

**National
Farmers
Federation**

2022-23 Pre-Budget Submission

NFF Member Organisations



The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and length of the sector.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct grass roots member services as well as state-based policy and commodity-specific interests.

Statistics on Australian Agriculture

Australian agriculture makes an important contribution to Australia's social, economic and environmental fabric.

Social >

There are approximately 85,000 farm businesses in Australia, the vast majority of which are family farms.

Economic >

In 2019-20, the agricultural sector, at farm-gate, contributed 1.9 per cent to Australia's total Gross Domestic Product (GDP). The gross value of Australian farm production is forecast to reach \$78 billion in 2021-2022.

Workplace >

In 2021, the agriculture, forestry and fishing sector employed approximately 313,700 people, including over 215,800 full time employees.

Seasonal conditions affect the sector's capacity to employ. Permanent employment is the main form of employment in the sector, but more than 26 per cent of the employed workforce is casual.

Environmental >

Australian farmers are environmental stewards, owning, managing and caring for 51 per cent of Australia's land mass. Farmers are at the frontline of delivering environmental outcomes on behalf of the Australian community, with 7.79 million hectares of agricultural land set aside by Australian farmers purely for conservation/protection purposes.

In 1989, the National Farmers' Federation together with the Australian Conservation Foundation was pivotal in ensuring that the emerging Landcare movement became a national programme with bipartisan support.

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Executive Summary

The NFF has set an ambitious-but-achievable target for Australian agriculture to be a **\$100 billion industry by 2030** - a vision shared by industry and Government. To meet this target agriculture must work with the Federal Government to ensure public policy settings, investments and initiatives address the opportunities and challenges outlined in this vision.

The NFF continues to be guided by 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.

Key Industry Priorities

1. Measures to sustain our natural environment are critical to agriculture's future. As a nation we are yet to adequately recognise and value the contribution farming makes to environmental outcomes. The NFF is committed to continuing to work cooperatively with Government to develop opportunities to transition valuing natural capital back inside the farm gate. The sector supports an economy-wide aspiration of net zero emissions by 2050, provided it is economically sound and government policy is not 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.

2. Response to significant disruptions to supply chains: Australian agriculture, and the under-repair economy more broadly, cannot afford the significant costs of Australia's inefficient and unproductive international freight supply chain. Similarly, the agriculture industry is seeking action on the severe disruptions to critical inputs, such as fertilisers and ag-vet chemicals, noting that the lack of availability of synthetic fertilisers could reduce crop yields by up to 30%.

3. Securing Australia's farm workforce: Labour shortages are a handbrake on agriculture's growth. 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 extent and impact of shortages, this is a longstanding issue. The NFF has put forward a holistic workforce package to address this challenge.

4. Support smarter growth for regional and rural Australia: The NFF is seeking a step-change in the approach to regionalisation. COVID-19 has changed the way we work and live, making regional Australia a viable place to work and live for all. Conversely, it has demonstrated the folly and risk of concentrating most of Australia's economic capacity in just two capital cities. Combined with the need for significant investment in regional and rural Australia to ensure positive outcomes for these communities from the transition to net-zero, there is an absolute need for a reinvigorated Regionalisation Agenda.

To this end, the NFF is seeking funding for the establishment of 20 place-based development precincts across regional Australia. Agriculture is a critical industry for any regional/rural economy, and agriculture is reliant on successful regional centres to access economic and social infrastructure, and to a reliable and skilled workforce.

As a part of this agenda, the development of domestic capabilities for critical inputs and value-add processing will not only create new opportunities for regional Australia, but create a more resilient Australian economy that can withstand global supply chain shocks.

5. Equitable access to digital connectivity for all Australians: 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. A recent survey by the NFF revealed a decline in the satisfaction of regional Australians with connectivity and mobile phone service.

Total funding sought over four years

Portfolio	Funding asks
Agriculture, Water and the Environment	\$4.52 billion
Attorney-General	\$1 million
Education, Skills and Employment	\$96 million
Foreign Affairs and Trade	\$605 million
Industry, Innovation, Science and Resources	\$363.05 million
Infrastructure, Transport, Regional Development and Communications	\$4.571 billion
Social Services	\$40 million
Treasury	\$435 million
Cross-portfolio	\$6 million
Total	\$10.64 billion

Key recommendations

Pillar 1: Customers and Value Chains

Australia's inefficient international freight supply chains, combined with massive supply chain disruptions is putting Australian agriculture, and the broader economy's, international competitiveness at risk. Budgetary measures to address these challenges are an absolute priority.

The NFF welcomes the significant improved biosecurity and traceability systems and seeks that this funding be committed to for the long-term.

The NFF is seeking a 'fair go' for farmers in their commercial and competition dealings that will ensure supply chains that are defined by innovation and value creation, not conflict and value appropriation. Regional and rural communities should be afforded a fair go with respect to the levels of investment in infrastructure to ensure these places are great places to live and work.

Key recommendations under this Pillar include:

- \$2.5 billion over the four years to address the substandard state of Australia's international freight supply chains through the establishment of an expedited Infrastructure Fund solely focused on productivity improvements within this supply chain.

- \$1.475 billion on establishing 20 Regional Development Precincts across Australia, including funding for investment in priority precinct infrastructure.
- \$820 million over the forward estimates to guarantee Australian agriculture's international competitiveness through the waiver of export certification fees, and the continuation of the International Freight Assistance Mechanism until international borders are fully reopened.
- \$40 million over four years to establish the Office for the Perishable Agricultural Goods Advocate, to fight for the rights of those in the supply chain most vulnerable to misuse and abuses of market power.

Pillar 2: Growing Sustainably

The NFF seeks support for the continuation of the Australian Agricultural Sustainability Framework pilot and complementary programs. Further contribution to the development of natural capital systems; infrastructure markets and policies is also sought. Key recommendations under this Pillar include:

- An initial allocation of \$2 billion over the next four years to support the continuation of pilot and expansion of programs such as the carbon and biodiversity and enhanced remnant vegetation programs, including contribution to the development of natural capital markets.
- \$10 million to complete the market testing, verification, piloting and resolution of data requirements in order for the Australian Agricultural Sustainability Framework to be established as the authoritative source of information about Australian agricultural sustainability to markets, companies, the community and governments.
- \$10 million for the Climate Change Authority to undertake a root-and-branch structural review of the Emissions Reduction Fund.
- \$2 billion over four years to support complementary measures in the Murray Darling Basin Plan?

Pillar 3: Unlocking Innovation

The NFF seeks increased funding for digital connectivity and the establishment of the Australian Local Power Agency to ensure regional and rural communities benefit from, not become the victims of, the transition to renewable energy. Key recommendations under this Pillar include:

- \$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 Regional, Rural and Remote Communications Coalition.
- \$400 million over four years for the Mobile Blackspots Program.
- \$250 million over four years for the establishment of the Australian Local Power Agency and the associated Local Power Fund.

Pillar 4: Capable People and Vibrant Communities

The NFF seeks funding to progress education and training pathways for prospective workers and initiatives to maintain the recent expansion and further increase uptake of the Seasonal Worker Program. The NFF seeks further funding for essential services to remote communities, particularly as it relates to education and mental health. Key recommendations under this Pillar include:

- \$30 million for a centrally managed Seasonal Worker Fund.
- \$34.8 million to fund initiatives which promote education and training for the agriculture sector.

- \$12 million for the establishment of regional workforce counselling service to help the sector with its workforce needs.
- \$40 million over four years to fund mental health awareness and early intervention programs in rural, regional and remote areas.

Pillar 5: Capital and Risk Management

The NFF seeks a policy framework that promotes access to capital and enhances robust risk management processes. This includes measures that improve farm business cashflow while encouraging investments in on-farm resilience. Key recommendations under this Pillar include:

- The retention in perpetuity of the fuel tax excise rebate for off-road use.
- \$50 million over four years for a further round of the highlight successful Emergency Water Infrastructure Scheme.
- Holistic review and reform of the tax system and drought measures, with respect to definitions of a primary producer to incentivise sound on-farm risk management.

Overview: A \$100 billion industry by 2030

The National Farmers Federation (NFF) has set a bold, but we believe entirely achievable vision for the agriculture industry to become a \$100 billion industry by 2030. This is a vision that has been endorsed and adopted by industry and 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 2022-23 Federal Budget will need to leverage the significant opportunities and address challenges facing Australian agriculture to meet this \$100 billion target.

As an industry with a current annual output forecast to be \$78 billion in 2012-2022, 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.

Agriculture in our reduced emissions future

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 and barriers in accessing international markets to sell our goods and to access finance.

Investment in research and development to provide a range of important decision support tools will be critical to the sector's success. 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. A modernised and fit for purpose Emissions Reduction Fund will be critical and a review is required.

Supply chains

These supply chain risks go beyond impacts on getting farmgate output to international markets and is having significant impacts on the availability and cost of farm inputs. As an example, the cost of urea and phosphorus-based fertilisers has risen by two to three times in the space of six months, severely curtailing the viability of the farming sector. The importance of synthetic fertilisers should not be underestimated, with a lack of availability potentially contributing to an up to 30% drop in yields for broadacre cropping. To this end, the NFF continues to call for the Modern Manufacturing Strategy to focus on developing local supply chains for fertilisers and ag-vet chemical, along with food and fibre manufacturing.

The myriad of disruptions impacting agricultural trade necessitates the establishment of a comprehensive, long-term, cross-portfolio industry-government council on agricultural trade and exports. Industry along with relevant government portfolios must regularly agree on specific activities that work through a long-term strategy for trade. Including addressing significant risks

emerging supply risk factors in global economies. While the NFF has put forward this proposition as an agricultural initiative, there is merit in having a cross-industry council.

The farm workforce

For many years, the labour and skills needs of agriculture have been addressed through a patchwork of programs: a number of different subsidies, tweaks to VET and tertiary education frameworks and various visa and migration programs. While the Government is right to insist that producers target Australians for jobs and farmers would always prefer to hire locally, the reality is there is a gap between the skill and labor needs of the sector and Australians available for the work. The issue needs to be tackled globally and holistically. The Federal Government's development of a National Agricultural Workforce Strategy was a first step in the right direction. Although a considered response to that strategy has yet to be made public, our request is that it embraces the recommendations made by the NFF in its submissions.

Strengthening biosecurity

The prosperity of our agriculture sector relies on maintaining a favorable 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.

To achieve our shared vision, our biosecurity system must be 'fit for purpose,' not only for today, but more importantly for future challenges out to, and beyond 2030. The recent \$400 million (4 year) budget commitment for biosecurity is a temporary measure only – the challenge remains to identify new and improved ways of funding our nation's biosecurity beyond the current budget forward estimate. The NFF is agnostic regarding the funding model, but a sustainable and ongoing 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 needed as we transition to the 'new normal' with respect to international trade and supply chains.

The price premium commanded by Australian agricultural products 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.

Similarly, inefficient and unproductive international freight supply chains must be fixed. This inefficiency is eroding agriculture's international competitiveness.

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

- Expedite critical improvements to the productivity of Australia's international freight supply chains;
- Maintain consumer trust in Australian agriculture by locking in much welcomed investments in the biosecurity and traceability frameworks, that guarantee domestic and international consumer trust for the long-term; and
- Ensure regional and rural communities and industries get a fair go with respect to economic infrastructure, amenities and commercial negotiations.

International freight supply chain disruptions

Trade and market access are vitally important to Australian agriculture, with more than 70 per cent of total production exported.

International freight supply chains are fast becoming one of the most critical challenges not just to the agriculture industry, but to any industry or business that relies on exports or imports. Australia has always suffered from highly inefficient and unproductive international freight supply chains, with the OECD rating nearly all of Australia's ports and stevedoring services in the bottom quartile for productivity globally. As an example, it costs the same to transport a container of grain from South Australia to Indonesia, as it does from Canada to Indonesia, despite the journey being nearly 10,000km shorter.

Not all solutions to the freight problem requires billions of dollars in new investment in transport infrastructure. Improving the consistent road access of high productivity vehicles can improve the freight supply chain's productivity with relatively little investment.

The continuous wave of domestic and international supply chain disruptions must be addressed with a long-term strategy. Critical shortages of urea and phosphorous will not only impact farmers, but all diesel machinery that rely on urea-based additives to operate. This means diesel heavy road vehicles, farm and mining machinery, could all cease to be functioning if urea shortages become

critical. As a first step, the Modern Manufacturing Strategy should be refocused on shortening and onshoring parts of the supply chains for critical inputs, such as urea and phosphorous, as well as its focus on food and fibre manufacturing.

With respect to international market access and trade diversification, the NFF and its members welcomed the Federal Government's \$72.5 million *Agri-Business Expansion Initiative*, which has been instrumental in providing a pathway to new markets and greater export diversification. The industry has particularly welcomed the Agricultural Trade and Market Cooperation (ATMAC) program, which has put industry at the centre of this diversification work. The NFF seeks Government commit to funding this program in the long-term, with an additional \$30 million over four years being allocated to the ATMAC program.

Recommendation 1: \$2.5 billion over four years for an expedited Infrastructure Fund solely focussed on investing in productivity improvements in Australia's international freight supply chains (*see page 46*).

Recommendation 2: \$600 million for the extension of the International Freight Assistance Mechanism (IFAM) to provide exporters with some level of certainty on airfreight, until international border restrictions are removed and a new normal is established. (*page 40*).

Recommendation 3: \$220 million over two years to provide a waiver on export certification fees, noting the significant eroding of Australia's international competitiveness due to spiralling international freight supply chain costs (*see page 25*).

Recommendation 4: \$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, fibre and farm input initiatives, noting the global imperative to shorten supply chains due to unprecedented and ongoing supply chain disruptions. (*page 42*).

Recommendation 5: \$140 million over four years to resource the establishment of shared services, guidelines, and good practice frameworks for heavy road vehicle road access decisions made by local government (*page 51*).

Recommendation 6: \$30 million over four years to ensure the continuation of the highly successful Agricultural Trade and Market Access Cooperation (ATMAC) program and develop a whole-of-industry strategy to build ties with India (*page 28*).

Recommendation 7: \$2 million over four years for the 'Telling Our Story' initiative to build community trust and confidence in Australian agriculture with respect to sustainability and international trade (*page 43*).

Recommendation 8: \$600,000 non-recurrent funding to establish a government-industry agricultural trade advisory council to advise and facilitate short-term and long-term initiatives relating to the promotion of agricultural trade, including the provision of a secondee to the NFF from DFAT to provide trade expertise to the agriculture industry (*page 40*).

Recommendation 9: \$2 million over four years for the Agricultural Supply Chain Engagement Program to demonstrate Australia's clean, green agricultural production and value-add to emerging leaders from Australia's key export partners (*page 40*).

Grow Trust in Australian agriculture

Maintaining and growing 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 funding to keep pace with increases in container trade and increased 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.

Australia's biosecurity challenges were well articulated in the Inspector-General of Biosecurity's report "Adequacy of the department's operational model to effectively mitigate biosecurity risks in evolving risk and business environments", which identified "deep concerns" regarding the current adequacy of the department's operational model. Specifically, the report identified four reform priorities: regulatory maturity, risk pathway partnerships, frontline focus and a sustainable funding model. The NFF supports the recommendations raised in this report and encourages the Department to adopt these priorities to meet our shared vision of \$100 Billion.

Recommendation 10: \$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 25*).

Recommendation 11: The Federal Government commit to perpetually funding the biosecurity system through a long-term sustainable, renewable funding arrangement for biosecurity. (*Page 26*).

Recommendation 12: \$10 million for a five-year initiative for the Centre for Invasive Species Solutions to maintain momentum on national collaborative invasive animals and plants RD&E (page 26).

Recommendation 13: \$10.8 million over four years for the continuation of initiatives to improve access to agricultural and veterinary chemicals (page 27).

Recommendation 14: \$4 million over four years to provide long-term funding for an annual Lamb-Ex Forum – a key forum bringing together industry, researchers and service providers to enhance and promote the quality and quantum of sheep production in Australia domestically and abroad (page 33).

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% of Australians live in big cities, compared to just 30% of Canadians and New Zealanders.

The Regionalisation Agenda (see: <https://nff.org.au/regionalisation-agenda>) makes the case for place-based regional development. These centres would be the heartbeat of the bush and provide a network of economic and social infrastructure reaching across Australia. Key features would include education and employment pathways; available and affordable housing; cultural and social amenity; digital connectivity and improved health services.

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 the might and power of large supply chain participants. 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.

For decades the chicken meat supply chain has needed a code of conduct to ensure a properly functioning market and supply chain, compliance and enforcement activities for other existing agricultural codes could be more stringent, and new competition issues (such as the right to repair for agricultural machinery) need to be scoped and implemented. The NFF also agrees with the ACCC for the need for wholesale reforms of competition laws governing mergers and acquisitions, to allow a more purposive assessment of what M&A might do in terms of market power, market dynamics, and misuse of this power now and into the future.

To amplify the work of the ACCC and the resources available for this important issue, the NFF proposes the establishment of the Office of the Perishable Agricultural Goods Advocate.

[Recommendation 15](#): \$375 million over four years to establish the Regional Development Precincts Initiative, including the selection of 20 Precincts (*page 46*).

[Recommendation 16](#): \$1.1 billion over four years to establish the proposed Regional Development Precincts Priority Fund that will provide expedited funding for soft and hard infrastructure projects identified through the Precincts Initiative (*page 47*).

[Recommendation 17](#): Commitment to funding and expanding the resourcing of the ACCC Agriculture indefinitely (*page 51*).

[Recommendation 18](#): \$40 million for four years to establish the Office of the Perishable Goods Advocate (*page 32*).

Pillar 2: Growing Sustainably

Farmers manage 51% of the Australian landscape. 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.

Global, market-based systems for valuing natural capital are increasing in prominence as are demands demonstrating sustainable practices. This offers an opportunity to reshape environmental policy by recognising and incentivising best practice environmental stewardship. However, as a relatively new endeavour, Government support towards R&D and establishing the marketplace is required to develop a robust marketplace that participants can have confidence in.

The implementation of the Murray Darling Basin Plan continues to present difficulties for the sector and for Basin communities. The Government has committed funding to support reforms, but the implementation of these reforms 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 has made recommendations for substantial reform. Those reforms, where appropriate, will require sufficient resourcing, and NFF will continue to engage closely in that context.

The Samuel Review confirmed recommendations from Dr Craik on the development of market-based mechanisms to support environmental reform. The development of a natural capital

marketplace will balance the ‘carrot and stick’ approach by providing compelling financial incentives for landowners to preserve Matters of National Environmental Significance. The 2009 Hawke Review of the EPBC Act also recommended developing a national biodiversity banking system which could then be used as part of project approvals.

Recommendation 19: \$2 billion over the next four years to support the continuation of pilot and expansion of initiatives such as the carbon, biodiversity and enhanced remnant vegetation programs. This funding will also contribute to further development of natural capital systems, infrastructure markets and policies. Integral to this will be the develop of fit for purpose and transformable data sets that support benchmarking of indicators (*page 28*).

Recommendation 20: \$10 million to complete the market testing, verification, piloting and resolution of data requirements for the Australian Agricultural Sustainability Framework to be established as the authoritative source of information about Australian agricultural sustainability to markets (international and domestic), companies (supply chain, finance and investors), the community and governments (*page 29*).

Recommendation 21: \$10 million for the Climate Change Authority to undertake a root and branch structural review of the Emissions Reduction Fund to reflect current needs (*page 30*).

Recommendation 22: \$2 billion over four years to support complementary measures in the Murray-Darling Basin (*page 31*).

Recommendation 23: \$100 million over four years to re-establish the Great Artesian Sustainability Initiative to cap and pipe bores. (*page 31*)

Recommendation 24: 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 28*).

Recommendation 25: An additional \$50 million over four years to support further research into effective water planning and management in northern Australia (*page 45*).

Recommendation 26: \$20 million over four years for the implementation of National Water Reform, including renewal of the National Water Initiative (*page 30*)

Recommendation 27: An additional \$20 million over four years for R&D to support innovation/investment in water efficiency research to support climate adaptation and resilience (*page 45*).

Recommendation 28: Funding to establish an outreach facility to enable face-to-face interaction with farmers on the implementation of the EPBC Act (*page 31*).

Halving food waste by 2030

Up to 25% of all vegetables produced do not leave the farm. The Foodbank Hunger Report 2018 showed that Australians living in regional or remote areas are 33% 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, must have their funding maintained to address this national crisis.

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 29](#): \$75 million over four years for a National Food Waste Tax Incentive (*page 52*).

[Recommendation 30](#): \$2 million over four years for R&D pathway for harvest, but yet to be marketed, consumable produce (*page 32*).

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 (for example not renewing or upgrading licences and leases over land). This is needlessly creating an opportunity-cost for farmers.

[Recommendation 31](#): \$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 34*).

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 to position farmers to capture the benefits of the next generation of farming technology.

A truly connected sector will assist Australian agriculture to compete and connect with global markets. State-of-the-art tools such as big data and fast internet have the potential to 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 Government must prioritise the ongoing rollout of telecommunications infrastructure in the bush. Similarly, 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. The funding recommendations in this submission is the bare minimum in terms of establishing a national digital connectivity agenda.

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 for NFF's members. This includes basic voice connections as well as access to data services that meet the growing needs of 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 32: \$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. (*page 47*).

Recommendation 33: \$6 million over four years to continue the funding the Regional Tech Hub beyond the current one-year funding period (*page 48*).

Energy

The NFF has a goal for 50% of farm energy sources to be renewable by 2030. Regional and rural communities, particularly rural landowners, are the definitive stakeholders for the transition towards renewable electricity generation. Agriculture is an important end-user in the electricity system, regional and rural communities are often the stakeholders who have been left behind in terms of affordable and reliable electricity, and the transition to renewables will be solely housed on rural lands. Yet current political and policy processes that are making multi-generational and multi-billion-dollar decisions on the renewables transition have left regional and rural stakeholders off the decision-making table.

As an example, the AEMO Integrated Systems Plan has bold plans to install new transmission infrastructure across the entire length of the eastern seaboard states (all in regional and rural areas) and has identified vast areas of renewable energy zones in regional Australia. Yet the Plan was not consulted with regional and rural stakeholders as to the impacts of these activities. The ISP has an energy industry engagement panel, a consumer panel, but no landowner or regional/rural panel. Regional and rural Australians deserve better.

That is why the NFF recommends the establishment of the proposed Australian Local Power Agency (ALPA) that puts regional and rural stakeholders at the heart of decisions relating to the future of Australia's electricity systems. The ALPA will ensure that the renewables transition occurs in a way to benefit regional and rural stakeholders, not just leave them with the negative impacts and land-use conflicts of what is sometimes contentious infrastructure.

Recommendation 34: \$250 million over four years to establish the proposed Australian Local Power Agency and the associated Local Power Fund (*page 42*).

Recommendation 35: \$250,000 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 43*).

Pillar 4: Capable People & Vibrant Communities

Australia's agricultural industry continues to be restrained by widespread labour challenges which many farmers fear threatens the viability of their businesses.

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. People are agriculture's greatest asset and are essential to the sector's growth.

All Australians deserve 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 suggested 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; and what are the rights and responsibilities of the respective parties? 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 not fit for purpose, in no small part because of many years of neglect, and the fact that it appears to be an afterthought in any VET planning and reform.

There needs to be a better awareness of the opportunities a career in agriculture can provide, 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, and acknowledges the suite of programs introduced in the 2020 Federal Budget, including AgCareerStart and AgAttract. However, 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 36](#): \$30 million seed funding to introduce a centrally managed Seasonal Worker Fund to cover upfront costs which discourage uptake (*page 35*).

[Recommendation 37](#): \$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 37*).

[Recommendation 38](#): \$12 million over four years to establish regional workforce counselling services to support farms with migration & local workforce solutions, training options & incentives (*page 38*).

[Recommendation 39](#): \$4.8 million over four years to re-establish the Education and Training Advisors network for the rural sector (*page 36*).

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 industries and communities. 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 those 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 40: \$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 50*).

Recommendation 41: \$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 39*).

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 to 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-target 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.

The intersection of taxation policy, government drought and resilience measures, and the development of nascent market for environmental services that farmers will operate in, requires wholesale reform of taxation policy (including things like the definition of a primary producer) to ensure these policies work coherently to improve on farm risk management.

[Recommendation 42](#): Maintain in perpetuity the fuel tax excise rebate for off-road use, including expansion to aviation use for pastoral purposes (*page 51*).

[Recommendation 43](#): Holistic review and reform of taxation as it applies to the primary producer and in incentivising good risk management practices (*page 36*).

[Recommendation 44](#): \$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 33*).

[Recommendation 45](#): \$50 million over four years for a further round of the successful Emergency Water Infrastructure Scheme (*page 49*).

[Recommendation 46](#): Expand eligibility of the Research and Development Tax Incentive to unincorporated businesses (*page 52*).

[Recommendation 47](#): \$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 54*).

[Recommendation 48](#): \$7.5 million to develop a financial risk management curriculum for farm advisors that sets a base level of expected knowledge. (*page 32*).

Appendix: Detailed Recommendations by Government Portfolio

Agriculture, Water and the Environment (\$4.52 billion)

Recommendation 3 (Pillar 1): \$220 million over two years to provide a waiver on export certification fees.

Exporters' international competitiveness has been significantly eroded due to the disproportionately high cost of Australia's international freight supply chains, and increased parochialism globally on issues of trade.

As an example, it costs the same to ship a container of grain from South Australia to Indonesia as it does from Canada to Indonesia despite the journey being some 10,000 km shorter. Since the COVID-19 pandemic, already high costs have increased six to seven-fold, through a combination of domestic and international factors. These cost increases disproportionately impact agriculture, with most commodities being low value by weight.

Noting these significant trade disruptions and headwinds, measures to reduce the cost of trade should be the priority, and the Australian Government should not be imposing further costs on agricultural exporters, particularly noting that competitors do not place similar imposts on their farm exports.

Recommendation 6 (Pillar 1): \$30 million over four years for the long-term continuation of the ATMAC Program.

The Federal Government's Agribusiness Expansion Initiative, launched in 2020, has been hugely successful in creating a pathway to greater export diversification for the agriculture industry.

Industry stakeholders have identified the ATMAC program as hugely influencing in facilitating the export agenda and will be 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, the NFF recommends that the ATMAC program be extended over the forward estimates period.

Recommendation 10 (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 and managing our biosecurity systems. They underpin our export certification processes and support improved access arrangements and offering traceback capability during biosecurity incursions. 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.

Recommendation 11 (Pillar 1): The Federal Government commit to perpetually fund the biosecurity system through a long-term sustainable funding arrangement for biosecurity.

The NFF welcomed the 2021-22 Budget package including allocation of \$100 million annually over the next four years. However, 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 beyond the current budget period. To achieve this, industry relies on continuous protection from the increasing and continually evolving risk profile.

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 remains 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 12 (pillar 1): \$10 million a year investment for 5 years (2022-2027) to the Centre for Invasive Species Solutions to maintain momentum on national collaborative invasive animals and plants RD&E.

This investment provides an opportunity to overcome Australia's huge invasive species problem and help achieve the nation's 2030 goals of building a \$100 billion agricultural industry as well as protecting our globally important threatened species and biodiversity. The Centre for Invasive Species Solutions plays the leading role in key technology areas fundamental to capturing this opportunity.

The Centre for Invasive Species Solutions is a national collaborative research, development and extension organisation, formed to tackle the ongoing threat from invasive species. The Centre brings together government, industry and research partners to develop coordinated and collaborative RD&E portfolios and innovation pipelines that meet national invasive species challenges

The cost of managing exotic species that have already breached the border and established in Australia are significant. The Centre provides an innovation pipeline of new biocontrol agents, toxins

and detection tools is vital to putting better and cheaper solutions into the hands of farmers, other land managers and communities.

The Invasive Species Solutions 2030 initiative aims to strengthen the National Biosecurity System through developing better solutions for established pests and weeds, and to overcome environmental and community biosecurity threats that undermines the nation's 2030 goals to both build a \$100 billion agricultural industry.

The work of the Centre will be central part of our national biosecurity system.

Recommendation 13 (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 ag-vet 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 ag-vet chemicals and minor uses.

The NFF acknowledged and welcomed the one-year funding of \$2.2 million provided to this issue in 2021, and seeks that it be funded for the long-term.

Recommendation 24 (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. Emissions in agriculture are difficult to manage, and significant research is required to establish a clear pathway for agriculture to reduce emissions. This includes having clear baseline information, driving innovation and technology including livestock feed, supporting farm resilience and adaptation, and making sure the appropriate human and technical infrastructure is in place to ensure farmers can adopt new technologies and practices.

Farm productivity must be central to climate-related R&DE. A productive farm is a sustainable farm. 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.

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.

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 roadmap is one of many examples of industry's efforts to move towards carbon neutrality.

Recommendation 19 (Pillar 2): \$2 billion over the next four years to support the continuation of pilot and expansion of initiatives such as the carbon, biodiversity and enhanced remnant vegetation programs. This funding to also contribute to further development of natural capital systems, infrastructure markets and policies. Integral to this will be the development of fit for purpose and transformable data sets that supports benchmarking of indicators.

Natural capital markets are crucial to support farm productivity and sustainable agriculture. Climate change has already cost farmers on average of tens of thousands of dollars per year in lost profits over the last 20 years and increasing variability and market volatility is increasing uncertainty and pressure on farm businesses. Existing markets do not value natural capital means that there is no direct incentive to support environmental stewardship.

Global markets are increasingly seeking to support and finance natural capital, driven by Sustainable Development Goals, ESG aspirations, capital risk and consumer and market demand for sustainable agriculture demonstration. There are emerging sustainability regulatory risks for certain markets as governments consider regulatory approaches to drive environmental impacts.

While sustainability has always been a key concern for the agricultural industry, natural capital markets are nascent and require further investment to support. The Government's Agriculture Stewardship Package through the Biodiversity Trading Platform, the Carbon + Biodiversity Pilot program, and Enhancing Remnant Vegetation Pilot are key programs supporting the development of natural capital markets.

Alignment with requirements and obligations as a consequence of the engagement with the Taskforce to Nature Related Disclosure will require consideration and engagement especially of the private land management and agricultural sector

One key issue in developing natural capital markets is measuring and valuing natural capital. Significant research supported by the government and the private sector is underway to support this, but further government investment is required to develop and prove the market.

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).

Several reports highlight the need to develop markets to support the delivery of environmental outcomes. In the first review of the EPBC Act, Hawke recommended the development of a national biodiversity banking system which could then be used as part of project approvals.

The Samuel review also confirmed recommendations from Dr Craik on the development of market-based mechanisms to support environmental reform. The development of a natural capital marketplace will balance the 'carrot and stick' approach by providing compelling financial incentives for landowners to preserve Matters of National Environmental Significance.

NFF is seeking \$500 million per annum over the next decade to support the development of natural capital markets.

Recommendation 20 (Pillar 2): \$10 million to complete the market testing, verification, piloting and resolution of data requirements in order for the Australian Agricultural Sustainability Framework to be established as the authoritative source of information about Australian agricultural sustainability to markets (international and domestic), companies (supply chain, finance and investors), the community and governments.

There are three areas of proposed activity:

1. \$2 million to evaluate and confirm AASF and associated governance and operational arrangements so that is maintained as the current and authoritative source of information about Australian agricultural sustainability on an ongoing basis. This includes being responsive to evolving sustainability requirements in trade and market access, community and consumer trends, industry needs and government requirements and sharing that intelligence with industry programs, frameworks and schemes.
2. \$3 million for market testing, piloting and verification of the use of the AASF by engaging with private sector companies and retailers in end-to-end supply chains to better understand consumer demand for sustainability attributes in food, beverages and fibre and to assess the value of the AASF in a commercial context. This includes AASF assisting with the integration of emerging environmental services markets such as in Natural Capital and Carbon and Biodiversity into broader sustainability objectives.
3. \$5 million to resolve the sourcing of national data sets to verify Australian agriculture's performance against the Principles of the AASF. This includes design and build of an AASF data platform, identifying data sets, addressing key data gaps and addressing data governance requirements. To ensure alignment this activity will leverage existing investments such as the Climate Services for Agriculture, National Soils Strategy and various natural capital accounting activities.

Recommendation 21 (Pillar 2): \$10 million for the Climate Change Authority to undertake a root and branch structural review of the Emissions Reduction Fund to reflect current needs.

The Emissions Reduction Fund (ERF) is the fundamental framework that will underpin ongoing engagement in climate change solutions. While the Climate Change Authority undertakes regular reviews that ensure efficacy and process are adhered to they do not, as a matter of course, structurally review the architecture of the ERF. Given the emerging paradigms of carbon neutrality and multiple use landscapes it is critical to make sure the ERF is fit for purpose. The review needs to be wide ranging and at least needs to include greater flexibility for users, recognition that creating Australian Carbon Credit Units (ACCUs) for use and (business offsets) not sale needs to be efficiently

and robustly available to small scale participants, that it allows the use of technologies and remote information to substitute for on ground audits and is a fit for purpose architecture.

Recommendation 26 (Pillar 2): The Australian Government commit \$20 million over four years for the implementation of National Water Reform, including renewal of the National Water Initiative.

In 2021, the Productivity Commission published their report on National Water Reform. The report builds on a number of reports in the Murray-Darling basin that reflect the importance of water policy in supporting agriculture and river communities. Climate change presents a real risk to water security, and the renewal of the National Water Initiative is timely and necessary to address emerging issues such as climate change and prepare communities for a drier climate. Governments must ensure that appropriate funding is allocated to ensure these reforms can be implemented.

Recommendation 23 (Pillar 2): The Australian Government commit \$100 million over four years to re-establish the Great Artesian Sustainability Initiative to cap and pipe bores.

This builds on the pre-existing Great Artesian Basin Sustainability Initiative (GABSI) to cap and pipe bores in the Great Artesian Basin (GAB). While funding for GABSI concluded in 2017, there is more work to be done to support and align with state initiatives, noting that the Commonwealth had matched state funds. The Queensland Government in particular continues to improve water use efficiency in the GAB through the Great Artesian rehabilitation program that aims to make the GAB watertight by 2027. The Government should re-establish the program to align with and support state efforts in improving the GAB.

Recommendation 28 (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 to field work; and
- contracting suitably qualified locally based and trusted agricultural experts.

Recommendation 22 (Pillar 2) Australian Government to commit \$2 billion over four years to support complementary measures in the Murray-Darling Basin

Complementary measures are projects that do not provide water offsets – they are non-flow measures that improve environmental outcomes - which can include installation of fishways, fish diversion screens, addressing cold water pollution, managing carp, supporting riparian vegetation and more.

In 2017, the Murray-Darling Basin Authority commissioned CSIRO to assess the relative benefits of complementary measures in the Murray-Darling Basin. The report provides a useful framework to guide development of these measures.

The current Murray-Darling Basin Plan (Basin Plan) disproportionately focuses on water recovery to support environmental outcomes. The purpose of the Basin Plan is to support a sustainable Murray-Darling Basin as well as Basin communities which requires more than just ‘flow’. While flow is important, they are insufficient without a more holistic approach towards natural resource management. There is significant scope to improve environmental outcomes through complementary measures that have largely been neglected in the Basin Plan which would provide a valuable investment for Basin communities.

Recommendation 30 (Pillar 2) Australian Government to commit \$2 million over four years in R&D for pathways for harvested, but not marketed, consumable produce.

The NFF has a goal to halve food waste by 2030, which has been supported by the Government’s National Food Waste Strategy. One important aspect of reducing food waste is by supporting the development of pathways of farm produce that is harvested but not marketed due to strict guidelines on how foods must ‘look’. The benefit of R&DE is twofold in that it supports farm diversification and profitability while reducing food waste.

Recommendation 48 (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 input suppliers – 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 work should be led by the NFF, and developed in collaboration with industry, academia and the Government, and modelled on the Chartered Accountancy Australian curriculum for accountants.

Recommendation 18 (Pillar 1): \$40 million over four years to establish the Office of the Perishable Goods Advocate

The NFF recommends the establishment of the Office of the Perishable Agricultural Goods Advocate, modelled on the Australian Small Business Ombudsman, to:

- oversee the functioning of various existing and proposed codes of conduct within relevant supply chains;

- act as a source of advice on competition issues for primary producers; and
- run test cases on competition policy issue that is of high relevance to perishable agricultural goods.

The ACCC 2020 Perishable Agricultural Goods Inquiry demonstrated the significant competition issues present in most supply chains for perishable agricultural goods. These include issues to do with uneven bargaining power, behaviours that could be deemed unconscionable or at least unfair, and explicit contravention of competition laws. Despite multiple competition reviews within these supply chains, these problems persist.

The NFF is a strong supporter of the ACCC Agricultural Unit, however, this Unit must cover a broad set of responsibilities (including market reviews, policy analysis, compliance and enforcement etc.) with limited resources. The proposed Advocate model could be modelled on the Australian Small Business Ombudsman, and provide focusses enforcement, compliance and advocacy work with respect to perishable agricultural supply chains.

Recommendation 14 (Pillar 1): \$4 million over four years to provide long-term funding for an annual Lamb-Ex Forum – a key forum bringing together industry, researchers and service providers to enhance and promote the quality and quantum of sheep production in Australia domestically and abroad.

Engagement between producers, researchers, service providers and supply chain partners is essential to the progression and development of an industry. There is a clear benefit to be gained from industry specific conferences supported by Government, which can be seen from the ongoing success of Beef Week. LambEx advances the sheep industry through education in global R&D and providing a forum for significant engagement through the industry to enhance the quality and profile of sheep production and red meat in both domestic and international markets.

The NFF are supporting Sheep Producers Australia recommendation for the Australian Government to provide sustainable funding to re-establish LambEx as Australia’s premier sheep and lamb conference.

Recommendation 43 (Pillar 5): Tax implications for good on-farm risk management

The taxation treatment of primary producers and its intersection with drought, resilience and preparedness, and nascent markets for environmental services will require wholesale reforms to ensure that the tax system promotes good farm business risk management and environmental outcomes.

As an example, the definition of a primary producer for the purposes of taxation and drought measures could rule many farmers out of any support or favourable tax treatment if they begin to earn too much off-farm income from new activities such as the provision of environmental services (Biodiversity offsets, soil carbon improvements etc.). This would be a perverse outcome from a risk management and resilience perspective, where off-farm income is a key strategy to mitigate drought risk, and would act as a barrier to the establishment of markets for environmental services – a key government priority.

Similarly, the caps on the Farm Management Deposit Scheme seems at odds with promoting good on-farm risk management.

Attorney-General's (\$1 million)

Recommendation 31 (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.
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 (*\$96.8 million*)

Recommendation 37 (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 promote agriculture as a career of choice by developing an agricultural curriculum program which to ensure integration with other programs, with a greater focus on agricultural courses.

Furthermore, 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.

To supplement these programs, the Government should commit to \$1.2 million to re-establish the Education and Training Advisers network for the rural sector; see below at recommendation 25.

Recommendation 39 (Pillar 4): \$4.8 million over four years to re-establish the Education and Training Advisers 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 36 (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) — now the Pacific Australia Labour Mobility (PALM) scheme — 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 applicable 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.

While the COVID-19 pandemic greatly increased these costs, with farm businesses being required to pay for the cost of quarantining workers (approximately \$3000 per worker) it also gave the program greater exposure, given that closure of international borders mean that it was the only source of migrant farm workers. This force growers to engage with the programs and, hopeful, discover the benefits of a committed and dedicated workforce. However, uptake was ultimately not as great as it could have been, and the fear is that as borders open growers will drift back to using backpackers and other source of itinerant workers, because the productivity advantage does not counterbalance the cost and administrative burden of the program. This would be a disappointing step backwards.

The NFF proposes a centrally managed “PALM 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 (including 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 PALM Administration Fund. The Department of Foreign Affairs, the PALM facility, or even 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.

This arrangement would have the added benefit of being a central, government managed program for administering up-front payments and reimbursements, thereby limiting scope for allegations of or actual abuse and claims of employers making improper or egregious deductions.

Recommendation 38 (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 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 41 (Pillar 4): \$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 particularly 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 (*\$604 million*)

Recommendation 2 (Pillar 1): \$600 million for the extension of the International Freight Assistance Mechanism (IFAM) until a ‘new normal’ for airfreight is established with the permanent opening of Australia’s international borders.

The NFF seeks that the Federal Government commit to funding the IFAM program until all domestic borders have been opened to international visitors (and airplanes)

Air freight prices are sitting between three and seven times the pre-COVID average, and these prices are not expected to fall in the foreseeable future. Combined with significant shortage of chilled and refrigerated containers for sea-freight, agricultural commodities including horticulture, fresh meat and seafood have very few commercially viable pathways to international markets.

The agricultural sector readily acknowledges that ‘new normal’ cost for airfreight post-COVID will be significantly higher than historical airfreight charges, and it will be up to industry to navigate this cost environment. However, current prices are heavily inflated due to Federal and state government restrictions on air travel, necessitating the ongoing support provided by IFAM.

Recommendation 7 (Pillar 1): \$2 million over four years for a ‘Telling Our Story’ campaign for Australian Agriculture with respect to sustainability and international trade

The international environment is changing significantly, with issues of food security, sustainability, climate change, and animal welfare potentially creating new barriers to market access, trade and even international markets for capital.

It is incumbent on Australia to demonstrate its bona fides on these issues to an international audience, including:

- Communications and representations to international institutions and forums;
- The governments of our major trading partners; and
- Consumers in our major markets.

The NFF believes that its *Telling our Story* campaign (aimed at a domestic audience) could be replicated and utilised for this purpose to an international audience. The domestically focussed *Telling our Story* campaign can be found [here](#).

Recommendation 7 (Pillar 1): \$600,000 over four years to establish an agricultural trade advisory council to advise and facilitate short-term and long-term initiatives relating to agricultural trade and international relations.

Australia is lacking strong public voices and discourse on international relations and trade, particularly industry voices, creating a vacuum in terms of understanding and responding to international developments and optimising Australia’s trade strategy.

The pace and severity of trade disruptions impacting agriculture over the past two-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 and international relations, noting the everchanging international trade environment landscape and disruptions to agricultural trade.

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. As an agricultural representative, our focus is clearly on agriculture, however, a broader industry council may also have merit.

Recommendation 9 (Pillar 1): \$2 million over four years for the Agricultural Supply Chain Engagement Program to demonstrate Australia’s clean, green agricultural production and value-add to emerging leaders from Australia’s key export partners.

As an open, market-based economy, Australia relies on strong trade to underpin the success and ongoing profitability of agricultural industries. The success of trade relationships are built on common understanding of production techniques and conditions within agriculture. This understanding is underpinned by close people-to-people relationships between Australian agriculture and industry in trade markets.

The NFF seeks to establish an annual Agricultural Supply Chain Engagement Program to engage with emerging leaders studying in Australia to provide direct experience in Australian agricultural production. This will provide firsthand experience in Australia’s clean, green production and Australian farmers commitment to environmental sustainability, animal welfare and food quality and safety.

This program will facilitate deeper engagement with key trade markets, supporting market diversification and expanding access to new and existing markets. Additionally, it will forge long-term partnerships with leaders in trade markets supporting positive sentiment toward Australian agriculture across the world.

Industry, Science, Energy and Resources (\$363m & \$371m from existing programs)

Recommendation 4 (Pillar 1): \$371 million of the Modern Manufacturing Initiative and \$42.8 million of the Supply Chain Resilience Initiative be allocated to exploring food, fibre and critical farm inputs projects.

Supply chain and trade disruptions have demonstrated the over-reliance of Australian commodities on unreliable international supply chains for inputs, and 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 Initiative*;
- The prioritisation of initiatives that will shorten the supply chains for critical in both the *Modern Manufacturing Initiative* and *Supply Chain Resilience Initiative*; 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 Australian log exports were 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.

The lack of supply of critical inputs, such as ag-vet chemicals and fertilisers, has the potential to derail the short-term and long-term viability of Australia's agriculture industry. Projects and initiatives that can shorten international supply chains must be a priority of the Federal Government under these initiatives. As an example, the lack of availability of synthetic fertilisers, and substitution with domestically available organic fertilisers, will reduce crop yields by 30%.

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

Recommendation 34 (Pillar 3): \$250 million over four years to establish the proposed Australian Local Power Agency and the associated Local Power Fund

The NFF supports the establishment of the proposed Australian Local Power Agency (ALPA) and associated Local Power Fund.

Recent Federal Government investments in energy and electricity generation and transmission networks are supporting the infrastructure required to form the backbone of the electricity network and address challenges in the transition to a more decentralised electricity system.

However, city-centric policy development and regulation have created significant challenges for remote, rural and regional communities. The lived experiences by regulators and policymaker means that central authorities are typically unaware of regional/rural community preferences and attitudes, neglecting regional/rural stakeholder buy-in and benefit creation.

As an example, the Australian Energy Market Operator has undertaken extensive consultations in developing the Integrated Systems Plan (ISP) that will dictate the location of multibillion dollar

investments in transmission lines and electricity generation. The energy industry and consumers have had panels established to ensure the ISP maximises benefits and addresses their specific concerns

Landowners and local governments have not been afforded the same seat at the table for the ISP, despite this infrastructure being wholly housed in these communities. Decisions about the ISP will be made with urban consumers and the energy industry in mind, yet the impacts (positive and negative) plus challenges to rural communities and industries are only considered during the implementation phase. This unfortunately is too late in the process as most decisions on the plan have already been made.

The proposed ALPA would address these crucial gaps by empowering regional communities and regional stakeholders to be involved in the decision-making process rather than central authorities.

The NFF supports the role of the ALPA to offer financial assistance and provide technical expertise in the development of community energy projects, especially small and mid-scale projects. It is a crucial step to support regional development that recognises the difficulties in deriving relevant expertise, especially in smaller communities.

There are untapped economic opportunities in the bush. The NFF believes that the ALPA can leverage this energy transition to transform regional and rural economies, and ensure that this transition is an economic boon for regional Australia, not a source of conflict and economic loss.

Recommendation 35 (Pillar 3): \$250,000 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.

Regional and rural communities are the pertinent stakeholders for the transition towards renewables and the Federal Government's net-zero ambitions. The entirety of the nascent renewables industry, and the electricity infrastructure to accommodate it, will be housed in regional and rural areas.

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 preceding six-months; and
- provide an opportunity for representative groups to provide holistic feedback to regulators and energy industry stakeholders.

The NFF will lead, organise and coordinate the forums on behalf of industry and government.

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.

Recommendation 27 (Pillar 2): Australian Government commits an additional \$20 million over four years in R&D to support innovation/investment in water efficiency research to support climate adaptation and resilience.

Climate change is expected to reduce water availability in Australia, especially in major agricultural regions such as the Murray-Darling. While the agriculture sector has made significant strides in improving water research over the past 30 years, there is more work to be done.

There is currently no dedicated R&DE organisation dedicated to supporting water efficiency and productivity in agriculture. This research is usually conducted by commodity-specific R&D organisations, but there is value in cross-commodity research that focuses on agriculture on the whole. NFF believes that Agriculture Innovation Australia is well-placed to conduct this research.

Recommendation 25 (Pillar 2): Australian Government commits an additional \$50 million over four years to support further research into effective water planning and management in northern Australia

NFF supports the development of northern Australia, building on the Government's agenda. Significant research has already been done to assess the capability of agriculture in the north, including the CSIRO Northern Australia Water Resource Assessment. However, there remains an important gap in water research to understand what constitutes effective water planning, for example, understanding the value of cultural assets in northern Australia.

Industry recognises the importance of strong water governance frameworks, building on the lessons of the Murray-Darling Basin, to support regional development and economic growth in the north. While industry strongly supports development of agriculture in northern Australia, more research is required to provide farmers confidence in the water planning framework to ensure that there are no adverse impacts to communities.

Infrastructure, Transport, Regional Development and Communications (\$4.57 billion)

Recommendation 1 (Pillar 1): \$2.5 billion over four years for an expedited Infrastructure Fund focussed on investing in productivity improvements in Australia's international freight supply chains

The NFF recommends that a \$2.5 billion International Supply Chains Infrastructure Fund be established to expedite investment in productivity and efficiency improving activities for Australia's international freight supply chains.

According to the OECD, Australia's ports and stevedoring services are in the bottom quartile in terms of productivity, and Australian exporters pay some of the world's highest prices for international freight services. A 2020 LEK Consulting study into container freight noted that it cost the same to transport a container of grain from a South Australian farm-gate to Indonesia, as it did from Canada to Indonesia, despite a distance difference of nearly 10,000km. Australian grain growers are paying three times as much as Canadian growers per km of a freight journey.

The recent significant disruptions to international freight supply chains, has put a spotlight on just how unproductive Australian ports have become. International shipping lines have been bypassing Australian ports due to chronic congestion, rolling industrial relations disruptions, and the slow turn around of ships. In the alternate, international shipping lines have placed up to \$USD500 congestion levies per container on Australian freight users due to the absolute unproductivity of our ports sector.

The proposed fund would provide expedited funding for any productivity improving investment, including ICT systems and landside infrastructure.

Recommendation 15 (Pillar 1): \$375 million over four years be provided to establish 20 place-based regional development precincts to kick-start the regionalisation agenda.

Regional Development Precincts should be established through agreement between all three tiers of government to promote place-based development, facilitate infrastructure investments, undertake expedited master planning, and facilitate further public and private investment in our regional precincts. This will ensure a top-down and bottom-up approach to regional development that will ensure best outcomes for any level of investment or intervention.

\$375 million should be provided over the forward estimates to provide the resources to establish governance and reporting frameworks for each precinct, and build capacity within local stakeholders, particularly local government. This includes resourcing the Regional Australia Institute to coordinate and develop the data and insights required for evidence-based decision-making on regional development.

The intention is that the funds be distributed based on opportunity and need. Some proposed precincts have significant regional development capacity and resources due to current and previous state and federal regional development programs and hence would not require the same level of resources as other less equipped precincts.

To this end, the NFF is also supportive of Australian Local Government Association calls to provide long-term commitment to Financial Assistance Grants, allowing local regional government to invest in capacity building for the long-term.

Recommendation 16 (Pillar 1): \$1.1 billion over four years to establish the proposed Regional Development Precincts Priority Fund that will provide expedited funding for soft and hard infrastructure projects identified through the Precincts Initiative.

To ensure these precincts are properly resourced, and to avoid any perceptions that the Precincts Initiative is diverting funds and resources from other regional development priorities, the \$1.1 billion Regional Development Precincts Priority Fund will be instrumental in ensuring this Initiative is a success through effective implementation.

In the long-term, the intention of the Precincts Initiative is to build the capacity and business cases to ensure that regional infrastructure and investment proposals can compete with urban proposals for nationally focused government funds and initiatives, and spur private investment, going beyond narrowly defined regional development programs. As such, it is envisaged that the proposed Regional Development Precincts Priority Fund would be a one-off grants scheme.

Recommendation 32 (Pillar 3): \$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.

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 the adoption of new digital technologies that build efficiency and unlock growth potential.

Quality telecommunications services are 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.

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 campaigns alongside advocacy, representative and volunteer organisations for quality, reliable, affordable telecommunications services in regional Australia.

The rollout of the National Broadband Network (NBN) and the Mobile Black Spot Program (MBSP) have improved telecommunications in rural and regional Australia. However, there are still gaps in regional Australia in terms of coverage, data speeds and competition between different telecommunication carriers.

The NFF welcomed the commitment of new funding for the Regional Connectivity Program, further MBSP rounds and funding for the Regional 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. While there has been good progress, further action is needed to fully address the issue of connectivity and communications in Rural Regional and Remote Australia.

Recommendation 33 (Pillar 3): \$6 million over four years to fund the Regional Tech Hub beyond the current funding period.

Digital technology and telecommunications offer significant benefits for Australian society and the economy and is expected to contribute \$20 billion to the rural economy by 2030. 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. Further, the Regional Tech Hub has aspirations to build specialist capability to offer advice around digital agriculture, home education and rural health connectivity. To continue the benefit of the Regional Tech Hub and to continue to build on its success, funding is required beyond the current funding period.

Recommendation 5 (Pillar 1): \$140 million over four years to resource the establishment of good practice frameworks and services for heavy road vehicle road access decisions made by local government

The cost and reliability of freight is a challenge to the international competitiveness of Australian exporters, particularly the agricultural sector, where more than 70% of farmgate output is exported. While issues at our waterfront and with international shipping have preoccupied media headlines and policy responses, the first and last mile of the freight journey has always been a critical challenge in Australia.

From an agricultural perspective, the main issue is the inability to effectively utilise high productivity vehicles for the agricultural freight task due to inappropriate, ad-hoc and inconsistent local road access.

Road managers within local governments often have limited resources to dedicate to road access issues, are over risk averse to any perceived notion that access may cause, noting the financial impost of road maintenance for local councils.

Feedback from NFF members suggest road access for HPVs on local roads are ad-hoc, inconsistent over time and local government jurisdiction, and assessments on road wear and tear skewed to minimising access.

The NFF recommends that the Federal Government provide \$140 million over four years to promote consistent road access arrangement by resourcing and incentivising local road managers to make consistent good practice decisions on heavy vehicle access through the funding and development of

guidelines, establishment of a shared services model for road management, and advice lines that could be administered through local government associations.

This recommendation is part of a broader proposal with respect to heavy vehicle road access, including:

1. The ability to use historical permit applications to gazette frequently permitted roads.
3. Provision of axle load tolerance of up to 10% for fluid dynamic loads, where overall mass is within limit.
4. Allowing for documentation to be carried electronically.
5. Establishing and enforcing timeframes for decisions on permits and access applications.
6. Provide resources within the NHVR to develop, vary and revoke guidelines and codes of practice at the request of industry, provide regular industry briefs on key issues and changes to regulation, and be the 'one stop shop' for access advice.

Recommendation 45 (Pillar 5): \$50 million over four years for a further round of the successful Emergency Water Infrastructure Scheme

The NFF recommends that the Federal Government allocate a further \$50 million to the highly successful Emergency Water Infrastructure Scheme (EWIS) and seek matching funding from state and territory governments.

The EWIS has been overwhelmingly successful in building physical resilience to drought for farmers, and the initial program and subsequent extensions have all been oversubscribed.

Social Services (*\$40 million*)

Recommendation 40 (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 (\$435 million)

Recommendation 17 (Pillar 1): Continued resourcing of 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 42 (Pillar 5): Re-affirmation of the need to maintain and expand the fuel tax excise rebate for off-road use in the long-term

The fuel tax excise rebate was provided in recognition that the fuel excise was hypothecated to road infrastructure maintenance and development, noting that it acts as a good proxy for actual road use. As such, the NFF recommends that a commitment be provided that the fuel tax credit remain in place for the long-term, and be extended to other purposes, such as fuel used for aviation crop spraying.

It would be wholly inappropriate to remove this credit on the grounds that it will hasten the transition away from liquid fuels towards renewables. Any such move would simply increase costs to heavily trade exposed industries, with little benefits in terms of transition. For an orderly transition within the agricultural sector, non-liquid fuel infrastructure and supply chains must be set up, repairer networks established for electric and hydrogen fuelled machinery, and time is required for the current stock of combustion engine machinery to reach the end of their useful life. This process will take years, if not decades.

Recommendation 44 (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 46 (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.

Recommendation 29 (Pillar 2): \$75 million over four years for a National Food Waste Tax Incentive

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 2 (Pillar 5): Tax implications for good on-farm risk management

The taxation treatment of primary producers and its intersection with drought, resilience and preparedness, and nascent markets for environmental services will require wholesale reforms to ensure that the tax system promotes good farm business risk management and environmental outcomes.

As an example, the definition of a primary producer for the purposes of taxation and drought measures could rule many farmers out of any support or favourable tax treatment, if they begin to earn too much off-farm income from new activities such as the provision of environmental services (Biodiversity offsets, soil carbon improvements etc.). This would be a perverse outcome from a risk management and resilience perspective, where off-farm income is a key strategy to mitigate drought

risk and would act as a barrier to the establishment of markets for environmental services – a key government priority.

Similarly, the caps on the Farm Management Deposit Scheme seems at odds with promoting good on-farm risk management.

Cross Portfolio (\$5.6 million)

Recommendation 6 (Pillar 1): \$600,000 over four years to establish an agricultural trade advisory council to advise and facilitate short-term and long-term initiatives relating to agricultural trade and international relations.

Australia is lacking strong public voices and discourse on international relations and trade, particularly industry voices, creating a vacuum in terms of understanding and responding to international developments and optimising Australia's trade strategy.

The pace and severity of trade disruptions impacting agriculture over the past two-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 and international relations, noting the everchanging international trade environment landscape and disruptions to agricultural trade.

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. As an agricultural representative, our focus is clearly on agriculture, however, a broader industry council, or an industry-academia Council of Economic Advisor approach, may also have merit.

Recommendation 47 (Pillar 5): \$5 million over four years to the Australian Bureau of Statistics and the Australian Bureau of Agricultural Research and Economic Sciences, to enable 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.



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