

Submission to the *Agricultural Competitiveness Issues Paper*

Introduction

Trusted statistical information to inform public debate and enable effective decision making is fundamental to government processes, especially to inform the development and evaluation of policy. As Australia's National Statistical Organisation (NSO), the Australian Bureau of Statistics (ABS) exercises an important statistical leadership role in meeting the increasing demands for more timely, comprehensive and coherent information to inform complex public policy challenges.

In times of fiscal restraint this role is even more critical, as government agencies work more collaboratively to ensure fit-for-purpose data are available to support the decision-making processes of government and industry. Under its legislation, ABS has the capacity and capability to coordinate the statistical activities of official bodies, which underpins the National Statistical Service (NSS).

The *Agricultural Competitiveness White Paper* (referred to as the *White Paper*) will set strategic directions for improving the profitability and competitiveness of the agricultural sector in Australia. As the *White Paper* indicates, the role of government is to establish stable, long-term policies for agriculture to improve productivity and growth. It is critical that these policies and their effectiveness in addressing issues in agriculture are underpinned by high quality information across the economic, social and environmental domains of agriculture, and ABS is well positioned to respond to this information need in collaboration with other statistics providers, producers and custodians across government, industry and community sectors.

The Government's renewed focus on agriculture through the *White Paper* coincides with two critical initiatives. The first initiative, Essential Statistical Assets for Australia (ESA), is being led by the ABS as part of its NSS statistical leadership role. Secondly, the ABS and Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) are jointly leading the National Agricultural Statistics Review (NASR).

Outcomes from these initiatives, the statistical leadership role of ABS, the benefits of the NASR's enduring goals to support policy, and utilisation of statistical assets will form the basis for this response to the *Issues Paper*.

Essential Statistics Assets for Australia

The aim of ESA is to allow for effective prioritisation of investment, focus and effort across the NSS by identifying those essential statistical assets which are critical to decision making across Commonwealth and State governments.

The first phase of the ESA was conducted in a highly consultative way and determined the list of essential statistical assets for Australia. This list was released in [Essential Statistical Assets for Australia, 2013, ABS. Cat. No. 1395.0](#) in March 2013, and contains a number of assets that will be relied upon to inform the policy objectives of the *White Paper*. The ESA has also identified some information gaps where data is not currently collected or where more detailed breakdowns or improved quality of existing statistics is required.

During the remaining phases of the initiative, the ESA will identify critical data gaps so they can be addressed, help ensure that critically important statistics are of sufficient quality, and enhance the effectiveness of the national statistical system by identifying areas of underutilisation and potential duplication.

National Agriculture Statistics Review

In July 2013, ABS and ABARES commenced the National Agriculture Statistics Review (NASR) to consider all aspects of the National Agricultural Statistical Information System (NASIS). The NASR is an assessment of the 'agriculture' component of the Australian statistical system and extends beyond official statistics to provide a holistic understanding of the NASIS' ability to inform decision making by governments, industry, and the community. The NASR seeks to identify opportunities to improve the NASIS and develop a framework for ongoing assessment, coordination and governance of information needs for agriculture into the future.

Enduring goals for Australian agriculture

The NASR preliminary report [National Agricultural Statistics Review - Preliminary findings, 2013-14, \(cat. no. 7105.0.55.003\)](#) outlines a conceptual framework for identifying the future information needs of the agricultural sector based on a set of enduring goals. These enduring goals, supported by underlying data themes, will be useful for identifying and informing key information needs for the themes outlined in the *White Paper*.

The five enduring goals are as follows:

1. Competitive and profitable agriculture sector
2. Prosperous communities
3. Sustainable natural resource use
4. Growing trade and market access
5. Protecting animal, plant and human health and welfare.

Goals 1 and 4 in particular align with the stated aims of the *White Paper* in providing a platform for enhancing the contribution of agriculture to the economy and national prosperity through increased innovation, productivity, investment and trade. Strengthening the agriculture sector nationally will translate into more sustainable and robust regional economies through greater opportunities for employment and stronger participation in domestic and international markets. However Goals 2, 3 and 5, also support the aims of the *White Paper* through enabling understanding of the role and economic contribution of the agricultural sector to a community, the effects of changing climate on agricultural production, and sustainable natural resources management by farmers as critical inputs into agricultural production. The five enduring goals of Australian agriculture and supporting data themes is a framework that could be used by government to access the entire breadth of information required to inform decision-making in relation to the *White Paper*. Existing data sources that will support the goals, and aligning *Issues Paper* themes, are outlined further below.

Partnerships for a more effective NASIS

A wide range of statistics is being produced across government jurisdictions and agricultural industry groups in the form of statistical collections, administrative and transactional data. To ensure these assets are being utilised to their full capacity, a coordinated approach to the production of statistics across government and industry is required. ABS is well-placed to lead coordination through its legislated NSS statistical leadership role, and through the NASR.

The NASR is considering all aspects of the NASIS, and the final report to be released in July 2014 will make recommendations for a framework for the ongoing assessment, coordination and governance of information needs into the future. This framework will include stakeholders of the NASIS across government and industry, and could play an important role in determining and informing priority information needs of the *White Paper* throughout its development and implementation.

Greater coordination and use of coherent frameworks, standards and classifications across the various stakeholders in the NASIS will aim to address areas of duplication and underutilisation of existing statistical assets. Reduction of duplication within the NASIS will have several benefits. As outlined in the *Issues Paper* (Issue 7), the Government has committed to reducing the regulatory burden on business to increase competitiveness and profitability. This includes exploring the potential for streamlining collection of information to reduce the reporting burden on agricultural businesses (p 29). Over the long term, the ESA aims to reduce duplication in statistical production and the underutilisation of critical assets for the national statistical system. The NASR has also identified duplication in the NASIS occurring where there is similarity between agricultural statistical assets involving survey topics, respondents and outputs generally. The second phase of the NASR will include consultation with stakeholders across the NASIS to identify opportunities for innovation within the system and improved coordination to reduce respondent burden and improve data quality.

Coordination to reduce the reporting burden of agricultural businesses should not be limited to government. Strong relationships with industry groups that collect and disseminate their own information will assist in determining actions across all stakeholders to improve the coordination of the collection of statistics. Reducing duplication in the collection and dissemination of statistics will also result in other efficiencies. More efficient data collection and dissemination will potentially allow reallocation of resources that can be reinvested or redirected to further improve the NASIS in areas such as research and development and increased collaborative efforts.

Collaboration between government bodies and industry groups also offers avenues for increasing the effectiveness of the use of statistical assets through identification of other sources of information for integration purposes, such as administrative and transactional data. Statistical data integration involves integrating data from different sources to provide new datasets for statistical and research purposes. Data integration maximises the statistical value of existing datasets, through leveraging more information from the combination of individual datasets than is available from those datasets separately. There are opportunities to increase the potential in existing data sources, including within ABS' data holdings which cover a comprehensive range of social, economic and environmental topics, for informing complex policy issues including those relating to agricultural policy in Australia. However, poorly managed data linkage activities could significantly impact on community trust and the over-all value of Australia's statistical assets. ABS in its NSS leadership role is therefore working to ensure that integration projects balance the gains and the risks in a cooperative, productive and transparent manner consistent with all relevant legislation.

Utilisation of existing statistics

The areas identified as issues to be addressed by the *White Paper* are complex. To ensure the *White Paper* and future Australian agricultural policy is fully informed, the use of datasets across the economic, social and environmental domains will be required. There are already substantial statistical assets available that have been identified through the ESA, which both support the enduring agricultural goals identified by NASR and align with the themes of the *Issues Paper*. These are outlined below against each of the five NASR enduring goals. ABS

encourages use of these existing statistical assets in understanding and measuring elements of the *Issues Paper*, and is able to provide further assistance in relation to these if required.

Supporting agriculture to be competitive and profitable

Issue 4 in the *Issues Paper* relates to increasing the competitiveness of agriculture in three areas: within its supply chain; in competing for resources with other sectors of the economy; and in competing with overseas producers (p 17). These areas focus on agriculture beyond the farm gate and ultimately aim to increase the ability of agricultural businesses to achieve fair returns. Inputs required for agricultural production, such as soil enhancers and farming infrastructure impact on profitability of agricultural businesses. To fully understand current inputs and potential gains from more efficient and effective application of emerging technologies and innovations, comprehensive and ongoing information will be required to inform the development, implementation and evaluation of policy in this area.

A competitive and profitable agricultural sector was also rated as the most important of the five enduring themes in the preliminary findings of the NASR. The majority of assets across the NASIS are aimed at informing decision making in relation to this goal, and ABS and ABARES were the primary providers, producers and custodians of these datasets. Critical data need areas identified to inform competitiveness and profitability in the agriculture sector included commodity production (volume and value) for agriculture, fisheries and forestry. There is a need for the continued provision of this data.

Measuring and understanding innovation and its enabler, research and development (R&D), are also considered important for understanding Australia's future productivity and wellbeing, including within the agricultural sector. Opportunities realised from R&D programs will support the evolution of niche markets, both in terms of new agricultural goods and harnessing opportunities to meet gaps in supply of particular products. Identifying market gaps domestically and internationally enhances the viability and visibility of small, niche producers. Information to determine fluctuations and opportunities apparent in emerging markets, and trends in niche markets across Australia will be vital to a profitable and sustainable agricultural sector.

Additionally, improvements to farm gate returns (Issue 2) can be achieved through innovation at all stages of agricultural production. R&D can boost productivity growth by enabling businesses to better adapt to evolving markets, climate change and other conditions impacting on agricultural productivity. Innovation and expenditure on R&D statistics enable the nature and distribution of R&D activity to be monitored and analysed for policy formulation, allocation of government funding and determination of research priorities. R&D statistics currently produced by ABS, other Commonwealth and State government agencies, industry and academia contribute to providing an understanding of investment in new products and methods of production.

The ESA has identified essential statistical assets that ABS is already providing that will support the continued monitoring of agricultural competitiveness and profitability. Assets already available include business demography statistics, and business performance indicators.

Business demography statistics and performance indicators can provide information to assist in understanding barriers to competition; assessing the performance of various economic policies and supporting forecasting of future economic conditions; and provide an insight into the competitiveness of Australian businesses, which is important from an economic sustainability perspective.

Labour market statistics are also essential to measure the effectiveness of labour market programs (Issue 9) and provide insight into regional economies through measures of labour market supply (unemployment, underemployment, labour force participation). Paid work positively affects a person's sense of identity and self-esteem, and contributes to economic growth and development. As such, these statistics provide important indicators of both economic and societal wellbeing.

Prosperous communities

Agriculture is a key industry in many regional areas in Australia (*Issues Paper*, p 21). Increasing profitability, expansion, and diversification of agricultural businesses in rural communities will have important flow-on effects for the economic sustainability of regional areas in Australia. Measuring indicators of growing economic sustainability, such as creation of jobs and opportunities to participate in the job market offered through a growing agricultural sector will be a vital part of evaluating the success of agricultural policy. The *White Paper* will consider the contribution of agriculture to regional communities, and identifies employment, investment, changes in demographics, and additional pressures on the agricultural industry to be key areas of investigation (Issue 5). The NASR enduring goal of *Prosperous Communities* also identifies community values, primary services (for example, health and transport), and food security as information themes of importance to fully understand agriculture in rural areas.

The ABS provides data that assists in understanding agriculture's contribution to regional communities. Required data sets identified through the ESA assist in understanding how agricultural communities change and adapt to meet new pressures these include, business, employment, and household information. The Census of Population and Housing, the largest statistical undertaking conducted by the ABS, is a key source of data for small geographic areas and is an essential statistical asset for understanding regional demographics.

Business performance and job vacancy statistics are leading indicators of employment growth, used when forecasting labour market conditions. These statistics are critical for understanding labour demand dynamics and in the development of policy to support employment outcomes for specific industries, such as agriculture, and the economy in general. Household economic well-being can be measured through statistics on household income and expenditure, employee earnings and hours worked, important in modelling workforce participation policy.

Sustainable natural resource use

Agriculture occupies 53% (405 million hectares) of Australia's land area (ABS, 2012), however, farmers face competition for land from urban development, lifestyle and mining uses (*Issues Paper*, p 23). The high percentage of Australia's land and water resources managed by agricultural businesses means that farmers are responsible for managing some of Australia's most important natural resources and are highly dependent on the condition and quality of these resources for the sustainability and profitability of their businesses. Understanding the use and management of land and water assets as key inputs into agricultural production processes, will play an important part in ensuring Australian agriculture is competitive with other sectors of the economy (*Issues Paper*, p 23). Effective management of key assets, such as land and water, will assist to sustainably meet the rising demand for food and fibre globally, particularly from the Asian region. Understanding changes in agricultural production, land management practices, and monitoring the use of land and water assets is an area where ABS can provide statistical leadership and partner with other Australian government agencies and industry groups to ensure the best possible information solutions.

Critical datasets identified through the ESA process and already provided by ABS include land statistics which support policy related to sustainable agricultural development, including the environmental and economic management of land. They are used to analyse sustainable land use, with land providing the foundation for animals and plants to flourish and deliver essential ecosystem services such as: clean air and water; production of healthy, nutritious food and natural fibre; and support for Australia's unique biodiversity.

Water is another crucial resource managed by Australian agricultural businesses. It is a critical agricultural input for production of agricultural commodities and ongoing viability of agricultural businesses across Australia. To ensure effective government policies on water infrastructure, distribution, and use (*Issues Paper*, p 24) a comprehensive array of statistics will continue to be required by Australian and State governments. Statistics relating to water already available from ABS include how water is shared between the economy, people and the environment. Information on land and water resource ownership also informs decision making by policy-makers in this area. In particular, the [Water Account \(cat. no. 4610.0\)](#) is one of the environmental-economic accounts produced by the ABS based on the System of Environmental-Economic Accounts (SEEA). It consists of supply and use tables (collectively referred to as flow tables) for both physical and monetary volumes. The Water Account integrates data from different sources into a consolidated information set making it possible to link physical data on water to economic data, such as those in Australia's National Accounts.

Monitoring the effects of climate change on farming businesses and informing policy relating to agriculture sector emissions reduction are also important areas for consideration in the development of agricultural policy. ABS is already providing benchmark data for land management practices undertaken on Australian farms, informing the Common Practice Framework used to assess the additionality of potential activities for inclusion on the Carbon Farming Initiative (CFI) Positive List. Under current funding agreements biennial data for agricultural businesses will be available up until 2016-17.

Protecting animal, plant and human health

This enduring goal for agriculture and supporting data themes from the NASR is another important consideration in developing agricultural policies in Australia. The health of flora, fauna and human populations are critical to maintaining the quality and sustainability of Australian natural resource assets. Australia is free from some of the world's major agricultural pests and diseases. Clean and safe agricultural practices provide major trading advantages and access to overseas markets, especially within the Asian region. Understanding farming practices and changes in the health of land and animals will assist in maintaining Australia's reputation of producing clean and safe agricultural commodities. Protection of this reputation will ensure that Australian farmers can continue to meet the growth in demand for Australian food and fibre products from Asia and other markets.

Demographic information relating to mortality, life expectancy, education, disease, ageing and social disadvantage are all included among the ESA list for Australia and are already collected by ABS. Other agencies, such as Department of Social Services and Department of Health also play a vital role in providing this information. The coordination and governance arrangements to be developed by the NASR for the future development of the NASIS will assist in identifying ways this goal can be met through existing datasets and collaboration and coordination between data custodians and producers.

Growing trade and market access

The *White Paper* will consider access to new international markets and agricultural export opportunities (Issue 8) as 'agriculture exports are important to both the agriculture sector and to the economy as a whole' (*Issues Paper*,

p 30). Increased demand for safe, high quality agricultural produce is being driven by global trends, including population and income growth in Asia (*Issues Paper*, p 30). Industry and government will need timely and high quality information to inform policy decisions to ensure the increasing demand, and therefore opportunity, for Australian agricultural businesses are met.

Australian agricultural businesses meet demand for high quality and safe produce, assisting Australia to remain competitive in international markets. However, farmers still face a number of challenges in remaining competitive internationally, including competition with overseas producers (Issue 4), the influence of global prices and the exchange rate, and the need for the agriculture sector to supply at or below the foreign price. The dumping and subsidisation of goods imported into Australia may also cause material injury to the local agricultural industry and associated food and fibre manufacturing businesses. ABS is already involved in a number of forums where anti-dumping is already a focus. The most recent example is the current signing of the Memorandum of Understanding between ABS, Australian Customs and Border Protection Service, and the Anti-Dumping Commission. ABS is working across government to ensure that data available for informing anti-dumping actions is fit for purpose.

'Australia works bilaterally and regionally to progress high-quality, comprehensive free trade agreements (FTAs)' (*Issues Paper*, p 31). The measurement of the impacts of FTAs is critical (Issue 8), as trade with the seven countries currently with an FTA in place accounts for 28% of Australia's total trade (*Issues Paper*, p 31). The commitment to advance multilateral negotiations and bilateral work to progress 'high quality, comprehensive free trade agreements' (*Issues Paper*, p 31) is a consistent theme. ABS and the Department of Foreign Affairs and Trade (DFAT) are working collaboratively to accurately measure the impact of free trade agreements. ABS is currently working with DFAT through special data requests and exploring longer term solutions to better meet their data needs.

Increasing the competitiveness of the agricultural sector (Issue 4) and enhancing agricultural exports (Issue 8) are areas of strategic importance identified in the NASR preliminary findings. Enduring goal 4, *Growing trade and market access*, was identified alongside goals 1 and 5 as among the most critical goals to stakeholders. Data themes supporting the *Growing trade and market access* enduring goal were import and export data, trade, market access and certification.

ESA has already identified some of the key datasets collected by ABS to support ongoing policy in this area. Essential statistical assets include export and import data, used for the monitoring of a range of government policies such as industry assistance, border protection, and anti-dumping. Availability of export data is also essential for the development of trade agreements. Changes in the relative prices of Australian exports and imports (the terms of trade) influence the capacity of Australia and Australians to buy goods and services and, as such, these statistics provide important indicators of economic well-being and our international competitiveness.

Conclusion

Trusted, high quality and coherent statistics are critical for informed decision-making by government, industry, and community sector and for the development and evaluation of policy. As the Australian Government determines the strategic direction of agriculture through the development of the *White Paper*, the enduring goals and supporting data themes from the NASR will prove a useful framework from which the government can draw to inform their decision making and understand ongoing information requirements. ABS has the capacity and capability to coordinate the statistical activities of official bodies, and can provide statistical leadership to ensure

the best information solution outcomes. The ESA has also identified the critical datasets that are produced by ABS and other government agencies that will be required into the future for policy development and evaluation.

References

Australian Bureau of Statistics (2013) Essential Statistical Assets for Australia, 2013 (ABS cat. no. 1395.0).

Australian Bureau of Statistics (2014) National Agriculture Statistics Review – Preliminary Findings, 2013-14 (ABS cat. no. 7105.0.55.003).

Australian Bureau of Statistics (2013) Water Accounts, Australia, 2011-12 (ABS cat. no. 4610)

Australian Customs and Border Protection Service, <http://www.customs.gov.au/anti-dumping/default.asp>

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