

AgForce comments on Agricultural Competitiveness Green Paper policy categories

What the Government is already doing

Infrastructure

As AgForce outlined in our earlier submission, investment in road, rail and port access will be critical in reducing costs and improving productivity. We therefore support the proposal to invest \$50 billion in infrastructure, however stress the need for government to continue to look at ways to maximise infrastructure investment into the future.

AgForce has supported the current mobile black spot programme however stressed that \$100 million in investment will not be enough funding to sufficiently improve connectivity for the many black spots that exist. Therefore AgForce believe this program should also be supplemented by an ongoing role of government in:

- Ensuring that government contracting of ICT service providers rewards those providers that appropriately prioritise service delivery in rural and remote areas. For example, Telstra has recently won a contract worth over \$450M to construct the Government's wireless network in Queensland for public safety agencies (for the G20 summit and the Commonwealth Games) and this could have been linked to the public safety elements of improving reliability of ICT in remote areas
- Encourage development of agriculturally-relevant software to take advantage of improved capabilities through providing co-funding with private sector developers
- Locating Federal Government offices in regional areas to use and ensure NBN capabilities and add services and critical mass to those communities.

AgForce agrees that continued regulatory oversight of port terminal operators is necessary because Port terminal operators and wheat exporters owned by the same companies (vertical integration) have the potential to abuse their market power and create monopolies that inhibit access to competitors.

Identified Stakeholder Proposals

Identified stakeholder Policy idea 1—Building new transport infrastructure:

- a. improving links between public and private freight lines and port infrastructure;*
- b. investigating all-weather access rural roads that may increase productivity of interstate freight movement, including sealing a third east-west continental road through central Australia;*
- c. identifying air freight hubs in regional Australia as potential opportunities to significantly reduce transport times to markets; and*
- d. examining infrastructure for greenfield developments that may support growth in new areas and open up new opportunities for Australian farmers.*

As AgForce outlined in the White Paper Issues Paper submission, a key barrier to reducing transport costs is the current lack of reliable information on the logistics of products flows from the farm gate to the final customers, including transportation costs, distribution of costs, legal barriers and other issues. For beef cattle production there is particularly limited data as much of the supply channel is post-farm-gate and information is tightly held by meat processors and the ports operators. Further, grain stocks information is unavailable after being deposited in GrainCorp or other storage facilities, with costs of inefficient grain shipping (e.g. incomplete loading or delays in shipping) passed back to primary producers. Given this, AgForce has supported a government-mandated, comprehensive review (with appropriate consideration of any 'commercial-in-confidence' concerns) which would go a long way to improving transparency and efficiency in agricultural product transportation.

AgForce has made specific comment in the White Paper submission regarding which roads, bridges, rail and port need specific investment or regulatory reform (e.g. 'last mile' issues) and note that these areas have not been included in the Green Paper. As AgForce's priority list of investment areas was derived from extensive conversations with industry stakeholders we would welcome a similar discussion/consultation from the government regarding investment prioritisation. Such infrastructure investment decisions needs to coordinate with the agenda around developing northern Australia and enabling infrastructure, such as an all-weather road accessing Cape York and the further development of port facilities, including at Wiepa, and other initiatives.

Reliable roads that support heavy vehicles to point of sale are critical to efficient supply chains. Linked to an effective transportation network is the need to consider future security of fuel supply security and increasing investment to develop other transportation fuel sources.

Identified stakeholder Policy idea 2—Improving existing infrastructure and transport regulation:

The Government is committed to upgrading existing infrastructure across Australia and reducing transport costs. To address these needs, stakeholders have suggested that mechanisms are required to incorporate information on local infrastructure needs and bottlenecks into infrastructure planning and funding decisions. Options are also sought on areas where transport regulation can be amended or removed to improve the efficiency of the transport system and reduce business costs. For example, the Government is considering reform of coastal shipping regulations to reduce costs faced by producers.

Cost of regulatory compliance is significant in the vast regional freight routes in Australia and can be unnecessarily stringent, e.g. infringements by transporters can result in fines of up to \$1000 – a cost which is passed back to primary producers. AgForce supports the concept of national harmonisation of laws, however agriculture was not properly considered when the National Heavy Vehicle Regulator (NHVR) legislation was developed and implemented. Rather than reduce red tape, NHVR legislation was heavy handed and lacked flexibility. Queensland has some excellent examples of low regulation solutions, such as class permits for over-mass cotton pickers and use of a 200km work diary radius in line with the size of the state. Under the new NHVR system it has recently taken five weeks to get a single excess dimension movement permit when previously this took 24 hours. Examples of how regulations could be improved and further reduce costs and time for primary producers include an electronic permitting system, as existed in Western Australia (MOVES), with a 24- to 48-Hour Key Performance Indicator (KPI) for issuing permits and an expansion of the 100-kilometre work diary requirement to 200 kilometres or more.

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AgForce has supported the reform of unnecessary transport red tape including elements of coastal shipping regulation and made a series of recommendations on this through the AgForce and NFF submissions to the recent coastal shipping reform. It is difficult to obtain good figures comparing bulk and containerised shipping of grain and stocks data from handlers and this could be an area for further government investigation.

Identified stakeholder Policy idea 3—Enhancing communications:

The Government is committed to ensuring that farmers and regional communities have access to reliable and affordable communications systems. Views are sought on areas of focus for future government and commercial investment in communications infrastructure and options to assist farmers and regional communities to use the communications infrastructure currently being deployed.

There is a significant difference in the current cost of ICT access between the city and rural and remote areas reliant on satellite technology. For example, Telstra offers a Broadband Satellite deal including 1GB of data for \$69/month. The minimum cost over 24 months is \$4,146 including \$2,490 for hardware and 'urban standard' installation. For comparison, where coverage exists, mobile broadband 1GB data packs cost \$25 per month over a 24 month contract, costing \$600 in total. Excess data usage cost 9.8c per MB for the satellite service and 3c per MB for the mobile service. AgForce supports enhanced communications to rural and regional areas and has made suggestions on how government can achieve this in our earlier submission to the White Paper.

Working with the States and Territories

AgForce along with the NFF have opposed the Government's recovery of costs for agricultural referrals under the EPBC Act given the likelihood of negative environmental outcomes and consequence that it will put at risk the objectives of the Act. AgForce have also supported the establishment of one-stop shops with the States and Territories to streamline environmental approvals as the state is viewed as the most appropriate jurisdiction to deal with these issues.

AgForce encourages the government to implement policies that act to identify and effectively protect the irreplaceable high value agricultural land in the nation; so that the food and fibre needs of future generations of Australians can be secured.

AgForce has supported recent amendments to native vegetation regulation through the *Vegetation Management Framework Amendment Act 2014* which has delivered Queensland landholders with a more practical way to manage their native vegetation, allowing landholders to manage their vegetation to construct essential infrastructure, developing self-assessable codes and offering landholders with high value agriculture projects a sustainable path through which to develop their land. In order to deliver the government's vision of doubling agriculture, it is imperative that these reforms are used responsibly and strengthened by providing a regulated path forward for graziers to sustainably develop land. As AgForce outlined in our submission to the White Paper, despite the excellent reforms to the *Vegetation Management Act 1999*, the Nature Conservation Act's protected plants framework remains impractical, fails to be communicated effectively and sits in a separate and duplicative regulatory and mapping system. AgForce would support immediate investigation into streamlining this framework.

In relation to extractive resource developments, agriculture cannot afford to place at risk water security or biosecurity just as it cannot accept increased traffic hazards and other dangers that come from the overlay of an industrial sector. Co-existence can occur in some situations; however the correct policy framework and communication between government, the resources sector and agriculture will largely dictate how successful the relationship is. To this end, agriculture requires:

Identified stakeholder Policy idea 4—State government deregulation:

- a. removing excessive native vegetation laws;
- b. removing excessive work health and safety requirements; and c. improving the efficiency of the native title system.

Australia has a poor ranking on the Work Economic Forum's assessment of national competitiveness regarding regulatory burdens. In relation to environmental regulation AgForce supports Federal Government measures to:

- Recognise and support industry-led, voluntary Best Farm Management Programs as a pathway for continuous improvement and sustainable food and fibre production (including food and farm safety, animal welfare and ethics) rather than external-interest-group-imposed mandatory Stewardship Systems approaches
- Develop a unified voluntary national framework for recognition of sustainable agriculture which:
 - Provides transparency and understanding about the ecological outcomes achieved by agricultural enterprises
 - Uses harmonised national terms, monitoring methods and processes for a consistent approach which is understood by the community and consumers
 - Improves opportunities for national and international market access and premiums for sustainable products
- Support an independent, non-profit Australian Centre for Food Integrity to build consumer and community understanding, trust and confidence in today's food and fibre systems, e.g. the successful United States model (www.foodintegrity.org)
- Informed by the voluntary Best Farm Management Programs frameworks, develop a Australian Government recognised national standard for voluntary demonstration of sustainable agriculture through a Property Management Plan system to:
 - Monitor natural resources by collecting farm-scale data using nationally consistent indicators and methods
 - Provide a basis for rebates/concessions for infrastructure, pest and weed management and land condition improvements such as through the 'Landcare Operations' provision of the *Income Tax Assessment Act 1997*¹
 - Improve targeting of future NRM investment by public and private investors
 - Enable demonstration and trading of ecosystem services. This would require including 'management of ecosystem services' in the taxation definition of 'primary producer'²
 - Remove duplication of current planning processes with one property plan delivering on multiple outcomes
- Reinststitute a 'Land and Water Australia'-style RDC aimed at supporting RD&E work on sustainable natural resource management but, importantly, where this does not occur at the expense of existing government funding for RDCs.

¹ <http://www.ato.gov.au/Business/Primary-producers/In-detail/Deductible-capital-expenditure/Landcare-operations/>, accessed April 2014.

² <http://www.ato.gov.au/Business/Primary-producers/In-detail/Who-is-a-primary-producer-/Who-is-a-primary-producer-/>, accessed April 2014

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- An effective resource sector compliance unit which is well resourced to continue to provide clear pathways to assist producers in matters relating to CSG, make good negotiations, bore issues and monitoring and providing;
- Provision of high level, factual and practical information to landholders in relation to Conduct and Compensation negotiations, make good arrangements, mining and CSG water-related information, biosecurity information and other key tips and tools to ensure producers are informed and prepared in relation to dealing with mining and CSG Companies on their properties;
- Establish a proactive community information program for shale and tight gas to provide producers with as much scientific and practical information as possible before production starts.
- Ensure that appropriate regulatory frameworks and baseline water models are in place well before any production starts.

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AgForce supports the streamlining in the 3 specific areas noted for deregulation (native vegetation laws, WH&S requirements and native title laws) however also suggests the following areas would benefit greatly from deregulation:

- Transportation
- Taxation
- Export and Importation
- Farm-related weapons licensing and renewals.

AgForce is disappointed to see that native title streamlining has not been identified as a priority area for deregulation. With the majority of Queensland under native title claims, the current system provides an impediment to producers looking to freehold and also claimant groups whose claims are not resolved in a prompt fashion. Given the time that has elapsed since the introduction of the state and federal native title acts it is imperative that we re-look at how/if the Act is achieving its stated objectives and alternative ways of achieving this that are more time and cost efficient.

Identified stakeholder Policy idea 5—Protecting the resource base:

- limiting the adverse impacts of mining on the agriculture sector, including by providing a royalty stream for land holders affected by mining, ensuring that access to freehold land is granted with the agreement of the landowner and ensuring that no long-term damage is done to aquifers so as to change the agricultural capacity of the district as a result of extraction activities;*
- providing opportunities for farmers to convert leasehold land into freehold;*
- ensuring greater consistency in biosecurity regulations between Australian jurisdictions; and*
- quarantining prime agricultural land from mining.*

Productive agricultural land and water resources are limited and valuable resources supporting food production for current and future generations – they are irreplaceable. AgForce strongly supports the complete protection from any permanent impacts by extractive resource sector developments of these strategic agricultural resources. This includes their current and future agricultural land uses to meet food and fibre needs. Landholder's ownership rights must be protected and they should have at least an equal say with development proponents in decisions regarding if and how activities proceed on their land. Reasonable attempts must always be made to negotiate with landholders in the first instance, acknowledging that the resources are often owned by the broader community. Landholders should be fully compensated for all impacts (economic, social, environmental) associated with a resource project on their property.

The precautionary principle should be applied and adequate independent scientific knowledge about potential impacts developed so adequate risk assessment can be applied. In the absence of such knowledge resource developments should not proceed until the risks are understood and managed, particularly for underground water resources. Resourcing should be available to enable expert independent assessment of impacts and to ensure that expert advice is available to potentially impacted landholders (e.g. on hydrology or noise or other environmental issues). A continued role for the Independent Expert Scientific Committee is indicated and supported including a review of state project assessments.

The Queensland state government has recently reviewed the management of competing land uses (Regional Planning Interests). Please refer to AgForce's submissions to that process for further information (<http://www.parliament.qld.gov.au/work-of-committees/committees/SDIIC>). There are emerging indications that the Queensland Government's assessment of impacts under that RPI framework are falling short of delivering the expected protections for priority agricultural lands. AgForce's submission to the Agricultural Competitiveness Issues Paper also contains further material in relation to protecting the natural resource base.

The Green Paper lacks exploration of natural disaster management, apart from the consideration of drought. Effective responses to floods, fire, cyclones, storms etc. require a coordinated response from all levels of government. Further consideration of this factor needs to be included in the final white paper. Other Global Information System tools generated through Geoscience Australia and rangeland fire monitoring through the Northern Australian Fire Information (NAFI, www.firenorth.org.au/nafi2/) must be continued.

Identified stakeholder Policy idea 6—Strengthening farm businesses:

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- a. implementing a nationally consistent and mandatory approach to farm debt mediation;*
- b. subsidising farm energy audits;*
- c. streamlining development application processes by assigning a single government official to assist a farm business as they work through the different steps;*
- d. enforcing animal welfare legislation and strengthening laws to stop trespass on farms; and*
- e. adopting the Co-operatives National Law to make it easier to run a cooperative across different states.*

AgForce supports state and federal government efforts to support Australian agricultural businesses achieve sustainable profitability and our views were outlined in our submission to the Issues Paper. We support establishing a national voluntary debt mediation process (similar to the Queensland Farm Finance Strategy with well-defined and preferably formal pre-mediation steps). This should include the involvement of skilled mediators acting for landholders and transparent protection of the financial interests of the landholder. The emphasis within the process should be on pre-mediation steps undertaken in good faith as options for borrowers become limited once formal mediation commences. Recent actions by the banks on distressed loans, led by ANZ, point to the need for greater scrutiny of rural lending practices.

Energy costs, particularly of electricity, represent a significant factor in farm-gate profitability and audits represent an important method to identify potential efficiencies in energy use on-farm that can inform decision making about managing these costs.

AgForce supports streamlined and clear development assessment application processes for agricultural projects, where these are not duplicative or onerous, with the Queensland Government's State Assessment and Referral Agency moving towards this model.

In developing and implementing animal welfare standards it is important that these are practical, targeted and streamlined so that welfare outcomes are achieved in a cost-effective manner. Animal activists' disruptive and illegal activities should not be tolerated and trespass and competition laws need to be strengthened to address this threat to the livelihoods of law-abiding farmers.

Competition and regulation

AgForce supports the government's review of the *Competition and Consumer Act 2010* and the ACCC taking more action in reviewing certain aspects of large supermarket behaviour where this may impact on fair dealings with primary producer suppliers. The reduction in unnecessary regulation is also welcomed.

Identified stakeholder Policy idea 7 — Improving market competition:

- a. introduce options to increase price transparency throughout the domestic supply chain;*
- b. introduce new marketing mechanisms that might restore balance of power to the producer; and*
- c. facilitate greater use of cooperative structures.*

AgForce sees a transparent, competitive but fair marketplace as a necessary ingredient to Australian agriculture achieving sustainable profitability gains for primary producers and has advocated for improvements to competition in the domestic supply chain. These included:

1. statutory recognition of disadvantage for producers of perishable goods, including ready for slaughter cattle
2. the introduction of an anti-competitive 'effects test'
3. enabling collective bargaining, such as allowing limited interim boycotts for the purpose of progressing negotiations
4. introduction of a statutory duty of good faith in commercial contracts and pre-contractual conduct
5. regular price monitoring across 'at risk' primary production industries by the ACCC
6. improve small businesses' ability to utilise 'access to essential services' provisions around bulk commodity infrastructure
7. protection against illegal conduct e.g. agri-terrorism that intentionally causes a market disruption.

For more detailed information AgForce made a short submission to the Government's '*Competition Policy Review*' (available here: http://competitionpolicyreview.gov.au/files/2014/06/AgForce_Qld.pdf) and has supported the NFF's position on competition policy reforms (available at: <http://www.nff.org.au/submissions-search.html?categoryid=3403>).

Identified stakeholder Policy idea 8—Strengthening competition laws:

- a. revisions to the CCA to make it easier to prove breaches of market power provisions; introduce a flexible anti-competitive 'effects test' in the misuse of power provisions; and increase penalties for breach of the CCA including a general divestiture power enabling courts to break up a business that repeatedly breaches the CCA;*

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- b. reviewing competition laws to consider whether there are any barriers to greater consolidation among agribusiness firms;*
- c. increasing the resources of the ACCC, including specialist agribusiness knowledge, and requiring the ACCC to publish more information on investigations and their outcomes; and*
- d. creation of a supermarket ombudsman with penalty powers and a mandatory code of conduct for supermarkets (across all commodities) backed by direct financial penalties.*

AgForce supports further strengthening of competition laws that result in a better farm-gate return for broadacre farming businesses. As a member of NFF, please refer to NFF's submission to the Governments 'Competition Policy Review' for further details of proposed reforms to competition policy. The submission is available at: <http://www.nff.org.au/submissions-search.html?categoryid=3403>

Policy idea 9 – Improved regulation:

- a. changes to the regulation of AgVet chemicals, such as through relying on the advice of trusted foreign regulators and allowing the Minister to issue temporary permits for chemicals; and*
- b. improvements to Country of Origin Labelling to ensure that consumers clearly understand the origin of their food.*

AgForce has made substantial comment to the current AgVet chemical reform and supports moves to:

- streamline agvet chemical registration process
- link to relevant overseas data on chemical efficacy and safety and
- improve the minor use permit system for rapid and flexible management of new pest incursions.

Please refer to the full AgForce submission to the *Agricultural and Veterinary Chemicals Legislation Amendment (Removing Re-approval and Re-registration) Bill 2014* dated March, 2014

(http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Ag_Vet_Chemicals_Re-registration_Bill/Submissions)

Country of Origin Labelling should balance the need to inform consumers so that they can support the 'home grown' product with the avoidance of unnecessary costs to the domestic processing sector as well as any adverse responses by overseas markets.

Finance, business structures and taxation

AgForce strongly supports continued government funding of the Rural Financial Counselling Service (RFCS) and an increase in provision of such services in the drought and debt affected areas of Queensland. AgForce does not support any cut to funding as recommended by the NRAC review. While supportive of the provision of the current suite of concessional loans (Farm Finance and Drought) further engagement with rural lenders is required to obtain their support for the packages, as well as extending the repayment period to 15 years, reduce interest rates in line with the real cost to government and ensure access is as broad and streamlined as possible.

Identified stakeholder Policy idea 10—Improving access to finance:

- a. making the existing concessional loans scheme permanent; and*
- b. creating incentives to encourage greater institutional investment in agriculture. Options could include creating superannuation products that exchange cash for partial equity in farms and the issuing of special Government bonds to finance agricultural infrastructure investments, with taxation concessions for investors.*

In relation to dealing with northern Broadacre Industry non-performing debt and ongoing viability AgForce supports the Government progressing the following immediate measures:

1. Support a national government inquiry (or R&D project) to investigate agricultural debt performance and serviceability as well as ongoing industry viability and profitability, down to a region by sector level. In conjunction with lenders and government, the investigation could include alternative capital and financing packages. The results should be updated on a regular basis, as occurred for the QRAA Debt surveys.
2. Support the urgent additional resourcing of the RFCS to provide further experienced financial counsellors in Queensland, located in the drought and non-performing debt-affected regions.
3. Investigate government-supported options for independent, professional business assessment and debt-mediation services to; provide viability assessments of farm businesses; support viable businesses towards higher-order business skills development; develop proactive and agreed plans with lenders for challenged businesses to achieve a reduced risk profile; and provide expert advocacy in mediation for non-viable businesses to exit with maximum capital and dignity.
4. Establish a national voluntary debt mediation process (similar to the Queensland Farm Finance Strategy) with agreed guidelines that includes the involvement of skilled mediators acting for landholders and transparent protection of the financial interests of the landholder.

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AgForce is supportive in principle of providing farmers with a range of special provisions in relation to the taxation system in acknowledgement of the unique circumstances of primary production. This includes income tax averaging, FMDs, accelerated depreciation on water facilities; the fuel tax credits scheme; and rules relating to natural disaster management, such as forced disposal of livestock. A review of the taxation system will enable improvements to these arrangements to be addressed.

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5. As an end point to the debt mediation process, with lenders and government collaboratively develop exit and adjustment packages including; mentoring by successfully transitioned ex-producers; retraining programs (with Recognition of Prior Learning); and relocation assistance.
6. In conjunction with lenders undertake a review of current agricultural lending policies and practices, including proactive management of distressed agricultural loans, facilitated through the NFF Farm Finance Forum. This review would inform the national voluntary debt mediation process.
7. Improved structuring and access to current Commonwealth assistance measures including; concessional refinancing under the Farm Finance package; income assistance under the Farm Household Allowance Program; and support through the Concessional Drought Loan Scheme.
8. Further support for on-property mental health outreach officers and mobile services by local providers where any gaps exist, potentially facilitated by the Federal Drought Coordinators.

AgForce supports examination of novel lending products that meet the needs of rural industries including income contingent loans, particularly for new entrants as a climate risk management tool. AgForce provided conditional support for the facilitative and development elements in the Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013 but has significant reservations about the debt reconstruction element in the proposal. Our submission is available here: (http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/RBA_Amendment_2013/Submissions).

Identified stakeholder Policy idea 11—Improving tax system efficiency and equity:

- a. revising the non-commercial loss rules to encourage investment, by i) removing the \$250,000 maximum income threshold or raising it to \$1 million; and ii) increasing access to the primary producer exception to the non-commercial loss rules by raising the income threshold;*
- b. increasing thresholds and extending eligibility for the Farm Management Deposits Scheme (FMDs)—for example by increasing the deposit limit for FMDs to \$1 million—raising the off-farm income threshold, extending access to FMDs to companies and trusts and re-establishing early access provisions in times of drought;*
- c. reducing the complexity of depreciation for farm plant and equipment by changing the effective life schedules for farm plant and equipment, which would result in a positive effect on productivity;*
- d. realigning the Zone Tax Offset scheme to be representative of the true cost of isolation from publicly funded amenities such as health and education services and public transport;*
- e. allowing farmers to trade tax losses to non-farm businesses, such as banks, to assist farm cash-flow in low-income years;*
- f. allowing farmers to opt back in to the income tax averaging provisions after a period of time to recognise changing circumstances; and*
- g. reducing and better targeting the rebate of the Wine Equalisation Tax.*

The suggested policy ideas are worthy of further development and implementation to ensure the tax system is responsive to farm businesses, although the rebate of the Wine Equalisation Tax is not relevant to our members. Specifically AgForce has lobbied for a lifting of the FMD deposit limit, but in line with multiples of input costs for enterprises, to promote self-reliance to climate variability. Our members have indicated that the current cap is a disincentive to deposit funds in the Scheme. We also support re-establishing early access provisions to FMD in times of drought, extending direct access to FMDs to companies (and trusts with further investigation indicated) and investigation of enabling FMDs to act as an off-set to farm loans to maximise the value of that reserve. Producers who diversify to include off-farm income sources to help stabilise farm income variability should not be penalised or excluded from access to tax incentives for primary producers. The lifting of the FMD off-farm income limit to \$100,000 is supported.

AgForce has supported the government further investigating tax loss trading to ensure there are no adverse consequences of the scheme, such as embedding incentives for loss making. A reduction in the company tax rate would be welcome.

In relation to drought preparedness AgForce supports greater incentives being applied through accelerated depreciation provisions (e.g. immediate depreciation at 120pc of value in year of expenditure) for investments in drought mitigation infrastructure identified in a strategic farm plan that contribute to climate resilience. Such measures could include dams, bores, and fodder and molasses storages (see Policy Idea 16). We are supportive of extending deductions for Landcare operations to include activities such as fencing to manage grazing land types, stock water points, and weed and pest animal management.

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AgForce will be making a submission to the government's planned White Paper on the Reform of Australia's Tax System where we will address issues such as the impact of Capital Gains Tax on succession and drought management, e.g. sale of assets to meet costs during drought as well as state stamp duties on transfers and insurances affecting succession and resilience building. Confidence that foreign agribusinesses operating in Australia are contributing their fair share of tax is also important.

Identified stakeholder Policy idea 12—Farm business improvement:

- a. establishing a programme offering independent business advice and assistance to farmers to improve decision-making and performance;*
- b. expanding the role of Rural Financial Counselling Service to assist 'at risk' businesses, promote learning and extension activities and provide links with mental health support services; and*
- c. establishing a programme to encourage collaboration between agricultural businesses by providing a networking service to bring interested parties together.*

In supporting a response to this challenge, the government should seek to:

- collect more conclusive data on the underlying reasons for low average profitability within industry, which has occurred despite the relatively superior productivity gains achieved compared to other sectors of the economy and agriculture in other countries
- While some productivity gain is due to the wind-up of less efficient operations, information on the optimum rate of turnover in farm businesses at an industry level is needed to determine if current government policies are effective or are in fact contributing to a slowdown in overall agricultural productivity growth
- A success measure within agricultural policy reform should include an appropriate financial return to primary producers as a key metric.

Important elements in assisting farmers achieve profitability include enhancing higher-order business skills, providing sustainable and comprehensive policies dealing with productivity destroyers like climate variability (drought, fire and floods), and investigating broader income diversification.

As outlined under Policy Idea 10 AgForce supports the investigation of government-supported independent, professional business assessment and debt-mediation services to; provide viability assessments of farm businesses; support viable businesses towards higher-order business skills development; develop proactive and agreed plans with lenders for challenged businesses to achieve a reduced risk profile; and provide expert advocacy services in mediation for non-viable businesses to exit with maximum capital and dignity. This could occur via the RFCS given the availability of suitably experienced and trained counsellors or referral to such services when provided commercially elsewhere. Business skills development should include the use of recognised business analysis and benchmarking tools (e.g. ProfitProbe) supported by external expert advice. State Government agriculture department extension officers used to perform such roles but the delivery of these services has declined over time and needs reinvigorating.

Succession planning and funding succession events are important in ensuring the longevity of family farm businesses. Any program of business advice should seek to include efforts to support these transitions, co-funded through a FarmBiz type scheme, and be linked to the broader program of rural education aimed at lifting education and skills levels of farmers. Assisting the exiting generation with effective exit strategies (see Drought section) and retraining (see Policy idea 10 response) would also help.

The Entrepreneur's Infrastructure Program is not widely recognised and would need greater awareness and a restructuring of eligibility criteria around ownership and turnover in order to be relevant to the majority of farm businesses.

Foreign investment

Vital to an informed national debate is having an understanding about what foreign investment is occurring and how it is overseen and regulated. AgForce is not opposed to commercially-motivated foreign investment in broadacre agriculture provided that it:

- does not compromise market transparency, competition or pricing mechanisms
- does not distort resource allocation or agricultural land use
- is effectively monitored and regulated to ensure Australia's national interests are not

Identified stakeholder Policy idea 13—Improving the transparency of foreign investment:

Expanding the coverage of the register of foreign ownership of agricultural land to water and agribusiness enterprises would improve transparency and allow for a more informed debate about foreign ownership.

In addressing foreign ownership of agricultural land it is vital that reliable information is available and our national interests protected through proportionate regulation. AgForce has supported the establishment of an Australia-wide foreign investment

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compromised.

In delivering transparency and monitoring of the flows of foreign investment AgForce supports the immediate implementation of a national register of foreign land ownership as well as water and agribusiness assets. AgForce also supported a lower more proportionate trigger for FIRB scrutiny of commercial proposals.

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register, along the lines of Queensland's FOLR, which includes land, water, and agribusiness assets. Water and supply chain assets form 'control points' for significant commodity production and value chain flows and so should be included. Such a register is vital for understanding current levels of foreign investment and trends so that government can get the policy and regulatory settings right. The register should inform the FIRB deliberations. This oversight must be balanced with not stifling commercially-motivated investment or compromising important trade relationships and co-investment opportunities. The government's management of FIRB settings through the negotiation of recent trade deals has shown a reasonable balancing of these competing interests.

Alongside improved transparency is a greater need for the development of a broader range of partnership models or joint venture arrangements with local investors and the building of local primary producer agribusiness skills so they are 'investment ready'.

For more information on AgForce's position towards the register, please refer to our submission to the consultation paper on the 'Development of a national foreign ownership register for agricultural land' available at:

<http://www.treasury.gov.au/ConsultationsandReviews/Consultations/2012/agricultural-land/Submissions>

Education, skills and training, and labour

Labour availability and cost represents a significant issue for AgForce members and as such they support labour market flexibility and the streamlining of industrial relations regulations to boost employment in rural and regional Queensland. AgForce has supported:

- Realistic allowances for 'found' awards (which presently allow relatively low amounts to cover bed and board)
- The appropriateness of set mandatory penalty rates, given the timing requirements of many farms where many activities cannot be done between the more urban-relevant 9am to 5pm period e.g. night spraying when wind and temperature are appropriate to make best use of applied chemical and 24-hour crop planting practices during the time-limited, most effective window. Such non-standard conditions can be offset by providing employees with other rurally-relevant mechanisms to maintain equitable employment conditions

Via the NFF, AgForce has supported the following priority actions:

- Enhancing the skilled (457) visa subclass
- Reviewing the current workforce development system to address the outdated Australian and New Zealand Standard Classification of Occupations (ANZCO) codes
- Expanding the seasonal workers program to all agriculture sectors
- Provision of tax and other policy incentives to ensure there is sufficient support for new entrants into agriculture.

The Productivity Commission has previously reported that the proportion of people working in agriculture with a degree was 7pc, compared to 22pc for the community as a whole. There are lower levels of other post-school qualifications within Australian agriculture as well, and a shortfall in agricultural science graduates. As many people employed in agriculture have traditionally come from rural areas, it is important to provide high quality, affordable and accessible education options in those rural areas in order to lift the future capacity of agricultural managers and long-term industry productivity.

AgForce supports an increase in the government's Assistance for Isolated Children (AIC) allowance as it has not kept pace with the increases in education costs in recent years.

Identified stakeholder Policy idea 14—Strengthening agricultural education:

- a. working with States and Territories to ensure agricultural high schools and colleges have the resources to continue to specialise in agriculture in the future;*
- b. establishing a young farmers' mentoring and networking programme to help new entrants, including offering clear advice and information on education pathways for agricultural careers;*
- c. increasing financial support for regional education by extending the Assistance for Isolated Children (AIC) allowance and providing living away from home allowances for students from remote areas studying tertiary agriculture; and*
- d. creating national agricultural tertiary centres of excellence in regional areas for education, training, research and extension.*

Given the Productivity Commission demographic data for farmers showing lower levels of education compared to the community as a whole (see our submission to the Issues Paper) AgForce supports greater resourcing of agricultural education at all levels of the education system, particularly before and when students are moving towards making career decisions in early secondary school (Miller *et al.*, 2011. Agricultural Science V.23 Issue 3). Clear career pathways through secondary school through to higher education and degree level tertiary qualifications are important and support for existing information sources would be valuable (e.g. <http://www.careerharvest.com.au/>).

AgForce supports the identified policy initiatives particularly increased financial support for isolated students via the AIC and Living Away From Home Allowances Scheme (LAFHAS). The Isolated Children's and Parents Association in Queensland has identified that the average combined boarding and tuition fees in 2014 in the state are \$28,700 per student. Current AIC allowances are mainly the Boarding allowance of \$9133 (Basic and Additional - if eligible) and the Distance Education Allowance of \$3,833 per annum. The current maximum LAFHAS allowance is \$4444. The ICPA indicate that there are 11 rural and remote shires with NO high school through to year 12 (8 with no high school at all) and 8 shires with only 1 high school. For rural and remote children to have equitable access to education it is essential that these Allowances be raised to parity with costs and linked in future to the Education sub-index rather than the CPI. They have also highlighted the need for further Allied Health support for remote students with special needs and for access to Early Childhood programs. With drought and associated financial pressures widespread in Queensland this is an urgent need if we are to retain people in rural and remote areas.

AgForce's Belmont Research station, previously a site of world class beef research programs including by the CSIRO, is developing linkages with local secondary and tertiary education institutions and encouraging the next generation of agricultural professionals. Such a model could be examined further by the government for other areas. Further AgForce representatives provide industry insight on the Board of the Queensland Alliance for Agriculture and Food Innovation (QAAFI) and such collaborative approaches offer significant advantages in ensuring that agricultural research scholars are familiar with current industry challenges. This model should also be examined for further support by government.

Identified stakeholder Policy idea 15—Strengthening labour availability:

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- a. expanding the Working Holiday Maker (417) visa by increasing the qualifying age, expanding the country coverage and allowing a second application;
- b. broadening the skill coverage of the Temporary Work (Skilled) visa (subclass 457);
- c. expanding the Seasonal Worker Program to all agricultural industries;
- d. streamlining visa application processes to reduce administrative burdens (i.e. shorter application waiting periods, less onerous superannuation requirements and automatic provision of tax file numbers); and
- e. providing clearer pathways to residency for visa holders in farm management.

Through the NFF, AgForce has supported further streamlining of 417 visa class to provide ongoing essential employment in the agricultural sector. In particular, AgForce does not support amendments to the 417 visa class which would see a reduction in labour availability for the agricultural sector. For more information on the NFF's position on skilled migration and 400 series visa programmes, please refer to NFF's submission available at: <http://www.nff.org.au/submissions-search.html?subcategoryid=3669>

Drought

Via NFF, AgForce has raised a number of issues with the current federal government drought assistance program, including:

- the need for greater certainty and clarity about in event assistance measures agreed by state and federal governments under the IGA. Weather variability has been identified as a barrier to further investment in Australian agriculture by foreign investors and certainty around long term drought policy will send clear market signals about future support expectations.
- improving the Farm Household Allowance by making applications simpler, ensuring mutual obligation reporting applies only when circumstances change, removing essential farm assets from assets tests, and removing the 3-year eligibility limit
- Making the Drought Concessional Loan terms 15 years or longer to enable recovery before refinancing is required, increasing the interest concession in line with real costs to government, ensuring the support of commercial lenders, and aligning the Farm Finance, Drought Concessional Loans and Drought Recovery Loan products. It is important that producer access to these loan schemes is streamlined and existing lender support is secured, for example issues of mortgage security are addressed
- Enabling access in Queensland to water infrastructure assistance for infrastructure improvement and extending the funding in line with ongoing drought conditions
- Extending pest management programs to include weed control, an increasing issue once the drought breaks
- Continuing the social and mental health services including the availability of tertiary level health care in remote areas
- Continuing and expanding the delivery of RFCS services.

Identified stakeholder Policy idea 16—Increasing drought preparedness:

- a. introducing accelerated depreciation—for example, at 100 per cent in the first year—for new water and fodder infrastructure;
- b. encouraging multi-peril crop insurance by providing a grant to reduce the cost of the risk assessment process for commercial insurance products or the States and Territories removing stamp duty on insurance products; and
- c. improving climate information through better tools for use by farmers and additional weather stations.

AgForce are supportive of each of these proposed policy measures. Via NFF, as part of the drought reform process AgForce and other State Farming Organisations has provided the Department of Agriculture with a list of suitable infrastructure and other resilience building investments that could be included for accelerated depreciation or preferably incentivised depreciation rates (e.g. >100pc). To reiterate these included:

- Fencing, yards and stock handling equipment to manage grazing pressure and environmental impacts
- Storage sheds, silos, bins, tanks for liquid feeds,
- Hay and foraging assets: windrowers, balers/wrappers, bale handlers/stackers, forage harvesters, hay rakes, mower conditioners, etc.
- Water assets: Bores, Dams, Dam liners and covers, tanks, troughs, windmills, irrigation assets, pumps, piping etc.
- Feeding assets: silos, bins including hay racks, feeders, mixers, milling, drying, grain-handling, feed-out wagons, feedlot assets, troughs, shade, etc.
- Precision farming assets and machinery that maximise water use efficiency, etc.

AgForce are strongly supportive of the encouragement of cost-recovery insurance products and provided submissions to that effect to the NRAC review, however that review did not consider cost-recovery insurance. An alternative to a direct grant to cover risk assessment could be a once off tax incentive in the form of a deduction (>100pc) of the cost of initial risk assessment for appropriate commercial products. This would help kick start the formation of a viable commercial insurance market in Australia and would not involve ongoing subsidies. AgForce are also supportive of removal or reduction in state-based stamp duties on insurance products (currently 9pc in Queensland) which act as a disincentive to appropriate risk preparedness.

Additional weather stations should be provided where this would improve weather forecasting and where they would act to support the development of agricultural insurance markets and also improve the accuracy of rainfall mapping used to gauge eligibility for Drought Concessional Loans. The current phased approach to eligibility is an improvement on a single 'lines on maps' approach but still represents the potential to not clearly represent the impacts of rainfall deficiency or the effectiveness of received rainfall in intervening areas.

AgForce provided a detailed list of drought assistance measures for consideration in our submission to the Issues Paper and this should be referred to, noting the slight change to the accelerated depreciation item below.

Assistance measures targeted at longer term risk management and preparedness where the risk of a short 1 to 2 year

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'manageable' drought lies firstly with the producer should include:

- **Industry-relevant and attractive Farm Management Deposits** - with caps in line with multiple annual input costs, accessible within 12 months and extended to companies and trusts
- **Accelerated depreciation or other tax incentives for preparedness assets identified in a strategic farm plan** –in the form of immediate depreciation in the year of expenditure at 120pc (or similar) of value.
- **Establishment of a cost-recovery insurance market (particularly for the cropping sector)** - this could be via making premiums tax deductible (potentially at >100pc) or providing grants towards the cost of initial risk assessment
- **Building Farm Business grants or low interest loans for new entrants** who have not had time to prepare
- **Ongoing and securely funded Rural Financial Counselling Services** – to ensure high quality service delivery
- **Access to strategic farm planning (including clear decision trigger points) and profitability linked, business cycle relevant training** – as the green paper states a strong and profitable farm business is the best preparedness for managing drought. It is not solely about securing a formal qualification – it is about training that supports real profitability gains.
- **Ongoing provision of social supports, including mobile officers** for on farm, one on one assistance
- **Increased seasonal (particularly 9 to 12 months out) forecasting RD&E investment** – also linked to improved communication tools and supporting development of insurance products.

Identified stakeholder Policy idea 17—In drought support:

a. additional mental health support in times of drought; and b. provision of additional assistance for prolonged and severe drought that is beyond any capacity of farmers to prepare for, such as a one in 75-year drought.

In relation to longer term drought policy settings an in-event business support should commence once drought exceeds a reasonable capacity to prepare for and the recipient has undertaken preparedness efforts in line with their capacity. New entrants who have not had time to prepare but are viable in the longer term require some additional consideration and support, e.g. targeted grants. In the absence of an affordable insurance market, there are opportunity costs for an enterprise's productivity or growth agenda in setting aside a financial reserve to manage possible drought events and the government could model the economic 'tipping point' for various regions and commodities in seeking to define what a 'reasonable' capacity to prepare for actually entails. Social and environmental factors should also be considered in such a calculation. In light of climate change predictions a 'one in x' year event descriptor may lose relevance.

AgForce provided a detailed list of drought assistance measures for consideration in our submission to the Issues Paper and this should be referred to. A comprehensive in event drought response should include the following types of measures:

- **Accessible family income support with industry relevant eligibility settings and mutual obligation provisions**
- **Interest cost relief through concessional refinancing and assistance for recovery activities**
- **Continuation of the Rural Financial Counselling Services and increased services in line with demand**
- **Continued access to health, emotional/personal support services including health care and education concessions**
- **Assistance with managing environmental impacts, such as pests and weeds control and water infrastructure**
- **Farm labour wage assistance to assist retention in rural areas**
- **Farm advisory grants for professional advice.**

Water and natural resource management

AgForce are supportive of an extension in funding for the federal top up of water-related infrastructure rebate programmes and their extension in Queensland to include infrastructure improvement including dam desilting for promoting longer term resilience building.

The government should ensure that water sector reform such as the Murray Darling Basin (MDB) Plan, effectively balances the associated socio-economic cost to irrigation-dependent communities, and prioritises and funds improved water use efficiency over removal of irrigation water from the system. Due to concerns over social impacts any further water buybacks should be halted until the environmental science and social economic reviews are completed. These reviews

Identified stakeholder Policy idea 18—Improving water infrastructure and markets:

a. investment in new dam and infrastructure projects and opportunities to improve water-use efficiency or increase the amount of water available to agriculture through infrastructure projects;
b. providing a 50 per cent per year deduction over three years for investment in on-farm water reticulation infrastructure; and
c. improving the functioning and flexibility of water trading markets, such as through countercyclical temporary trade of environmental water by the Commonwealth Environmental Water Holder and regulating trading of water by speculators.

AgForce is supportive of the government investigating new dam and water infrastructure projects where these are environmentally sustainable, economically sound and considerate of the rights of existing water users and the local community. In

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should also inform the partitioning of the shared downstream component with an avoidance of impacts on irrigator dependent communities, such as in the lower Balonne.

AgForce supports the implementation of a one-stop shop for environmental approvals to reduce duplication, and the referral to the Independent Expert Scientific Committee of CSG and large coal mining projects with the potential for impacts on water resources. This is important to improve the scientific understanding and scrutiny of projects and minimise the risk of adverse impacts on water resources. This scrutiny and the referral process should also be urgently extended to shale and tight gas projects as these contain the potential for significant adverse impacts, particularly on groundwater resources and other water users.

'Co-existence' with the resource sector requires a mutually-beneficial relationship where the farmer has an equal say with resource proponents on activities proposed to occur on their land. The protection of prime agricultural land and water resources for the use of future generations must be achieved. It is not sufficient for 'lip service' by government to be paid to this asset protection but then to allow approval of resource projects that do involve long term/permanent damage to these vital agricultural resources, such as through the use of 'offsets'.

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in addition to agricultural, economic and community benefits, dam infrastructure will help Australians buffer and adapt to increasing climate variability. Dams help protect downstream communities from extreme floods and can retain essential water during extended severe droughts. Dams and weirs also help capture a large proportion of coarse sediment which would otherwise affect the ecological functioning of high value conservation areas (e.g. significant coastal wetlands, Great Barrier Reef Lagoon and associated sea grass beds).

Northern Australia does offer further development opportunities however these need to be carefully considered. CSIRO collated a technical report³ outlining the opportunities and feasibility of mosaic irrigation or small-scale irrigation developments for the beef industry across northern Australia. Availability of forage grown on property can boost productivity and help build resilience into northern beef enterprises, with minimal environmental impact. Government planning and enabling legislation now can help facilitate a good return on investment by producers and organically grow further economic development opportunities over time in more undeveloped regions. CSIRO estimates the initial capital outlay for a 100 hectare unit would be at least \$700,000. Government needs to focus on streamlining approval processes for land tenure, vegetation, cultural heritage and enable small ground water licences within water resource planning. Higher resolution digital soils mapping and groundwater resource data, along with access to experienced soil conservation officers are needed for northern Australia.

Queensland has a developing water market and the state government is currently making steps towards enabling greater tradability of water entitlements. Given the potential impacts on water users and irrigation dependent communities of buybacks AgForce are concerned about the proposals on temporary trading by the CEWH.

A project with significant preliminary work already completed, including federal government supported feasibility studies, is the Vision 2000 (now called NuWater) project that proposes to divert 150,000 ML annually of Brisbane City grey-water from disposal into Moreton Bay to provide a reliable water source for the Lockyer Valley and the Darling Downs, at the headwaters of the Murray Darling Basin system. At a cost of \$2.5B the Bligh government constructed the Western Corridor Recycled Water Scheme which included the first third of the piping required for the NuWater concept. There is an opportunity to use this reliable water source to support further irrigated agriculture activity on the Darling Downs where excess storage capacity exists, deliver on Murray-Darling Basin Plan environmental watering targets while reducing the impact on Moreton Bay and boost local economic activity (8:1 multiplier from irrigation expenditure - Griffith University, 2000). There is also potential to manage CSG industry impacts on water resources via the project. Construction costs could be further minimised by linking to the construction of the Second Range Crossing in Toowoomba. The federal government should look at reinvigorating this project.

Identified stakeholder Policy idea 19—Natural resource management initiatives:

a. amending the *Environmental Protection and Biodiversity Conservation (EPBC) Act 1999* to remove onerous on-farm conditions and provide right of way to national transport and infrastructure goals; and

b. promoting more targeted approaches to pest and disease management and control.

AgForce along with the NFF have opposed the Government's recovered of costs for agricultural referrals under the EPBC Act given the likelihood of negative environmental outcomes and consequence that it will put at risk the objectives of the Act. AgForce also supports the removal of right of way to meet national transport and infrastructure goals and would support strengthening this to include key agricultural projects.

In relation to amending the *Environmental Protection and Biodiversity Conservation (EPBC) Act 1999* AgForce supports the removal of onerous flora caveats or consideration of relocation of threatened species rather than altering infrastructure plans. A specific example is the expensive variation required in the building plans and subsequent relocation of the new office building at the Department of Defence training grounds at Tin Can Bay, Queensland so as to avoid a few individual plants of the threatened zamia species *Macrozamia pauli-guilielmi*.

³ Grice AC, Watson I and Stone P (2013) 'Mosaic Irrigation for the Northern Australian Beef Industry. An assessment of sustainability and potential. Technical Report.' A report prepared for the Office of Northern Australia. CSIRO, Brisbane.

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In relation to more targeted pest and disease management and control there are two areas worth highlighting

1. Managing established pests and diseases on Commonwealth lands - The Australian Government needs to maintain adequate budgets for weed and feral pest animal control and controlled burning on Commonwealth land such as Department of Defence coastal training areas in Queensland and satellite stations such as Waterloo and Valletta near Stonehenge in western Queensland. This includes adequate resourcing for containment / eradication of the Class 1 Siam weed (*Chromolaena odorata*) from both Townsville Field Training Area and Shoalwater Bay, which are linked back to contamination and movement of army machinery.
2. Supporting industry/community led action and innovation - In the context of managing pest, weeds and disease, it is important that Australian Government also gives due consideration and involvement of local government and regional consortiums of local governments in managing pests, rather than solely devolve funds through regional Natural Resource Management groups. Local governments all have Pest Management Plans and are authorised to coordinate pest and weed management through state legislation. In Queensland, there are also a number of active and collaborative regional pest management groups such as Remote Area and Planning Board (RAPAD) and Regional Pest Advisory Forums.

To avoid duplication of previous government investment, future actions should build on existing strategies such as the Weeds of National Significance, National Wild Dog Plan and consider collaborative approaches such as CSIRO's report on Management of invasive plants species in the Lake Eyre Basin⁴.

Research, development and extension (RD&E)

AgForce is a strong supporter of the co-funding partnership of industry with the government on rural research and development and the past funding of agricultural CRCs. Given declining intensity of investment in R&D over time we also support the \$100M additional funding provided as an election commitment of the current federal government. Further funding increases are indicated.

Identified stakeholder Policy idea 20—Strengthening the RD&E system:

- a. updating the rural RD&E priorities to better align with community needs;
- b. establishing a new body, or tasking existing research bodies, to coordinate cross-sector research;
- c. enhancing access to the R&D Tax Incentive;
- d. promoting the development of extension services;
- e. decentralising Government agricultural research functions (such as RDCs and agencies of the Department of Agriculture) to regional areas, as appropriate; and f. regular five-yearly assessments of the RD&E system.

These policy ideas are generally positive. AgForce does not support the establishment of a new body to coordinate cross sector research as this would set up an artificial distinction between private and public good activities, involve significant additional administrative expenditure, increase the potential for competition for scientific expertise with the industry RDCs but with the added advantage of consistent public funding, and instil the need to recreate networks with industry. Significant cross sectoral R&D is already underway within the RDCs but requires improved co-ordination and clarification of the Government's expectations. AgForce considers that cross-sectoral R&D delivery is better maintained within the current structure, with appropriate co-ordination and Government input. There are also concerns about how a regionalisation of government agricultural research functions would occur and this requires further stakeholder consultation if adopted.

AgForce strongly supports an emphasis on promoting rational adoption of agricultural innovation and maximising the benefits of past public and private R&D investment. In relation to the government's funding partnership with industry, we support an emphasis being placed on the communication and extension of rural RDC findings in such a way that subsequent adoption is low risk; involving contextualising the findings at an enterprise level. Given the reduction in state government investment in extension capacity, the analysis and establishment of effective extension networks should remain a focus for RDCs and the Government.

For further information please refer to AgForce's submission to the Productivity Commission's review into the RDC system (http://www.pc.gov.au/data/assets/pdf_file/0011/104051/subdr238.pdf). Further views are contained in the relevant peak commodity council submissions to the agricultural marketing and R&D levy inquiry

⁴ Firn J, Martin TG, Walters B, Hayes J, Nicol S, Chades I and Carwardine J (2013) Priority Threat Management of Invasive Plant Species in the Lake Eyre Basin. CSIRO Climate Adaptation Flagship Working paper No 17 (CSIRO and Queensland University of Technology <http://www.csiro.au/en/Organisation-Structure/Flagships/Climate-Adaptation-Flagship/CAF-working-papers.aspx>)

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(http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Agriculture_Levies/Submissions).

Identified stakeholder Policy idea 21—Improving the rural RDCs:

*a. administrative changes to the RDC model to increase transparency and reduce costs, including giving RDCs a targeted set of objectives; and
b. increasing the flexibility of levy arrangements.*

AgForce agreed with the Productivity Commission finding that the joint government-industry co-investment model for R&D funding through the RDCs is fundamentally sound. This partnership has achieved good returns on investment and significant benefits for primary producers and the wider community. AgForce supports attempts to streamline and co-ordinate R&D delivery within the total framework to achieve better value for money but these should not compromise the current model. Evaluation is seen as an important contributor to continuous improvement but should be cost-effective. Given the significant challenges facing broadacre agriculture and the public benefits that accrue from rural R&D investment, an equal public and private sector commitment to agricultural innovation is vital.

Biosecurity

Identified stakeholder Policy idea 22—Improving legislation:

The biosecurity legislative framework should be clear, transparent and simple. The proposed Biosecurity Bill 2014 will go some way to achieving this, but the Government could also update other parts of the biosecurity legislative framework—such as the Export Control Act 1982 and the Australian Meat and Live-stock Industry Act 1997.

Australia's recognition for producing safe and clean food and fibre provides many economic opportunities for international trade. National biosecurity is paramount in protecting our agricultural products. Biosecurity legislation must align with export trade requirements. AgForce will be making a submission to the *Biosecurity Bill 2014* and supports the NFF's submission.

The Australian Government developed the National Invasive Plant Surveillance Framework (NIPSF)⁵ to improve collaboration between industry, governments and herbaria for improved surveillance. National networks for knowledge, mapping and data sharing would assist with early detection and rapid response to new biosecurity incursions. Ongoing establishment of this framework requires national leadership, nationally-lead extension, improved business case for collaboration and consistency of policies and surveillance methodologies across national and regional operational levels.

Identified stakeholder Policy idea 23—Improving the biosecurity system:

*a. improved information and intelligence gathering tools, supported by increased investment in high-risk areas and priority pests and diseases;
b. enhanced onshore monitoring, including by developing reporting tools and establishing a public Biosecurity Information System to share information; and
c. collaborating with industry associations to extend traceability systems to better facilitate responses to outbreaks and expand market access.*

To maintain market access and ongoing productivity gains and farm gate returns it is vitally important that Australia has a strong and effective biosecurity system. Given the importance of biosecurity efforts to the viability of Australian agriculture AgForce supports responsibility for biosecurity to be held as a dedicated role within the Department of Agriculture, with appropriate lines of communication and coordination to other border security elements.

This system needs to be supported by science-based risk assessment and biosecurity measures combined with a good partnership of government with industry and the broader community. Co-funding partnerships between industry, state and the federal government are important to support surveillance, prevention, research and outbreak activities. Queensland has repeatedly sought the assistance of the Federal Government to use the levies capacity of the Department of Agriculture to raise a levy for the Queensland Cattle Industry Biosecurity Fund. Proactive industry measures like this should be supported and the regulatory framework and government business should facilitate it.

There is a lack of biosecurity extension officers supported by the state in Queensland and a biosecurity extension program working with both rural and urban communities on preventative measures would help address this. Alternatively, industry organisations like the Livestock Biosecurity Network could be expanded. In informing the broader community of their biosecurity obligations and duty of care a range of awareness channels need to be funded and promoted including via the national school curriculum, tools

⁵ Wild Matters, 2013. National invasive plant surveillance framework. http://wildmatters.com.au/devsite/wp-content/uploads/2014/04/NIPSF_Final_JUNE-26-2013.pdf

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such as the 'Community Biosecurity App', TV shows such as "Border Patrol", social media messages, web videos and billboards.

The focus of Australian biosecurity must be prevention of entry to any biosecurity risks. Once biosecurity incursions have been detected in Australia, the cost of eradication is high, the duration is long and the success of eradication programs is low. It is absolutely essential for government to retain and resource the effective Northern Australian Quarantine Service (NAQS) to protect Australia from new biosecurity incursions from neighbouring tropical countries, including via internet purchases of live material. Government needs to adequately resource herbaria plant and insect identification services and the national herbaria and other databases for rapid and accurate identification of newly introduced species. The Industry Biosecurity Planning process (coordinated through national bodies such as Plant Health Australia and Animal Health Australia) outline risk mitigation areas and clearly define the roles and responsibilities of government and industry.

Accessing international markets

AgForce supports an expedited schedule for FTA conclusions (including ratification) which provide benefits for the cattle, sheep and grains industries and have applauded the Federal Governments success so far on this. These commodities will be further strengthened by concluded agreements with trading partners such as Indonesia and India.

The live export beef cattle industry is a significant one for northern Queensland and particularly Queensland. As such AgForce is supportive of work to redress technical barriers to trade (TBT) that have been identified in the red meat sector. A recent MLA report recently identified 136 technical market access barriers are costing red meat more than \$1.25 billion in lost export capacity.

Overcoming these technical barriers to trade in livestock exportation involves establishing MOUs for all emerging markets for slaughter/ feeder cattle as well as refining and resourcing the ESCAS according to demand.

As outlined in AgForce's submission to the Northern Australia Inquiry, we support investigation by government into the feasibility and limitations of shipping boxed beef directly to international markets from ports such as Gladstone, Townsville and Rockhampton in Queensland.

AgForce further support a greater focus of government trade enhancement services (like Austrade) at the farm-gate and final customer points and ensure experts with farm-gate knowledge are involved in representations and trade delegations. The practice by DFAT of involving the NFF, commodity peak councils and state farmer organisations at government-led trade negotiations is strongly supported and should continue. As a member of the NFF, AgForce supports the NFF submission comments relating to trade and international markets.

Identified stakeholder Policy idea 24—Strengthening Australia's overseas market efforts:

- a. undertaking further trade research;
- b. improving exporter services and our understanding of overseas markets;
- c. providing more exporter readiness training;
- d. accelerating the development of technical market access and commodity strategies to prioritise market access efforts;
- e. developing national promotion efforts (such as through a national brand);
- f. increasing Australian Government positions and considering options for industry-funded positions, on the ground in foreign missions, to underpin increased focus on agricultural market access; and
- g. increasing engagement in bilateral and multilateral forums to promote use of international standards in food regulation.

AgForce supports policy efforts that increase our understanding of current and potential markets, enable effective and profitable access to those markets and reduce barriers to our exports. As stated in our submission to the issues paper AgForce supports government increasing investment in and coordinating information-gathering efforts (ABARES, DFAT, ABS, etc.) together with industry towards supplying the greatest amount of accurate and predictive market intelligence to the agriculture sector. Derived from this market intelligence is the effective education of Australian primary producers about how global food and fibre supply chains operate, the products consumers are seeking, and how their products interact with other supplies internationally. This knowledge should be supplemented with 'exporter readiness' training so it can be taken advantage of to lift farm profitability.

The Australian red meat industry has clearly outlined its technical and non-technical barriers to trade (which is backed by excellent research) and asks that the government resource them to reduce them as expediently as possible.

As a member of the NFF, AgForce looks to the national body to drive trade policy for the agricultural sector and we support the NFF's submission to the Green Paper and efforts on trade issues.

Identified stakeholder Policy idea 25—Improving Australia's export and import systems:

The Department of Agriculture provides a range of export and import certification systems and databases that enable exporters to comply with different countries' import requirements, and domestic importers to comply with Australia's biosecurity requirements. A review of these systems with a view to improving functionality and reducing compliance costs is seen as crucial by many stakeholders to their own cost competitiveness. These systems could also be improved by ensuring the Government's review of biosecurity cost recovery arrangements explicitly considers export certification systems. Improving these systems with enhanced functionality through new ICT investments would enable existing exporters, as well as potential exporters exploring overseas requirements, to improve understanding of different countries' import requirements, helping them with their access to international markets.

As a key element in our international competitiveness it is important that any changes resulting from a review of current import and export certification systems and databases do not compromise our biosecurity frameworks or result in greater cost-transfer back to primary producers.