At a glance

Agricultural Competitiveness White Paper

Stronger farmers, stronger economy

Agriculture has always played an important role in the success of our nation—it touches all Australians.

The Government is committed to strengthening the sector and ensuring it remains as competitive as possible, because stronger farmers mean a stronger Australian economy.

The opportunities for the sector are enormous. We sit on the edge of the strongest growing region in the world, have a developed agriculture sector, have world-class food safety and environmental credentials, possess modern technology, have a strong economy and employ skilled labour.

The agriculture sector is well placed to prosper.

For the past 18 months the Government has listened to the challenges that farmers are facing and discussed what is required for them to be successful on the land. From this feedback we have developed the Agricultural Competitiveness White Paper.

The White Paper outlines the initiatives and commitments by the Australian Government for each of our five priority areas for action. It is a $4 billion investment in our farmers.

Our vision is to build a more profitable, more resilient and more sustainable agriculture sector to help drive a stronger Australian economy.

The five priority areas are:

- A fairer go for farm businesses
- Building the infrastructure of the 21st century
- Strengthening our approach to drought and risk management
- Farming smarter
- Accessing premium markets
In 2013–14, the value of farm production was $51 billion.

Agriculture contributes around 2% of Australia’s Gross Domestic Product and 15% of total Australian merchandise exports.

65% of production exported valued at $41 billion.

Around 270,000 people are employed in the sector, with a further 223,000 in food, tobacco and beverage manufacturing.
A fairer go for farm businesses

The Australian Government is helping farmers achieve a better return at the farm gate.

Faireer competition for farm produce
We are investing:
• $11.4 million to boost ACCC engagement with the agricultural sector including a new Commissioner dedicated to agriculture. A more farm-savvy and proactive ACCC will encourage fair-trading and strengthen competition in agricultural supply chains.
• $13.8 million in a two year pilot programme to provide knowledge and materials on cooperatives, collective bargaining and innovative business models. This will help farmers to establish alternative business models (including cooperatives) and manage contract negotiations.

Better regulation
We are committed to reducing red tape from the economy by $1 billion a year. Less red tape makes business easier for farmers.
• $20.4 million is allocated to further streamline agricultural and veterinary chemicals approvals. Farmers will get access to new farm chemicals more quickly, reducing the cost of doing business.
• Productivity Commission reviews into reducing regulation for the Australian agriculture, marine fisheries and aquaculture industries. This will let farmers and fishers get on with their business.
• Improved country of origin labelling to let consumers know where food is grown and processed.

We want a more competitive business environment for a stronger economy and stronger agriculture sector.
A better tax system for farm businesses

• Farmers will be able to opt back into income tax averaging after 10 years.
• Farmers will be able to double their Farm Management Deposits (FMDs) to $800,000.
• Banks can allow farmers to use FMDs as a loan offset, reducing interest costs. ABARES has estimated that, if all FMD holdings are used to offset loans, the benefit to the farm sector in interest savings could amount to $150 million a year.
• Accelerated depreciation for fencing has been simplified – farmers are able to immediately deduct the cost of new fencing in the year of purchase.
• The Growing Jobs and Small Business package announced in the Budget will benefit 97 per cent of farmers.
• Through the Tax White Paper the Government will deliver taxes that are lower, simpler and fairer.

For more information about A fairer go for farm businesses see Chapter 1 of the Agricultural Competitiveness White Paper.

We are working to ensure taxes are lower, simpler and fairer for our farmers and all Australians.
Building the infrastructure of the 21st century

We are planning ahead and thinking innovatively when it comes to our infrastructure.

- **$500 million** National Water Infrastructure Fund for farmers’ future water security. The Fund is comprised of $50 million to undertake the detailed planning necessary to inform future water infrastructure investment decisions and $450 million to construct national water infrastructure, in partnership with State and Territory governments and the private sector.

- CSIRO’s TRAnsport Network Strategic Investment Tool (TRANSIT) will be expanded to support future decisions on transport infrastructure investment to benefit agriculture.

The Government is already delivering on its commitment to invest **$50 billion for current and future infrastructure**.

The Government is also already investing an additional **$60 million** on top of the $100 million Mobile Black Spot Programme to improve mobile coverage across regional Australia.

The Government is delivering on the **$29.5 billion** National Broadband Network (NBN) rollout. Improved access to technology will give farmers more market options, and therefore a stronger position to negotiate on price.

For more information about Building the infrastructure of the 21st century see Chapter 2 of the Agricultural Competitiveness White Paper.

Reliable, efficient and cost effective infrastructure, including secure water supplies, will help grow agriculture.
Drought is one of the biggest challenges farmers face and it has a significant impact on agricultural output, productivity and farm incomes.

Farmers can use many of the new, practical White Paper initiatives not only in drought, but to manage the other risks they face.

**Preparing for drought**
- **$3.3 million** to give farmers more accurate, more local and more frequent seasonal forecasts.
- **Immediate tax deduction of the cost of new water facilities for farmers and depreciation of capital expenditure on fodder storage assets** over three years.
- **$29.9 million** over four years for farm insurance advice and risk assessment grants to help farmers evaluate options.

**In-drought support**
- Up to **$250 million** in Drought Concessional Loans each year for 11 years.
- **$22.8 million** to increase Farm Household Allowance case management for farmers.
- **Increased financial counselling services and improved access to community mental health.**
- Farmers in drought can **access their FMDs when needed**, without losing tax concessions.

**Additional advice and help** from the Australian Taxation Office.
**$35 million** for local infrastructure projects to help communities suffering due to drought.
**$25.8 million** over four years to manage pest animals and weeds in drought-affected areas.

*For more information about Strengthening our approach to drought and risk management see Chapter 3 of the Agricultural Competitiveness White Paper.*

We will always stand by farmers in drought.
Farming smarter

The agriculture sector needs access to the most advanced technologies and practices to continue to ‘farm smarter’.

- $100 million extension of the Rural R&D for Profit Programme to 2021–22 to get research onto the farm.
- $1.4 million research boost to match industry levies and contributions in the export fodder and tea tree oil industries.
- $1.2 million to the Rural Industries Research and Development Corporation for small industries.
- New RD&E priorities to direct levy funds to areas that will improve farm gate returns.
- Reduce RDC administration costs to leave more money for RD&E.
- $50 million to boost Australia’s emergency pest and disease eradication capability.
- $50 million to give farmers better tools and control methods against pest animals and weeds.

The Government is already helping farmers access skilled and reliable labour by:

- Focusing on better training through the $664.1 million Industry Skills Fund.
- Making visa programmes more flexible by expanding the Seasonal Worker Programme Australia-wide, and the Working Holiday Maker (417 and 462) visas in northern Australia.
- Establishing a new Ministerial Advisory Council on Skilled Migration to review the list of occupations available for sponsorship under the 457 visa.

The Government is also supporting farmers and other land managers to tackle practical environmental projects. This includes the $1 billion National Landcare Programme, while the $700 million commitment to the Green Army will provide training in conservation management.

For more information about Farming smarter see Chapter 4 of the Agricultural Competitiveness White Paper.

Better R&D and a highly skilled workforce means stronger productivity growth
Accessing premium markets

Improving international trade will grow farm businesses and increase financial returns for farmers.

- **$30.8 million** to break down technical barriers to trade and appointing five new Agriculture Counsellors.
- **$200 million** to improve biosecurity surveillance and analysis nationally, including in northern Australia.
- **$12.4 million** to modernise Australia’s food export traceability systems to further enhance our food safety credentials.

*For more information about Accessing premium markets see Chapter 5 of the Agricultural Competitiveness White Paper.*

We will protect Australia’s highly prized biosecurity status, and improve access to overseas markets, to grow our valuable exports.
Further information

We all have a role to play: governments, farmers, exporters, our supply chain and everyday Australians.

It is essential we create an environment that enables our farmers to embrace new opportunities that will help to grow Australia.

Working together, we can create a stronger agriculture sector and a stronger Australian economy.

Further information on the Agricultural Competitiveness White Paper and the process to develop it is at agwhitepaper.agriculture.gov.au.

The White Paper is a $4 billion investment in our farmers across five key priority areas
Snapshot of initiatives

A fairer go for farm businesses
- $11.4m to boost ACCC engagement with the agriculture sector—including a new agriculture commissioner
- $13.8m to provide farmers with knowledge and materials on cooperatives, collective bargaining and innovative business models
- $20.4m to further streamline the approval of agricultural and veterinary chemicals
- Productivity Commission inquiries into reducing regulation in Australian agriculture and in the marine fisheries and aquaculture industries
- Allowing farmers to opt back into income tax averaging
- Increase the deposit limit for Farm Management Deposits (FMDs) to $800,000
- Allowing FMD accounts to be used as a farm business loan offset
- Immediate tax deduction for new fencing (at a cost of $56m)

Building the infrastructure of the 21st Century
- $500m for developing the nation's water infrastructure
- $1 million to expand CSIRO's TRAnsport Network Strategic Investment Tool (TRANSIT) to support future decisions on transport infrastructure investment to benefit agriculture

Strengthening our approach to drought and risk management
- $3.3m for improved seasonal forecasting
- Immediate tax deduction for new water facilities and depreciation of capital expenditure on fodder storage assets over three years (at a cost of $86m)
- $29.9m for farm insurance advice and risk assessment grants
- Up to $250m a year in drought concessional loans for 11 years
- $22.8m to increase case management and the activity supplement for recipients in the third year of payment for the Farm Household Allowance

Accessing premium markets
- $30.8m to break down technical barriers to trade, including five new agriculture counsellors
- $200m to improve biosecurity surveillance and analysis to better target critical biosecurity risks, including in northern Australia
- $12.4m to modernise Australia's traceability systems, to verify produce integrity and secure access to overseas markets