

Pre-Budget Submission 2021-22

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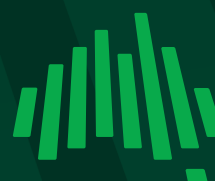


Table of Contents

Executive Summary	3
5 Key Industry Priorities	3
Total funding sought over four years	4
Key recommendations	5
Customers and Value Chains	5
Growing Sustainably	5
Unlocking Innovation	5
Capable People and Vibrant Communities.....	6
Capital and Risk Management.....	6
Overview: A \$100 billion industry by 2030	7
Pillar 1: Customers and the Value Chain	9
A long-term trade strategy for agriculture	9
Maintain consumer trust in Australian agriculture	10
A fair go for agriculture and rural communities	11
Pillar 2: Growing Sustainably	13
Natural resource management & the environment.....	13
Halving food waste by 2030	14
Native Title.....	15
Pillar 3: Unlocking Innovation	16
Digital connectivity and telecommunications	16
Energy	17
Pillar 4: Capable People & Vibrant Communities	18
A capable and modern workforce.....	18
Healthy rural communities	19
Pillar 5: Capital and Risk Management	21
Appendix: Detailed Recommendations by Government portfolio	22
NFF Member Organisations	44

Executive Summary

The National Farmers Federation (NFF) has set an ambitious vision for the agriculture industry to become a **\$100 billion industry by 2030** – a vision shared by the Federal Government. To meet this target the industry must work with the Federal Government to ensure that public policy settings and government initiatives effectively address the opportunities and challenges outlined in this vision.

The NFF has developed the [2030 Roadmap](#) – a plan that outlines the practical steps needed to achieve the \$100 billion target. The NFF Pre-Budget Submission recommendations have been summarised under the five pillars of the NFF's 2030 Roadmap, with detailed recommendations organised by Government portfolio within the appendix of the submission.

5 Key Industry Priorities

1. Trade disruptions will severely challenge the ability of the agriculture industry to delivery on the \$100 billion vision. COVID-19 related supply chain issues and disruptions with Australian agriculture's major trading partner will have short-term and long-term ramifications for the sector. Recent disruptions will cost the industry \$36.9 billion this decade. To counter these headwinds, a long-term trade strategy that deepens access to existing markets, diversifies export destinations, improves supply chains, and builds domestic value-adding capabilities is a must.

2. Biosecurity will be vital to maintaining and expanding our export markets, as well as engendering trust domestically. Put simply, our biosecurity systems need to be appropriately resourced to be 'up to the job' – modern, innovative and able to manage multiple, changing and complex biosecurity threats. The cost of a single outbreak of disease or pest has been conservatively estimated to exceed \$50 billion.

3. Labour shortages are significantly hampering agriculture. These shortages result in produce going uncultivated and unpicked, productivity being choked, and the viability of farm businesses challenged. Although the impact of COVID-19 related restrictions have amplified the level and impact of shortages, this is a longstanding issue which the pandemic. The NFF has put forward a holistic workforce package to address this challenge.

4. Reinvigorating regional Australia. Every crisis also brings opportunities. This is a once-in-a-generation moment to make the case for a reinvigorated regional Australia. COVID-19 has changed the way we work and live. Locating in dense urban centres is no longer an economic necessity nor the only desirable lifestyle. The NFF's Regionalisation Agenda aims to seize this opportunity and provide a development blueprint for our regions that will make them the heartbeat of Australia's economic and social wellbeing, including the delivery of 20 place-based development precincts across Regional Australia.

5. Digital connectivity is an important enabler to the regionalisation agenda. Access to quality telecommunications services is an essential part of modern life, underpinning social connectivity and the delivery of many essential services. Digital connectivity is also central to economic growth and industry competitiveness.

6. Responses to climate change will play a key role in agriculture. The sector supports an economy-wide aspiration of net zero emissions by 2050, provided it is economically sound and government policy is not unnecessarily detrimental to the industry. A diverse and sustainable farm sector will benefit from developing new methodologies and ensuring the carbon market is accessible to farmers across Australia. Investment in RD&E that supports better understanding of climate impacts and opportunities is critical to support adaptation and mitigation processes.

Total funding sought over four years

Portfolio	Funding ask
Agriculture, Water and the Environment	\$1.745 billion
Attorney-General	\$1 million
Education, Skills and Employment	\$109.8 million
Foreign Affairs and Trade	\$350 million
Industry, Innovation, Science and Resources	\$75.2 million
Infrastructure, Transport, Regional Development and Communications	\$776.35 million
Social Services	\$40 million
Treasury	\$372 million
Cross-portfolio	\$59 million
Total	\$3.528 billion

Key recommendations

Customers and Value Chains

The NFF seeks a focus on a long-term trade strategy; improved biosecurity and traceability systems and a 'fair go' for farmers and regional communities in terms of commercial dealing and economic development. The measures will ensure consumer trust in the quality and safety of Australian agriculture and secure our competitive advantage. Headline budgetary measures include:

- \$630.5 million over the four years (and a further \$371 million from existing programs) for trade-related initiatives including building local food and fibre value-add capabilities; improved export supply chains; increased market development activities, and increased departmental resources to improve agricultural market access in key markets.
- \$417 million to enhance Australia's biosecurity and traceability systems.
- \$375 million to establish the Regionalisation Agenda, including the establishment of 20 place-based regional development precincts.
- The continuation of the Government's Agribusiness Expansion Initiative beyond its initial 18 months of funding.

Growing Sustainably

The NFF seeks the establishment of a Biodiversity Stewardship Fund for agriculture; initiatives to address food waste and resources to expedite the resolution of Native Title claims. Headline budgetary measures include:

- An initial allocation of \$1 billion over four years to establish a National Biodiversity Conservation Trust Fund.
- \$50 million over four years for climate-related R&D to provide robust baseline information, drive innovation, build resilience, and support communication, adoption and extension.

Unlocking Innovation

The NFF seeks increased funding for digital connectivity and for the expedited adoption of distributed energy resources, which will be key to affordable energy in regional Australia. Headline budgetary measures include:

- An additional \$75 million over four years to promote the effective use of distributed energy resources to improve the reliability and affordability of electricity for regional Australia.
- \$400 million over four years to establish a Regional, Rural and Remote Telecommunications Fund to resource ongoing mobile network expansion – a request supported by the Rural, Regional and Remote Communications Coalition.

- \$1.35 million for the continued funding of the Regional Tech Hub, beyond its current one-year funding cycle.

Capable People and Vibrant Communities

The NFF seeks funding to progress the National Agriculture Workforce Strategy; education and training pathways for prospective workers, and initiatives to increase uptake of the Seasonal Worker Program. The NFF further seeks funding for essential services to remote communities, particularly as it relates to education and mental health. Headline budgetary measures include:

- \$30 million for a centrally managed Seasonal Worker Fund.
- \$52.8 million over four years to fund initiatives associated with a National Agriculture Workforce Strategy; a holistic approach to education and training for the agriculture sector; and the establishment of regional workforce counselling service to help the sector with its workforce needs.

Capital and Risk Management

The NFF seeks a policy framework that promotes access to capital and enhance robust risk management processes. This includes measures that improve farm business cashflow while encouraging investments in on-farm resilience. Headline budgetary measures include:

- \$600,000 over four years to continue funding for FarmHub to ensure Australian producers can access information and resources that increase their resilience to drought and natural disasters.
- \$5 million to trial enhancements to agricultural data collection, removing one of the key barriers to investment in agriculture.
- \$7.5 million to develop a financial risk management curriculum for farm advisors that sets a base level of expected knowledge.

Overview: A \$100 billion industry by 2030

The National Farmers Federation (NFF) has set a bold vision for the agriculture industry to become a \$100 billion industry by 2030. This is a vision that has been endorsed and adopted by the Federal Government. To meet this goal, industry and government must work together in establishing the policy pillars detailed in the NFF's [2030 Roadmap](#) document. The 2021-22 Federal Budget provides a process to leverage opportunities and address headwinds in achieving the \$100 billion target. The progress towards the \$100 billion target can be found in the [2030 Roadmap: 2020 Report Card](#).

As an industry with a current annual output of \$65 billion, there are a range of exciting opportunities that would further improve agriculture's already impressive contribution to Australia's economy.

Burgeoning global populations and incomes - particularly on our Asian doorstep - will fuel demand for food and fibre in years to come. Improved market access will position Australia to service that demand, amplifying our geographic advantage.

Digital and genetic technologies promise to unlock new waves of productivity growth across the sector. Automation will continue to improve the quality of life for farmers, while reshaping the sector's skill needs.

The industry is facing several headwinds. Climate change will play a major role in Australian agriculture's next decade, exacerbating climate risk while creating diverse new income opportunities. Australia's policy response can position us as a global leader in low emissions agriculture. Done poorly, our policy response could burden farm businesses with additional costs.

Investment in research and development to provide a range of important decision support tools, such as baselines and calculators. These will be an important basis for the farm sector's engagement. Ongoing investment in innovation development such as better pathways to measuring and understanding the role of soil carbon, managing enteric fermentation emissions and enhancing, or developing new methodologies will remain important.

The impact of COVID-19 on the sector is unprecedented. International supply chains have been disrupted and workforces have been decimated. Bold and ambitious fiscal stimulus for the agricultural sector is needed to get Australia growing.

Recent trade headwinds impacting agriculture - including disruptions relating to COVID-19 - necessitates a refocusing on building and embedding trade relationships and markets. The cost of inaction goes beyond trade and agriculture. Significant number of processing, manufacturing and supply-chain jobs are also at risk due to their reliance of agricultural inputs, such as food and fibre manufacturing. Restoring and enhancing Australia's agricultural exports will be integral to the COVID-19 recovery.

The industry priority is to establish a comprehensive, long-term, industry-government agriculture trade strategy, noting the potential significant long-term impact of recent trade disruptions. Activities put forward include market diversification, prioritising market access issues, marketing activities, capability-building and enhancing domestic production and trade-related activities and frameworks.

For many years, the labour and skills needs of agriculture have been addressed through a patchwork of *ad hoc* programs: a number of different subsidies, tweaks to VET and tertiary education frameworks, various visa and migration programs *etc.* While the Government is right to insist that producers target Australians for jobs, the undeniable truth is that there is a gap between the skill and labor needs of the sector and Australians appetite for the

work. The issue needs to be tackled globally and holistically. The Federal Government's development of a National Agricultural Workforce Strategy is a first step in the right direction. And although that strategy and the Government response is yet to be made public, our hope is that the Government response embraces the recommendations made by the NFF in its submissions.

The prosperity of our agriculture sector relies on maintaining a favourable biosecurity status. Australia's biosecurity will underpin not only growth and access to new markets, but also our ability to protect what we have – maintaining current levels of output and existing market access. Put simply, our biosecurity systems must be 'up to the job' – modern, innovative and resourced to manage multiple, changing and complex biosecurity threats and incidents.

The farm sector strongly supported the biosecurity imports levy when it was recommended by the 2017 Craik Review. The levy was formally abandoned in 2020, despite the Government not having come forward with an alternative solution to fill this more than \$100 million *per annum* revenue gap. The NFF is agnostic regarding the funding model, but a sustainable funding solution for critical biosecurity services is needed.

The NFF Pre-Budget Submission recommendations have been summarised under the five pillars of the NFF 2030 Roadmap, with detailed recommendations organised by Government portfolio in the appendix of the submission. The 2030 Roadmap pillars include:

1. Customers and the Value Chain
2. Growing Sustainably
3. Unlocking Innovation
4. Capable People and Vibrant Communities
5. Capital and Risk Management

Pillar 1: Customers and the Value Chain

Agricultural supply chains stretch deep into global markets, enabling Australian farmers sell their produce to consumers throughout the world. Recent turbulence in the global economy has disrupted many of these supply chains, and government action is urgently needed to offset the impact on the farm sector.

The price premium commanded by Australian agricultural products in overseas markets is a result of our reputation for quality and integrity. Maintaining our market share depends on maintaining this reputation, particularly in relation to our world-class traceability systems and our pest-and-disease-free status.

It is crucial that the returns generated by this market access are distributed fairly across the supply chain. Competition policy must ensure that farmers receive a reasonable share of the profit and are not unfairly disadvantaged by structural power imbalances.

To ensure that agricultural value chains are the enablers to achieving the \$100 billion industry target, the NFF seeks budgetary commitments that will:

- provide a long-term trade strategy for the agriculture sector;
- invest in the biosecurity and traceability frameworks that will enhance consumer trust in Australian agriculture's image as a provider of clean, green produce; and
- ensure that our regional and rural communities and industries get a fair go with respect to economic infrastructure, amenities and through commercial negotiations within supply chains.

A long-term trade strategy for agriculture

Trade and market access are vitally important to Australian agriculture, with approximately 70 per cent of total production exported. Considering recent trade headwinds, and disruptions relating to COVID-19, the NFF is seeking a comprehensive government-industry trade strategy for unlocking new market opportunities and maintaining and enhancing relationships in existing markets.

Recent trade headwinds impacting agriculture - including disruptions relating to COVID-19 - necessitate a refocusing on building and embedding trade relationships and markets for the long-term. The cost of inaction goes beyond trade and agriculture. Significant number of processing, manufacturing and supply-chain jobs are also at risk due to their reliance of agricultural inputs, such as food and fibre manufacturing. Restoring and enhancing Australia's agricultural exports will be integral to the COVID-19 recovery.

Current headwinds are likely to cost agricultural exports \$36.9 billion over the coming decade.

The NFF and its members welcome the Federal Government's \$72.5 million *Agri-Business Expansion Initiative* as an important first step and seeks that a fully-funded, long-term strategy be developed to address this significant challenge.

Close collaboration between the agriculture industry and government will be vital to the success of this strategy, and as a first step, the NFF recommends establishing a government-industry agricultural trade advisory council to advise on and facilitate initiatives relating to agricultural trade.

Any long-term strategy must look to move our agricultural output up the value chain, and as such, measures that will facilitate the establishment of domestic manufacturing and processing capabilities will be vital. This not only provides greater return for Australia per unit of export – it also has significant benefits in terms of market access. As an example, malted barley has greater and broader international market access than raw barley. As such, the NFF is supportive of measures put forward by commodity groups, including Wool Producers Australia's recommendation for the funding of a feasibility study into domestic first stage wool processing.

Noting the recent trade headwinds for agriculture, the industry requires priority access to market development and diversification funding, and investment is required to reduce the cost of our domestic supply chains that acts as a competitive disadvantage for Australian agriculture.

Recommendation 1: \$214 million over two years to provide a waiver on export certification fees, noting the significant cost of export processes, freight and logistics (*see page 22 for further details*).

Recommendation 2: \$371 million of the Modern Manufacturing Strategy be allocated to food and fibre and \$42.8 million of the Supply Chain Resilience Initiative be allocated to food and fibre to enable export market diversification through local processing and value-adding (*page 34*).

Recommendation 3: \$350 million for a six-month extension of the International Freight Assistance Mechanism (IFAM) to ensure those commodities with no alternative options for transporting produce to market are given priority access (*page 33*).

Recommendation 4: \$32 million over four years for additional resourcing for the Department of Agriculture, Water and the Environment and the Department of Foreign Affairs and Trade to enhance their capacity to participate in international standard setting forums (*page 42*).

Recommendation 5: \$50 million over four years to fund inward trade missions and expansion of the Agricultural Trade and Market Access Cooperation (ATMAC) program and develop a whole-of-industry strategy to build ties with India (*page 22*).

Recommendation 6: \$600,000 non-recurrent funding over 2021-22 to establish a government-industry agricultural trade advisory council to advise and facilitate short-term and long-term initiatives relating to agricultural trade, including the provision of a secondees to the NFF from DFAT to provide trade expertise to the agriculture industry (*page 42*).

Maintain consumer trust in Australian agriculture

Maintaining consumer trust is integral to Australian agriculture's ability to compete in global markets, particularly in leveraging our reputation for clean green produce to command premiums in export markets. Biosecurity, traceability, and the ability to manage weeds and pests are central to maintaining trust in the clean green image of Australian agriculture.

The NFF seeks a robust biosecurity system that protects Australia's agriculture industries, natural environment, community and economy from the damaging impacts of pests and diseases. The volume of incoming cargo, vessels and passengers continues to grow, heightening the risk of major biosecurity threats entering and establishing in Australia. The recent rapid global spread of COVID-19, with unprecedented economic and social consequences, serves to reinforce the critical importance of a strong biosecurity regime. The NFF is concerned that resourcing of the biosecurity system is not keeping pace with the growth of the biosecurity task and proposes new funding arrangements, which allows biosecurity funding to keep pace with increases in container trade and increased biosecurity threats.

Preventative measures have the highest rate of return for biosecurity investment, and resourcing of biosecurity functions at the border and pre-border should be a priority for the Australian Government. Once pests arrive in Australia, the costs amplify significantly. Recent studies found a major outbreak of foot and mouth disease in Australia could cost up to \$50 billion over ten years, while a major outbreak of African swine fever would cost more than \$2 billion over five years.

The cost of managing exotic species that have already breached the border and established in Australia are significant. While the exact economic cost of pest animals, weeds and other invasive species in Australia is unknown, researchers have conservatively estimated the combined cost to be more than \$13 billion a year. This does not include the cost of managing diseases or pathogens.

Australia remains free of many damaging pests and diseases found elsewhere in the world, which brings many benefits from a market access and trade perspective. Export markets demand high-quality, safe food and fibre, and market access often relies on being able to demonstrate freedom from certain pests and diseases.

The 2017 review of the Intergovernmental Agreement on Biosecurity (the Craik Review) made 42 recommendations to strengthen the biosecurity system. The NFF is concerned about progress in implementing these recommendations. While good progress has been made in some areas, others – including key recommendations about system resourcing – appear to remain without resolution and would be greatly assisted with new funding arrangements.

The NFF is also supportive of measures put forward by commodity groups, such as Wool Producers of Australia's recommendation for funding of a National Livestock Industries Resilience Policy and Agreement to establish a truly collaborative government-industry approach to recovery response, including emergency animal diseases.

Recommendation 7: \$10 million over four years to fund commodity groups to review and update their traceability systems consistent with the National Traceability Framework, with a view to integrating all traceability frameworks (*page 22*).

Recommendation 8: \$400 million over four years to ensure adequate long-term funding for the national biosecurity system, targeting risk-creating activities and giving trading partners confidence in Australia's pest and disease-free status (*page 23*).

Recommendation 9: \$10.8 million over four years for the continuation of initiatives to improve access to agricultural and veterinary chemicals (*page 23*).

A fair go for agriculture and rural communities

Our regional and rural communities have not been provided the policy focus to thrive socially and economically and have not been allocated their fair share of economic and social infrastructure to succeed. Despite the many natural advantages and amenities of Australia's regional and rural communities, these communities are not destinations to live, work and do business in, as compared to regional communities in other jurisdictions. As an example, 64.1 per cent of Australians live in big cities, compared to just 30 per cent of Canadians and New Zealanders.

The regionalisation agenda aims to provide a focus on place-based development for our regional centres that are the economic and social heartbeat of regional Australia. These centres should provide a network of economic and social infrastructure across all of Australia that provides physical and social access to economic opportunities, a skilled workforce, and social amenities needed to maintain vibrant regional economies and communities. As a major industry in regional and rural Australia, agriculture can form a key economic pillar to the success of the regionalisation agenda.

Similarly, the agriculture industry demands a fair go for farmers in dealing with supply chain actors with significant market power. This is why the work of the Australian Competition and Consumer Commission (ACCC) and its Agriculture Unit is vitally important in ensuring fair commercial dealings for farmers in line with competitive markets. As a priority, the NFF seeks that the ACCC Agriculture Unit is resourced to fully implement the recommendations of the Perishable Agricultural Goods Inquiry.

Recommendation 10: \$375 million over four years be provided to begin the establishment of 20 place-based regional development precincts to kick-start the regionalisation agenda (*page 37*).

Recommendation 11: \$12 million over four years to continue funding for the Australian Competition and Consumer Commission (ACCC) Agriculture Unit (*page 40*).

Pillar 2: Growing Sustainably

The long-term success of the agriculture industry will be dependent on continued access to productive land and water. The NFF promotes the protection and sustainable management of agricultural land to underpin the sector's aspiration of becoming a \$100 billion farm-gate value industry by 2030. As our understanding of natural systems continue to improve, opportunities to realise the benefits of new markets are incumbent on enduring research under a coordinated national framework for the industry. The development of natural capital markets will be integral to this aspiration, incentivising on-farm practice which protects and nurtures the natural capital base. Robust baseline climate-information is a necessary precursor to this.

Globally, market-based systems for valuing natural capital are increasing in prominence and offer an opportunity to reshape environmental policy by recognising and incentivising best practice environmental stewardship, especially to the farmers that manage over 50 per cent of our landscape. However, as a relatively new endeavour, Government support towards R&D and establishing the marketplace will be required to develop a robust marketplace that participants can have confidence in.

The Murray Darling Basin Plan implementation continues to present difficulties for the sector. The impacts of this are particularly present in basin communities. Government has committed funding in support of reforms, but the implementation of measures remains vexed. Appropriate engagement with affected communities, respecting farmers rights, and developing collaborative and supported outcomes remain key tasks for the process.

Australia currently has a serious problem with food waste. Addressing this issue requires a proactive partnership with the agricultural value chain and a range of measures. The industry's ambition is to halve food waste by 2030.

Finally, a collaborative and evidence-based process is needed to deliver lasting resolution to disputes regarding water and land access. As a result, the operating environment for farmers will be more stable and predictable.

Natural resource management & the environment

Investment in research and development to provide a range of important decision support tools, like emissions baselines and carbon emissions calculators, will be an important basis for the farm sector's engagement. Ongoing investment in innovation development such as better pathways to measuring and understanding the role of soil carbon, managing enteric fermentation emissions and enhancing, or developing new methodologies under the Emissions Reduction Fund will remain important.

The Environmental Protection and Biodiversity Conservation (EPBC) Act is a critically important piece of legislation that affects the farm sector. Building on the recommendations of the Craik Review, the statutory Samuel Review is expected to make recommendations for substantial reform. Those reforms, where appropriate, will require sufficient resourcing, and NFF will continue to engage closely in that context. There are Craik recommendations that warrant investment as identified below.

The Craik Review identifies market-based mechanisms as an alternative method that may complement EPBC Act regulations, recommending an initial allocation of \$1 billion over four years be provided to establish a National Biodiversity Conservation Trust fund explicitly tied to the EPBC Act to support the public benefits of protection of Matters of National Environmental Significance (MNES) outside of legislated requirements. They note that,

where there is a public benefit, the Fund should have the capacity and authority to, *inter alia*:

- support the purchase of private land management agreements acquired under Australian Government environmental offsetting programs;
- directly purchase environment protection and biodiversity conservation outcomes through the acquisition and active management of land, based on a strategic and proactive long-term investment plan;
- make payments to accredited state and territory Trusts that deliver actions in the long-term investment plan; and
- compensate landholders affected by the influx of a mobile threatened species into an area causing significant financial burden.

The Craik Review further recommends the establishment an outreach facility to enable face-to-face interaction with farmers on the implementation of the EPBC Act. Options may include:

- assessing the effectiveness of current collaboration between the Department of the Environment and Energy and New South Wales Local Land Services and considering further expansion of this model in other states and territories if the benefits are found to outweigh the costs;
- outposting Department of Agriculture, Water and the Environment staff; and
- contracting suitably qualified locally based and trusted agricultural experts.

Recommendation 12: An additional \$50 million over four years in climate-related R&D that provides robust baseline information, drives innovation and builds resilience, and supports communication, adoption and extension (*page 24*).

Recommendation 13: An initial allocation of \$1 billion over four years be provided to establish a National Biodiversity Conservation Trust Fund (*page 24*).

Recommendation 14: Funding to establish an outreach facility to enable face-to-face interaction with farmers on the implementation of the EPBC Act (*page 25*).

Halving food waste by 2030

Up to 25 per cent of all vegetables produced don't leave the farm. The Foodbank Hunger Report 2018 showed that Australians living in regional or remote areas are 33 per cent more likely to experience food insecurity than those living in major and capital cities. This means more than 1.5 million country Australians have experienced food insecurity. It is an unacceptable statistic considering regional Australia is where food is sourced. Existing charities, including Foodbank, SecondBite and OzHarvest, should have their funding maintained to reduce food waste and relieve hunger.

The NFF 2030 Roadmap also recommends increased tax incentives for charitable food waste donations. Under the current policy framework, donations of services for food transportation and logistics services, pallet hire and storage, and refrigeration – all food relief services which are required in the food donation process – can only attract limited deductions in limited circumstances. This is a barrier to many companies actively participating in food waste reduction and food relief in Australia.

[Recommendation 15](#): \$2 million over four years to maintain existing federal funding for organisations including Foodbank, SecondBite and OzHarvest (*page 25*).

Native Title

The ability of agriculture to resolve Native Title disputes quickly and effectively will provide certainty and predictability to farm businesses and maximise financial outcomes. The uncertainty around rights and responsibilities with respect to Native Title claims means farmers are forced to defer business decisions that otherwise should have been made (not renewing or upgrading licences and leases over land etc.). This is needlessly creating an opportunity-cost for farmers.

[Recommendation 16](#): \$1 million over four years to assist affected primary producers deal with Native Title issues, including the Native Title Respondent Fund, Native Title Officer Funding Scheme, and legal representation for the agriculture sector to engage in current and future native title reform processes (*page 27*).

Pillar 3: Unlocking Innovation

To achieve a \$100 billion agricultural industry by 2030, the sector depends on public policy settings that foster growth and increase productivity, establish new market opportunities and champion innovation. This includes creating world-class connectivity that positions farmers to capture the benefits of the next generation of farming technology.

A truly connected agricultural sector will assist Australian agriculture to compete and connect with global markets. State-of-the-art tools such as Big Data and fast internet greatly increase on-farm productivity by enabling farmers to digitally analyse critical information such as soil moisture, meteorological records and satellite imagery.

To unlock innovation and ensure that Australia is a world leader in cutting edge science and technology that improves the quality of our products and reduces input costs, rural, regional and remote Australia must have the telecommunications infrastructure in place to support digitisation of the agricultural value chain. Australia's national energy policies must deliver affordable, reliable, secure and increasingly lower emission energy to households, businesses and industry.

Digital connectivity and telecommunications

Access to quality telecommunications services is an essential part of modern life, underpinning social connectivity and the delivery of many essential services. Digital connectivity is also central to economic growth and industry competitiveness. There is much to be gained by improving and expanding connectivity in regional Australia.

Full uptake of digital technologies could add an estimated \$20.3 billion to farm gate output. To realise this potential, the Federal Government should work with the sector to develop a digital strategy for agriculture with a focus on skills, data policy and regulation, innovation, telecommunications connectivity and adoption.

Access to quality, reliable, affordable telecommunications consistently ranks as one of the highest priorities of the NFF's members. This includes basic voice connections as well as access to data services that meet the growing needs of farm families and businesses, including for the adoption of new digital technologies that build efficiency and unlock growth potential.

Expansion of mobile coverage is critical in regional and rural areas. Current and previous programs have resulted in further coverage. However, there remain premises, vital community hubs and high traffic areas that are at risk from having no mobile coverage. The NFF appreciates that funding has been committed for Round 5A and Round 6 of the Mobile Black Spots Program, but a long-term commitment to network expansion is needed, as is an adaptive and innovative approach to encouraging competition and ongoing participation from telecommunications providers.

Recommendation 17: \$400 million over four years to establish a Regional, Rural and Remote Telecommunications Fund to resource ongoing mobile network expansion, a request supported by the Rural, Regional and Remote Communications Coalition. The priority focus is the further funding of the Mobile Black Spots Program at \$60 million per annum (*page 37*).

Recommendation 18: \$1.35 million over four years to fund the Regional Tech Hub beyond the current one-year funding period (*page 38*).

Energy

The affordability and reliability of energy, and in particular electricity, is a key determinant of the industry's viability and international competitiveness. This is particularly the case for energy intensive farming practices.

While significant policy and planning focus, and billions of dollars in funding, has been placed on accommodating the technical challenges of integrating intermittent renewable energy resources into a centralised grid system (Integrated Systems Plan, Marinus Link, various big battery projects *etc.*), the same focus and investment has not gone into distributed energy resources (DER) that will be a primary determinant of affordable and reliable electricity in regional and rural Australia.

The NFF welcomes the Federal Government's commitment to provide the \$67.1 million *Regional and Remote Communities Reliability Fund* to trial microgrid and other DER solutions in regional and rural areas. Noting the centrality of DER resources in the future of electricity in regional and rural Australia, the NFF recommends that funding be expanded to ensure that the energy transition works to the benefit of regional communities and agriculture.

The agriculture sector wants to partner with government and the energy industry to map out the most beneficial energy future for regional and rural communities and industries. However, the sheer number of consultations each year means that the sector cannot resource itself to engage with the subject satisfactorily. In 2018, the various energy regulators and market institutions created 56 consultation processes for end user representatives to engage in, to effectively shape the direction of the electricity market.

Recommendation 19: An additional \$75 million over four years to promote the effective utilisation of distributed energy resources in regional, rural and remote communities (*page 34*).

Recommendation 20: \$200,000 over four years to hold two government-energy industry forums per annum to provide regional and rural energy users with an in-depth insight into policy and regulatory reforms that will impact regional and rural users (*page 35*).

Pillar 4: Capable People & Vibrant Communities

Australia's agricultural industry is experiencing widespread labour challenges which many farmers fear threaten the viability of their farming businesses. Access to quality labour is critical for the growth of Australian agriculture and the NFF's vision for a \$100 billion industry by 2030, but the sector continues to be burdened by labour challenges, including a general shortage of workers and a shortage of skills. These challenges stifle the productivity of farms and discourage growth.

A major factor to farming's innovation success story has been the skills, knowledge and expertise of people either working the land or involved in an associated capacity. The people in our industry are essential to its growth and we believe that they should be receiving the same standards of services (education and health) as their metropolitan counterparts.

All Australians should have equitable access to appropriate health (including mental health), education and training services, regardless of their geographical location. Due to the nature of farming, the majority of farming families tend to be geographically isolated from many of the services that are readily available to those in rural centres or metropolitan cities. In many cases, this includes limited access to an education/health system appropriate for a child's needs.

Studies show that rural and regional school students have a far greater likelihood of experiencing developmental vulnerability compared to their city counterparts. These cohorts often have lower literacy and numeracy levels, smaller numbers going on to complete university, and a higher risk of disability, chronic mental health problems, unemployment, contact with the criminal justice system and homelessness.

To encourage more people to choose regional Australia to live, work, and start a family we need to ensure that there is high-quality access to the same services provided in metropolitan areas.

A capable and modern workforce

Labour shortages are significantly hampering the ability of the sector to reach its ambitious \$100 billion industry target. These shortages result in produce going uncultivated and unpicked, productivity being choked, and the viability of farm businesses challenged. The impact of COVID-19 related restrictions and border closures has amplified the level and impact of these labour shortages, especially (but not exclusively) in horticulture.

These labour challenges are a driver of unlawful employment practices. A recent survey conducted by the Victorian Farmers' Federation indicated that as many as 5000 workers in the Sunraysia region may be undocumented, while there are persistent stories of under-payments and mistreatment of legitimate workers. Industry is committed to stamping out this problem. This commitment is undermined by mass labour shortages and solutions which rely on inherently vulnerable cohorts of workers.

One factor driving the agricultural workforce and workplace challenges is a lack of clarity, on the part of both growers and workers, as to how the issues may be addressed: which solution to a shortage best suits a grower; how to access willing, able workers; what are the rights and responsibilities of both. A small but dedicated resource to assist both employers and employees with these issues would go a long way to addressing the agricultural labour challenges.

A contributor to agricultural labour shortages is the lack of clear pathways for education and training for careers in the agriculture industry. The agricultural vocational education and training (“Ag VET”) system is unfit for purpose, in no small part because of many years of neglect and the fact that it appears to be an after thought in any VET planning and reform. The job market for graduates of tertiary agriculture qualifications is five time larger than the supply of graduates. There needs to be publicity of the compelling rationale for a career in agriculture and an agricultural lens must be applied to school and tertiary education curricula. The NFF is targeting a doubling of tertiary and vocational agriculture graduates by 2030.

The NFF welcomes Federal Government efforts to address these labour and skills shortages, including the allocation of \$1.9 million in the 2018-19 Federal Budget to develop a National Agriculture Workforce Strategy.

Further funding must be allocated to this Strategy to ensure that the concerted efforts of the Federal Government to date move the needle on mass labour shortages. This funding could be utilised to establish a nationwide workforce advice counselling service for the farm sector, introduce a centrally managed Seasonal Worker Fund, and improve the training and education pathways for the agriculture industry.

Recommendation 21: \$6 million over four years to give substance to the Government commitment to develop a National Agriculture Workforce Strategy (*page 28*).

Recommendation 22: \$30 million seed funding to introduce a centrally managed Seasonal Worker Fund to cover the upfront costs which discourage uptake (*page 29*).

Recommendation 23: \$12 million over four years to establish regional workforce counselling services to support farms with migration and local workforce solutions, training options and incentives (*page 29*).

Recommendation 24: \$4.8 million over four years to re-establish the Education and Training Advisors network for the rural sector (*page 30*).

Recommendation 25: \$30 million over four years to provide a holistic Vocational Educational and Training (VET) package of programs and incentives to attract students into agricultural vocations and develop an integrated curriculum for agriculture as a career choice (*page 31*).

Healthy rural communities

A notable factor in farming’s innovation success story has been the skills, knowledge and expertise of people working the land or involved in an associated capacity. Appropriate access to essential services, such as health, mental health and education is fundamental to the ongoing wellbeing successes of regional and rural communities. The remoteness of some of our farming families and communities means they miss out on these essential services that most Australians take for granted.

There are significant disparities in health and education outcomes between Australians living in rural, regional and remote areas of Australia and Australians living in urban areas. Those that live in rural and remote areas have less access to adequate educational opportunities and health services than their metropolitan counterparts.

The NFF asserts that all Australians should have equitable access to appropriate services, regardless of their geographical location. As such, funding models for rural health and education should ensure equity of access to professionals and recognise the higher costs of operating in regional, rural and remote areas.

Recommendation 26: \$40 million over four years to fund mental health awareness and early intervention programs in rural, regional, and remote communities through a series of grants aimed towards regionally focused rural mental health organisations to produce and conduct in-person education, early intervention and prevention programs (*page 39*).

Recommendation 27: \$27 million over four years to provide a Distance Education Teaching Allowance (DETA) to the value of \$6,000 dollars per family as financial recognition of the essential work a distance education tutor performs. This is in line with recommendations made by the Isolated Children's Parents' Association (*page 32*).

Pillar 5: Capital and Risk Management

The future of the farming sector in Australia depends on farm businesses having access to the full range of tools that help them: structure their businesses for maximum profitability and long-term viability; manage risk; and plan for the future. Farm businesses need to be investment-ready and able to access new capital pools in Australia and overseas. They need to strengthen their partnerships with providers of debt finance and have firm succession plans or alternative ownership models in place. Farmers need government policy to support these objectives.

Well-targeted tax incentives and concessional loans are two of the most effective policy instruments for achieving these goals. Existing instruments are useful, but adjustment is needed to ensure they are fit-for-purpose. Also crucial is the ability of farm businesses to attract new sources of equity capital to productivity improvements.

[Recommendation 28](#): Extend fuel tax credits to aviation for pastoral purposes (*page 40*).

[Recommendation 29](#): \$360 million over four years to extend accelerated depreciation provisions to horticultural netting and ensure Regional Investment Corporation loans can be used to purchase horticultural netting (*page 40*).

[Recommendation 30](#): Expand eligibility of the Research and Development Tax Incentive to unincorporated businesses (*page 40*).

[Recommendation 31](#): \$600,000 over four years to continue funding for FarmHub to ensure Australian producers can access information and resources that increase their resilience to drought and natural disasters (*page 26*).

[Recommendation 32](#): \$5 million over four years to the Australian Bureau of Statistics and the Australian Bureau of Agricultural Research and Economic Sciences to trial enhancements to agricultural data collection, removing one of the key barriers to investment in agriculture (*page 43*).

[Recommendation 33](#): \$7.5 million to develop a financial risk management curriculum for farm advisors that sets a base level of expected knowledge (*page 26*).

Appendix: Detailed Recommendations by Government portfolio

Agriculture, Water and the Environment (*\$1.745 billion*)

Recommendation 1 (Pillar 1): \$214 million over two years to provide a waiver on export certification fees.

The physical and regulatory cost of exporting commodities is a significant challenge to the competitiveness of agricultural commodities globally. The cost of freight and logistics in Australia is amongst the highest in the world, accounting for 30-40% of the final price of a commodity. Noting the significant trade disruptions and headwinds, measures to reduce the cost of trade should be the priority of a government-industry strategy.

Recommendation 5 (Pillar 1): \$50 million over four years to fund inward trade missions and expansion of the Agricultural Trade and Market Access Cooperation (ATMAC) program and develop a whole-of-industry strategy to build ties with India.

\$50 million to fund inward trade missions, expansion of the Agricultural Trade and Market Access Cooperation (ATMAC) program and develop a whole-of-industry strategy to build ties with India.

A sustained market diversification strategy will require a concerted effort by industry and government to develop demand in target markets for Australian agricultural goods.

Inward trade missions have been identified by industry as an initiative which would build lasting and fruitful business relationships. These missions would be coordinated jointly by industry and government. They would enable Australian exporters to forge relationships with buyers in priority markets, establishing a foothold from which they can deepen their engagement in these markets.

Industry stakeholders have further identified the ATMAC program as critical in supporting cooperative activities and projects that help Australia's agricultural sector to open, improve and maintain access to overseas markets. To this end, it is invaluable to industry's trade diversification efforts.

The NFF is seeking:

- \$200,000 over two years to fund a whole-of-industry strategy to build stronger ties with India, including developing industry-to-industry networks, capacity building and the associated travel and event costs;
- Inward trade missions to fund education programs for buyers from prospective new international markets (\$320,000 p.a.); and
- Additional \$6.5 million p.a. be allocated to the ATMAC program.

Recommendation 7 (Pillar 1): \$10 million over four years to fund commodity groups to review and update their traceability systems consistent with the National Traceability Framework, with a view to integrating all traceability frameworks.

Effective traceability systems are critical for accessing export markets. They underpin our export certification processes and support improved access arrangements. Our trading partners are also imposing increasingly complex requirements on imports. Chief among these are sanitary and phytosanitary (SPS) measures, which typically require some level of traceability. Any perception that the traceability systems underpinning Australia's export

certification processes are not delivering expected outcomes could undermine preferential market access arrangements and risk greater increases in importing country requirements and attendant compliance costs.

Robust traceability systems are also important in protecting producers and consumers against food fraud. And the ability to manage biosecurity incursions and food safety incidents is contingent upon the ability to track produce through the supply chain. Accurate tracing can reduce costly consequences by targeting pests and disease responses and limiting product recalls.

Consumers are demanding more information about food safety, quality, provenance and sustainability of production. Increasing disconnectedness with agricultural systems, increasing incidents of food safety scandals and better education have all influenced this demand.

Recommendation 8 (Pillar 1): \$400 million over four years to ensure adequate long-term funding for the national biosecurity system, targeting risk-creating activities and giving trading partners confidence in Australia's pest and disease-free status.

The NFF seeks a strong, well-resourced, efficient and innovative biosecurity system that protects Australia's agriculture industries, natural environment, community and economy from the damaging impacts of pests and diseases. The volume of incoming cargo, vessels and passengers continues to grow, heightening the risk of major biosecurity threats entering and establishing in Australia. The NFF is concerned that the resourcing of the biosecurity system is not keeping pace with the growth of the biosecurity task.

Australia remains free of many damaging pests and diseases found elsewhere in the world, which brings many benefits. Not only does this status protect the environment, community and agricultural industries from the direct damaging impacts of these pests and diseases - it also provides a competitive advantage when marketing our produce overseas. Export markets demand high-quality, safe food and fibre, and market access often relies on being able to demonstrate freedom from certain pests and diseases. It follows that Australia's favourable pest and disease status contributes to our produce being both highly competitive and sought-after on the world market. Maintaining this status is central to industry growth ambitions.

Recommendation 9 (Pillar 1): \$10.8 million over four years for the continuation of initiatives to improve access to agricultural and veterinary chemicals.

The task of feeding a growing global population can only be achieved by embracing technological advancements. It is critical that the way new technologies (including agricultural and veterinary chemicals and biotechnology) are assessed and approved is scientifically independent and rigorous. The NFF strongly supports the independence and rigour of our national regulator for agricultural and veterinary chemicals – the Australian Pesticides and Veterinary Medicines Authority (APVMA) – and for gene technology – the Office of the Gene Technology Regulator (OGTR). The NFF stresses the importance of ongoing support for these institutions as well as for ongoing efforts to streamline and modernise the regulatory frameworks for which they are responsible.

Access to technologies depends not only on the right regulatory framework, but also on the investment environment. Australian farmers can have difficulties accessing particular agvet chemicals or uses that are available to overseas competitors, due to the small size of the Australian market. This is a particular issue for smaller industries and for emerging pests and diseases. The Australian Government's improved access to agricultural and veterinary chemicals initiative has been valuable to Australian producers, supporting improved access to a range of agvet chemicals and minor uses.

Recommendation 12 (Pillar 2): An additional \$50 million over four years in climate-related R&D that provides robust baseline information, drives innovation and builds resilience, and supports communication, adoption and extension.

The NFF supports an economy-wide aspiration of net zero emissions by 2050, provided it is economically sound and government policy is fit for purpose. A diverse, reliant, and sustainable farm sector will benefit from developing new methodologies and ensuring the carbon market is accessible to farmers across Australia. A comprehensive investment in RD&E that supports better understanding climate impacts and opportunities as well as harnessing and efficiently applying innovation is now critical to support adaptation and mitigation processes.

Climate change is already impacting the industry and ongoing, constructive policy is required to support transition and adaptation while protecting agriculture from increased costs that cannot be passed forward.

The red meat industry's goal of being carbon neutral by 2030 is one example of industry's efforts to move towards carbon neutrality.

A number of reports have identified the importance of mitigating and addressing the impacts of climate change including:

- The Australian Farm Institute's (AFI) report 'Australian agriculture: an increasingly risky business';
- The AFI Research Report 'Change in the air: Defining the need for an Australian agriculture climate change strategy'; and
- The ACIL Allen report 'Supporting Agriculture to Adapt to Climate Change' commissioned and endorsed by the Agriculture Ministers' Forum (AGMIN).

The NFF recognises the Climate Research Strategy for Primary Industries (CRSPI), a partnership between Research and Development Corporations (RDCs), states, the Northern Territory, Federal Government agencies and the CSIRO. A research proposal to harmonise methodologies is currently being considered by funders. The creation of Agricultural Innovation Australia is expected to see an early investment decision made on a climate initiative that would establish multicommodity investment in climate research, development and extension in agriculture. Addressing the challenge of climate change is necessary to drive the agriculture sector's goal of \$100 billion by 2030. Additional government investment towards climate-related RD&E will accelerate this effort.

Recommendation 13 (Pillar 2): An initial allocation of \$1 billion over four years be provided to establish a National Biodiversity Conservation Trust Fund.

Currently, the command and control approach of the Environmental Protection and Biodiversity Conservation Act (EPBC) Act is largely punitive and has proven inefficient and inadequate in protecting matters of national environmental significance (MNES). The 2016 State of the Environment Report highlighted an increasing decline in Australia's biodiversity, despite the objective of current legislation to arrest this decline. There is an opportunity to take a different approach that incentivizes farmers to maintain and improve the landscape.

The Craik Report identifies market-based mechanisms as an alternative method that may complement EPBC Act regulations, recommending an initial allocation of \$1 billion over four years be provided to establish a National Biodiversity Conservation Trust fund explicitly tied to the EPBC Act to support the public benefits of protection of MNES outside of legislated requirements. They note that, where there is a public benefit, the Fund should have the capacity and authority to, *inter alia*:

- support the purchase of private land management agreements acquired under Australian Government environmental offsetting programs;
- directly purchase environment protection and biodiversity conservation outcomes through the acquisition and active management of land, based on a strategic and proactive long-term investment plan;
- make payments to accredited state and territory Trusts that deliver actions in the long-term investment plan; and
- compensate landholders affected by the influx of a mobile threatened species into an area causing significant financial burden.

The NFF believes this will underpin a future natural capital market. The \$30 million pilot Agriculture Stewardship Fund allocated in 2018-19 will address crucial research gaps and improve knowledge required to establish a natural capital market. While research is nascent, broad interest across multiple sectors demonstrates the support for this initiative. Greater investment is required, however, to accelerate this research.

Recommendation 14 (Pillar 2): Funding to establish an outreach facility to enable face-to-face interaction with farmers on the implementation of the EPBC Act.

There is a perception that the Commonwealth Department of Agriculture, Water and the Environment is disconnected from stakeholders within the agricultural sector. The scope of the EPBC Act, lack of clarity within the legislation, and often overlapping state responsibilities continues to foster this disconnect, creating uncertainty for farmers and diminishes the Department's ability to be a responsive and collaborative regulator.

Targeted outreach and education efforts towards on-ground, face-to-face engagement is one means to improve outcomes for farmers. Consistent with the Craik Review recommendations, options (which should be monitored and evaluated) for establishing this facility include:

- assessing the effectiveness of current collaboration between the Department of the Environment and Energy and New South Wales Local Land Services and considering further expansion of this model in other states and territories if the benefits are found to outweigh the costs;
- outposting Department of Agriculture, Water and the Environment staff; and
- contracting suitably qualified locally based and trusted agricultural experts.

Recommendation 15 (Pillar 2): \$2 million over four years to maintain existing federal funding for organisations including Foodbank, SecondBite and OzHarvest.

Up to 25 per cent of all vegetables produced don't leave the farm. The Foodbank Hunger Report 2018 showed that Australians living in regional or remote areas are 33 per cent more likely to experience food insecurity than those living in major and capital cities. This means more than 1.5 million country Australians have experienced food insecurity. It is an unacceptable statistic considering regional Australia is where food is sourced. Existing charities, including Foodbank, SecondBite and OzHarvest, should have their funding maintained to reduce food waste and relieve hunger.

Under the current policy framework, donations of services for food transportation and logistics services, pallet hire and storage, and refrigeration – all food relief services which are required in the food donation process – can only attract limited deductions in limited

circumstances. This is a barrier to many companies actively participating in food waste reduction and food relief in Australia.

Given the costs of immediately disposing food can be far lower than the costs incurred in donating food, and the tax deductions allowed for donating food compared to simply discarding food are the same in many instances, it is often more practical and cost effective to discard food rather than donate it under the current policy framework. As a result, the hunger relief and food waste reduction sectors are currently experiencing difficulty in attracting donations of food and relevant services that are essential to their objectives.

To address these issues, we recommend a tax policy be developed to optimise Australia's food donation incentives. A new incentive would support primary producers, processors, manufacturers, the logistics and transport industry, as well as other service providers who are committed to the alleviation of food waste and insecurity in Australia.

Globally, food waste tax incentives have been introduced in a number of key global jurisdictions including the United States, the United Kingdom, France, Canada and the Netherlands.

Further information on the National Food Waste Tax Incentive is available [here](#).

Recommendation 31 (Pillar 5): \$600,000 over four years to continue funding for FarmHub to ensure Australian producers can access information and resources that increase their resilience to drought and natural disasters

FarmHub is a unique resource that provides essential information for Australian farmers. Since its launch in January 2019, FarmHub has become a single trusted point of information and services online for the Australian agriculture sector. It provides farmers, farming families and regional communities access to a comprehensive listing of available support services. Where available and appropriate, FarmHub also provides additional data and information resources for the agriculture sector.

Ongoing support for FarmHub is crucial to ensure adequate dispersal of information on farm business resilience, leadership activities, mental health support and natural disaster recover.

FarmHub's value is underpinned by unique characteristics that appeal to Australian farmers. This has created a trusted and respected brand that delivers information to farmers for assistance and development opportunities. These characteristics cannot be easily or readily developed in other forms, resulting in lower access to information within the agriculture sector.

Recommendation 33 (Pillar 5): \$7.5 million over four years to develop a financial risk management tools curriculum for farmers' advisors that sets a base level of expected knowledge.

Financial advisors – including accountants, bank managers, financial planners, insurance brokers and rural service companies – play an important role in the agricultural sector. Farmers tend to choose advisors who are local and understand the nature of agricultural businesses. Such advisors may not, however, have sufficiently detailed financial product knowledge to be able to provide comprehensive advice in relation to the use of some financial products.

To be effective, advisors need to combine expertise in risk management and the relevant financial products with an understanding of the Australian agricultural sector. A national curriculum would ensure the quality of advice being provided to farmers is adequate. This should be developed in collaboration with industry, academia and the Government, and modelled on the Chartered Accountancy Australian curriculum for accountants.

Attorney-General's (\$1 million)

Recommendation 16 (Pillar 2): \$1 million over four years to assist affected primary producers deal with Native Title issues, including the Native Title Respondent Fund, Native Title Officer Funding Scheme, and legal representation for the agriculture sector to engage in current and future native title reform processes.

The native title system is complex and requires expert legal experience to fully consider the implications of any proposed changes. These are neither skills nor resources that the NFF or its members have at its disposal. In order to adequately engage in the native title reform process, the NFF is seeking funding to engage legal expertise to ensure reforms impacting pastoralists do not result in unintended consequences. There are three separate funding streams required:

1. Native Title Officer funding;
2. Legal representation funding for pastoralists in responding to Native Title claims; and
3. Funding to assist industry to participate in Native Title law reform.

The current Native Title Respondent Funding Scheme and the Native Title Officer Funding Scheme have provided important services, allowing the agriculture industry to employ native title officers assisting the resolution of native title claims and facilitate efficient and effective resolution of claims. Given native title claims currently affecting the agriculture industry and potential claims in the future, the NFF recommends the Government recommit funding to the Native Title Respondent Funding Scheme and Native Title Officer funding scheme so long as there remains ongoing native title claims which affect primary producers.

Education, Skills and Employment (*\$109.8 million*)

Recommendation 21 (Pillar 4): \$6 million over four years to give substance to the Government commitment to develop a National Agriculture Workforce Strategy.

\$1.9 million dollars was allocated in the 2018-19 Federal Budget to develop a National Agriculture Workforce Strategy. At the time of writing, the Government has provided little to no detail regarding how these funds will be spent. It appears, however, that, while adequate to develop a strategy, these funds will be insufficient to give effect to whatever strategy is ultimately developed. As such, the NFF calls on the Government to give substance to this announcement and commit funding which will do more than create another consultative body.

The NFF made detailed submissions to the National Agricultural Labour Advisory Committee that developed the strategy. Those submissions include a '5 point plan':

1. *Developing and publishing a National Agriculture Careers Profile* — a comprehensive and regular audit of employment in agricultural, identifying all roles in the sector and the skillset which they need, together with information which may assist career choices in relation to each role. The audit should culminate in an "ag-jobs profile" which report on the findings and feeds into the "AgriPathways" app.
2. *A revamp of the Ag VET model* — a reform of the system in a way which would promotes flexibility in the model, make it more responsive to the needs of the agricultural sector, and reforms the funding frameworks.
3. *Engage the Australian population in ag careers* — A campaign to raise the profile of ag careers and make them more attractive to the Australian labour market. In addition to marketing the opportunities, this would include a series of discrete programs such as a structured and subsidised "ag gap year", developing agricultural apprenticeships, and a reform of the Australian New Zealand Standard Classification of Occupation (ANZSCO) classification of ag jobs. It should also include developing an 'AgCareers' Hub and App which, in addition to include a user-friendly electronic version of the AgJobs profile, collects users' information (including skills, experience and micro-credentials) and provides them with a pathway into the roles identified in the AgJobs Profile. It will identify and link users with industry, relevant course providers, career counsellors, and employers.
4. *Introduction of a dedicated ag visa* — A visa which will replace the *ad hoc* programs — with their 'bolt-on' farm workforce components — with a comprehensive solution which is purpose built and responsive to the needs of industry. It would grant farmers access to existing intentional labour pools and minimizes the administrative and financial burden they must bear. It would allow travellers who want to work on farms to come to Australia and go to the work as and when they're needed and would feature strong safeguards to ensure ag visa workers are not exposed to mistreatment and exploitation.
5. *Establish regional Ag Labour Hubs* — Bringing all of this together, government should create regional labour hubs, staffed by a 'regional coordinator', which supports ag employers to identify their workforce needs and skills shortages, identifies the best ways to fill those needs — both in terms of locating and hiring employees, but also selecting the best forms of engagement — and helps them to understand and discharge legal obligations. It would also help coordinate workers, to not just find jobs (in and outside) the region but understand their legal rights and duties. They would provide guidance to people working or interested in working in agricultural and inform them of programs which (including SWP and other migrant) labour.

Recommendation 22 (Pillar 4): \$30 million seed funding to introduce a centrally managed Seasonal Worker Program and drive uptake.

A major barrier to uptake of the Seasonal Worker Program (SWP) is the perceived upfront costs to both businesses and employees. While employer contributions have reduced, the fact remains that the upfront costs to businesses are much greater than the \$300 per worker ultimately required to be paid. An approved employer must pay upfront the full return international airfare and domestic transfer costs for seasonal workers from their port of departure in the participating country through to the location of employment, in addition to the cost of health insurance and accommodation in Australia. They will also be responsible for providing initial spending money and other *ad hoc* expenses, such as costs associated with buying appropriate clothing and incidentals.

These costs require a leap of faith from a price-taking sector which is traditionally risk adverse and cost conscious. For Pacific Island and East Timorese employees, the cost of travel to Australia is likely to be significant relative to their income at home. It also requires the employer to bear the risk if the employee must return home — because they didn't work out, are unwell, or are otherwise unable or unwilling to work — before the costs are recouped through authorised deductions. Overcoming the perceived costs barrier is important if the SWP is to grow to its full potential.

The COVID-19 pandemic has greatly increased these costs, with farm businesses being required to pay for the cost of quarantining workers. This averages approximately \$3000 per worker.

The NFF proposes a centrally managed “SWP Administration Fund” where contributions towards the cost of travel and accommodation are paid either during or at the end of the season. Employees would access the fund to cover their travel to Australia and employers could access the fund to cover approved costs such as quarantine while border restrictions remain in place. Employers would deduct periodic amounts from employee's wages to cover the cost of airfares etc. and pay these into the SWP Administration Fund. The Department of Employment or the ATO would administer the fund. Seed funding may be required of approximately \$30 million to cover the initial year of operation, after which time it is anticipated that the operation of the fund would be cost neutral.

Recommendation 23 (Pillar 4): \$12 million over four years to establish regional workforce counselling services to support farms with migration and local workforce solutions, training options and incentives.

A significant part of the labour challenge — both in terms of labour shortages, skills gaps, and exploitation and mistreatment of workers — is that a lack of understanding of Australian farm work. The vast majority of farms are micro businesses, employing at most one or two casual staff on a permanent basis. Most farmers, who manage the business in addition to undertaking the farming activities, have neither the time nor the resources to develop a human resources and industrial relations capacity to the level of sophistication and professionalism necessary to adequately address that challenge.

A nationwide workforce counselling service would go a long way to addressing this issue - a coordinated resource which is ‘on the ground’ and can reach out to individual farms to:

- explain the myriad of programs which are available to support them — including the various iterations of the Pacific labour schemes; the working holiday maker programs; local workforce solutions, VET training incentives; the Harvest Trail Service, and industry labour agreements;
- analyse their particular workforce need and describe for them the programs which best answers that need, together with the associated obligations and restrictions.

- design a workforce solution which is best suited to the needs of their business, while helping them to understand and meet their obligations.

Recommendation 24 (Pillar 4): \$4.8 million over four years to re-establish the Education and Training Advisors network for the rural sector.

Up until the 2014-15 financial year, the Commonwealth Government supported a network of Education and Training Advisers (ETAs), who were engaged by Rural Skills Australia to work with various stakeholders to promote and encourage workforce development activities and increase rural and related industry involvement in relevant government programs and initiatives.

Across jurisdictions, the ETAs informed and increased awareness and understanding of the training system by utilising a variety of communication strategies tailored to meet local requirements, and furnished information and advice to key stakeholders through a variety of mediums. ETA activities included the following initiatives:

- The promotion at Annual Conferences, Agricultural Field Days and related events of customised State/Territory Employer Guides to Australian Apprenticeships;
- The distribution by post of these guides and related products including RSA's Training Package information booklets and promotional material;
- Follow up calls and personal client visits made in response to enquiries received personally, or via a 1800 free call, web inquiry facilities, email and/or written correspondence;
- Participating on various formal advisory panels and committee structures, and industry forums and events e.g. member body Annual Conferences, National Agricultural and Horticultural Training Providers Conferences, State and Territory advisory body meetings and related events;
- Manned displays at selective and strategic Careers and Employment Markets/Days to directly promote rural and related Australian Apprenticeships opportunities including school-based options to students, teachers and the wider community;
- Provided materials to various organisations and individuals for use at local and school career and employment expos and related events; and
- Updated state/territory sections of the RSA website - www.ruralskills.com.au - and through the conduct of various presentations delivered to industry groups and other stakeholders.

On occasions individual ETAs would refer clients to other bodies or individuals, including Commonwealth and state departments for high level policy, technical and specialist support in relation to training package content, deficiencies and processes and complex award or industrial matters.

On occasion, clients that had been helped by ETAs in the past to navigate the training system would return to seek further advice and updated information. They routinely maintained longer term client relationships with individuals within industry associations and bodies, Australian Apprenticeships Centres (AACs), Registered Training Organisations (RTOs), and Group Training Organisations (GTOs). Individual ETAs also maintained frequent contact with relevant NFF and State Farming Organisation Workplace Relations personnel on a wide range of matters and looked to assist where possible state industrial party representatives expand their understanding of training system developments, training system implementation issues and systemic impediments.

ETAs across jurisdictions expanded and maintained links with appropriate personnel in state and Australian Government departments, AACs, RTOs, GTOs and other agencies involved in the delivery and development of policy in respect of rural and related industry training and employment arrangements. They worked to ensure where possible that the policies and approaches of various agencies were appropriately informed and guided by the needs of rural and related industries.

In 2014-15 this exceedingly useful and successful program was terminated. Given the increased focus on the VET sector as a solution to the industry's labour shortages, the Government should consider reintroducing the program. We estimate that funding of approximately \$1.2 million per annum would be required to re-create a network of ETAs for each jurisdiction.

Recommendation 25 (Pillar 4): \$30 million over four years to provide a holistic Vocational Educational and Training (VET) package of programs and incentives to attract students into agricultural vocations and develop an integrated curriculum for agriculture as a career choice.

Despite varied efforts by industry to attract local workers to careers in agriculture, there has been limited uptake of jobs in agriculture by domestic workers. While there are multiple factors which might explain this, including the often-isolated location of farms and perceptions that the industry does not provide long-term career paths, it is clear that there are inadequate incentives attracting local workers to the industry. Meanwhile, every year a mass of “backpackers” undertakes three months of agricultural work in regional Australia. These workers are almost all entirely motivated by the incentive of a second-year visa to stay and work in Australia. They have no real interest in the farm work and often consider it a burden and the requirement to be grossly unjust. Their productivity and reliability — not to mention commentary on the experience — usually reflects this fact.

With the right incentives, young Australian residents will also go to regional areas to work in agriculture. Youth unemployment in many regions of Australia is too high. Research suggests that young (under 30) single unemployed persons or those looking for work have a strong willingness to relocate for work, but that they often lack the skills and experience that employer's need.

The Government can boost participation of young Australians in the agriculture workforce by targeting policy settings to incentivise the uptake of both vocational education and training (VET) and regional agricultural work. This aligns the two key policy needs: giving workers the skills and experience they need and providing a willing domestic labour source for farm businesses in regional Australia. The important distinction between a program of this nature and one that imposes a requirement to undertake work-like activities is that uptake depends on individual choice – that is, those applying for work actually want it.

Specifically, the Government should consider implementing a new industry supported initiative that could offer discounted course fees or Trade Support Loan offsets for VET students who work in agriculture for at least 3 months of the year. As part of an appropriately established program, course fee discounts would be available on upfront payments or through reduced VET-FEE HELP repayment liability. Alternatively, Trade Support Loans could be reduced by 25 per cent for each 3 months of regional agricultural work in a year, up to the maximum of \$20,000.

The job market for graduates of tertiary agriculture qualifications is five times larger than the supply of graduates. There needs to be publicity of the compelling rationale for a career in agriculture and an agricultural lens must be applied to school and tertiary education curricula. The NFF is targeting a doubling of tertiary and vocational agriculture graduates by 2030.

Recommendation 27 (Pillar 5): \$27 million over four years to provide a Distance Education Teaching Allowance (DETA) to the value of \$6,000 dollars per family as financial recognition of the essential work a distance education tutor performs. This is in line with recommendations made by the Isolated Children's parents' Association.

There are approximately 1,500 families in geographically isolated areas for whom distance education is the only means to educate their children. Each family is encouraged to provide a home tutor as part of their remote education learning system and these families are largely outside current support measures received for school education.

The Australian government should consider supporting the Isolated Children's Parents' Association proposal as set out recently by the Isolated Children's Parents Association Briefing Papers (November 2020). In particular, that the Australian Government support a Distance Education Teaching Allowance (DETA) to the value of \$6,000 dollars per family as financial recognition of the essential work a distance education tutor performs.

Foreign Affairs and Trade *(\$350 million)*

Recommendation 3 (Pillar 1): \$350 million for a six-month extension of the International Freight Assistance Mechanism (IFAM) to ensure those commodities with no alternative options for transporting produce to market are given priority access.

The International Freight Assistance Mechanism (IFAM) is scheduled to expire on 30 June 2020. \$669 million has been allocated to IFAM to date, and the Government has not committed to funding the program beyond June 30. Air freight prices are sitting between 2.2 and 7 times the pre-COVID average, and these prices are not expected to fall below this level by June 30. This means that when IFAM expires on June 30, exporters dependent of air freight will be unable to get their product to market unless they can afford to pay prices at least 2.2 times the normal.

For industries such as horticulture and seafood, air freight is the only viable means to get their produce to market. The cessation of IFAM on July 2021 will result in severe and irrevocable damage to these industries. Industries such as seafood and horticulture are making concerted efforts to restructure their supply chains so that they are no longer reliant on air-freight. However, this restructuring will not be complete by June 2021. The cessation of IFAM in July 2021 will result in severe and irrevocable damage to these industries.

IFAM should be made available beyond July 2021 to those industries and regions which would be most severely impacted if air-freight were to become unavailable.

Industry, Science, Energy and Resources **(\$75.2m & \$371m from existing programs)**

Recommendation 2 (Pillar 1): \$371 million of the Modern Manufacturing Strategy and \$42.8 million of the Supply Chain Resilience Initiative be allocated to food and fibre to enable export market diversification through local processing and value-adding.

Recent supply chain and trade disruptions have demonstrated the over-reliance of Australian commodities on overseas processing and value-adding capabilities. The NFF seeks that existing programs prioritise the development of these capabilities within the food and fibre sector, including:

- The inclusion of fibre processing as a priority in the *Modern Manufacturing Strategy*; and
- Prioritising funding for improvement to food and fibre supply chains under the *Supply Chain Resilience Initiative*.

Local processing and value-adding will provide market diversification for many agricultural commodities. As an example, the overwhelming majority of Australia log exports are destined for processing in China, with limited domestic capability to process these logs. Noting the low value by weight of this commodity, and the fact that other regional players are net exporters of logs, trade disruptions with China have had significant impacts on the sector. Without domestic processing and value-adding capabilities there is no natural market for these logs.

Specifically, the NFF seeks that:

- \$371 million of the *Modern Manufacturing Strategy* be allocated to food and fibre; and
- \$42.8 million of the *Supply Chain Resilience Initiative* funding be invested in food and fibre.

The budgetary implication for these measures will be neutral, noting that they seek funding from existing programs.

The NFF welcomed that package of measures to enhance Australia's fuel security, announced in the 2021-22 Federal Budget. These measures will be an integral component of resilient supply chains in Australia. The NFF seeks a commitment from the Government that a levy on the purchase of fuel is not introduced to subsidise domestic fuel refineries.

The policy rationale for subsidising the refining of fuel in Australia is to reduce Australia's vulnerability to international supply chains disruptions which have the potential to affect the entire Australian economy. The measures are explicitly focussed on national security, as is clear from the relevant ministerial announcements. Since the benefits of this measure are captured by the entire nation, it would be misguided and inequitable to make fuel users responsible for the recovery of costs.

Recommendation 19 (Pillar 3): An additional \$75 million over four years to promote the effective utilisation of distributed energy resources in regional, rural and remote communities.

While significant policy and planning focus, and billions of dollars in funding, has been placed on accommodating the transition to intermittent renewable energy resources onto a centralised grid system (Integrated Systems Plan, Marinus Link, various big battery projects etc.), the same focus and investment has not gone into distributed energy

resources (DER) that will be a primary determinant of affordable and reliable electricity in regional and rural Australia.

The NFF welcomes the Federal Government's commitment to provide \$67.1 million Regional and Remote Communities Reliability Fund to trial microgrid and other DER solutions in regional and rural areas. Noting the centrality of DER resources in the future of electricity in regional and rural Australia, the NFF recommends that funding be expanded to ensure that the energy transition works to the benefit of regional communities and agriculture.

Recommendation 20 (Pillar 3): \$200,000 over four years to hold two government-energy industry forums per annum to provide regional and rural energy users an in-depth insight into policy, regulatory reforms that will impact regional and rural users.

To ensure the provision of affordable and reliable electricity to regional and rural users, these stakeholders must be engaged in the reforms and transition taking place in the energy sector. However, the sheer volume of engagement and consultation that these institutions collectively create is counterproductive to effective end-user engagement, overwhelming the resources of regional and rural representatives, including within the agricultural sector.

In 2018, the various regulators and market institutions created 56 consultation processes for suppliers and end-user representatives to engage in, to effectively shape the direction of the electricity market.

The AEMC undertook 14 reviews, and 55 rule changes with respect to the NEM. Even assuming that only 20 per cent of rule change proposals had an impact on any one stakeholder, the AEMC still created 25 consultation processes for industry and consumer representative groups to engage in (AEMC 2019).

The AER undertakes revenue determinations for 21 electricity distribution and transmission networks, which translates into four determinations per year, which necessitates several reviews and stakeholder engagements per determination. Even assuming the need for two engagements per determination, this necessitates eight engagements a year. The networks themselves are required to engage with consumers and the market, creating a further eight engagement points.

The AER further engages with the market on more technical aspects of regulation setting, and with respect to its retail market functions. Thus the AER potentially creates up to 20 consultation processes per annum for consumers and suppliers to engage in.

The COAG Energy Council and Energy Security Board has 5-6 open consultations per annum, while state-based regulators, typified by the Essential Services Commission, had 6 consultations that begun or continued into 2018.

The increasing incidence of network projects requiring regulatory investment tests adds another set of consultation processes for end users to engage in.

The rhetoric of putting consumers at the centre of decision-making with respect to the electricity market is undermined by institutional and regulatory arrangements that impose the need to engage in more than one consultation process per week to effectively have the consumer voice heard.

It is envisaged that the forums would bring together market institutions and government regulators including the AER, AEMO, AEMC and the ESB, state government agencies, and industry players including network and transmission owners with regional and rural representative groups to:

- identify rules changes, policy, regulatory processes and reforms underway that may have impacts on regional and rural users;

- provide an overview of the energy policy and reform agenda for the proceeding six-months; and
- provide an opportunity for representative groups to provide holistic feedback to regulators and energy industry stakeholders.

In the absence of an organisation to deliver these forums, the NFF would be willing to organise and coordinate the forums.

This recommendation has the broad support of the Agriculture Industries Energy Taskforce, a broad cross-section of agricultural representative bodies with exposure to electricity. Similarly, the NFF is supportive of the Taskforce's recommendations for resourcing for a policy staff resource, or a secondee from a relevant government department.

Infrastructure, Transport, Regional Development and Communications (\$776.35 million)

Recommendation 10 (Pillar 1): \$375 million over four years be provided to establish 20 place-based regional development precincts to kick-start the regionalisation agenda.

The coordination and integration of federal, state and local government priorities on regional economic development has not yet been fully achieved. While there is a myriad of Federal Government programs that promote cross-government collaboration, they do not provide coordination and consensus on priorities.

There is an opportunity to elevate cross-government coordination on regional economic development as a sub-committee of the National Cabinet process.

Federal and state governments should be applauded for establishing the Rural and Regional National Cabinet Reform Committee. As a first step, the Committee is auditing the various investments being made by governments on regional and rural development.

There is significant scope for this Committee to further promote the regionalisation agenda by being the main intergovernmental forum to push forward this agenda including the development of principles for the identification and assessment of regional development priorities, and the implementation and roll-out of prioritised regional development projects.

The Committee could be responsible for aligning and integrating state and federal regional development schemes to deliver the 20 place-based regional development precincts across the nation, as sought in the NFF's *Get Australia Growing* economic recovery plan and consistent with the Business Council of Australia's recommendations on regional development in *A plan for a stronger Australia*.

Each precinct would require a minimum of \$20 million from the Federal Government over the forward estimate to adopt a plan and governance framework and make investments in regional development trials and pilot projects. The NFF seeks that up to 15 precincts be identified and funded over the forward estimates. It is envisaged that each precinct would also utilise existing sources of local, state and federal funding and programs to progress the regional development agenda.

Recommendation 17 (Pillar 4): \$400 million over four years to establish a Regional, Rural and Remote Telecommunications Fund to resource ongoing mobile network expansion, a request supported by the Rural, Regional and Remote Communications Coalition. The priority issue is the further funding of the Mobile Black Spots Program at \$60 million per annum.

Access to quality telecommunications services is an essential part of modern life, underpinning social connectivity and the delivery of many essential services. Digital connectivity is also central to economic growth and industry competitiveness. There is much to be gained by improving and expanding connectivity in regional Australia – both for agricultural businesses and for the regional communities they are part of.

Access to quality, reliable, affordable telecommunications consistently ranks as one of the highest priorities of the NFF's members. This includes basic voice connections as well as access to data services that meet the growing needs of farm families and businesses, including for the adoption of new digital technologies that build efficiency and unlock growth potential.

Recognising that telecommunications is an issue that is central not only to agriculture but also to other businesses operating in regional areas, and to the delivery of health and education services and social connectivity, the NFF became a founding member of the Rural,

Regional and Remote Communications Coalition (RRRCC). The RRRCC was established in 2016 to advocate for quality, reliable, affordable telecommunications services in regional Australia and now includes 21 advocacy, representative and volunteer organisations for whom improving bush telecommunications is a priority.

The rollout of the National Broadband Network (NBN) and the Mobile Black Spot Program (MBSP) have significantly improved telecommunications in rural and regional Australia. The *2018 Regional Telecommunications Review: Getting it right out there*, confirmed, however, that there are still gaps in regional Australia in terms of coverage, data speeds and competition between different telecommunication carriers.

The NFF welcomed the Government's response to the review and commitment of new funding for a Regional Connectivity Program, two further MBSP rounds and a Digital Tech Hub. To build on these investments, the NFF and RRRCC more broadly seek a long-term commitment to ongoing mobile network expansion, and for MBSP infrastructure to promote competition as well as coverage by requiring open access for all networks. Furthermore, while there has been good progress, further action is needed to fully address a number of the Regional Telecommunications Review's 10 recommendations.

Expansion of mobile coverage is critical in regional and rural areas. Current and previous programs have resulted in further coverage. However, there remain premises, vital community hubs and high traffic areas that are at risk from having no mobile coverage. The NFF appreciates that funding has been committed for Round 6 of the MBSP, but a long-term commitment to network expansion is needed, as is an adaptive and innovative approach to encouraging competition and ongoing participation from telecommunications providers.

Recommendation 18 (Pillar 4): \$1.35 million over four years to fund the Regional Tech Hub beyond the current one-year funding period.

Digital technology and telecommunications offer significant benefits for Australian society and the economy. However, it can be harder to access these benefits in regional Australia. To realise these benefits consumers and businesses need independent, trustworthy technical support to get connected and stay connected.

The Regional Tech Hub provides free, independent advice for rural, regional, and remote Australians about the choice of digital technologies and applications available to them, and to help them build the skills and confidence to utilise them. This will help regional Australians to get connected, stay connected and better use an existing connection. This is a critical tool to help bridge the digital divide and assist regional Australians to build their understanding and awareness of communications options available and the skills and ability to use and troubleshoot telecommunications issues.

The Regional Tech Hub has been specifically developed to meet the needs of regional Australians. Regional Tech Hub staff are regionally located and specially trained to understanding the unique elements of regional telecommunications. Offering support across a website, phone support line and social media page the training and location of Regional Tech Hub staff makes them uniquely positioned to provide technical assistance that assists Australians living in Rural, Regional and Remote areas.

To continue the benefit of the Regional Tech Hub, funding is required beyond the current one-year funding period to cover ongoing costs.

Social Services *(\$40 million)*

Recommendation 26 (Pillar 4): \$40 million over four years to fund mental health awareness and early intervention programs in rural, regional, and remote communities through a series of grants aimed towards regionally focused rural mental health organisations to produce and conduct in-person education, early intervention and prevention programs.

Mental health is a key issue facing rural and regional communities. According to the Centre for Rural and Remote Mental Health (CRRMH), while the rate of mental illness does not vary greatly between rural and urban areas, the rate of suicide increases with remoteness. While there are various causes at play, the CRRMH contends that distance from services and resources contributes to this trend, as well as the lesser likelihood that people in rural and remote areas recognise signs and symptoms of mental illness.

Treasury (\$372 million)

Recommendation 11 (Pillar 1): \$12 million over four years to continue funding for the Australian Competition and Consumer Commission (ACCC) Agriculture Unit.

Agriculture relies upon open and transparent markets that promote competition within agricultural supply chains. The farming sector is fragmented and made up of small to medium sized businesses that are often located in remote areas. Fluctuations in input costs, limitations in infrastructure and the perishable nature of produce leave some farmers in an economically vulnerable position. This can lead to imbalances between farmers and other players in the supply chain. This includes both upstream suppliers (such as telecommunications companies, energy networks, financiers and chemical and biotechnology companies) and downstream customers (including transport and logistics companies, food processors and retailers).

The Australian Competition and Consumer Commission (ACCC) Agricultural Enforcement and Engagement Unit plays a critical role in monitoring and enforcing appropriate competition in Australia's agricultural markets. To ensure the Agriculture Unit has maximum impact, the NFF seeks a commitment from the Australian Government to continue dedicated funding for the Unit and increase resources that raise awareness of the Agriculture Unit's information and services.

Recommendation 28 (Pillar 5): Extension of the fuel tax credits to aviation for pastoral purposes.

Aviation fuel is a significant operating expense for pastoral stations in Northern Australia. It is used on-farm on a similar basis to diesel with the use of aircraft for pastoral operations similarly not requiring any publicly funded infrastructure. The rationale underlying fuel tax credits – that fuel not used for the movement of vehicles on public roads should not be taxed for the provision of those roads – as equally as true for pastoral aviation as it is for the use of land vehicles on-farm.

Therefore, in addition to retaining the existing system of fuel tax credits, the Government should extend fuel tax credits to aviation fuel for light aircraft (fixed wing and helicopters) used in pastoral operations.

Recommendation 29 (Pillar 5): \$360 million over four years to extend accelerated depreciation provisions to horticultural netting and ensure Regional Investment Corporation loans can be used to purchase horticultural netting.

Netting is an important component of successful horticulture in Australia. It can reduce water requirements by up to 20 per cent, protect against extreme weather conditions such as hail, frost and sunburn, minimise damage from bird and flying fox infestations, and improve the quality of yields for export markets.

The NFF seeks a commitment from the Australia Government to extend the accelerated depreciation provisions to horticultural netting and ensure that the Regional Investment Corporation's Farm Investment Loans are available to farmers who wish to purchase netting.

If this funding is administered through loans, the budgetary impact will be neutral in the long-term.

Recommendation 30 (Pillar 5): Expand eligibility of the Research and Development Tax Incentive to unincorporated businesses.

R&D investment is a critical factor enabling productivity growth in primary industries. Many of the technologies and practices that have driven agricultural productivity growth in

Australia are the result of past public investments in agricultural R&D and the extension of those innovations. A 2011 ABARES research report found that the outputs of past public investments in R&D and extension in Australia and overseas had accounted for almost two thirds of average annual broad acre productivity growth.

The current RDTI is only available to companies. This leaves the majority of Australia's farm businesses – 77.4 percent of which are sole traders or partnerships– ineligible.

We note that both the Centre for International Economics and the Centre for Transformative Innovation have found that R&D tax incentives produce greater additionality for small-to-medium enterprises compared to large companies. Farm businesses predominantly fall into the small business category with even the largest farms generating annual cash receipts of less than \$3 million between 2016-17 and 2018-19.

Extending the RDTI to unincorporated farm businesses will generate greater spill over and additionality, and hence increase the likelihood of the RDTI achieving its stated purpose.

We note that the 2016 Review of the R&D Tax Incentive provided no reason why the RDTI should not be extended to unincorporated entities.

Cross Portfolio (\$59 million)

Recommendation 4 (Pillar 1): \$32 million over four years for additional resourcing for the Department of Agriculture, Water and the Environment and the Department of Foreign Affairs and Trade to enhance their capacity to participate in international standard setting forums.

The ability to access new international markets relies on robust bilateral and multilateral trading arrangements, and a focus on removing technical and non-technical non-tariff barriers (NTBs) to trade. It is the NFF's view is that additional resourcing is required to make a meaningful difference, in particular in removing NTBs for agriculture.

Market access protocols are critical accompaniments to the tariff-reductions achieved through free trade agreements. The pace at which these protocols can be negotiated is directly linked to the quantity of technical expertise available to the Department of Agriculture, Water and the Environment (DAWE) - whether departmental staff or outside expertise.

Similarly, on-the-ground presence to promote Australian agricultural interests in-country, and the availability of technical expertise at standard setting forums for international trade is vital to ensure that international standards on the environment, sustainability, climate and animal welfare are amenable to the conditions and practices within Australian agriculture. Australian participation and resourcing should be comparable to that of our major trade competitors.

These forums include the myriad of World Trade Organisations forums and processes, the World Economic Forum and the upcoming United Nations Food Systems Summit. Of particular importance are the Codex Alimentarius Commission, the World Organisation for Animal Health and the Intergovernmental Panel on Climate Change.

To this end, the NFF recommends that:

- Up to 15 additional FTEs be allocated to the DAWE for the provision of additional Agriculture Counsellors in priority markets, resourcing additional expertise to negotiate market protocols, and participate in relevant international trade standard setting forums (\$6.5 million p.a.).
- Up to 10 additional FTEs be allocated to the Department of Foreign Affairs and Trade for additional resourcing for agriculture in key postings, such as Geneva, and the establishment of a dedicated agriculture unit within the Department (\$2 million p.a.).
- Funding be made available to facilitate the participation of industry and non-departmental experts at important international standard setting forums (\$2 million p.a.).

Recommendation 6 (Pillar 1): \$600 000 non-recurrent funding over 2021-22 to establish an agricultural trade advisory council to advise and facilitate short-term and long-term initiatives relating to agricultural trade.

The pace and severity of trade disruptions impacting agriculture over the past year necessitates a standing forum between Government and industry to appropriately respond to ongoing disruptions in a robust, timely and considered manner.

The NFF seeks the establishment of an agricultural trade advisory council comprised of relevant industry and government stakeholders to advise and facilitate short-term and long-term initiatives relating to agricultural trade, and ensure industry buy-in and co-responsibility on any strategy. This taskforce will be important in providing a flexible and

measured approach on trade, noting the everchanging landscape and disruptions to agricultural trade.

The NFF proposes that taskforce membership include representatives from the NFF, Seafood Industry Australia, Australian Grape and Wine, Australian Meat Industry Council, Grain Trade Australia, Department of Agriculture, Water and the Environment, Department of Foreign Affairs and Trade (DFAT), and Austrade.

The NFF seeks that the DFAT provide one FTE to the NFF for an initial period of 12 months to scope and implement the proposed government-industry strategy on trade and facilitate industry input into the taskforce and strategy.

The NFF foresees that there will be a budgetary cost to the provision of the additional resource, and associated secretariat cost associated with facilitating this forum.

Recommendation 32 (Pillar 5): \$5 million over four years to the Australian Bureau of Statistics and the Australian Bureau of Agricultural Research and Economic Sciences, to enables them to enhance their data collection using an institutional quality methodology, thereby removing one of the key barriers to investment in agriculture.

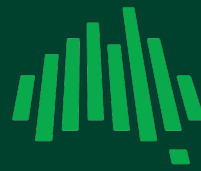
To achieve the industry's goal of \$100 billion by 2030, average annual net investment in Australian agriculture must increase from \$1.2 billion to \$8.7 billion. With access to debt finance constrained, this will require the sector to seek new sources of equity capital, both domestically and overseas.

Several factors currently deter investment. Prominent among these is the difficulty of accessing quality, timely information and industry performance benchmarks to a standard required by institutional investors. Data from the Australian Bureau of Agricultural Research and Economic Sciences (ABARES) is not compiled using an institutional quality methodology.

The NFF recommends that \$5 million be allocated to scoping work to determine what reforms are needed to adequately raise the standard of this data.

NFF Member Organisations





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