



National Farmers' Federation

NFF response to the National Food Plan Green Paper

October 2012

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NFF Member Organisations



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Executive Summary

The NFF welcomes the opportunity to comment on the Green Paper produced to inform the development of a National Food Plan White Paper. The Green Paper has highlighted the breadth of policy and regulatory matters related to food production and food security in Australia.

The NFF supports the Australian Government's desire to create an overarching framework that identifies collaborative ways governments and industry can work towards achieving a more productive and efficient food supply chain. The challenge will be achieving meaningful outcomes that can make a real difference for Australian agricultural and food industries. Significant funding and consideration will be needed to ensure that the critical issues raised as part of the development process can be implemented and acted upon in a timeframe that is reasonable.

The development and implementation of a National Food Plan represents a significant step towards securing a sustainable food supply chain in Australia, but will also contribute to the economic performance of the agricultural sector. Ongoing profitability of the agricultural industries will allow Australian farmers to continue to feed Australians and make a contribution to the Australian economy more broadly. Food production through agriculture is fundamental to achieving food security in Australia, and the economic prosperity of agricultural industries is critical to ensuring Australian farmers continue to produce food to meet the food demands of Australian and international markets.

Key messages from the NFF in response to the Green Paper are:

- The National Food Plan should reprioritise food and agriculture on the national agenda, to provide similar standing to issues of national importance such as health, education and defence. The government needs to reflect this through an increased budget commitment to the sector.
- The National Food Plan implementation should be strongly supported and adequately resourced. The danger is that a National Food Plan becomes a list of challenges, opportunities and potential actions which are never dealt with due to lack of appropriate resources. Decisive action is needed across a wide front. It reiterates the need for prioritisation – where to focus efforts, and how best to deploy scarce resources.
- The Green Paper lists a wide range of issues encompassing a number of agendas and areas of concern for the agricultural sector. To be a success, the National Food Plan should include critical details on how the range of issues is going to be prioritised.
- It is critical that the National Food Plan include clear implementation pathways for the identified priorities which will outline and identify mechanisms/initiatives that will allow industry and government to work cooperatively to implement the appropriate strategies.
- The NFF is of the view that detailed consideration of the implementation of the National Food Plan is vital, including a clear set of strategies for addressing the opportunities and risks outlined in the Green Paper and a process for how the strategies will be put into practice.

- To drive action and progress on key initiatives, the NFF is of the view that the National Food Plan should incorporate a series of appropriate and relevant targets that can be set to guide and measure progress.
- The National Food Plan should recognise and facilitate a complementary approach with closely linked strategies, in particular the NFF Blueprint for Agriculture, which outlines the key priorities for the future of Australian agriculture.
- Consolidation across the supply chain is increasing and it is crucial that the National Food Plan take a comprehensive view of agriculture and food and incorporate relevant strategies to ensure there is a consistent and considered action. A balance across the food supply chain is required to ensure the profitability and sustainability of businesses within the system.
- A whole of government approach, to ensure improved competitiveness of the food production and processing sector in Australia is essential. Effective and high level coordination is required across government departments to ensure there is consistency in policy and regulation to deliver on these priorities.
- In terms of policy integration and coordination, it is critical that the Commonwealth coordinate across all levels of government and increase engagement with states, territories and local governments, using the National Food Plan as a driving policy and agenda.
- The National Food Plan also needs to take a holistic and coordinated approach with other related sectors, such as natural fibre production. For example, businesses focussed on producing cotton for fibre will also produce cotton seed oil/meal; and woolgrowers will produce lamb and mutton. These relationships need to be acknowledged and considered in development of policies targeted at food producing businesses.

Priority themes for the Australian agricultural sector that should underpin the National Food Plan include the following:

- Global competitiveness and productivity
- Resource access and efficiency of use; including water, energy and soil
- Increased international market access
- Greater investment in innovation, research, development and extension (RD&E)
- Improved infrastructure
- Improvements in education and skills.

Key initiatives that the NFF seeks as part of the implementation of the National Food Plan:

- Government budgetary commitments reflecting the re-prioritisation and increased focus on the importance of food and agriculture to Australian society.
- Establishment of a register on agricultural and food production including land use and soil.
- Infrastructure stock-take identifying critical links across the agriculture and food supply chain to drive and encourage private sector capital investment.
- Supply chain mapping and data provision to identify critical control points across the food supply chain impacting on food security, availability and price.
- Collection and publication of performance data that informs a baseline and underpins relevant targets that will drive implementation of the National Food Plan and assist in measuring progress against the key objectives.
- Collaboration between industry and government on the development, establishment and promotion of relevant brands to promote Australian production.
- Commitment to close the skills gap and improve labour flexibility, including through implementation of measures to enable improved skill development in regional agriculture and food production centres, including strategies to improve agricultural participation in digital economy.
- Development of competitiveness and benchmarking indicator tools to drive improved productivity across the supply chain including a review of regulation impacting on the farm and food sector.
- Investment in international market analysis which identifies barriers and solutions to existing markets and drives development of new markets.
- Development of a comprehensive strategy to respond to food security concerns, incorporating biotechnology application.
- Implement coordinated and improved communication to improve consumer perception and understanding of modern agriculture.
- Increased performance of agricultural RD&E, driven by increased private sector investment effectively leveraged through an increased government commitment and expenditure. This process should be underpinned by the development and implementation of a coordinated plan to improve RD&E provisions that drive innovation, sustained productivity gains and industry competitiveness.
- Establishment of cooperative forums that facilitate information exchange between research providers and industry and promotes innovation across the supply chain.
- Commitment to tangible increases in international market access and development for the agriculture and food sector.
- Additional technical capacity through a greater presence of specialists in overseas posts and improved cultural awareness to benefit trade relationships.
- Implementation of robust measures to drive fairness and transparency between stakeholders in the supply chain.
- A comprehensive review of infrastructure performance and deficiencies impacting freight of food products, including intermodal transfers, to ensure efficient transport networks across jurisdictions.
- Development of information on the sustainability of Australian agriculture and food production. It is critical that a triple bottom line approach be adopted.
- Analysis of farmers access to and use of minor use ag-vet chemicals.

Introduction

General Comments

The NFF is strongly supportive of nationally consistent agriculture and food policy development and implementation. The NFF advocates for the development of a National Food Plan that clearly sets the framework within which our food producers and supply chains can operate and prosper, and articulates the government's role in this.

The NFF proposes an amendment of the outcome statement to recognise that food supply in Australia is underpinned by the Australian farming sector and this should continue to be the case by design not by chance. To this point, the role of agriculture should also be referred to in the Plan objectives. This would help alleviate concerns that Australia's food supply is increasingly reliant on imported food and would also provide recognition of the role Australian farmers' play in achieving the outcome.

Proposed amendment to outcome:

A sustainable, globally competitive, resilient agriculture and food supply chain, supporting access to nutritious products at a fair price.

The NFF has provided a response to each of the individual questions posed throughout the Green Paper at **Attachment A** of this submission. However, given the breadth of issues covered by the questions NFF's position against each of the Green Paper's objectives are provided below.

Proposed Objectives

The NFF recognises the challenges of identifying a set of key objectives and developing future pathways for improved approaches in what is a complex and wide range of issues contained in the Green Paper. In summary, the NFF supports the objectives identified with a number of caveats as described below.

1. Identify and mitigate potential risks to Australia's food security

The NFF believes that food security is a priority. However, it should be seen in the context of the existing production and food supply chain framework. Measures and collaborative initiatives that assist in productivity and value for the farm sector should be included and delivered as part of the National Food Plan. These measures will allow the Australian agricultural sector and the food supply chain to respond to food security globally.

Australian agriculture plays an important role in domestic and international food security. NFF notes the Food and Agricultural Organisation of the United Nations definition of food security and the three dimensions on which it applies. Similarly, NFF recognises that Australia has a diverse, plentiful food supply that is affordable and accessible to most Australians and that we produce far more food than we consume. With over 90 per cent of fresh produce (including fresh fruit, vegetables, meat, milk, and eggs) sold in Australia being domestically produced and with food being affordable for most Australians; food security, at the physical availability level at least, is unlikely to be a major risk to the majority of the population.

While the Australian population largely has limited food security concerns, agricultural industries are looking to ensure that they continue to improve their productivity, build on the credibility and social license, Australian farmers need the National Food Plan and the associated policy and regulatory framework to encourage innovation and empower the farm sector to continue to supply food to the domestic market but also seek to take further advantage of opportunities to contribute to the global food supply.

2. Reduce barriers to a safe and nutritious food supply that responds to the evolving preferences and needs of all Australians and supports population health

The NFF supports the view that food produced in Australia is among the safest in the world. The established and rigorous regimes for production—and import of foods—have been extremely valuable in minimising serious food-related illness, and ensuring the confidence in the safety of our food supply both domestically and internationally.

The NFF recognises that while there may be sufficient quantities of high quality food for most of the population, a number of Australians face difficulties associated with diet choices and access to affordable nutritious food. These issues continue to present challenges. The NFF believes that aspects related to food consumption and consumer behaviour patterns are extremely complex and while linked to the physical production and supply, the issues should be distinguished and dealt with through different, but complementary strategies including education and awareness. The NFF believes the National Rural Health Alliance is in an appropriate position to comment on these health-related matters.

Concerns exist within the agricultural sector that urban Australian is losing its connection with agricultural industries. Without an understating of how food is produced and how the agricultural sector operates, Australian consumers are becoming ‘agriculturally illiterate’. Whilst we may joke about children thinking milk and fruit juice come from supermarket shelves, ‘agriculture illiteracy’ has significant implications for agricultural industries.

As part of this objective the NFF supports the development of measures that help improve the perception of agriculture, its practices and the understanding of food production, or ‘agricultural literacy’. The NFF view is that it is imperative that consumer trust in Australia’s agriculture and food producers and the systems that underpin them are maintained and improved. By proactively raising the positive profile of farming issues and the innovative practices involved in modern, dynamic, competitive and sustainable farming practices there will be significant benefit in responding to some of the social and nutritional issues associated with diets and health of the population. By establishing confidence, trust, credibility and a better understanding of how food is produced—then the population is better able to make informed decisions resulting in better health outcomes. There are numerous bodies working to achieve this aim and these should be further encouraged and coordinated.

3. Support the global competitiveness and productivity growth of the food supply chain, including through research, science and innovation

NFF strongly supports the objective to increase the productivity and global competitiveness of the farm sector. There is no doubt that a competitive and productive agriculture sector will contribute to the security and profitability of Australia’s food supply chain and contribute to wider economic growth. A successful and competitive agriculture and food production

industry will also provide ongoing economic opportunities across rural and regional Australia including employment, infrastructure and community welfare.

The NFF view is that global competitiveness of the sector will be assisted by a competitive economic framework for farmers. NFF recognises the National Food Plan is unlikely to have a major influence on economic policy in Australia. Notwithstanding that, specific considerations that will assist in developing a conducive and competitive business environment should include review of measures that can encourage investment and transparent competition policy across the supply chain. In addition, a commitment to minimising costly red tape via such things as the removal of duplicative reporting requirements and consistent OH&S policies will provide significant benefits to the agricultural sector.

Facilitating investment in infrastructure to efficiently link regional Australia to domestic and international markets – not only transport, but via high-quality and equitable telecommunications services should also be supported. Greater investments in transport and telecommunications infrastructure, will not only be of benefit to Australian farmers, but will have flow-on impacts for everyone within Australia and across the globe that consumes Australian grown food.

The food and agriculture sector plays a significant part in the Australian economy and community. The NFF is of the view that the importance of the sector should be recognised and elevated as part of the National Food Plan. Agriculture and food are essential aspects of the day to day lives of the Australian community. It is our view that issues such as the ongoing capacity of the nation to continue to producing food and fibre for not only Australians but the global community needs to be linked with other key government priorities such as the state of the economy, health and education.

Investing in innovation and productivity growth through agricultural RD&E is a critical area for concern for the NFF. A more cooperative approach to R&D, and in particular extension, is where the real productivity gains for agriculture are to be found. In addition, accessing burgeoning technologies, including biotechnology and new agricultural and veterinary chemicals, for application in farm production should be incorporated into the National Food Plan.

Measures that provide for improved collaboration between industry and government on innovation and RD&E is critical to underpin future productivity growth and maintain the sustainability of Australian agricultural industries. The NFF seeks a re-investment by government and industry into Australian agricultural production and marketing to underpin productivity.

The Green Paper outlined that Australia's current strengths in food exports lie predominately in raw and moderately-processed food products. The NFF believes there are opportunities for Australia to further this scope and gain greater market benefit from its high quality food production systems. The initiatives should incorporate a broad Brand focus. Australian

Brand, or more specifically Regional Brands, that can encompass qualities and characteristics of specific regions should be considered and encouraged. Such approaches will allow groups of stakeholders to build collaboration and improve efficiencies while also increasing competitiveness. This approach has the opportunity to build domestic and international

markets. Further to this issue NFF supports the establishment of more transparent and easier to understand labelling of imported foods. Currently there is a level of confusion around labelling of imported food items including the use of “made in”, “product of” and “made from a mix of imported and local”. Measures should be implemented that clarifies and makes it easier for consumers to make informed choices.

Underpinning the competitiveness of Australia’s farming sector is a great demand for human capital. To produce food on Australian farms requires a large variety of skills sets, from tertiary-educated technical specialists, to hands-on manual labour. The future of agriculture depends on attracting, training and retaining the next generation of farmers and people working in the broader supply chain. The Green Paper did not adequately analyse or address this issue and the NFF would like to see the National Food Plan place a greater emphasis on how to better address future labour requirements of the agricultural workforce. The NFF would welcome the government working with industry to deliver the proposal outlined in the Green Paper, to prepare a workforce development strategy focusing on ways to better use existing labour and skills initiatives. The NFF facilitated National Agribusiness Education, Skills and Labour Taskforce is already in place and is well positioned to undertake this role if adequately supported by government.

4. Maintain and improve the natural resource base underpinning food production in Australia

The NFF supports the maintenance and improvement of a strong natural resource base as an essential component to help develop Australia’s capacity to produce food sustainably over the long term.

The positive role farmers play in effectively and efficiently managing Australia’s natural resources needs to be better understood by government and broader society. The ecosystem services delivered from agricultural landscapes deliver benefits for the whole community and are often not given adequate recognition.

With farmers managing roughly 60 per cent of Australia’s land mass, government decisions made purely on environmental grounds will directly impact the competitiveness of Australia food producers and have flow-on implications for the Australian food supply chain. More efficient and collaborative delivery of government environmental programs is required. It is in the interest of all parties that accountability is improved and expenditure is directly achieving results on the ground. The National Food Plan should provide more initiatives and incentives that recognise and expand the stewardship role that farmers play.

The NFF is also of the view that drought and climate variability will continue to have an impact on Australian agriculture and productivity in the agricultural sector. Farmers will continually be required to implement new and more efficient practises to better manage the risk of drought and adapt to an increasingly variable climate in the long term. As demand for food increases it is likely that the mismatch between demand and supply may be exacerbated, which makes food security issues more acute. It is important that government and industry continue to work on policy and programs to improve industry preparedness and in drought business support to deal with drought and other climate risks, to ensure Australian agriculture continues its contribution to domestic and global food security. While the NFF recognises that drought policy largely sits outside the National Food Plan, it is an example of the type of

issue that should be included as a consideration and one that impacts on a range of measures including natural resource management, social issues and competitiveness.

The National Food Plan should provide clear direction on the potential for development and expansion of land for agriculture, particularly in Northern Australia. Increased productivity is one option and this should be pursued. However, new productive agricultural regions should be investigated, particularly northern Australia and under-developed regions of Australia that have potential to expand capacity and improve resource utilisation.

5. Reduce barriers food businesses face in accessing international and domestic markets

The Australian agricultural industry's long-term growth and profitability is linked closely to its status as a globally competitive producer that can develop and retain market positions. Trade is an essential part of global economic growth and prosperity and can improve consumers' choice in food product variety, quality and price. Export markets are essential for sustained profitability of food businesses and Australia needs to be proactive in securing new markets, maintaining existing markets and addressing impediments to trade.

Ongoing and in some cases increasing application of non-tariff barriers in international markets is constraining market access for agricultural exports. The NFF is of the view that Agricultural Counsellors provide significant value in helping to remove or lower such barriers. Being on the ground in relevant markets they have increased capacity advocate directly with local officials to pre-empt and address access issues as they arise. The NFF supports the increased number of Agricultural Counsellor resources as an effective measure the Australian government (DAFF) can take to maintain and expand market access. In particular, the NFF highlights emerging markets including Vietnam, the Philippines, and Saudi Arabia as potential examples of where the government could expand the Agricultural Counsellors postings program to take advantage of market development opportunities. In addition, the NFF believes there would be improved value from government investment overseas, if the roles of DAFF Agricultural Counsellors, AusTrade officers and DFAT overseas-based officers were better coordinated and more clearly understood by Australia's export industries.

Australian agriculture is well placed to take advantage of the expected growth of food demand in Asian and other markets. While the opportunities offered by growing international markets are well documented, the priority for Australian agriculture is to ensure the industry remains globally competitive and profitable. Other producers around the globe are also looking to expand markets and take advantage of growing and changing consumer appetites. The NFF supports tangible and measurable goals to provide direction and aspirations for achievement. The NFF is not convinced a goal such as doubling exports is the most effective. A focus or target to increase competitiveness and or profitability of the supply chain would ensure that the sector is better placed as opposed to continuing to produce large quantities of raw commodities.

The NFF is of the view that the National Food Plan should identify trade development programs that are focussed on increasing the value of exports as well as increasing volumes. To do this, programs and initiatives that facilitate cooperation across the supply chain on specific product innovation should be incorporated into the National Food Plan. In addition

the extension of the innovation programs should assist in taking these products to the international market via increased funding for organisations that can assist trade.

The National Food Plan should support comprehensive bilateral trade agreements with all relevant countries and regions (within Asia: Japan, China, Korea, Indonesia, and India). This is critical to building long-term commercial relationships. A number of Australian competitor countries have already signed FTA's with new markets providing preferential market access that makes it difficult for Australian agricultural producers.

While multilateral trade arrangements provide the best mechanism for real reform the NFF is acutely aware of the challenges in relation to progressing and reaching agreement on these negotiations. Therefore the National Food Plan in conjunction with the Department of Foreign Affairs and Trade should prioritise bilateral and regional agreements and ensure that agriculture and food are at the centre of the discussions and that tangible achievements are realised. The NFF seeks provision of data and reports on specific barriers to markets that can be documented and form the basis of a trade barriers gap analysis. Such information would be valuable to prioritise government and industry action in opening up and liberalising markets. Priority markets can be identified and as part of the process clear strategies and actions implemented to address the barriers. Reporting on these issues should include documentation of technical barriers including beyond border administrative issues such as the tariff rate quotas

6. Contribute to global food security

Australia can play an important role in international efforts to provide global food security, which will contribute to global stability and economic growth. There is a consensus among the food supply chain that one of the most critical drivers of future food supply is the growth of yields and the application and adoption of new technology. The National Food Plan should have a clear focus on improving the linkages between relevant Research and Development Corporation's (RDC's) and agencies to ensure that the level of resources directed to new products and processes is increased. Further, the results of the research need to be applied to the sector and taken up by industry. The National Food Plan should also recognise the contribution that Australia's export of this knowledge can have on agricultural production globally.

The National Food Plan should focus on maintaining and supporting the Australian food safety system as a key foundation of food security both globally and domestically. Government agencies should continue to communicate and build understanding of the Australian food safety system to ensure that benefits from the robust and comprehensive system are realised.

The National Food Plan should make an effective contribution to global food security by incorporating capacity for technology and expertise transfers both domestically and internationally; continuing trade-related development assistance; ongoing advocacy for relevant policies; and short-term emergency assistance measures.

NFF seeks measures that will work towards reducing foreign government policies that distort world trade in food commodities and as a consequence food security. The National Food Plan should ensure the food security debate does not become a shield for hidden market distorting subsidies and or protectionism that provides barriers to markets.

The National Food Plan must respond to the importance of a cooperative approach to progressing the development and uptake of technology. The National Food Plan should provide a consistent national strategy on the introduction of biotechnology, as the best way of taking emotive discussion out of the debate.

Biotechnology is a key way to reduce chemical usage and a range of costs – including nutrients (fertilisers). This will contribute towards a more efficient production regime and also lessen the environmental impact. The other reason that it must be progressed is that Australian agriculture will get left behind in food productivity because biotechnology can be expected to increasingly define the rate of productivity increase and improve sustainability outcomes. The National Food Plan must provide the agricultural sector and farmers with the capacity via a clear policy and the tools to make a choice between various production systems.

Innovation is fundamental to Australian agriculture - helping to improving the profitability and competitiveness of the farming sector, as well as underpinning its ongoing sustainability and maintaining the quality of Australia's natural resources. Australia has witnessed a decline in the R&D effort to underpin its agricultural industries over recent years, at a time when the challenges of operating in international markets and environmental constraints have become ever greater. As part of the National Food Plan, the NFF seeks to cooperate with the Australian Government to reverse the decline in agricultural R&D, and to incorporate a comprehensive strategy which takes a whole of government approach to supporting innovation in the sector.

The NFF believes the government's plan to increase transparency, coordination and value for money within the existing R&D model is positive, yet more needs to be done to ensure increased investment in Australian agriculture RD&E and the National Food Plan represents a good opportunity to put this approach into action.

7. Contribute to economic prosperity, employment and community wellbeing in regional Australia

The food industry is critical to the economic success, identity and social fabric of many communities, particularly in rural Australia. In turn, through food production, regional communities contribute to food security in Australia and around the world.

The National Food Plan must incorporate and facilitate an active partnership with the agriculture and food industry and regional communities. This cooperative supply chain wide approach can take many forms. However, should be based on collaboration and exchange of relevant information that recognises the capacity to address local issues and ensures rural communities are empowered to contribute to the development regional Australia.

The NFF welcomed the establishment of Infrastructure Australia as an opportunity to strategically invest in Australia's infrastructure for the future. Australian farmers have witnessed a running down of assets that are integral to producing and distributing food and fibre in Australia, and this needs to be addressed. Running down these assets mean that food is more expensive and Australian farmers cannot be as productive or efficient as we strive to be. The development of Plans, such as the National Land Freight Strategy and the National Ports Strategy, as well as agreements made under the Murray Darling Basin Plan, identify priorities and needs; but this needs to be backed up by real investment in infrastructure for Australia's future. The NFF notes that many submissions to the National Food Plan Issues

Paper identified particular infrastructure investments that would be of benefit to Australia's food industry. The NFF was disappointed that the National Food Plan did not provide clear direction on how Australia's infrastructure investment pipeline will prioritise improvements for Australia's food production and supply sector. The National Food Plan should ensure the framework of government has the capacity to include these issues and recognise the critical need for alignment across these policies. The NFF believes that building on the evidence base of food industry trends and market changes is a step in the right direction, but the government must also indicate how this can inform the investment in infrastructure across all spheres of government. Specifically, water storage and infrastructure in regional Australia is a priority to ensure improved efficiencies and ongoing productivity.

The NFF acknowledges that government intends to make a significant financial commitment to improving access to the digital economy in regional Australia. Farmers and others living and working in regional Australia are looking for telecommunication solutions that is affordable and can be upgraded as technology advances. Modern farming practices are increasingly reliant on information technologies for production, risk management and marketing activities. The NFF seeks clear alignment in the National Food Plan on the roll out of the National Broadband Network to ensure delivery of broadband is used to its potential to realise productivity gains and diversify regional economies.

The National Food Plan should ensure a competitive and flexible labour market that will drive productivity improvements and increase efficiency across the supply chain. The agriculture sector relies on improved access to labour (unskilled, semi-skilled and skilled) and measures that can assist in developing high-level skills levels and capacity in the farming population.

Consultation Questions – Attachment A

The following provides a response by the NFF on individual questions posed with the National Food Plan Green Paper. These responses build on the positions provided earlier in the NFF submission.

The NFF has aimed to respond to questions posed throughout the Green Paper. However, the NFF would like to highlight the disappointment and confusion that stakeholders faced in responding to questions. The predominant confusion arose from the fact that questions posed by the government throughout the text, at the end of chapters and in Appendix 2, all differed. This has led to a delayed response by the NFF and its members and at times some overlap in responding to the questions.

Chapter 1 – A National Food Plan for Australia

1.1

Do you agree with the possible overall approach outlined in this green paper to create a more strategic, better integrated and transparent approach to food policy?

The National Food Plan provides an opportunity to clearly articulate the importance of agricultural production, and food production more generally in Australia's economy; and provide a framework to ensure that there is consistency in government policy which impacts on the sector. The NFF is pleased that the National Food Plan has been elevated to the level of an Australian Government White Paper, given the breadth and importance of issues covered.

The key outcome from the National Food Plan should be a shared view, across government, on the operation and priorities of the food production sector in Australia. Coordination is required across government, both across portfolios and jurisdictions, to ensure there is consistency in policy and regulation to deliver on these priorities. The NFF continues to be frustrated by the lack of consistency in government policy and approaches across agencies. While the aim 'to create a more strategic, better integrated and transparent approach to food policy' seems sound, the approach required to achieve this is much more difficult and it is not yet clear how the government intends to achieve this. The NFF has provided comments on the proposed mechanisms in response to individual questions below.

The practical options proposed with the Green Paper are largely limited to actions within the direct influence of the Federal agriculture portfolio. While the NFF supports the majority of these initiatives, if other portfolios and jurisdictions are not fully engaged and willing to contribute actions, the opportunity to achieve a truly integrated vision across all levels of government will be missed.

It is important that agricultural industries drive the development of the national vision for agriculture in Australia, including how the agricultural industries will perform and grow into the future. Agriculture is an important contributor to the Australian economy, and it is appropriate that there is a national vision that articulates how the industry will continue to make this important contribution into the future. Complementary to the National Food Plan, the NFF is developing a Blueprint for Australian Agriculture which will outline this vision. It will be important for the National Food Plan and Blueprint for Australian Agriculture to recognise areas of commonality, particularly as industry and government strive to work together to achieve common goals.

Ultimately, the danger is that a National Food Plan becomes a list of challenges, opportunities and potential actions which are never dealt with. Implementation of the National Food Plan is critical, including a clear set of strategies for addressing the risks and opportunities, underpinned by appropriate resourcing to achieve intended outcomes. The NFF will be closely monitoring the implementation of the National Food Plan to ensure the positive effort put into developing the Plan does not go to waste.

Chapter 3 – Australia’s food policy framework

3.1

Do you agree with the proposed outcome and objectives outlined in this green paper to guide the Australian Government’s development of food-related policy and stakeholder consultation mechanisms?

Proposed outcome

The NFF is strongly supportive of sound and consistent agriculture and food policy development and implementation at the national level. The NFF advocates for the development of a National Food Plan that clearly sets the framework within which our food producers and supply chains can operate and prosper, and articulates the government’s role in this. Accordingly, the NFF supports the proposed outcome identified in the Green Paper for:

A sustainable, globally competitive, resilient food supply, supporting access to nutritious and affordable food.

However, the NFF would support amending the outcome statement to recognise that the food supply in Australia is underpinned by the Australian farming sector and this should continue to be the case. To this point the role of agriculture may be referred to in the objective. This would help alleviate concerns that Australia’s food supply is increasingly reliant on imported food and would also provide recognition of the role Australian farmers’ play in achieving the outcome.

Proposed amendment to outcome—

A sustainable, globally competitive, resilient agriculture and food supply chain, supporting access to nutritious products at a fair price.

A sound outcome statement is necessary, but to gain the most from the forecasted opportunities outlined in the Green Paper, the National Food Plan and the government, in conjunction with agriculture and food sector, will need to establish a balance between economic, environmental and social outcomes taking into account both short and long-term impacts. It will be important that steps are taken to ensure that actions in other areas of government do not undermine or compete with the National Food Plan’s overarching outcome or individual objectives.

Proposed objectives

The NFF has provided commentary on each of the objectives individually earlier in this submission. Further comments are provided below on some of the issues and opportunities for integration of these objectives in pursuing the proposed outcome.

If the ‘approach’ of the National Food Plan is to create a more strategic, better integrated and transparent approach to food policy; it may be worthwhile considering how this is to be achieved through pursuing the objectives. Specifically, how integration of the objectives works in practice to pursue the outcome.

For example, the NFF believes that aspects of the food plan related to food consumption and driven by public health concerns are different to the physical production and supply of food, and should be dealt with through different, but complementary strategies.

The NFF has highlighted a number of areas where it views government policy and regulation is at cross-purposes, has overlaps or gaps elsewhere in this submission. Examples of areas with overlap and cross purposes include a range of areas related to the environment, including water, biodiversity, carbon and land use competition and where productive agricultural outcomes are in tension with environmental regulation. Better ways of understanding and managing these tradeoffs are required.

A significant gap in government policy related to agriculture is innovation, where there is no coordination between research and development undertaken under DAFF and the mechanisms that support innovation and research and development in DIISR (including CSIRO and the CRC Program) or in Australia’s rural research and development effort to support international development outcomes through AusAID. The NFF notes that the Australian Research Committee (ARComm) are looking into these issues, but it is still not clear what actions will be taken to address this concern.

Ultimately, a coordination mechanism will be required to continue the effort begun through the National Food Plan Green Paper, seeking to harmonise policy and address gaps in the government’s strategy to addressing the challenges for the Australian food sector.

Lastly, it would make sense for the objectives to align with the chapters for ease of understanding how the objectives are to be achieved.

3.2

The Australian Government is seeking feedback on a number of alternatives to improve leadership and stakeholder engagement on food policy issues. These alternatives are set out in Section 3.4.1.

Do you have a preference for a particular alternative or a specific suggestion for another mechanism that would provide better leadership, coordination and stakeholder engagement on food policy issues in Australia?

There are few, if any, issues that require as much government coordination and leadership as much as the production of safe, nutritious and affordable agricultural products and food. The good work done to develop the Green Paper for the National Food Plan (including the coordination and discussion between Ministers and Departments) should be recognised and the government should continue to develop and support forums to improve coordination and develop consistent policy on food issues across government. Comments on specific mechanisms presented in the Green Paper are provided below.

The 2010 Prime Minister’s Science, Engineering and Innovation Council’s (PMSEIC) report “Australia and Food Security in a Changing World” recommended that a standalone agency, the “Australian Food Security Agency”, be established to coordinate the development and implementation of policies and programs to improve Australia’s food security. The NFF does not support the establishment of a new agency, however the role in coordinating policy and

regulation across government, including reporting on these outcome areas, may be a role taken on within a central government agency such as the Department of Prime Minister and Cabinet. The NFF still believes a Parliamentary Secretary role could be established to deliver the government's policy objectives described in the National Food Plan and report back to government.

3.4.1

The Australian Government is seeking feedback on the merits of:

- *establishing a Ministerial Food Forum of relevant Australian Government ministers, OR*
- *establishing a Ministerial Food Forum plus a Stakeholder Committee on Food, comprising agriculture, fisheries and food business representatives, with participation by health, community and consumer representatives, to provide advice to the government on food policy issues, OR*
- *establishing an Australian Food Council, comprising relevant Australian Government ministers and representatives of agriculture, fisheries and food businesses together with health, community and consumer representatives to consider long-term strategic challenges and opportunities for Australia's food system.*

As a way to improve food policy integration and coordination across all levels of government, the Australian Government is seeking feedback on the merits of:

- *Increasing engagement with states and territories, through COAG, on food-related policy using the National Food Plan as a reference point for improved coordination, noting that the Standing Council on Primary Industries (SCoPI) and the Legislative and Governance Forum on Food Regulation (FoFR) would continue to take forward their respective agendas.*

The Australian Government proposes to maintain a transparent, up-to-date approach to food policy. The government would welcome feedback on the merits of options to assist this, including:

- *periodically publishing a State of the Food System report which could include key information about food policies, programs and regulations and how they help to achieve the government's proposed outcome and objectives*
- *reviewing and revising the National Food Plan, possibly after five years.*

The National Food Plan is a critical policy document that requires input and engagement from a range of government portfolios. At a very fundamental level it addresses the key issue of food security and supply to the Australian population.

In general, the NFF does not support the development of further bureaucracy. However, this coordination role is not currently undertaken by government and the NFF acknowledges a mechanism may need to be established which ensures that outcomes from the National Food Plan are delivered. It would be the role of this coordinating group to review major government initiatives and seek opportunities for closer alignment with the National Food Plan (where appropriate) and provide alerts if conflict with the National Food Plan becomes apparent.

In addition, clear guidelines and processes need to be established to ensure that when government develops policy and regulation it can account for the impact on food and agricultural production, to ensure that food production is maintained and innovation and productivity improvements are encouraged.

Ministerial Food Forum

NFF supports the concept of establishing a Forum where relevant Ministers agree to improve the integration and coordination of food policy issues and ensure regulation provides improved operating environment for the sector. The Forum should be a priority for government and meet more than once a year. Likewise, an associated Stakeholder Committee (such as the one outlined in the Green Paper) should also be tasked with providing advice and meet regularly enough to ensure it can drive and implement policy decisions.

If the government was to develop a Ministerial Food Forum, it would be important that appropriate consideration is given to which Minister's are to be involved. As outlined in the Green Paper, the forum would have to include key Ministers (such as: Agriculture, Health, Industry and Innovation, Environment and Trade and the Treasurer). In addition, other Ministers should be included when actions within their portfolios impact on the food industry.

For example, the transportation of food products is a large part of the cost of food in Australia and a large proportion of costs involved in food production. Strategic investments in infrastructure could have significant benefits for food producers, processors and the general population as consumers. However, the Green Paper does not suggest that the Minister for Transport and Infrastructure would be part of the Ministerial Food Forum. Similarly, targeted investments in education and training also have the potential to be of great benefit to the sector and will help to achieve the proposed outcome, but as it stands the responsible Minister would not be part of the forum.

In addition, some of the greatest trade-offs of agricultural production for other policy goals come from portfolios governed by the Minister for Climate Change and Energy Efficiency; and the Minister for Sustainability, Water, Population and Communities. It is precisely these Minister's that need to consider food production in their decision making process and bringing food central to the government-decision making process would require their participation in any potential forum.

Stakeholder Committee on Food

If the government was to develop a Stakeholder Committee on Food, it would be important for the government to consider how to best utilise the Committee and engage through an ongoing conversation, not just an annual meeting. The government would need to consider if this function could be undertaken by the National Food Policy Working Group, or whether that group could form the basis of the Stakeholder Committee on Food. There would also have to be established links and opportunities for the Committee to directly engage with the Ministerial Food Forum. It would be appropriate for the Ministerial Food Forum to be accountable to the Stakeholder Committee, ensuring that stakeholder concerns are considered and appropriately addressed.

As farmers form the basis of the food system within Australia, it will be important that the views of farmers are captured, considered and acted upon in a Stakeholder Committee on Food. Sufficient farmer representation would be critical and as a start the NFF would

welcome the opportunity to be part of such a Committee. However, the NFF believes that such a Committee should not be seen as a replacement for wider industry consultation.

Australian Food Council

The NFF views that a mechanism with government decision-making power, such as a Ministerial Food Forum may be more useful in achieving real outcomes; and on that basis, the NFF would not support the development of an Australian Food Council.

Further COAG engagement

Many government policies and regulations affecting food production in Australia are governed by states and territories. Therefore, any of the mechanisms discussed above would need to coordinate across jurisdictions, via the existing COAG structure and associated Ministerial Councils (such as the Standing Council on Primary Industries as discussed in the Green Paper). Implementation of many of the matters raised through the National Food Plan is likely to require COAG agreement, and it would be appropriate that these matters are given representation at the COAG level.

The NFF would support increased engagement with states and territories through COAG, with the National Food Plan as a reference.

State of the Food System report

There were a number of questions throughout the Green Paper that posed questions regarding the development of a State of the Food System report and each question has been answered individually throughout this submission.

A report outlining the government's performance could not be called 'the State of the Food System'. However, if the government wishes to report on the state of the food governance system, it should indicate as such. It will be important that in the report, the government not only recognises the positive achievements to facilitate the government's proposed outcome and objectives, but also the trade-offs that have been made by the government, at the expense of the food system, in order to achieve other policy objectives.

If the government wishes to report on the state of the food system, it would be important that objectives outlined in the National Food Plan are assessed against targets and performance indicators of outcomes; and not purely outputs delivered by the government. NFF would not support production of a report that was simply a historical reference on past performance which in context would be largely redundant once published.

If a report was to be produced it should not only provide an insight into performance to date but also look forward and provide forecasts and suggested trends for the sector in the short to medium term. To be of value the report should be dynamic and relevant and not a reiteration of existing statistics from the ABS. It must have clear value and be a guide for the food and agriculture supply chain beyond what is already provided.

Any State of the Food System report should also consider what information is already published and how this information could be incorporated, not replicated. It is disappointing that the National Food Plan Green Paper did not indicate some of the likely indicators in the report and what data already exists and is collected by agencies such as the Australian Bureau of Statistics and ABARES.

5 year review of National Food Plan

The NFF would support the government reviewing and revising the National Food Plan in 5 years time. It is important that policy settings are regularly revisited and the state of the Australian food system is also checked against these.

The NFF would expect that the National Food Plan will need to be reviewed, developed and adapted over time to ensure it remains relevant and recognises emerging challenges for Australia's food production sector. Reports and projections published by a range of experts indicate the challenges associated with access and supply to food will only become more acute over time as resources become constrained and the costs of production continue to rise. Any review would need to be based on a transparent set of performance indicators or relevant targets made clear in the National Food Plan.

Chapter 4 – Australia's food security

4.1

Do you agree with the analysis that, broadly speaking, Australia is food secure?

If not, why not? Please be specific and provide evidence to justify your position.

What additional data could the government draw on to measure Australia's food security?

Food and food security in Australia is intimately linked with the agricultural industries and impacts on the viability of Australian farmers will impact Australia's food supply. The average Australian farmer grows enough food to feed 600 people every year, 150 of these are Australians with the remaining 450 overseas.

Food security is a strategic issue, which will become increasingly important over time. The NFF recognises that food security is a complex issue and covers both the physical availability of food as well as social aspects such as affordability and appropriateness. The NFF recognises that people in regional Australia may have personal and community issues that relate to food security, but the organisation does not have the expertise to comment on these issues. NFF comments are restricted to the physical production and availability of food.

The NFF is of the view that Australia is agricultural commodity secure. There is no doubt Australia produces enough meat protein, and grains and dairy for example to cater for the existing population. The question of whether Australia is food secure is more complex. The production of commodities relies heavily on the supply chain to transform and deliver consumable items for the population. This supply chain has been experiencing severe competitive issues over the last decade or so. There has been rationalisation and consolidation across the supply chain to improve efficiencies and retain global competitiveness. As part of this process, the food supply chain is increasingly sourcing processed products off shore which is having a detrimental impact on farmers and producers here in Australia – particularly in the horticulture and highly transformed foods markets like confectionary and snacks. The more this happens the less viable Australia's supply chain will function in the current manner. Producers and processors may not have a viable market for their goods which will limit and undermine Australia's food security. The National Food Plan needs to recognise and address this issue. The real issue here is the cost of doing business in Australia, which is broader than the issue of food security.

Australian farmers produce almost 93 per cent of Australia's daily domestic food supply, with food imports contributing 7.5 per cent of the total value of Australian retail food sales. The Australian public has been in the fortunate position that they have enjoyed a secure food supply for most of the last 150 years or so. Australian farmers, who have maintained this food supply, have faced significant pressures as a consequence of challenges such as drought and the relatively high value of the Australian dollar in recent times; combined with a longer term declining terms of trade.

The NFF notes that many of the challenges to the production and availability of food have been described in the Green Paper, along with broad strategies for dealing with the challenges. Australian farmers will be able to make a significant contribution to global food security and underpin Australian food security assuming these challenges are addressed.

The government would welcome feedback on the merits of:

publish a State of the Food System report which would regularly monitor, assess and report on issues affecting Australia's future food security. The report could include ongoing and enhanced collection of information and data on foreign ownership and enhanced national coordination and analysis of land use data

A State of the Food System Report may provide a useful tool, on which to assess the current state of play and base future policy decisions. The first report could set a baseline of indicators, on which policy considerations would occur.

While land use data would be an important measure to be considered, the report would need to be much broader and look at drivers of land use change, such as the competitiveness of Australian farm businesses.

A National Land Use register to understand foreign ownership levels has been strongly advocated by the NFF. While the data may form part of a State of the Food System Report, the report would need to be very clear about both the opportunities and risks from the changes in ownership patterns. If the government believes there is a clear link between food security and changing levels of foreign ownership, they should clearly articulate it and have a sound basis for any claims.

The NFF believes that in Australia the family farm will continue to be part of our production base, but there will increasingly be family and corporate investments that stretch through-chain. The NFF believes that foreign interest as a source of capital will need to continue to be encouraged, but will need to be monitored by government to ensure that non commercially driven investments do not dominate industries at the critical control points of processing and marketing.

NFF would support production of a food report where it has real value and is not a report that becomes irrelevant in a short timeframe. If a report such as this is to be valuable then part of the report or a separate component of it should focus on food security and document the major bottleneck and junctions or control points in the food supply chain for key sectors such as meat, dairy, grain and horticulture. This would help identify what risk might be prevalent and assist in disaster management to ensure that when a real issue of food security arises there is a nationally coordinated plan to ensure the population has access to food. NFF is of the view that this is different to a state of the food industry report and is more a national security or Home Affairs responsibility which will need coordination from across governments and ideally driven out of the Department of Prime Minister and Cabinet .

4.2

The Australian Government is seeking feedback on the option of working with state and territory governments and the food industry to develop strategies to mitigate risks and maintain continuity of the food supply in a major emergency.

Section 4.5 of Chapter 4 outlines some options. Do you support these options?

Options could include:

- *building community and household preparedness by contributing to an education and awareness campaign that increases community and household resilience*
- *encouraging and enhancing communication and coordination with the food industry to enable it to continue to be the 'lead agent' responsible for continuity of the food supply in the event of an emergency*
- *increasing awareness of food supply chain vulnerabilities and improving communication and coordination with the food industry*
- *addressing any non-food safety regulatory impediments to the food industry ensuring continuity of the food supply in the event of an emergency*
- *exploring development of an agreement for government to reimburse industry for certain costs related to responding to certain national emergencies*
- *developing enhanced national arrangements for the Australian Government to support and assist industry and affected jurisdictions to maintain orderly and fair distribution of food.*

Such options would extend the traditional role of the Australian Government.

Do you have specific suggestions for other options or strategies?

While the NFF recognises that the continuity of food supply during a major emergency is a major concern. The NFF is not in a position to comment on each of the recommended options, except by re-confirming support for continued non-regulatory approaches to improve the resilience of the food supply chain.

In addition, due to much of Australia's food supply being grown locally, it is critical that Australian farmers remain profitable and globally competitive as this will have flow-through implications for ongoing food supply. It is also important that the supply chain operates efficiently and is not impeded by underfunded infrastructure or over-bearing regulation. The NFF has outlined key priorities to achieve this throughout this submission.

4.3

Do you agree with the analysis of the factors that contribute to individual food security? Do you support the approaches outlined? Do you have specific suggestions for other options or strategies?

Australian agriculture faces a large number of strategic risks, which have been discussed in various reports (for example the October 2010 PMSEIC report "Australia and Food Security in a Changing World") and in previous papers developed by the NFF (including NFF Federal Budget Submissions).

Many of these risks have been touched on in the Green Paper, and a number of the key risks and opportunities identified by the NFF are outlined throughout this submission. Broadly,

some of the key risks and opportunities that could influence food supply include: managing climate variability; innovation in agriculture; access to skills and labour; biosecurity; access to farm inputs; need for re-investment in infrastructure; competing land-use.

Fresh, healthy and sustainable food at a fair price

The NFF contends that Australian consumers benefit most from their access to fresh produce which is safe to eat and is produced at internationally competitive prices. It is very easy to take the stability of Australia's food supply and the safety of our agricultural produce for granted. Australian farmers are proud of their record of producing agricultural produce in a sustainable way, and Australian consumers benefit from the work that Australian farmers undertake to protect biodiversity through the management of pests and weeds, as well as minimising impacts on soil and water resources.

A challenge for the agricultural industries is communicating the value of the benefits received by Australian consumers. Australian consumers are food secure, they rarely experience the dramatic price shocks and fluctuations in availability that are experienced by consumers in other countries. The growing disconnect between urban and rural Australia also means that fewer Australian's understand farming practices and farming systems, and are not well placed to follow public debates on the impact of issues such as water, carbon and climate change on the agricultural industries. The matter of agricultural literacy is addressed later in this submission.

The government would welcome feedback on the merits of:

- *expand support to further remote communities outside of the Northern Territory where a store is commercially non-viable but essential for food security*
- *consider the extent to which an integrated licensing and support scheme for community stores should be pursued with other state governments or potentially as a national remote community stores program.*

While the NFF recognises that access to adequate food supply is a major issue for remote communities. The NFF is not in a position to comment on each of the recommended options.

However, it is important that the food supply chain operates efficiently and is not impeded by underfunded infrastructure or over-bearing regulation. The NFF has outlined key priorities to achieve this throughout this submission.

Chapter 5 – Safe and nutritious food

5.1.

The Australian Government has strategies, policies and programs in place to:

- *ensure all Australians have access to a safe and nutritious food supply*
- *support healthy lifestyles*
- *reformulate foods, improve food labelling and educate consumers*
- *improve nutritional outcomes for Indigenous Australians*
- *provide a comprehensive and effective food safety regulatory environment*

- *build capacity to control known and emerging food safety risks.*

This green paper provides details of these initiatives and outlines the Australian Government's future policy directions, including the development of a national nutrition policy.

Are there additional issues the government should focus on in its future policy directions? What factors should the government consider in developing new, and reviewing existing, policies and programs?

The NFF believes that aspects of the food plan related to food consumption and driven by public health concerns are different to the physical production and supply of food, and should be dealt with through different, but complementary, strategies.

Australian consumers benefit significantly from access to Australian agricultural produce, but are not well placed to understand or perceive the benefits delivered through food produced by Australian farmers. The NFF is concerned that this growing lack of familiarity with Australian agriculture not only reduces the perceived value of Australian produce in the eyes of consumers, but also may result in perverse outcomes for the industry and Australian taxpayers as a consequence of unnecessary regulation to address unfounded concerns about Australian agricultural production systems. The NFF was disappointed that this issue was not adequately addressed in the Green Paper. The National Food Plan should specifically respond to Country of Origin Labelling in the context of improving Australian consumer understanding and awareness. The issue of transparency is crucial to the Australian food and agriculture sector. Consumers making informed choices and assisting in driving increased consumption of Australian agricultural products is too important to be excluded by the National Food Plan.

Agricultural literacy in the community

In recent years there has been a significant debate about the need for subjects such as financial literacy to be taught in schools because of the benefits it brings to the society. The NFF argues that agricultural literacy is also required, so that Australians are able to understand food production and make informed choices about food but also better participate in public debate on the issues affecting Australian agriculture and global food security.

Australian agriculture is a knowledge and innovation intensive industry, and stereotypes of a basic, undeveloped industry persist in the community. Whilst the Australian community trusts Australian farmers, they do not connect this with the reality that farmers are running modern businesses and many rely on export markets and the need to compete in international markets. There are many good stories about the agricultural industries, including the innovations and the successes of farm businesses. It is important that both the government and industry promote the reality of modern agriculture and challenge the stereotypes.

In recent years there has been a continuing, and growing, trend for the credibility of regulatory systems that support Australian agriculture to be questioned. The NFF has continued to see public questioning of the work by the APVMA to support the regulation and safe use of chemicals, and the work by the Office of the Gene Technology Regulator in ensuring the safety of biotechnologies and GM varieties. It is important that government communicate the role and effectiveness of these agencies in undertaking their regulatory function to maintain community confidence.

Chapter 6 – A competitive and productive food industry

6.1

This green paper sets out the government's proposed approach for supporting productivity growth and global competitiveness in the food industry, which includes: a market-based policy approach; ongoing reforms to improve biosecurity and help industry adapt to climate change and drought; fostering and investing in innovation; building human capability and a skilled workforce; better regulation along the supply chain; effective competition laws; and broader infrastructure investments and regulatory reforms.

Are there gaps or deficiencies in this proposed approach?

The Green Paper provides a comprehensive overview of the issues impacting the competitiveness and productivity of the food industry. However, due to the scope of issues covered, many of the issues such as infrastructure and labour requirements for the agriculture sector have only a high-level generic overview, not adequately analysing the scope of the risks to the sector or appropriate government responses. It is therefore recommended that the government consider revisiting the scope and depth of the issues covered. A few areas the NFF believes were under-represented or not analysed in sufficient detail are provided below.

Competiveness of Australian businesses

A key issue that has not been specifically included is the broader issue of costs of doing business in Australia. Farmers in Australia have to pay high costs for land, labour and capital. The food produced by Australian farmers then goes into a marketplace competing with goods produced overseas with much fewer restrictions on operating. Australia is a wealthy country and has high living standards which result in costs being higher than those of our economically less developed neighbours. This is an ongoing economic issue for Australian producers. One of the only ways to reduce the impact of this high cost structure is to be more productive. The National Food Plan must provide direction and data that identifies benchmarks for which will guide production and efficiency measures. Government cooperation with industry is required to ensure innovation can be encouraged and applied. Exchange programs with relevant partners and utilising links with global multinational companies which have access and global supply chain and access to information and technology to transfer which facilitate a more productive production regime should be supported.

Australian agricultural industries are world class food producers and pride themselves on their resilience. Despite a 50 per cent fall in agricultural terms of trade since 1960, Australian farmers have tripled their production, as well as quadrupled the real gross value of their produce (from \$10.6 billion in 1960-61 to \$43.3 billion in 2007-08). There is a misconception among some Australians that this productivity is built on handouts from the public purse. Government support for Australian farms represents just 4 per cent of farming income. By comparison, according to the Organisation for Economic Cooperation and Development (OECD), in Norway it is 61 per cent, Korea 52 per cent, European Union 23 per cent, Canada 17 per cent, and in the United States 9 per cent. In fact, Australian farmers are among the most self-sufficient in the world.

Managing droughts and climate variability

Drought and climate variability will continue to have an impact on Australian agriculture and productivity in the agricultural sector. Farmers will continue to implement practises to better manage the risk of drought and adapt to climate change. As demand for food increases it is likely that the mismatch between demand and supply may be exacerbated, making food security issues more acute. It is important that government and industry continue to work on policy and programs to improve industry preparedness to deal with drought and other climate risks to ensure Australian agriculture continues its contribution to domestic and global food security.

The development of a National Food Plan needs to recognise the impact of climate variability on agricultural production, and ensure that policy and programs are in place to improve the management of climate and adaptation to climate change. The National Food Plan also needs to provide due recognition of the impact that economy-wide climate change mitigation policies will have on the Australian food industry. Specifically measures that promote and assist with adaptation, sequestration, mitigation and innovation are priorities for the agriculture sector.

As mentioned earlier in this document, it is important that government and industry continue to work on policy and programs to improve industry preparedness to deal with drought and other climate risks to ensure Australian agriculture continues its contribution to domestic and global food security. It will be important that the government's work on drought policy reform improves government and industry responses to drought, ultimately contributing to improved food security. The existing Natural Disaster Relief and Recovery Arrangements (NDRRA) are also valuable tools to assist farmers and communities recover from severe short-term climate events.

Ongoing investment in research and development to improve seasonal forecasting is required to assist in managing for poor seasons, prepare and manage for damaging climate events (such as frosts and storms) but also to manage the natural resource base. The work undertaken through the Managing Climate Variability Program, supported by the RDCs, has been valuable in developing tools and delivering climate information in a form relevant to the agricultural industries. However, the challenge of developing better seasonal forecasts that can inform these tools and improve their accuracy still remains.

The need for infrastructure to support productivity

Investment in communication and transport infrastructure has been a continuing priority for the NFF and represents a strategic need for the movement of agricultural produce as well as to service regional communities.

The NFF has continued to call for a sweeping strategic overhaul of freight transport infrastructure. The publication of the National Ports Strategy and the finalisation of the National Freight Strategy represent plans to support this outcome. However, resources still need to be dedicated to turn these reports into on-the-ground infrastructure. Transport infrastructure, as well as the regulations which govern their use, need to be a continued focus to reduce the cost of food and improve the efficiency of transport.

The NFF notes that many submissions to the National Food Plan Issues Paper identified particular infrastructure investments that are of benefit to Australia's food industry. The NFF was disappointed that the National Food Plan did not provide a clear understanding of how Australia's infrastructure investment pipeline will incorporate priorities for improving

productivity in Australia's food production and supply sector. The National Food Plan should ensure the framework of government has the capacity to include these issues and recognise the critical need for alignment across these policies. The NFF believes that building on the evidence base of food industry trends and market changes is a step in the right direction, but the government must also indicate how this can inform the investment in infrastructure across all spheres of government.

Access to quality broadband and telecommunication services is essential for Australian agriculture and its associated industries. The development of the National Broadband Network provides an opportunity to improve productivity and efficiency in the sector along with benefits to regional communities.

The NFF acknowledges that government intends to make a significant financial commitment to improving access to information technology in regional Australia. Farmers and others living and working in regional Australia are looking at telecommunication solutions that is affordable and can be upgraded as technology advances. Modern farming practices are increasingly reliant on information technologies for production, risk management and marketing activities. The NFF is now keen to understand how government and industry can support the delivery of broadband to ensure the infrastructure is used to realise productivity gains and diversify regional economies. The National Food Plan provides a sound opportunity to leverage the government's already significant investment for the benefit of the food sector and regional communities.

While the NFF was pleased to see that many of these infrastructure concerns were recognised in the Green Paper, it was disappointing that the solutions offered were generic and an analysis of implications for the food system was often underdone.

Access to farm inputs

Australian agriculture draws on a range of inputs, including energy, fertilisers, chemicals as well as new plant and animal varieties. There are many emerging cost challenges associated with being able to access these inputs, from increasing costs of energy, the potential for scarcity of nutrients for fertilisers as well as the cost of developing and accessing agricultural innovations, many of which are developed internationally. Tariff barriers also still remain on a number of farm inputs, increasing their cost. Experience has shown that it has been difficult for farmers to pass increases in costs down the value chain to recoup these costs, and the agricultural industries continue to seek innovation as well as policy and regulatory outcomes which can help to facilitate innovation.

Research and development will remain a critical strategy for addressing these challenges and further developing agricultural systems which operate efficiently and sustainably. It will also be important that regulatory barriers and costs impacting on agricultural industries and access to farm inputs, including new farm chemicals, crop and animal genetics are minimised with a view to encouraging innovation and productivity improvement in the sector.

A consistent approach to competing land uses

Agriculture and the production of food and fibre requires the management of the environment and environmental resources. Farmers seek to understand and manage tradeoffs between agricultural production and the environment to ensure their farms can sustainably produce food. Careful management of agricultural systems generates both food and environmental outcomes (including clean air and water, the management of weeds and pests, as well as

protecting biodiversity including remnant vegetation), which are valued by the broader community. The challenge is to continue to increase agricultural production and maintaining the integrity of the environment.

Australian farmers are frustrated by inconsistent approaches to decision making on resource use. Regulation related to the Environment Protection and Biodiversity Act and preventing land clearing place significant restrictions on farming operations in order to generate environmental outcomes. Whilst the agricultural industries comply with these requirements, the perception is that different rules exist for mining and urban development. A consistent framework is required to ensure the land resource conflicts are managed in a transparent way, and that the tradeoffs from different uses are understood and accounted for in planning decisions.

Resource conflicts and resource scarcity will continue to be a challenge and are likely to become increasingly difficult over time as demand for arable land and mineral resources intensify. The Australian Government will need to address these challenges and develop a mechanism for assessing tradeoffs and making decisions about resource use for the future of all Australians. Research and development, including policy research, is required to underpin this area as well as strong engagement by government policymakers.

Regional Australia

While agriculture underpins 12% of GDP when factoring in flow-on economic activity, it is estimated that the farm sector represents more than 40% of the GDP of regional economies. Once multiplier effects are taken into account, this escalates to 70-80% in many communities. These figures illustrate that many of the communities in regional Australia are highly dependent on food production, including agriculture and related industries. The NFF has recognised and sought to address the significant and long-standing biases which exist for businesses and communities in regional Australia.

Agriculture and food production in Australia will continue to occur in regional Australia. The challenge of moving produce from regions to the cities and supporting the families and workforce that make their living in regional Australia will remain. This submission has already touched on a number of areas of work which impact on the costs of doing business in regional communities. Investment in infrastructure, including transport and communication infrastructure, is an opportunity to reduce the cost of business in regional Australia and increase the attractiveness of regional locations for workers. It is important that the government also consider the implications of carbon prices on food production sectors such as agriculture, or indeed, regional communities in general. The NFF has advocated for measures to support regional development, such as regional tax concessions, to recognise the additional cost of doing business in regional Australia and to diversify and grow regional economies to provide these communities with greater economic stability. The NFF has the strong belief that policy support is required to foster the growth of regional businesses and provide viable choices for regional population growth.

The government would welcome feedback on options to improve innovation across the food supply chain, which could include:

- *improve the rural R&D model to enhance its effectiveness and efficiency*
- *work to increase innovation in the food manufacturing sector through improved collaboration*

- *develop a national strategy on the consistent application of modern biotechnology (including genetically modified crops) in agriculture, including considering constraints to adoption and the path to market*
- *increase public expenditure on rural R&D over the next 10 years.*

Innovation, Research, Development and Extension (RD&E)

The NFF is adamant that RD&E plays a vital role in driving innovation, productivity and sustainability in the agricultural industries, and is pleased to note that the Green Paper has recognised this.

Given the competitive market conditions over the past decade, the agriculture and food supply chain has been hesitant to invest in innovation. The return on investment is not there and there is market failure occurring. To remedy this government needs to provide more incentives and funding to invest in innovation in both production and processing.

While the Australian agricultural industries are productive and resilient, the business of farming and producing food has become more demanding and more complex. The NFF and its members have been strongly supportive of investment in RD&E, and the need for policy and regulation which encourages innovation in the sector. The stereotype of farming as a traditional ‘low tech’ sector, dominated by tradition and ‘old ways’, fits the purposes of advertisers and the media but does not reflect the modern realities of the agricultural industries. The reality is that farmers do not fit these stereotypes, and many farmers are looking to adopt new practices, technologies and change their farming systems to improve profitability and reduce exposure to a range of business risks.

Australian farming is world-leading and ultra-competitive. In fact, despite a 50 percent fall in agricultural terms of trade since 1960, Australian farmers have tripled their production, as well as quadrupled the real gross value of their produce (from \$10,557 million in 1960-61, to \$48,330 million in 2009-10). However, the slowing pace of productivity growth in the Australian agricultural industries and in agriculture globally presents risks to Australian and international food production. The slowing growth of agricultural productivity has implications for the volume of food produced and the stability of food prices and supplies both in Australia and internationally.

The NFF has raised the concerns held by agricultural industries at the petering out of benefits from the green revolution, and drawn attention to the declining trend in productivity growth in many of the agricultural industries. These concerns are echoed in expert reports, including the PMSEIC report on “Australia and Food Security in a Changing World” and the National Strategic Rural Research and Development Investment Plan.

RD&E is required by the agricultural industries to underpin future productivity growth and maintain the sustainability of Australian agricultural industries. The NFF seeks increased investment in agricultural research which will have spill-over benefits to international agricultural production through the work of agencies such as Australian Centre for International Agricultural Research (ACIAR). These benefits are discussed in further detail below in the NFF’s response to the Green Papers questions on global food security.

Innovation is vital to the growth, profitability and sustainability of Australia’s rural industries. Agencies investing and working on rural R&D are spread across Commonwealth and State/Territory Governments, and include the 16 Rural RDCs, Co-operative Research Centres (CRCs), Universities funded through the Australian Research Council, and the CSIRO.

The benefits from agricultural research and development to the Australian community are tremendous, with analysis by the Rural Research and Development Corporations indicating that the return on investment delivered an average return of \$11 for every dollar spent. The NFF has continued to call for government to work with the sector and across its various agencies to develop a plan to ensure sustained productivity gains and to continue to re-enforce Australia's position as a leader in international rural research.

Significant challenges exist for Australian agriculture. Delivering better quality and more competitively priced food and improved environmental and animal welfare outcomes, whilst addressing challenges such as implementation of a Murray Darling Basin Plan, responding to climate variability and climate change, dealing with emerging biosecurity threats and adapting to energy and resource scarcity mean that there will be greater demands for innovation in agriculture. The capacity for rural research and development to make a significant contribution to these challenges, which have far reaching implications for all Australians, is evident from the high returns identified from past research through the various published studies on return on investment from rural research and development. The challenge is to make sure the agricultural innovation system works; the research effort is maintained; and the system can deliver the innovation required and encourage further investment – it will be important that there is not reduced funding to what is recognised as an effective program.

The Australian Bureau of Agricultural and Resource Economics and Science (ABARES) notes that two-thirds of the gross value of agricultural production in Australia in recent years can be attributed to gains in productivity. Unfortunately, this rate of productivity growth is now waning. They highlight that total factor productivity in Australian broadacre agriculture grew at an average of 1.4 per cent annually between 1977–78 and 2007–08. In the period 1977–78 to 2000–01, productivity grew at 2 per cent a year in trend terms, but has since reversed to contract at 1 per cent a year in trend terms. Similar trends have been seen in the dairy industry. ABARES goes on to note that a key driver of productivity growth is investment in R&D, and it is notable that Australian public expenditure on R&D in agriculture, which grew at an average of 6.5 per cent a year between 1953 and 1980, has since grown at only 0.6 per cent a year. The NFF has continued to call for a re-investment in agricultural R&D to address the decline in productivity growth. The NFF has also called for a more cohesive approach to agricultural R&D that ensures the various agencies and programs involved in research (such as the Australian Research Council, Cooperative Research Centre and CSIRO) recognise agriculture as a priority and invest and coordinate their efforts to better support innovation in the sector.

Australian farmers understand that there is no single technology in the research and development pipeline that will give Australian farmers the production and efficiency boosts they need to meet these challenges. Biotechnology and the development of genetically modified crops are one opportunity but they will require the development of farming systems to support their use and will not suit all farmers. A new suite of agricultural innovation is required. Australian farmers have been good at combining technologies and innovation in the past, but recognise that a lift in spending on production research is required. Australia has led the world in dry-land agricultural technologies, tropical livestock production, irrigation and genetics but we are in danger of losing this competitive advantage. The NFF believes that as a country, we have taken our foot off the research pedal at a time of our greatest need and our rate of farm productivity improvement is sliding.

Overall, a strong research and development investment will remain pivotal for securing Australia's food supply and underpinning agricultural production in Australia. The NFF welcomed the government's rural R&D policy statement earlier this year. The NFF were particularly pleased with the improved flexibility for the rural Research and Development Corporations (RDCs), particularly the opportunity for greater use of voluntary contributions from the private sector and the use of levy funds for marketing.

The NFF were also pleased that the government did not halve the co-contribution, as recommended by the Productivity Commission. However, the NFF believes that more is still required and a re-investment by government and the private sector in agricultural RD&E is needed, with a view to establishing Australia as the 'Silicon Valley' of low input agriculture. This warrants a national approach to research and development in agriculture, which is coordinated across government. Innovation is a fundamental driver if Australia is to remain world competitive, increase domestic food and fibre production, and allow adapted Australian knowledge and technologies to support international food security. Undertaking the research and bringing the research together into farming systems presents rewarding career paths for scientists, entrepreneurs and farmers. A challenge is to ensure these opportunities are visible and suitably rewarding in order to attract the talent needed.

Extension

Rapid development in information dissemination targeted at rural producers and land managers is occurring across an increasingly diverse array of information channels. The traditional public extension channel for disseminating information to land managers is in decline as States reduce funding of these services and other methods of communication develop and information priorities change. Whether in relation to land and soil research, water management, productivity oriented research or other high public good research, there is a need to continuously develop the extension/ technology transfer function and closely link this function to research performance. New technology, including for example, the NBN, continues to open a wider array of methods and channels for communication that are useful in this context.

While the development of closer relationships between the research function and the extension/adoption process has distinct benefits, other factors are constraining effective extension and technology transfer. The shortage of appropriately trained people for extension and advisory roles in agronomy, animal husbandry and land management is even more acute than in research fields. Within the innovation system, the extension/ information/ adoption process is the most rapidly evolving part of the Innovation system, so that roles are constantly changing and information providers and producers must constantly adapt to new channels and communication methods.

These challenges confronting extension and technology transfer deserve on-going strategic attention to ensure the information system is properly resourced and funded and is operating and is effective in achieving rapid adoption of innovations and new technology.

Biotechnology

Australian farmers will continue to adapt to our variable climate and integrate new innovations and knowledge developed through RD&E into Australian farming systems. An important element of facilitating this is to make sure that regulatory frameworks that support innovation, such as biotechnology, operate efficiently and focus on ensuring Australia can

access technologies as they become available internationally. It is clear that Australian farmers will have to continue to focus on sustainably producing more food with fewer inputs.

New technologies and the improved use of available technologies - such as biotechnology and genetically modified (GM) crops - have assisted Australian farmers achieve efficiency and productivity gains, and have helped ensure Australian agriculture can remain competitive on international markets.

The NFF recognises the potential of biotechnology (including gene technology) as a valuable tool within agricultural production systems. The responsible and strategic application of biotechnology within Australian agriculture can result in significant benefits for Australian farmers, the environment, consumers and the Australian economy as a whole. Australian cotton growers, for example, have reduced their use of pesticides by over 90 percent over the last 10 years due to biotechnology and best management pest practices.

The NFF believes that Australian farmers should have the opportunity to adopt production methods best suited to their business needs - be that GM, conventional, organic or any combination of these methods - and that the production decisions of one farmer should not unreasonably impinge on the ability of another farmer to meet the requirements and expectations of their chosen market.

To ensure that all Australians have access to credible, balanced and science-based information in order to make informed decisions on biotechnology and gene technology, the NFF is a supporting member of the Agricultural Biotechnology Council of Australia (formerly AgriFood Awareness Australia) - an industry initiative, established to increase public awareness of, and encourage informed debate and decision-making about gene technology.

Consistent with the position outlined above, the NFF would support the government developing a national strategy on the consistent application of modern biotechnology (including GM crops) in agriculture, including considering constraints to adoption and the path to market.

The government would welcome feedback on the merits of:

establish a food industry-led working group to prepare a workforce development strategy focusing on ways to better use existing labour and skills initiatives.

Access to labour and skills remains a priority for the NFF and a significant challenge for the Australian agricultural industries. The NFF was disappointed with the poor recognition of this issue within the Green Paper. Access to skills and labour has a significant bearing on the productivity of the sector, but also impacts on the potential for innovation in the sector. The effects of structural adjustment in agriculture are complex and will have an ongoing impact along the agriculture supply chain. Building the adaptive capacity of individuals and enterprises to alleviate negative impacts and where possible, capitalise on new opportunities is paramount in a flexible and productive agriculture workforce.

Agriculture holds the dubious title of being the most 'mature occupation' in the nation. By 2018 over 102,000 or 33.4 per cent of the existing Agriculture, Forestry and Fishing workforce is set to be 65 years or over. Over 56 per cent will be aged over 55 years. It is a trend undermining some of industry's most critical occupations: half of our agricultural scientists are nearing retirement, combined with relatively poor uptake of VET (vocational

education and training) and tertiary courses across agriculture. NFF is of the opinion that proactive solutions (identified priorities) are required to counteract the workforce declines facing the agriculture industry.

In the short term the agricultural industries faces challenges from competition for labour with the mining sector, as well as changes in labour demands as a consequence of the seasonal nature in some industries and the need to recover the rural workforce after a period of extended drought. In the longer term the retirement of farmers from the industry as well as professionals in roles which support the agricultural industries is a significant concern for the industry, and strategies to address these shortages need long term support.

Access to appropriate skills and labour remains a challenge for the agricultural sector, both in terms of addressing immediate unmet demands for skills and labour in the industry but also ensuring that this workforce will exist in the future. The NFF has discussed the issues of access to labour and skills in its labour shortage action plan, published in 2008, and have worked with government and the mining sector on these issues in the past. Concerns with the future agricultural workforce have been raised in a number of forums and reports, including the National Strategic Rural Research and Development Investment Plan and the PMSEIC Report on Australia and Food Security in a changing world.

The nature of agricultural production, which often has a strong seasonal component, needs to be recognised in developing solutions to labour shortages. Flexible employment arrangements are often required to account for these peaks and troughs in labour demand. The NFF has also actively engaged with the government in the development of strategies to deal with acute labour shortages, for example 457 visa arrangements and the Pacific Seasonal Worker Pilot Scheme. In regard to the Employer sponsored categories, it is noted that farmers are unable to use the standard visa options as the jobs they have on offer are generally not skilled (i.e. between skills levels 1 to 3). It is important that long term solutions to regional labour supply are developed. The Australian pork industry has been faced with such acute shortages of labour, particularly in key mining States, that it is pursuing an industry labour agreement to bring in qualified piggery stock-persons from overseas.

Limited surveys and anecdotal evidence indicate that there has been a decline in the visibility of the agricultural industries, particularly among urban Australia. A challenge for industry is to improve the profile of the sector and awareness of the opportunities that it provides. Engaging in the education system through school based programs such as the Primary Industries Education Foundation (PIEF) and the Primary Industries Centre for Science Education (PICSE) to improve 'agricultural literacy' provides a mechanism to encourage young Australians to consider a career in agriculture, but also to improve the awareness and understanding in the broader Australian community on agricultural and rural issues. It is important that there is a long term commitment to school based programs to ensure these programs bear fruit.

Regarding the establishment of a food industry led working group, the NFF believes that there is already a group in place that could undertake the envisaged work. The National Agribusiness Education, Skills and Labour Taskforce (NEST) is an industry-led and developed initiative, representing all aspects of the agribusiness sector including education providers, training organisations and industry peak bodies involved in increasing the awareness, interest and participation aspects of the industry.

The priorities of NEST are:

- Identify issues critical to the success of the agriculture, education, skills and workforce sector;
- Work cooperatively towards developing and acting upon solutions to address these issues;
- Foster greater understanding and cooperation between all constituents within this part of the sector; and
- Act as the forum tasked with taking agreed solutions/actions to key decision-makers on behalf of the sector.

NEST has identified in the Green Paper, the governments suggestion to commission an industry-led taskforce to address workforce development issues. NEST members believe this Taskforce is the pathway forward and would encourage the government as an outcome of the National Food Plan to engage and invest in this established group.

NEST has identified its key immediate priorities as:

- Development of a NEST Strategic Plan to determine the ongoing activities and desired outcomes of the Taskforce;
- Develop action plans for an education/survey group;
- Develop an action plan for the scoping of a National Workforce Development Plan; and
- Clearly map the awareness, interest and participation landscape of the agribusiness sector to undertake a gap analysis and pathways for sector collaboration to meet the overall Taskforce identified objectives.

NEST members include the National Farmers' Federation; the Agribusiness Association of Australia Ltd; Ag Institute Australia; AgriFood Skills Australia; Australian Council of Agricultural Societies; Australian Council of Deans of Agriculture; Australian Rural Leadership Foundation; Art4Agriculture; Department of Agriculture, Fisheries and Forestry; Department of Education, Employment and Workplace Relations; Department of Industry, Innovation, Science, Research and Tertiary Education; Future Farmers Network; Digital Farm School; The National Association of Agricultural Educators; Primary Industry Centre for Science Education; Primary Industries Education Foundation; SA Primary Industries Skills Council; Royal Agricultural Society of NSW; Rural Industries Research and Development Corporation; Rural Skills Australia; SkillsOne Television; The Australian Workforce and Productivity Agency; TAFE; Thomas Project Services; the Tractor & Machinery Association of Australia; Victorian Farmers Federation Young Agribusiness Professionals; and Australian Year of the Farmer.

6.2

The government is seeking to increase the value of Australia's food exports from across the supply chain, including the value-added component.

- a) Do you think that a target of doubling the value of our food exports by 2030 is achievable? If not, what target would be?*
- b) How could this be achieved in a market-driven economy like Australia?*
- c) What would government and business need to do?*

What would be the costs and benefits of these actions?

The Australian agricultural industries are diverse and provide produce to a range of different markets. Major opportunities exist in food export markets whilst the world population continues to grow and the affluence of Australia's neighbouring economies continues to rise. The challenge is build on Australia's reputation as a clean, green and safe source of food and meet the expectations set by domestic and international markets.

The NFF believes that an aspirational target, such as doubling the value of food exports by 2030 would be unachievable with current policy settings. The cost of doing business in Australia is a major limitation to improving Australia's global competitiveness. Throughout this submission, the NFF has outlined a number of areas where changes in government policy settings would result in increased productivity and increased returns for Australian food industries. Effort by government and industry through a number of mechanisms would be required. Progressing trade reform and increased investment in innovation are outlined below as two key areas of focus.

Growth in trade, particularly in the Asian region, will be a significant opportunity for Australian agriculture. For Australian farmers to be able to grow our farm businesses with confidence into the future we need access to open markets. At present, Australian farmers are shut out of many markets due to their high tariffs and other barriers at, and behind, borders. Achieving improved market access by addressing these barriers through multilateral and bilateral negotiations must remain the highest trade policy priority of the government.

One of the key opportunities for increases in exports is improved productivity. Australian farmers continue to face the challenge of declining terms of trade in agriculture, yet remain internationally competitive through efficiencies and productivity growth. The growth in the farm sector had increased steadily over the 30 year period from 1974-75 to 2003-04 at an average rate of 2.8 percent, consistently out-performing other sectors. In more recent times, agricultural productivity growth has slowed to 1 percent per annum, illustrating the need for an increased spend on research and development to ensure the industry can meet the food and fibre needs of the growing world population. The NFF believes that there are still opportunities to increase agricultural production in Australia. Efficiency gains through new technologies and farm management practices, on the back of research and development, will enable Australian agriculture to stay a step ahead of our international competitors. To realise these productivity gains into the future will require a continued focus on, and investment in, innovation but also a focus on ensuring the regulatory environment encourages the adoption of innovation and keeps pace with the introduction of new technology.

An additional area where the government could increase focus is improving understanding of foreign languages and cultural sensitivities. This would not only assist with the government's aims on social inclusion within Australian society, but would also assist the Australian food industry to better understand international trends and demand for food products. For example, a greater understanding of Asian languages by food producing businesses would facilitate closer ties across nations at a business-to-business level and lead to a closer alignment of production meeting market signals.

6.3

The use of new technology in food products is likely to be increasingly important in Australia and around the world, helping to meet evolving desires and needs of sophisticated consumers and ensuring an adequate global supply of food for a growing population. However, some

people are concerned about new technology despite substantial regulatory arrangements to manage any potential risks.

What should governments, businesses, peak associations and consumers be doing in response to this trend?

A range of innovations are occurring globally in agriculture and Australia needs to ensure our regulatory systems facilitate the uptake of this innovation. The use of biotechnology and the adoption of genetically modified organisms, including pest and chemical resistant crop, is one such technology. Innovations, such as biotechnology, have contributed to productivity gains in agriculture in recent years and will undoubtedly have important applications for Australian agriculture in the years to come.

The NFF supports the need for a sound regulatory approach, built on a strong evidence base. Yet regulations and unwieldy timeframes for new technology approvals, including biotechnology and agricultural and veterinary chemicals, risks leading to a lack of investment in new technologies and/or limit Australian farmers' ability to capitalise on new potential productivity gains. While the NFF recognises that technologies need to be acceptable to consumers and others in the supply chain, a satisfactory balance needs to be found to ensure that opportunities are not lost.

In recent years there has been a continuing, and growing, trend for the credibility of regulatory systems that support Australian agriculture to be questioned. The NFF has continued to see public questioning of the work by the APVMA to support the regulation and safe use of chemicals, and the work by the Office of the Gene Technology Regulator in ensuring the safety of biotechnologies and GM varieties. It is important that government communicate the role and effectiveness of these agencies in undertaking their regulatory function to maintain community confidence.

6.4

One option to increase agricultural productivity to help the sector meet future export growth opportunities and challenges, such as increasing productivity growth in a changing climate, is to increase rural R&D investments over a number of years. This would be in addition to continually seeking better ways to increase the overall benefits of this investment.

a) Is this the best way to help the agricultural sector meet the challenges and opportunities of the coming decades? Why/why not?

b) What would be the costs and benefits of this approach?

How could any additional investment be targeted to achieve the greatest overall benefit to Australia?

The NFF has already responded to this question earlier in this submission, but in summary the NFF supports increased investment in RD&E for the agricultural sector.

6.5

The Australian Government is interested in identifying and evaluating future regulatory reform opportunities. How could food industry stakeholders best help to achieve this? What do you believe are the merits (costs and benefits) of the possible options in section 6.7.4?

In addition, the Australian Government is interested to identify further reforms that could be instigated across the food supply chain, and would welcome feedback on the merits of the following possible options:

- *increase efforts to improve national consistency of food standards and safety regulations, by working with other governments and industry to address gaps and inconsistencies*
- *consider additional options to expand its food regulatory reform agenda, including for imported food*
- *increase efforts to build a stronger evidence base to support ongoing regulatory reform and prioritise reform efforts*
- *evaluate the cost of regulating the fishing industry in Commonwealth waters to inform potential future reforms*
- *examine options to improve the regulation of minor use chemicals.*

National consistency of food standards and safety regulations

The NFF would support the government undertaking further work, with the aim of creating a more integrated, coordinated and nationally consistent food regulatory system.

Food safety will continue to be non-negotiable, and the regulatory framework must continue to deliver food safety outcomes. However, what appears to be an overly restrictive Australian food regulation environment is often inhibiting the domestic food chain's ability to generate price premiums from consumers. This is having a direct impact on the profitability of Australia's farm sector.

NFF notes that the domestic and international food consumer is becoming increasingly demanding about the product range and attributes of the food they purchase. As a result, this is placing greater pressure on Australian food businesses to respond to the changing demands through the adoption of product innovation that allows them to meet consumer needs more effectively. Timeliness is often of the essence in ensuring that Australian food businesses can quickly get these products to market, allowing participants within the supply chain to capitalise on the product innovations and recoup some of the significant costs incurred.

It is therefore disappointing to note that under the current food regulatory framework, approvals for food innovation proposals are taking as long as four and a half years to be accepted into the food standards code. Such timeframes are stifling product innovation by food companies and delaying consumers from benefiting from the additional product attributes that they desire.

NFF remains committed to Australia's high food health and safety record which has underpinned our competitiveness on domestic and international markets. This record must not be compromised and does not need to be under a streamlined regulatory system. We therefore refer to the Corish Report, which clearly outlines where efficiency gains can be attained. Suggested amendments include the following:

- A reduction in the duplication of review responsibilities given to both Food Standards Australia and New Zealand (FSANZ), and the Ministerial Council. This is particularly concerning given the lack of capacity and capability in some jurisdictions voting within the Ministerial Council.
- Streamlining the implementation and enforcement of food standards, which currently occurs at state, territory and even local government level.

Stronger evidence base to support ongoing regulatory reform

The NFF was very disappointed with the government's assessment in the Green Paper that the food industry is like other industry sectors. This statement on page 166 of the Green Paper shows the ignorance of government when it comes to the impact of regulation on the operation of a farm business in Australia. Australia's poor ranking (75th) on regulatory burden within the World Economic Forum's assessment of national competitiveness would confirm that this is a broader issue across Australian governments and that more is required to find the correct level of government regulation on Australian businesses.

Often, it is not just particular pieces of regulation that are impacting on farmers, but the cumulative effect of the various regulations governing the undertaking of a farm business. Society and policy makers do not currently have a solid understanding of the scope of regulations currently covering the production of food by farmers in Australia. Regulation spanning from workplace relations; occupational health and safety; taxation; environmental; transport; and chemical use just to name a few are having a large influence on the ability of Australian farmers to remain profitable.

Being price-takers at the end/start of the food supply chain, farmers are also not in a position to pass on additional costs resulting from increases in regulation. It is therefore important that regulations along the supply chain are understood and the flow-on impacts to farm businesses recognised. The Green Paper states that '*Business compliance expenses are a well-known cost, which would usually be at least partly included in the final price the end customer pays*'. The NFF is again disappointed, as this is not often true for broadacre agricultural industries producing commodities that are largely exported into a competitive international marketplace. The producer's capacity to include regulatory costs into a final product price is generally limited. This is particularly so where our international competitors do not enforce the same environmental and other standards on their producers as our governments. As such, it is doubly important that governments within Australia achieve society's reasonable demands while imposing the least burden on our nation's food producers.

The NFF would therefore support government, in consultation with industry, undertaking further work to build on the evidence base required to support ongoing regulatory reform and prioritise reform efforts. This work would need to consider the cumulative impact of multiple regulations and go beyond the current process undertaken by Regulatory Impact Statements in just reviewing the impact of individual pieces of regulation.

It would be valuable for this work to include a qualitative analysis of regulatory changes since the 2007 Productivity Commission report on regulatory burden in primary industries. These reviews provide a valuable resource, but require regular renewal. It would be appropriate for Standing Council on Primary Industries to be part of this work program, to ensure cross-jurisdictional action. However, the government should also consider a cross-portfolio approach to ensure that where improvements are required outside the agriculture portfolios, they are progressed and not dismissed.

Minor use chemicals

The NFF would support the government progressing work on minor use chemicals, including examining options to improve the regulation of minor use chemicals and a national approach to chemical residue monitoring in fresh produce. However, NFF's support comes with a few caveats.

The responsible use, monitoring and storage of farm chemicals is of paramount importance to Australia's farmers, and must be consistently applied across state borders in line with community expectations about safety and sound environmental management.

Chemical users and manufacturers have been pursuing government support for regulation of minor use chemicals for a number of years – and this has been highlighted again through recent government work on better regulation of agricultural and veterinary chemicals and the work on COAG reform of agricultural and veterinary chemicals. Each of these processes provides an opportunity to resolve some of the issues associated with the registration, and control of the use of, minor use chemicals. However, industry continues to be frustrated with the lack of progression and integration of these processes to date.

DAFF has built an expectation that the National Food Plan will provide an opportunity to resolve these issues, including in public stakeholder workshops. Given this expectation created, the NFF would expect that the government goes further than just examining options. The NFF would expect that the government would be committing resources to a solution that works for government and industry.

In addition to the above, and noting the lack of cost-benefit analysis undertaken on recent agricultural and veterinary chemical reform processes, it is important that, if any amendments to regulations occur, a comprehensive evaluation of their impact is made after implementation. The evaluation should focus on the impact of the amendments on chemical availability and cost, including a review of changes to the price of chemicals, the diversity of chemicals on the market as well as information on the number and types of chemicals for which registrations have been sought and subsequently completed.

Regarding proposed changes to chemical residue monitoring in fresh produce, it is important that additional costs are not placed on an industry already under pressure. Any increases in costs will be passed onto farmers, ultimately reducing the international competitiveness of Australian farm businesses. The government has a clear role to play in funding any additional monitoring arrangements.

6.6

One way for food businesses to add value is through increased quality, such as high product standards, new traits or nutritional attributes. Governments in Australia generally adopt little or no role in regulating quality, except where required for public health reasons.

- a) *What opportunities are there for businesses to add value through quality attributes?*
- b) *Is there a role for government to encourage this or remove barriers such as regulation? (please explain/elaborate).*

There are potential gains for the Australian food sector through greater emphasis on quality attributes. Within its jurisdiction, the government's role should focus its effort on a supportive approach, underpinned by increased investment in innovation, RD&E. This investment should recognise the regulatory environment which the Australian food industry already operates in and where feasible, highlight the benefits for the consumer from a much more controlled operating environment. The Australian Government may be able to play a greater role in encouraging consumers to pay a price premium for Australian products, rather than taking a safe and reliable food system for granted.

The government can also help ensure that consumers have a sound fact base to ground their purchasing decisions on. It is important that government and consumers understand that the

issues of public health issues, such as nutrition, and environmental sustainability are different and should not be confused. For example, the NFF have had to work hard to ensure that the National Health and Medical Research Council (NHMRC) do not include misinformation on the environmental sustainability of Australian agriculture, within their dietary guidelines. This is a clear example where misguided information may lead to major impacts for agricultural sectors, impacting the profitability of farm businesses and ultimately impacting the food supply chain.

An area where the government may focus further attention is the development of information on the sustainability of Australian agricultural production. It would be critical that a triple bottom line approach is taken, with reporting of environmental, social and economic indicators. Work in this area may feed into any possible state of the food report and underpin the ongoing analysis of the state of the industry. A potential example to draw from is the Field to Market Report – Environmental and Socioeconomic Indicators for Measuring Outcomes of On-Farm Agricultural Production in the United States: Second Report, July 2012.

6.7

The Australian Government welcomes further specific feedback about particular regulations that significantly affect food businesses, by imposing direct and/or indirect costs and by limiting commercial opportunities.

a) Where possible, information would be appreciated about: the specific regulations of concern; the nature and size of the impost (time, cost and lost business opportunities); possible ways to improve the regulation and the likely benefits and beneficiaries; and the most important benefits of those regulations.

Are there any areas in which stakeholders feel improved regulation is needed to help the market function properly?

The trend towards costly regulation and poor policy is exacerbated where government attempts to second guess community and market demands, and works to impose standards and regulations which add cost and complexity. The NFF believes that the role of government should be to legislate in areas of food safety and biosecurity and work with industry in developing a framework of outcomes with delivery based on partnership as opposed to punitive legislation and regulation. The agricultural industries would prefer to work in consultation with government to achieve outcomes in the most efficient way, rather than resort to regulation.

The NFF works across a range of regulatory issues which have implications for the agricultural industries. Examples include transport regulation, environmental regulation, taxation, chemical registration and use, occupational health and safety, food standards and water management. These examples are expanded on elsewhere in this submission, as well developed in details of separate submissions made by the NFF to government. It is important that industry and government work together to avoid over regulation and to seek solutions which can minimise regulatory costs whilst still delivering the required outcomes. In NFF's experience, regulation presents particular problems where policy areas fall across government departments and where jurisdictions develop separate regulation.

National consistency in regulation (for example, transport regulation) to reduce barriers and costs at state borders would assist the agricultural industries, as well as other industries. Similarly, different government departments can act as policy 'silos', and develop policy and

regulation without a broader view of the work being undertaken in other government departments and where cross over or duplication may exist. Examples of government departments acting as policy silos include the lack of a cohesive innovation strategy across government for the rural industries, or the development of water policy for the Murray Darling Basin.

The NFF believes that the National Food Plan's should aim to get the overarching policy settings right and provide ongoing opportunities for further discussion on specific regulatory reform opportunities.

6.8

Competition issues are canvassed in the green paper. Generally speaking there is evidence that competition can benefit consumers in various ways, including placing downward pressure on prices and encouraging innovation and greater choice.

- a) *What are considered to be some of the regulatory or structural barriers to competition in the food industry?*
- b) *How could the operation of the industry's voluntary Produce and Grocery Industry Code of Conduct be improved?*
- c) *What would a regulatory approach such as a mandatory code and/or supermarket ombudsman achieve over and above current arrangements (bearing in mind that any investigation would need to be based on a complaint)?*
- d) *How might the projected growth of private label products affect competition within the food industry, either positively or negatively? Who do you consider will be affected and in what way?*

The government intends to:

hold a forum to examine options for better managing supplier/supermarket chain relationships, such as better voluntary arrangements or an oversight mechanism such as an ombudsman, taking into account available outcomes of any ACCC investigations.

The NFF recognises the benefits of increasing efficiencies across the food supply chain. A more transparent supply chain ensures that consumer market signals are communicated and acted upon. However, we also realise that with improved efficiencies and rationalisation, market power issues can also arise. A balance between supply chain efficiencies and market power must be achieved to ensure a clear distinction is made between the use and misuse of market power.

The NFF is committed to working with retailers, processors and other stakeholders, including governments, to improve understanding and implement initiatives regarding competition, communication and increased transparency across the supply chain. The NFF welcomed the opportunity to be part of the government's forum to examine options for better managing supplier/supermarket chain relationships.

6.9

The government is seeking feedback on the possibility of building the evidence base on food industry trends and market changes. This could aim to inform private and public sector

decision making, including for infrastructure planning and future food industry needs. This could help ensure Australia has adequate resources in place to support food sector growth.

Are you aware of any critical information gaps, particularly about growth opportunities such as in Asia?

How could these gaps be addressed, and if they were, how might this help planning?

The NFF believes that building on the evidence base of food industry trends and market changes is a step in the right direction, but the government must also indicate how this can inform the investment in infrastructure across all spheres of government.

Globally, over the next 50 years, nations will need to produce as much food as has been consumed over our entire human history. The challenge of moving the increasing volumes of food and fibre required by domestic and international markets will continue to grow. Timely and efficient delivery of agricultural produce, in addition to the greater volumes required, need to be considered and planned for.

In this context it is clearly evident that to get food to markets, transport infrastructure is a critical. Australian farmers have invested heavily to improve on-farm efficiency, but are at the mercy of many external factors, including transport services and infrastructure, which lie beyond the farm gate. Long term planning and investment is required to maintain and develop existing transport infrastructure, but also to establish new facilities which can support the growth of agricultural industries.

The NFF has been broadly supportive of the work undertaken by Infrastructure Australia in the development of its National Land Freight Strategy and the National Ports Strategy and the findings of these strategies; however the issues identified in these reports still need to be comprehensively addressed. The recent Centre for International Economics (CIE) report 'Transport infrastructure for Australia's agricultural needs' released in November 2011¹ found that planning for future agricultural infrastructure needs is essential. The report went on to highlight deficiencies in terms of funding, maintenance programs, planning coordination and data collection. This report lends weight to the views expressed by the Australian Rural Roads Group in their November 2010 report 'Going Nowhere'² that there has been under investment in rural roads, and that a dramatic rethink is required on transport infrastructure to service agricultural industries.

The NFF has already noted that many submissions to the National Food Plan Issues Paper, identified particular infrastructure investments that are of benefit to Australia's food industry. The NFF was disappointed that the National Food Plan did not provide a clear understanding of how Australia's infrastructure investment pipeline will incorporate priorities for improving productivity in Australia's food production and supply sector. The National Food Plan should ensure the framework of government has the capacity to include these issues and recognise the critical need for alignment across these policies. The NFF believes that building on the evidence base of food industry trends and market changes is a step in the right direction, but the government must also indicate how this can inform the investment in infrastructure across all spheres of government.

¹ RIRDC Report 'Transport infrastructure for Australia's agricultural needs' November 2011
<https://rirdc.infoservices.com.au/items/11-096>

² <http://austwideruralroadsgroup.com/wordpress-2-9-2/key-not-found-/wordpress-2-9-2wordpress/wp-content/uploads/2010/12/Australian-Rural-Roads-Groupweb.pdf>

The NFF has continued to call for a structured approach to defining our current and future agricultural freight infrastructure needs, and planning and investing appropriately. The NFF has called for a program of work to:

- Understand the current freight flows of agricultural production (and other freight flows in regional Australia);
- understand how and why these freight flows may change;
- consider deficiencies in existing infrastructure and additional infrastructure requirements; and
- from this analysis, clearly identify priorities and projects not being addressed by the current policy framework.

A comprehensive approach is required, which identifies deficiencies in infrastructure but also improves performance at intermodal transfers, and ensures that transport networks are developed in a coordinated way across jurisdictions (addressing planning at ports, jurisdictions, COAG levels).

Chapter 7 – A strong natural resource base

7.1

Pressure to increase food production in coming years, in response to increased demand from a growing global population, could place additional stress on Australia's natural resource base. What further initiatives could the government consider to encourage sustainable farming and fishing practices that balance economic, social and environmental benefits?

The agriculture sector provides a number of benefits to the Australian society from environmental services, these include: biodiversity, clean water, clean air, management of pests, weeds and diseases. The sustainable production of food is a key interest of Australian farmers, but also the broader community. Farmers occupy and manage around 60 per cent of Australia's landmass; and of land managed by farmers, 9.2 million hectares has been set aside specifically for conservation/protection purposes. Even though farmers play an important role as front-line environmentalists, there is a general lack of recognition by the Australian consumer of the breadth and depth of these environmental services and the positive work undertaken.

Partly due to this lack of understanding, increasingly farmers in Australia are being required to comply with environmental regulations that are designed to achieve a benefit for the entire community, but which have a significant cost for individual farmers. Environmental outcomes such as the preservation of threatened species, the conservation of biodiversity and the amelioration of greenhouse emissions are benefits the entire community enjoys. However, in Australia these outcomes are being achieved via the imposition of regulations on the use of natural resources which often have an adverse impact on farmers.

Recent years has also seen an increase in the conversion of food-producing land to public conservation reserves with the underlying assumption that somehow private land owners are ineffective in achieving the desired land conservation and that multiple land uses cannot exist at the same time. It is vital that government NRM policy is based on sound science and evidence rather than by emotive agendas pushed by groups that are philosophically driven. The landscape has been modified as a result of legitimate human activity and this has implications for subsequent landscape management.

The NFF views it is important that government takes an education- and incentive-based, not regulatory-based, approach to environmental issues in the first instance. Accordingly, the NFF was a founding partner of Landcare and supports the government's ongoing incentive and market based approach taken as part of Caring for our Country.

Competition between land uses will only get more intense in the future, particularly the trade-off between land for food production, environmental services, urbanisation and mining. The government needs to give Australian industries and the public confidence in decisions which have implications for future land use and the production of food, along with coherent strategies to support the production of food and the management of environmental assets. The development of the multiple land use framework under the Standing Council on Energy & Resources is an extremely important step forward. However due consideration must be given to land uses which alienate other uses.

The NFF would suggest that policy silos exist which hamper better outcomes in this area, and is evidenced by the poor process that occurred in the development of the Murray Darling Basin Plan, the lack of action on Environmental Stewardship programs and the continuing conflicts and confusion that exists on issues relating to the management of Native Vegetation.

A strategy for focus on agriculture and the environment is required. The National Food Plan provides an opportunity for government to better coordinate policy across agencies and progress such work. As part of this, the NFF believes that the Australian government has an opportunity to address the lack of a cohesive strategy that recognises the environmental outcomes delivered by Australian farmers. The government also has an opportunity to better recognise and consider how to address the trade-offs that are made to farm business profitability, when pure environmental outcomes are sought. For example, the introduction of the carbon tax will have ongoing implications for farmers as increased costs direct to farm businesses are compounded by cost increases passed down the value chain. The government has not given due consideration to the impact on agricultural businesses and direct impacts to their profitability.

Engagement with stakeholders on natural resource issues, as well as other major policy initiatives, must be strengthened and be meaningful to ensure that the Australian public has confidence in government policy. This means that the government needs to increase lead times in the development of major policy initiatives, provide repeated opportunities for engagement with stakeholders and undertake clear public reporting on progress in policy development.

Government's must also consider the implications on food producing businesses when decisions are made purely with the intention of achieving environmental outcomes. The trade-offs that are made by governments need to be clearly recognised and considered in the decision making processes. With farmers managing roughly 60 per cent of Australia's land mass, government decisions made purely on environmental grounds will directly impact the competitiveness of Australia food producers and have flow-on implications for the Australian food supply chain.

As already outlined in this submission, an area where the government may focus further attention is the development of information on the sustainability of Australian agriculture and food production. It would be critical that a triple bottom line approach is taken, with reporting of environmental, social and economic indicators. Work in this area may feed into any possible state of the food report and underpin the ongoing analysis of the state of the industry. A potential example to draw from is the Field to Market Report – Environmental and

Socioeconomic Indicators for Measuring Outcomes of On-Farm Agricultural Production in the United States: Second Report, July 2012.

As part of this work, the government would also be required to improve their current information sources. For example, land use data is not currently up to date and requires improved investment to underpin accurate decision making.

The government would welcome feedback on the merits of the following possible options:

- *enhance the effectiveness of current work aimed at improving soil and water quality—taking into account the recommendations of a parliamentary working group on water, soil and food*
- *develop a cross-sectoral soils R&D and extension strategy to articulate agreed national research priorities.*

The NFF understands that each of these processes are already underway and within the Green Paper it is not quite clear why the government is seeking feedback on processes clearly underway. The NFF supports work in each of these areas, but notes that the work in each of these areas has undergone limited consultation to date.

7.2

Australian society places high expectations on the environmental and social responsibility of Australia's food industry, although this is not always reflected in purchasing behaviour. What is preventing markets from encouraging (via price signals) the food industry's responsible management of the production base?

Amongst all of the issues throughout the Green Paper, the NFF recognises that one of Australian agriculture's biggest tasks is to maintain the trust of the wider community and address the misconceptions which exist about the industry. The majority of Australians now, and potentially a greater proportion of the population in the future, do not understand the agricultural industries, what farmers do and why they do it. This has important implications for Australia's food security and for the successful operation of the agricultural sector. By addressing these misconceptions and raising the profile of agriculture, the NFF believes that the broader Australian community will be better equipped to follow debates on resource use and allocation; understand the level of innovation and technologies that are being used in the agricultural industries; value and support the need for vibrant regional communities; and better recognise the value, safety, ethics and sustainability embodied in Australian agricultural produce.

Australian farmers have enjoyed a strong social license, but are becoming increasingly aware of changes in expectations not only with regard to the quality of food that is produced, but also how it is produced. The integrity and the ethics of our production systems, including environmental sustainability, are now part of the expectation in the meal decisions of today's consumers. Agricultural supply chains have shortened and agricultural industries have responded with a culture of through chain accountability and improved transparency. The NFF acknowledges that Australian farmers must act responsibly in order to retain their social license with the Australian community. The production systems used by Australian farmers are strongly shaped by the expectations of the Australian public, despite Australia exporting 60 per cent (in volume) of total agricultural production to international consumers (76 per cent of the total gross value of Australian agricultural production).

Concerns exist within the agricultural sector that urban Australia is losing its connection with the agricultural industries. Without an understanding of how food is produced and how the agricultural sector operates, Australian consumers are becoming ‘agriculturally illiterate’. Whilst we may joke about children thinking milk and fruit juice come from supermarket shelves, ‘agricultural illiteracy’ has significant implications for the agricultural industries.

NFF has concerns with the potential for over-regulation that may result from unrealistic or poorly informed community demands which may drive barriers to the adoption of innovation by industry. Poorly developed regulation and poorly informed community understanding of agricultural practises or the agricultural supply chain has the potential to increase costs, reduce efficiency, delay or deny farmers access to new technology and reduce international competitiveness.

Ensuring the integrity of and maintaining access to Australia’s natural resources

For Australian agriculture, a key aspect of maintaining Australia’s food security is ensuring that agricultural production opportunities are maintained, and there is potential for flexibility and adaptation in Australia’s agricultural system to respond to a changing climate maintain the viability of agricultural industries. In recent years Australia agriculture has witnessed increasing pressure over land and competition for access to natural resources between agriculture, mining, forestry, and urban encroachment as well as the growth of public conservation reserves. Mining and coal seam gas development have been an emerging issue, and the potential negative impacts on agriculture (including water, reduced capacity to produce livestock and crops, and the negative consequences from poor land access arrangements) need to be better understood and addressed.

The agricultural industries have seen significant change in access to natural resources over the past decades, and it is likely that challenge will continue. A key aspect of being able to respond to change is maintaining the integrity of our land and water resources, ensuring they are used sustainably and are not degraded over the long term. To understand if Australia is food secure relies on an understanding and assessment of the quality and condition of Australia’s natural resource base, which we use to produce Australia’s food. Natural resource management is one area of policy which tends to keep falling through the cracks, and the demise of Land & Water Australia is an example of the lack of a coherent approach from government in understanding, monitoring and managing Australia’s natural resource base. Challenges such as managing natural resources under climate variability and climate change will continue to be poorly addressed.

There is increasing pressure to convert agricultural land to public conservation reserves. With nearly 40 per cent of Australia currently under some type of conservation management (including covenants, Indigenous Protected Areas and formal legal title), increasing pressure to preserve at least 10 and up to 17% per cent of all vegetation types and to assist management biodiversity climate change adaptation, there needs to be a public discussion on how better to manage this issue. This discussion must include the contribution of private land ownership to conservation management and particularly connectivity (currently excluded), how private land managers might be used to assist in managing adjoining public land and how to manage the real issues of pests, weeds, fire, fencing and disease impacts between private and public land.

Increasing listings of threatened species, ecological communities (at State and Federal Governments) and possibly new category of national ecosystems of significance (at the Federal level) will adversely affect the ability of the agriculture sector to continue to produce

food and fibre. In particular, how policies such as continuing use provisions and prior exemptions will affect normal farming practice and the adoption of new technologies.

7.3

This green paper outlines a number of initiatives aimed at reducing food waste across the food supply chain in Australia. What specific further waste management measures could the government consider that would meet the multiple objectives of increasing food security, providing healthier diets, improving environmental performance and addressing climate effects?

Australian farmers are consistently working within their businesses to meet market specifications, improve efficiency in production and reduce waste. Further efficiencies will be gained through improved investment in innovation and agricultural RD&E and strategies to achieve this have been outlined throughout this submission.

Also already outlined in this submission, improvements in infrastructure will result in improved efficiencies along the supply chain. The NFF has already outlined a number of areas the government could improve in this area, including improved information on agricultural freight flows and a clearer understanding of how infrastructure critical to the Australian food system can be prioritised in the investment pipeline.

Lastly, the NFF was disappointed to see the government be so dismissive of the many organisations doing positive work in redistributing excess food to disadvantaged sectors of the community. The NFF would like to commend these organisations for the positive role they play in the community.

Chapter 8 – Food trade and market access

8.1

The Australian Government is seeking to expand its food trade relationships in Asia over the medium to long term. This will require access to markets and a reduction in trade barriers for food exports. This objective could be pursued in a number of ways, including through further free trade agreements, strengthening Australia's agricultural counsellor network, as well as pursuing improvements to the multilateral rules-based trading system.

- a) *What could government and business do to expand food trade opportunities with Asia?*
- b) *What kind of benchmark should Australia aim for? For example, should we seek to double our food exports to Asia by 2050?*
- c) *How could this be achieved, and what would be the costs and benefits of doing so?*
- d) *Which further countries in the Asian region should Australia seek to pursue trade agreements?*

The government would also welcome feedback on how to improve Australia's international market access opportunities such as the option of increasing the number of agricultural counsellors in key export markets over the next five years.

With the assistance of enabling policies, the Australian agricultural sector is well positioned to capitalise on future demand for food from the Asian region. Changing demand and supply dynamics in the region combined with Australian agriculture's fortunate characteristics,

positioning and reputation mean the relationship between Australian agriculture and Asia will grow stronger.

Not only is Australia ideally located in the Asia-Pacific, the major future source of world economic growth, but Australia's geographic positioning also offers strategic benefits for our agribusiness trade into Asia. Australian agricultural production for export has focussed on competitive production of agricultural commodities, but there are opportunities in the expanding regional markets using our high quality clean food and fibre as a selling point to differentiate Australian produce. An advantage for Australian produce in these markets is the guarantee of transparent supply chains that meet ethical and environmental requirements, which can be backed by industry systems. The challenge for Australian producers is to produce these quality products with the most efficient use of inputs, including inputs such as energy, water, fertiliser, chemicals and labour.

Efforts to maintain the focus on trade liberalisation in the region will also be paramount to ensuring that the opportunities for Australian farmers in the Asian Century are maximised. These efforts must be complemented by enabling policies in the areas of biosecurity, research, development and innovation, competition for land, water and labour, foreign investment and in country engagement.

Multilateral, regional and bilateral trade agreements

Asian markets have become increasingly important destinations for Australian exports in the past two decades. However, market access continues to be a major obstacle for Australian agriculture in tapping into this potential opportunity in Asia. Agriculture globally remains the most distorted area of international goods trade with average tariffs more than three times higher than in non-agricultural goods. Agricultural tariffs on some commodities face prohibitive tariff barriers of as much as 800 per cent. Examples along these lines are prevalent in Asia.

It is well recognised that a multilateral approach to addressing these market access barriers offers the greatest potential returns, yet the political and pragmatic reality is that FTA's and regional trade agreements can play a vital role. This comes not only from a desire to open up new markets and improve economic welfare but also derives from defensive reasons. Australian farmers now face a raft of examples where, due to the vast number of bilateral and regional trade agreements currently in place, they face a situation where they are or will be discriminated against due to trade agreements of which they are not a participant.

For example, a study undertaken by the Centre for International Economics (CIE) reveals Australian agricultural and food exports to Korea could be slashed – in real terms, down 12.4 per cent (\$162 million) by 2030 – following the trade deal between Korea and the United States (US). This reinforced the need for Australia to secure our own bilateral agreement with South Korea.

The Korea-US FTA example is becoming more widespread in other Asian markets where our competitors have existing deals in place. Key examples of particular relevance to Australian farmers include:

- The Korea-US FTA will give the United States preferential market access in South Korea.
- The NZ-China FTA has given New Zealand preferential market access in China.

In this context, the NFF remains committed the Doha Round of multilateral trade negotiations for opening up new business partnerships and trade opportunities in Asia for Australian

farmers. However, in recognition of the current poor state of those negotiations and the fact that other bilateral deals are eroding our positioning in key markets, we are turning our attention to regional and bilateral trade deals. These include the Trans Pacific Partnership, and bilateral deals with Japan, Korea, China, Indonesia and Malaysia.

Australia's trade deals with the ASEAN, Singapore and Thailand also offer further opportunities to expand agriculture's footprint in the region. There are tangible examples where these deals are making a significant difference to Australia's agricultural exports.

The NFF is also keen to reinforce that Australia's trade negotiations are not solely about creating new market access opportunities and the need to act hastily is also related to technical barriers to trade. Regulations and standards in Asia are a key reason why Australia's bilateral and regional trade agenda is important and these parameters are often established by the initial trade agreement partner. The NFF seeks a commitment from the National Food Plan to relevant measures that build better relationships and actually result in completion to trade agreements that have improved provisions including lower tariffs, increased quota and lower non tariff barriers. The Food Plan should facilitate better understanding of relevant markets and opportunities in a range of Asian countries ensuring Australian agriculture and food sector can take full advantage of favourable circumstances.

Australian agriculture is complementary to Asian agriculture

An important and often overlooked fact of Australia's relationship with Asia is the complementary nature of our agricultural industries that will mean completed trade deals can benefit everybody. It appears that future demand for food in Asia is trending towards being more variable than it has ever been. There will be urban and rural demand that will be largely locally produced. There will be imported commodities supplied largely on price and there will be an expanding market for a range of foods differentiated on the basis of quality and brand commitments. It is within this latter segment that Australia has a major role to play.

Australia has a reliable and reputable record forged over many years of delivering agricultural product directly targeted to the needs of our Asian customers. Australian farmers are acutely aware of what our customers in Asia are looking for and have developed systems to ensure we deliver high quality and high value added products that have integrity and that are subject to international best practice quality systems.

We also have a reputation for our clean and natural supply systems. The use of fumigants and insecticides are heavily regulated and monitored by government authorities. The National Residue Survey (NRS) is funded by farmer levies to test for residues in over 50 agricultural commodities. Australian farmers can deliver a very convincing value proposition to Asian consumers and give them confidence in the quality of our produce. These product guarantees are important and were demonstrated to be so, for example, in the aftermath of the baby milk scandal in China where consumers sought out Australian and New Zealand origin products.

There are also strong seasonal synergies between Australian and North Asian production. At the broadest level, Australian production based around southern hemisphere seasons is available in the 'off season' for our North Asian trading partners, particularly in sectors such as horticulture. These complementarities in seasonal supply will grow in importance as consumers in North Asia and Australia expect year round supply.

In addition, there are many instances where Australian products are differentiated from Asian local produce and service different market segments. This will increase with the increasing

popularity of western style cuisines. For example, in the Japanese grain sector, due to climatic and physical constraints, it is recognised that Japan does not produce sufficient quantities of the grades of wheat necessary to make high quality grain based foods such as udon and alkali noodles. In this case, Australian grain exports are not replacing locally grown product but are complementary to domestic grain production and are producing new products to meet new local consumer tastes.

Similarly, Australian dairy exports provide Japanese dairy companies and other food manufacturers with cheese for processing and other vital ingredients that they need to continue their business and provide safe quality food for Japanese consumers. These imports complement local production rather than competing in markets such as fresh milk which accounts for the bulk of Japanese milk production.

In Korea, beef producers have secured differentiated positioning for their domestic Hanwoo beef product. This has seen Hanwoo beef command a significant price premium. In contrast, the majority of Australian beef exported to the Republic of Korea is leaner and generally purchased for everyday consumption. Australian beef competes in a clearly defined imported market segment and is not considered to be a close substitute to Hanwoo beef. In sugar production as well, while the Republic of Korea lacks a market for domestic sugarcane or sugar beet production it has an active sugar refining industry. As such, imports of raw sugar from Australia are important raw materials for sugar refiners in the Republic of Korea.

In China, increased demand for dairy products has emerged with rising household incomes, and the resultant shortfalls have necessitated milk imports. Most of these are concentrated in high value niche markets including infant formulas, butter and cheeses which are predominately supplied to urban regions. Local production continues to supply fresh milk to expanding markets in rural and regional areas with some produced from imported cows from Australia supported by technical assistance and management skills.

In China, the world's largest producer and consumer of pork products, rising demand for imported pork, reflecting a growing middle-class, combined with rising imports of pork products, due to domestic supply constraints, present an excellent opportunity for Australian pork producers to capitalise on a rapidly increasing pork import market. The Australian pork industry has the ability to provide high-quality product directly to China at a time when China is actively seeking reliable and trustworthy supplementary sources.

Realities such as these are often conveniently forgotten yet collectively paint a very compelling picture to demonstrate how complementary Australian agricultural production is with that of our Asian markets. Rather than being a threat to domestic agricultural production, Australian farmers are filling a void in the expanding and changing market that domestic suppliers are either unable or unwilling to supply.

It is a fine example of how trade can work to the mutual benefit of two economies, in this case, within the same sector – agriculture.

Building relationships

It is important that the Australian agricultural sector gains a more in-depth understanding about the issues facing agriculture in the Asian region and the reasons why sensitivities regarding trade with Australian agriculture exist. Australian farmers need to have empathy with the Asian farm sectors and will not be able to effectively influence these factors until these issues are fully understood.

Similarly, the role that Australian agriculture plays on the international market as an exporter of food products is often mis-communicated, in turn drawing intense concern from Asian farmers that a moralised trade relationship will spell the end of agriculture in certain Asian countries. This is far from being the case. As outlined earlier, the NFF also believes improved cultural awareness and a greater understanding of Asian languages would lead to improved mutually beneficial trade relationships.

The reality is that Australia is a strong but not a dominant player on global agricultural markets accounting for around one per cent of total global trade in agricultural products. It must be remembered that not all of Australia's agricultural production is exported, with the domestic market absorbing a significant share. In relation to our agricultural exports we service over 100 markets in total. Facts such as these are often ignored and the NFF and its members therefore dedicate a lot of effort to ensuring that these messages are communicated to Asian country farmers and farm groups, government, media and opinion leaders.

It is vital that the Australian agricultural groups continue to work closely with the Australian Government on these relationship building efforts. The NFF hopes that the importance of this role by government is well recognised and continues to be invested in.

Agricultural Counsellors

The NFF has had significant engagement with Australia's diplomatic posts, including agricultural counsellors over many years, particularly on trade advocacy matters. The assistance provided by Heads of mission and staff on these occasions has been invaluable in the NFF achieving its desired outcomes through its international engagement.

The NFF also notes with concern that the global trading environment is becoming more challenging through an escalation of behind-the-border measures and technical trade barriers. It is in such areas that Australia's overseas postings such as the DAFF Agriculture Counsellor positions have been vital in facilitating the smooth flow of product.

Under budgetary pressure, DAFF has recently reduced its presence of technical counsellors in its European and United States posts. This loss of 'in country' technical advice limits Australia's ability to respond quickly to technical trade and market access issues and minimise disruption to trade.

In addition, the NFF notes that the agriculture portfolio is expanding as issues such as climate change, food safety and food security, biosecurity, animal welfare and environmental sustainability require more policy focus – and likely compliance issues for third country suppliers. This again reinforces the importance of Australia overseas postings as a reliable source of market intelligence on matters that could potentially be a restriction on the flow of agricultural goods.

The NFF would welcome the government providing additional technical capacity through a greater presence of technical specialists in overseas posts in response to a growing need to resolve technical market access issues. Expansion of this network would need to occur in addition to what is currently provided, not a movement within the network and new posts being created at the expense of existing posts.

As part of reforms to benefit the food industry, the government would welcome feedback on the following options:

- *review the Imported Food Control Act 1992 to enable more efficient and flexible control of imported foods*
- *review the Export Control Act 1982 and subordinate legislation to ensure regulatory consistency across commodities.*

Review of Imported Food Control Act 1992

Imported food standards concentrate on food safety issues and many of the broader production regulations that Australian farmers have to meet are not required to be met by food imports. While this may be an appropriate approach, it is important that consumers are aware of the more regulated environment in which Australian food is produced and the implicit value for society beyond food safety.

There is some confusion within the industry and the community about the control of imported foods and the NFF would support a government review of the *Imported Food Act 1992*. The review should clarify the arrangements made to ensure imported foods meet Australian standards. A clear understanding of the powers contained within the *Imported Food Act* and its interactions with the new biosecurity legislation would also be useful as part of the review.

Review of Export Control Act 1982

The NFF supports both trade and reducing regulatory burden. Identifying opportunities to improve consistency within the export regulations would address both issues and would be a sensible approach for the government to take.

8.2

The Australian Government proposes to continue to improve coordination of market intelligence across government and food export businesses to improve market access, address technical trade barriers and strategically position the Australian food industry to exploit potential trade opportunities.

- a) What specific mechanisms should the government consider to achieve this outcome?*
- b) How would you foster greater cooperation and coordination between industry and government to improve Australian market access for foods?*

The NFF would welcome greater cooperation and coordination between industry and government to improve Australian market access for foods. Accurate and early market intelligence is vital and the government should investigate how it can use all available information networks, including through the rural R&D Corporations, to provide a more complete and forward-looking picture of emerging market opportunities. The expectation in the Green Paper that successful food export businesses might be prepared to identify international market opportunities will largely rely on their goodwill and preparedness to relinquish that intrinsic intellectual property. Incentivising this through additional co-investment opportunities facilitated by AusTrade may be one way to build on these strong existing private company connections.

The NFF is supportive of the government providing a range of trade services to export-ready Australian companies and the provision of advice on doing business in specific overseas

markets. An element of this is in ensuring that agricultural counsellors are located in key current and emerging export markets. The effectiveness of DFAT programs aimed at trade liberalisation within agriculture should be transparent, regularly reviewed and their activities publicised. This information should be easily available and the benefits of trade agreements communicated clearly to food industry stakeholders. The NFF has provided views on these measures earlier in this submission.

8.3

The government is developing a white paper on Australia in the Asian Century. It is anticipated increased productivity and wealth in Asia will result in increased demand for high value foods. What specific initiatives should the government consider to ensure Australian food exporters participate fully in these emerging opportunities?

Australia's population is projected to increase and as a consequence domestic consumption of Australia's agricultural production will also increase; however, the agricultural industries will still depend on external markets to sell the majority of food produced. The global food price spikes in recent years and declining food reserves have put paid to the notion that food security can be delivered through policies to control food imports and exports at borders. Increasingly food will need to move freely from areas of surplus to areas of need, and policies of free trade are required to support this. Consumer tastes in Australia's Asian export markets will continue to change and the expectations of agricultural produce in these markets will increase.

The Australian agricultural industries are diverse and provide produce to a range of different markets. Major opportunities exist in food export markets whilst the world population continues to grow and the affluence of Australia's neighbouring economies continues to rise. The challenge is build on Australia's reputation as a clean, green and safe source of food and meet the expectations set by domestic and international markets.

Growth in trade, particularly in the Asian region, will be a significant opportunity for Australian agriculture. For Australian farmers to be able to grow our farm businesses with confidence into the future we need access to open markets. At present, Australian farmers are shut out of many markets due to their high tariffs and other barriers at, and behind, borders. Achieving improved market access by addressing these barriers through multilateral and bilateral negotiations must remain the highest trade policy priority of the government.

Additionally, the NFF views it is vital that the Australian agricultural groups continue to work closely with the Australian Government on building relationships with key trading partners. Efforts dedicated to improving the mutually beneficial relationships within the Asian region would be supported by the NFF.

Chapter 9 – Global food security

9.1

It is in Australia's national interest to promote global food security. The Australian Government considers Australia can make the most effective contribution to global food security by focusing on: technology and expertise transfers to developing countries; trade-related development assistance; advocacy and support for appropriate policies at the global, regional and national level; and short-term emergency food assistance. Do you support the

Australian Government's analysis? If not, what are the key gaps? Please be specific and provide evidence to justify your response.

It is generally agreed that world population will continue to grow, driving demand for arable land and water. This will bring pressure to bear on Australia's natural resources and the environment but may also change the way these resources are valued and used. The world population is projected to expand to over 9 billion by 2050, an increase of over 50 per cent. At present it is estimated that Australian farmers feed about 60 million people each day, with 40 million of them overseas in our export markets. Whilst there are many uncertainties in global trends affecting Australia's future, we can be certain that there will be more mouths to feed and an increased demand for food to match. Over recent years the mismatch between demand and supply of food has been witnessed in famines, civil unrest and even high prices at Australian checkouts for some commodities. It is appropriate for Australia to seek to understand these trends and develop strategies to address it.

Large increases in domestic and global agricultural production will be hard to win, with limited new arable land to bring into production and few opportunities for significant increases in agricultural production, as occurred during the Green Revolution, on the horizon. In addition sovereign policies around trade protection, food security and bio-fuels have not assisted in driving increases in food production and have diverted and restricted the movement of surplus food away from areas of need. These trends represent great opportunities and challenges for Australian agriculture and food production.

Critics would argue that Australia's contribution to global food security is minimal. Indeed, some would suggest that Australia should not focus on improving agricultural productivity and as Australia's population increases allow a larger proportion of our agricultural production to be consumed domestically, consequently reducing the proportion of agricultural produce exported. The NFF disagrees with both of these assertions. As mentioned earlier, Australia defrays the food demands of 40 million people in export markets. If Australia did not produce food for these markets, food purchasers would respond by accessing other sources, competition and prices for food would be higher, and more people would be forced to go hungry. With an increased global population these demands are only going to increase and the moral obligation to feed the hungry will be more acute. The NFF believes that the Australian Government needs to be serious when it considers the Nation's role in domestic, regional and global food security, and that the agricultural industries need to work in partnership with government to support improvements in agricultural production and the productivity of the sector generally.

Research and development is fundamental for Australia to maintain its food security, and meeting the various challenges for food production and agriculture. In Australia research provides farmers with the tools to improve their international competitiveness. However, in the context of international food security, research and development is much more than simply about developing export opportunities. The adaptation of this research in a practical way for use in developing countries needs to be the cornerstone for Australia's engagement on global food security. The majority of food, particularly in developing countries, is consumed where it is produced, and the adaptation of technologies and Australian low input farming systems can assist. As an example our 'precision farming' technologies retain stubble and place nutrients and water to match plant requirements. This translates into the smallholder 'conservation farming' systems that work so well in Africa and Asia. Ultimately, the NFF views that much of Australia's key contribution to ensuring global food security is through transfer of technology and knowledge.

As part of this effort, the Australian Government makes a significant investment through the Australian Centre for International Agricultural Research (ACIAR), which supports Australian agricultural scientists to use their skills for the benefit of developing countries. Independent studies of the benefits from ACIAR's investment in international agricultural research identified an average benefit cost ratio of 54 to 1 across a set of 37 impact assessments³. The skills, knowledge and experience drawn upon by ACIAR have been developed by agricultural scientists working with Australian industries through domestic agricultural research programs supported by the Rural Research and Development Corporations, Cooperative Research Centres, CSIRO and Universities. Without a strong domestic research and development effort to support innovation in Australian agriculture and the development of agricultural scientists, Australia would not be able to: improve the productivity and sustainability of Australian production; adapt technologies and knowledge developed internationally to Australian farming systems; or support Australia's continued contribution to agricultural production in developing countries.

The NFF welcomed the government's increased focus on international agricultural knowledge transfer within the government's rural R&D policy statement earlier this year. However, the NFF believes more can be done and that Australia needs to expand the base of research funding for work on agricultural productivity, including better engagement with Australian and international agribusiness to increase private investment in research and development. Australian research can support farmers, allow Australia to take up new knowledge and innovations as they are developed internationally and, at the same time, provide road-tested technologies that contribute to our international food security obligations.

However, a significant barrier to this contribution is in the developing human capacity limitations within agriculture. The NFF have already referred to this issue within this submission. Only a concerted effort to engage with Australian society on the importance of food production, with an emphasis on the career prospects and opportunities to make real contributions to global problems, will the additional personnel needed to address this issue will be deliver.

Finally, the Green Paper notes the impact foreign government policies have, distorting world trade in food commodities and adversely affecting food security. The NFF has been a strong advocate for free trade, including as an important way of dealing with international food security issues.

Food is a fundamental human need and is essential to stable societies. Free trade policies ensure that food is exported or consumed where there is a demand for it, and that farmers are rewarded appropriately for producing food. The NFF has continued to argue that the unimpeded trade of agricultural goods will make a significant contribution to ensuring the supply of food and the economic, social and environmental sustainability of its production.

Distorted markets and over-regulation of production and trade in food have been demonstrated to be ineffective. When there are international price spikes and countries ban exports then prices in these countries can be depressed and the local farmers are not rewarded for their efforts and do not have the incentive to produce more to meet food demands. Similarly, it is well understood that trade distorting food policies inhibit growth and poverty reduction in developing countries. Trade reform can help to ensure that these communities are appropriately rewarded for their production, and must continue to be championed by the Australian Government. Protectionism will not assist with food security and the Australian Government should work to ensure this is understood both domestically and internationally.

³<http://aciar.gov.au/node/8941>