

Agricultural Competitiveness White Paper Submission - IP643  
AgForce Queensland  
Submitted 22 April 2014



# Agricultural Competitiveness White Paper

*Response to Issues Paper*

**17 April 2014**



**AgForce Queensland Industrial Union of Employers**

ABN 21 241 679 171

Second Floor, 110 Mary Street, Brisbane, Qld, 4000

PO Box 13186, North Bank Plaza, cnr Ann & George Sts, Brisbane Qld 4003

Ph: (07) 3236 3100.

Fax: (07) 3236 3077

Email: [agforce@agforceqld.org.au](mailto:agforce@agforceqld.org.au)

Web: [www.agforceqld.org.au](http://www.agforceqld.org.au)

## Executive summary

AgForce is the peak lobby group representing the majority of beef, sheep and wool, and grain producers in Queensland. The broadacre beef, sheep and grains industries in Queensland generated around \$4.5 billion in gross farm-gate value of production in 2012/13. AgForce exists to ensure the long term growth, viability, competitiveness and profitability of these industries. Our members provide high-quality food and fibre products to Australian and overseas consumers, manage more than 50% of the Queensland landscape, and contribute significantly to the social fabric of rural and remote communities.

AgForce welcomes the opportunity to make a submission to the Agricultural Competitiveness White Paper process and on the range of key areas identified within the Issues Paper. As a member of the National Farmers Federation (NFF) we have also contributed to and support the NFF submission. The material included here is intended to complement that submission.

As one element in preparing a response to the Competitiveness White Paper identified issues, AgForce compiled a survey of about 20 questions and posed these to our membership through an electronic survey. A total of 146 responses were received and many of the responses have been utilised in this submission, where they are not inconsistent with AgForce policy and rationale. A number of direct quotes have been included as boxed text throughout this submission to add personal context to the issues discussed.

Given the process for the identification of ideas contained in this submission, some ideas represent the initial stages of thinking on policy responses and may require further development to provide greater confidence that they would be effective in improving competitiveness of the agricultural sector. They have been provided to deliver a broader scope of potential solutions and will be refined further during the next steps in the White Paper process.

Key points for consideration include:

- Securing sustainable profitability within Australian agriculture is the key to unlocking effective competitiveness and resilience of the sector and so growth in profitability should be the main policy outcome measured to gauge the success of the White Paper. There can be no drive to continue to lift productivity without commensurate gains in on-farm profitability
- There is no single 'silver bullet' solution to the issue of agricultural competitiveness and profitability. Informed by robust data, governments need to take a holistic approach with complementary policies working together at all levels of government and across the full range of issues.
- Producers need access to advanced business skills, risk management tools and clear and comprehensive policy responses to climatic events that are beyond the reasonable capacity of producers to prepare for. Producers immediately need greater confidence that the drought policy to be implemented from July 1 will meet their needs and, given the urgency, call on the government to progress this independently of the full white paper process.
- Effective agricultural development in northern Australia will largely depend on strong business cases for investment, underpinned by secure access to water, appropriate land tenure arrangements, and research into overcoming past barriers to development
- Access to capital, be it foreign or domestic, requires development of novel financing and business structures and dealing with debt challenges within industry requires a solid understanding of debt at a regional and sectoral level to develop appropriate policy responses

- Targeted and effective Research, Development and Extension (RD&E) investment is a core element in driving productivity gains, offsetting cost pressures and supporting industry profitability. Supporting increased adoption of innovation is a crucial imperative.
- Transparent supply and value chains are essential to the derivation of appropriate levels of profit for the risk taken on by stakeholders, combined with rigorous enforcement of penalties against anti-competitive behaviour where market power is abused
- Vital to broadacre industry competitiveness in Queensland is reliable and efficient transportation and communication infrastructure, with significant improvement possible to reduce costs to business
- Attracting and retaining people in rural and regional communities will be driven by improved access to essential services, such as health and education, combined with attractive, safe working conditions, as well as facilitating transfer of farming enterprises to a new generation of skilled, professional primary producers
- Streamlining of regulation is important to reduce costs within agriculture, with regulations surrounding natural resource use, industrial relations and workplace safety, tax and transportation identified by our members as fruitful areas for further improvement
- Increasing market access through effective biosecurity and proactive trade agreements, including reductions in barriers to trade, and investigating opportunities to cost-effectively value-add before sale will, in time, improve prices paid for agricultural produce
- Informing our customers and urban populations about agriculture will contribute significantly to a greater acceptance of best industry practices, lighter regulatory burdens, and preparedness to support home-grown produce and recruitment into careers in agriculture and its supporting sectors.

The range of policy responses to the identified Issues that require further consideration by the Australian Government's Task Force are outlined in a table presented in Appendix 1.

Obviously, efforts on the issue areas will largely require a collaborative approach between primary producers, industry groups and representative bodies, and all levels of Government. Given the focus of the Issues Paper on developing effective Australian Government policy, this submission has largely been directed at efforts that can be made by the Federal Government. In implementing any such policies it is vital that government engage effectively with industry so that the efforts of each group are complementary and work together to deliver the competitiveness and profitability outcomes being sought.

## **Issue 1: Ensuring food security in Australia and globally**

AgForce would generally agree with the premise that Australia is food secure at the national level in the short to medium term. The fact that Australian agriculture creates enough food to feed about 60 million people under very difficult growing conditions is a testament to the ingenuity, adaptability and dogged persistence of primary producers; however complacency on this must be avoided. To this end, key outcomes needed to ensure continued food security include:

- Facilitating responsiveness of primary producers via the delivery of clear market signals
- Ensuring that transportation networks enable products to move through the value chain and to the final customers in an efficient and reliable manner
- Ensuring our export of technology and innovative practices contributes to food security in our region while also delivering significant benefits here in Australia
- Policy settings and government support to profitably expand production from new areas as well as the production of new categories of higher value products.

The following section contains a brief outline of AgForce's views on these areas and suggestions for policy positions and practical efforts that will ensure these outcomes are secured. A summary of the suggested responses to the Issues Paper sections are outlined in Appendix 1 as a table.

### ***Responsiveness to food demand***

Key to lifting returns at the farm-gate is the reliable delivery of desired products in a form that the final consumer is prepared to pay an appropriate margin on. In addition to transparent value chains, this requires clear communication and a timely understanding of the specifications of customers, as well as a capacity and willingness of the producer to deliver the product to those specifications, and more effectively than their competitors.

Food and fibre producers need clearer market signals in order to proactively alter their business structures to meet changing consumer preferences in both domestic and export markets. This can involve closer positioning of the producer to the end customer, thus shortening the supply chain, and proactively gathering and analysing market intelligence.

### ***Streamlined supply chains***

Direct dealing by the producer with the end of the supply or value chain improves the capacity to deliver on domestic and overseas customer's quality specifications and proactively adapt production systems to meet changing demands. For example, in the grains industry commodity bulking practices of grain accumulators can result in some lost opportunities to meet specific customer requirements.

Potential industry-driven solutions that may require Government assistance include:

- Improved communication by producers directly with overseas importers and customers through government-facilitated trade relationship-building
- Strengthening producer bargaining power by overcoming any regulatory or other barriers to the formation of producer co-operatives to enable localised branding, processing and packaging to secure direct retail sales opportunities, including of value-added product. The experience of other international cooperatives, such as Fonterra, should be examined in this regard and any applicable lessons adopted within Australia
- Public infrastructure funding support for container-based grain handling facilities in regional areas and ports, including in central Queensland
- Supporting R&D into economical means of quality testing grain in the paddock, rather than at a receival depot, enabling product to be directed to the most appropriate market/depot at the best price.

### *Improved market intelligence*

Accurate and early market intelligence provides a more complete and forward-looking picture of emerging opportunities and is vital to creating a responsive supply chain. For example, increased demand for high-quality, pasture-fed beef arose several years before a pasture-fed accreditation standard was introduced in Australia. Industry must learn how to become more responsive to emerging market trends.

Governments can contribute to an improved understanding of markets by:

- Increasing investment in and coordinating their usual information-gathering efforts (ABARES, DFAT, ABS, etc.) towards supplying the greatest amount of accurate and predictive market intelligence to the agriculture sector. This should be done in conjunction with the relevant industry's marketing arms (RDCs), and successful food export businesses. A core component is benchmarking our effectiveness against our competitors and identifying international best practice in gathering market intelligence, providing a range of trade services to export-ready Australian companies, and the provision of advice on doing business in specific overseas markets. An element of this is in ensuring that public sector agricultural counsellors coordinate with similar industry-funded representatives, are located in key current and emerging export markets for agricultural products, and clearly communicate the significant advantages of Australian products (e.g. clean and green, ethical production systems, etc.) to potential customers.
- 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.

### ***Export of technology and expertise***

Australia has internationally-valued experience in successful agricultural production in one of the most difficult operating environments in the world and has historically made a strong contribution to agricultural research developments in tropical and sub-tropical agriculture. The focus on skills and knowledge exports could be in the following areas:

- Effective farming practice and risk management under seasonal and climatic variability, including recovery from natural disasters
- Preservation of soil fertility and nutrients
- Sustainably integrating agriculture with the natural environment
- Improving fertiliser, energy and water use efficiency
- Reduction in food wastage during harvest, marketing and transportation
- Development of transparent and competitive commodity markets
- Agricultural policy development and governance arrangements.

Alongside the humanitarian outcomes, there are a range of spin off benefits to Australian primary producers including the development of international networks, improved communication and knowledge exchange, and fresh perspectives and approaches to domestic production problems. It is important that there is an appropriate capture of these benefits to retain domestic public support for these intellectual property exports, or they will be seen as undermining our competitive advantages.

Government policy that supports an income stream from sales of agricultural knowledge and production systems could include:

- Providing incentives for overseas students to study agriculture within Australia, in order to increase the recruitment levels into and cost-effectiveness of university and college-based agricultural courses so as to help meet the RD&E skills shortfall in Australia
- Co-location and integration of agricultural training and research facilities available for both domestic and overseas students and researchers, and emphasising mentoring and training programs by respected senior scientists. Training of overseas students could be focused on issues likely to deliver benefits in terms of market access for our products, such as humane livestock handling and slaughtering.
- Facilitating international exchange programs for young farmers, to improve understanding and linkages with Australian agriculture and enable our producers to be exposed to other best practice practices and technology
- Supporting local innovators and technology developers, particularly in food and fibre value adding, to remain Australian-based and owned. This could occur through tax breaks and R&D incentives as well as assistance in ensuring intellectual property rights are protected effectively.
- Clearly measure and communicate to Australian primary producers and the broader public the benefits of investment of tax-payers funds into international aid and R&D supporting overseas food security.

### ***Expansion of agricultural production***

Contributing to food security domestically and internationally may involve, to some extent, an increase in agricultural production from Australia. This will only occur if the increased production can be done profitably and current debt challenges and capital constraints within industry can be overcome. An expansion of production cannot be looked at independently of farm profitability, and the need for appropriate supporting infrastructure and services to reduce costs.

#### **Member Comment**

*'In our business we have doubled our production since 1990. We have doubled the land area managed, and more than doubled our beef production and our grain production. And we have done so with less labour. But we are no better off financially, if anything we are probably worse off. During that same period our input costs have skyrocketed but we have no capacity to pass on those increased costs to our customers.'*

With close broadacre industry involvement, the Queensland Government has undertaken an Agricultural Land Capability Audit to identify where opportunities may exist to expand agricultural production within the state. AgForce is supportive of moves to examine the potential for sustainable economic development of alternative food production areas in northern Australia, and the Federal Government has an important leadership role in facilitating that development. Targeted intensification, such as through a mosaic irrigation approach, may offer the best opportunity to organically grow a new and sustainable agricultural industry in these areas.

#### *Role of water in agricultural production and expansion*

In northern Australia one of the keys to an expansion of agricultural production is secure rights of access to affordable water resources and the sustainable use of that resource. Government policy responses to this issue could include:

- Due to the close relationship between improved water efficiency and greater energy inputs, irrigation development will require access to affordable electricity or alternative energy sources. Government has a role through ensuring energy prices for agricultural use is affordable. This includes revisiting policies around electricity infrastructure investment and

acceptable levels of supply reliability, and policy responses to managing carbon emissions (e.g. carbon tax repeal).

- Government to identify and support novel ways for the beneficial use of alternative water sources, including Coal Seam Gas (CSG)-associated water and urban waste water. For example, progressing a project delivering 140,000 ML annually of treated sewage water from Brisbane to Darling Downs farmers requires a further \$600m of capital infrastructure investment and could double or triple production of high-value agricultural goods for direct export to Asia. CSG could be made available to power water-pumping stations and any unused water would assist replenish the Murray Darling Basin headwaters and groundwater
- Investigation and investment on further water infrastructure projects where the ecological and business cases are justifiable, so as to develop robust year-round agriculture in a variable rainfall/high evaporation environment, and to include effective 'drought-proofing', such as establishing leucaena plantations for livestock grazing
- Commitment by the Federal Government to continued funding of the Great Artesian Basin Sustainability Initiative (GABSI) in partnership with the state government and landholders, to ensure ongoing supply of underground water and improved water use efficiency
- Investigating making more water available through further government allocations, where sustainable and where it will not have adverse third-party impacts
- Streamlining of the environmental approvals process associated with new agricultural development at all levels of government, and overcoming tenure restriction-related barriers to development and income diversification. For example, multiple approvals were required for Flinders River irrigation development, including vegetation clearing requirements.

#### *Establishment of supporting infrastructure in 'greenfield' areas*

The lack of export infrastructure and the large distances to markets are significant barriers to the development of northern Queensland. Transportation efficiency is covered in more detail elsewhere in this submission, but cost-effective transport is vital in establishing new production areas.

#### *Targeted RD&E for supporting profitable production increases*

In lifting agricultural production there is a need for increased public and private investment in RD&E supporting new production system development, appropriate genetics, input use efficiency and pest and disease management. Government research stations train graduates and conduct impartial, reputable research and should be located in those regions to maximise effectiveness. Reinvigorating extension services through public sector investment will be important to ensure locally-relevant R&D is adopted in a low risk manner, particularly as an appropriate supply of private sector extension providers has not emerged in Queensland.

Ensuring our industry is at the forefront of R&D is critical for Australia to compete effectively internationally. AgForce would like to see the government enable access for primary producers to new technologies, such as genetically modified (GM) organisms, where rigorous science-based assessment has been undertaken and with strict release protocols and controls. AgForce holds the position that continued research into the use of biotechnology in plant breeding has the potential to offer significant benefits in increased food production and addressing agronomic difficulties. We support a comprehensive and rigorous, science-based assessment of GM species and products, as regulated by the Office of the Gene Technology Regulator. Further, before commercial release into the environment, government and industry must adequately understand the capabilities and uses for the new products and any implications for human health or environmental safety. Such regulatory mechanisms ensure the controlled development and release of GM crops. The development, accreditation and release of GM crops must involve proactive education and balanced

information delivery to the general public regarding the uses of gene technology in order to develop broader acceptance of the need for this technology.

In balance with availability of GM crops, AgForce also supports individual primary producers having the right to maintain their current farming and marketing practices in the event of the release of GM crop varieties for commercial production, such that producers choosing to utilise their traditional or current marketing and production systems should not be negatively impacted in regard to supply chain costs or market access.

Opportunities in the livestock industries also exist in the areas of genetic improvement, improved reproduction efficiencies, reduced mortality and improved growth rates and weight at sale. AgForce supports the Cooperative Research Centre approach to developing the required knowledge for expanding northern Australia agriculture.

#### *Supporting the establishment of alternative industries*

Extracting an economic return at the farm gate may also involve developing innovative products and new markets for resources existing on-property and that are currently underutilised. A significant opportunity is the humane harvesting of macropods; however this needs market-driven financial incentives to become viable. There is a role for the government in facilitating that trade access and development, including securing new markets such as Russia and China.

Another example of promoting an alternative industry is that joint venture capital is needed to progress the commercialisation of hardwoods in remote and rural regions of western Queensland. Reports into this potential export industry have already been completed by the Forest and Wood Products Australia Research and Development Corporation. An example is *Eremophilla Mitchellii* (false sandalwood) which has been studied by industry innovators for extraction of its oil for export. Significant potential also exists for raw material export for musical instrument and furniture manufacture (Ironwood and Gidyea) in Europe.

#### *Providing secure tenure rights*

Existing land tenure structures can form a significant barrier to further agricultural expansion and diversification. Approximately 66pc of Queensland is state-owned land leased for grazing and primary production. The conditions of use on, and annual rental payable, have been influenced by the revenue needs and policy ideals of successive governments. A range of barriers such as native title, high costs and government policy prevent leasehold estate from upgrading to a more secure tenure such as freehold, negating the need to pay land rent and incentivising capital investment.

In 2014, many rural lessees are suffering economic pressures under rising rents derived from a flawed calculation methodology which fails to consider the profitability and unique social, economic and environmental contributions made by lessees. AgForce seeks to have the issues that impact on the future of rural leasehold land considered through a government review of rural leasehold rents that ensures that unimproved value is not the sole determinant of rent, but that the setting of rents should consider environment, economic, cultural and social contributions made by the rural industry. Another key objective of such a review is the establishment of an affordable tenure conversion program which removes lessees from the rental cycle, provides them with security and delivers improved industry profitability and productivity.

Such a program is justified on the basis that, as seen in other jurisdictions, the state holds a limited residual value in this tenure; lessees have been responsible for creating the real value of these leases; lessees have been scientifically proven to be good land managers; and there are adequate, if

not onerous land management controls already in place across all tenures. A conversion program has the ability to realise productivity improvements and build industry and community resilience.

## **Issue 2: Farmer decisions for improving farm gate returns**

### ***Current low profitability is a key constraint to adoption of changes driving farm performance***

In the last decade, prolonged drought and other natural disasters, intensifying competition for land from the mining industry, and rising input costs accompanied by stagnant product prices has put considerable pressure on Queensland's cattle, sheep and grain farmers. The sustained high Australian dollar has compounded the difficulties facing our export-oriented industries. While the top 20 to 30% of producers continue to find productivity improvements and business models that are sufficient to stay profitable, the majority of primary producers struggle to make a reasonable profit on the high-quality food that they produce.

Improved farm incomes represents a key solution to many rural issues including; managing drought; retiring debt; boosting labour supply; addressing the cost-price squeeze; increasing R&D investment; investment in capital/technology items and their maintenance; adopting innovations; and meeting the costs of regulation. AgForce members have identified the relatively low prices they are receiving for their products as a key constraint to profitability, despite their efforts to adapt to changing circumstances, achieve best management practices and run well-developed and efficient operations.

Chronic low levels of profitability are very concerning. There is unlikely to be a single 'silver bullet' solution to lifting profitability and the answer will likely come from incremental gains achieved across the range of challenges. 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 killers like climate variability (drought, fire and floods), and broader income diversification.

### ***Advanced business training***

In achieving sustained profitability there is a need to ensure that industry operators have the capacity for, or access to, the higher-order business skills required to meet the management needs of multi-million dollar businesses. This skilling needs to be delivered through targeted 'business-cycle-relevant' training, producing financial literacy skills that enable effective risk-mitigating business structuring decisions to be made.

Government policy that supports the development of these skills could include:

- A return of the FarmBis training subsidy or similar program, or tax concessions, for education targeting profitability-linked, higher-order business skills and best production practices.

These skills to result in more effective management of business risks relating to income, expenses, production expansion or alteration, and marketing

- Facilitating the formation of practical 'Best Practice Management groups' with a focus on considering the management practices of the 20% of producers that make a sustainable profit. Where private providers are not available to meet this need then programs such as those run historically by Department of Agriculture extension services may be required. Primary producer's intellectual property interests need to be considered in this context.
- Promotion of agricultural exchange and development programs, such as the Rural Leaders program, to bring about fresh insights for new practices and adaptations, or alternatively mentoring-based approaches that help in supporting profitability
- Linking government programs or assistance of farming operations to a requirement for sound succession planning and having robust financial plans in place
- More accessible Living Away From Home Allowances for rural and remote students undertaking tertiary education where the student is studying agriculturally-related business or economic courses.

### ***Preparedness, resilience and assistance to climate variability***

Managing climate variability is a key component in sustaining the productivity improvements needed to achieve long-term profitability. The past 15 years in Queensland has seen a succession of droughts, floods, fires and other impacts outside of the control of producers which have eroded the financial resilience and profitability of these enterprises. Government policy responses to climate variability are right to recognise the importance of self-reliance, resilience and preparedness, but also need to acknowledge that these characteristics require time and favourable seasons to be achieved. As such, policy responses need to provide for a comprehensive suite of measures that address the financial, personal and environmental impacts of climate variability and the need for in-event business supports when reasonable efforts to prepare are overwhelmed. Often proactive operator's efforts to prepare for climate variability exclude them from receiving any assistance and so mutual obligation elements are important in any policy response.

### ***Risk management tools such as insurance***

An important element in assisting primary producers to effectively manage income risk, often driven by climatic variability, is the availability of suitable and affordable insurance products, particularly for the cropping sector. Such insurance would allow primary producers to manage a range of common risks including floods, disease, pests, frosts, and heat and moisture stresses, which can impact on final yields and cause the loss of the significant amount of money invested in crop planting and establishment. A primary producer protected against these losses would have their resilience to climatic and income variability greatly increased, and associated rural communities would also be buffered from large fluctuations in expenditure. There have been a range of recent reviews into insurance products, largely in the drought context<sup>1</sup>, however these did not fully consider 'cost of production'- type insurance products and further work is indicated in examining and overcoming barriers to the formation of a viable insurance market that addresses seasonal climate variability. This is a role for government.

### ***Drought***

On the important issue of drought policy, AgForce is not opposed to a reform of drought support and a policy framework that is practical, meets the needs of producers in hardship and accounts for severe droughts that can overwhelm the reasonable efforts of individuals to be well prepared. When considering drought assistance it is important to recognise that drought has impacts that are

---

<sup>1</sup> <http://www.daff.gov.au/agriculture-food/drought/nrac/work-program/agricultural-insurance-feasibility>, accessed 17 April 2014

environmental, social and financial in nature and any response to drought or any package needs to include measures to address these three areas. Pressures on producers managing drought are predominantly financial, with little or no income and significant ongoing expenses and input costs. Government assistance does have flow through benefits to the wider rural community, who also suffer from the downturn. 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. As such new entrants also require some additional consideration and support when structuring packages.

Since 2008 governments have gone through an extensive process resulting in the current Inter-Governmental Agreement on drought policy. Despite this effort primary producers now have less certainty about how governments will support them in preparing for and managing drought and the current suite of measures in the IGA is not comprehensive and will not address the full range of impacts. As a result there is an urgent need to revisit the national drought policy so that a sustainable and comprehensive policy can be developed before 1 July 2014. This cannot wait until the full White Paper process has run its course and AgForce strongly encourages the government to immediately engage with the NFF Drought Working Group in doing so.

Federal assistance for longer-term climate risk management and preparedness, such as where the risk of shorter, more 'manageable' drought lies firstly with the producer, should include:

- **Facilitating the establishment of a cost-of-production insurance scheme** delivering risk management and self-reliance, particularly for the cropping sector which has a limited number of other options or access to assistance
- Industry-relevant and attractive **Farm Management Deposits** more in line with current industry structuring. This could include; being capped in line with 3 to 5 years of input costs; extending to companies and trusts; and enabling access within 12 months with tax benefit retention in event of a drought. A further consideration is enabling the FMD to be held as an offset against another farm loan, which is often accruing interest at a greater rate than offered on FMDs. This provides a greater financial saving to the producer while achieving the resilience outcomes desired and should be investigated
- **Accelerated depreciation of preparedness assets** identified in a strategic farm plan, e.g. 30% depreciation rate annually on water resource improvements, feed storages, irrigation systems etc.
- Building Farm Business grants or low interest loans for new entrants
- Providing a **Rural Financial Counselling Service** with reliable, long-term funding arrangements and an extension of its scope to provide services to agriculture-dependent local businesses
- Other measures such as:
  - **increased seasonal forecasting RD&E investment** (to improve accuracy at a 9 to 12 month forecast period) including investment in the network of weather stations
  - comprehensive drought preparedness planning (strategic) and profitability-linked management training packages delivering property-specific, fully-costed drought management plans to encourage proactive decision-making such as destocking
  - social support, including mobile officers and linked to accessing income support.

As the severity of a drought event overwhelms reasonable efforts to prepare, federal in-drought assistance measures should include:

- **Accessible family income support** to meet household needs, including modifying farm assets tests to remove essential farm assets (including farm land). Eligibility periods should not be arbitrary but use annual reviews based on mutual responsibility provisions. Automatic access to a healthcare card, increases to the Assistance for Isolated Children's

(AIC) allowance and assistance for students attending tertiary studies (re-introduce eligibility for independent Youth Allowance) should also be considered

- **Access to health, education and emotional/personal support services** including providing mobile officer assistance to coordinate on-the-ground state/other provider programs; funding for the National Centre for Farmer Health and exploring rollout of Sustainable Farm Families program; community-specific grants to build social resilience and mental health e.g. BBQs, Road to Recovery-type events etc. supplied by local businesses or community groups
- **Interest cost relief** through concessional loans or refinancing – modifications of current Farm Finance Package should include; better accounting for other natural disaster and government policy impacts when considering viability; more total funding added to meet demand; reducing the interest rate applied; and extending the refinancing period.
- **Farm labour wage assistance** – Newstart assistance provided without activity tests or restrictive off-farm income limits to permanent fulltime and part-time farm workers to retain experienced workers and their families on-farm and in the local community.
- Secure funding for the continuation of the **Farm Financial Counselling Services**
- Inclusion of **professional financial advisory services** in drought including strategic planning, independent expert advice, and covering accountancy costs etc.
- Opportunities to co-fund **land management in drought for sustainability outcomes**, such as
  - expanding assistance for emergency water infrastructure installation and improvement including dam desilting,
  - feral and pest animal control
  - weed control assistance and
  - explore options of supported agistment for land recovery
- Facilitate **access to Farm Management Deposits (FMD)** within 12 months of deposit with retention of tax advantages where no drought declaration process occurs
- Consideration of similar supports to the above for farm-dependent non-farm businesses
- Improved communication of available assistance, via peak farming bodies and rural stakeholders
- Exit support packages for those with low equity levels or seeking to leave the industry for other reasons - these have largely been unavailable for commercial-scale operations and are currently ruled out by the Intergovernmental Agreement on drought.

There are also a range of Queensland Government supports that are in place through the Drought Relief Assistance Scheme (DRAS) to provide practical input cost relief. These are valuable and should be retained.

### ***Capturing more of the benefits of on-farm environmental stewardship***

Government regulations and consumer demand has pushed producers to include a greater focus on sustainable natural management outcomes within their production systems. However the additional 'value-adding' that this represents has not been reflected in the prices paid for products from these improved systems, and may have contributed to the slowdown in total factor productivity growth in the past decade.

Given the current market failure in this area, we would encourage the Australian Government to investigate the development of new revenue streams to primary producers around the delivery of ecosystem services, such as through the establishment of an ecosystem services marketplace, to ensure additional funds are available for the farmer to invest. This could potentially be funded through an extension of the Goods and Services Tax on basic food products, although the social welfare implications of such a move would need to be examined closely and further work in developing this concept is required. An alternative method could be 'Royalties for the Regions'-type projects, funded by resources projects operating in the area. Such a revenue stream would enable

and incentivise further investment in environmental outcomes on-farm and provide a truer reflection of the full cost of producing agricultural products. The lack of recognition by the Australian consumer of these environmental services also requires an education program by industry and government to engage them about these values.

### **Issue 3: Enhancing access to finance**

While somewhat a question of ‘which comes first?’, part of the solution to reinvigorating the profitability of the primary production sector is the provision of affordable capital supplies to drive the next wave of productivity gains and enable inter-generational transfer to occur. Capital inflows will need to be derived from a range of sources, both domestic and overseas, and through the creation of innovative business partnership arrangements. Government has a role in overseeing capital provisioning in the marketplace so that it is aligned with our national interest, is transparent and fair, particularly where market power is divergent or market competition is limited.

#### ***Foreign direct investment***

Historically foreign investment has been largely positive for the economic development of agricultural industries and their supporting communities. There currently exists significant opportunities for co-investment into integrated supply chains, for example with Indonesia or China. However, for protecting our long-term national interest, increased transparency around foreign investment into agricultural land and water resources and the supply chain is supported by AgForce. There is interest amongst some AgForce members in enabling foreign investors to hold only long-term leases of land rather than full ownership, and there are concerns about potential loss of local knowledge and families from districts when large corporate entities, domestic or foreign, become established. Transparency mechanisms would go a long way to allaying any concerns about foreign direct investment and protecting our national interest.

As a policy response to this issue AgForce would support the Government in:

- implementing a national register of foreign investment in agricultural land, water and supply chain assets, much like Queensland’s existing Foreign Ownership of Land Register
- Encouraging the ongoing involvement of the ACCC in monitoring foreign investment impacts on marketplace competition and price setting mechanisms, including around ongoing supply chain consolidation, and transfer pricing practices
- Delivering stable government policy settings on this issue to allow foreign investors a steady investment platform and reliable appreciation of any risks of investing.

#### ***Alternative domestic capital investment***

There has been increasing interest in the role of domestic investors, such as local superannuation funds, in supporting further development of Australian agriculture and enabling inter-generational transfers. An important constraint to this is the short-term fluctuations in financial returns from agriculture positioned against the expectations from investors of consistent profit maximisation. Developing alternative sources of capital investment would assist in freeing up a primary producer’s own capital base in order to invest further on productivity improvement to lift profit.

Government policy to incentivise this investment from domestic sources could include:

- Development of a Farm Future Fund to supply longer-term ‘patient’ capital to agriculture and act as an investment vehicle for small investors wanting to diversify into agriculture
- A review of the taxation system’s rural and remote zonal concessions and other incentives
- Investigate effective ways to encourage (via policy or taxation or other means) Australian Superannuation funds to allocate a greater percentage of invested funds into Australian-

based agricultural development projects, and in conjunction with creating alternative business structures such as where the fund purchases land for leasing/share-farming back to existing professional farmers

- Establish a body to facilitate the development of venture capital arrangements by providing a forum linking investors and interested primary producers, as well as developing 'off the shelf' agreements or contracts that deliver fair returns for both parties.

### ***Alternative farm business structures***

A key policy area worthy of further work is the development of new farm business structures that enable new ways for capital to flow effectively into and out of agriculture. An element of this is the capacity to separate the capital and financing costs of ownership of the supporting land from that of the agricultural production business itself. This requires the creation of 'off-the-shelf' financing agreements or business structures that are fair and equitable. For example these could include; reverse mortgages; private equity partnerships; long-term leasing (fixed component and extra payment in good seasons); or share-farming agreements. Given Australian agriculture's relative reliance on debt financing the implications of these alternative structures on the security provided on loans would need to be considered, as well as the management of asset value deflation events.

The government's role in addressing this issue could include:

- Supporting the robust development, and incorporation into the government's wider treatment of business structures, of fair and equitable, standard alternative financing arrangements that facilitate capital flows into Australian agriculture
- Providing tax credits and favourable consideration for investors of any capital gain in agricultural land value over time. Australian farmland should be seen as an attractive place to safeguard the value of funds over time.
- Review the treatment under the Farm Management Deposits (FMD) Scheme of the current range of agricultural business structures, including sole operators, partnerships, trusts and companies, to ensure equitable access is available to a wider range of business models
- Publicising examples of successful resource sharing and pooling (e.g. large machinery and labour) by primary producers, and supporting the development and equitable treatment of agreements that reduce overhead costs and improve access to capital items
- Liaise with rural real estate agents to develop a mechanism and fee structure for agents to incentivise their handling of leasing arrangements.

### ***Alternative financing models***

Debt financing and its structuring has been a significant issue affecting broadacre agricultural industries in Queensland, with evidence of a recent significant increase in debt levels in some sectors and regions of the industry<sup>2,3</sup>. This increase was driven by a combination of factors including:

- The belief that individual enterprises needed to expand quickly to gain efficiencies, whilst also being encouraged by agribusiness financial institutions to increase their appetite for risk
- Freely available credit in global money markets before the Global Financial Crisis in 2008/09
- Increased competitiveness within the finance industry for business, leading to relaxation of some lending criteria (such as serviceability testing and capacity to repay debt) where the asset's value held as security was expected to cover the debt exposure plus default costs
- Rural property valuation firms having justification to value property at the higher end of the market due to comparable sales evidence, with less reliance on assessment of the property to meet financial obligations based on production capacity and capability

---

<sup>2</sup> QRAA Rural Debt Survey 2011

<sup>3</sup> McCosker et al., 2010.

- Continued seasonal extremes, with eight years of drought followed by devastating flooding and fires followed in quick succession by another drought and increased downward pressure on commodity prices from the live export ban.

Today's debt-affected rural businesses are cash flow poor and experiencing difficulty in raising further working capital due to insufficient equity levels, in large part due to declining property values. Managing the costs of debt financing is a key component to achieving sustainable profitability within industry and questions have arisen over the suitability of the existing range of finance products for agricultural conditions.

Government policy responses in this area could include:

- Establishment of a national rural debt survey, similar in scope to that previously undertaken by QRAA, and establishing further rural expertise within the Reserve Bank, so that the health and effectiveness of rural financing can be monitored over time
- Progressing the establishment of a national voluntary debt mediation process, along the lines of the Queensland Farm Finance Strategy<sup>4</sup>
- Examining banking practices relating to the rural sector, including the application of penalty interest rates in situations of a delay in loan repayment due to conditions of hardship, and the management of property revaluations eroding equity positions to non-viability
- Examining the management of farm foreclosures, and specifically including elements that protect the interests and capital of landholders during actions undertaken by receivers
- Extending the terms of Farm Finance and Drought Concessional Loans from 5 years to a 10 to 15 year period as it is unfeasible for businesses to recover from severe drought in that period, or to make significant inroads into debt repayment in the absence of reasonable product prices and favourable seasonal conditions. Less restrictive eligibility criteria and greater concessions on interest rates are also supported.
- Engaging strongly with the financial sector to undertake a collaborative review of relevant banking policies to promote farmer-friendly practices including; revising incentive programs relating to writing new loans; the management of distressed loans (including application of penalty rates); and lending policies more closely aligned to 'capacity to repay'.
- Australian bank's lending policies require an agribusiness customer to demonstrate the ability to fully amortise debt over a term usually no more than 15 years; whereas farms in the U.S.A. are afforded 20 to 30 year loan terms (believed to be similar in Japan, Europe and Africa). Overcoming barriers in Australia to these longer terms should be investigated.
- More flexible facility structuring with regards to finance options for equipment and livestock , i.e. look at changes to depreciation guidelines to allow 'opt-in' to extend the "useful life" of an asset thereby allowing financial institutions the ability to lend funds over a longer period of time. For example, equipment finance is usually over a term of no more than 60 months.
- As for advanced business skills training for primary producers, incentivise lending sector training in understanding of farm businesses and production practices to lift 'rural literacy'.

There is also concern about facilitating the entry of the new generation into farming by overcoming the significant barriers to entry, including access to affordable capital and options for leasing of livestock or machinery, etc. Stamp duty barriers to intergenerational succession also need to be removed in Queensland in line with other state jurisdictions and offset, if necessary, by the Australian Government transfers of GST receipts.

---

<sup>4</sup> See <http://www.qff.org.au/policy-projects/our-work/queensland-farm-finance-strategy/> , accessed 17 April 2014

## Issue 4: Increasing the competitiveness of the agriculture sector and its value chains

Australian agriculture has a good reputation for past productivity growth and international competitiveness although there are significant challenges in maintaining that competitiveness and meeting the demands for future food and fibre production. The key issues surrounding competitiveness include:

- Finding efficiency and further productivity gains through increasing intensity and effectiveness of public and private investment in RD&E
- Ensuring the benefits of efforts to improve competitiveness are captured equitably across the value chain, including on-farm, rather than being unreasonably appropriated
- Investment in enabling infrastructure such as transport and Information and Communications Technology (ICT).

### ***Research and development investment to improve competitiveness***

There is quite an extensive literature citing the benefits of agricultural research and development (R&D) investment, including international<sup>5,6</sup> and Australian-focussed studies<sup>7</sup>. Rates of return are broadly in line with a range of 15 to 40% and points to the conclusion that rural R&D is important to productivity gains, has produced good returns in the past, and marginal rates of return on investment are still high. US and Canada productivity growth has been driven by research, development and extension (RD&E) investment, increased innovation adoption, human capital improvements, enhanced specialization and greater trade access and market competition<sup>8</sup>.

AgForce sees RD&E as one of the most critical factors to raising productivity, offsetting terms of trade declines and supporting profitability gains<sup>9</sup>. A key policy response to ensuring ongoing competitiveness is an increase in investment intensity in RD&E. It should be noted that this is the R&D investment as a proportion of total value of output, not simply the dollar value of investment. Given the market failure that exists in delivering the optimal level of RD&E in the rural sector, there is a need for ongoing public funding support and an increase in investment intensity to achieve these productivity and profitability outcomes. As the ultimate beneficiary is largely the Australian consumer this public investment is justified.

There is potential for achieving improved value from past investment by reviewing existing R&D outputs and ensuring maximum rational adoption by industry has been achieved. To do this there is a need for a strong extension service or advisory network to ensure translation of R&D findings into practice. In this we support the continuation of the Rural Development Corporation (RDC) model due to its proven effectiveness being driven by close links to agricultural industry. Within this we acknowledge the need for a greater focus on 'blue-sky', higher-risk research areas, to achieve the desired productivity growth nationally.

AgForce supports the statutory levies being used for RD&E and is also supportive of greater industry investment into innovation, and looks to the government to identify and provide incentives for this private investment, such as through the taxation system and encouraging public/private investment

---

<sup>5</sup> Alston et al., 2000

<sup>6</sup> Alston et al., 2009

<sup>7</sup> Mullen, 2007; 2010

<sup>8</sup> RIRDC, 2013

<sup>9</sup> Sheng et al., 2010

partnerships. Australia's agricultural marketplace is relatively small by international standards and so incentives are needed to encourage locally-relevant R&D projects.

Further Government policy responses to this issue should include:

- An increase in investment intensity in profitability-focused agricultural RD&E both on-farm and post farm-gate throughout the supply chain to deliver innovative solutions
- Ensuring that RDCs funded by levy payments have an appropriate emphasis on effectively delivering the R&D findings to those growers and livestock producers who have already paid for its development. It is inequitable to expect that those contributors should have to then pay a private provider significant funds for access to such information. Government could incentivise a focus on adoption through the RDCs through the matching dollar-for-dollar co-funding contribution
- Enabling greater flexibility between levy streams under the Federal Levy Principles and Guidelines, to be better allocated towards red meat institutions according to industry demand (including Meat & Livestock Australia, National Residue Survey and Animal Health Australia)
- Deliver policies supporting increase recruitment into and retention in agricultural RD&E careers. This can be facilitated by; developing and communicating clearer career pathways; mentoring and knowledge capture within Government Departments; encouraging more reliable funding streams for early career researchers; and improved integration of public R&D provision with agricultural education and training institutions
- Where gaps exist in private service provision, increased public investment in extension services aimed at assisting producers to find sustainable improvements in their own local production system and exposing them to new ideas
- Investigate the delivery of plant breeding programs tailored to Queensland conditions.

### ***Addressing market power imbalances in the agricultural supply chain***

Competition in all parts of the supply chain is vital to farmers' future profitability and sustainability. In general terms, AgForce supports the capacity of producers to market their produce freely and without disadvantages due to distortions of the marketing supply chain. AgForce supports a robust and effective competition law which controls anti-competitive behaviour and the abuse of market power. As primary industry confidence in the Australian Consumer and Competition Commission (ACCC) has been somewhat shaken in recent times by the failure to identify negative impacts on some farm suppliers, such as in the dairy industry, there is a need to ensure that increased monitoring by the ACCC is accompanied by transparent reporting of evidence, findings and enforcement to the public.

Effective competition and transparency within the input supply and food and fibre value chain was identified by AgForce members as a key area for further government investigation and attention, as was improving the effectiveness of relationships within the value chain. There is a need for a Price Discovery Model to be developed that delivers true cost data transparency within the value chain from plate to farm gate, enabling an understanding of where the risk resides, where profit is made and lost, and where regulatory oversight may need to be applied more strongly.

Any barriers to the capacity of primary producers to engage in a more coordinated way in the market (e.g. collective bargaining or through co-operative structures) should be identified through the *Competition and Consumer Act* review and strategies developed to provide opportunities for producers to increase their bargaining power when dealing with the multi-national corporations involved in input supply, and product processing or retailing.

### *Large retailer market power*

Competition within the domestic retail sector is a contentious issue for Australian agriculture, with perceptions of the abuse of market power relatively common. Large retailer pricing of food products was identified as a major concern to our members, where it does not reflect the true cost of production and inclusion of an appropriate profit margin for primary producers so that they can continue production. Such concerns derive from the lack of transparency in the value chain about the costs and risks at the various steps in the value-adding process.

Policy responses by the government to address this issue could include:

- Greater and more transparent oversight of behaviour in the market place, particularly of large retailers and ensuring adequate levels of competition, are vital to ensure a fair and honest marketplace. This requires a stronger role and powers for the ACCC and including an anonymous but robust complaint process to bring out further evidence from suppliers that can be acted upon without any fear of retribution. This may require increasing the level of expertise within the ACCC about agriculture and its specific issues, as was expressed during the GrainCorp takeover bid assessment process. AgForce supports the establishment of a strong mandatory Code of Conduct within the whole supply chain in an effort to promote fairer dealing. An ombudsman could be well placed to provide independent oversight of this process, but a forum involving all interests across the supply chain would be a good approach in developing ownership of such a mechanism.
- AgForce is supportive of clearer product-labelling requirements and further education on the meaning of the terms used so that domestic consumers can make an informed choice in selecting 'home grown' products that are grown or manufactured by Australian-owned entities. Such labelling laws should then be policed actively. An element of this is improved consumer understanding of the full costs of producing clean and green products in Australia and preparedness on their part to pay that full cost, rather than buy cheaper imported goods produced under lower standards. This differential should be clear to consumers.
- Education programs delivering clearer understanding of the labelling, quality and contamination requirements exerted by the Government on imported food and fibre products are essential for an informed discussion about imported products.

#### **Member Comment**

*'If the producers received the amount per kilo that supermarkets charge consumers for sausages (scrap meat), for example, of approx. \$7 per kilo, producers could possibly double their income, going a long way towards ensuring that they are profitable. With outgoing expenses (i.e. fuel, electricity, processing costs) continuing to rise each quarter, with some expenses going through the roof, our income for the past 20-odd years has not increased. How can any business survive under these conditions?'*

### *Grains industry oversight*

Since deregulation there is significant support for the establishment of a specific grains-industry oversight body to maintain the integrity and reputation of Australian grain, both domestically and internationally, by:

- Delivering quality control when grain leaves Australia
- Assisting potential buyers with knowledge of the Australian marketplace
- Collecting and publishing stocks information
- Regulating access to ports and upcountry storage facilities
- Having sufficient and appropriate powers to reprimand individual traders and exporters for inappropriate or anticompetitive behaviour
- Ensuring that large/monopoly handlers are not using their market power to reduce competition in the market.

### *Processing sector reform*

Member input to the Issues Paper highlighted some significant concerns about the levels of competition in the meat-processing sector in northern Queensland, and increasing the capacity to reduce processing sector costs. In addressing these issues the federal government is encouraged to:

- Review and reform the industrial relations workplace policies and laws in the processing sector to manage labour costs that are significantly higher than our overseas competitors. An area for examination included barriers to 7-day-a-week processing arrangements and the significant fees for operating on public holidays
- Improve transparency around and supporting further innovation in the value-adding steps within the processing component of the value chain
- Investigate opportunities for investment in the red meat processing sector that encourages new entrants in strategically placed locations, e.g. supporting new northern agricultural development areas.

### **Competitiveness-enabling infrastructure investment**

#### *Efficient and reliable transportation networks*

The recent natural disasters in Queensland highlighted some of the vulnerabilities in agricultural transport infrastructure within the state and the need to rapidly restore transport routes. It is important that Governments continue to upgrade the transport infrastructure that already exists in regional areas and investigate further ways to improve that infrastructure, to reduce the costs of transport to the primary producer. In Queensland, the cost of livestock freight can be up to 48 pc of farm operational costs in delivering products to point of sale<sup>10</sup> For example, transport of a 550 kilogram steer from Surat in southern inland Queensland to Yokohama, Japan represents 13.1 pc of the total farm gate value. Similarly, to deliver a live beast from Queensland to Indonesia represents around 30 pc of total farm gate price. Transporting grain to port in Queensland is the most expensive in Australia at \$73 per tonne<sup>11</sup>.

A key barrier is a 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. A government-mandated, comprehensive review with appropriate consideration of any 'commercial-in-confidence' concerns would go a long way to improving transparency and efficiency in agricultural product transportation.

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 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 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

---

<sup>10</sup> Australian Farm Institute, 2012

<sup>11</sup> Ibid

single excess dimension movement permit when previously this took 24 hours. Simple 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.

Building a faster, less expensive, heavy freight transportation system from farm-gate to port or processing facility could also be addressed by the government through:

- **Rail** - Improving access of grain to port facilities using the existing rail system could be achieved through; investing in modernising incompatible rail gauges; developing rapid rail and grain storage depot loading capability; encouraging privately owned 'super depots'; and the upgrading of GrainCorp depots. A specific example is providing facilities to rail freight cattle direct to the Roma saleyards and meat processing facilities. The rail service provider (Aurizon) and the grain bulk handler (GrainCorp) negotiate service contracts and there is currently no incentive for them to negotiate a fair per tonne price as these costs are passed straight back to growers
- **Road** - Where rapid rail transport is unavailable then upgrades of major arterial roads is required so freight-efficient vehicles can easily access processing facilities and ports. Examples of this upgrading include:
  - Regional freight routes with B Double access and open access for 'Truck and Dog' vehicle combinations
  - Thirty key sites have been identified for heavy vehicle access in Queensland with higher-productivity combinations to be allowed, such as Type 2 Road Trains from Mitchell to Roma and Type 1 Road Trains from Gracemere to Rockhampton-based processors
  - Upgrading the Gregory Highway between Clermont and Emerald, combined with improvements in cattle tick regulations, would save the cattle industry around \$75 million over five years and benefit other industries by reduced road traffic density
- **Ports** – the Australian sea and air ports network (particularly on the Eastern Seaboard) requires transformational change, with a range of potential improvements such as:
  - Boxed beef shipped to the U.S.A. must first go to the Port of Melbourne
  - Beef produced and slaughtered in Queensland is primarily shipped via the Port of Brisbane despite being killed in Central or Northern Queensland
  - The Port of Brisbane is the only port that has container export facilities. Other ports i.e. Gladstone, Mackay could also be expanded and offer these facilities
- **Integration** - Current Queensland government discussions with the beef industry around the 'hub and spoke' transportation infrastructure concept should be expanded to include the broadacre grains and sheep and wool industries and their future requirements, and involve the Federal Government as a key investor in delivering infrastructure solutions. This could include investigating options for "food and fibre" transport corridors and the potential for reviving the past 'Beef Roads' legislation
- Reviewing the role, effectiveness and productivity of Infrastructure Australia and Regional Development Australia in delivering outcomes for agriculture.

Timely and cost-effective movement of agricultural produce to markets is an important component to ensuring our international competitiveness. There is significant competition in Central and South East Queensland with other sectors for rail and road access and targeted investment aimed at 'choke points', such as the Toowoomba Range Crossing and access to the Ports of Brisbane and Gladstone, is urgently needed.

### *Improved Information and Communications Technology (ICT)*

Queensland is the most decentralised state in Australia with 40.2pc of Queenslanders living in areas classified by the Australian Bureau of Statistics as regional or remote<sup>12</sup>. The two most common barriers to adopting ICT within agriculture are poor mobile reception and low internet speeds. A key element in improved competitiveness of Australian agriculture into the future is further investment in communications technology to enable reliable ICT services, including internet connectivity and mobile telephone reception, and to facilitate off-farm income opportunities. This has the spin-off benefit of improving delivery of high-quality health and education services that would improve quality of life and workforce retention in rural and remote areas.

Currently rural ICT services have a high cost due to large distances and low population densities and indications are that the National Broadband Network (NBN) will not provide the underlying infrastructure for future services or improve choice and quality. Those communities in rural and remote Queensland not covered by the NBN have to rely on satellite broadband which has a history of poorer quality, lower service levels and higher costs. It is a highly unreliable service and the current Interim Satellite Service is at capacity and not accepting any new subscriptions, with the permanent Long Term Satellite Service not due to be in use until June 2015.

A recent project into remote data use in agriculture<sup>13</sup> noted that the highest priorities for ICT in agriculture were seen as:

- Improving efficiency with the use of smart technology (smartphones, tablet PCs and apps)
- Advanced use of the internet
- Remote ICT applications, including using ICT to remotely manage data capture, storage and manipulation, or remote monitoring and control of machines, pumps etc.
- Regular training and awareness to ensure ICT efficiencies were adopted.

The Government has a role in improving access to ICT within agriculture by:

- Ensuring rural and regional centres have equal, or at least comparable, access as urban areas to telecommunications infrastructure, both mobile coverage and NBN, and new technologies to help drive productivity gains and innovation
- 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.

### **Issue 5: Enhancing agriculture's contribution to regional communities**

Improving the farm-gate profitability of agriculture is a key element in revitalising regional and remote communities and enabling increased employment, improved essential and discretionary service delivery, and broader population distribution. These elements are intertwined so it is difficult to find a single solution that will get the whole process started and operating effectively.

---

<sup>12</sup> Australian Bureau of Statistics, date

<sup>13</sup> Remote Data Use in Agriculture (2013) Wimmera Development Association

Making these areas attractive places to live and work involves having essential services such as good quality education and health services easily available. There is also a need to improve employment conditions and lift barriers to intergenerational succession and full-, part- or casual labour supplies, so that there is a critical mass of people to justify increased public expenditure in those areas and to provide a clear pathway for younger people to return to the regional areas and take up a career in agriculture. A more profitable sector makes these outcomes possible but the Government has a role in reducing specific barriers to this becoming a reality.

#### **Member Comment**

*'The solution is simple - make farming a profitable and secure future, and people will return! Young people are not taking over the farms because they see no future in it, and the work load on each farm is not decreasing - probably increasing as management is refined - but the number of rural jobs is decreasing simply because there is not enough money to pay any staff. Our own property used to support a family of 2 adults and 4 children, plus 2-3 workers ... and now it is really struggling to support 2 adults, 2 young kids and no workers ... and that is WITH additional outside income as well.'*

#### **Access to education and skills training**

The Productivity Commission has previously reported that the proportion of people working in agriculture with a degree was 7%, compared to 22% for the community as a whole. There are lower levels of other post-school qualifications within Australian agriculture as well, and a decreasing proportion of farmers under 35 years of age: from 12% in 2001 to 10% in 2006. There is also a shortfall in agricultural science graduates<sup>14</sup>. 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.

A 2011 survey of students at The University of Queensland (UQ) enrolling in science courses (either focussed or not focussed on agriculture), was undertaken to address this shortfall and to inform engagement and recruitment programs encouraging more young people to consider agriculture as a career option<sup>15</sup>. Working with animals, protecting the environment and working on important issues were seen as being descriptive of agriculture, although students hold a 'traditional' field-work view of agriculture. Promoting a general awareness of agriculture, highlighting the diversity of opportunities, earning potential and importance of agriculture to society were identified as potential motivators for young people to take up an agricultural career. A number of other considerations for improving recruitment programs were identified from the study.

The Government should work with industry in an urgent, coordinated approach to address this challenge to agricultural competitiveness. Incentivising increases in education and skills levels will also enhance spill-overs into rural and remote communities. Some initiatives could include:

- Restoration of the Commonwealth Accommodation and Learning Scholarships
- Investigating the feasibility of a HELP incentives scheme for graduates willing to spend a period of bonded agriculturally-related rural and remote service or employment in identified segments of the value chain. This would be similar to the rural and regional Doctors Reimbursement Scheme and could be used for non-professional or professional workers (i.e. veterinarians).<sup>16</sup>

---

<sup>14</sup> ACDA, 2009.

<sup>15</sup> Miller et al., 2011.

<sup>16</sup> For further information: <http://www.health.gov.au/hecs-reimbursement-scheme>

- Gap-year rural and remote students should be eligible for immediate Youth Start allowance at university if they work on farms in Australia, rather than remaining ineligible for any assistance until they are 22 years old or alternatively if their parents have limited means
- Examining and streamlining government supports and removing barriers to rural and regional student enrolment may increase tertiary and VET enrolments in agriculture
- VET student evaluations should be more practical and competency or evidence-based rather than mainly paper-based. Delivery must be from skilled instructors and flexible enough to cater for rural and remotely based students.

Effectively educating and inspiring urban students (particularly in early secondary school), and their career influencers, about modern agriculture will require building a coalition of stakeholders willing to share the costs of delivering such a program; from farmer organisations, agribusiness, and education providers through to governments.

### ***Addressing Short and Long-term Labour Shortages***

Agriculture faces a critical shortage of workers both now and into the future. There is a relatively low turnover in the agricultural workforce, with about half of the workforce being in their current job for 10 years or more, and about a third being in their current job for 20 years or more; a share two to three times higher than other sectors of the economy<sup>17</sup>. The Productivity Commission found that entry rates in agriculture seem to be lower (around 11pc) than in many other industries, which averaged around 19pc<sup>18</sup>.

AgForce is seeking a full review of labour issues, which includes a range of long-term measures aimed at encouraging a better awareness of the opportunities in the agriculture sector and delivering improved labour solutions. These include policy options such as:

- Embedding agriculture, food and fibre into the national school curriculum. In recent years AgForce has enjoyed success through our School to Industry Partnership Program, Future Ag and Moo Baa Munch initiatives in engaging with youth to ensure they understand where our food and fibre comes from.
- Rationalising the National Workforce Development Fund to be more accessible to agriculture employers.
- Encourage people from outside regional areas to fill workforce shortages through a combination of tax incentives (e.g. increase Zonal Tax Allowances), review of immigration criteria and infrastructure investment supporting quality of life outcomes.
- Investigation of a range of support measures to ensure there is sufficient support for new entrants to our industry.

In the short-term, the agriculture sector needs access to a ready workforce and requests urgent redress by the government of the following issues:

- Establish a visa category, or alternatively introduce concessions to the 457 visa category, to allow sponsorship of semi-skilled agricultural workers with skill levels less than the current Certificate IV criteria
- Provide a pathway to convert from a 417 Working Holiday visa to an employer-sponsored visa for workers who meet the relevant industry experience and skills criteria as certified by the farm employer. The granting of the visa could be dependent on the completion of further education and/or skills-based training to be undertaken in the first year of sponsorship, which if not completed would impinge on the workers' ability to obtain

---

<sup>17</sup> Productivity Commission, 2005

<sup>18</sup> Productivity Commission, 2009

continuing sponsorship. Working holiday visas could also be graduated according to remoteness and the type of work done to incentivise work in areas of severe shortage

- Establish a group, comprising stakeholders from peak agricultural organisations and employers, to work with Government to establish appropriate ANZSCO codes and mandated skills and experience requirements for agriculture-sponsored migration pathways
- Amend and revise the ANZSCO codes to include essential experience and skills-based farm labour roles, recognising industry experience as a major determinant of appropriate skills
- Improve knowledge of the education grants and subsidies available to farmers when employing eligible farm hands or under youth-at-risk training programs
- Review employment conditions applying to farm workers so that ancillary benefits of farm-based work are not downgraded by treatment under taxation. Housing is a key issue for attracting rural workers.

Primary producers have already made great efforts to increase labour efficiency on-farm and have increasingly moved to the use of labour-saving technology or contract labour for periods of increased labour demand. A report commissioned by AgForce in 2011<sup>19</sup> noted that of the total 15,846 enterprises state-wide, two-thirds of enterprises employ casual labour and three quarters of the enterprises use skilled contractors on a regular basis (mainly in fencing, yard building, crop harvesting/planting and ground mustering of livestock). Identified impediments to recruiting were availability of skilled staff (nominated by 62% of enterprises), profitability of agriculture (36%, around rising input costs, low commodity prices, enterprise indebtedness), government regulations and cost of employing (31%), and resource industry competition (31%).

### ***Facilitate farm succession***

The drivers of future agricultural competitiveness will be the younger, better-educated, next generation who will take over the management of farming enterprises. However, since 1976, the number of men aged in their 20s entering farming has more than halved and the number of women in their early 20s entering agriculture has declined by 80pc<sup>20</sup>. Supporting the measured hand-over of farm businesses from one generation to the next is vital for intergenerational knowledge transfer, while supporting the productivity benefits that come from farm turnover and new approaches.

#### **Member Comment**

*'Simply put, any farming business without a succession plan and new generation management pathways in place will not survive the medium term. A farm with a succession plan has a future. A farm without does not. It is that important!'*

There are a number of initiatives that governments can implement to support this outcome of streamlined productivity-driving succession:

- Consistent stamp duty provisions across jurisdictions, including Queensland, providing exemptions for intergenerational succession even where financial considerations are involved
- Other favourable tax treatment, such as reduced taxation brackets in the first two years of a farming career or incentives for accessing training
- Improved access to pensions or exit grants for those departing farming where this facilitates succession
- Further targeted concessions for new entrants in policy settings, e.g. drought assistance or a 'First Farm Buyers Grant' to cover government fees and charges of farm purchases

---

<sup>19</sup> AgForce Queensland, 2011. Skills and Labour Needs Review Analysis. Available online at: [http://www.agforceqld.org.au/index.php?page\\_id=347](http://www.agforceqld.org.au/index.php?page_id=347)

<sup>20</sup> Drought Policy Review Expert Social Panel, 2008

- Investigate options to reduce costs in setting up business structures enabling smooth transitions, such as Family Trust fees
- Co-funding succession plans and legal advice for families working together to hand on family business.

## **Issue 6: Improving the competitiveness of inputs to the supply chain**

Perpetually rising input costs, combined with stagnant product prices, places ongoing pressure on primary producer profitability. Key to addressing this cost/price squeeze is achieving strong productivity growth. This past productivity growth in Australia has been supported by significant reductions in input use for the levels of product created. This has been driven by effective RD&E investment and the adoption of innovative approaches to increase input use efficiency. Efforts to ensure competitiveness and efficient pricing of required inputs are also an important element to securing lasting profitability for the farming sector.

### ***Input cost competitiveness***

Modern agricultural operations have become progressively more intensive users of energy, such as electricity and fuel, in order to secure efficiencies concerning labour and capital inputs. Electricity prices in Australia are the highest in the world, with increases of more than 40% since 2007<sup>21</sup>. Australia's electricity prices exceed those of Japan, the European Union, United States and Canada. Broadacre farm enterprises operate in a highly competitive marketplace, and so increases in expenses such as electricity are largely not able to be passed on to consumers. Primary producers depend on access to reliable and cost effective electricity. This has implications for competitiveness if productivity and profitability is affected by ever spiralling electricity prices.

AgForce believes electricity pricing issues must be addressed by:

- Ensuring regulated retail electricity prices are determined at a level consistent with vigorous competition
- Given there is no prospect of access to competitive retail electricity pricing in regional Queensland, governments must commit to uniform tariff policies
- Further investigation into improved availability and structuring of time-of-use tariffs for the agriculture sector
- Ensure R&D investment into the development of remote or alternative power solutions
- Stringent consideration and assessment prior to implementation of market-distorting investments and incentives, such as mRET and the state-based solar subsidy schemes.

Securing an affordable supply of fuels and oils is also essential for the continuation of modern agricultural practices and the production of enough food and fibre to feed and clothe the world's increasing population. There is an important role for the Federal Government in:

- Examining public/private partnership options (e.g. with Boeing or resource sector) for long term investment in affordable fuel supply, particularly including diesel and AvGas
- Investing in development of alternative fuel sources such as Biofuels and locally-produced energy sources capable of powering agriculture, including CSG, tight gas, and vegetable-biomass sourced supplies. This could involve supporting the establishment of an oilseed crushing plant in Central Queensland (currently the closest processing facility is in Newcastle) or maintaining the current federal fuel excise arrangement concerning biofuels

---

<sup>21</sup> Carbon & Energy Markets (2012)

- Policies specifically targeting improved fuel security in the agricultural sector as a matter of national interest.

Price transparency around other imported inputs (like fertiliser, chemicals, GM technology or other intellectual property) largely controlled by multi-national corporations is also needed in order to monitor marketplace pricing behaviour. This could be one element of a broad ACCC review into agriculture where potential monopolies exist. The pricing of, and duties on, agricultural machinery imports may also be worthy of further investigation as there was little evidence of cheaper imported machinery prices during the period when the Australian dollar was significantly elevated relative to other currencies in machinery-exporting countries.

### ***Driving efficiency through R, D and particularly E***

Efficiency improvements support gains in the competitive use of production inputs. Smarter use of inputs depends on improved knowledge and applied understanding of systems and biological relationships, such as the role of soil micro-organisms in nutrient usage. A healthy RD&E system is vital and, as stated before, the intensity of public and private funding of innovation needs lifting.

This requires policy responses such as the following:

- Effective Government/industry partnerships informed by grass-roots applied R&D needs and balanced with 'blue sky' research investment and a whole-of-systems approach
- Ensuring RDCs are more responsive to the views of industry on research needs and act on those views e.g. including regional level industry input into RD&E priority identification and emphasising RDC responsiveness to this input
- Investigating ways of boosting 'spill-ins' from international R&D investment
- Facilitating more secure career pathways for early career researchers in publically-supported institutions in order to retain expensive-to-develop skills, while keeping a degree of the incentives to best practice that are involved in competitive project funding. This means longer-term funding models, mentoring programs, and more engagement of industry.
- Locally-based extension personnel (e.g. livestock and grains officers, Landcare officers, facilitators, rural financial counsellors etc.) using communication tools tailored to the local needs of industry so that the backlog of unapplied, best-practice R&D and innovation can be locally contextualised and realised in a low risk way
- Tax incentives for developers and primary producers to invest in efficient input use technology, such as for prescription farming, telemetry, drones, etc.

### **Issue 7: Reducing ineffective regulations**

AgForce is supportive of efforts to develop effective regulation that achieves society's legitimate needs without imposing unnecessary burdens on businesses and individuals. Regulatory burdens impact on primary producers' capacity to operate their businesses through the time and energy required for compliance activities being diverted away from running their enterprises and seeking further productivity and profitability improvements.

While direct regulation may be the simplest way for Governments to address problems, Australia's poor ranking on the burden of government regulation (128th of 148 countries) within the World Economic Forum's assessment of national competitiveness in 2013/14 would indicate that the correct balance is not being achieved at present<sup>22</sup>. We are therefore supportive of best practice regulation processes and efforts to:

---

<sup>22</sup> <http://www.weforum.org/reports/global-competitiveness-report-2013-2014>, accessed 17 April 2014.

- Review existing regulation for cost/benefit and impact analysis to ensure it is effective and supports sustainable economic growth
- Publication of Regulatory Impact Statements for all new regulation and examination of alternatives to legislation, including increased recognition of industry Best Management Practice programs and inclusion of incentives for voluntary compliance
- Removal of redundant or duplicative or conflicting regulation, e.g. support repeal days
- Effective stakeholder and community consultation processes
- Evidence-based objective regulation, not unfounded, philosophically-driven decisions
- Risk-proportionate regulation (e.g. self-assessment plus random compliance auditing preferred for low risk issues)
- Outcome not administration-focussed regulations
- Providing summarised and clearer information about primary producer obligations
- Harmonisation between jurisdictions (local, state, national, international) where there is no significant loss of existing producer rights.

It is likely that the regulatory burden is effectively a cumulative one; resulting from the impact of many regulations of which each individual regulation, seen in isolation, does not represent a significant imposition. AgForce is supportive of an analysis on the progress around regulation reform for the primary production sector and developing robust quantitative data on the regulatory burden on producers so that efficiencies can be achieved. Industry should be consulted by Government to identify those regulations that create the greatest drag on businesses while adding the least benefit to the people of Australia, and seek to prioritise efforts on those in the first instance.

For AgForce the regulatory burdens within the following sections have been identified by our members as being of high priority for examination by government.

### ***Environmental and sustainable resource use regulations and alternatives***

In feedback on the issues paper an area of regulation consistently identified by our members as being onerous, stifling of profitability, and not proportionate to risk were those related to the protection of the environment, specifically vegetation management legislation. These laws were seen to suppress ecologically sustainable development that could support ongoing profitability, were often at odds with the purpose of state leasehold land agreements around livestock grazing, and imposed significant real and opportunity costs. These costs were borne largely by landholders, rather than the urban community which also benefits from such public-good-directed policy making.

#### *Case study: overlapping vegetation management legislation in Queensland*

In Queensland, producers are regulated by two sets of state legislation pertaining to vegetation (the *Vegetation Management Act 1999* (VMA) and the *Nature Conservation Act 1992 (Protected Plants)* (NCA), as well as the *Commonwealth Environment and Biodiversity and Conservation Act 1999* (EPBC) in many cases. Over the last 18 months, the VMA has been the subject of significant reform, which AgForce has supported. Unfortunately the NCA, whilst undergoing some reform, remains a logistical and practical nightmare for producers to comply with and has failed to be tailored and explained effectively to the agricultural sector. AgForce is opposed to the current framework as:

- The protected plant process is duplicative and inferior to far more extensive State legislation on vegetation, and even the EPBC
- The permit system in place is onerous (even for 'least of concern' plants)
- The protected plant regulations have never been appropriately communicated
- The 'scientific' basis behind the protected plant database is flawed.

AgForce has on a number of occasions suggested that this legislative regime could be improved by:

- Moving to a truly risk-based approach - It is our view that most landholders who knew that they had truly endangered plants on their property would work to protect them. Applying this rationale, if the department could identify a smaller number of plants that it wished to focus on, an effective education and awareness campaign is likely to result in a high degree of compliance and protection. This option could be implemented with or without legislation and in the latter case would result in significant red tape reduction, whilst at the same time delivering real outcomes and fostering landholder cooperation (also an object of the NCA).
- Provision of a broadacre exemption - If the significant aim of the framework is to regulate the nursery industry and regulate harvesting of protected plants, AgForce would welcome discussion on a broadacre industry or pastoral (geographic-based) exemption on the basis that the current and any future regime is poorly-suited to a broadacre context, is expensive and that the key threatening process (namely broadscale clearing) is no longer a substantial risk. This exemption could support further targeted development in northern Australia.
- Co-regulation - The NCA framework could be integrated with the VMA and this would lead to a true cost and time saving. Such an integration would include:
  - Integrating mapping so that landholders receive one map for both frameworks
  - Integrating permit application processes
  - Ensuring communication materials deal with both issues at the same time.

#### **Member Comment**

*'Currently the Queensland State Government is trialling new environmental regulations that are based on regions allowing farmers with certain land types to follow regulations specific to their land and without having to apply and wait for individual acceptances. This is a great improvement as it frees up time for both farmers and departmental staff, simplifies the process thus encouraging farmers to make legal production changes and acknowledges different regions/areas have different needs. The State has made good advances by repealing some of the vegetation legislation.'*

#### *Resource sector activity and concurrent land uses*

A key area of concern for AgForce members is government policies and regulation around the interaction of resource companies in agricultural areas. Key to this interaction is; achieving equity in land access and compensation negotiations; protection of above and underground water resources; and appropriate restoration of environmental resources to their prior condition at the end of a resource extractive activity. Recently the Queensland Government has made significant steps towards delivering greater equality with resource sector proponents in assessing proposed developments but further policy efforts are required including:

- Ensuring the state-agreed referral process to the Independent Expert Scientific Committee through the EPBC Act is operating effectively, so that development impact considerations by the state are made using the best available scientific knowledge and oversight. For example, 80% of Queensland is now under CSG exploration permits. It is important that governments engage with the various stakeholders in finding acceptable, sustainable land use solutions
- Minimising damage surrounding mine dewatering and water discharge which is currently occurring in Central Queensland but can have significant ramifications for other local water users.

### *Water regulation and the National Water Initiative*

The Federal Government's National Water Initiative (NWI) has assisted in developing a framework for water planning and management in Queensland. Given the principle of full cost recovery by water users, there is now potential to consider a number of further initiatives:

- Ensuring that water sector reform aimed at environmental sustainability, such as the Murray Darling Basin (MDB) Plan, effectively balances the associated socio-economic cost to irrigation-dependent communities, and emphasises improved water efficiency over removal of irrigation water from the system as much as possible
- Prioritise planning and management efforts on the basis of the risk of not meeting water use and environmental objectives within catchments or sub-catchments, in order to minimise regulatory costs and maximise benefits (i.e. taking a risk-based approach)
- Investigate participatory approaches that enable greater industry and private sector participation at the local level in reform, for example Queensland is looking at local management of irrigation schemes and entitlement holder management of water metering
- Further development with the private sector of policy frameworks supporting new or emerging water markets and the trading of water products, including the timely availability of water pricing information and information on seasonal availability of water
- Integration of policies for water-associated issues, for example increased water use efficiency due to increased technical investment often comes at the cost of greater energy use so policies relating to energy supply and cost need to be integrated
- In delivering decision-support information, monitoring and reporting programs should be timed and targeted more closely to clear environmental outcomes and be cost-effective
- Clarification of policies concerning Indigenous access to water resources for cultural and other purposes, particularly where these include economic purposes and could interact with other third party interests.

### *Alternatives to environmental regulation*

In the push to improve the performance of the farm sector and achieving sustainable production and profitability it is important for governments to look to alternatives to regulation wherever possible. As consumers become increasingly removed from agriculture it is in industry's interests to be able to clearly demonstrate and communicate good stewardship of natural resources and lift transparency around on-farm production practices, so that society has confidence in the sector and is supportive of self-regulation and a lighter regulatory hand being applied. Consumers also require reassurance that their affordable food and fibre is derived from sustainable agricultural systems<sup>23</sup>.

The government in responding to this issue could seek to:

- 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 national community and consumers

---

<sup>23</sup> Sustainable agriculture is the use of agricultural practices and systems that maintain or improve economic viability of agricultural production; social viability and well-being of rural communities; ecologically sustainable use of Australia's biodiversity; natural resources; ecosystems influenced by agricultural activities. Source: *Natural Heritage Trust of Australia Act 2007*, [http://www.austlii.edu.au/au/legis/cth/consol\\_act/nhtooa1997371/s16.html](http://www.austlii.edu.au/au/legis/cth/consol_act/nhtooa1997371/s16.html), accessed April 2014)

- 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. The successful United States model ([www.foodintegrity.org](http://www.foodintegrity.org)) could be used as a basis
- Develop a Australian Government recognised national standard for demonstration of sustainable agriculture through a Property Management Plan system to:
  - Monitor condition of 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 through the 'Landcare Operations' provision of the *Income Tax Assessment Act 1997*<sup>24</sup>
  - Improve targeting of future NRM investment by public and private investors
  - Enable demonstration and trading of ecosystem services for high value conservation areas. Would require including 'management of ecosystem services' in the taxation definition of 'primary producer'<sup>25</sup>
  - Remove duplication of current planning processes with one property plan delivering on multiple outcomes
- Government recognition and support for 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
- Reinstigate a cross-sectoral 'Land and Water Australia'-style RDC aimed at supporting RD&E work on sustainable natural resource management where this does not occur at the expense of existing government funding for RDCs.

### ***Industrial relations and workforce regulation***

The 2013 World Economic Forum Global Competitiveness Index ranked Australia as 137<sup>th</sup>, 135<sup>th</sup> and 113<sup>th</sup> out of 148 countries for hiring and firing practices, flexibility of wage determination and pay and productivity respectively. They identified restrictive labour regulations as the most problematic factor for doing business in Australia.<sup>26</sup>

#### *Industrial relations*

There is interest amongst AgForce members for improving labour market flexibility and the streamlining of industrial relations regulations and incentives to increase employment in a way that is relevant to the conditions in rural and remote areas. For example, the government should review:

- The modern award rates and conditions to ensure that they are relevant to various farm working situations.
- 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

---

<sup>24</sup> <http://www.ato.gov.au/Business/Primary-producers/In-detail/Deductible-capital-expenditure/Landcare-operations/>, accessed April 2014.

<sup>25</sup> <http://www.ato.gov.au/Business/Primary-producers/In-detail/Who-is-a-primary-producer-/Who-is-a-primary-producer-/>, accessed April 2014

<sup>26</sup> <http://www.weforum.org/reports/global-competitiveness-report-2013-2014>, accessed 17 April 2014.

window. Such non-standard conditions can be offset by providing employees with other rurally-relevant mechanisms to maintain equitable employment conditions.

### *Workplace Health and Safety*

Workplace Health and Safety (WH&S) legislation currently represents a significant compliance task and cost for agriculture in Queensland. A study conducted by the Chamber of Commerce and Industry Queensland (CCIQ) in July 2013 shows that small businesses are, on average, spending between 16 and 40 hours per week on compliance alone. AgForce recognises the need for strong and effective WH&S protections to protect workers, however submit that there is significant capacity to reduced red tape and remove or amend regulation where it is unnecessary, duplication or burdensome. In particular, the report highlighted five red tape burden 'hotspots' including:

- Training and repeat training requirements - e.g. the various and duplicative induction training requirements from large principal contractors
- the WH&S documentation burden is believed to be detracting from safety outcomes and serving little purpose other than to prove compliance for the regulator
- Complexity and excessive burden associated with the risk assessment processes and documentation
- Role (voluntary or mandatory) and interaction of code of practice and duplication with other national standards
- Ongoing education and notification costs with monitoring regulatory changes and reporting

AgForce seeks the following outcomes in this area:

- Provide practical interpretation and guides of the Acts to ensure there is certainty for employers
- Ensure licensing requirements are practical, commensurate with risk, cost efficient and tailored to the needs of people in remote areas e.g. small rural abattoirs
- Ensure Codes are practical, commensurate with risk and capable of being complied with by people working in remote areas
- Investigate the capacity for generic industry-induction packages which lower the cost of inductions and provide skills and education, particularly for new entrants to agriculture.

### **Member Comment**

*'Two sheets of iron, 1.5 metres long have blown off the top of a wall on a high shed. We have the means of reaching the area but it doesn't comply with safety requirements so we are obliged to hire a cherry picker, for a minimum of 24 hours, from town 160 km away which adds up to a total of 640km travel, a minimum of 8 hours driving, to do a 20 minute job.'*

### **Transportation**

The following are identified areas for risk-proportionate review and reform for transportation-related regulation:

- Inter-jurisdictional (local and state government) harmony for the rating of road networks to improve the freight-efficient movement of agricultural products
- more cost-effective regulations around aircraft pilot licensing, including improving access to CASA-Registered medical practitioners and reducing the associated CASA fees, as well as implementing rurally-relevant fatigue management requirements for aerial musterers rather than taking a 'one size fits all' approach modified from the road transport context.

- A review of the actual risks relating to regulation of rural vehicle movements e.g. restraint of items in the tray of a ute in low traffic volume country areas, and the movement of unregistered farm vehicles across or along a low-traffic public road traversing a rural property
- Requirements to have road works or speed reduction signage displays in line with current conditions of work, i.e. not left in place for prolonged periods when no work is being carried as this unnecessarily increases travel times.

### **Other regulations**

There were a number of other regulations identified that could be subject to review and potential reform including:

- Taxation, in order to reduce current significant business compliance costs
- Export and Importation Regulations
- Financial Institutions charges
- Streamlining of agriculturally-related firearms licensing and renewals processes. The Queensland Government is currently investigating and reforming this area.

#### **Member Comment**

*'This morning I received a reply from our accountants to the question 'What are the capital gains implications for us if we sell a rural property?'. Because of the complex nature of the Act a lengthy examination of capital gains and how it applied was required. The initial cost was \$7,000. Even then it is not straightforward; there is a list of what, when and how we do things to our best advantage, with the cost of being walked through that process growing all the time.'*

## **Issue 8: Enhancing agricultural exports**

### ***Effective biosecurity protections are vital***

In a globally-connected world, biosecurity is seen by AgForce as a vital policy area in achieving continued profitable and sustainable agricultural production in Australia. Governments play important roles in minimising risks to and protecting the integrity of our environments and livestock and crop health status through the delivery of science-based biosecurity and quarantine systems. Strong border protection protocols and effective disease outbreak response mechanisms are integral to this protection. Adequate governmental funding of biosecurity is seen as vitally important and a core role of government. Traceability of livestock is an important element in delivering assurance to domestic and overseas food markets and to maintain market access, including to Asia.

AgForce is supportive of ongoing moves to streamline biosecurity legislation. Reducing duplication between levels of government should improve the cost-effectiveness and operational efficiency of biosecurity efforts. We strongly support ongoing investment in the Australian Government's Biosecurity services in protecting our quarantine status, including protocols ensuring the denaturing of imported grain. Imports of all types (machinery, manufactured stock feed, fertiliser, or whole grain (feed or milling)) must be strictly monitored for the presence of any restricted seeds or other potential incursion problems. Authorised officers must meet the same performance standards as government-employed inspectors and these standards must be rigorously enforced.

AgForce is supportive of the government seeking to minimise the burdens on our exporters, and in efforts to oppose the unnecessary and unsubstantiated import requirements set by some of our

trading partners. Likewise food imports into Australia must meet evidence-based quarantine restrictions that ensure Australia's competitive advantage in pest and disease-free status is protected with minimal to no risk of a breach. The best available scientific information must be applied to risk assessments around biosecurity and a conservative approach adopted to ensure compliance with all applicable laws.

### ***Trade negotiations and agreements***

AgForce has welcomed the trade agreements recently signed with South Korea and Japan as good steps towards facilitating greater, more equitable market access and boosted returns for our beef industry. We look forward to a potential agreement with China to deliver further and more widespread benefits to the agricultural sector.

AgForce calls on the Australian Government to take a more emphatic line in its foreign policy efforts towards the liberalisation of international agricultural commodity markets and achieving the so-called 'level playing field' urgently required for primary producers to take full advantage of their past efforts to improve productive efficiency. Declining government support for Australian producers has been done under a policy of unilateralism to this end and the time is ripe to convert that goodwill into financial returns. Failure to do so will further erode support for unilateral trade policies and increase calls for a 'mirroring' approach to international trade barriers.

Trade negotiations must seek to provide real benefits to all agricultural sectors, without cutting out individual sectors to ensure an agreement is achieved, or trading off the interests of agriculture to advantage other sectors of the economy within the negotiations. There is also a need to include further emphasis on reducing non-tariff and technical barriers to trade (TBT).

Key areas for further government effort on trade include:

- Ensuring knee-jerk, political-poll-driven decisions that undermine vital markets are avoided and the full consequences of any government interventions into the live export trade are considered soberly with appropriate industry consultation before being enacted
- The effectiveness of DFAT programs aimed at trade liberalisation within agriculture should be transparent, regularly reviewed and their activities publicised. The realised benefits at the farm gate of trade agreements must be communicated clearly to industry stakeholders
- TBT in the red meat sector need to be reduced to zero as a matter of urgency. There are 136 technical market access barriers costing more than \$1.25 billion in lost export capacity. For example, the United Arab Emirates has an artificial barrier of 40-days shelf life for our products, which is much less than half of the shelf life scientific evidence has demonstrated Australian products actually have
- Overcoming TBT in livestock exportation involves establishing MOUs for all emerging markets for slaughter and feeder cattle, as well as refining and resourcing the ESCAS according to demand
- Identification and development of new markets with potential for expansion and the capacity to pay for our product can yield significant benefits and requires support for the underpinning marketing strategies as well, for example niche luxury beef markets may require government championing to receive, for example, USDA accreditation
- 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 services.

#### **Member Comment**

*'Is it really a 'free market'? Stop expecting our agricultural businesses to compete on a playing field*

*that is not level. For example, against products that are produced with the help of subsidies, and/or that do not meet the same standards as those expected in Australia for wages & employment conditions, environmental protection, animal welfare and food safety. To be expected to try to compete with such produce is simply unreasonable and unfair.'*

### **Develop a competitive value-adding industry locally**

A component of improving profitability of the agricultural sector in Australia is developing cost-competitive value-adding of raw products, preferably with significant pass back of benefits to the primary producer. This has the further benefit of contributing to our country's ongoing balance of payments problems. To be successful such a focus will involve seeking innovative ways to manage manufacturing-sector labour costs, or alternatively involve concentrating on creating luxury high-value, niche products where product price is significantly higher than the costs of production.

The role of government in delivering on this outcome is potentially through:

- Providing expertise or seed funding for establishing Australian-owned processing infrastructure supporting value-adding of products where a strong business case exists
- Ensuring a component of public R&D funding is directed to integrating the production and food manufacturing sectors to look at identifying efficiencies, such as investigating novel combinations of product to deliver convenient, meal-based packaging options for a time-poor customer, and to reduce wastage post-farm-gate
- Investigating the reasons behind the high level of productivity of overseas manufacturing sector (including labour efficiency) and introducing policies which improve our competitiveness relative to our overseas rivals
- Delivering cost-effective and practical food labelling laws that are World Trade Organisation (WTO) compliant and include clear information that assists consumers to choose food on the basis of safety, nutritious value and the country of origin.

## **Issue 9: Assessing the effectiveness of incentives for investment and job creation**

Australian agriculture operates within a variable climate and the challenges of fluctuating international prices for produced goods. The results of these influences are significant fluctuations in incomes across time and there is a need for a taxation system and policies that can deliver equitable outcomes both for the primary producer and the broader society. In terms of job creation it is important that urban society and young people looking at their career options have a good level of awareness and understanding of Australian agriculture, the role it plays in supporting our economy and our society, and the wide range of job opportunities within the sector. There is a role for government, in partnership with industry, in assisting with developing this understanding.

### **Taxation**

It is important in the context of a difficult federal government budgetary position to reiterate AgForce's support for the range of existing agriculture-sector-specific concessions and mechanisms that are currently in place. This includes the retention of provisions relating to; income averaging; Farm Management Deposits; capital cost deductions (water, Landcare, telephone and electricity); fuel tax credits; valuation of livestock from natural increase; disaster related measures (forced disposal of livestock, spreading insurance recoveries, etc.); deferral of profit on second wool clips; and the asset depreciation provisions, tax relief under hardship, and zonal tax offsets available to all taxpayers depending on their location.

Our members have identified some other taxation-related issues that could be examined further to achieve positive changes around agricultural competitiveness:

- Greater incentives for investment on capital items supporting climate resilience and productivity growth, such as full deductibility in the year of expenditure. Such tax breaks are repaid through taxable future income generation, reduce future government assistance required and can free up funds for labour employment or flow-on benefits to local suppliers
- Revisit the zonal tax offsets policy to ensure it is actually effective in offsetting the increased costs of living in remote areas, and for its applicability in making remote areas more attractive places to live and work
- Harmonising the fuel tax credits for aviation gasoline used for agricultural purposes with that for diesel and petrol used for agricultural purposes
- Further investigation and modelling of tax loss trading so an informed decision can be made on the concept. Full face value of the loss should be paid by an acquirer and any scheme structured so as not to perversely incentivise the artificial creation of tax losses.

Members also raised updating of ATO valuations on sheep and cattle for taxation purposes; the role of an extension of the GST to include food products with a proportion of the revenue directed to supporting public good outcomes on farms; introduction of a 'Tobin-like' tax on large inflows and outflow of capital into Australia to disincentivise speculative trading forcing the dollar to un-competitively high levels; and providing further tax incentives for R&D in agriculture.

### ***Public awareness of industry practices***

Australian food consumers currently spend less than a fifth of their weekly household income on food and obesity levels and food waste in our society are increasing. Food production should be seen as a vitally important activity supporting a healthy future for Australians and other customers overseas. The growing disconnect between urban and rural individuals means that a decreasing proportion of the population understand modern farming practices and systems. Education of Australia's wider (and largely urban) society about agriculture, its production practices and standards, as well as the real value of food and opportunities for careers in agriculture would help to reduce waste and lift product values, minimise unnecessary regulation or damaging policy decisions and encourage growth in agriculturally-related employment (applied, business and scientific).

AgForce considers it vital to work together with government and other stakeholders to improve community understanding and AgForce's "Every Family Needs a Farmer" campaign is an ongoing education strategy to address the gap in understanding of rural issues with the urban population. AgForce are supportive of the efforts of the federally-funded Primary Industries Education Foundation (PIEF) and Queensland's Schools to Industry partnership programs to engage with the wider school population around the importance of agriculture and their efforts to integrate agriculture into the wider school curriculum. The Career Harvest website<sup>27</sup> is a good example of efforts to engage urban students about the range of careers available within agriculture. A key element to success will be improved coordination of these efforts at a national level to maximise value for money and to identify and build on successful current programs.

Societal education programs should include the importance to food and fibre production of agricultural workers finding solutions to the range of challenges currently facing agriculture, the range of interesting and challenging employment opportunities, including in urban areas, and the job security to be found in the sector due to the undersupply of workers<sup>28</sup>. Agriculture stakeholders must also spread a positive and professional message about agricultural careers and to encourage

---

<sup>27</sup> <http://www.csu.edu.au/special/acda/careers/>, accessed September 2012

<sup>28</sup> Miller et al., 2011.

rural awareness to urban consumers. The use of social media will be important in achieving this outcome.

An industry-led national workforce development taskforce may have a role in more effectively coordinating the collection of workforce information and the identification and adoption of currently successful programs aimed at workforce recruitment and training. There are a large number of effective programs but there is a lack of coordination and promotion of these at a national level. A regularly updated 'best practice' workforce development guide for employers, industry bodies and Government would be a useful output from that initiative. This group could also proactively identify emerging skills shortfalls in each sector and make recommendations to industry and government on how these might be addressed before they have an impact on productivity.

#### **Member Comment**

*'[It would be valuable to have] A portal for the primary school students to "ask a farmer a question" to close the gap between city and country and allow integration and recognition of agricultural practices in primary aged children.'*

#### **Other comments**

Given increasing land use competition in recent years, AgForce supports the development of science- and evidence-based government policy that addresses community concerns about the impacts of the petroleum and gas and mining industries on agriculture, including underground water resources, capacity to produce livestock and crops, and the negative consequences from poor land access or infrastructure arrangements. It is also important that governments ensure that negotiations with affected landholders proceed equitably and with adequate compensation.

The Queensland government is currently reforming land use planning approaches dealing with the co-existence of the resource sector and agriculture through its *Regional Planning Interests Act 2014*. A key component of that reform is delivering a greater emphasis on resource proponents gaining the voluntary agreement of the landholder to activities proposed to occur on their land, and a range of criteria related to land use and protection of agricultural land and water resources. 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.

#### **Member Comment**

*'Resumption of land process - needs to remove the stress, uncertainty, unpaid time input, financial and time imposition and the overpowering sleep-depriving feeling that the landholder counts for nothing in this process. If the purpose of the land resumption is to be of the benefit to Australia that we are lead to believe then surely the landholder should not be any worse off than if the situation had never arose. Adequate, ongoing, right from the onset, as-expenses-are-incurred compensation must be forthcoming. I speak from personal experience.'*

Finally, it is important that primary producer understanding of government policies, programs and regulations is adequate for engagement and compliance and this requires an appropriate resourcing of communication and awareness campaigns. This is best done in partnership with industry.

## Conclusion

This submission outlines a range of practical potential solutions to the issues raised by the Agricultural Competitiveness White Paper issues paper. AgForce has welcomed the Australian Government's focus on the vital issue of ensuring competitiveness of the agricultural sector and elevating it to a collaborative initiative of the Office of the Prime Minister and Cabinet, and the Office of the Minister of Agriculture. The implementation of many of the policy solutions to agricultural sector challenges and opportunities will require a whole of government approach and close collaboration with the industry to be effective.

Success of the initiative will be measured by AgForce in its capacity to deliver a sustained improvement in profitability for the sector and a lift in the standard of living of primary producers, and other Australians. AgForce is ready to support the government in its efforts to make that outcome a reality and welcomes any opportunity to discuss the ideas in this submission and contribute further to the White Paper process.

## Contacts

The contact person to whom enquiries about this submission should be directed to is:

Dr Dale Miller

Senior Policy Advisor, AgForce Queensland

█ █

█ █

Post: PO Box 13186, North Bank Plaza

Cnr Ann and George Streets QLD 4003

## References

Alston, J.M., Beddow, J.M., and Pardey, P.G., 2009. Agricultural Research, Productivity, and Food Prices in the Long Run. *Science*, 325:1209-1210. ([www.sciencemag.org](http://www.sciencemag.org), accessed 26 Sept. 2010)

Alston, J.M., Chan-Kang, C., Marra, M.C., Pardey, P.G. and Wyatt, T.J. 2000. A Meta-Analysis of Rates of Return to Agricultural R&D: Ex Pede Herculem? Research Report no. 113, International Food Policy Research Institute, Washington DC.

Australian Council of Deans of Agriculture ACDA, 2009. Capacity in Agriculture—A matter of national concern. Australian Council of Deans of Agriculture submission to PMSEIC, August 2009. <http://www.csu.edu.au/special/acda/papers.html>, accessed 13 May 2011.

Australian Farm Institute, 2012. Transport Costs for Australian Agriculture. Garry Goucher & Associates, Australian Farm Institute. <http://www.farminstitute.org.au/publications-1/research-reports> accessed 14/4/14.

Drought Policy Review Expert Social Panel 2008, It's About People: Changing Perspective. A Report to Government by an Expert Social Panel on Dryness, Report to the Minister for Agriculture, Fisheries and Forestry, Canberra, September

McCosker, T., McLean, D. and Holmes, P. 2010. Northern Beef Situation analysis 2009. Meat and Livestock Australia. North Sydney. Australia.

Miller, D., Allen, W., Kleinschmidt, C. 2011. Career motivations and attitudes towards agriculture of first-year science students at The University of Queensland [online]. *Agricultural Science*, Vol. 23, No. 3, 2011: 18-28.

Mullen, J.D. 2007. Productivity growth and the returns from public investment in R&D in Australian broadacre agriculture. *Australian Journal of Agricultural Economics*, vol. 51, pp. 359–84.

Mullen, J.D. 2010. Trends in investment in agricultural R&D in Australia and its potential contribution to productivity. *Australasian Agribusiness Review*, 18:18-29.

Productivity Commission 2005, Trends in Australian Agriculture, Research Paper, Canberra

Productivity Commission 2009, Government Drought Support, Report No. 46, Final Inquiry Report, Melbourne

Sheng, Y, Mullen, JD and Zhao, S 2010, Has growth in productivity in Australian broadacre agriculture slowed?, paper presented to the Australian Agricultural and Resource Economics Society Conference, Adelaide, 10-12 February.

**Appendix 1: Summary table of potential policy responses to identified issues for consideration by the Agricultural Competitiveness Task Force**

Issue 1. Ensuring food security	Issue 2. Improving farm gate returns	Issue 3. Enhance access to finance	Issue 4: Increasing value chain competitiveness	Issue 5: Enhancing regional communities	Issue 6: Improving supply chain competitiveness	Issue 7: Reducing ineffective regulations	Issue 8: Enhancing Exports	Issue 9: Incentives for investment and job creation
<p><i>Streamlined supply chains:</i></p> <ul style="list-style-type: none"> <li>Government-facilitated trade relationship-building</li> <li>Overcoming barriers to producer co-operatives</li> <li>Funding for container-based grain handling</li> <li>R&amp;D into on-farm quality testing.</li> </ul> <p><i>Improved market intelligence:</i></p> <ul style="list-style-type: none"> <li>More co-ordinated predictive market information-gathering</li> <li>Education of producers on global supply chains.</li> </ul> <p><i>Export of technology and expertise:</i></p> <ul style="list-style-type: none"> <li>Incentivising study of agriculture in Australia</li> <li>Integration of international agricultural training and research</li> <li>Facilitating farmer exchange programs</li> <li>Supporting local innovators and developers in value-adding</li> <li>Communicate the benefits of International Aid and R&amp;D.</li> </ul> <p><i>Expansion of production:</i></p> <ul style="list-style-type: none"> <li>Examine potential for sustainable northern development</li> <li>Access to affordable</li> </ul>	<p><i>Lifting Profitability:</i></p> <ul style="list-style-type: none"> <li>Collect conclusive data on reasons for low profitability</li> <li>Identify the optimum rate of enterprise turnover</li> <li>Include farm profitability as a White Paper success measure.</li> </ul> <p><i>Targeted advanced business training:</i></p> <ul style="list-style-type: none"> <li>Return the FarmBis training subsidy</li> <li>Facilitating Best Practice group formation</li> <li>Promoting exchange, mentoring and development programs</li> <li>Incentivising financial and succession planning</li> <li>More accessible Allowances for agriculture-related business courses.</li> </ul> <p><i>Preparedness, resilience and assistance to climate variability:</i></p> <ul style="list-style-type: none"> <li>Support growth of risk management tools like insurance</li> <li>Urgently revisit national drought policy</li> <li>Establish a comprehensive long-term drought policy</li> <li>Retain state-based drought supports.</li> </ul> <p><i>Environmental stewardship income streams:</i></p>	<p><i>Foreign investment:</i></p> <ul style="list-style-type: none"> <li>Implement a national investment register</li> <li>Ongoing involvement of the ACCC in monitoring activity</li> <li>Delivering stable government policy settings.</li> </ul> <p><i>Alternative domestic capital investment:</i></p> <ul style="list-style-type: none"> <li>Develop a Farm Future Fund</li> <li>Review zonal concessions and other tax incentives</li> <li>Encourage local Superannuation fund investment into agriculture</li> <li>Establish a forum to develop alternative arrangements and fair agreements.</li> </ul> <p><i>Alternative farm business structures:</i></p> <ul style="list-style-type: none"> <li>Develop and integrate alternative business/financing arrangements</li> <li>Providing favourable tax structures for land value appreciation</li> <li>Review Farm Management Deposit accessibility</li> <li>Publicising examples of successful resource sharing arrangements</li> <li>Develop mechanisms to incentivise leasing arrangements.</li> </ul>	<p><i>Research and development:</i></p> <ul style="list-style-type: none"> <li>Increase RD&amp;E investment intensity</li> <li>Review past innovation adoption and invest in extension &amp; adoption</li> <li>Identify effective incentives for private R&amp;D investment</li> <li>Enabling greater levy stream flexibility</li> <li>Increase recruitment and retention in agricultural RD&amp;E careers</li> <li>Investigate the delivery of Queensland plant breeding programs.</li> </ul> <p><i>Addressing market power imbalances:</i></p> <ul style="list-style-type: none"> <li>Develop a Price Discovery Model</li> <li>Address barriers to producer bargaining power in markets</li> <li>Greater oversight of retailer behaviour and ensuring competition</li> <li>Clearer product labelling and consumer education</li> <li>Education on requirements on importer's</li> <li>Establishment of a specific grains industry oversight body</li> <li>Address processing sector labour costs</li> <li>Improve transparency of the value-adding steps within processing</li> <li>Investigate opportunities for investment in the red meat processing sector.</li> </ul> <p><i>Enabling infrastructure</i></p>	<p><i>Access to education and skills training:</i></p> <ul style="list-style-type: none"> <li>Collaborate with industry in addressing rural education needs</li> <li>Restoration of Commonwealth Accommodation and Learning Scholarships</li> <li>Investigating a rurally-focussed HELP incentives scheme</li> <li>Providing concessional Youth Start allowance eligibility for farm work</li> <li>Removing barriers to rural student higher education enrolment</li> <li>Improving VET student assessment and educational experiences.</li> </ul> <p><i>Addressing Short and Long-term Labour Shortages:</i></p> <ul style="list-style-type: none"> <li>Embed agriculture and food and fibre production into the national school curriculum</li> <li>Rationalising the National Workforce Development Fund</li> <li>Incentivise rural and regional workforce participation</li> <li>Investigation of supports for new entrants to agriculture</li> <li>Establish appropriate visa categories and concessions to 457s</li> <li>Provide a pathway to convert from 417 Working Holiday visas</li> </ul>	<p><i>Input cost competitiveness:</i></p> <ul style="list-style-type: none"> <li>Competitive regulated electricity prices</li> <li>Continue to commit to uniform tariff policies</li> <li>Improve availability and structuring of time-of-use tariffs</li> <li>Invest into R&amp;D to develop remote or alternative energy</li> <li>Stringent assessment of market-distorting investments and incentives</li> <li>Examining partnership options for affordable fuel supply</li> <li>Invest in development of alternative fuel supplies</li> <li>Develop national interest related agricultural fuel policies</li> <li>Initiate an ACCC review into imported agricultural inputs.</li> </ul> <p><i>Driving efficiency through RD&amp;E:</i></p> <ul style="list-style-type: none"> <li>Effective public/industry partnerships</li> <li>Ensuring industry-responsive RDCs</li> <li>Boost 'spill-ins' from international R&amp;D</li> <li>More secure career pathways for agricultural researchers</li> <li>Locally-based extension personnel</li> <li>Tax incentives for investment in efficient input use.</li> </ul>	<p><i>Use of best-practice regulation:</i></p> <ul style="list-style-type: none"> <li>Develop robust data on producer's compliance burdens</li> <li>Apply alternative approaches such as best practice programs and national voluntary standards and incentives</li> <li>Reinstitute a separately funded cross-sectoral RDC.</li> </ul> <p><i>Environmental regulations:</i></p> <ul style="list-style-type: none"> <li>Apply risk-based and education-focussed approaches</li> <li>Provision of a broadacre or pastoral exemption for protected plants</li> <li>Integration of vegetation regulation regimes.</li> </ul> <p><i>Resource sector activity:</i></p> <ul style="list-style-type: none"> <li>Ensuring equity in negotiations, protection of water resources and post-activity restoration</li> <li>Ensuring referral to the Independent Expert Scientific Committee</li> <li>Improved management of mine dewatering and water discharges.</li> </ul> <p><i>Water regulation:</i></p> <ul style="list-style-type: none"> <li>Ensuring water reform effectively balances socio-economic interests</li> <li>Risk-based approaches to water planning and management</li> <li>Investigate local participatory approaches</li> <li>Support new or emerging water markets and the trading of water</li> <li>Integration water and energy policies</li> <li>Clearly timed and targeted monitoring and reporting</li> </ul>	<p><i>Ensure effective biosecurity:</i></p> <ul style="list-style-type: none"> <li>Ongoing funding of science-based biosecurity systems.</li> </ul> <p><i>Trade negotiations and agreements:</i></p> <ul style="list-style-type: none"> <li>Consult industry on decisions directly affecting vital markets</li> <li>Review the effectiveness of DFAT trade programs</li> <li>Communicate farm-gate benefits of trade agreements</li> <li>Urgently work to reduce Technical Barriers to Trade</li> <li>Support a greater farm-gate focus of trade services like Austrade.</li> </ul> <p><i>Develop value-adding locally:</i></p> <ul style="list-style-type: none"> <li>Facilitating establishment of Australian-owned food and fibre processing</li> <li>Direct R&amp;D funds to support efficient integration of production with manufacturing</li> <li>Investigate overseas manufacturing sector competitive advantages</li> <li>Delivering cost-effective and practical food labelling laws.</li> </ul>	<p><i>Taxation:</i></p> <ul style="list-style-type: none"> <li>Support continuation of existing sector-specific concessions</li> <li>Greater incentives for investment on capital items</li> <li>Revisit the zonal tax offsets policy</li> <li>Harmonising tax credits for aviation gasoline</li> <li>Further investigation and modelling of tax loss trading.</li> </ul> <p><i>Public awareness:</i></p> <ul style="list-style-type: none"> <li>Improved national coordination of efforts to improve community understanding of agriculture</li> <li>Support the Primary Industries Education Foundation (PIEF)</li> <li>Support integration of agriculture into the national school curriculum</li> <li>Creation of an industry-led national workforce development taskforce.</li> </ul>

Issue 1. Ensuring food security	Issue 2. Improving farm gate returns	Issue 3. Enhance access to finance	Issue 4: Increasing value chain competitiveness	Issue 5: Enhancing regional communities	Issue 6: Improving supply chain competitiveness	Issue 7: Reducing ineffective regulations	Issue 8: Enhancing Exports	Issue 9: Incentives for investment and job creation
<p>energy</p> <ul style="list-style-type: none"> <li>Support beneficial use of alternative water sources</li> <li>Investment on further water infrastructure</li> <li>Continue funding of the Great Artesian Basin Sustainability Initiative</li> <li>Making more water available</li> <li>Streamlining of environmental and other approvals</li> <li>Establishment of supporting infrastructure</li> <li>Targeted RD&amp;E</li> <li>Supporting the establishment of alternative industries</li> <li>Providing secure tenure rights.</li> </ul>	<ul style="list-style-type: none"> <li>investigate new ecosystem services revenue streams</li> <li>Support collaborative consumer education.</li> </ul>	<p><i>Alternative financing models:</i></p> <ul style="list-style-type: none"> <li>Establish a national rural debt survey and rural expertise in the Reserve Bank</li> <li>Establish a national voluntary debt mediation process</li> <li>Examine rural banking practices</li> <li>Examine farm foreclosure management</li> <li>Improve terms of Concessional Loans</li> <li>Collaborative review of relevant banking policies and use of longer loan terms</li> <li>More flexible equipment and livestock facility structuring</li> <li>Incentivise lending sector training in 'rural literacy'</li> <li>Remove stamp-duty barriers to rural succession.</li> </ul>	<p><i>investment:</i></p> <ul style="list-style-type: none"> <li>Collect data on and review product logistics and costs</li> <li>Reform NHVR and other transport legislation</li> <li>Improving access to and efficiency of rail system</li> <li>Upgrade major arterial roads for freight-efficient vehicle access</li> <li>Transformational change to improve port access</li> <li>Integration using the 'hub and spoke' concept</li> <li>Review Infrastructure Australia and Regional Development Australia</li> <li>Ensuring reliable and comparable rural and regional access to ICT</li> <li>Improve satellite ICT services</li> <li>Government contracting incentivises rural and remote service delivery</li> <li>Encourage development of agriculturally-relevant software &amp; applications</li> <li>Locating Federal Government offices in regional areas.</li> </ul>	<ul style="list-style-type: none"> <li>Collaboratively establish appropriate ANZSCO codes and sponsored migration requirements</li> <li>Revise the ANZSCO codes to recognise industry experience</li> <li>Educate producers on relevant grants and subsidies available</li> <li>Improve tax treatment of rural worker employment conditions.</li> </ul> <p><i>Facilitate farm succession:</i></p> <ul style="list-style-type: none"> <li>Consistent stamp duty exemption provisions across jurisdictions</li> <li>Favourable tax treatment for new entrants and training incentives</li> <li>Improved access to pensions or exit grants to facilitate rural succession</li> <li>Targeted consideration for new entrants in Govt. policy settings</li> <li>Investigate options to reduce costs in setting up business structures</li> <li>Co-funding succession plans and legal advice for family businesses.</li> </ul>		<p>programs</p> <ul style="list-style-type: none"> <li>Clarification of Indigenous access policies.</li> </ul> <p><i>Workplace relations and health:</i></p> <ul style="list-style-type: none"> <li>Ensure farm relevant award rates, allowances, and conditions</li> <li>Streamline training requirements</li> <li>Simplify documentation &amp; risk assessment processes</li> <li>Remove duplications and reduce costs of regulatory changes and reporting</li> <li>Provide practical guidance to relevant Acts</li> <li>Ensure appropriate licensing and Code requirements</li> <li>Investigate generic industry induction packages.</li> </ul> <p><i>Transportation:</i></p> <ul style="list-style-type: none"> <li>Inter-jurisdictional harmony on road network rating</li> <li>Reduced cost of regulations around aircraft pilot licensing</li> <li>Ensure risk proportionate road transport regulation.</li> </ul> <p><i>Other:</i></p> <ul style="list-style-type: none"> <li>Streamline business taxation compliance</li> <li>Review export and importation regulations</li> <li>Review Financial Institutions charges</li> <li>Streamline agriculturally-related firearms licensing.</li> </ul>		