



Australian Government
Department of Agriculture

SECRETARY

Mr [REDACTED]
Committee Secretary
Department of the House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Mr [REDACTED]

Thank you for your correspondence of 4 October 2019 inviting the Department of Agriculture to make a submission to the House of Representatives Select Committee on Regional Australia.

I am pleased to provide the department's submission to the Committee.

If the Committee would like any further information please contact Mr Tim Fisher, Assistant Secretary, Farm Performance Branch on [REDACTED]

Thank you again for providing the department with the opportunity to highlight the value of agriculture, forestry and fisheries and various Government initiatives underway to strengthen regional Australia.

Yours sincerely

A large black rectangular redaction box covering the signature of Daryl Quinlivan.

Daryl Quinlivan

3 November 2019

Enc. Department of Agriculture submission to the House of Representatives Select Committee on Regional Australia.

Submission to the House of Representatives Select Committee Inquiry on Regional Australia

NOVEMBER 2019



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Overview

The Department of Agriculture welcomes the opportunity to provide a submission to the House Select Committee on Regional Australia.

The Department of Agriculture develops and contributes to Australian Government policies, programs and fora, which support and build on the contribution agriculture, forestry and fishing industries make to strong and resilient regions across Australia. Agriculture, forestry and fisheries contribute to the social and economic strength and resilience of regional areas, and generate significant flow-on benefits for regional communities, through secondary processing and by creating local demand for a range of related products and services. This in turn supports the provision of services and amenity that help to make regional areas attractive places to live.

Australian agriculture is a national and international success story—our farmers help feed and clothe our nation and export safe, high-quality products to markets around the globe. A strong agriculture sector is important for Australia's continued prosperity and growth, particularly in rural and regional areas. Driving continued growth in export and domestic markets for the agriculture, forestry and fisheries sectors is vital to supporting growth in regional employment. The majority of Australia's agricultural industries are based in the regions and their employees, related businesses and suppliers, underpin economic prosperity in these areas.

The Department of Agriculture works to grow the value of agricultural trade and reduce risk to the agricultural sector. The department also works at whole of government level and across portfolios (e.g. with the Department of Infrastructure, Transport, Cities and Regional Development, the Department of Employment, Skills, Small and Family Business and the Department of Industry, Innovation and Science) to jointly consider issues affecting regional Australia. Our collaborative efforts aim to raise awareness of the contribution agriculture makes towards regional economic and social outcomes, inputting to the development of relevant regional policies and programs and seeking opportunities to build on the contribution the agriculture, forestry and fisheries industries make to strong regions.

As an example of this collaboration, the department has been actively engaging on the Australian Government's pilot Regional Deals. Regional Deals bring together all levels of government to support a place based approach. The department has also been engaging on City Deals, as the boundaries of the deals cover agricultural land, peri-urban agriculture and are often the locations our stakeholders' products are transformed or exported from.

The Department of Agriculture will continue to play an active role in developing the ongoing prosperity of regional Australia through existing services and initiatives and through new work in development. The National Food and Fibre Plan, for example, will set out Australian Government actions to support Australian agriculture's ambition to become a \$100 billion industry by 2030. The benefits of such growth to regional Australia will be felt far beyond agricultural industries.

The department has recently provided a submission to the Select Committee on the effectiveness of the Australian Government's Northern Australia agenda and provided input into a joint submission to the Select Committee into Jobs for the Future in Regional Areas. The department notes that there is a strong interest from members of Parliament in issues central to Australia's regions and there are a number of other inquiries and committees analysing these issues. The department welcomes this



interest and is pleased to be able to submit information about the role and value of agriculture and agribusiness to regional Australia, in line with relevant terms of reference.

Matters of Interest to the Inquiry

1. Regional service delivery and development programs

As one of the department's key functions, our policy, program and service delivery activities support and protect our agricultural industries and farm businesses, and are foundational to the health of regional Australia. The department has services and programs at the national level, but is also able to respond on a regional level. The current drought, as well as the 2019 flood event in northern Queensland, highlighted the importance of targeted programs that assist primary producers experiencing hardship, and serve as good examples of the Australian Government's joined-up approach to targeting regions in need.

The agriculture portfolio encompasses the Australian Government's biosecurity services. Biosecurity is a critical part of the government's efforts to prevent, respond to and recover from pests and diseases that threaten the economy and environment. This important work helps to ensure continued market access for our products and to maintain our high standards for emergency response.

1.1. Biosecurity

Australia's biosecurity system is recognised as world-class. Our effective and efficient biosecurity system protects Australia's domestic and export orientated agricultural industries, operating offshore, at the border and post-border.

Regional Australia is a major part of Australia's biosecurity network. The Northern Australia Quarantine Strategy helps to protect Australia's crops and livestock from incursions of pests, weeds and diseases and underpins Australian agriculture's continued access to export markets. Australia's biosecurity system is a key asset in protecting our economy, environment and human health, and supporting Australia's reputation as a safe and reliable trading nation.

Australian agricultural producers export around 70 per cent of their production. Ensuring exotic pest and disease freedom protects Australia's 'clean and green' brand and provides access to overseas markets not available to some of our competitor countries, generating better returns for Australian farmers and contributing to strong regional economies. The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) estimates the value of Australia's biosecurity system at up to \$17,500 a year for the average farm.

The volume of people, mail and cargo entering Australia is expected to nearly double between 2015 and 2030. This will likely be accompanied by increases in trade and passengers from areas of higher biosecurity risk. At the same time, the rate of spread of pests and diseases globally is accelerating. Biosecurity is increasingly essential to the ongoing growth and sustainability of regional Australia as



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it underpins \$59 billion of agricultural production¹, \$48.98 billion of exports¹ in 2017–18 and \$42.5 billion² in the inbound tourism industry³. Tourism to regional Australia is increasing, with visitor numbers growing on average by 5.6 per cent per annum over the past five years⁴. International traveller numbers in regional Australia are also growing, with an average increase of 6.6 per cent each year⁴. Spectacular natural beauty, unique ecosystems and fauna and world-class food and wine all attract visitors to regional Australia; in 2016 the Australian Bureau of Statistics valued Australia’s environmental assets at over \$6 trillion⁵. Biosecurity is key to protecting these valuable attractions.

A key pillar of Australia’s biosecurity system is the management of established pest animals and weeds, including in regional areas. Established pest animals and weeds are a significant economic, environmental and social burden for Australia. Nationally, established vertebrate pest animals (e.g. foxes, pigs, rabbits, mice, goats, carp, dogs, cane toads, camels, cats and horses) and weeds are estimated to cost up to \$4.8 billion a year in control actions and agricultural production loss. Noting that state and territory governments and landholders have primary responsibility for managing established pest animals and weeds, it is nevertheless—in a practical sense—a shared role between landholders, community, industry and all levels of government. The role played by regional Australia in managing established pest animals and weeds on large areas of productive land is not only important for agriculture but also the environment where the proliferation of these pests would have a far greater impact.

The Australian Government is committed to the continuous improvement of the biosecurity system and works to minimise the emerging threat of pests and diseases entering the country.

1.2. Rural Financial Counselling Service

The Rural Financial Counselling Service (RFCS) provides free financial counselling to farmers, fishers, forest growers and harvesters and small related businesses who are suffering financial hardship. It is a confidential, independent, mobile service available in all states and territories. The service offers personalised agri-business expertise to deal with hardship, help clients identify options and maximise the value of their assets. Between April 2016 and June 2018, the number of active clients nationally in any given month averaged around 3,100. The service has experienced a surge in demand since July 2018. In September 2019 there were over 4,850 active clients accessing the service.

¹ ABARES 2019, Agricultural commodities <<http://www.agriculture.gov.au/abares/research-topics/agricultural-commodities>>

² Austrade 2019, State of the Industry <<http://www.tra.gov.au/Economic-analysis/state-of-the-industry>>

³ Craik W, Palmer D & Sheldrake R 2017, Priorities for Australia’s Biosecurity System <<http://www.agriculture.gov.au/SiteCollectionDocuments/biosecurity/partnerships/nbc/priorities-for-aus-bio-system.pdf>>

⁴ ATIC 2019, Investment opportunities in regional Australia <<http://www.tourisminvestment.com.au/en/investment-opportunities/Regional-Australia.html>>

⁵ ABS 2017, Australian environmental–economics accounts, Cat. No. 4655.0, Australian Bureau of Statistics



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The department has completed a review into the 2016–20 funding round of the program and made a number of recommendations to increase the efficiency and effectiveness of the service. Program improvements will be implemented for the next competitive funding round.

To complement the existing RFCS program, the Australian Government has also committed \$7 million to establish a pilot to help small non-agricultural regional and rural businesses around the country where drought is having a major impact.

1.3. Farm Liaison Officers

To further support farmers in need, a two-year pilot for two Farm Liaison Officers is underway. Farm Liaison Officers connect farmers, businesses and communities with available assistance. One Farm Liaison Officer is based in Longreach and travels between the regions of Queensland North and Queensland Southern and another is based in Tamworth servicing northern and central New South Wales.

2. Regional Australia's contribution to Australia's national identity, economy and environment

While many regions in Australia are sparsely populated, overall one-third of Australians live in regional Australia.

As major employers, agriculture, forestry and fisheries are contributing to the social and economic strength of regional areas. Furthermore, agriculture, forestry and fisheries generate significant flow-on effects in regional communities, creating local demand for products and services in related industries such as transport and logistics, manufacturing, engineering and retail, and providing opportunities for tourism, building more diversified and complex local economies and connecting remote areas to global markets.

These opportunities for business and employment support the provision of health, education and community facilities. Without agriculture, forestry and fisheries providing an economic base, in many cases regional centres would struggle to thrive.

As well as underpinning regional economies, the flow-on effects of agriculture, forestry and fisheries reach into Australia's major cities, creating additional demand in transport and logistics, manufacturing and research.

Agriculture, forestry and fisheries generated \$65.4 billion gross value of production in 2017–18, the majority in regional areas (ABARES, 2019).

The value of agriculture, forestry and fisheries exports in 2017–18 was \$48.98 billion. The Australian Government supports trade and market access through free trade agreements, and technical market access negotiations.

Sustainable land management practices contribute to better environmental outcomes as well as strengthening regional economies. The Australian Government promotes sustainable land management through supporting natural resource management organisations in regional areas. The Australian Government is also funding the Agricultural Stewardship Program to support and further develop sustainable farming practices.



2.1. Agriculture

Australia's approximately 85,000 farm businesses manage 394 million hectares of Australia's 768 million hectare land mass, provide 93 per cent of Australia's daily food supply, and are an integral part of Australia's social and economic fabric. These farm businesses employed 286,900 people in 2018–19, the majority of these in regional Australia. A further 242,900 people were employed in the food product and beverage manufacturing industries.

Over the five years to 2017–18, while agricultural employment was relatively stable, estimated gross value of farm production continued to rise, reaching \$59 billion (ABARES, 2018). This reflects productivity growth and efficient use of labour and other inputs. ABARES has found that technology has been the main driver of agricultural productivity growth, as farmers have invested in improved varieties, superior harvesting techniques and better genetics (Boult et al 2018)⁶. Structural change, impacting the allocation of resources between farms has also affected productivity, through the amalgamation of farms, better risk management and changes in the mix of agricultural commodities produced (Boult et al, 2018).

Seventy per cent of Australian agricultural production is exported, and agriculture is a significant contributor to Australian exports. The real value of Australian agricultural exports increased by 43 per cent in the ten years to 2017–18. The major agricultural commodity exports in 2017–18 were beef and veal (\$8.0 billion), wheat (\$4.7 billion), wool (\$4.4 billion), wine (\$2.8 billion), barley (\$2.3 billion) and lamb (\$2.3 billion). The value of exports can vary significantly between years for some commodities, such as grains and oilseeds, because of variations in seasonal conditions and world prices.

2.2. Forestry

The forest industries contribute significantly to employment and economic development in regional Australia. In 2018–19, 6,200 people were employed in forestry and logging, supporting a further 45,900 people employed in wood product manufacturing. A significant number of these people lived in major cities.

The forest and wood products industry generates \$23.9 billion in income nationally, with \$3.6 billion of forest and wood products being exported annually.

2.3. Fisheries

The fishing and aquaculture sectors make a significant contribution to the national economy and to the economic stability of regional coastal communities by providing a baseline of economic activity throughout the year where other industries, such as tourism, may only operate seasonally. In coastal regions of Australia, the fishing and aquaculture sectors provide employment opportunities for a diversity of people in seafood production. Employment is also created in associated businesses which transport, process, and sell seafood products. In 2018–19 fishing and aquaculture employed

⁶ Boult C, Valle H, Zhao S, & Jackson T 2018, Productivity in Australia's broadacre and dairy industries, ABARES



11,500 people, the majority in regional and remote areas. Australia's fishing, aquaculture and associated processing industries contributed over \$5 billion to the national economy in 2017–18.

2.4. Population and community

In 2017, 33 per cent of Australians lived in regional and remote Australia. While population continues to grow in these areas—by 11 per cent in regional Australia and 2 per cent in remote Australia between 2007 and 2017—growth was significantly lower than that of major capital cities which grew by 21 per cent.

Almost two thirds of all Aboriginal and Torres Strait Islanders reside in regional and remote Australia. The population of Aboriginal and Torres Strait Islanders is expected to grow at a rate of between 2 per cent and 2.3 per cent per year into the future, well above the 1.5 to 1.8 per cent growth expected for the total Australian population.

While regional and remote populations are growing much more slowly than major city populations, there is a net migration of people from major cities to regional and remote areas. Approximately 554,767 people moved from major cities to regional or remote locations between 2011 and 2016, while approximately 508,719 people moved from regional and remote locations to major cities.

However, only approximately 15 per cent of recently arrived overseas-born migrants settled in regional and remote Australia in 2016–17, and internal migration, especially of young people, out of regional and remote areas is a major challenge and driver of change in many communities.

2.5. Employment and economics

Industries centred on agriculture, forestry and fisheries provide the economic foundation for many individuals and communities in regional and remote Australia. Businesses, operating across a range of industries, capitalise on a region's comparative and competitive advantage, generating income, providing jobs for locals and using the natural and human capital of the region.

In 2018–19, agriculture, forestry and fisheries employed 304,600 people directly, and another 27,500 people indirectly in support services, the majority in regional areas (ABS, 2019). Together, the food product, beverage and wood product manufacturing industries employed another 288,800 people. While employment in agriculture, forestry and fisheries nationally, as a share of total employment, has fallen from around 5 per cent in 2000, since 2012 it has stayed relatively constant at around 2.6 per cent (some of this decline could be attributed to innovation, technology and better farming practices). In regional Australia, and more so in remote Australia, agriculture, forestry and fishing industries make up a bigger proportion of total national employment (8 per cent and 15 per cent respectively in 2016). If upstream and downstream employment related to agriculture, forestry and fisheries is also taken into account the contribution to regional and remote economies is significantly higher.

Between 2012 and 2017, there were increases in agriculture, forestry and fishing employment in regional Victoria (Ballarat, Latrobe/Gippsland, Shepparton and Warrnambool), Queensland (Mackay and Toowoomba), Western Australia (Bunbury), and south east Tasmania.

The effects of structural adjustment and labour shedding in agricultural sectors continues to affect some areas. Between 2012 and 2017, there have been decreases in agriculture, forestry and fishing employment in regional locations in New South Wales (Murray and Richmond), Victoria (Bendigo



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and Hume), Queensland (Cairns, Darling Downs, Townsville and Outback Queensland), South Australia (Barossa/Yorke/Mid North and Outback South Australia), and Northern Territory (Outback Northern Territory).

2.6. Trade and market access

Exports are vital to the viability and sustainability of Australia's agricultural industries and regional economies, and drive productivity, innovation and competitiveness in Australian agriculture. The Australian Government is actively supporting the agriculture, forestry and fisheries sectors to maintain and improve market access opportunities into overseas markets, through free trade agreements, and technical market access negotiations.

Free-Trade Agreements (FTAs) promote stronger trade and commercial ties between participating countries, and open up opportunities for Australian regional exporters to expand their business into key markets. They are particularly beneficial when they seek to remove barriers in highly protected markets or gain a foothold in potential or expanding markets.

By facilitating access to these markets, FTAs provide significant commercial benefits to Australia's regional exporters, and wider economic benefits to all Australians.

For example, as a close neighbour, Indonesia continues to be one of Australia's most strategically important trading partners, and agriculture is central to this relationship. This relationship is further supported through the Indonesia-Australia Partnership on Food Security in the Red Meat and Cattle Sector and the recently signed Indonesia-Australia Comprehensive Economic Partnership Agreement.

Similarly, the Australian Government is supporting Japan's Global Food Value Chain strategy, which aims to boost agriculture and aquaculture production through industry-led joint ventures in overseas countries, including Australia.

To facilitate strong Australian agricultural trade the Department of Agriculture stations officers on the ground in key trade locations, looking after market access for Australian products on foreign shores. The department has 22 Agriculture Counsellors in 16 key overseas markets. These counsellors play a critical role in fostering relationships with industries and governments in overseas markets, resolving impediments to trade, gathering market intelligence and influencing global agricultural policy settings.

2.7. Natural resource management

Sustainable natural resource management practices in agriculture are also linked to more resilient and risk prepared farms that are better placed to maintain their long-term viability. Environmental degradation, such as salinity, soil acidity and other soil degradation, pest and weed incursions and damaged water systems are threats to the long-term productivity of agricultural industries. As well as implications for agricultural productivity, if left unmanaged, these issues can lead to decreasing land values and impacts on liveability, amenity and industries such as tourism that underpin regional communities.



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Effective natural resource management can increase agricultural yields. Improving soil condition, for example, could increase wheat production by up to \$2.1 billion a year (Eadie and Stone)⁷.

Land in Australia is increasingly managed for multiple outcomes. Agricultural land can also be managed for biodiversity and soil and water health outcomes. There is evidence that improved agricultural practices, which look after the environment, have flow-on benefits to the wider community.

Natural resource management organisations

Through the National Landcare Program, the Australian Government supports regional natural resource management organisations, recognising these organisations contribute significantly to the economy and environment. Natural resource management refers to the protection and improvement of environmental assets such as soils, water, vegetation and biodiversity, and the ecosystem services that they provide. A significant portion of Australia's wealth is derived from its environmental assets, including agriculture and tourism.

Natural resource management organisations deliver management actions that seek to maintain and restore Australia's environmental assets and to reverse the decline of social capital in regional areas. In addition, these organisations work with farmers in regional areas to facilitate the sustainable and productive management of agricultural land and its soil, vegetation and biodiversity assets. By managing agricultural land and maintaining the ecosystem services (e.g. pollination) that agriculture depends on, regional natural resource management organisations play an important role in contributing to the Australian economy and environment.

Regional Land Partnerships program

The Australian Government works with regional natural resource management organisations through the Regional Land Partnerships (RLP) program. The purpose of the RLP program is to protect, conserve and provide for the productive use of Australia's water, soil, plants and animals and the ecosystems in which they live and interact, in partnership with governments, industry and communities. The RLP program supports the ongoing growth and sustainability of agriculture in regional Australia. Through the program, farmers in regional areas are able to increase their awareness and adoption of sustainable and innovative agriculture practices that protect and maintain the natural resource base. The uptake of smarter farming practices across regional areas drives more sustainable, productive and profitable agricultural industries.

Regional Agriculture Landcare Facilitators

The Australian Government also funds Regional Agriculture Landcare Facilitators (RALFS) across the nation, including in regional areas. RALFs located in regional areas play an important role as they are able to engage and inform farmers in their region about emerging ideas, on-farm biosecurity and chemicals management, innovative practices and relevant new policy to support the ongoing growth and sustainability of agriculture in regional Australia.

⁷ Eadie L and Stone C 2012, *Farming Smarter, Not Harder; Securing Our Agricultural Economy*



Smart Farms program

The Australian Government also supports the ongoing sustainability of regional Australia through the Smart Farms program. The Smart Farms program supports the development and uptake of best practice, tools and technologies that help farmers, foresters, fishers, and regional communities improve the protection, resilience and productive capacity of our soils, water and vegetation, in turn supporting successful primary industries and regional communities.

2.8. Agricultural Stewardship

The \$34 million Agriculture Stewardship Package is a 2019–20 Budget measure providing funding from 2019–20 to 2022–23. The Agriculture Stewardship Package contains three components:

Agriculture Biodiversity Statement

This policy will set out the Australian Government’s overarching vision on sustainable agriculture practices and biodiversity outcomes.

Agriculture Biodiversity Stewardship Pilot Program

The \$30 million Pilot Program aims to support and develop incentives for the adoption of sustainable practices by farmers to deliver farm business improvements and to provide biodiversity outcomes. It will operate from 2019–20 to 2022–2023.

Australian Farm Biodiversity Certification Scheme and Trial

The \$4 million Australian Farm Biodiversity Certification Scheme and Trial will allow Australian farmers to showcase best practice biodiversity management of natural resources and ensure that these actions are recognisable by the community and other farmers. The National Farmers’ Federation will lead the development and trial of the Australian Farm Biodiversity Certification Scheme. It will operate from 2019–20 to 2021–22.

3. Promoting private investment

The Australian Government works to promote private investment in regional Australia—at the farm level via programs to encourage on farm infrastructure spending or policies and strategies to encourage investment at the whole of industry level. Investment in regional centres and regional infrastructure, whether private or public, is essential to creating a desirable place to both live and work, and therefore, attracting and retaining the regional population. This is particularly true for agriculture and agriculture dependant industries which experience periodic challenges to profitability through drought and water scarcity and pests and diseases. Creating amenity via regional investment helps to create a solid economic foundation where challenges can be more easily met and overcome.

3.1. Bioenergy

The development of Australia’s bioenergy industry represents an opportunity to attract private investment to regional centres—with additional co-benefits of improved fuel security, emissions reduction and economic opportunities for Australian agriculture. In particular, the department acknowledges the benefits associated with the production of advanced biofuels—noting that they do not compete with food production and provide an additional income stream for farm businesses. The Queensland University of Technology’s report, ‘Biofuels to Bioproducts: a growth industry for Australia’ states that:



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A fully mature bioethanol industry in Australia would create around 2080 direct jobs, 6570 indirect jobs and more than \$1.1 billion of revenue per year in regional communities.

The Australian Government supports the development of the bioenergy sector through grants and excise relief, particularly through the Clean Energy Finance Corporation and the Australian Renewable Energy Agency.

3.2. Forestry

The Australian Government's National Forest Industries Plan aims to support forest industries meet the challenges of the future and underpin growth. A key initiative is the establishment of nine Regional Forestry Hubs in areas where there is potential to create regional jobs and support regional communities, while adding value to our wood and wood fibre industries. This initiative is being complemented through investment in research, including in the National Institute for Forest Products Innovation, which is exploring and facilitating innovation in the forest products sector in areas such as forest management, timber processing, wood fibre recovery, value adding, advanced manufacturing and the bio-economy.

3.3. Renewable fertiliser production

As Australia's agricultural industries take action to lower their emissions, there will be increasing demand for affordable fertilisers produced using ammonia from renewable hydrogen (noting that ammonia production is currently responsible for more than one per cent of the world's CO₂ emissions). The development of Australia's hydrogen industry represents an opportunity to attract private investment to regional centres. The ammonia industry (primarily for use in fertiliser production) has been identified as an early opportunity for producing renewable or green hydrogen at an industrial scale. The Australian Government is supporting the development of Australia's hydrogen industry through the development of a National Hydrogen Strategy as well as funding from the Australian Renewable Energy Agency and Clean Energy Finance Corporation.

4. Decentralisation

The Australian Government's decentralisation policy aims to boost regional communities by delivering economic and social benefits to regional areas.

The Department of Agriculture's employees work from 164 locations across Australia and 16 locations overseas. 2,721 employees (53.6 per cent) are located outside of the Australian Capital Territory. Employees are located where our clients are such as international airports, international seaports, and meat processing establishments.

A number of agencies in the agriculture portfolio have staff located in regional centres (staff numbers are at 31 August 2019):

- The Australian Fisheries Management Authority (AFMA) opened an office in Lakes Entrance in July 2018, which now has seven staff. AFMA also has 23 staff in Darwin and eight on Thursday Island.
- The Australian Pesticides and Veterinary Medicines Authority (APVMA) has 183 ongoing positions with 140 in Armidale and 43 in Canberra. Of the 90 regulatory scientists, more than half are now located in Armidale.



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- The Regional Investment Corporation is now located in Orange, New South Wales. It is expected to employ up to 32 staff.
- In March 2019, the Australian Government announced it would decentralise 76 positions from the Murray Darling Basin Authority's Canberra office to various regional locations including Griffith and Mildura.
- A number of Research and Development Corporations have an established regional presence, including (as at 31 August 2019):
 - the Cotton Research and Development Corporation based in Narrabri, New South Wales
 - the Rural Industries Research and Development Corporation (trading as AgriFutures) based in Wagga Wagga, New South Wales
 - the Australian Grape and Wine Authority is based in Adelaide, South Australia
 - the Fisheries Research and Development Corporation has offices in Adelaide, Coffs Harbour and Darwin
 - the Grains Research and Development Corporation has regional offices in Toowoomba, Queensland; Dubbo, New South Wales; Perth, Western Australia and Adelaide South Australia.

The Australian Government has also established two centres of the National Institute for Forest Products Innovation in regional Australia—in Launceston, Tasmania and Mount Gambier, South Australia—in partnership with the state governments. Under the National Forest Industries Plan, the Australian Government is looking to establish at least two additional centres.

5. Examining international examples

Where relevant, the Department of Agriculture draws from the knowledge and experience of our international counterparts. The department works internationally to grow the value of agricultural trade and reduce risk to the agriculture sector. The department provides policy and strategic leadership for its international activities, seeking to enhance Australia's trade opportunities and agreements by meeting the challenges confronting Australian industry and the community through changes to the world trading environment; multilateral, bilateral and regional agricultural relationships; and technological advances.

As discussed at 2.6, to facilitate strong Australian agricultural trade the department has Agriculture Counsellors in key trade locations, looking after market access for Australian products on foreign shores. Counsellors play a critical role in fostering relationships with industries and governments in overseas markets, resolving impediments to trade, gathering market intelligence and influencing global agricultural policy settings.

6. Infrastructure requirements

Agriculture, forestry and fisheries and the flow-on effects of these sectors are important social and economic drivers contributing to the social and economic strength and future prospects of existing and emerging regional centres. They provide employment and support the provision of services and amenity which are vital to attracting skilled professionals. As agriculture is likely to underpin the economy of any new settlement of reasonable size, at least to some extent, consideration should be given to the infrastructure needs of agriculture industries surrounding such a settlement, as well as the infrastructure needs of the settlement itself.



6.1. Transport and telecommunications

For agriculture, fisheries and forestry, promoting freight transport within production areas and freight corridors connecting to nearby regional centres, capital city domestic markets and export hubs is a priority. This is essential for the efficient movement of freight and labour, including to key ports and airports for export.

Inefficiency in the road network due to regional road access or road quality issues reduces producer productivity, increases costs and increases time to market. A mismatch between freight vehicles permitted on one part of a freight corridor but not another is a key issue. One of the causes of this mismatch is the 'first mile/last mile' problem, where a short section of road connecting to, or leading from, a freight corridor has a lower capacity than the rest of the freight corridor. As a result, goods may need to be transported in multiple vehicles despite being able to fit into one high capacity vehicle. Staging points may be required to transfer loads between low capacity and high capacity vehicles. In other cases heavy vehicles are restricted from public roads (either entirely or during certain hours) on safety or amenity grounds. Coordinated long-term freight planning is required to allow high-capacity vehicles to achieve end-to-end transport, and should be factored into urban planning.

Access to reliable, affordable, quality telecommunications connectivity in the area surrounding such a settlement should also be considered as it is of critical importance to agriculture, enabling adoption of key on-farm technologies and innovative practice.

6.2. Energy supply

For many agricultural industries, energy is a significant input cost, estimated at over \$5 billion per annum. Energy reliability also has significant impacts on the wider agricultural supply chain, such as affecting the quality and value of chilled produce. The provision of network infrastructure to regional areas is more costly than to metropolitan areas due to the additional capital costs, maintenance and staffing required for the larger distances covered. This increased cost is also spread among a smaller number of users, meaning individual users pay significantly more for network services. Consideration of microgrids in rural and remote areas (including cooperative arrangements between multiple farm businesses) may help to encourage the uptake of clean energy technology, improve reliability and lower cost. The Australian Government is supporting feasibility studies into reliable, secure and cost-effective microgrids via the Regional and Remote Communities Reliability Fund.

Consideration should be given to how energy infrastructure can integrate on-farm renewables and biofuels and bioenergy sourced from agriculture, forestry and fisheries feedstocks. Farmers are increasingly seeking to reduce energy costs and improve reliability through a range of strategies including improving their energy efficiency, installing on-farm renewables and investigating alternative uses for agricultural waste such as biofuels and bioenergy. Regional biofuels production has the potential to reduce costs incurred during transport of fuels and improve fuel security. The National Farmers' Federation has demonstrated the industry's commitment to these strategies through the 2030 Roadmap goal to have Australia's farm energy sources reach 50 per cent renewable by 2030. The Department of Agriculture is currently conducting research and meeting with stakeholders to identify and explore energy-related opportunities for Australia's agriculture sector and regional communities and to ensure government funding in this space is well targeted.



6.3. Water supply

Ensuring adequate water supply for urban use is an ongoing challenge in parts of regional Australia. Consideration should be given to the water supply of any new or growing settlement, while balancing the needs of other consumptive uses such as agriculture and the needs of the environment. As discussed further at 7.4, the National Water Initiative (NWI), agreed in 2004 by the Council of Australian Governments (COAG) provides the framework for balancing these needs.

The Australian Government is now working with states and territories to renew the NWI, with an early focus on urban water to ensure that water security options are considered for communities irrespective of their size or location, as well as water security for Indigenous communities.

7. Other matters relevant to the inquiry

The Australian Government assists regional Australia through a broad range of policies, operations and programs which together improve regional economic and social outcomes for agriculture and related businesses and communities, benefits which flow to the wider regional community.

This includes management of Australia's biosecurity system (outlined in part one) and assisting in the management of key water assets such as the Murray-Darling Basin and the Great Artesian Basin.

The Australian Government provides a regulatory system for the registration and use of agricultural and veterinary (agvet) chemicals and manages Commonwealth fisheries.

Through the development of a 2030 National Food and Fibre Plan and the establishment of the Future Drought Fund, the government is supporting a path for significant expansion of Australia's primary industries in a sustainable way, and is helping build greater resilience in regional communities.

The Australian Government is seeking to revitalise rural research and development as innovation is integral to increasing the economic value of agriculture, forestry and fisheries. The government is also funding a number of programs to promote and strengthen agriculture and to ensure an adequate and skilled workforce for the sector.

Through initiatives to modernise agricultural trade, the government is helping exporters meet requirements for entry to international markets, thus boosting export sales and returns to regional businesses and communities.

Importantly the Australian Government also funds a range of measures to assist farm businesses cope with hardship and fluctuating income and maintain viable and resilient businesses.

The Department of Agriculture would like to note that water functions currently under the department's portfolio will soon be transferred to the Department of Infrastructure, Transport, Cities and Regional Development. This transfer is expected to occur by the end of 2019.

7.1. Murray-Darling Basin

The Murray-Darling Basin Plan is a critical reform that aims to reset the balance between environmental and consumptive uses of water. The Basin Plan provides a stable basis for balancing the needs of the environment, farmers and community for the long-term. Regional communities will benefit from the restoration and maintenance of sustainable and healthy river systems. This includes water quality benefits for agricultural, urban and recreational use and broader tourism benefits into



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the future. The Australian Government is making investments to build resilience in Basin communities and identify additional ways to build resilience in the future.

Murray-Darling Basin Economic Development Program

The Murray-Darling Basin Economic Development Program, announced on 7 May 2018 as part of the Basin Plan Commitments Package, is supporting eligible communities to undertake economic development projects to respond to the impact of water recovery activities under the Murray-Darling Basin Plan. Outcomes for eligible communities will include: strengthening and diversification of local economies, enhanced resilience and increased employment opportunities.

A total of 42 projects from 29 separate organisations were approved for funding of up to \$24.362 million under Round 1 of the Murray-Darling Basin Economic Development Program. Projects were approved across all 15 eligible communities—those assessed as being most impacted by water recovery activities—and across diverse sectors including tourism, construction, leadership, capability training and Indigenous health, welfare and culture.

Details of a second round of the program (funding of up to \$15 million) are being finalised, including which communities will be eligible.

Independent panel to investigate social and economic conditions affecting communities across the Murray-Darling Basin

An independent expert panel is currently investigating the social and economic conditions affecting communities across the Murray-Darling Basin. This panel is investigating how communities are changing and what their future needs might be. It is also investigating strategies to support communities to adapt to change and build resilience. The government has asked for a preliminary report by the end of the year and a final report to be provided by 30 April 2020 to take action and build stronger local economies.

The panel is separating out a range of complex and interconnected factors affecting rural and regional communities across the Basin including drought, population changes, technological advances and market forces. The panel intends to assess how these issues intersect with the Basin Plan rather than looking at the Basin Plan itself.

Water Efficiency Program

The Australian Government is investing \$1.5 billion in the Murray-Darling Basin to recover water for the environment through efficiency measures, with neutral or improved socio-economic outcomes for regional communities. The government aims to recover 450GL of water for the environment through efficiency measures. These measures change water use practices and save water for the environment.

The Water Efficiency Program (WEP) will invest in on-farm, off-farm, urban, industrial and water metering projects to recover environmental water, while delivering positive or neutral socio-economic outcomes at local and regional levels across the Basin. Eligible projects under the WEP include: installing or upgrading irrigation infrastructure for water delivery; water re-use, drainage or recycling systems; changing production practices to produce more water efficient goods; and installing or upgrading infrastructure for water delivery, such as power supply systems or electrical works.



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In December 2018, all Basin water ministers agreed to a set of socio-economic criteria for the recovery of additional environmental water. These criteria were designed to ensure farmers and communities will not be worse off, and have been incorporated into the WEP.

Sustainable Diversion Limit Adjustment Mechanism Projects

The Australian Government is investing up to \$1.5 billion to support the implementation of the package of supply and constraints measures in the Murray-Darling Basin. These projects will enable the government to operate the Basin's rivers to more efficiently deliver water for the environment, reducing (by 605 GL) the amount of water required to be recovered from regional communities and farmers.

Many of the projects involve environmental works and measures, and alleviation of river constraints. Of the package of 36 supply and constraints measures, six projects have finished construction, six are expected to be completed in 2019, one in 2020, and the remaining 23 by June 2024. The location of the capital works will be entirely in regional areas. The construction, operation and maintenance associated with these projects will provide a strong boost to regional economies along Murray-Darling Basin rivers in the short to medium term. These projects will deliver environmental, social and economic benefits to regional communities through construction activities creating employment and improved floodplain and river health, opportunities for tourism and recreation, and enhanced local amenity.

Northern Basin Toolkit Measures

The Australian Government has announced it will make available up to \$180 million over the next five years to Queensland and New South Wales to implement environmental works and measures projects in the northern Basin. The government has committed that environmental works projects include provisions to prioritise the use of Aboriginal and local suppliers, and employment, where possible.

Wilcannia Weir Upgrade

The Australian and New South Wales governments are jointly investing up to \$30 million for an upgrade of Wilcannia Weir. The project is expected to deliver environmental, social and economic benefits, including improving the long-term water security for the town. This work forms a key part of the government's commitment to improving outcomes for indigenous people and addressing social and economic impacts of the Murray-Darling Basin Plan.

7.2. Great Artesian Basin

Since 1999, the Australian Government has invested over \$129 million to restore and repair uncontrolled bores and bore drains throughout the Great Artesian Basin. This has been a vital contribution toward the improvement in pressure of Great Artesian Basin springs, and the sustainable management of water resources within the Basin.

The Great Artesian Basin is a highly valued water resource which provides diverse benefits and opportunities for regional communities throughout remote parts of the Northern Territory, South Australia, New South Wales and Queensland.



Increased pressure and reduced wastage of the resource has also resulted in a range of other direct and in-direct benefits to Great Artesian Basin communities, such as sustaining cultural heritage values, improved utilisation of productive land and farm businesses, restoration of native vegetation, improved water quality and health of stock during drought; and reduced on-farm infrastructure costs.

The government is committed to improving water security outcomes and drought resilience in the Great Artesian Basin. This is currently occurring through:

- Improving Great Artesian Basin Drought Resilience program: the government has offered Basin jurisdictions up to \$27.6 million of matching Australian Government funds over five years from 1 July 2019 to support the delivery of activities that improve water security and drought resilience through increasing artesian pressure and reducing wastage of the resource.
- The Interim Great Artesian Basin Infrastructure Investment Program (2019–20): Up to \$6.4 million of Australian Government funding is being made available to Queensland to deliver strategic groundwater infrastructure investments to recover water and maintain water pressure in the Queensland portion of the Basin.

7.3. On-Farm Emergency Water Infrastructure Rebate

The On-Farm Emergency Water Infrastructure Rebate Scheme is a \$50 million commitment commencing in the 2018–19 financial year. Rebates are available to drought affected primary producers or horticulture farmers with permanent plantings to buy and upgrade on-farm water infrastructure for livestock or permanent plantings watering, to help reduce the impact of the current drought and improve drought resilience into the future.

For primary producers, the Scheme can be applied to new purchases and installation of pipes, water storages such as tanks and troughs, water pumps, new stock water bores, de-silting dams and associated power supplies such as generators. For horticulture farmers, the Scheme can be used for desilting dams and new horticulture bores. Eligible farmers can claim up to 25 per cent of expenses associated with new purchases and installation of new on-farm water infrastructure undertaken from 1 July 2018 for primary producers, or 1 July 2019 for horticulture farmers, up to a maximum of \$25,000.

7.4. National Water Policy

The Intergovernmental Agreement on a National Water Initiative (NWI), agreed in 2004 by the Council of Australian Governments (COAG), is the national blueprint for water reform.

The NWI is a shared commitment by governments to increase the efficiency of Australia's water use, leading to greater certainty for investment and productivity for communities and for the environment. The NWI built upon the 1994 COAG Water Reform Framework.

Regional Australia has benefited from NWI-based reforms, through governments seeking to appropriately balance water for consumption with that needed to sustain healthy ecosystems. Water reforms have delivered substantial benefits to irrigators, other water users and the broader community:

- The expansion of water trading has provided irrigators with greater flexibility to manage change and has encouraged greater efficiency.



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- There is emerging evidence of improved ecological outcomes from increased environmental water, but it will take time for the full benefits to be realised.

The Australian Government is now working with states and territories to renew the NWI. Further support is delivered through the National Water Quality Management Strategy, agreed by all governments in 1992 and seeking to deliver water that is fit-for-purpose across all sectors.

7.5. Fisheries Management

The Australian Government has direct jurisdictional responsibility for a number of fisheries, mostly in Commonwealth waters. Day-to-day management of Commonwealth fisheries is the responsibility of the Australian Fisheries Management Authority (AFMA). The Department of Agriculture is responsible for fisheries policy development and seeks to ensure more sustainable, productive, internationally competitive and profitable Australian fishing and aquaculture industries, which boost a number of regional economies. The department develops policies and initiatives that promote better resource management practices, innovation, self-reliance and improved access to international markets. Australian fisheries are carefully managed to ensure sustainable seafood is available over the longer term.

Expanding the production base of Australia's fisheries and aquaculture sector is challenging. Many of Australia's wild-caught fisheries, including those producing rock lobster, tuna, prawns, shark and finfish species groups are fully developed and are managed under strict controls on outputs (catch), inputs (such as equipment restrictions, seasonal or spatial closures), or both. These controls are designed to limit catches to volumes that are economically and biologically sustainable and to allow any overfished stocks to rebuild. Aquaculture producers face challenges in identifying suitable sites for aquaculture enterprises and in meeting planning requirements.

The Australian Government is committed to delivering more fishing opportunities for recreational, commercial and Indigenous fishers. Since 2013, the government has committed over \$40 million to support initiatives to ensure a more competitive, productive and sustainable fisheries sector. Activities have included national recreational fishing surveys, and initiatives to reduce the regulatory burden on commercial fishers.

Communication between commercial, aquaculture, recreational and Indigenous fishing sectors has been improved through the establishment of the Australian Fisheries Ministers meeting, National Fishing Advisory Council and the National Recreational Fishing Council. These will assist the Australian Government to develop a National Fishing Plan and a Commonwealth Resource Sharing Framework to support harmonisation of fisheries management across the country. The government will also trial a mental health trusted advocate program for the fisheries sector.

7.6. Access to Agricultural and Veterinary Chemicals

Safe and effective agricultural and veterinary (agvet) chemical tools are essential to supporting the growth and viability of farm businesses in regional communities. Agvet chemicals achieve this through their ability to:

- improve productivity by protecting outputs against losses caused by pest and disease pressures and providing growth benefits



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- build resilience by supporting farm diversification, including to speciality and emerging industries.

The Australian Government committed \$14.3 million over six years from 2014–15 to the Improved Access to Agricultural and Veterinary Chemicals Initiative. This includes funding Assistance Grants—Access to Industry Priority Uses of Agvet Chemicals program. This program supports plant and animal sectors across established industries such as grains, dairy and pork as well as speciality and emerging industries such as jujubes, quinoa and turkeys.

The government's investment also supported the Australian Pesticides and Veterinary Medicines Authority (APVMA), the independent regulator of agvet chemicals, to establish a national list of crop groupings. This maximises the amount of uses to be attained for a chemical product using one dataset.

The Department of Agriculture is also working with the APVMA and other stakeholders to implement reforms to improve the efficiency of the agvet chemical regulatory framework, reduce costs, increase the speed with which farmers can get access to safe and effective chemicals and improve the governance of the APVMA. This is important, for example, for the many farmers who depend on chemical access to manage their commercial competitiveness, sustainability and farm gate returns.

Proposed new legislation, the Agricultural and Veterinary Chemicals Legislation Amendment (APVMA Board and Other Improvements) Bill 2019, was introduced to Parliament on 18 September 2019 to help deliver such reforms.

The Australian Government also recently announced a comprehensive independent review of the whole regulatory system from first-principles. An independent expert panel is due to deliver its report to the Minister for Agriculture by February 2021.

7.7. 2030 National Food and Fibre Plan

The Department of Agriculture is developing a 2030 National Food and Fibre Plan, expected to be finalised in mid-2020, consistent with the commitment made by the Prime Minister.

The Plan will set out Australian Government actions to enable the Australian agriculture industry's ambition to become a \$100 billion industry by 2030 (as articulated in the National Farmers' Federation 2030 Roadmap). This work is in its early stages, with views of government (including states and territories), industry and research organisations still being sought. The House of Representatives Standing Committee on Agriculture and Water Resources is simultaneously undertaking an inquiry into the opportunities and challenges of achieving a \$100 billion agriculture industry by 2030. This inquiry process adds a valuable source of information.

The \$100 billion goal is highly ambitious and will require faster improvements in productivity than have been achieved in the past two decades. It will also require efficient and expanded access to export markets, and responsiveness to emerging consumer preferences while maintaining our reputation for high quality and safe products. This will need to be underpinned by sustainable access to, and efficient use of, critical natural resources such as land and water in the face of anticipated changing climatic conditions.

Broader community issues including growing community understanding and acceptance of agriculture, particularly in the face of social licence issues; building a connected and appropriately



skilled agricultural labour force for the future, supported by relevant education opportunities and needed social infrastructure and services; the presence of allied industries and professional services; and, managing competing private and public resource demands are part of this picture.

The Department of Agriculture notes attaining this goal will require effort and ambition across producers, industry and all levels of government. It also notes the opportunities and challenges facing agriculture will vary across regions, affecting regional impacts and responses.

7.8. Modernising Agricultural Trade

A major contribution to achieving Australian agriculture's 2030 goal will need to come from exports, which already account for around 70 per cent of gross value of farm gate production, whether directly or as inputs to value added food products.

One measure that will assist is the \$32.4 million (2018–19 to 2021–22) Modernising Agricultural Trade package announced in the 2018–19 Mid-Year Economic and Fiscal Outlook. The program will deliver a range of measures to improve the environment for exporters and to increase the department's effectiveness as a regulator. Projects include:

- Improvements to existing systems to help exporters navigate the regulatory requirements of importing countries and expanding the electronic documentation system.
- Protecting Australia's clean, green brand through strengthening traceability arrangements.
- Rolling out a network of people to provide further assurance for grains and horticulture exporters in meeting their regulatory requirements.
- Exploring potential ICT system upgrades to improve the department's regulatory systems, including those used by exporters.

7.9. Drought

Droughts are part of Australia's landscape and managing drought is a feature of Australian agriculture. The National Drought Agreement provides a framework to enable consistency of drought policy and reform objectives between Commonwealth, state and territory governments. It describes how Commonwealth, state and territory governments will cooperate and collaborate on drought-related issues and outlines responsibilities when supporting farming businesses, farming families and farming communities. Through this coordination and collaboration, there are clear roles and responsibilities in delivering regional services in times of drought.

This level of coordination and clarity helps to reduce duplication and the administrative burden for both applicants and government and helps to improve delivery of regional services and programs. Improved coordination also supports better sharing of data and information. Having consistent and accurate data to underpin policy development provides confidence in business decision making.

The National Drought Agreement facilitates action that builds capability of farming businesses to better manage business risks and to implement sustainable and resilient risk management practices. Improving the capacity of farmers and regional communities to respond to the challenges of climate variability and climate change will enhance long-term preparedness, sustainability, resilience recovery and risk management for farming businesses in Australia.



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Action to provide an immediate and long-term response to drought is guided by the Australian Government's three part plan that focuses on tackling the most pressing issues facing those affected by drought.

Firstly, immediate action to support those affected right now by the drought conditions. There are a range of initiatives delivered or supported by the Department of Agriculture. These include:

- the Farm Household Allowance;
- additional Rural Financial Counselling services;
- immediate support through the Drought Community Support Initiative, mental health and well-being support;
- investments in water infrastructure to increase water security, including the National Water Infrastructure Development Fund and funding for emergency water infrastructure on farm;
- funding for wild dog fencing and other pest and weed removal in drought-affected areas;
- funding the National Farmers' Federation to deliver a one-stop-shop "FarmHub" website to ensure farmers facing hardship are able source support information easily;
- greater localised support for rural mental health services and community organisations;
- develop, improve and maintain the National Drought Map.

Secondly, support for the wider communities that depend on farmers for their livelihood and are doing it tough. The department delivers the Drought Communities Programme to support these communities.

Thirdly, initiatives to enhance long-term resilience and preparedness to withstand drought periods. The department is responsible for administering the Future Drought Fund and for the development of a long-term strategy for drought resilience and preparedness.

Future Drought Fund

The *Future Drought Fund Act 2019* passed the Parliament on 24 July 2019, establishing the Future Drought Fund (the Fund). The Fund will provide a permanent secure revenue stream. It will help build resilience to help farmers and communities prepare for inevitable future droughts.

The Fund begins with an initial credit of \$3.9 billion with earnings to be reinvested until the balance reaches \$5 billion (expected in 2028–29). From 1 July 2020, \$100 million will be available each year to support Australian farmers and communities to become more prepared for, and resilient to, the effects of drought.

The Fund will support initiatives that enhance the drought resilience of Australian farms and communities by becoming more prepared to respond to the impacts of drought. This includes investment in research and innovation, research extension, the adoption of new and existing technology, improved environmental and natural resource management, infrastructure and community initiatives. This will make agriculture more productive and profitable and enhance the wellbeing of our farming communities and the sustainability of Australia's farming sector.



7.10. Regional Investment Corporation

The Regional Investment Corporation's loan products encourage growth, investment and resilience in Australia's regional communities. The Regional Investment Corporation was established to administer the Commonwealth's farm business concessional loans (farm improvement loans and drought loans) and the National Water Infrastructure Loan Facility (NWILF).

The \$2 billion NWILF will assist the development of critical water infrastructure in regional economies and communities across Australia. Loans are provided to state and territory governments to incentivise them to build the right water infrastructure in the right place to secure Australia's water supply into the 21st century.

7.11. Northern Queensland Flood Recovery

Just as droughts are part of Australia's landscape, other climatic challenges also impact regional Australia.

In response to the catastrophic nature of the North and Far North Queensland Monsoon Trough, 25 January–14 February 2019, the Australian Government funded a range of programs to support the recovery of primary producers in the region.

Specifically for the agriculture sector, the Australian and Queensland governments have funded grants, loans and a beef industry recovery package under the Disaster Recovery Funding Arrangements. The Australian Government also committed \$300 million to a restocking, replanting and on-farm infrastructure grants program, now being administered by the Queensland government. The Australian Government has also established a concessional loans product, administered by the Regional Investment Corporation, to help flood-affected farmers.

The North Queensland Livestock Industry Recovery Agency has been established in the Prime Minister and Cabinet portfolio to provide strategic leadership and coordination for the Australian Government's recovery and reconstruction activities.

The efforts following the Queensland floods are a good example of levels of governments working together in a joined up way to achieve outcomes in regional Australia.

7.12. Investment in rural industries

The Australian Government is helping to strengthen rural communities and industries through a range of measures including co-investment in rural research and development, assessing agriculture workforce requirements and revitalising regional agricultural shows.

Innovation

The future productivity of Australia's agricultural sector is heavily dependent on the success of the agricultural innovation system. Investment in rural research and development (R&D) by the Australian Government assists established agricultural industries to remain competitive and helps foster emerging industries. The Australian Government invests around \$1.1 billion a year in rural R&D through the Rural Research and Development Corporations (RDCs), Cooperative Research Centres, the CSIRO, universities, R&D Tax Incentive and other programs.



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Australia's RDCs are the main way the Australian Government co-invests with industry in research and development for industry and community benefits. There are currently 15 RDCs; five Commonwealth statutory bodies and 10 industry-owned companies.

RDC modernisation

Agriculture in the 21st century will be even more science led and innovative ways of working are required to meet the challenges facing the sector. It is critical that the RDC system is set up to support the next wave of innovation that will support farmers, and regional areas, stay at the forefront of agriculture internationally. The Hon. Minister McKenzie, Minister for Agriculture has released a discussion paper seeking input on how best to improve and modernise the rural Research and Development Corporation (RDC) system to ensure it is delivering maximum benefits for levy payers and the tax payer.

Innovation is a critical driver of agricultural productivity. Improving the agricultural innovation system is one part of the Department of Agriculture's activities to support reaching the goal of \$100 billion in annual gross value production by 2030.

R&D for profit program

The rural R&D for Profit program administered by the Department of Agriculture provides funding to rural RDCs for collaborative research to improve productivity and profitability at the farm gate. The focus is on applied research, with an emphasis on making research outcomes accessible for farmers and establishing strong collaborations across industry and research. Total grant funding of \$154.4 million has been allocated over the eight years of the program, which ends on 30 June 2022.

Regional Agricultural Workforce

The Australian Government is implementing a National Agricultural Workforce Strategy to assess current and expected agriculture industry workforce and skill needs, the effectiveness of existing arrangements and what further actions might be required. The department has begun reviewing the role of agricultural education in meeting Australia's current and future workforce needs in food and fibre industries.

The Department of Agriculture works with other government agencies on agricultural workforce matters, implementing measures to help farmers access the seasonal labour they need for their regionally based businesses.

Education and Safety Programs

The Department of Agriculture is delivering a program to educate schoolchildren about the importance of agriculture by taking students to farms and establishing 'mini farms' in city schools.

Design of the National Farm Safety Education Fund is also underway. The fund will promote and support activities relating to on-farm safety in the agriculture, forestry and fisheries sectors, including campaigns specifically targeted for, and to, children, on dam and farm machinery safety.



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Regional Agricultural Show Development Grants

The Regional Agricultural Show Development Grants program was launched by the Prime Minister at the Burnie Show in Tasmania on 4 October 2019. This program will provide \$20 million over two years from 2019–20 to upgrade, maintain, purchase and build new showground infrastructure and attractions in regional areas. The program's aim is to help keep agricultural shows running, to bring communities together, and to bridge the divide between country and city.

7.13. Supporting Farm Households and Businesses

The Australian Government provides income support for farmers in hardship and provides a range of taxation measures and low interest loan products to assist farm businesses even out fluctuations in income and strengthen business resilience. While these measure are designed to assist individual farmers, having profitable and economically viable farm businesses have flow on benefits to regional Australia.

Farm Household Allowance

Farm Household Allowance (FHA) is a package of assistance that is available for farmers or partners of farmers who are doing it tough, including in times of drought. FHA gives farmers breathing space and support to make long-term decisions about their business. In addition to a fortnightly payment, there is up to \$1,500 available for a professional financial assessment of the business, up to \$4,000 to each recipient for advice and training, as well as other payments usually available to social security recipients. More than 12,700 farmers and their partners have accessed the program since the program began in July 2014 (as at 4 October 2019).

An independent review of the FHA was released in May 2019. The Australian Government responded to the recommendations on 27 September 2019, including a radical simplification of the application process and changes to key policy settings.

Farm Management Deposits Scheme

The farm management deposits scheme is a risk-management tool to help primary producers deal with uneven cash flows. The scheme allows eligible farmers to deposit up to \$800,000 in pre-tax income from primary production in years of high income, which can be drawn on in future years. Farm management deposits can be used as offsets against a farmer's mortgage in certain circumstances. These ongoing initiatives contribute further to resilient regions.

Low-interest loans: Regional Investment Corporation

Farmers can apply for farm investment loans and drought loans to finance needs such as purchasing feed and fodder.

Accelerated depreciation for fodder and water infrastructure: Australian Taxation Office

Accelerated depreciation arrangements for new water and fodder infrastructure and fencing are available to help farmers prepare for drought, assist with their cash flow and encourage on-farm investment.



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Income tax averaging: Australian Taxation Office

Income tax averaging allows farmers to even out their high and low income years and the tax payable over a maximum of five years, ensuring that they do not pay more tax over a number of years than taxpayers on comparable but steady incomes.

Recognising that business circumstances change over time, farmers can resume income tax averaging 10 years after they opted out. For example, farmers who opted out of income tax averaging in 2006–07 can resume income tax averaging for the 2017–18 financial year if their 2017–18 taxable primary production income is greater than the previous year.
