A fairer go for farm businesses

The Government is creating a better business environment for agriculture. The Government wants healthier market competition, less regulation, and an improved tax system to encourage investment and increase farm gate returns.

1

CHAPTER ONE

A fairer go for farm businesses

Action 1 An improved business environment—fairer competition, less regulation and a better tax and investment environment

1A Fairer competition for farm produce

The Government wants an improved competitive environment for all businesses, including a fair return for Australia's farmers at the farm gate. Farmers have expressed concerns about increasing consolidation beyond the farm gate and unfair trading practices through the agricultural supply chain. In some cases market power can be abused and result in anti-competitive trading practices. The Australian Competition and Consumer Commission (ACCC) has successfully conducted prosecutions in serious cases. But in a complex supply chain it is not always easy for market participants to determine if a practice is anti-competitive. Taking action may also be complicated by wanting to maintain trading relations or due to a lack of information.

The Government will seek to help farmers and small businesses in the agriculture supply chain to address these matters. We will boost **ACCC engagement with the agriculture sector** to enable them to directly observe behaviours in the market place, and strengthen competition and fair trading investigations and enforcement actions. This will include **the appointment of an ACCC Commissioner with specific responsibility for agriculture**.

Some farmers seek to engage in the supply chain, but don't have the information to do so effectively. Domestic superannuation funds are not investing in agriculture due to a lack of investable propositions. The Government will assist by **building knowledge on cooperatives and other business structures** to help farmers to better engage in the supply chain and attract investment.

1B Better regulation

The Government is reducing red tape across the economy by $1 billion a year, with the agriculture sector being a significant beneficiary of these efforts. In 2014 the Government reduced the regulatory burden by $24.5 million in the agriculture portfolio, $82 million in the infrastructure and regional development portfolio (including an $8.3 million reduction in red tape for heavy trucking), $83 million in the immigration portfolio (including an estimated $29.9 million reduction by streamlining the 457 visa programme) and $546 million in the environment portfolio (including a $426.3 million reduction in red tape by implementing the One-Stop Shop for environmental approvals) (Commonwealth of Australia 2015a,b,c,d).

The Government will build on this work by **further streamlining the approval of agricultural and veterinary chemicals** to reduce industry and user costs by around $68 million and to improve the timely access to productivity-enhancing chemicals, while still ensuring appropriate safeguards.

We will establish **Productivity Commission inquiries into regulations** unnecessarily increasing costs to Australian agriculture and to the marine fisheries and aquaculture industries, to report in 2016.

The Government is developing reforms to Australia's **country of origin labelling** regulations to provide clearer information to consumers about the origin of food, without imposing excessive costs on industry. Proposed reforms will be announced following consultation with industry and consumers.

1C A better tax system for farm businesses

Our tax system is designed to allow farmers to smooth out some of the bumps in their income and outlays. The Government is developing the White Paper on the Reform of Australia's Taxation System (Tax White Paper) with the objective of building a better tax system that delivers taxes that are lower, simpler and fairer. In advance of that process, we are delivering some specific arrangements for farmers now.

The existing **Farm Management Deposits (FMD) Scheme** allows farmers to set funds aside in good times to cover low income years. Farmers are already successfully using the scheme; as at 31 May 2015 national FMD holdings totalled over $3.55 billion (Department of Agriculture 2015a). This was down from the record level of $4.14 billion at the end of June 2014 (Department of Agriculture 2015a). From 1 July 2016 the Government is **doubling the maximum deposit limit to $800,000**. This will deliver more flexibility to farming enterprises to manage income fluctuations and to set aside funds for low income years.

The Government will also lift restrictions placed on the scheme to **allow financial institutions to offer FMD accounts that provide an offset on a farm business loan**. With the cooperation of banks, this will allow farmers to use their FMDs to reduce the interest they pay on business debt and improve their net cash position. ABARES (unpublished) 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.

We will also **allow primary producers to opt back into income tax averaging 10 years after they have elected to opt-out** in recognition that business circumstances change over time.

The Government will change the rules around fencing depreciation to allow primary producers to **immediately deduct the cost of new fencing** (from 7.30pm AEST on 12 May 2015). This will simplify depreciation arrangements for farmers, provide a boost to farm returns and encourage farmers to upgrade to new fencing, rather than repair old fences. Accelerated depreciation for water facilities and fodder storage assets is separately detailed in Chapter 3—Strengthening our approach to drought and risk management.

1D Investing for the future

For agriculture to grow in the future it must look to diversify its sources of capital beyond bank lending. A more diverse range of investment sources will provide greater opportunity to share risk with investors. But investment in farming has been less attractive than other investment options for many domestic investors. In part this is due to farmers not presenting an investable proposition to domestic superannuation funds and to other investors. The initiative outlined earlier on cooperatives and other innovative business structures may help farmers to review their business enterprises to open new opportunities for a broader range of investment.

Foreign investment also offers an alternative source of capital for growth. Australia is open to and welcoming of foreign investment, and is seeking to attract more foreign investment, including through specialist advisers within Austrade. At the same time the Government is taking steps to ensure the community maintains its confidence in Australia's foreign investment review system.

The Government has announced strengthened transparency around foreign investment in agriculture by reducing the **screening threshold for foreign investment** in agricultural land from $252 million to $15 million for investments in agricultural land and $55 million for agribusiness. All direct investments by foreign government investors will continue to be screened. A **foreign ownership register of agricultural land** will be established to strengthen reporting requirements and provide a clear picture of foreign investment in Australia's agriculture sector.

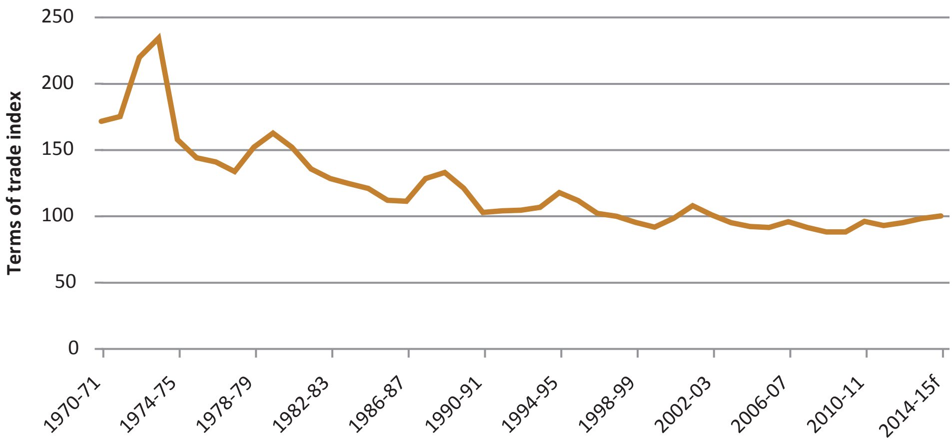
Fairer competition for farm produce

The Government wants a fair return at the farm gate for farmers. A fair return means a return that reflects the value placed on the product by consumers as well as the input costs and effort of farmers and others in the supply chain in producing, processing, transporting and selling that product. This requires that markets operate efficiently and competitively, and that no single player in the market can command a greater share of the margin than they are entitled.

With many farm products sold in global markets, prices determined internationally strongly influence prices of those products received by farmers. For products with a greater domestic orientation—such as many horticultural products, fresh pork and poultry—the Australian market has a stronger influence. The Australian market is also influenced by imports of agricultural products.

The prices received by farmers relative to the cost they pay for inputs—known as the farmers' terms of trade—has been on a steady decline over the long-term (Figure 2). While this has been the result, in part, of the success of farmers in Australia and globally at improving their productivity, it also means farmers are constantly under pressure to do better.

Figure 2 Australian farmers' terms of trade



Notes: **f** ABARES forecast. Note: terms of trade index 1997-98=100. Source: ABARES 2015b.

Australia's agricultural supply chains are highly concentrated beyond the farm gate. There can be advantages to Australia in having global-scale processors and retailers, such as cost-efficiencies and the ability to continuously meet the quantity and quality demands of overseas markets. Efficient food processors can also assist agricultural producers to diversify their supply chain and offer alternative markets, providing higher returns to the market generally. Highly competitive domestic markets and access to competitive global markets will help ensure all participants in the agricultural supply chain receive a fair return for their investment.

The relatively small, independent nature of farming means that farmers can be at a commercial disadvantage relative to buyers who are able to exercise significant market power. This has resulted from increased consolidation and concentration of retailers and processors. In the case of supermarket power, the ACCC (2008) found evidence that:

- growers who generally have less of their business committed to supplying major supermarket chains (MSCs) receive better terms from the MSCs;
- growers who have failed to develop alternative options to the MSCs are extremely vulnerable to the price pressures from the MSCs; and
- growers with more developed outside options, no matter what their size, are more likely to negotiate more advantageous terms with MSCs.

In highlighting these points, the ACCC emphasises the importance of farmers supplying into competitive markets, including ensuring they have a range of options that reduce their vulnerability to the exercise of market power in supply chains.

The Government also has an important role to ensure we have robust laws to address inappropriate use of market power and to fill information gaps so that the bargaining position of market participants is not compromised. The Government is committed to helping farmers resolve business disputes and assisting supply chain participants with ongoing compliance with competition law.

Ensuring markets are operating competitively means prohibiting firms with a substantial degree of market power from abusing that power. This is an important principle of competition law that ensures markets remain contestable even where large incumbents exist. This issue has been closely examined as part of the Competition Policy Review (Box 2).

Box 2 Competition Policy Review

The effectiveness of Australia's *Competition and Consumer Act 2010* (CCA) is a key feature of the first comprehensive review of Australia's competition framework in more than 20 years.

In March 2014, the Government asked Professor Ian Harper and an expert panel to undertake an independent, 'root and branch' review of competition policy. On 31 March 2015, the Government released the final report of the Competition Policy Review.

The report made 56 recommendations for reforms across three key themes: competition policy, laws and institutions. Professor Harper and the expert panel have made recommendations designed to help small businesses compete. The panel considered that laws to prevent the misuse of market power were not working as well as they should and made recommendations that focused on protecting the competitive process. The focus on conduct with the purpose or effect of substantially lessening competition is in line with many other provisions in the CCA.

The Government supports the broad objectives of the Competition Policy Review's report to promote more dynamic, competitive and well-functioning markets. The Government has consulted broadly with industry, consumers and governments on the Competition Policy Review's recommendations. These consultations will inform the Government's response. Following the Government's response, appropriate legislative changes will be developed for further consultation.

Source: Commonwealth of Australia 2015e

The ACCC is responsible for enforcing the *Competition and Consumer Act 2010* and the Australian Consumer Law and promoting competitive, efficient, well-informed and safe markets that enhance the welfare of Australians. For example, following ACCC investigations, in 2014 the Federal Court found that Coles Supermarkets Australia Pty Ltd had engaged in unconscionable conduct in 2011 in its dealings with certain suppliers. Coles was ordered to pay penalties of $10 million and costs. Coles also provided a court-enforceable undertaking to the ACCC to establish a formal process to provide options to redress the more than 200 affected suppliers. This underlines the willingness of the ACCC to enforce the legal protections for small businesses.

While the Government can work to ensure that businesses are operating within the competition laws established in Australia, ultimately the operation of the markets is about negotiations between buyers and sellers. For many farmers this will be a negotiation with a large processor, trader or retailer. Farmers need to consider how they can establish their business arrangements to place themselves in the best bargaining position possible.

For some farmers, considering business arrangements such as collaborative farming or bargaining collectively with other farmers can improve their negotiating positions. Increased knowledge and skills will enable more farmers to understand and capitalise on the opportunities presented by alternative business structures, including increased scale and capital investment. Collaborative farming ventures, for example, offer a business model that enables economies of scale without losing the integrity and heritage of the family farm. This approach was successfully adopted by the joint farming partnership, Bulla Burra Operations Pty Ltd, in the northern Mallee region of South Australia.

Others may wish to consider moving up or down the supply chain by establishing buying or selling cooperatives. The benefit of a cooperative structure is it offers family farmers the ability to retain their property ownership but delivers them the scale to better influence what happens beyond the farm gate, and diversify their income. Farmer-owned cooperatives can also add competition in the market place if they add to the number of participants, and allow farmers to engage in additional parts of the value chain where profitable to do so. The recent success of some cooperatives has increased interest in them. But information on how to form a cooperative and the pros and cons of doing so is not readily available. The Government will provide information to help support better decision making on alternative business structures.

Some State and Territory governments could do more to hasten adoption of the Cooperatives National Law (CNL). The CNL is designed to replace an ageing and fragmented legislative system. Cooperatives registered in a jurisdiction that adopts the CNL or passes consistent legislation will have reduced compliance costs and automatically be able to carry on business in other States and Territories that adopt the CNL (or consistent legislation). The CNL also provides better access to external capital funding by allowing a type of hybrid security—cooperative capital units—to be issued. New South Wales, Victoria and South Australia have already commenced the CNL in their respective jurisdictions.

We have delivered

The Government wants strong and effective competition throughout the supply chain to encourage enterprise and innovation and to ensure business practices are fair. Competition policy needs to evolve to deal with the opportunities and challenges Australia will face in the coming decades. The Government's efforts to strengthen Australia's competitive framework include:

Competition Policy Review

The Competition Policy Review's final report makes 56 recommendations for reforms across three key themes: competition policy, laws and institutions. The Government supports the broad direction of the Final Report to promote more dynamic, competitive and well-functioning markets. The Government consulted broadly with industry, consumers and State, Territory and local governments. The Government response will set out the most appropriate competition policy settings to underpin a fairer and more competitive environment for business. (Commonwealth of Australia 2015e)

Horticulture Code of Conduct

The Horticulture Code of Conduct is a mandatory industry code prescribed under the *Competition and Consumer Act 2010*. On 3 June 2015 the Government announced an independent review of the mandatory Horticulture Code of Conduct. The code came into effect almost eight years ago with the aim of improving the transparency of transactions between horticulture growers and traders. Since the introduction of the code, the horticultural supply chain has continued to transform with an increasing number of growers entering into direct supply relationships with retailers or consumers. Horticultural growers and traders now have the opportunity to provide feedback on how the code can be improved to better meet the needs of the industry. The review is set to be completed in 2015. (Department of Agriculture 2015c)

Food and Grocery Code of Conduct

The Food and Grocery Code of Conduct is a voluntary prescribed code enforceable under the *Competition and Consumer Act 2010*. It prohibits specific types of unfair conduct by retailers and wholesalers who opt into the Code in their dealings with suppliers and provides a framework for these dealings. Key aspects include having agreements in writing and that cover basic matters, ensuring relationships with suppliers are built on good faith, and having requirements for effective dispute resolution procedures. (ACCC 2015)

Unfair contract term protections

On 28 April 2015 the Government announced its intention to extend the consumer unfair contract term protections to small businesses engaging in low value contracts, including farm businesses. This will protect against small business vulnerability and disadvantage. Robust contract protections will empower small businesses with the confidence to fully participate in markets knowing that trading terms must not be unfair. (The Treasury 2014a)

Small Business and Family Enterprise Ombudsman

The Government is establishing the Small Business and Family Enterprise Ombudsman as a Commonwealth-wide advocate for smaller enterprises. The ombudsman will assist in making Commonwealth laws and regulations more small business friendly, be a concierge for dispute resolution and offer its own alternative dispute resolution service. (The Treasury 2014b)

Industry Innovation and Competitiveness Agenda

The Industry Innovation and Competitiveness Agenda was announced on 14 October 2014 to provide the right economic incentives to enable businesses, big and small, to grow. The Agenda focuses on four overarching ambitions: a lower cost, business friendly environment; a more skilled labour force; a better economic infrastructure; and industry policy that fosters innovation and entrepreneurship.

Key initiatives under the Agenda are: encouraging employee share ownership; reforming the vocational education and training sector; promoting science, technology, engineering and mathematics skills in schools; accepting international standards and risk assessments for certain product approvals; enhancing the 457 and investor visa programmes; creating an Industry Skills Fund to assist industry investment in training; and developing an Entrepreneurs' Infrastructure Programme to build business competitiveness and productivity. (Department of Industry and Science 2014)

Mandatory Port Access Code of Conduct for Grain Export Terminals

The Port Access Code for Grain Export Terminals is a mandatory industry code prescribed under the *Competition and Consumer Act 2010.* The Code ensures exporters of bulk wheat can access port terminal services on a fair and transparent basis, regardless of who owns the terminal. (Department of Agriculture 2015b)

Food and Agribusiness Growth Centre

The Government is committing $188.5 million for five Industry Growth Centres in key growth sectors of the Australian economy, including the food and agribusiness sector. The industry-led Food and Agribusiness Growth Centre will set the strategic direction for the sector to drive productivity and competeviness post farm gate. It will focus on: reducing regulatory burden; increasing collaboration and commercialisation to get new ideas to market; improving access to international markets and increasing involvement in global supply chains; and enhancing management and workforce skills. (Australian Government 2015a)

White Paper actions

Better scrutiny of supply chain transactions

Farm businesses, especially those of a smaller scale, or with limited market opportunities, can be subject to anti-competitive behaviour or unfair market practices by other market participants. The Government will ensure **ACCC engagement and compliance activities** occur along the agricultural supply chain by establishing a programme of proactive liaison and engagement within the sector (at a cost of $11.4 million over four years). The Government will also **appoint an ACCC Commissioner with specific responsibility for agriculture**.

This funding will support greater ACCC engagement in the field to observe the operation of the marketplace first-hand in regional and rural areas. This new proactive approach will assist the ACCC to examine competition and unfair trading issues in a targeted and coordinated way and enable it to take appropriate action earlier.

For Farmers

A more farm-savvy and proactive ACCC will help encourage fair-trading and improved competition in agricultural supply chains and ensure issues are dealt with swiftly.

Building knowledge on cooperatives and other business structures

Farmers are asking for more information about cooperatives and other innovative business models to assist them to strengthen their financial position, be more attractive to investors, improve their bargaining position and operate beyond the farm gate. The Government will provide farmers with **knowledge and materials on cooperatives, collective bargaining and innovative business models**. The information will help to counter-balance retailer and processor market power and achieve fairer farm gate prices. It will also help strengthen the business orientation of farmers, increase the ability of farmers to control a larger volume of product, and enable farmers to operate at a larger scale.

For Farmers

Farmers will have access to information to assist them to establish alternative business models (including cooperatives) and with their contract negotiations.

Operating as a two-year pilot from 2015–16, $13.8 million will be provided to Rural Industries Research and Development Corporation (RIRDC) to work with other Research and Development Corporation's (RDCs) to develop and deliver training and materials. Where possible, this will complement training available in the Vocational Education and Training (VET) system. Topics could include establishing cooperatives, negotiating with suppliers, attracting external investment and competing more effectively in the supply chain. Farmers will also have access to specialist advisers who can further assist them in putting their plans into practice.

Better regulation

Poor regulation damages productivity, deters investment and undermines jobs and growth. Cutting red tape is at the heart of the Government's mission to build a strong and prosperous economy. While some regulation is necessary, rule-making across all levels of government costs Australia $94 billion each year (Deloitte 2015). Regulation can't be the default option for policy makers.

Cutting red tape is a key component of improving the competitiveness of Australian agribusiness and agriculture, both in comparison to global peers and when measured against other local industries. In 2014–15 an executive opinion survey ranked Australia 124 out of 144 countries for the burden of government regulation (World Economic Forum 2014). That puts us in the worst 20 per cent of countries.

During 2014, the Government took action to repeal over 10,000 unnecessary and burdensome regulations and over 1,800 redundant Acts of Parliament (Commonwealth of Australia 2015f). This has contributed to removing around $2.45 billion in red tape (Commonwealth of Australia 2015g). The Government will continue to cut red tape so business people, including farmers, can focus on running their businesses without being bogged down by unnecessary rules costing them time and money. The Government is committed to simple, streamlined regulation. Reducing regulatory burden will reduce business costs and help drive productivity growth (Gray, Oss-Emer & Sheng 2014).

This does not mean Australia should have no regulation. For markets to operate efficiently, some regulation is necessary. This is particularly the case where there is an imbalance of power in markets, including where there are a limited number of suppliers or buyers. As noted earlier, having the powers and resources to effectively enforce competition laws is important to competitive markets. A further example of better regulation in the electricity industry is provided in Box 3.

Action to reduce red tape requires efforts by all levels of government. Many of the issues raised in stakeholder consultations related to excessive regulation applied by the State, Territory or local governments. These included regulations around transport, environmental protection, native vegetation, land tenure and animal welfare. The Commonwealth calls on the State and Territory governments to intensify their deregulatory efforts including streamlining and better targeting regulations and ensuring regulations facilitate a stronger business environment. This includes reducing costs of compliance and allowing for business realities by being outcomes focused.

Box 3 A fairer go for Australian irrigators

In recent years, Australian irrigators have made great strides in improving on-farm irrigation technology. These systems are delivering significant benefits in water-use efficiency.

But much of this new technology is energy intensive, and significant rises in electricity prices have increased farm costs. The Government is determined to do what it can to reduce pressure on electricity prices. The repeal of the Carbon Tax was an important first step.

To limit future price rises, the Australian Energy Regulator (AER) is now better equipped to set the regulated revenues electricity network companies can recoup from customers. This includes setting efficient capital and operational expenditure by benchmarking network operators against each other, thereby ensuring irrigators don't pay more than they have to. Electricity network operators will also need to consult with their customers in designing network tariffs and demonstrate to the AER how they have sought to address customer concerns. This gives irrigators more opportunities to have a say in how electricity networks are priced.

The Government has also delivered the Energy White Paper. The Energy White Paper maps out our energy policy framework to provide competitively priced and reliable energy to households and businesses. It also encourages investment in improved energy productivity. (Commonwealth of Australia 2015h)

While the Government is doing all it can to put downward pressure on electricity prices, there is also potential to improve farmgate returns through better energy efficiency and new types of energy services. Over the next year, we will work with State and Territory governments to develop a national energy productivity plan to improve how all energy consumers, including regional businesses, use energy and can better manage and reduce energy costs.

For example, the NSW *Native Vegetation Act 2003* prevents removal of native vegetation without the approval of the State government. The Australian Farm Institute observed that this effectively prevents any area of farm land having native vegetation growing on it being used for productive agricultural purposes, thereby imposing high regulatory, financial and productivity costs (Keogh 2014). The NSW Government is currently reforming native vegetation management to streamline legislation, allow low-risk clearing activities and simplify the assessment process for clearing proposals. The reforms are an opportunity to achieve shared environmental outcomes and a common sense approach to regulation.

Joint efforts are also being made to reduce the environmental regulatory burden through implementation of the One-Stop Shop environmental approval process. In April 2014 Commonwealth and State Environment Ministers agreed to conduct a National Review of Environmental Regulation. The interim report of the National Review of Environmental Regulation, developed in conjunction with States and Territories, was published in March 2015. It identifies substantial environmental regulatory reform efforts underway and future areas for reform. More specifically, the report identifies unworkable, contradictory or incompatible regulation and opportunities to harmonise and simplify regulations.

The Government is also providing the food and agribusiness sector with an opportunity to contribute to the Government's red tape reduction programme through the Food and Agribusiness Growth Centre. The Food and Agribusiness Growth Centre will work with the sector, post-farm gate, to identify and make recommendations on possible reforms. They will help identify local, State, Territory and Commonwealth regulations that are unnecessary or overly burdensome and impede the sector's ability to grow.

Red tape is not just imposed by governments. The rules businesses impose on themselves are estimated to cost $155 billion year, 65 per cent more than the cost imposed by government (Deloitte 2015). Industry imposes self-regulation for marketing, quality and customer education purposes. For example, the Livestock Production Assurance (LPA) On-Farm Quality Assurance scheme is the Australian meat industry's quality assurance scheme. LPA is administered by AUS-MEAT on behalf of cattle, sheep, goat and dairy producers, processors and livestock agents. It aims to provide consumers with confidence that they are buying a quality product that meets specifications the same way every time.

Industry self-regulation is often of mutual benefit to the customer (by providing assurance and information) and the producer (by providing market share). However, there is an increasing number of private and industry standards, often requiring separate audits (Box 4). Individual organisations, the agriculture sector and industries across the supply chain need to unlock the profit potential they have tied up in their own red tape. The Australian Food & Grocery Council is conducting a food safety auditing project to review grocery certification with major retailers. The project aims to reduce the overall cost burden of food safety auditing on the food value chain, including by rationalising the number of audits required. This is an example of how industry-led initiatives can reduce the regulatory burden for Australian farmers.

Box 4 Private standards

Governments impose standards on Australian agricultural and food businesses to protect human health, the environment or consumers. But Government standards are not the only standards industry are required to meet. Growing consumer concern about where food comes from; how it is grown, harvested or produced and processed; and the opportunities that some producers see in being able to differentiate their product to gain a price premium, has led to a proliferation of private labelling and certification schemes. While some of these schemes have merit, they are often devised without industry consultation and yet impose high industry cost. The supermarket structure in Australia means that Coles and Woolworths have the market power to adopt new standards without needing industry buy-in.

A case that illustrates the confusion and cost of private certification schemes is the concept of free range for egg production. Consumer demand for free range is clear, but what constitutes free range is not. In 2013, the University of Tasmania assessed six major egg labelling schemes in a report for the Australian Egg Corporation Limited and found that only two of these used the same criteria for certification. All the groups were found to have invested a lot of time, money and energy into developing their schemes. They were also found to be unlikely to relinquish their own schemes in favour of a single, shared certification standard (Gale 2013).

The Free Range Egg & Poultry Australia programme is the most widespread system adopted for production and accreditation of free range meat chickens in Australia (Australian Chicken Meat Federation Inc 2014). However, Coles recently adopted the RSPCA Approved Farming Scheme requiring its producers to meet new certification requirements (Coles 2015).

Commonwealth, State and Territory Consumer Affairs Ministers recognised that the variety of certification and egg labelling schemes undermined consumer confidence, and producer and retailer certainty. A consumer information standard is to be developed to provide greater clarity for the labelling of commercially sold eggs. This will reflect recent court determinations reaffirming consumer expectations and better aligning with production systems and animal welfare standards. The standard will be developed in full consultation with stakeholders and Agriculture Ministers.

Private standards have an important role to play in meeting consumer expectations. However these operate best when developed in consultation with industry to ensure they are practical, grounded in the realities of agricultural production and phased in over time, and that competing standards in the same sector are aligned to remove duplication and expense.

We have delivered

The Government is delivering on its commitment to reduce the regulatory burden on businesses by $1 billion a year across the economy. In 2014 the Government reduced regulatory burden by $24.5 million in the agriculture portfolio, $82 million in the infrastructure and regional development portfolio (including an $8.3 million reduction in red tape for heavy vehicles), $83 million in the immigration portfolio (including an estimated $29.9 million reduction by streamlining the 457 visa programme) and $546 million in the environment portfolio. (Commonwealth of Australia 2015a, b, c, d)

Specific regulatory reforms include:

Environmental regulation

Environmental legislation is important for protecting our natural assets, but duplication between the Commonwealth, States and Territories places unnecessary burden on businesses, including the agriculture sector.

The One-Stop Shop regulatory reform will streamline environmental assessment and approval processes by removing duplication between the Australian Government and States and Territories. The One-Stop Shop is being delivered through bilateral agreements that will allow a State or Territory to conduct a single environmental assessment and approval process that satisfies both State, Territory and Australian Government requirements.

The One-Stop Shop will result in lower administrative costs and faster approval decisions while maintaining high environmental standards. The One-Stop Shop is anticipated to save business $426.3 million a year. This will make Australia more competitive, encourage investment and create jobs. (Department of the Environment 2015a)

The Commonwealth is also conducting a national review of environmental regulation with State and Territory governments. The review will identify areas to further streamline arrangements, reduce duplication and remove unnecessary regulation. (Department of the Environment 2015b)

Land tenure in northern Australia

The Commonwealth will work with Indigenous communities, business and northern jurisdictions to simplify and modernise land arrangements in northern Australia to support investment.

Through the White Paper on Developing Northern Australia the Government will:

- invest $10.6 million in land tenure projects to fund practical 'next steps' that demonstrate the benefits of land tenure reform for investors, Indigenous Australians and other stakeholders;
- invest $20.4 million to better support native title holders engage with potential investors;
- provide business friendly information on the different land tenure arrangements in the north to increase the appeal of investing; and
- pursue a set of principles and actions to improve the security, bankability and efficiency of pastoral land. (Commonwealth of Australia 2015i)

The Government also wants to have all current native title claims finalised in the next ten years. The Government is investing $110 million annually to support the native title system.

Reforming live export regulation

The Government is reforming the Exporter Supply Chain Assurance System (ESCAS), cutting almost $1.7 million worth of red tape on industry annually. A risk-based approach to ESCAS auditing will allow auditors to focus on areas of greater risk, and will also encourage exporters to use facilities with a good record of compliance.

Under the new system, supply chain facilities will be assessed as low, medium or high risk to determine audit frequency. This reform reduces the number of audits for animal export facilities with a good performance record, while increasing audits for facilities failing required standards. The Department of Agriculture has also revised the guidance document for use by exporters and auditors, which will reduce administrative burden and costs and result in more consistent assessments of facilities and supply chains. (Department of Agriculture 2015d)

Reform of the Federation

The White Paper on the Reform of the Federation is examining the responsibilities of different governments. The Commonwealth wants to ensure that, as far as possible, the States and Territories are sovereign in their own sphere so we avoid duplication. (Department of the Prime Minister and Cabinet 2015)

White Paper actions

A new approach for the Australian Pesticides and Veterinary Medicines Authority (APVMA)

Global food security in a resource-limited world depends on high agricultural productivity and future sustainability. Chemicals are used by farmers to control pests and weeds and to manage the health of their animals. Farm businesses spent more than $1.4 billion on chemicals in 2013–14 (ABARES 2014). It is important that the approval systems for chemicals are as efficient as possible, but maintain safeguards necessary to protect human health and to prevent damage to users, plants and animals, and the environment.

For Farmers

Farmers will get access to new farm chemicals more quickly than in the past, thereby reducing the cost of doing business.

Australian agricultural and veterinary (agvet) chemical regulation imposes a large regulatory burden. It is often disproportionate to the risks these products pose. This slows access to newer and better products and increases chemical cost. Australian producers often cannot access the chemicals they need to improve their competitiveness and manage resistance. Overseas producers can gain an advantage in accessing new chemicals well before their Australian counterparts.

The Government has started reforming agvet chemical regulation. For example, initiatives introduced in 2014 will reduce the regulatory compliance cost to industry for some animal feed products by over $7 million annually. The Government is delivering on its commitment to improve access to chemicals for minor crops and pests. But more needs to be done. The Government is putting in place **a new approach for the APVMA to streamline access to products and better manage the risks** these products can pose, while ensuring human health protection.

Working with industry, the Government will limit pre-market assessments of low- and medium-risk products. The Government will focus its attention on products that pose the highest risk. The Government will recognise assessments from accredited third party suppliers and trusted chemical regulators to reduce the paper work. Where products are available in trusted overseas countries, the Government will examine risks that are different in the Australian market, such as where we have different human health requirements, agricultural practices or environmental assets. In collaboration with industry and the States and Territories, the Commonwealth will explore opportunities to improve post-market compliance and national control of chemical use.

Through these changes, the Government will cut unnecessary and excessive costs for industry. This will reduce delays for users and remove disincentives for registering chemicals for more uses in the Australian market. These reforms will result in a reduced regulatory cost to business of around $68 million annually.

Productivity Commission to identify more ways to cut red tape

The Government wants to maintain the momentum for deregulation in agriculture. We will ask the **Productivity Commission to review regulation that is limiting growth in Australian agriculture and in the marine fisheries and aquaculture industries.**

Importantly, investigations will look beyond Commonwealth regulations to the regulations imposed by other levels of government. They will also consider overlap or inconsistency between levels of government or between different regions. Following the release of the Productivity Commission's reports in 2016, the Government will consider the recommendations and work with other governments as necessary to reduce the regulatory burden on business.

For Farmers

Reduced regulation at all levels of government will reduce costs and let farmers and fishers get on with their business.

Improved Country of Origin Labelling

The Government recognises that effective operation of markets requires some level of regulation. As a result of consumer concerns about country of origin information provided on the food they are purchasing, the Government announced on 26 February 2015 it would seek to **improve Australia's framework for country of origin labelling**.

The public is confused and frustrated with the current framework, especially with claims such as 'Made in Australia' and 'Made in Australia from local and imported ingredients'. The *Australia New Zealand Food Standards Code* and the Australian Consumer Law are the two key elements of Australia's country of origin labelling system for food. The Commonwealth and State and Territory governments share responsibility for development and enforcement.

For Farmers

Improved country of origin labelling information will give consumers clearer information on the origin of their food.

The Government is committed to ensuring consumers are provided with clearer country of origin labels. In particular, we want to address the frustrations expressed by consumers about unhelpful statements, such as that food contains local and imported ingredients, but that give no indication about how much is local. To allow us to meet consumer needs without imposing excessive costs on industry or contravening our international trade obligations, we are consulting widely on possible changes. One could be a requirement for a simple, diagrammatic representation of the proportion of Australian ingredients in a product.

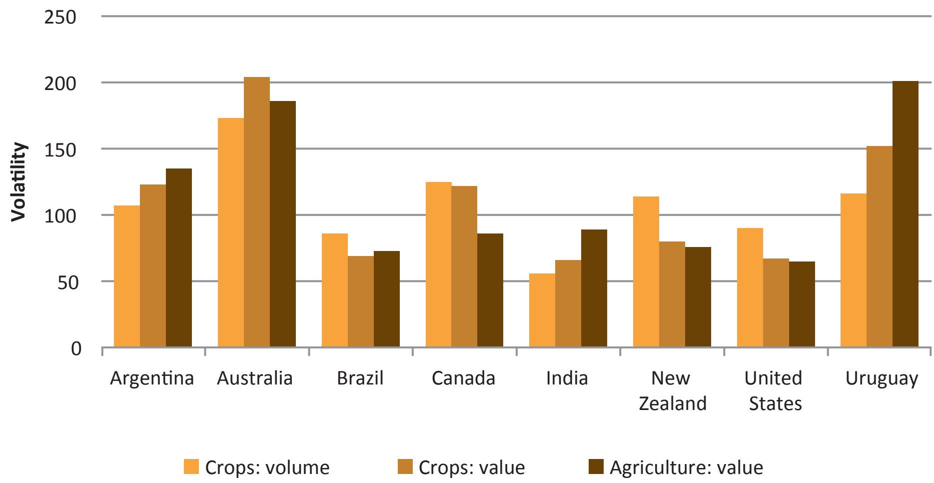
Following consultation with business and the community on the best path forward, we will engage with State and Territory governments. The implementation of the new labelling framework will take some time, and it will be appropriate to provide a phase-in period to give business time to adjust to any new requirements.

A better tax system for farm businesses

The agriculture, forestry and fisheries sector's net tax liabilities averaged $531 million per year between 2008–09 and 2012–13 (ATO 2011, 2012, 2013, 2014, 2015a) with an average benefit received from tax concessions of $387 million per year in the same period (PC 2014a).

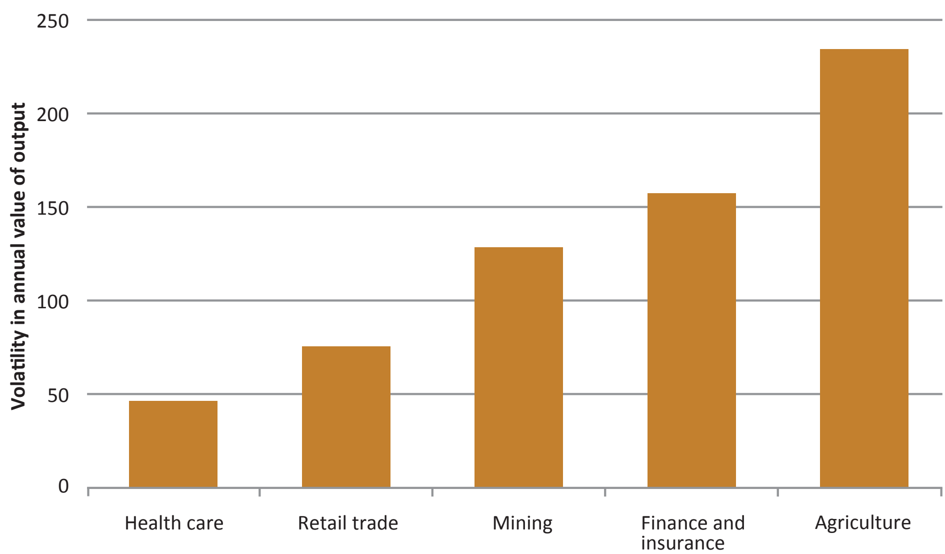
A large share of the concessions received by farmers reflects a response to the extreme volatility of farm incomes due to the vagaries of weather and markets. Over the past four decades, the value of agricultural output has been almost two and a half times more volatile than the average for all the major sectors of the Australian economy (AFI 2012). Australian farmers also experience greater volatility in yield and price than most other farmers in the world (Figures 3 and 4) (AFI 2012).

Figure 3 Volatility of agricultural output by country, 1961–2009



Source: AFI 2012

Figure 4 Volatility of annual output value, index for 1975–2011



Source: AFI 2012

The Government tries to ensure the tax system does not treat farmers with highly volatile income unfairly relative to other tax payers with more stable incomes. Tax averaging smooths the income tax liability of primary producers over a maximum of five years. This means income tax paid by primary producers better reflects that paid by someone who receives an equivalent, but more stable, income over that period. Farmers can choose to opt out of tax averaging and pay tax on their annual income in the same way as other taxpayers. However, once they opt out they can never re-enter the system.

This does not reflect the reality of a life-time of changing circumstances and the Government has decided to address this.

Tax averaging changes the tax liability of farmers across years, but it does not assist farmers to manage cash flow in low income years. Tax averaging means farmers pay less income tax in high income years but pay a higher amount of tax than otherwise in low income years. To help encourage savings across years, the Government provides farmers with the opportunity to invest in Farm Management Deposits (FMDs). FMDs enable farmers to set aside pre-tax income in a high income year and withdraw in a low income year. Tax is only paid on the deposit in the year it is withdrawn.

The amount of income invested in FMDs has steadily increased over time, and as at 31 May 2015 farmers had $3.55 billion invested (Department of Agriculture 2015a). The Government is making some changes to the operation of FMDs to ensure arrangements remain up to date and that they continue to provide benefits to farmers.

More broadly, the Government is having an open and constructive conversation with the community on how we can create a better tax system that delivers taxes that are lower, simpler and fairer. To do this, the Government has commissioned a Tax White Paper. The basic structure of our tax system was designed before the 1950s and needs a fresh approach to support Australia into the future. The Government wants a tax system that supports higher economic growth and living standards, improves international competitiveness and can adjust to a changing economy and new opportunities. The Tax White Paper, to be released before the next election, will be the Government's plan on how to improve the tax system.

Non-commercial loss tax provisions

As part of the Tax White Paper the Government intends to review the non-commercial losses regime. Farmers are highly dependent on lending from financial institutions. Opening up the sector to a broader range of financial investment options would provide more options for farmers, including spreading risk with other investors.

However, current non-commercial loss taxation provisions limit the extent to which investors can write off losses from one activity against income from another activity (the current $250,000 off-farm income threshold was introduced in 2009–10). The non-commercial loss rules have discouraged investment in agriculture relative to other investments, such as property, where negative gearing provisions apply. It has also discouraged farmers from building up off-farm assets as a strategy for building farm resilience.

The Tax White Paper will examine the non-commercial loss rules, including possible options to reduce the negative impact of the rules on-farm investment.

Wine Equalisation Tax Rebate

The Tax White Paper will consider alcohol taxation arrangements, including the Wine Equalisation Tax (WET) rebate.

The Australian grape and wine industry has been under considerable financial pressure in recent years. Factors contributing to this have been the global financial crisis, the high Australian dollar and increased international competition in export markets. Adding to market pressures, between 2002–03 and 2013–14 Australian wine grape production increased by 28 per cent (ABARES 2015a, 2014). In combination, these trends contributed to the value of wine exports falling by 43 per cent (in real 2013–14 dollars) between 2002–03 and 2013–14 (ABARES 2015a, 2014). Wine grape prices also fell over this period. Cool variety grape prices fell by 41 per cent in real terms and warm variety grape prices fell by 60 per cent (ABARES 2014, AGWA 2014).

The Government is aware of concerns that the current taxation arrangements for wine producers—particularly the WET rebate—may be distorting production decisions and impeding industry adjustment. There is also a view that the WET rebate plays a role in supporting businesses—particularly small businesses—in regional communities.

The WET rebate was introduced on 1 October 2004 to replace the cellar door rebate scheme. It provides eligible wine producers with a rebate of up to $500,000 a year. Substantial investments have been made by wine producers on the basis of the WET rebate arrangements. Despite this, most in the wine industry support an open discussion about the current WET arrangements.

The Government welcomes a conversation with the Australian grape and wine industry about the WET rebate and the possible policy alternatives. The Government has asked the Treasury to prepare a discussion paper on the operation of the WET rebate, to be released in 2015. This discussion paper will help inform consideration of taxation of the wine industry in the Tax White Paper process.

In addition, the Senate Rural and Regional Affairs and Transport References Committee is conducting an inquiry into the Australian grape and wine industry and will report by 11 November 2015.

We have delivered

There is still more to do, but the Government is driving tax reform:

Developing the Tax White Paper

Through the Tax White Paper the Government will reform our tax system to deliver a better tax system that delivers taxes that are lower, simpler, and fairer. The release of 'Re:think', the tax discussion paper, commenced a national conversation on how the tax system can support higher economic growth and living standards, improve our international competitiveness and adjust to a changing economy and new opportunities, including by the agriculture sector. (The Treasury 2015a)

Changes to Farm Management Deposits (FMDs)

The Government has delivered improvements to the FMD scheme. We excluded FMDs from the operation of the unclaimed money provision in the *Banking Act 1959*. This prevents farmers' FMDs from being inadvertently transferred to the Commonwealth.

The Government also legislated the following changes that took effect from 1 July 2014:

- the off-farm income threshold was increased from $65,000 to $100,000, allowing farmers to earn more income from non-primary production sources in an income year before being prevented from making new FMDs; and
- the consolidation of separate FMD accounts was facilitated by eliminating the tax consequences that arose when multiple FMDs were consolidated into a single deposit. (The Treasury 2014c)

Growing Jobs and Small Business package

The Growing Jobs and Small Business package, introduced in the 2015–16 Budget, provides initiatives to support small business growth and prosperity. These include:

- An immediate tax deduction for any individual asset costing less than $20,000. This $20,000 limit applies to each individual item with no limit on the number of items that can be claimed. These arrangements will continue until the end of June 2017.
- A tax discount of 5 per cent of the tax payable on small business income from unincorporated businesses with annual turnover less than $2 million from 1 July 2015.
- A company tax rate of 28.5 per cent for small businesses with an aggregated turnover of less than $2 million, from the income year commencing on or after 1 July 2015. (Australian Government 2015b)

Abolished the Carbon Tax

The Government delivered on our promise to abolish the Carbon Tax. We removed the burden of this tax when farmers purchase essential inputs, such as electricity, fertiliser, chemicals and fuel. Farmers' ability to compete globally is no longer constrained by the world's biggest Carbon Tax. (Department of the Environment 2015c)

White Paper actions

In advance of the Tax White Paper, we will deliver some specific arrangements for farmers. These include:

Delivering a fairer system for income tax averaging

Income tax averaging should be as accessible as possible for primary producers. The Government recognises the changing circumstances of primary producers and will now **allow farmers to opt back into income tax averaging** 10 years after they have elected to opt-out. Income tax averaging relieves the burden of high marginal tax rates in high-income years and ensures farmers pay tax at rates representative of their average level of income. In a rapidly changing world with increasing climate and price volatility, income averaging is more important than ever for smoothing farm income tax liabilities over time. Increasing the flexibility of tax averaging allows farmers to pay a fairer amount of tax when business circumstances change. Setting a 10 year period for opting back in will help ensure this new flexibility is being used for the intended purpose.

For Farmers

Farmers who have opted out of income tax averaging will be able to re-enter the system after 10 years.

Increasing flexibility in accessing Farm Management Deposits

Farm Management Deposits (FMDs) are a popular and valuable tool used by farmers to manage their variable income over time. Arrangements around the use of FMDs need to be kept up to date and meet the needs of a modern farming business. The Government will make a number of changes to the operation of FMDs to improve their value to farmers. These changes will apply from 1 July 2016 and include:

- A **doubling of the deposit limit for FMDs** from $400,000 to $800,000. This will deliver more flexibility to farming enterprises to manage income fluctuations and further encourage them to set aside funds for low income years.
- The removal of legislative restrictions placed on financial institutions preventing **Farm Management Deposit (FMD) accounts being used as a farm business loan offset**. The Government encourages banks to offer FMDs as loan offset accounts to allow primary producers to use their FMDs to reduce their interest paid on business debt and improve their cash flow. Based on farm survey data, ABARES (unpublished) has estimated that the benefit to the farm sector in interest savings could amount to $150 million a year. This assumes banks offer this opportunity and all FMD holdings are used to offset loans.

For Farmers

Farmers will be able to invest up to $800,000 in FMDs and banks can allow farmers to use FMDs as a loan offset reducing their interest costs.

A simplified accelerated depreciation regime for fencing

It is important that our tax system encourages investment in productive assets. Farm fencing is a non-negotiable expense that has important productivity enhancing benefits. The Government changed the rules around **fencing depreciation to allow primary producers, from 7.30pm AEST 12 May 2015, to deduct immediately the cost of new fencing in the year of purchase.**

> **For Farmers**
>
> Farmers are able to deduct immediately the cost of new fencing in the year of purchase.

Previously, the rules around depreciation of fencing were complex. For example, an electric fence had a different effective life (20 years) from a general fence (30 years). If it could be shown that the same fence was being used for a landcare operation it could be depreciated in the first year. And, if a farmer repaired a fence it was an immediate deduction, but if the farmer built a new and improved fence it needed to be depreciated over its effective life.

The immediate deductibility of fencing will simplify depreciation arrangements for farmers, provide a boost to farm returns and encourage farmers to upgrade to new fencing, rather than 'make-do' by repairing old fences because they can deduct the costs sooner.

Accelerated depreciation has also been introduced for water facilities and fodder storage assets. The new arrangements are outlined in Chapter 3—Strengthening our approach to drought and risk management.

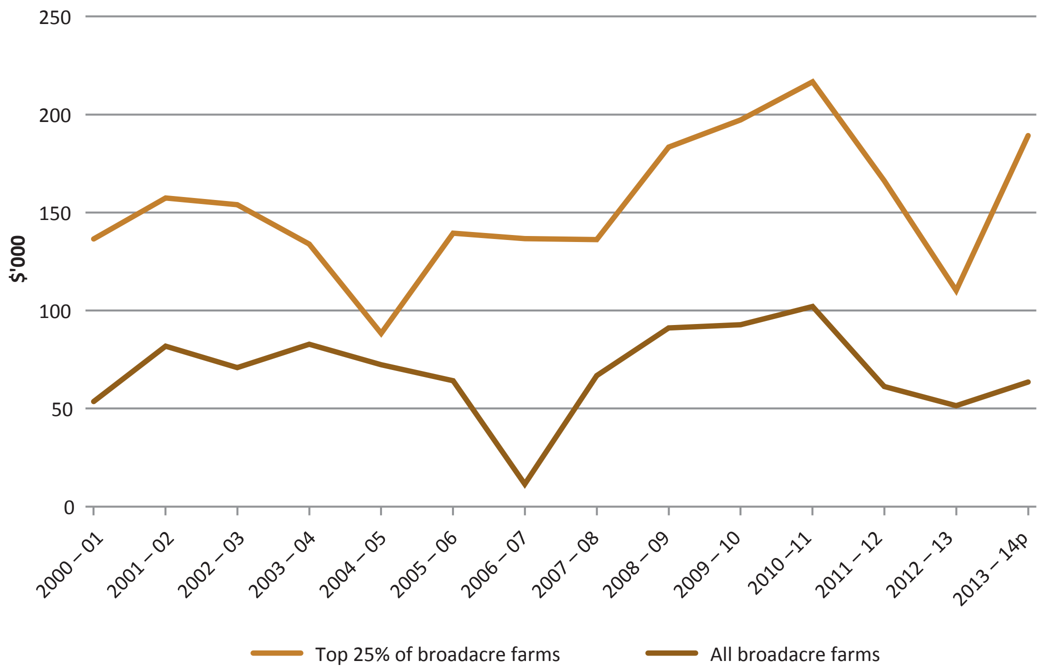
Investing for the future

Access to capital for investment is critical for the Australian agriculture sector to remain internationally competitive and to take advantage of future growth opportunities.

Higher performing farms tend to invest more (Figure 5). For the three years ending 2011–12, the top 25 per cent of broadacre and dairy farms accounted for 64 per cent of the net capital additions on farms, compared to 2 per cent for the bottom 25 per cent (ABARES 2013). Top performing farmers also dominated land purchases in broadacre farming over the same period. More efficient and profitable farmers tend to be expanding farm area, while less profitable operators tend to be selling land (Hooper et al. 2002). Investing on-farm is essential to improve sustainability and drive growth.

Investment requires capital and bank debt financing has been the predominant funding source for capital. Rural debt levels rose over the decade to 2013–14, reaching a total of $64 billion (RBA 2014). Banks held around 94 per cent of rural debt in 2014, government held 3.6 per cent and the remaining 2.3 per cent was held by pastoral and other finance companies (RBA 2014).

Figure 5 Net capital addition, average per farm



Notes: **p** ABARES preliminary estimate; in real 2014–15 dollars. Source: ABARES unpublished.

While better use of existing debt financing within the agriculture sector may support some new investment it is unlikely to provide the investment needed by the sector. The ANZ has estimated that $1 trillion in on-farm and supply chain investment is needed by the sector over the period to 2050 to increase its productivity, competitiveness and profitability. This includes investment in matters such as succession, land-use optimisation, production mix conversions, technology, marketing and infrastructure (Port Jackson Partners 2012).

Alternative domestic investment sources

Until recently, wide-scale non-bank capital flows into family farms have been limited and highly selective (KPMG 2015a). Such investment has tended to focus on the agricultural supply chain more generally, wholly purchasing farmland or profitable farm businesses, and key assets such as water rights (KPMG 2015a). Attracting other investment into family farms will require agriculture to make itself visible as an alternative asset.

Domestic superannuation funds have few investments in agriculture. For example, currently only 0.3 per cent of MySuper products are invested in agriculture (BDO 2015). A key issue limiting domestic superannuation funds is the way they are assessed and benchmarked, which disadvantages investments that require longer term horizons, like agriculture.

Beyond domestic superannuation funds, to successfully attract external non-bank capital it is up to Australian farm businesses to demonstrate value and provide investable products that allow external investment.

A report to the Western Australian Government (KPMG, 2015b) noted that, to attract external equity sources, such as domestic superannuation funds, farm businesses should:

- adopt best practice business management procedures already employed in the corporate sector, to encourage external funders to engage with agriculture; and
- embrace joint venture or equity partnership business structures to expand the pool of investors.

With the average broadacre farm worth around $4 million (ABARES 2015c), opportunities for young people (outside family succession) and new industry entrants to independently own and operate properties are increasingly scarce. This means the sector will be deprived of future skills and capability should young people aspiring to manage a farm be required to effectively buy themselves a job through property acquisition. There may be increased opportunities for new entrants to be involved in the management and operation of farms owned by passive investors as the sector continues its trend towards consolidation in pursuit of scale efficiencies (AgriFood Skills Australia 2015). These could be:

- under corporate structures, potentially with the backing of local retail investors, domestic managed and superannuation funds, or foreign direct investment;
- where there is private ownership by absentee land-holders; or
- where retiring farmers seek to maintain their family interest in a property but do not have succession options.

Leasing, share-farming and profit-sharing arrangements provide other means of facilitating the entry of young people into agriculture without prohibitive up-front capital outlays. Other agri-financing models include special purpose vehicles holding passive equity across a portfolio of farms, securitisation of bank rural debt and crowd-sourcing.

While new structures for owning and operating farms can help attract investment, to adopt them farmers must understand these structures and develop the skills and expertise necessary to work with external investors. The Government can help farmers to consider the options. As detailed earlier in this chapter, the Government will provide farmers with information to help support better decision making on alternative business structures.

Foreign investment

Foreign investors will also play a critical role. Foreign investment can benefit farmers in several ways. Inwards and outwards investment can help our farmers to specialise and become better integrated with a global agricultural market that is increasingly characterised by global and regional supply chains. Foreign investment can also help farmers harness the capital needed to adopt new technologies, which is vital to improving incomes. But as with all foreign investment, foreign investment in agriculture must be delivered in ways that are in Australia's interests.

The Government welcomes foreign investment but it screens investment to ensure it is not contrary to Australia's national interest. The Government is reforming foreign investment rules on agricultural assets to strengthen scrutiny and transparency. It has also engaged a team of Senior Investment Specialists within Austrade, including for agriculture, to focus on attracting beneficial foreign investment. Securing foreign investment can be achieved through various means, including export-linked joint ventures that keep families at the cornerstone of farming.

The Government has identified agribusiness and food as one of the five national priority areas for investment. By helping to develop integrated agribusinesses, foreign investment can improve the productivity and efficiency of the sector, and improve the skills of workers to meet future global demand for Australian products and services (Box 5).

Box 5 Foreign investment in the national interest

Foreign investment can help to build Australian agriculture and the broader economy.

Importantly, foreign investment does not have to mean the end of farming families. In fact in some cases it is helping farming families to survive.

Gemtree Wines is a family-owned and run farm making organic wine in McLaren Vale, South Australia. Winegrowers for more than 30 years, the Buttery and Brown families are rightly proud of their sustainable, generational farming approach. In 2011 they caught the interest of a Chinese investor. The main attraction was that Gemtree was a family business committed to a high-quality product. Together they formed a joint partnership to distribute Gemtree wine in China.

Chinese investment has been a major growth opportunity for Gemtree and the McLaren region. In their own words, the Buttery and Brown family say "There will be no change to our wine—just more of it". The investment enabled Gemtree to expand its winemaking operations while opening up access to the significant Chinese distribution networks that their investor already had in place.

In 2013 Gemtree became the first winery in Australia to achieve organic certification status in China through the China Organic Food Certification Center.

Source: Gemtree Wines 2015

We have delivered

Australia is open to and welcoming of foreign investment, with the Government taking steps to ensure the community maintains its confidence in Australia's foreign investment review system. The Government has announced the following initiatives:

A more effective screening threshold for foreign investment

To provide greater transparency and confidence in Australia's foreign investment review system, the Government has reduced the screening threshold for foreign investment in agricultural land and introduced a new screening threshold for agribusiness.

The screening threshold for foreign investment in agricultural land was reduced from $252 million to $15 million with effect from 1 March 2015. This operates on a cumulative basis, so a buyer of multiple smaller areas of land would be captured by the new provisions.

Due to trade agreements, the lower threshold does not apply to the following countries: the United States, New Zealand, Chile, Singapore and Thailand.

From 1 December 2015, a $55 million threshold (based on value) for investments in agribusiness will be introduced. Importantly, the proposed definition of agribusiness for the $55 million screening threshold will include primary production businesses and certain first-stage downstream manufacturing businesses (including meat, poultry, seafood, dairy, fruit and vegetable processing and sugar, grain and oil and fat manufacturing).

Similarly, the lower threshold will not apply to some private investment covered by obligations under some of our early trade agreements.

All direct investments by foreign government investors will continue to be screened. (Australian Government 2015c)

A register for foreign ownership of agricultural land

The Government is establishing a register of foreign ownership of agricultural land to strengthen reporting requirements and provide a clear picture of foreign investment in Australia's agriculture sector.

From 1 July 2015 the Australian Tax Office (ATO) will start collecting information on all new foreign investment in agricultural land regardless of value. The changes will initially occur through changes to Australia's Foreign Investment Policy, with supporting legislation to be introduced by 1 December 2015.

The ATO will also commence a stocktake of existing agricultural land ownership by foreign interests. The stocktake will occur between 1 July 2015 and 31 December 2015, with aggregate data to be published in 2016.

The Government will continue to work with State and Territory governments so that the ATO register can use land title transfer information.

The foreign ownership register of agricultural land is a significant step in giving the community greater confidence in our foreign investment regime. (Australian Government 2015c)