



Get Australia Growing

Ideas for Economic Recovery

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National
Farmers
Federation

Leading
Australian
Agriculture

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Foreword

Despite our success in combatting COVID-19, the resulting economic crisis is inflicting catastrophic damage on Australia's economy. With forecast negative growth and unemployment tipped to peak at 10 percent, we have a long road ahead to get Australians back in work and regain our economic momentum.

On the back of unprecedented stimulus measures, governments now face the difficult challenge of stimulating the economy with reduced fiscal resources. It's time to leverage Australia's economic strengths, and embrace reform that will unlock their full potential.

Regional Australia is the engine room of Australia's economy, particularly in times of economic uncertainty. Strong growth in commodity exports helped Australia stave off a recession during the Global Financial Crisis, and our regions can play a pivotal role once again as we recover from COVID-19.

Australia's farm sector has a goal to reach \$100 billion in farm gate output by 2030. COVID-19 has created headwinds for our industry, however with improved seasonal conditions and a low Australian dollar playing in our favour, we're well positioned to grow.

Now is the time to turbocharge our farm sector, by reforming policies that limit our growth.

We are heartened by the Federal Government's commitment to embrace reform as a key part Australia's economic recovery.

It is critical that the spirit of collaboration between governments, industries and unions that has defined our effective response to the health crisis continue as we look for new ways to unlock economic prosperity.

This document outlines the farm sector's plan for an accelerated recovery. These opportunities have been chosen for their capacity to provide a rapid boost to a farm sector recovering from drought, fires and flood, as well as the impacts of COVID-19. The priorities we've put forward are well understood, achievable and will genuinely stimulate new activity and employment in our sector.

Each dollar earned on-farm is worth more than \$2 to the broader economy. Put simply: when farmers do well, Australia does well. That's why we believe the road to recovery begins in the bush, and any smart government plan to grow the economy must recognise this.

We look forward to working collaboratively to progress the proposals in this plan.



A handwritten signature in black ink, appearing to read 'Tony Mahar'.

Tony Mahar
Chief Executive
National Farmers' Federation



A handwritten signature in black ink, appearing to read 'Fiona Simson'.

Fiona Simson
President
National Farmers' Federation

1

Cut red tape on farm businesses

Growth opportunity

By easing the regulatory burden on farm businesses, farmers will be able and incentivised to grow their businesses.

Challenge

Good regulation plays an important role in our industry's success. However, too often the capacity for farm businesses to expand, employ staff, access technologies and care for the environment is constrained by excessive and duplicative regulation.

This challenge has been explored in detail by the Productivity Commission in its 2017 report 'Regulation of Australian Agriculture'. The Productivity Commission found that farm businesses were subject to burdensome regulation from all levels of Government, with many regulations lacking sound policy justification.ⁱ

Despite this report being finalised three years ago, the majority of these regulatory burdens are still limiting the growth of Australian agriculture.

Regulatory efficiency is of critical importance to agriculture for two reasons. Firstly, Australian farmers are highly dependent on global markets, where regulation is a key determinant of competitiveness. Secondly, because most Australian farms are small businesses – making the cost of unnecessary regulation disproportionately high.

What we need from Government

1.1 Simplify Australia's industrial relations system

The complexity of the industrial relations system is exacerbated by distinctive features of the farm sector such as remoteness, massive workforce fluctuations and turnover, and reliance on labour hire. Consideration should be given to streamlining of the Fair Work system so that rights and obligations are easy to understand.

1.2 Reduce the cost burden of export certification

The cost of export certification processes has ballooned in recent decades, and now represent a significant impost on our international competitiveness. Government should consider a 2 year waiver on export fees and charges while alternative avenues for recouping these costs that do not impose the complete burden on exporters of commodities are explored.

1.3 Expand heavy vehicle freight routes

The Federal Government should implement the Productivity Commission's recommendation to encourage states and territories to work with local governments and the National Heavy Vehicle Regulator to rapidly expand key freight routes covered by notices and allowing as of right access for larger vehicle types.ⁱⁱ

1.4 Make drought freight exemptions permanent

The *National Class 3 Drought Assistance Dimension Exemption Notice 2018* exempts certain vehicles from dimension requirements when transporting livestock feed in drought-affected areas. Given safety outcomes have been maintained, this temporary exemption should be made permanent to lower the cost of buying and transporting fodder.

1.5 Expand availability of the R&D Tax Incentive

The Research and Development Tax Incentive (RDTI) is currently not available to unincorporated businesses. This means that 77% of farm businesses are ineligible for the RDTI, which provides a tax offset of up to 43.5% for R&D activities. Many unincorporated farm businesses are keen to undertake research and extending the incentive to make these businesses eligible will result in productivity gains.

1.6 Retain expanded accelerated depreciation provisions

In March 2020 the Federal Government expanded the eligibility of accelerated depreciation provisions for this financial year and the next. To encourage productivity-enhancing investment in the farm sector and ensure farm businesses can save and plan for future purchases, the Federal Government should commit to retaining these measures on a permanent basis. In the interests of economic recovery, consideration should also be given to raising the thresholds further still for the purchase of Australian-made goods.

1.7 Champion a risk-based approach to genetic technologies

Access to safe and effective gene technologies will continue to deliver agricultural productivity and sustainability improvements. The Federal Government should champion the Productivity Commission's 2016 recommendation that state and territory restrictions on cultivating approved GM crops should be lifted. The Federal Government should also implement the recommendations from the Department of Health's *Third Review of the National Gene Technology Scheme* to strengthen and modernise the national scheme.

1.8 Prioritise reform of the agvet chemical regulatory framework

Agricultural chemicals and veterinary medicines (agvet chemicals) are a major contributor to agricultural productivity and competitiveness. The national framework for regulation of agvet chemicals is being reviewed by an expert independent panel, which is expected to report in 2021. Government must act.

1.9 Implement consistent regulation for organic farming

Australia is currently the last developed nation to have a consistent approach to organic production. The inconsistent approach limits market access for Australian organic producers, affects consumer confidence and increases the economic burden on industry. The Commonwealth Government should progress domestic regulation for organic production as a priority.

1.10 Introduce cross-department recognition of the Approved Employer Program

Agricultural employers are subject to duplicative administrative burdens associated with the three primary visa pathways for farm workers. This could be simplified by allowing a farmer to apply once to become an approved employer, with the approval valid under the Seasonal Worker Program, Pacific Labour Scheme, and Horticulture Industry Labour Agreement.

1.11 Deliver on AgriStarter loans for young farmers

Accessing finance can be a significant barrier for prospective young farmers. Prior to the last election, the Coalition promised to establish 'AgriStarter' loans through the Regional Investment Corporation. The Commonwealth should prioritise delivering this commitment to create new pathways into farm business for young Australians.

2

Grow and protect our markets

Growth opportunity

With some of our most significant export industries decimated by COVID-19, continued growth in commodity exports is a critical pillar of Australia's prosperity. Gains in Australia's market access can create new growth opportunities for our agrifood exporters. We should also look to ensure our domestic markets are operating fairly, so farmers and regional communities share the benefits of Australia's recovery.

Challenge

The COVID-19 pandemic has accelerated concerning global trends towards protectionism, and a disregard for the rules-based global trading system.

As a free trading middle power, Australia has a significant interest in combatting these trends. This is particularly true for the farm sector, which exports around 75% of what it produces each year.

The NFF is strongly supportive of moves by the Federal Government to champion open markets and rules-based trading on the global stage. The volatility that Australian commodity exporters have experienced in recent months has highlighted the need for Australia to redouble its efforts to diversify our export markets and remove non-tariff barriers to trade.

What we need from Government

2.1 Maximise outcomes from EU FTA negotiations

The NFF has been vocal in its opposition to key elements of the EU's trade proposal, including restrictions surrounding geographical indicators. Australian farmers expect Government to pursue an ambitious trade deal that provides meaningful access for Australian agricultural products.

2.2 Secure a truly open market between the UK and Australia

With post-Brexit negotiations between Australia and the UK set to formally commence, the NFF is calling for a truly open market to exist between the UK and Australia.

2.3 Invest more in removing non-tariff barriers and establishing protocols

Non-tariff barriers remain a significant hindrance to market access for Australian agricultural products around the world. In light of moves by some countries to restrict trade, the Government should invest more heavily in tackling these issues. Government should also move to establish export and import protocols which recognise Australia's high biosecurity and sustainability standards.

2.4 Reinforce Australia's biosecurity system

Australia remains free of many damaging pests and diseases found elsewhere in the world. This status benefits our community, environment and agricultural industries and provides a competitive edge in export markets. The Australian Government must commit to implement reforms and introduce new funding streams to create a strong and coordinated national biosecurity system.

2.5 Ensure domestic markets are fair and competitive

Government should ensure that agencies such as the ACCC have sufficient resources to identify any abuses of market power in agricultural supply chains, and the necessary powers to intervene where issues are identified.

**Gains in Australia's market access
can create new growth opportunities
for our agrifood exporters.**

3

Help us create jobs on-farm

Growth opportunity

As an industry with a labour shortage in a time of record unemployment, agriculture presents a unique opportunity to get people into jobs if policy challenges can be resolved.

Challenge

Australian agriculture is experiencing widespread labour challenges which many farmers fear threaten the viability and growth of the sector.

Even before the COVID-19 pandemic, farmers were constrained by an inability to attract and engage the workers they needed. Research has found that more than 40% of farmers experience labour shortages during seasonal peaks.ⁱⁱⁱ

The sector is critically reliant on working migrants (such as holidaymakers and participants in seasonal work programs) to fill seasonal, unskilled roles – however recent travel restrictions have significantly impacted our access to these workers.

Farmers will always rely on a combination of domestic and international workers to meet their needs. However, with limits on overseas travel and record numbers of Australians out of work, it's never been more critical to look carefully at how we're engaging farm labour.

We need governments to urgently prioritise strategies to meet the farm sector's labour needs.

What we need from Government

3.1 Simplify and streamline industrial relations

The complexity of the Australian industrial relations systems is one of the chief reasons the cost of labour for Australian farmers is among the highest in the world. With wages accounting for over 60% of total production costs, farmers and farm workers need an industrial relations system which is both fair and easy to implement.

3.2 Establish programs to attract displaced workers into farm work

With record numbers of Australians out of work, and overseas workers unable to travel to Australian farms, governments must urgently consider options to connect displaced Australian workers with opportunities in the farm sector.

3.3 Reform vocational and tertiary education models to suit the needs of agriculture

Evidence-based reforms to the vocational education and training sector are sorely needed to ensure agriculture is supported by an industry-led framework which recognises agriculture's skills requirements.

3.4 Reduce the complexity of the migration system by establishing a dedicated agricultural visa

To address the looming shortage of overseas labour and reduce the complexity which deters overseas workers, Australia should establish a dedicated agricultural visa designed around the specific needs of our sector.

A man wearing a black cap and sunglasses is shown from the side, reaching up to harvest a ripe orange from a tree. The orchard is dense with green leaves and several oranges are visible. The text is overlaid on the left side of the image.

**...the cost of labour for
Australian farmers is one
of the highest in the world.**

4

Champion 'regionalisation'

Growth opportunity

COVID-19 lockdowns have caused many businesses to think flexibly about how and where they operate. This shift in thinking from Australian businesses creates enormous opportunities for 'regionalisation' of the Australian economy.

Significant population growth and changing demographics are already changing the face of our regions.^{iv} Now is the perfect time for our regional cities and towns to consider their economic futures, and establish plans to attract and grow new industries.

Challenge

Currently, fragmented sources of public and private investment have no coordinating strategy at the regional level.

By setting clear priorities at the regional level, and committing governments to policies and investments that complement those priorities, we can better support private sector investment (including participation by Australian superannuation funds) and growth.

The Federal Government has established the Regional Deals program as a mechanism to do this, however this needs considerably more investment and focus to deliver a true multi-government framework for infrastructure investment and regional development policy. Regional Deals should be used to guide policies and investments for transport, telecommunications, energy generation (including renewables), education, labour, and health.

Investment in high quality transport links must be a key pillar of Government's plans for regional Australia – ensuring farmers and other rural businesses have competitive freight access to markets across Australia and the world.

The Government must also look at Australia's manufacturing capacity as a priority in light of COVID-19. The pandemic has highlighted challenges for domestic producers of critical farm inputs such as chemicals and fertilisers. Government must take steps to strengthen the business case for local agrifood and fibre manufacturing.

**Now is the perfect time for
our regional cities and towns to
consider their economic futures.**

A photograph of a town street. On the right, there is a prominent yellow building with a clock tower. The street is lined with trees, some with autumn foliage. Several cars are parked along the side of the road, and a person is walking across the street in the foreground. The sky is clear and blue.

What we need from Government

4.1 Significant investment in 20 new Regional Deals

The three Regional Deals completed to date fail to deliver the investment required for truly transformational regional development, and there is still a long list of regions which would benefit from this type of planning and investment. The Morrison Government should make Regional Deals a centrepiece of its time in office, with a multi-billion dollar commitment to deliver 20 new Regional Deals. This commitment would revitalise economic centres in our regions, and connect them to local and overseas markets with significant investment in road, rail and shipping infrastructure.

4.2 Better alignment with state and territory initiatives

States and territories have existing regional development mechanisms which are not aligned with the Federal Government's work in this space, risking waste and duplication. Notably, alignment with the NSW Government's Special Activation Precincts model should be considered as part of renewal of the Regional Deals Program. The Federal Government should lead a discussion through National Cabinet about how existing state and territory initiatives can complement an expanded Regional Deals Program.

4.3 Create a strong future for agrifood and fibre manufacturing

Manufacturing of critical farm inputs and processing of agrifood and fibre products must be central to the Government's plans to stimulate Australian manufacturing in the aftermath of COVID-19. A properly resourced plan to improve the competitive environment for local manufacturers – particularly in regional Australia – is needed.

5

Act on overdue environmental reforms

Growth opportunity

By acting on independent reviews of the Environment Protection and Biodiversity Conservation Act (EPBC Act), the Government could incentivise environmental stewardship – creating better outcomes for the environment and for farm businesses.

Challenge

The EPBC Act has delivered poor outcomes for the farm sector and the environment. The Act is designed to consider new uses or development, such as the conversion of farmland to urban uses or mining. The Act's processes are not suited to agriculture (an ongoing, existing use of the land). The Act is cumbersome, punitive and does not provide certainty for farmers seeking to understand their obligations.

The NFF is of the view that primary producers must be trusted to be competent and reliable resource managers, given their livelihood relies on sustainable management of resources to grow food and fibre. However, current arrangements within the Act, and the way it is implemented, run contrary to this and effectively act as a disincentive despite farmers' positive intentions.

The world is trending towards a market-based system for valuing natural capital.^v More must be done to explore this approach, which directly and immediately empowers farmers to sustain and enhance their natural and agricultural landscapes, rather than taking a failed and inefficient prescriptive approach.

What we need from Government

5.1 Implement recommendations from the Samuels and Craik reviews

Successive governments have a poor track record of implementing recommended changes to the EPBC Act. The Government should prioritise implementing the recommendations of the recent Craik Review^{vi}, plus the upcoming recommendations of the Samuels Review.^{vii}

5.2 Establish a \$1 billion Biodiversity Stewardship Fund

As per the recommendations of the Craik Review, Government should establish a \$1 billion fund to incentivise best practice stewardship on farms. This would provide much-needed stimulus in farming communities, while delivering significant environmental benefits and reshaping Australia's approach to land management.

This would complement existing proposals to expand the scope of the Emissions Reduction Fund to incorporate recommendations of the King Review relating to co-benefits and stacking.

**The world is trending
towards a market-based
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natural capital.**





Fix the Murray Darling Basin Plan

Growth opportunity

50% of Australia's irrigated agriculture occurs in the Murray Darling Basin. This is a critical agricultural resource which must be maximised as part of any plan to grow our economy. Simple changes to how water is managed in the Basin and increased transparency could deliver a significant boost in confidence for irrigation communities.

Challenge

The Murray Darling Basin Plan (the Plan) was always intended to be a living document. Several review mechanisms are baked into the plan to facilitate this outcome.

Unfortunately, a mounting number of those reviews have been ignored, or at least avoidably delayed, by Basin governments – leaving the farming community disillusioned with how the Basin is being managed. Simple recommendations which would make the Plan fairer have been ignored, which is compounding the significant community impacts of the Plan.

Australian agriculture can never reach its potential unless we have certainty and confidence in how our precious water resources are managed. Governments must seize the opportunity created by COVID-19 to act on the advice they've been given and fix the known issues with the Plan.

What we need from Government

6.1 Act on the litany of independent reviews

A significant number of reviews of the Plan have now been undertaken, notably including the Productivity Commission's 5 Year Review of the Implementation of the Plan completed over a year ago. Limited progress has been made on implementing the dozens of recommendations from these reviews. The Federal Government should use the National Cabinet as a mechanism to seek urgent progress on these changes.

6.2 Develop proper Water Resource Plans

WRPs must be properly developed through comprehensive consultation with communities. The NFF has seen mounting evidence that the consultation process to date in NSW has been poor and disingenuous without properly considering feedback received. Some WRPs are complex and should not be rushed to meet deadlines at the expense of genuine consultation.

6.3 Urgently address deliverability issues and third party effects

Deliverability issues and third party effects associated with changing patterns of water use and subsequent demand downstream of the Barmah Choke remains a priority concern for the NFF. Current reviews considering this issue must be conducted transparently, and governments must move quickly once findings are released.

6.4 Shake up the governance of the Murray Darling Basin

The MDBA's regulatory and service delivery functions should be separated to prevent the Authority marking its own homework. The Basin Officials Committee should be revamped by Basin governments in light of its failure to progress much-needed reform.

6.5 Improve transparency surrounding water ownership

The Federal Government should commit to timely release of data regarding foreign ownership of Australian water assets. The most recent data set was released almost 12 months from the end of the financial year it relates to. This undermines confidence in the system and stakeholders' ability to participate in informed debate.

6.6 Help establish the facts and resolve misunderstandings

There is an urgent need to bring together a number of like-minded parties from industry and advised by governments to consider areas of disagreement, understand alternate perspectives and seek to agree a common set of facts in an informed way. A multi-stakeholder water forum to establish common ground would be a critical step forward for the sector.

...agriculture
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water resources
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7

Modernise the rural innovation system

Growth opportunity

The unique co-investment model that underpins our Rural Research and Development Corporations (RDCs) has delivered exceptional results for Australia. By taking steps to modernise the agricultural innovation system, as well as laying the groundwork for digital transformation, we can continue to boost our farm sector's competitiveness even further.

Challenge

For Australia's agricultural industries to remain globally competitive, continuous productivity improvements are required. Key to realising these improvements in productivity – and profitability – is the generation and application of new knowledge and technology delivered through research and development. This includes R&D that delivers both incremental and transformational change.

The RDCs are the cornerstone of Australia's agricultural innovation system and are unique in world because of the system of co-investment by primary producers (through industry levies) and the Australian Government.

The RDCs have delivered great benefits to Australia's agricultural industries and there are opportunities to modernise and improve the RDC system so that it can continue to deliver for farmers and for the economy more broadly into the future.

As we face the reality of farming in a changing climate, research and innovation will be critical to help mitigate our sector's greenhouse gas emissions and adapt to the impacts of climate change.

Agriculture industries also need to work with governments to realise the potential - and manage the risks - of data-driven technologies. Digital technologies are already supporting productivity and profitability improvements across the sector, however many farms still struggle with basic connectivity. A strategic approach is needed to position the sector for successful digital transformation, including making sure that connectivity options are in available for farmers across the country.

The RDCs have delivered great benefits to Australia's agricultural industries.

A person is seen from the side, looking at a tablet computer in a field of crops at sunset. The background is a warm, golden glow from the setting sun over a field of crops.

What we need from Government

7.1 Act on industry priorities to modernise the RDC system

The NFF calls on the Federal Government to implement reforms to the RDC system in line with the proposals put forward by the NFF on behalf of industry.

These include suggestions to:

- improve accountability and transparency;
- facilitate and encourage cross-sectoral collaboration;
- increase overall investment;
- enhance levy payer involvement in the system; and,
- improve extension and adoption.

7.2 Develop a digital strategy for agriculture

Full uptake of digital technologies could add an estimated \$20.3 billion to farm gate output.^{viii} 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.

7.3 Commit to equitable access to connectivity

For farmers to invest in and realise the benefits of digital technologies, they need access to quality, affordable and reliable connectivity options. We need commitment to policy and regulatory reform that ensures regional consumers are guaranteed access to voice and data services that meet their evolving needs and are underpinned by legislated performance standards and service guarantees. This should include a long-term commitment to funding mobile network expansion – promoting competition as well as coverage.

7.4 Back innovative solutions to climate change

Invest in RD&E to provide a practical and profitable pathway to address climate change mitigation and adaptation, and improve the flexibility of the Climate Solutions Fund to enable greater participation by agriculture.

Endnotes

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- ⁱ Productivity Commission 2016, Regulation of Australian Agriculture, Report no. 79, Canberra
 - ⁱⁱ Productivity Commission 2020, National Transport Regulatory Reform, Canberra
 - ⁱⁱⁱ NFF Farm Labour Survey, 2018
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 - ^{iv} Bourne, K., Houghton, K., How, G., Achurch, H. and Beaton, R. (2020) The Big Movers: Understanding Population Mobility in Regional Australia, Regional Australia Institute, Canberra
 - ^v NFF and KPMG 2019, A Return on Nature
farmers.org.au/wp-content/uploads/2019/12/NFF-KPMG-A_Return_on_Nature_FINAL.pdf
 - ^{vi} Craik, W. 2018. Review of interactions between the EPBC Act and the agriculture sector. Independent report prepared for the Commonwealth Department of the Environment and Energy
 - ^{vii} The statutory review of the *Environment Protection and Biodiversity Conservation Act 1999* by Graeme Samuels AC
 - ^{viii} Perrett, E., Heath, R., Laurie, A. and Darragh, L. (2017). Accelerating precision agriculture to decision agriculture – analysis of the economic benefit and strategies for delivery of digital agriculture in Australia. Australian Farm Institute and Cotton Research and Development Corporation



Get Australia Growing







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