be applied to school and tertiary education curricula. The NFF is targeting a doubling of tertiary and vocational agriculture graduates by 2030.

Recommendation 48: That the Australian Government commits to offering discounted course fees/reduced VET-FEE HELP repayment liability for VET students who work in agriculture for at least 3 months of the year; and/or:

1. reducing Trade Support Loans by 25 per cent for each 3 months of regional agricultural work in a year, up to the maximum of \$20,000; and
2. developing an agricultural curriculum program to ensure integration with other programs and greater focus on agricultural courses to promote agriculture as a career of choice.

4.4 Re-establish the “Education and Training Advisers” program for rural sectors

Up until the 2014-15 financial year, the Commonwealth Government supported a network of Education and Training Advisers (ETAs), who were engaged by Rural

Skills Australia to work with various stakeholders¹¹ to promote and encourage workforce development activities and increase rural and related industry involvement in relevant government programs and initiatives.

Across jurisdictions, the ETAs informed and increased awareness and understanding of the training system by utilising a variety of communication strategies tailored to meet local requirements, and furnished information and advice to key stakeholders through a variety of mediums.

ETA activities included the following initiatives:

- The promotion at Annual Conferences, Agricultural Field Days and related events of customised State/Territory Employer Guides to Australian Apprenticeships¹²;
- The distribution by post of these guides and related products including RSA's Training Package information booklets and promotional material;
- Follow up calls and personal client visits made in response to enquiries received personally, or via a 1800 free call, web inquiry facilities, email and/or written correspondence;
- Participating on various formal advisory panels and committee structures, and industry forums and events; e.g. member body Annual Conferences, National Agricultural and Horticultural Training Providers Conferences, State and Territory advisory body meetings and related events;
- Manned displays at selective and strategic Careers and Employment Markets/Days to directly promote rural and related Australian Apprenticeships opportunities including school-based options to students, teachers and the wider community;
- Provided materials to various organisations and individuals for use at local and school career and employment expos and related events; and
- Updated state/territory sections of the RSA website - www.ruralskills.com.au - and through the conduct of various presentations delivered to industry groups and other stakeholders.

On occasions individual ETAs would refer clients to other bodies or individuals, including Commonwealth and state departments for high level policy, technical and specialist support in relation to training package content, deficiencies and processes and complex award or industrial matters.

¹¹ Including the NFF, State Farmers' Associations, Commodity Councils, industry bodies and associations, the Australian Workers' Union, individual primary producers, employers, prospective employees and various training system stakeholders

¹² Which typically included information on available rural and related traineeships and apprenticeships, on: incentives and assistance measures: organisations operating Australian Apprenticeship Centres; registered training organisations (RTOs); traineeship wage rates under various industrial instruments and arrangements; steps to establishing and completing an Australian Apprenticeship.

On occasion, clients that had been helped by ETAs in the past to navigate the training system would return to seek further advice and updated information. They routinely maintained longer term client relationships with individuals within industry associations and bodies, Australian Apprenticeships Centres (AACs), Registered Training Organisations (RTOs), and Group Training Organisations (GTOs). Individual ETAs also maintained frequent contact with relevant NFF and State Farm Association Workplace Relations personnel on a wide range of matters; and looked to assist where possible state industrial party representatives expand their understanding of training system developments, training system implementation issues and systemic impediments.

ETAs across jurisdictions expanded and maintained links with appropriate personnel in state and Australian Government departments, AACs, RTOs, GTOs and other agencies involved in the delivery and development of policy in respect of rural and related industry training and employment arrangements. They worked to ensure where possible that the policies and approaches of various agencies were appropriately informed and guided by the needs of rural and related industries.

In 2014-15 this exceedingly useful and successful program was terminated. This unfortunate decision was made as part of the Abbott Government's budget stringency measures. Given the increased focus on the VET sector as a solution to the industry's labour shortages, the Government should consider reintroducing the program. We estimate that funding of approximately \$1.2 million per annum would be required to re-create a network of ETAs for each jurisdiction.

Recommendation 49: That the Australian Government commits to \$1.2 million to re-establish the Education and Training Advisers network for the rural sector.

4.5 Focus on mental health for the farm sector

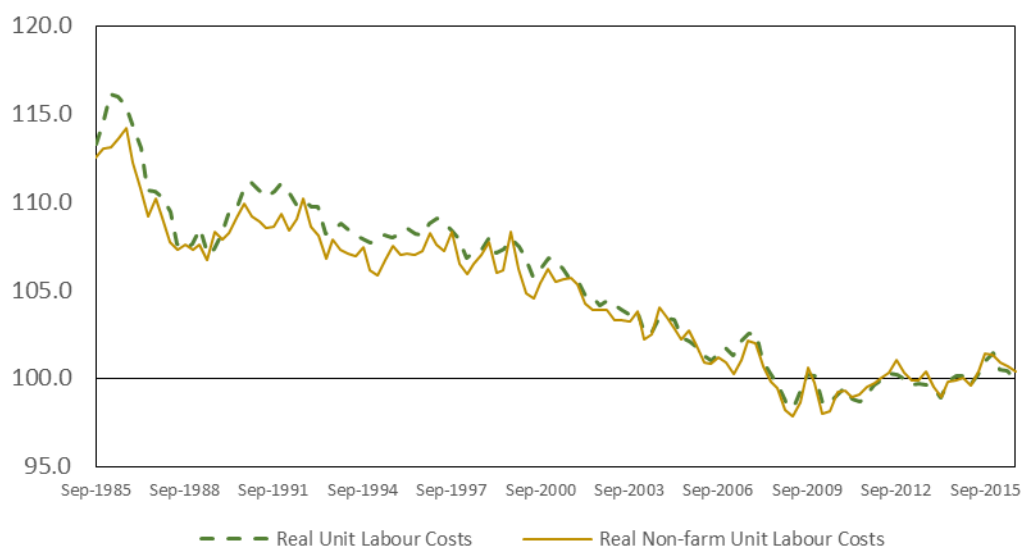
Mental health is a key issue facing rural and regional communities. According to the Centre for Rural and Remote Mental Health (CRRMH), while the rate of mental illness does not vary greatly between rural and urban areas, the rate of suicide increases with remoteness. While there are various causes at play, the CRRMH says that distance from services and resources contributes to this trend, as well as the lesser likelihood that people in rural and remote areas recognise signs and symptoms of mental illness.

Recommendation 50: That the Australian Government commits to permanently funding mental health awareness and intervention programs in rural and regional areas, and to resourcing long-term mental health services including through primary health care networks.

4.6 Caution against wages breakout

According to the Productivity Commission, productivity growth “arises from many small, everyday improvements within organisations to improve the quality of products, service customers better, and reduce costs”.¹³ In addition to investment in research, development and new technology, a key driver of agricultural productivity is deregulation and industrial reform.

The chart below shows a correlation between the flat-lining of real unit labour costs¹⁴ and the introduction of the *Fair Work Act 2009* (FW Act) in 2009 with its shift in the focus of industrial relations regulation in a number of respects. The downward trend in costs ceases with the introduction of the FW Act. In recent years, if anything, the trend has turned slightly upwards indicating increasing labour cost pressure in the economy from that time.¹⁵



Source: ABS Australian National Accounts, National Income, Expenditure and Product, Cat. No. 5206.0, Sep Qtr 2016

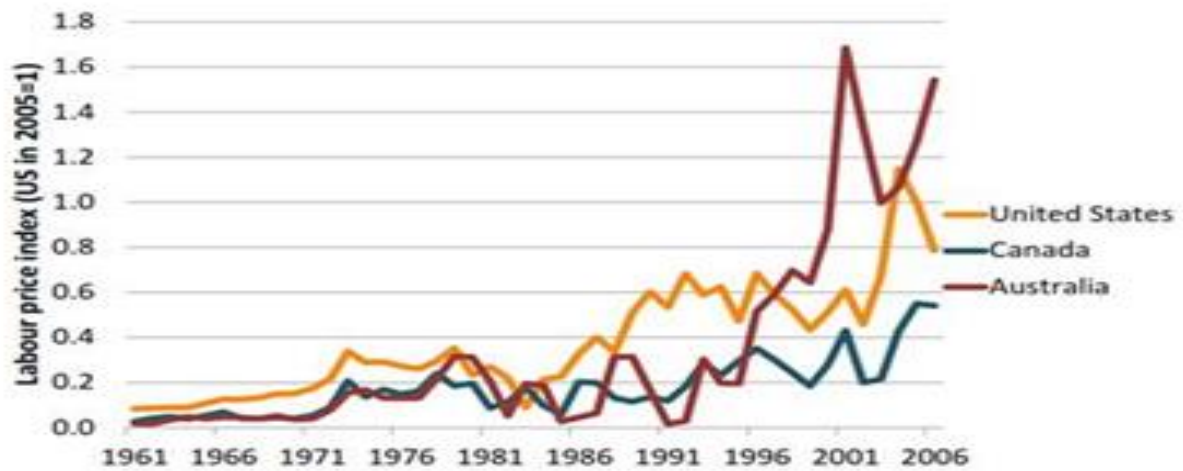
In the agriculture sector, labour cost pressures are even more evident than in the economy generally. Indeed, labour costs are the single greatest cash cost to farm businesses, with agricultural labour prices having risen sharply since the late 1990s, as the chart below shows. The chart also demonstrates the fact that every Australian farmer knows – that their labour costs are significantly higher than their overseas competitors in comparable markets like the USA and Canada.

¹³ Productivity Commission, *Annual Report 2007–08*, 2008.

¹⁴ Real unit labour costs are determined by real wages and labour productivity.

¹⁵ ABS Australian National Accounts, National Income, Expenditure and Product Cat. 5206.0, 4 March 2015, p.15.

Input price drivers: agricultural labour price



Source: Sheng Yu, Comparing agricultural total factor productivity across countries: the case of Australia, Canada and the United States, 57th AARES Conference, Sydney, 5-8 February 2013.

High business running costs are ever-present. Farmers face costs at every turn because of their position at the very beginning of the supply chain. Every cost passed down the supply chain affects farmers' terms of trade, with cumulative increases threatening the viability of primary production. For this reason, even more so than in other industries, small regulatory adjustments designed to make it easier to operate a business can make a large difference in growing productivity. And productivity growth is what enables growth in real wages (and therefore incomes and standards of living) without increasing the real unit labour costs.

At a time when wage growth has been stagnating, flat or rising unit labour costs are a concern and demonstrate the need for policy reforms to boost productivity. A flexible workplace relations system will enable business owners and managers to allocate their labour resources to the most productive uses.

The challenge is to ensure that Australia's relatively high minimum wages and conditions do not deter business investment and employment growth. For Australia to compete against comparable overseas markets with lower labour costs, the business environment must support innovation and responsiveness, through a skilled workforce and flexible labour regulation.

Recommendation 51: That the Australian Government commits to controlling any risk of wage-blowout, and introduces measures which promote productivity and limit real unit labour costs.

Pillar 5 – Capital and Risk Management

The future of the farming sector in Australia depends on farm businesses having access to the full range of tools that help them: structure their businesses for maximum profitability and long-term viability; manage risk; and plan for the future. Farm businesses need to be investment-ready and able to access new capital pools in Australia and overseas. They need to strengthen their partnerships with providers of debt finance and have firm succession plans or alternative ownership models in place. Farmers need government policy to support these objectives.

5.1 Implement the NFF's National Drought Policy

Drought is an enduring feature of the Australian landscape and is forecast to become more frequent and severe with the effects of climate change. Government measures must enhance the ability of farmers to prepare for and manage through drought.

The NFF has drafted a National Drought Policy that sets out a framework for cooperation between industry, communities and all levels of government. It aims to ensure drought preparation and in-drought measures are effective, that measures help farmers and drought-impacted communities prepare for drought by providing certainty as to the support that will be available as drought deepens, and that those responsible for drought measures as well as those impacted are at the decision-making table.

The objectives of the National Drought Policy are to:

1. Enable farmers and rural and regional communities to successfully prepare for, manage through, and recover from drought;
2. Support the long-term sustainability of the Australian agricultural sector;
3. Target preparedness, enhance resilience and therefore reduce the impact of drought on the viability and profitability of Australian agriculture over time. This in turn will reduce dependency on government programs and assistance;
4. Achieve a nationally consistent approach to drought policy, underpinned by an intergovernmental agreement that specifies objectives and clearly defines roles and responsibilities for each level of government;
5. Establish a framework for jurisdictions to monitor, review and adapt drought programs with industry and local community involvement;
6. Maximise farmers' and rural and regional communities' options to manage their risks and facilitate preparedness; provide support during drought events; and enable rapid recovery;
7. Reduce confusion among farmers and rural and regional communities about their eligibility for drought assistance;

8. Streamline the administrative processes for obtaining government drought support in order to reduce the cost of administering programs and the administrative burden on those seeking to access assistance;
9. Deliver relevant complementary education and personal support services; and provide farmers and rural and regional communities with a full suite of risk management tools; and
10. Deliver flexible drought programs that ensure all drought impacted farmers, irrespective of the commodity they produce, and rural and regional communities, are able to access drought support.

The NFF seeks the commitment of the Australian Government to engage with industry, community groups, local government and state and territory governments to agree on a national drought policy that achieves these objectives. To this end, the NFF has proposed its National Drought Policy as a starting point for this important work.

Recommendation 52: That the Australian Government works with industry, community groups, local government and state and territory governments to develop and implement a national drought policy.

5.2 Ensure adequate road infrastructure funding

Roughly 70 per cent of Australia's agricultural produce is exported. The competitiveness of our agricultural exports is impacted by both the quality of the transport infrastructure that enables product to reach markets, as well as the cost of accessing that infrastructure. Recognising the importance of efficient supply chains, the NFF 2030 Roadmap has set the goal of ensuring Australia's freight cost per tonne-kilometre is competitive with major agricultural exporting nations.

We note the ongoing process of Heavy Vehicle Road Reform (HVRR) and its goal of redesigning the mechanisms which collect and distribute the funding for road infrastructure. In light of the importance of well-maintained rural and regional roads for our industry's international competitiveness, we seek a commitment from the Australian Government to not enact any reform that:

- a. reduces the level of investment in rural and regional roads; or
- b. increases the relative costs of transporting agricultural produce.

Recommendation 53: That the Australian Government commits to not enacting any reform that either reduces the level of investment in rural and regional roads or increases the relative cost of transporting agricultural produce.

5.3 Ensure effective competition in agricultural markets

Agriculture relies upon open and transparent markets that promote competition within agricultural supply chains. The farming sector is fragmented and made up of small to medium sized businesses that are often located in remote areas. Fluctuations in input costs, limitations in infrastructure and the perishable nature of produce leave some farmers in an economically vulnerable position. This can lead to imbalances between farmers and other players in the supply chain. This includes both upstream suppliers (such as telecommunications companies, energy networks, financiers and chemical and biotechnology companies) and downstream customers (including transport and logistics companies, food processors and retailers).

The Australian Competition and Consumer Commission (ACCC) Agricultural Enforcement and Engagement Unit plays a critical role in monitoring and enforcing appropriate competition in Australia's agricultural markets. To ensure the Agriculture Unit has maximum impact, the NFF seeks a commitment from the Australian Government to continue dedicated funding for the Unit and increase resources that raise awareness of the Agriculture Unit's information and services.

Recommendation 54: That the Australian Government continues dedicated funding for the ACCC Agricultural Enforcement and Engagement Unit and provides resources for small businesses to facilitate their engagement in ACCC processes.

Where anti-competitive conduct based on power imbalances between farmers and upstream and downstream suppliers occurs, it may be difficult to clearly distinguish anti-competitive behaviour from legitimate business conduct. The *Competition and Consumer Act 2010 (CCA)* does not provide sufficient protection against anti-competitive behaviour from firms with substantial market power. In contrast to jurisdictions such as the US and the EU, a lack of scale combined with a lower threat of sanction under Australian legislation means Australian farmers are more exposed to anti-competitive behaviour. In order to ensure Australia's competition law is effective, the NFF seeks a commitment from the Australian Government to review the unconscionable conduct provisions in the CCA.

Recommendation 55: That the Australian Government commits to review the unconscionable conduct provisions in the *Competition and Consumer Act 2010*.

5.4 Retain remote area tax concessions

Agriculture as an income generating sector continues to contribute to funding the efficient delivery of public services and infrastructure that contribute to reasonable living standards for all Australians, including those in rural, regional and remote areas. We believe that the taxation system should be equitable, as simple as possible, transparent, and fair across social levels, generations and states/territories. The taxation system should be efficient, with

compliance/business structuring costs minimised as much as possible. We seek a commitment from the Australian Government to retain the Zone Tax Offset (ZTO) and the Fringe Benefits Tax (FBT) remote area exemption for employee housing.

Zone Tax Offset

The ZTO is a modest payment which promotes equity in the taxation system by compensating people for the lower standards of living in rural and remote areas. The lower standards of living in rural and remote areas is evident in:

1. Shorter life expectancies;
2. Higher levels of disease and injury;
3. Poorer access to and use of health services;
4. Poorer mental health due to isolation;
5. Unreliable internet and communication services;
6. Higher prices for fuel, and food, and;
7. Lack of entertainment and access to major events.

Unlike many other industries, the wages of agricultural workers are not correlated to the remoteness of their place of work. For these reasons, we strongly recommend that the ZTO be retained and indexed to inflation. A review of the ZTO eligible areas would ensure the offset is correctly targeted.

Fringe Benefits Tax Remote Area Housing Exemption

On-farm housing provided to agricultural employees in remote areas is currently exempt from FBT. This exemption is important in helping farmers attract the labour necessary to maintain viable farm businesses. A lack of accommodation is one of the key challenges to recruiting an adequate labour force. Abolishing this exemption would exacerbate the decline of the workforce in rural Australia.

Recommendation 56: That the Australian Government commits to retaining the Zone Tax Offset and the Fringe Benefits Tax remote area exemption for employee housing.

5.5 Regional Deals

Providing Australian farmers with competitive connections to global markets is critical to the growth of the industry. With road, rail and port-based freight movements expected to double between 2010 and 2040, maintaining and strengthening the connection between our farmers and international markets is largely dependent on the infrastructure which enables these connections.

The NFF regard's Regional Deals as the best model for achieving the requisite level, and type, of infrastructure. By setting clear priorities at the regional level and committing governments to policies and investments that complement those priorities, private sector investment and growth is better supported.

The NFF seeks a commitment from the Australian Government to expand on the set of Regional Deals already announced. And that the agricultural value chain priorities for each chosen region guide the priorities and scope of each Deal.

Recommendation 57: That the Australian Government commits to expanding on the set of Regional Deals already announced, guided by the priorities of agricultural value chains in each region.

5.6 Instant asset write-off

The instant asset write-off has proved to be an effective mechanism to assist farm businesses build resilience by incentivising investment in farm equipment and machinery valued at \$30,000 or less. The \$30,000 write-off complements accelerated depreciation measures under which farmers can claim costs expended on fodder storage, such as silos and hay sheds, after one year as opposed to three.

The NFF seeks a commitment from the Australian Government to making the small business instant asset write-off permanent and to retain the specific accelerated depreciation arrangements for primary producers.

Recommendation 58: That the Australian Government commits to making the small business instant asset write-off permanent and retain the specific accelerated depreciation arrangements for primary producers.

5.7 Horticultural netting

Netting is an important component of successful horticulture in Australia. It can reduce water requirements by up to 20 per cent, protect against extreme weather conditions such as hail, frost and sunburn, minimise damage from bird and flying fox infestations, and improve the quality of yields for export markets.

The NFF seeks a commitment from the Australia Government to extend the accelerated depreciation provisions to horticultural netting, ensure that the Regional Investment Corporation's Farm Investment Loans are accessible to farmers who wish to purchase netting, and that Program designs guiding funding decisions of the Future Drought Fund recognise the contribution of netting to building drought resilience.

Given that netting can improve the quality of yields, we also ask that the Government commit to a 10-year national netting grant program so that the industry can expand its footprint in the Chinese market.

Recommendation 59: That the Australian Government commits to:

- 1) Extending the accelerated depreciation provisions to horticultural netting;
- 2) Ensuring that the Regional Investment Corporation's Farm Investment Loans are accessible to farmers who wish to purchase netting;
- 3) Ensuring that program designs that will guide funding decisions of the Future Drought Fund recognise the contribution of netting to building drought resilience; and,

4) Implement a 10-year national netting grant program.

5.8 Maintain Fuel Tax Credits

Fuel tax credits (FTC) recognise the longstanding principle of taxation that business inputs should not be taxed, and that tax should be collected from the end user to minimise distortions. The NFF seeks a commitment from the Australian Government to retain fuel tax credits.

Aviation fuel is a significant operating expense for pastoral stations in Northern Australia. It is used on-farm on a similar basis to diesel with the use of aircraft for pastoral operations similarly not requiring any publicly funded infrastructure. Therefore, in addition to retaining the existing system of fuel tax credits, the Government should extend fuel tax credits to aviation fuel for light aircraft (fixed wing and helicopters) used in pastoral operations.

Recommendation 60: That the Australian Government commits to retain the existing system of fuel tax credits and extend fuel tax credits to aviation fuel used in pastoral operations.

5.9 Maintain access to trust structures

Many family farms are organised in trust business structures, making trusts an important farm finance tool. Farmers manage the significant volatility a farm business faces year to year with trusts, enabling them to offset costs in good years in order to weather unprofitable years. Trusts also help with the complex task of farm succession by allowing assets to be owned across generations, thus making the succession process smoother. The NFF seeks a commitment from the Australian Government to continue the current taxation arrangements for family farms under trust structures.

Recommendation 61: That the Australian Government commits to continuing the current taxation arrangements for family farms under trust structures.

5.10 Assess and improve retirement planning for farmers

It is unclear how many farmers have retirement savings independent of their farm business. Anecdotal evidence suggests this is a problem which requires investigation. Effective retirement strategies are critical to enabling succession, encouraging new and young farmers to take up farming, and enabling innovation in land ownership arrangements. The NFF seeks a commitment from the Australian Government to investigate the extent of retirement preparations in place in the farming sector and how the use of superannuation by farmers could be encouraged where retirement planning is lacking. The NFF also seeks a commitment from the

Australian Government, as part of this investigation, to examine whether Farm Management Deposits could be rolled into superannuation accounts.

Recommendation 62: That the Australian Government investigates the extent to which farmers have retirement plans and how the use of superannuation by farmers, where lacking, could be encouraged. This investigation should include the scope to roll Farm Management Deposits into superannuation accounts.

5.11 Support investment in Australian agriculture

Australian agriculture faces a serious capital shortfall. KPMG has estimated that the sector requires nearly \$900 billion in new capital from now until 2050 to remain internationally competitive. The first step in attracting new and different sources of capital is for farm businesses to create robust and timely investment performance data. To this end, the NFF seeks a commitment from the Australian Government to create a federal grant program that helps farmers purchase relevant software and advice to enable them to create robust investment performance data for their farm business.

Recommendation 63: That the Australian Government creates a federal grant program that helps farmers purchase relevant software and advice to enable them to create robust investment performance data for their farm business.

5.12 Continued commitment to reduce red tape on business

Farm businesses are subject to a vast and complex array of regulations at every step of the supply chain. While regulation can be important for safety, competition and governance purposes, the volume and complexity of red tape affecting farm businesses can hamper innovation and investment on farm. Good regulatory impact assessment processes need to be in place, and duplicative or unnecessary regulation needs to be eliminated.

Recommendation 64: That the Australian Government commits to further pursuing its deregulation agenda by improving the quality of regulation and minimising the burden of regulation on farm businesses.