



Australian Government

Department of Agriculture, Fisheries and Forestry

AUSTRALIAN GOVERNMENT RESPONSE

To the Agriculture and Food
Policy Reference Group Report,
*Creating our Future:
Agriculture and Food Policy
for the Next Generation*

OCTOBER 2006



DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY



Australian Government

Department of Agriculture, Fisheries and Forestry

AUSTRALIAN GOVERNMENT RESPONSE

**To the Agriculture and Food
Policy Reference Group Report,
*Creating our Future:
Agriculture and Food Policy
for the Next Generation***

OCTOBER 2006

TABLE OF CONTENTS

Overview	1
Responses to the recommendations	5
Winning in international markets	5
Market dynamics and supply chains	8
Research, development and innovation	10
Biotechnology	13
Education, skills and labour supply	15
The regulatory environment for food	18
Infrastructure	20
Biosecurity and quarantine	22
Design and delivery of resource management programmes	24
Environmental services on private land	25
Making the most of scarce water resources	27
Agriculture and food in the community	28
Government and the rural sector	30
Climate change	32

OVERVIEW

The Australian Government welcomes the recommendations of the Agriculture and Food Policy Reference Group in its report, *Creating our Future: Agriculture and Food Policy for the Next Generation* (the Corish Report).

The Corish Report is a landmark document examining the responsibilities of governments and industry in taking future action to enhance the sustainability, competitiveness and profitability of the agriculture and food sector.

Our agriculture and food sector contributes enormously to Australia's economic and social prosperity, particularly in our rural and regional communities. Agriculture and food account for a significant share of Australia's merchandise exports (averaging around 20 per cent of the total over the past five years), and have long maintained a significant trade surplus. In 2005, eight of Australia's top twenty merchandise exports were from the agriculture and food sector (beef and veal, wheat, wine, wool, other meat, dairy, sugar and cotton), each of them worth over \$1 billion. Australia's exports of agrifood in 2005 were worth close to \$24 billion. In addition, the productivity growth of rural industries is impressive, with agricultural productivity increases, on average, of 2.3 per cent, each year for the past 30 years. Rural industries are also significant employers, with 386,000 employees in agriculture and 187,000 food processing employees, most located in rural and regional Australia.

While there are numerous reasons to be optimistic about the future of the agriculture and food sector, industries also need to grow and adapt in a challenging and changing environment. Increased competition in domestic and international markets has already driven productivity improvements and encouraged further innovation. This must continue. Climatic and environmental factors will remain key business risks, so our industries must be adaptable, diverse and resilient. Governments and industries must adopt the genuinely cooperative and consistent approach recommended in the Corish Report if we are to prolong the success of our industries into the future.

The Corish Report outlined a number of foundations for success for agricultural and food industries.

- A stronger emphasis on innovation in production and marketing, underpinned by leading edge research and development is fundamental to longer term business success.
- Sound macroeconomic and microeconomic policies, supported by substantial ongoing investment in infrastructure, will be vital to a low cost, globally competitive sector.
- A whole of chain, paddock to plate approach is needed to service consumer requirements efficiently and effectively.
- Policies must focus on achieving greater self reliance of business operators.
- The regulatory burden facing businesses must be reduced.
- Relevant information must be communicated in a clearer, more timely, accessible and accurate manner.

- A partnership approach between businesses and governments will bring the best longer term improvements in the sector's viability and sustainability.
- A genuinely cooperative and consistent approach by governments — Australian, state and territory — is essential for policies and programs affecting the sector.

The Government agrees that these are fundamental to the future prosperity of the agriculture and food sector. In response, the Government will:

- continue to provide sound macroeconomic and microeconomic policies and be fiscally responsible;
- value the role of the agriculture, fisheries, forestry and food sector in the economy, and in particular its strong contribution to the economic, social and environmental health of rural and regional communities;
- seek to promote the profitability and competitiveness of the farming, fishing, forestry and food sector by reducing unnecessary regulatory impediments along the supply chain and enabling the sector to capture opportunities for growth;
- aim to facilitate self reliance by helping to equip the agriculture, fisheries and forestry sector with knowledge, skills and opportunities;
- continue working to reduce international trade distortions and improve market access for Australian exporters;
- work in partnership with industries to continue to encourage innovation, research and development and ongoing productivity improvements that underpin success;
- with industries and the community, work cooperatively to maintain the sustainable natural resource base that is critical to the future of all Australians;
- continue to work with other governments and industries to maintain Australia's favourable pest and disease status; and
- provide help for primary producers and industries, in partnership, to manage change, and, consistent with broader community obligations, in times of genuine crisis, provide a welfare safety net.

These principles will underpin the Government's consideration of policies and programmes for rural and food industries and primary producers.

The Government's response to the individual recommendations in the Corish Report is detailed in the following pages.

A Comprehensive Statement in 2007

The Government intends to release a statement in 2007 to build on this initial response to the Corish Report. The 2007 Statement will cover the Government's policy and programme directions in a holistic way. It will include an examination of issues within and beyond the scope of the Corish Report affecting the agriculture, fisheries, forestry and food sector. Importantly, the statement will also include outcomes of current evaluations of key portfolio funding programmes.

Immediate Actions

As a demonstration of its intention to act on Corish Report recommendations, the Government will:

- evaluate the portfolio's cornerstone rural policy package Agriculture Advancing Australia;
- build on the success of the Natural Heritage Trust and National Action Plan for Salinity and Water Quality through continuing support beyond 2008; and
- conduct a review into aspects of food regulation, with a view to reducing unnecessary red tape for agriculture and food businesses.

The Government expects to make further announcements on these and other policies and programmes as part of the 2007 Statement.

Agriculture Advancing Australia

The Corish Report made a number of recommendations relevant to the Government's cornerstone rural policy package, Agriculture Advancing Australia (AAA), many of which are noted in the Government's response. The Corish Report indicates that, in general terms, the AAA has been successful in achieving its objectives but refinements are necessary.

The Government is currently evaluating the AAA package to make sure that AAA programmes remain relevant and continue to help rural industries and producers adapt to changing circumstances.

Natural resource management programmes

The Corish Report made a number of recommendations relating to the future directions of the Natural Heritage Trust (NHT) and National Action Plan for Salinity and Water Quality (NAP).

The Government will continue its commitment, currently delivered through the NHT and NAP, to conserve and restore biodiversity, increase land managers' capacity to maintain and improve the productivity, profitability and sustainability of the resource base and to support community capacity to deal with natural resource management matters.

The ongoing success of these important programmes will depend on state and territory governments also making significant investments.

Food regulation

The Corish Report made a number of recommendations about the food regulatory system. The Government considers these issues are particularly important given their impacts on the competitiveness of rural industries, and the need to balance them with human health and safety concerns.

The Government is undertaking public review of the food regulatory system. This review will address the Corish Report recommendations by examining food regulation governance arrangements, inconsistent implementation and enforcement of standards and outstanding recommendations from the Blair review, including those relating to

the *Trade Practices Act 1974*. It is intended that the findings of the independent public review would be reported to COAG.

Rethinking Regulation: Report of the Taskforce on Reducing Regulatory Burdens on Business (the Banks Report), released on 7 April 2006, contains seven recommendations relating to potential reduction in red tape in food regulation. In its response to the Banks Report, the Australian Government announced it would implement Recommendation 4.49, which states that the Australian Government should commission an independent public review to examine:

- implementing outstanding recommendations from the Blair Review on the consistent application of food laws;
- aligning levels of enforcement (including penalties) across jurisdictions; and
- the role of the Australian Government in the food regulatory system, including whether it could play a greater role in enforcing standards.

Background

The Government commissioned the Agriculture and Food Policy Reference Group (chaired by then National Farmers' Federation President, Peter Corish) to report on future directions in Government policies and programmes affecting the agriculture and food sector. The Group was tasked with developing broad recommendations to improve the profitability, competitiveness and sustainability of the Australian food and agriculture sector.

The report of the Agriculture and Food Policy Reference Group was released on 16 February 2006. The Corish Report is available to download from http://www.agfoodgroup.gov.au/next_generation.html.

RESPONSES TO THE RECOMMENDATIONS

1. WINNING IN INTERNATIONAL MARKETS

Because expanded trade access to global markets is crucial to the future of Australia's agriculture and food sector, the Australian Government must:

- a) maintain an ambitious approach to agricultural negotiations in the World Trade Organization, placing particular emphasis on removing market access barriers
- b) strengthen and, where necessary, realign its strategic alliances, to advance the national interest in future multilateral negotiations on agriculture
- c) continue to pursue bilateral and regional free trade agreements, provided they complement and are not a substitute for multilateral trade reform
- d) do more to tackle technical barriers to trade, including in new and emerging markets
- e) continue unilateral reform across all sectors of the domestic economy and remain at the forefront of international advocacy for agricultural trade liberalisation
- f) in partnership with representative organisations, work to create a better understanding among farmers and the broader community of the benefits of international trade reform.

GOVERNMENT RESPONSE

Recommendation 1(a)

Agree.

The Doha Round, despite its recent suspension, remains the Australian Government's highest priority in international trade negotiations. The Government will work toward re-engagement in negotiations. It will pursue vigorously substantial reductions in trade distorting domestic support, expansion of market access and the elimination of export subsidies through the World Trade Organization's agriculture negotiations. Australia accords extremely high priority to delivering new commercial opportunities to Australian farmers through the Doha negotiations.

Recommendation 1(b)

Agree.

The Australian Government has built and maintained strong alliances in multilateral agricultural trade negotiations, particularly through Australia's chairing of the Cairns Group and membership of the G6 (comprising the United States, the European Union, Japan, India, Brazil and Australia). Regular cooperation through other like-minded groups, such as the G20, has been valuable in advancing Australia's position in trade negotiations. Australia has been a key participant in trade negotiations and will continue to advocate the importance of small group processes working to raise the level of ambition in the negotiations. Industry will also need to remain active in building and maintaining strategic links with other agricultural groups to advance

Australia's interests, such as through the Cairns Group Farm Leaders, Global Sugar Alliance, Global Dairy Alliance, and other trade reform oriented industry alliances.

Recommendation 1(c)

Agree.

The Government's pursuit of free trade agreements (FTAs) is part of its comprehensive strategy for expanding markets for Australian goods and services through multilateral, regional and bilateral negotiations.

In addition to bilateral FTAs that have come into effect with New Zealand (from 1983), Singapore (2003), Thailand (2005), and the United States (2005), Australia is negotiating further bilateral or regional FTAs with China, Malaysia, and ASEAN-New Zealand, as well as conducting an FTA feasibility study with Japan. The Government is also giving consideration to an FTA with the Gulf Cooperation Council (GCC).

Australia remains a strong and committed member of the Asia-Pacific Economic Cooperation (APEC) forum, which plays a valuable role in promoting economic openness and reform in the region.

Recommendation 1(d)

Agree.

The Government considers that resolution of technical barriers to trade can be as important as tariff liberalisation in accessing specific markets and can enable gains from liberalisation to be realised.

The Government works to identify and resolve these impediments for both existing and emerging markets. Additional resources have been devoted to resolving technical barriers to trade for agricultural products, including new agriculture counsellor positions in China, India, Indonesia and Thailand. These positions are in addition to existing technical agricultural positions in other key markets such as Japan, Korea, the United States, Europe and the Middle East.

Significant effort is also invested in developing and influencing international standards, through organisations such as the Codex Alimentarius Commission, the World Organisation for Animal Health (OIE), the International Plant Protection Convention (IPPC) and the Organisation for Economic Co-operation and Development (OECD), as a way of ensuring that technical standards are applied consistently and do not become barriers to trade.

The Government will continue to work closely with industry stakeholders to identify technical barriers to trade in agricultural products and to advance strategies that will maintain or improve access to important markets.

Recommendation 1(e)

Agree.

From the floating of the Australian dollar in 1983 to banking deregulation and tariff liberalisation, Australia has been an international leader in domestic reform. The Australian Government remains committed to reform across all sectors of the domestic economy. The National Competition Policy (NCP) reforms are designed to enable and encourage competition to improve the wellbeing of Australians. NCP is helping to create an Australian economy that is efficient, dynamic and innovative, delivering competitive goods and services, and economic and employment growth.

On 10 February 2006, the Council of Australian Governments (COAG) agreed that Australian governments will work together to deliver a new National Reform Agenda (NRA), comprising human capital, competition and regulatory reform streams.

- COAG agreed under the competition and regulatory streams to progress reforms in the key areas of energy, transport and infrastructure regulation and best practice regulation. COAG noted that the NRA has the potential to deliver over the next decade benefits of the same, or even greater, magnitude as those achieved in the last decade from the implementation of NCP and related reforms.
- The Productivity Commission estimates that the observed productivity and price changes in key infrastructure sectors in the 1990s — to which NCP and related reforms have directly contributed — have increased Australia's GDP by 2.5 per cent, or \$20 billion.
- More information on the NRA can be found at <http://www.coag.gov.au/>.

The Government will remain at the forefront of international advocacy for agricultural trade liberalisation which it pursues in multilateral, regional and bilateral forums.

Recommendation 1(f)

Agree.

The Government will continue to consult regularly and widely with Australian farming industry bodies and industry sectors in determining trade negotiation priorities and approaches. The Government will also continue its regular public information efforts aimed at creating a better understanding among farmers, business and the general community about the benefits to all Australians from domestic and international trade reform. The Government will also work with key industry organisations such as the National Farmers' Federation to advance understanding of Australia's key trade policy objectives and strategies.

2. MARKET DYNAMICS AND SUPPLY CHAINS

Given the need for the food sector to be internationally competitive, the disparity in market power that often exists between participants, and the inextricable links between businesses along the supply chain, governments must:

- a) ensure that competition regulation and enforcement keep pace with developments in the sector
 - b) in partnership with industry, accelerate the development of consumer driven, efficient supply chains through education, training and research.
-

GOVERNMENT RESPONSE

Recommendation 2(a)

Agree.

The Australian Government is developing a number of amendments to the *Trade Practices Act 1974* that will benefit all businesses, including small businesses. The Trade Practices Legislation Amendment Bill (No. 1) 2005 (the Dawson Bill) assists small businesses in their dealings with large businesses, by implementing the Government's policy that a notification process be made available for collective bargaining. This process reduces the administrative and legal burden on small businesses, and recognises that there may be public benefits in allowing small businesses to maximise their bargaining power in negotiations with larger businesses.

The Government endorsed recommendations made by the Senate inquiry into *The Effectiveness of the Trade Practices Act 1974 in Protecting Small Business* to clarify section 46 of the Trade Practices Act, to further protect small businesses from misuse of market power and accept changes to provide small businesses with greater protection from unconscionable conduct.

The Government created an additional Australian Competition and Consumer Commission (ACCC) Deputy Chairperson position. This was announced in July 2004 as part of the Government's *Committed to Small Business* statement. The Government intends the position to be filled by a candidate who is experienced in representing small businesses.

In addition, the Government is committed to ensuring the Trade Practices Act is enforced vigorously by the independent ACCC. The 2006-07 Budget provided additional funding to the ACCC of \$115.3 million over four years.

To ensure that competition regulation and enforcement keep pace with developments in relevant sectors, the ACCC holds liaison meetings with Government Departments, where the senior executives of each agency discuss trade practices matters of mutual interest.

Recommendation 2(b)

Agree.

The Government is committed to continuing to work with and support industry through the provision of education, training and research to develop dynamic and responsive supply chains. Building the capacity of the industry through continuous improvement in the supply chain and enhancing food safety and quality are all important in increasing output, market competitiveness, profitability, investment, innovation, export sales and employment in the agrifood sector.

In terms of research, Australia's Rural Research and Development Corporations and Companies (RDCs) are significant contributors to research and development in key areas, including building more efficient and dynamic supply chains through a partnership approach with government. The Corporations will continue to focus their research in areas that are fundamental to future sustainability and competitiveness of the agrifood sector.

The Government also funds a number of other research and development programmes that assist industry to be competitive. For example, the Cooperative Research Centre (CRC) Programme promotes long term strategic links and collaborations between researchers and industry. A number of CRCs, including the CRC for Beef Genetic Technologies, provide valuable assistance to the food sector at various points along the supply chain.

A key focus of the Government's \$114.4 million National Food Industry Strategy (NFIS) stimulates and support the development of leading edge 'demand chain' practices to improve operational performance along the food value chain (through the NFIS Food Chain Programme and Food Safety and Quality Initiative). Funding for the NFIS is scheduled to end on 30 June 2007. The Government will evaluate the NFIS and consider any future support before June 2007.

3. RESEARCH, DEVELOPMENT AND INNOVATION

Because effective research and development and innovation are crucial to continued productivity growth and the future competitiveness of farmers and food businesses:

- a) the successful partnership funding structures involving (a) farmers (through industry levies), government and rural R&D corporations and companies, and (b) the National Food Industry Strategy, must be maintained
- b) state governments and CSIRO, as major providers of agricultural research and extension services, must continue to contribute constructively to the efforts of the agriculture and food sector to be more innovative and globally competitive
- c) the Australian Government should establish a process for major agriculture and food research participants (including Australian, state and territory agriculture portfolios, RDCs, CSIRO, CRCs and NFIS Ltd) to collaborate in regularly identifying emerging research priorities for the sector
- d) the research effort, while broadening to reflect new areas of importance, must continue to generate the all-important incremental increases in on-farm productivity that offset the long term decline in farmers' terms of trade
- e) the Council of Research and Development Corporation Chairs should take a stronger leadership role, to promote:
 - high priority collaborative initiatives by RDCs on strategic and cross-industry activities
 - more systematic and consistent data collection and financial reporting, and methods of determining research priorities, allocating funds, evaluating results of R&D expenditure and disseminating the findings.

GOVERNMENT RESPONSE

Recommendation 3(a)

(a) Agree.

The Australian Government is committed to supporting research and development (R&D) through partnerships with industry. Rural Research and Development Corporations and Companies (RDCs) are important drivers in R&D extension and focus on priority research through national priority plans.

The government–industry partnership in rural RDCs has been a highly successful model and one viewed with envy around the world. The funding arrangement has the advantage of ensuring industry relevance but with a wider national perspective. Ensuring broader integration in priority setting and investment strategies (as recommended in 3c) would further strengthen the benefits of the partnership funding model.

The partnership approach will be reinforced under the governance arrangements for R&D corporations resulting from the Uhrig Review. The corporations will continue to operate independently under skills-based boards. The introduction of statements of expectation will provide an additional means for the Government to communicate policy issues to the corporations and for the corporations to report on their performance against these expectations.

Recommendation 3(a)

(b) Noted.

A review of the National Food Industry Strategy is being undertaken. During this process, consideration will be given to its effectiveness as well as appropriateness for leveraging research and development and innovation in the Australian food sector. Arrangements beyond 30 June 2007 depend on the outcome of this review and subsequent decisions by the Government.

Recommendation 3(b)

Agree.

Investment in research, development and extension (RD&E) provides Australia's rural and food industries with the necessary capability (people, infrastructure and information) to continue to improve their profitability and sustainability. The Australian Government is working with state and territory governments and CSIRO to implement a national framework for RD&E for rural industries. In April 2006 all jurisdictions agreed on a set of principles to enhance collaboration and consolidation of RD&E efforts. The principles include the need to maintain investment in primary industries RD&E at least at current levels and recognise the importance of regional development and local extension in facilitating the rapid uptake of innovation.

CSIRO's longstanding and broad range of research and extension services targeting the agriculture and food sector were recently enhanced through:

- a boost in funding of \$305 million over seven years from 2004-05, to support a National Research Flagships Programme focusing on large-scale collaborative partnerships linking CSIRO with organisations across Australia to research areas of national need. Two of the Flagships, *Food Futures* and *Water for a Healthy Country*, are aimed at transforming the international competitiveness and sustainability of the Australian agrifood sector by the application of frontier technologies and better management of water resources.
- the Agricultural Sustainability Initiative, a CSIRO-wide activity aimed at positioning Australia as a preferred supplier of premium, higher value agricultural products with an emphasis on sustainable use of Australia's natural resources.

Recommendation 3(c)

Agree.

The Government agrees that to maximise returns from R&D investment, it must be appropriately targeted, and that to achieve this, research priorities must be reviewed regularly. The Rural R&D Priorities, while needing to remain consistent with the National Research Priorities, require refreshing to reflect emerging challenges and changes in the operating environment since they were last reviewed in 2003. The Government will bring the major industry and government participants in rural R&D together in late 2006 to develop a shared vision that will guide investment in Australian agricultural, food, forestry and fisheries R&D from 2007 to 2012.

Recommendation 3(d)

Agree.

The Government recognises the vital contribution of innovation to achieving ongoing productivity increases necessary to offset the continuing decline in farmers' terms of trade, as well as underpinning the sustainability of rural industries. The review of priorities, referred to in 3(c), will assist to ensure that research effort is appropriately targeted at identified objectives and reflects the right balance between innovation beyond the farm gate (including elaborate transformation and the development of frontier technologies) on the one hand, and innovation targeted at incremental increases in on farm productivity on the other. The R&D investment mentioned in 3(b) will also contribute to this goal.

Recommendation 3(e)

Agree.

The Government places high priority on collaboration across sectors, agencies and jurisdictions, effective extension of results and evaluation of outcomes, in order to achieve the greatest benefit from investment in innovation. The Council of Rural Research and Development Corporation Chairs provides an effective mechanism for fostering collaboration among the RDCs on strategic and cross-industry issues and for extending the influence of the RDCs into national innovation strategies and policies. The Government is encouraging the Council in its efforts to enhance the overall performance of the RDCs and achieve closer engagement of the primary and food industries in the national innovation agenda, building on the extensive collaboration across industries and jurisdictions that already exists.

Efforts to achieve more collaborative cross-commodity R&D activities will be instrumental in ensuring long term sustainability. This becomes particularly critical where transformational science and land use change is required either in response to environmental change or to changing technological options. Such changes will often not arise from a single industry focus.

4. BIOTECHNOLOGY

In view of the potentially significant human health, environmental and economic benefits from using biotechnology in agriculture and food production, and the costs to Australians of failing to capture them:

- a) governments must give higher priority to communicating the benefits of current and emerging agrifood biotechnology, and to publicising the robustness of the regulatory regime for the safety of research and the resulting products
- b) agriculture and food businesses should work with governments to facilitate the rapid uptake of agrifood biotechnologies that will contribute to better health, a cleaner environment and more globally competitive industries
- c) state governments should lift their moratoriums on the commercial use of GM crops immediately, and work with the Australian Government, industry and researchers to achieve nationally consistent traceability and tolerance protocols, and to clarify legal liability surrounding the use of GM organisms in agriculture and food products.

GOVERNMENT RESPONSE

Recommendation 4(a)

Agree.

The Australian Government notes that high priority is currently being given to communicating the benefits of agri-biotechnology through the National Biotechnology Strategy.

The Government recognises that it must communicate the benefits of agricultural biotechnology. In the 2004 Budget, the Government committed \$20 million over four years to strengthen Australia's competitiveness in biotechnology. As part of that package, two specific initiatives are being pursued that address this recommendation.

- Biotechnology Australia's Public Awareness Programme provides balanced and factual information to the public on biotechnology, its application, and associated issues.
- \$3.8 million is being provided to the Department of Agriculture, Fisheries and Forestry from 2004-05 to 2007-08 to fund research and activities that provide information to allow people to make informed choices on agricultural technology, particularly genetically modified technology.

The Government will continue to publicise the robustness of Australia's regulatory regime to increase trust in the science-based regulatory processes. Biotechnology Australia is developing a pilot web tool that will provide a comprehensive overview of biotechnology regulation and guide industry and researchers through the biotechnology regulatory framework. The project is being undertaken through the Biotechnology Liaison Committee, comprising state and territory governments and chaired by Biotechnology Australia. The project will highlight the rigour of the current framework in assessing products brought to market.

Recommendation 4(b)

Agree.

Under the National Biotechnology Strategy, the Government is committed to capturing the benefits of biotechnology for the Australian community, industry and the environment. That commitment includes ensuring that the community has access to high quality information about biotechnology and working to enhance the economic and community benefits of biotechnology through stronger links between researchers and industries that apply biotechnology.

As part of the current work programme of the Biotechnology Liaison Committee (representing the Australian and state and territory governments), the Australian Government Department of Agriculture, Fisheries and Forestry, Biotechnology Australia and the states and territories are jointly developing a ten year strategic plan for agri-biotechnology.

Recommendation 4(c)

Agree.

The Government will continue to work with and encourage industry and state governments to address the issues in relation to marketing that led to the moratoriums on genetically modified (GM) products being imposed.

The Government notes that the independent review of the *Gene Technology Act 2000* also recommended that state governments should address the issues and re-evaluate the need for the moratoriums.

The Government will also work with industry and interested state governments to develop appropriate arrangements to allow GM and non-GM producers to co-exist.

5. EDUCATION, SKILLS AND LABOUR SUPPLY

To improve skills and labour supply in the agriculture and food sector, there needs to be:

- a) better business performance, along with the continued widespread availability of appropriate tertiary study opportunities
- b) an enhanced partnership approach to training and education, building on the FarmBis model, so farmers, industry and government increasingly adopt a culture of continuous improvement through learning opportunities
- c) a revision of policies affecting short stay, unskilled migration to attract a greater number of foreign workers into seasonal jobs, including tax arrangements that are a disincentive for non-residents and Working Holiday Maker visa holders
- d) collaboration between representative organisations to provide information and examples of best employment practice, to enable and encourage businesses to improve performance, attract appropriately skilled new staff and retain existing staff.

GOVERNMENT RESPONSE

Recommendation 5(a)

Agree.

The Australian Government believes that appropriate tertiary study opportunities in the agriculture and food sector should continue to be widely available.

Ensuring sufficient education opportunities for regional students remains a priority for the Government. In 2006, the Government is providing \$41.8 million in funding for Commonwealth Accommodation Scholarships to assist students who incur additional accommodation costs in moving from rural and regional areas in order to undertake higher education.

The Government provides regional loading to higher education providers to assist with the higher costs of delivering courses at regional campuses. In 2006, \$29.2 million will be provided through this loading.

Agriculture units of study are funded at the highest rate under the Commonwealth Grants Scheme (CGS).

The Government notes that declining student demand for university agriculture courses is likely to be the main factor that could contribute to courses becoming unviable.

The Government is also strongly committed to supporting vocational and technical education and training opportunities for all Australians. This commitment is supported by the Government's contribution to the states and territories of almost \$5 billion to support their training systems over the years 2005 to 2008 under the Commonwealth-State Agreement for Skilling Australia's Workforce. This includes \$215 million of additional funding and represents an annual average real increase in

funding of 4.1 per cent compared with 2004. This additional funding, if matched by the states and territories and used for training places, will provide up to 128,000 additional training places across Australia.

To support appropriate vocational and technical education and training opportunities in the agriculture and food sectors, the Government funded the Agri-Food Industry Skills Council \$1.53 million dollars in 2005-06 to develop nationally recognised qualifications for industry. This includes reviewing and improving agriculture and food processing related training package qualifications to ensure competency standards describe the skills and knowledge required by these industry sectors.

Recommendation 5(b)

Noted.

The Government supports a focus on building a culture of continuous learning in rural industries. Enhancing the skills of farmers is important for improving the competitiveness, profitability and sustainability of the agricultural sector and promoting the self-reliance and capability of primary producers. The ongoing involvement by the Government in farmer training and education is important to maintaining momentum in this area.

The Government is currently evaluating the Agriculture Advancing Australia (AAA) package to make sure AAA programmes remain relevant and continue to help rural industries and producers adapt to changing circumstances.

Recommendation 5(c)

Disagree — action on migration issues has already been undertaken.

Changes were made to the Working Holiday Maker (WHM) visa in November 2005 and July 2006, which provide an incentive to work in these industries. These changes will enable WHM visa holders who have worked for a minimum of three months (in a wide range of primary industry activities) to apply for a second WHM visa. This has significantly expanded the stock of WHM visa holders available to meet the seasonal demand for labour in these industries.

The focus of Australia's employer sponsored temporary and permanent migration arrangements is on the recruitment of skilled overseas workers for employment in skilled (managerial, professional, associate professional and trade) occupations. While concessional regional arrangements make some provision for the recruitment of overseas workers for employment in semi-skilled occupations, there is no provision for the recruitment of overseas workers for employment in unskilled (including labouring) occupations.

The Senate Employment, Workplace Relations and Education References Committee is currently undertaking an Inquiry into Pacific Region Seasonal Contract Labour. The committee took evidence about the extent to which the seasonal demand for labour in the agricultural and horticultural industries can be met from the domestic labour market and existing migration arrangements (especially the WHM visa). The committee is due to report on 18 October 2006 and the Government will consider this report. The design of any proposed scheme would need to take account of Australia's

obligations under the General Agreement on Trade in Services (GATS). For example, any proposed seasonal worker scheme that sought to favour nationals from certain countries might contravene Australia's GATS obligations.

The proposal to align the resident and non-resident personal income tax withholding rates is not supported. Such a change would raise tax system compliance issues, including potential Australian tax revenue loss from the reduced incentive for concessionally taxed non-residents to submit a final Australian tax return. It would also generate equity and tax system complexity issues associated with creating another class of concessionally taxed non-residents and have uncertain labour market effects on other industries facing labour shortages.

Recommendation 5(d)

Agree.

The Government, through the Department of Employment and Workplace Relations, will continue to work with the agriculture and food sector and other Government portfolios to raise employer awareness of the high performance workplace employment model and encourage its adoption by the agriculture and food industry.

It is vital for the agriculture and food sector, as well as many other industries, that workplace arrangements are flexible to allow for individual business circumstances. The Work Choices reforms have created a workplace relations system which allows greater flexibility. These reforms will assist agriculture and food businesses to develop a reputation as an 'employer of choice' with workplace arrangements that will help retain current employees and attract new employees.

The Government has programmes in place to encourage Australians, in particular unemployed Australians and Working Holiday Maker (WHM) visa holders, to participate in harvest related work. The Government plays an important role in addressing the seasonal harvest labour needs of growers by funding both the Harvest Labour Service (HLS) and the National Harvest Labour Information Service (NHLIS) programmes.

The HLS providers assist growers by mobilising labour in harvest areas where considerable numbers of out of area workers are required during peak harvest times. The NHLIS works closely with HLS providers to coordinate and disseminate harvest labour information across Australia (through the JobSearch Harvest Trail website).

6. THE REGULATORY ENVIRONMENT FOR FOOD

To secure a framework that encourages the development of an internationally competitive food sector:

- a) food regulation governance arrangements must be revised urgently, to meet national policy objectives more effectively
 - b) impediments to the efficient operation of FSANZ need to be investigated and removed in a way consistent with public health and safety
 - c) food standards regulation should be implemented uniformly and enforced consistently across all levels of government
 - d) impediments in the regulatory policy framework resulting from overlaps between the *Trade Practices Act 1974*, food acts and Codex obligations need to be identified and remedied.
-

GOVERNMENT RESPONSE

Recommendation 6(a), 6(c) and 6(d)

Agree in principle.

Food regulation arrangements are currently being reviewed through a number of processes, including the review of the Food Regulation Intergovernmental Agreement (FRA) and the review of the Joint Food Standards Treaty between Australia and New Zealand. The findings of FRA review will be presented to the Council of Australian Governments (COAG) for consideration.

In addition, a review of food regulation arrangements has also been raised as part of *Rethinking Regulation: Report of the Taskforce on Reducing Regulatory Burdens on Business* (the Banks Report), which was released on 7 April 2006. The report contains seven recommendations relating to the potential for reduction in red tape in food regulation. In particular, Recommendation 4.49 states that the Australian Government should commission an independent public review to examine:

- implementing outstanding recommendations from the Blair Review on the consistent application of food laws;
- aligning levels of enforcement (including penalties) across jurisdictions; and
- the role of the Australian Government in the food regulatory system, including whether it could play a greater role in enforcing standards.

In its response to the Banks Report, the Australian Government announced it would fully or partially implement 158 of the 178 recommendations of the report, including support for Recommendation 4.49.

This independent public review will address Corish Report recommendations 6(a), 6(c) and 6(d) by examining food regulation governance arrangements, inconsistent implementation and enforcement of standards and outstanding recommendations from the Blair review, including those relating to the *Trade Practices Act 1974*. It is intended that the findings of the independent public review could be reported to COAG alongside the findings of the FRA review.

Apart from the independent public review, consistent implementation and enforcement of standards is also being pursued across all levels of government through the Implementation Sub Committee (ISC) of the Food Regulation Standing Committee. The role of ISC is to develop and oversee a consistent approach across jurisdictions to the implementation and enforcement of food regulations and standards. The ISC has identified a number of issues that have potential to affect the consistent implementation of nationally developed and agreed standards including issues relating to inconsistencies between the Food Regulation Intergovernmental Agreement and the *Model Food Act*.

However, it should be noted that implementation and enforcement of standards is the responsibility of state and territory jurisdictions, except for the enforcement of imported foods standards, for which the Australian Quarantine and Inspection Service is responsible. The Australian Government has limited constitutional power to regulate the domestic food supply.

In developing national food standards, the *Food Standards Australia and New Zealand Act 1991* (FSANZ Act) requires Food Standards Australia and New Zealand (FSANZ) to have regard to the promotion of consistency between domestic and international food standards, such as Codex Alimentarius obligations, and the promotion of fair trading in food as specified by the *Trade Practices Act 1974*.

Recommendation 6(b)

Agree.

The efficient operation of FSANZ has been examined through the review of the FSANZ assessment and approval processes, under the auspices of the Food Regulation Standing Committee (FRSC).

Recommendations relating to administrative improvements are currently being implemented and the Australian Government, through the Department of Health and Ageing, is progressing associated amendments to the FSANZ Act. The FSANZ Act amendments are currently tabled for introduction into the Australian Parliament in the 2006 Spring sitting period.

7. INFRASTRUCTURE

Given that a competitive, efficient and cost effective transport system is fundamental to the future of Australia's agriculture and food sector:

- a) the interdependence of road and rail transport must be better reflected in decisions affecting the building and maintaining of networks in regional areas
- b) the AusLink cooperative agreements between the Australian and state and territory governments must be completed and implemented quickly, and include funding for ports as part of more comprehensive export logistics planning
- c) the National Transport Commission should be given powers to enforce uniform and nationally consistent standards, pricing mechanisms and legislative requirements across transport modes, with the aim of minimising regulatory costs to businesses.

GOVERNMENT RESPONSE

Recommendation 7(a)

Agree in principle.

A key element of AusLink is a defined national land transport network, which includes national and interregional highways, the interstate railway, major urban roads and rail links to ports and airports. Planning for and investing in the development of this national network is the main focus of the Australian Government's approach to planning and investment decision making in land transport.

The interdependence of road and rail transport is being addressed through the development of long term, multimodal corridor strategies for the AusLink Network, as noted by the Council of Australian Governments (COAG) in the infrastructure planning component of its National Reform Agenda. Corridor strategies are developed jointly with states and territories and will identify transport challenges and infrastructure needs over the next 20 to 25 years.

The Government also provides funding support for local roads under the AusLink Roads to Recovery Programme and for regional road, rail and inter-modal terminal development under the AusLink Strategic Regional Programme.

The 2006 Budget provided an extra \$2.4 billion to AusLink and brought the Government's five year funding total (2004-05 to 2008-09) for road and rail infrastructure to \$15 billion. This is a substantial increase on previous funding levels.

Recommendation 7(b)

Agree in part.

AusLink bilateral agreements between governments have been finalised: they clarify the responsibilities for implementing AusLink, set out the projects and funding for the first five year National Land Transport Plan, and outline partnership arrangements for identifying future investment needs and project priorities.

Corridor strategies are the focus of joint Commonwealth–state planning. A key objective in corridor strategies is to identify impediments to efficient and productive freight movement, especially on nationally strategic and export oriented freight corridors, including to and from ports.

Australian Government funding is already provided in the National Land Transport Plan for improving some links to ports and future possible projects will be considered on the same terms as any other.

Regulation and financing of port infrastructure, facilities and shipping channels are the responsibility of state governments, port authorities and private companies operating within ports.

Recommendation 7(c)

Disagree.

The Government recognises the benefit for the business community of uniformity and nationally consistent standards and pricing mechanisms across transport modes.

The Government also supports the National Transport Commission’s (NTC) role in assisting Australian governments to achieve transport regulation and operational reform, with COAG recently confirming the NTC’s key role in the major transport elements of its National Reform Agenda.

NTC is contributing to the development of a reform programme for harmonising and reforming road and rail regulations including higher mass limits, safety regulations and performance based standards. NTC is already progressing elements of this reform package as part of its work programme to the end of 2008 and will provide milestone reports to COAG via the Australian Transport Council.

While the Government supports a move toward greater national consistency in transport regulation and the work of the NTC, it notes that this recommendation would require states to cede powers to the NTC.

The Productivity Commission is currently undertaking a review into road and rail freight infrastructure pricing. The Commission released a discussion draft of its report on 27 September 2006, and is seeking submissions on the draft and will hold public hearings prior to reporting to COAG by the end of 2006.

The review will assist COAG to implement efficient pricing of road and rail freight infrastructure through consistent and competitively neutral pricing regimes, in a manner that optimises efficiency and productivity in the freight transport task and maximises net benefits to the community.

8. BIOSECURITY AND QUARANTINE

Australia's favourable pest and disease status provides a vital underpinning for the agriculture and food sector, therefore:

- a) a coordinated national approach to biosecurity must be agreed and implemented by governments as a matter of urgency
- b) the current import risk analysis process should be streamlined immediately to minimise delays and alleviate international and domestic pressures on the system
- c) an independent institutional structure for Biosecurity Australia should be established to promote confidence in the quarantine system
- d) governments and representative organisations must communicate Australia's quarantine and biosecurity policy settings more effectively in order to improve understanding of these complex issues.

GOVERNMENT RESPONSE

Recommendation 8(a)

Agree.

The framework for integration of Australia's biosecurity system is underway and is known as the Australian Biosecurity System for Primary Production and the Environment (AusBIOSEC).

Australia has effective arrangements in place for managing biosecurity, particularly for primary industries. Existing operational strategies and legislative measures have been negotiated between governments and industry to address biosecurity issues that are of specific relevance to agricultural sectors. Within the current system, there are opportunities to identify and address gaps in the system, and to improve its efficiency and effectiveness through collaboration and coordination in biosecurity delivery. There are also opportunities to link the existing strategies and enhance arrangements for species that have predominantly environmental and social impacts, and where management activities have primarily public benefit outcomes.

Through AusBIOSEC, the Australian Government is working in partnership with state and territory governments to enhance Australia's biosecurity system. This work is being progressed as a whole of government project, established in October 2005, under the leadership of a joint Natural Resource Management and Primary Industries Ministerial Council Steering Group. The aim of this process is to integrate the existing elements of Australia's biosecurity system under an overarching framework of common principles and guidelines so biosecurity arrangements can be implemented consistently across sectors and jurisdictions. It is anticipated that the outcomes of the process will be agreed through an Intergovernmental Agreement, including an implementation plan, within the next 18 months.

Recommendation 8(b)

Agree.

The Government will improve Australia's process for assessing quarantine import risks to increase confidence in the system. Industry stakeholders have raised concerns about the import risk analysis (IRA) process, and Australia also faces serious scrutiny from our trading partners.

Improvements to the system will aim to increase transparency and timeliness, provide a greater opportunity for scientific issues to be independently reviewed and include early and regular engagement and consultation with stakeholders.

Any changes made to the IRA process would not alter Australia's very low risk quarantine policy or compromise Australia's international obligations.

Recommendation 8(c)

Noted.

The Government agrees with the need to promote confidence in the quarantine system, but believes there are more effective ways of achieving this than altering the institutional arrangements for Biosecurity Australia. The Government established Biosecurity Australia as a prescribed agency on 1 December 2004 to boost the independence of its operations and provide appropriate financial autonomy. This institutional arrangement will be reviewed by the end of 2007.

Recommendation 8(d)

Agree.

The policy framework for Australia's quarantine regime is a shared responsibility between the Australian, state and territory governments, industry and the community. Effective communication with stakeholders is of the utmost importance, and the Government is continually seeking to improve communication and consultation on biosecurity and quarantine issues. The Department of Agriculture, Fisheries and Forestry, particularly Biosecurity Australia and the Australian Quarantine and Inspection Service, is working actively with other Australian Government departments, state and territory governments and industry representative groups to improve understanding of quarantine issues and to engender stronger support for Australia's quarantine processes. This is an ongoing process.

9. DESIGN AND DELIVERY OF RESOURCE MANAGEMENT PROGRAMMES

Governments must commit to funding for a single successor programme to the National Action Plan for Salinity and Water Quality and the Natural Heritage Trust programme that:

- a) includes agriculture and farm viability as core elements
- b) provides financial incentives for farmers and other landholders to achieve environmental benefits on private land for the benefit of the broader community
- c) builds on the existing regional approach, with a consistent framework for governance, planning, financial accountability and monitoring
- d) eliminates duplication between the Australian, state and territory governments and regional groups, and between the range of different environmental programs
- e) delivers effective on-farm results, engages successfully with industry, and is supported by consistent high quality data and scientific analysis.

GOVERNMENT RESPONSE

Recommendations 9(a) to 9(e)

Noted.

The Australian Government is committed to continue to support the environment and natural resource management beyond 2008. New programmes will build on the success of the \$3 billion Natural Heritage Trust and \$1.4 billion National Action Plan for Salinity and Water Quality.

Australians value the support that the Australian Government has already provided to protect land, water and coasts. The Government will continue to take a comprehensive, continent-wide approach to managing Australia's natural resources, an approach that has delivered significant results.

The ongoing success of these important programmes will depend on state and territory governments also making significant investments.

10. ENVIRONMENTAL SERVICES ON PRIVATE LAND

A successful national programme to provide market based incentives for landholders to deliver public good benefits on private land is needed and should:

- a) operate nationally, but with regional organisations having an active role
 - b) allow multiple purchasers of environmental services
 - c) be voluntary, equitable and competitive between potential suppliers
 - d) be determined on the basis of the environmental outcomes of the area being conserved relative to the cost
 - e) be efficient to run and effective in providing value for money for landholders, taxpayers and the community.
-

GOVERNMENT RESPONSE

Recommendations 10(a) to 10(e)

Noted.

The Australian Government notes that mechanisms to provide market based incentives to landholders, and managers, are potentially valuable tools to aid in delivery of NRM programmes. Examples of Government programmes include:

- The National Action Plan for Salinity and Water Quality (NAP) National Market Based Instruments (MBI) Pilots Programme — announced in April 2003. The \$5 million first round selected 11 pilot projects to investigate the use of auctions, cap and trade approaches, offsets, a leverage fund and conservation insurance. Round one addressed key knowledge gaps about the use of MBIs for conservation purposes providing important insights in the design, management and implementation of such programmes. On 2 December 2005, Australian Government Ministers announced up to \$5 million in additional funding (provided by Australian, state and territory governments) for a second round of projects, due for completion in June 2008.
- The NHT Native Vegetation Regional Pilot Projects initiative, announced in April 2006, will invest \$2 million over the next two years to develop more flexible and cost effective approaches to managing native vegetation on farms. The pilot projects will assess voluntary mechanisms, such as property management systems, incentive payments, offsets, extension and information services, to deliver more practical native vegetation management arrangements for landholders.
- The \$8.5 million Environment Management Systems (EMS) National Pilot Programme announced in 2003 was designed to develop and assess the value of EMS as a business management tool. Findings from the programme's mid-term review suggest EMS provides opportunities to leverage regional natural resource management outcomes and may have an important support role in regional incentive programmes in the future.
- The Maintaining Australia's Biodiversity Hotspots Programme aims to improve the conservation of hotspots on private land and leasehold land. At present in the Eastern Mt Lofty Ranges an auction system will enable successful landholders to enter into five or ten year management agreements and receive annual payments, over a three year period, for completion of management activities.
- The Tasmanian Forest Conservation Fund, established under the Supplementary Regional Forest Agreement with Tasmania, will pay private landholders to protect

old growth and underrepresented forest through voluntary stewardship arrangements to be secured principally through an open tender process. Successful individuals will establish covenants to protect high value forest on their land and will develop active management plans for protected areas.

11. MAKING THE MOST OF SCARCE WATER RESOURCES

Recognising water's national importance and the economic and environmental benefits that stem from its efficient and effective use and management:

- a) governments and water dependent industries should adhere to their National Water Initiative and other reform commitments for continual improvement in the sustainable use and management of water resources
- b) Western Australia should join the National Water Initiative as soon as possible
- c) governments, communities and industries should work together to develop clear principles that allow for the sustainable development of water resources in northern Australia.

GOVERNMENT RESPONSE

Recommendation 11(a)

Agree.

The Australian Government is working with the states, territories and the National Water Commission to implement the National Water Initiative through the Natural Resource Management Ministerial Council and its National Water Initiative Committee.

Recommendation 11(b)

Agree.

The Western Australian Government joined the National Water Initiative on 6 April 2006.

Recommendation 11(c)

Agree.

Development of water resources in Australia should be consistent with the principles agreed in the National Water Initiative and the 1994 Water Reform Framework, including that:

- new development must be economically viable and ecologically sustainable;
- water be priced based on the principles of full cost recovery and user pays;
- there be appropriate consultation: and
- adequate provision be made for environmental water needs.

12. AGRICULTURE AND FOOD IN THE COMMUNITY

The challenges of population shift, sectoral change, public perceptions and other trends affecting rural Australia should be met by:

- a) government developing options to overhaul the current tax zone rebate system as a means of offsetting disadvantages of living in a number of rural and regional areas
 - b) rural industries and communities increasing their promotion of the benefits of life outside urban Australia
 - c) new government and industry initiatives (and the continuation of successful initiatives) to increase farmers' decision making skills and awareness of their options, to help them plan for the future
 - d) expanding and increasing promotion of industry-led best practice initiatives.
-

GOVERNMENT RESPONSE

Recommendation 12(a)

Disagree.

The Australian Government considers the current zone tax offset arrangements to be appropriate and has no plans to change eligibility for the zone tax offset. The Government's preferred policy is to cut taxes generally, for all Australians, such as personal income tax cuts in the 2006-07 Budget, rather than providing geographically targeted tax cuts through increases to the zone tax offset.

Recommendation 12(b)

Agree.

Rural industry and communities should increase their promotion of the benefits of life outside urban Australia. This is an issue which is best addressed by industries and communities promoting their own specific attributes which will attract urban dwellers.

The Australian Government undertakes research and produces publications promoting life outside urban Australia. Previous publications have included:

- *Perceptions of Rural and Regional Australia* — this study identifies perceptions of regional Australia, including the relationship between mainstream capital city media reporting and advertising, and resultant perceptions of regional Australia generally and their effect on development and investment outcomes.
- *Improving Regional Welcoming Strategies* — this paper, prepared by the Regional Women's Advisory Council, provides information for those communities that seek to actively integrate newcomers into their community. It provides information about newcomers' expectations and a realistic assessment of a community's capacity to meet them, and strategies to demonstrate to newcomers that their expectations can be fulfilled.
- *Cultural Diversity and Economic Development* — this research paper explores the role of the acceptance of diversity and inclusiveness within four Australian communities, and its implications for regional, social and economic development.

Recommendation 12(c)

Noted.

A range of existing Agriculture Advancing Australia (AAA) programmes (including FarmBis, the Rural Financial Counselling Service, Farm Help and the Industry Partnerships Programme) provide support and assistance to farmers to increase their skills, knowledge and awareness of their operating environment with a view to enabling farmers to make more informed business decisions and plan effectively.

The Government is currently evaluating the AAA package to make sure AAA programmes remain relevant and continue to help rural industries and producers adapt to changing circumstances.

Recommendation 12(d)

Noted.

In line with the current Australian Government policy of supporting farmers to improve on farm activities continuously and adopt industry best practice, the \$15 million three year Industry Partnership Programme (IPP) commenced in 2005-06. This programme has been designed to provide industry with the skills and resources to, among other things, assist industry to benchmark current practices and promote industry driven best practice initiatives.

The Government is currently evaluating the Agriculture Advancing Australia (AAA) package to make sure AAA programmes remain relevant and continue to help rural industries and producers adapt to changing circumstances.

The \$11.7 million Pathways to Industry Environmental Management Systems Programme supports 18 peak industry bodies to implement environmental best practice initiatives that position their members for the future.

Since 2002-03, over \$3 million has been provided through the Sustainable Industry Initiatives Programme to assist industries to:

- develop industry natural resource management (NRM) frameworks;
- support the development of industry NRM tools and mechanisms; and
- develop industry coordination and extension.

13. GOVERNMENT AND THE RURAL SECTOR

Governments and the agriculture sector must work together to increase the skills and self-reliance of farm businesses, industries and regions by:

- a) introducing a consistent approach to government assistance for those facing viability problems or wishing to lift their business performance
 - b) retaining the Farm Management Deposits scheme as a key risk management tool, informed by analysis to confirm that it is meeting its objectives
 - c) introducing new and improved measures to develop better farm preparedness (including risk management strategies) to deal with market fluctuations and climatic extremes, while phasing out interest rate and other transaction based subsidies by the end of 2010.
-

GOVERNMENT RESPONSE

Recommendation 13(a)

Noted.

The Australian Government continues to look at approaches to improve the flexibility and effectiveness of current government measures such as information/advice, training opportunities and income support, to support individuals, regions and industries during difficult periods. The Government is currently evaluating the Agriculture Advancing Australia (AAA) package to make sure AAA programmes remain relevant and continue to help rural industries and producers adapt to changing circumstances.

Recommendation 13(b)

Noted.

An evaluation of the Farm Management Deposits (FMD) Scheme is scheduled to be completed before June 2008. The Government recognises that the FMD Scheme is an important farm risk management tool. Since its introduction in 1999, the scheme has encouraged around 40,000 primary producers to set aside approximately \$2.4 billion to address future adverse financial circumstances.

Recommendation 13(c)

Noted.

The Government remains committed to building the ability and confidence of primary producers and industries to influence and manage change in their operating environment. The Government is currently evaluating the Agriculture Advancing Australia (AAA) package to make sure AAA programmes remain relevant and continue to help rural industries and producers adapt to changing circumstances.

The Government supports an increased focus on drought preparedness and management to aid recovery. A reference group of key stakeholders is developing options for new and revamped initiatives to encourage farmers to adopt improved risk management strategies and options for more consistent Australian and state and territory government drought declaration processes, based on the National Agriculture

Monitoring System (NAMS). The reference group will present the outcomes of this work to the Primary Industries Ministerial Council (PIMC) for consideration at its November 2006 meeting.

The NAMS is a significant new web-based tool available to farmers and governments to help them better understand and prepare for drought. The NAMS was developed primarily as an information retrieval and presentation tool for streamlining Exceptional Circumstances application and assessment processes. It also provides a more consistent national information base regarding the status of dry seasons and drought conditions. It is operational for broadacre industries and work is continuing to identify and develop data needs for irrigated and intensive agricultural industries such as horticulture and dairy.

14. CLIMATE CHANGE

Given that climate change may have significant implications for the agriculture and food sector, and that its impacts are uncertain, governments and industry must work in a coordinated way to support increased research into:

- a) climate change and its impacts on Australia and the agriculture and food sector, including economic and social impacts
 - b) strengthening adaptive capacity, including through developing easily accessible farm and regional level management and decision tools, and providing related training
 - c) better understanding of whole of farm emission profiles, and of the potential for emission reductions and carbon sequestration in agriculture.
-

GOVERNMENT RESPONSE

Recommendations 14(a) to 14(c)

Agree.

The Australian Government is investing \$1.8 billion in climate change measures across all sectors of Australia's economy. The Government understands the significant risk climate change poses for the agricultural sector and has funded programmes to provide information and tools necessary to manage and adapt to potential changes in climate. The keys to successful outcomes will be strong collaboration and coordination of activity across jurisdictions.

The Government has led the development of the National Agriculture and Climate Change Action Plan (2006–2009) through the Natural Resource Management Ministerial Council (NRMMC). The Action Plan will provide better policy coordination between jurisdictions and identifies strategies and activities to guide the consideration of agriculture and climate change interests in adaptation, mitigation, research and development, and awareness and communication.

The Council of Australian Governments has also asked the NRMMC to report on the potential to develop emissions intensity benchmarks in agriculture and associated environmental management systems. Work is progressing under the Action Plan and the Ministerial Council is expected to consider its response in November 2006.

