

Thursday, 17 April 2014

Agricultural Competitiveness Taskforce
Department of the Prime Minister and Cabinet
PO Box 6500
CANBERRA ACT 2600



T: (03) 5023 5174 F: (03) 5023 3321
E: enquiries@driedfruitsaustralia.org.au
www.driedfruitsaustralia.org.au

Re - Agricultural Competitiveness White Paper

This brief submission has been prepared following the recent release of an issues paper, which is the first step in developing the Agricultural Competitiveness White Paper.

31 Deakin Avenue
P.O. Box 5042, Mildura Vic. 3502

ABN: 88 658 293 079

The Government has indicated that the issues paper identifies the key issues it would like input on to help guide the development of the White Paper.

Dried Fruits Australia is an Associate Member of NFF and offers its full support for the NFF Submission to the Agricultural Competitiveness Issues Paper.

In addition, DFA wishes to highlight a number of important issues for consideration by the Taskforce.

Succession planning & maintenance of the productive base

The dried fruits industry and other horticulture/agriculture industries have real concerns about they can encourage and attract younger people to be involved in their industries. In the past, we understand that farm build-up schemes offering low interest loans over a specific period have been successful and able to attract young people. We suggest that further consideration should be given so a similar initiative now.

An important, related matter concerns older farmers and their retirement. There is a real problem in maintaining an operating entity (farm), when parents want to retire and transition to younger family members or new owners. Consideration should be given to an arrangement that means the property doesn't have to be sold in order for the retiring parents to access support eg pension.

Horticulture Imports.

A number of horticulture industries have both research & marketing levies. Significant levels of imports are a fact of life for some of these industries, like dried grapes. DFA believes that imports should be contributing to the promotion & marketing programs being undertaken to lift total consumption.

The application of the same marketing levy to imported product is an appropriate mechanism for collecting these funds which could then be used for "generic promotion" activities aimed at lifting per capita consumption in Australia. For example, the dried grape marketing levy of \$7/tonne, applied to imports (average 20-25,000 mt per annum) would raise significant funds.

Improving the competitiveness of inputs to the supply chain

The Agricultural Competitiveness Issues Paper highlights that a competitive agriculture sector requires farmers to apply their skills using various inputs as efficiently as possible to produce farm outputs that they can sell profitably. However the operating environment for farmers is dynamic and often complex as currency, weather patterns, commodity prices and yields can vary considerably across seasons (Issue 6: Improving the competitiveness of inputs to the supply chain). The stakeholder consultation group advised that Government policy can at times place further burden on cost of inputs impacting farm profitability (e.g. Clean Energy Future legislation).

There was broad consensus across the stakeholder consultation group that increasing input costs to the horticulture sector were having a significant impact on profitability. Australian food production is reliant on a number of critical inputs including labour, water, fuel, electricity, and fertiliser.

Key Recommendations:

- Government undertakes to review input cost pressures to the horticulture sector. (Refer to sections covering labour and other input that is discussed in isolation). There are several avenues for Government to consider the impacts of input costs on the horticulture sector. These include the Energy White Paper and the Clean Energy Future legislation. The Energy White Paper will set out Government's approach to energy policy to reduce pressures on households and businesses and improve Australia's international competitiveness.
- Government to provide assistance to the horticulture sector to offset the impacts associated with indirect exposure under the Clean Energy Future legislation. This would help manage increased costs passed through the supply chain, such as electricity.

Superannuation administration and payments issues

Under the current arrangements relating to eligible temporary resident visas (e.g. subclass 417 or 462), persons departing Australia permanently are entitled to receive a refund of superannuation contributions paid by their former employers on their behalf. There was strong consensus across the consultation group that superannuation payments to employees under temporary visa arrangements (that are refunded on departure) add to already substantial employment costs and that Government should review the superannuation refund payment arrangements.

Key Recommendation:

- Review the current superannuation system for working holiday makers, in particular - the sole purpose test for superannuation, increasing the minimum threshold for contributions under the superannuation guarantee charge (SGC), and visa holders' access to funds only after leaving Australia.

Regards,



Phil Chidzey, CEO