



The Coalition's Policy for a Competitive Agriculture Sector

August 2013

Key Points

The Coalition supports a vibrant, innovative and competitive agriculture sector.

To ensure the agriculture sector remains a significant contributor to both the national economy and local communities, we will commission a White Paper on agriculture. The White Paper will set out a clear, well-defined and transparent strategic approach to promote more investment and jobs growth in the agriculture sector.

The Coalition will ensure Australia's food security by creating a stronger and more competitive agriculture sector.

We will provide \$100 million in additional funding for Rural Research and Development Corporations so that they have greater capacity to deliver cutting edge technology, continue applied research, and focus on collaborative innovation.

To support export growth, we will commit \$15 million to provide rebates to small exporters for Export Certification registration costs.

The Coalition will strengthen Australia's biosecurity and quarantine capabilities with an investment of an additional \$20 million in three key areas:

- establishing a Biosecurity Flying Squad as a first response unit for urgent biosecurity issues;
- strengthening biosecurity and quarantine containment; and
- focussing on import risk analysis and quarantine arrangements that better integrate science in quarantine decisions and minimise the risk of exotic pest and disease incursions.

The Coalition will refocus the Department of Agriculture, Forestry and Fisheries on promoting jobs and investment in the agriculture sector.

We will resolve Labor's failed attempt to improve chemical registration by reforming agriculture and veterinary chemicals legislation to improve efficiencies.

We will engage with the sector to better understand how to reinvigorate agriculture and build farm and agribusiness profitability.

The Coalition will also enhance consultation with the agriculture sector by establishing an industry advisory council that will meet with the Minister at least twice a year.



Introduction

Agriculture is a vital part of the Australian economy.

As the Australian Bureau of Statistics observes:

“Australia’s agriculture sector continues to be a significant contributor to our economy...The farming sector helps connect all Australians, both urban and rural, through what it does and what it provides. Farming has helped shape our nation – it is embedded into our daily life, is a major contributor to our economy and will help sustain our population and those of our export partners in the years to come.”¹

The agriculture sector provides jobs for 370,000 Australians and generates \$43 billion in gross value each year. Some of our largest exports are in the agriculture sector – we export more than \$6 billion worth of wheat, \$4.6 billion of beef and nearly \$3 billion in wool every year.

Australia should be a leading agricultural producer and exporter.

Australian farmers and primary producers are among the most innovative in the world.

Despite challenging environmental conditions and competition from overseas, local farmers have continuously improved both the quality and quantity of their produce.

A vibrant, innovative and competitive agriculture sector is good for Australia. If our agriculture sector is productive and competitive, there will be more jobs, more investment and stronger regional communities.

The Coalition believes agriculture has a prime place in our nation’s future.

But as a nation we must do more to encourage investment and job creation in agriculture and to boost the competitiveness of the sector.

An ambitious plan for the agriculture sector can have important implications for our country. Investments in dams and infrastructure in Northern Australia, for example, could open millions of hectares for agriculture and double Australia’s food production by 2050.

Agriculture can provide more jobs, more investment, better serviced communities and enhanced food security for our nation.

¹ Australian Bureau of Statistics (2012) *2012 Australia Year Book*, p.34.



The Plan

1. An Agriculture White Paper

The Coalition will commission a White Paper on the competitiveness of the agriculture sector.

The White Paper will develop recommendations for boosting agriculture's contribution to economic growth, export and trade, innovation and productivity by building capacity and enhancing the profitability of the sector.

Our agriculture White Paper will consider:

- Australia's food security;
- the competitiveness of the Australian agriculture sector, including consideration of the competitiveness of supply and value chains in the sector;
- the contribution of agriculture to regional centres and communities, including ways to boost investment and jobs growth in the sector and associated regional areas;
- the efficiency and competitiveness of inputs to the agriculture value chain – including consideration of adequate skills training and education – and of infrastructure and supply chains necessary for the export of agricultural products;
- the effectiveness of regulations affecting the agriculture sector, including the extent to which regulations promote or retard competition, investment and private sector-led growth in the sector;
- opportunities for enhancing agricultural exports and new market access; and
- the effectiveness and economic benefits of existing incentives for investment and jobs creation in the agriculture sector.

The Coalition's White Paper on agriculture will provide the basis for longer term policies to promote investment and jobs growth in the agriculture sector.

The White Paper will be conducted by the Department of Prime Minister and Cabinet and will report within 12 months.

Our White Paper will also provide a clear, well-defined and transparent strategic approach to ensure the agriculture sector remains a significant contributor to the Australian economy and local communities.



2. Research and Development for Profit

The Coalition will invest \$100 million in additional funding for Rural Research and Development Corporations.

There are 15 Rural Research and Development Corporations. According to the Australian Government:

“The Rural Research and Development Corporation model of joint industry and government funding has been a vital element in the success of Australia’s R&D effort. In the agriculture, fisheries and forestry sector, R&D has helped Australian agriculture double its productivity over the past 25 years.”²

The Coalition’s funding boost will enable Rural Research and Development Corporations to better deliver cutting edge technology, continue applied research, and focus on collaborative innovation and extension.

Funding will be allocated to specific projects that openly enhance agricultural profitability, level out competition and better leverage coordination and cooperation between stakeholders. In conjunction with increased investment, the Coalition will work with research and development organisations and levy payers to improve the collaboration on research and to provide even better returns on investment.

It is widely recognised that research and development investment returns far outweigh the costs. However, productivity in the agriculture sector has recently levelled out after years of growth. Increasing cost pressures on farmers – particularly in relation to labour, energy and fertilisers – are threatening the viability of traditionally profitable farms.

Research and development is critical for the increased production of safe, nutritious food to meet our national and global food and fibre needs.

3. Cutting the Cost of Red and Green Tape by \$1 Billion a Year

The Coalition will ease the burden imposed on the Australian economy and the agriculture sector by reducing red and green tape costs on business by at least \$1 billion per year.

Excessive regulation stifles our economic prospects and hinders Australia’s businesses and community organisations.

The Coalition will implement a genuine deregulation reform agenda so that industry can create more jobs and opportunities for all Australians.

² Council of Rural Research and Development Corporations, <http://www.ruralrdc.com.au/Page/Home.aspx>



These measures include:

- an audit of all red and green tape in the agricultural sectors at Local, State and Federal levels;
- repealing Labor's carbon tax;
- improving the performance efficiency and reducing unnecessary red tape in export certification, Australian Pesticides and Veterinary Medicines Authority chemical registration, and the Live Export Supply Chain Assurances Scheme;
- establishing a one-stop shop for environmental approvals;
- dedicated parliamentary sitting days for the repeal of legislation; and
- introducing mandatory Regulatory Impact Statements for Cabinet consideration.

As part of our Deregulation Agenda, the Coalition will take immediate action to reduce the red and green tape burden, lifting productivity and profitability across all sectors of the economy, including agriculture.

4. Market Access Policy

The Coalition will commit \$15 million over four years to support small exporters.

Our commitment will provide rebates to small exporters for Export Certification registration costs.

The 40 per cent rebate on export certification that the Department funded under the Howard Government was abolished by Labor.

Australia exports approximately two-thirds of its agricultural products. Creating new export market opportunities is critical in achieving a profitable agricultural sector.

It will be a priority of the Coalition to work with industry to improve market access conditions and increase the flow of two way trade.

The Coalition will work to simplify trade arrangements with all countries, remove prohibitive tariffs and prioritise trade deals that deliver benefits for industry. We will rebuild our international reputation and strengthen our relationships with trading partners. The Coalition will commit to structured and regular agriculture trade missions assisting the sector to gain market entry in the region.

To repair trading relations with Indonesia, the Coalition will:

- initiate regular meetings accompanied by experience exporters to rebuild our relationship damaged under the Rudd-Gillard Government;



- work to simplify and harmonise export protocols to cut red tape for our producers exporting to multiple markets; and
- initiate an Indo-Pacific business exchange programme to exchange expertise and experience on alternative agriculture, agribusiness, biosecurity systems and culture with the aim to build strong two way trade relationships.

5. Finalise Free Trade Agreement Negotiations

The Coalition is committed to high-quality, comprehensive free trade agreements that produce tangible benefits for the Australian people.

The current impasse in the Doha Round of WTO negotiations increases the need for Australia to pursue bilateral agreements that expand trade and investment opportunities for Australian businesses.

The Coalition through the Trade Minister will take a pragmatic approach to trade negotiations and will consult widely with industry bodies and associations to ensure that stakeholder priorities are taken into account.

This includes remaining open to utilising investor-state dispute settlement clauses as part of Australia's negotiating position.

We will devote increased resources from within the Department of Foreign Affairs and Trade to fast track the conclusion of free trade agreements with China, South Korea, Japan, India, the Gulf Cooperation Council and Indonesia.

We will also explore the feasibility of free trade agreements with other trading partners including the European Union, Brazil, Hong Kong, Papua New Guinea, South Africa and Taiwan.

6. Stronger Biosecurity and Quarantine

The Coalition will strengthen Australia's biosecurity and quarantine capabilities with an investment of an additional \$20 million in three key areas:

- establishing a Biosecurity Flying Squad as a first response unit for urgent biosecurity issues;
- strengthening biosecurity and quarantine containment; and
- focussing on import risk analysis and quarantine arrangements that better integrate science in quarantine decisions to minimise the risk of exotic pest and disease incursions.



Maintaining our clean, green, disease-free status is vital to the future of agricultural production in Australia. A biosecurity and quarantine system that underpins produce quality and our ability to market this premium produce is integral to a profitable agriculture sector.

The *Quarantine Act* enabled effective management of biosecurity risks in the past, but under Labor has proved that unless government is strongly committed to biosecurity these complex arrangements may result in less than adequate outcomes.

Failure to contain the Myrtle Rust and Asian Bee outbreaks and inadequate consideration of the science underpinning the import risk analyses for potatoes and ginger have highlighted major flaws in Labor's policy and heightened industry concerns.

An outbreak of an imported disease has the potential to wipe out entire agricultural industries leading to the loss of billions of dollars of income and thousands of jobs, with flow on impacts to public health and environmental biodiversity.

The Coalition is committed to working with industry to ensure that we once again have a world leading biosecurity and quarantine system.

a. A 'Biosecurity Flying Squad'

The Biosecurity Flying Squad will have access to leading experts to provide the technical advice for identifying and addressing urgent biosecurity or quarantine issues.

The Squad will be deployed as a first response unit to identify, contain outbreaks and gather vital technical data to assess and inform governments on the best course of action to be taken.

The Coalition will work closely with industry to ensure resources and processes are available to combat incursions. This Squad would also be available to travel overseas to address issues of biosecurity or market access, particularly in relation to Australian produce.

b. Biosecurity and quarantine containment

The Coalition will also create a first response biosecurity and quarantine containment fund.

The fund will provide the Squad with immediate resources for tackling alien pest and disease incursions while a National Management Group meets and agrees on the action to be taken under the relevant Emergency Plant and Animal, Pest and Disease Response Deeds. This will ensure eradication is not inhibited by the decision making process.



c. Import Risk Analysis

The Coalition will develop a robust import risk analysis process building on the existing framework.

An import risk analysis is required where there is either no existing quarantine policy or a significant change in existing quarantine policy has to be considered. An import risk analysis identifies and classifies potential quarantine risks and develops robust management policies.

There has been considerable concern within industry that an increase in the numbers of import risk analyses being undertaken, with limited resources, is reducing the rigor of the procedure.

The Coalition will review the workload, prioritise requests and reconsider the import risk analysis process. This will ensure robust arrangements are in place to minimise the risk of exotic pest and disease incursions.

7. Department of Agriculture, Forestry and Fisheries Refocusing

The Coalition will refocus the Department of Agriculture, Forestry and Fisheries with an emphasis on promoting jobs and investment in the agriculture sector and the profitability of that sector.

The Department will focus on supporting our agricultural businesses by developing strategic long term policies and tactical plans for the expansion of Australia's food production.

The Department will rebuild the relationships with stakeholders and trading partners, especially in relation to the live export trade and fishing and forestry sectors, that have been neglected by Labor.

The Department will be primarily tasked with:

- working with industry and State Governments to make the Farm Finance package more flexible by considering contestable arrangements for the delivery of the package to make it more cost effective;
- reviewing in consultation with industry whether current guidelines relating to both drought preparedness and in event drought measures are adequate;
- expanding the guidelines of the Caring for Our Country Landcare programme to better enable feral animal and weed control projects and provide strong links to the Coalition's 'Green Army' policy which will provide logistic and labour support to deliver the initiatives;



- expanding the guidelines of the Caring for Our Country Landcare programme to allow for projects to manage wild dogs;
- reviewing the ABS agricultural statistics and ABARE's functions to both consider improvements to support profitability of the sector; and
- reviewing cost recovery services to examine where contestability can improve the efficiency of service delivery.

We will also provide \$2.2 million over two years, which was cut by Labor, to fund native title respondent costs. This will allow fair and equitable finalisation of existing native title claims.

8. Safe and Efficient Chemical Registration

The Coalition will resolve Labor's failed attempt to improve chemical registration through reform of the agriculture and veterinary chemicals legislation to improve efficiencies.

As part of our \$1 billion annual reduction in red tape costs, we will:

- reform the Australian Pesticides and Veterinary Medicines Authority through legislative improvements, removing reregistration which duplicates red tape and working with industry to identify and implement further improvements;
- concentrate on real efficiencies that allow the Australian Pesticides and Veterinary Medicines Authority to fast-track the registration of new chemistries and the review of new risks on registered chemicals; and
- examine the role and efficiency of the Australian Pesticides and Veterinary Medicines Authority by introducing contestability for certain elements of their work and better utilising international literature from approved countries to improve the registration process.

The Coalition will improve access to minor use chemicals for farmers by providing \$8 million to the Australian Pesticides and Veterinary Medicines Authority allowing a greater number of these chemicals to be registered.

Australian farmers' access to new and safer crop protectants often lags years behind many of our major international competitors, such as New Zealand.

In addition, there are many situations where a chemical product is necessary but the overall market is small or unknown and therefore not of economic interest to the registrant. These are called 'minor use chemicals.'

The new Labor legislation for the chemical regulator ignored stakeholder concerns and added more red tape by adding a reregistration system. It will lead to a significant increase



in unnecessary regulation, an increase in the cost of chemical registration by one third and adds another layer of red tape.

The new reregistration system will make the minor use issue worse as many safe, cheaper off patent chemicals will not be reregistered because it will not be economical to do so.

9. Agriculture in Education

The Coalition will commit \$2 million for a new programme help teachers better understand the products and processes associated with food and fibre production.

Children need balanced information on farming so they can appreciate where food and fibre comes from and its importance for a growing world population. It will also encourage greater participation in tertiary education and careers in agriculture.

As part of this programme, information resources will be provided through a central website. Teachers will be able to participate in workshops to learn how these digital resources can be used in the classroom and linked to key parts of the curriculum. We believe this programme will assist teachers to effectively engage primary and secondary students in this area, and encourage students to continue study in this area later in life.

A national schools survey by the Kondinin group found that 88 per cent of children had never visited a farm and 73 per cent did not know a farmer.

The Coalition also commits to include students undertaking agricultural and horticultural apprenticeships on the National Skills Needs List. This will ensure that the students then have access to incentive programmes that encourage apprenticeships in skills shortage occupations.

10. Consultation with Farmers and Primary Producers

The Coalition has reprioritised agriculture as one of the 5 pillars of the economy under an elected Coalition government. We will focus on reinvigorating agriculture and building farm and agribusiness profitability.

Australian farmers and primary producers are among the most innovative in the world. Despite challenging environmental conditions and competition from subsidised overseas goods, local farmers have continuously improved both the quality and quantity of their produce. However, there is still considerable room to improve and expand our production and profitability.



The Coalition will be highly consultative with stakeholders within the sector. Specifically, we will engage with a broad cross-section of industry participants to explore areas such as:

- the outlook for Australia's agriculture and trade sectors;
- farm performance, productivity and future directions in trade policy;
- increasing agricultural efficiency and barriers for efficiency improvements;
- initiatives to foster investment, growth and sustainability of Australian agribusinesses;
- agricultural and horticultural export challenges and opportunities for Australian agribusinesses in our mature and emerging global markets;
- infrastructure priorities for continued growth; and
- strategic priorities and long term planning for research and development investments.

11. Greater Industry Advice and Consultation

The Coalition will establish an industry advisory council for the agriculture sector. The council will be co-chaired by a respected industry expert and leader, as well as by the Minister for Agriculture, Fisheries and Forestry.

The advisory council will provide informative consultation and recommendations on proposed legislation or policies affecting the agriculture sector. It will convene at least once every six months and the Minister will attend at least two meetings of the council each year.

The Coalition is committed to informed, consultative decision-making. We will be a government that stands by our decisions – there will be no surprises and no broken promises.



12. Abolish the Carbon Tax

The Coalition will act immediately to rescind Labor's carbon tax.

This job-destroying tax is damaging for Australia's manufacturers and processors, many of whom are under severe pressure from overseas competitors who do not have to pay the tax.

It is implausible to suggest that the carbon tax benefits Australian industry. It is a massive cost on industry – a cost not borne by any of our international competitors. The carbon tax is a reverse tariff that destroys the competitiveness of Australian industry and costs Australian jobs.

The Government's own modelling shows that manufacturing output will be lower due to the carbon tax. The carbon tax has already led to:

- a \$9 billion a year additional tax on industry and households;
- a 10 per cent hike in electricity bills in the first year alone;
- a nine per cent hike in gas bills in the first year alone; and
- higher marginal tax rates for low and middle income earners.

The carbon tax has also contributed to a record number of manufacturing job losses and is actually increasing emissions in the process.

In 2011, a Senate Committee, based on Treasury modelling, concluded that the carbon tax would cut national income by \$1 trillion by 2050 – an average of over \$40,000 per person in today's dollars.

On the Government's own figures, the carbon tax will see a 61 per cent decimation of aluminium production in Australia, a 44 per cent cut to alumina production, and a 21 per cent decline in iron and steel production.

The Coalition is determined to unshackle Australian industry and households from the carbon tax that unnecessarily increases costs for businesses and families.

13. Lowering Company Tax

We will cut the company tax rate by 1.5 per cent, which will see Australian agribusinesses and other companies paying a new lower rate of 28.5 per cent from 1 July 2015.

By cutting corporate taxes we will make Australian jobs more secure, boost real wage growth and make our economy stronger.



As former Treasury Secretary and personal adviser to Prime Minister Julia Gillard, Ken Henry, said at the Government's own Tax Forum in late 2011:

*"...if the company income tax were to be cut, the principal beneficiaries would be workers."*³

A competitive corporate tax rate is also essential to ensure ongoing investment in our economy and especially for our manufacturing industry.

According to the Government's own Business Tax Working Group, a one percentage point reduction in the company tax rate would have the following effects in the long run:

- GDP up 0.2 per cent (around \$3 billion a year);
- wages up 0.2 per cent; and
- employment up 0.1 per cent (over 10,000 jobs based on the current labour force).

The Australia's Future Tax System Review (the 'Henry Review') concluded that:

*"...company tax rates matter for investment decisions, particularly investments for which location is not critical, and decisions by firms about where to declare profits and pay tax..."*⁴

Cutting company tax is a key part of helping Australian workers and easing cost-of-living pressures on Australian families, since it will flow through to better wages for employees of Australia's 750,000 companies, better returns for shareholders and lower prices.

Our company tax cut will also contribute to making Australia a much more attractive centre for investment in agriculture.

³ Ken Henry, Comment on Day 1 of Tax Forum, 4 October 2011, Parliament House; see The Australian, 'Cut Company Rate to Aid Workers, Henry Urges,' 5 October 2011.

⁴ Australia's Future Tax System, December 2009, p. 8.



The Choice

Labor has inflicted six long years of neglect and anti-agricultural policies on Australian farmers to appease the Greens.

Since 2007, Labor's funding towards Australian agriculture has been slashed from \$3.8 billion to \$1.7 billion.

The live exports ban by the Labor Government in June 2011 devastated the Northern Australian cattle industry and had a widespread and ongoing impact on producers, communities and cattle markets. Australia's relationship with Indonesia has been severely damaged and remains unresolved.

The same Labor Government that heralded the Asian Century as the solution for Australian agriculture also has created sovereign risk for our major trade partners by cancelling contract and trade deals.

The introduction of the carbon tax in July 2012 increased costs for the agriculture sector, both directly and indirectly, including:

- cold storage businesses;
- wineries;
- abattoirs;
- rice farms;
- grain processors;
- horticultural farms;
- sheep and dairy farms; and
- grain farms.

Under Labor the Department of Agriculture's primary mission statement was removed and chief agricultural scientist positions were abolished, undermining the Department's ability to deliver services to the agriculture sector.

Cost

The Coalition will invest \$147 million to support a vibrant, innovative and competitive agricultural sector.



Hope.
Reward.
Opportunity.



THE NATIONALS *for Regional Australia*

For further details of the Coalition's Plan go to
www.realsolutions.org.au