



# Federal Budget Submission 2008



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## Our Member Organisations



CANEGROWERS



The National Farmers' Federation (NFF)

### Federal Budget Submission 2008

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Victorian Farmers Federation

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AUSTRALIA

## Table of Contents

Executive Summary	3-4
Introduction	5
Background	5-6
Statistics on Australian Agriculture	6-7
2007 Election Commitment Implementation	7-11
Primary industries commitments	7-10
Climate change preparedness programs	7-8
Exceptional Circumstances	9
Other Primary industry spending commitments	9
Transport infrastructure commitments	10-11
Grain branch line review	10-11
Victorian regional freight and export supply chain development	11
Taxation reform and budget surplus	11
Education and Training	12-15
FarmBis funding	12-13
Other farm education and training programs	13-15
Institute for Trade Skills Excellence	13
Primary Industries Education Foundation	13-14
Rural Skills Australia	14
Training vouchers and industry skills training	14-15
Trade Policy	15
Conclusion	16
Contact	16

## Executive Summary

The National Farmers' Federation (NFF) recognises that the focus of the new Australian Government, from a fiscal perspective, will be firmly on implementing the commitments outlined in the lead up to, and during, the 2007 federal election campaign.

The NFF is now eager to work with the Government on the specific detail and funding arrangements surrounding these commitments formalised through the Federal Budget process, while ensuring that vital outcomes are maintained in key areas, including education and training and trade policy.

This submission calls for fiscal support in the following areas:

### ***Primary industries election commitments***

The NFF seeks, in discussion with the farm sector, the formalisation of, and detail on, the Government's primary industry election commitments.

This includes the \$130 million package to help farmers adapt to climate change and harness new economic opportunities.

The NFF is also pleased that the new Government has offered its support to the current drought relief package and we trust that this Exceptional Circumstances (EC) funding commitment will be reinforced in the coming Federal Budget.

### ***Transport infrastructure election commitments***

The NFF looks forward to the Government's formalisation of the financial commitments for land transport infrastructure under the AusLink program.

In particular, the NFF looks forward to delivery of the \$3 million commitment each in New South Wales and Western Australia to establish a high-powered taskforce of growers, handlers, the NFF, the Australian Rail Track Corporation (ARTC) and the New South Wales Government, as well as the \$248 million towards enhancing Victoria's regional freight and export supply chains.

### ***Taxation and Budget Surplus Commitments***

The NFF expects full implementation of reduced personal income taxes worth \$31 billion over three years, as committed in the lead up to the 2007 election, while maintaining a responsible Federal Budget Surplus of approximately 1% of GDP.

### ***FarmBis funding***

The NFF was disappointed by Labor's decision, announced during the election campaign, to abolish \$24 million over three years for the highly successful and increasingly strategic FarmBis program, under the Agriculture Advancing Australia (AAA) package.

Our disappointment was compounded by the fact that FarmBis is a precise fit with Labor's "Education Revolution", in training Australia's 130,000 farm businesses to improve their skills and capacity in business and natural resource management.

The NFF, therefore, calls for the outcomes that FarmBis is delivering to be retained and \$8 million to be set aside in the 2008 Federal Budget for its continuation.

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***Other farm education and training programs***

Also consistent with the Government's "*Education Revolution*", the NFF calls for \$8 million to be allocated to fund the Institute for Trade Skills Excellence.

We also seek an Australian Government funding commitment of \$150,000 to the Primary Industries Education Foundation and continuation of the three-year funding arrangements for Rural Skills Australia.

***Trade Policy Funding***

The NFF seeks an assurance from the Australian Government that its proposed cuts to trade-related funding to the Departments of Foreign Affairs and Trade (DFAT) and the Department of Agriculture, Fisheries and Forestry (DAFF), which underpin vital trade policy and advocacy work, will in no way compromise outcomes from current multilateral, regional and bilateral agricultural trade negotiations.

## Introduction

The National Farmers' Federation (NFF) was established in 1979 and is the peak national body representing farmers, and more broadly agriculture across Australia.

The NFF's membership comprises of all Australia's major agricultural commodities. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations collectively form the NFF.

Each of these state farm organisations and commodity councils deal with state-based 'grass roots' issues or commodity specific issues, respectively, while the NFF represents the agreed imperatives of all at the national and international level.

## Background

The last five years have been a challenging period for Australian farmers with widespread and prolonged drought leading to a severe reduction in farm production and a resultant 40% escalation in farm debt levels.

In addition, the strength of the Australian dollar (particularly against the US dollar), has had a dampening effect on farm export returns, while costs of key farm inputs such as fuel and fertiliser have risen exponentially on the back of shortening global supplies.

However, despite the frustrations for Australian farmers, the international market for agricultural commodities has been very strong, with the *Westpac-NFF Commodity Index* (measuring the weighted average price of key global agricultural commodity prices) reaching record highs in late 2007.

This has been brought about by surging global demand for biofuels, strong economic growth in developing countries, global population growth leading to urban encroachment on arable land and widespread drought in key agriculture production nations.

The underlying fundamentals for Australian agriculture remain extremely strong and are expected to remain so over the medium to long term.

In order to capitalise on these opportunities, Australian farmers, with the assistance of the Commonwealth Government, must focus on areas for which they can realistically manage outcomes.

Meaningful adaptation to climate change and seasonal variability, building better and more efficient capacity in areas such as transport and labour, and boosting our efforts in gaining access to key global markets are just a few areas that must be resourced effectively.

The NFF recognises that the focus of the new Australian Government, from a fiscal perspective, will be firmly on implementing the commitments outlined in the lead up to, and during, the 2007 federal election campaign.

The NFF is now eager to see the detail of these commitments and accountability provided to the Australian farm sector, particularly surrounding the implementation of the Federal Labor Plan for Primary Industries.

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In addition, it is critical that the new Government engages in discussions with the farm sector on how to deliver outcomes in areas and programs for which funding has been removed or reallocated. NFF stands ready to work collaboratively with the Government in that regard.

The NFF recognises that the Government has made a clear decision to remove the \$2 billion Communications Fund aimed at providing future telecommunications service upgrade protection for people in rural areas.

The process must now begin on developing an alternative mechanism that will ensure that rural Australians have funding for the next iteration of telecommunications technologies – currently no such provision exists.

This process will require extensive analysis and negotiation and, therefore, the NFF recognises that this cannot be conceivably addressed within the 2008 Federal Budget. Yet, it must be addressed nonetheless.

However, funding for outcomes within the Agriculture Advancing Australia (AAA) package, such as the highly successful business and education focused FarmBis program is a pressing need for the Australian farm community, which the NFF insists needs to be addressed in the 2008 Federal Budget.

The NFF seeks clarification from Government that the outcomes of effective risk management and sustainability for the farm sector, that have been successfully delivered by the AAA package in the past, will not be compromised during the course of the 2008-09 financial year.

We call for flexibility within the Commonwealth Budget process so that if such assurances cannot be delivered, then funds can be allocated to expiring programs until alternative mechanisms delivering equivalent outcomes at lower cost can be developed.

The NFF has particular concerns about maintaining the outcomes delivered through the FarmBis program and has thoroughly outlined the case for reconsidering the FarmBis funding in this submission.

## Statistics on Australian Agriculture

There are approximately 130,000 farm businesses in Australia (99% of which are family owned and operated), utilising approximately 60% of Australia's landmass. The agricultural sector, at farm-gate, contributes approximately 3% of Australia's total Gross Domestic Product (GDP). The gross value of Australian farm production in 2006-07 was \$34.4 billion, down from \$38.4 billion the previous year.<sup>1</sup>

However, when factoring in the vital value-adding activities that occur to farm outputs post farm-gate, and the value of all the economic activities supporting farm production in the farm-input sector, agriculture has averaged a contribution of 12.1% of GDP (approximately \$103 billion in 2004-05 dollar terms) in the six years ending 2003-04.<sup>2</sup>

In 2006-07, Australian agricultural exports were valued at \$27.6 billion. These exports account for approximately 65% of Australia's agricultural production volume and 75% of

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<sup>1</sup> ABARE, 2007 Australian Commodity Statistics, Canberra

<sup>2</sup> Australian Farm Institute, March 2005, *Australia's Farm Dependent Economy*

value. In 2006-07, agricultural products accounted for 16.3% of Australian merchandise exports.<sup>3</sup>

The future of Australian agriculture depends largely on conditions in overseas markets. However, with declining terms of trade in agricultural commodities, Australian agriculture has been challenged to maintain a low cost base in order to remain competitive. Indeed, Australia's balance of payments is strongly dependent on this being the case.

Despite declining terms of trade, Australian farmers have been able to remain internationally competitive and sustain their businesses largely through productivity growth. The productivity growth in Australian agriculture has average 3.8% over the past 20 years, consistently out-performing other sectors.<sup>4</sup>

In 2006-07 there were 308,000 people directly employed in Australian agriculture. This number has decreased from 385,000 (20%) in 2001-02.<sup>5</sup> The complete agricultural supply chain, including affiliated industries, provides over 1.6 million jobs to the Australian economy (1-in-6 of all jobs). For every million dollars of Agricultural Sector GDP, there are 22 jobs in the Agricultural Sector and an additional 65 jobs in the rest of the value chain.<sup>6</sup>

## 2007 Election Commitment Implementation

### **Primary industries commitments**

The NFF welcomed the Labor Party's Policy Document for Primary Industries, delivered during the 2007 election campaign. Key areas include the following:

#### Climate change preparedness programs

The commitment of the new Government to work closely with farmers in adapting to a changing climate was a clear acknowledgement of the importance of this issue to rural and regional Australians.

It is also consistent with NFF's recognition that changing climate is potentially the biggest issue facing Australian farmers in the future, and that farmers need access to the right tools to effectively manage the risks and capitalise on the opportunities arising.

In this regard, the NFF now looks for clarification from Government on the details of the four-year \$130 million package to help farmers adapt to climate change and harness new economic opportunities – with the NFF fundamental in the development of appropriate responses and policy settings.

Australian farmers have consistently demonstrated a high capacity for adaptation and the ability to achieve excellent outcomes from investment in R&D.

A demonstration of Australian farmers responding and adopting new technology has been seen by the drought ravaged winter crop of 2006-07. While the 9.8 million tonnes of wheat produced was well down on the 26 million tonnes produced the previous season, had the sector been using 1980's farm techniques, it is estimated that less than 3 million tonnes

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<sup>3</sup> ABARE, 2007 Australian Commodity Statistics, Canberra

<sup>4</sup> Australian Farm Institute, March 2005, *Australia's Farm Dependent Economy*

<sup>5</sup> ABARE, 2007 Australian Commodity Statistics, Canberra

<sup>6</sup> Australian Farm Institute, March 2005, *Australia's Farm Dependent Economy*

would have been produced.<sup>7</sup> This has largely been attributable to innovative and environmentally-sustainable practises, such as conservation till techniques which protect soil structure, maximise soil moisture, require less fertiliser and less fuel.

Further examples of farmers adapting to changing circumstances include the adoption of crop rotation techniques to manage soils, introducing new crop varieties to suit specific regional profiles, improved water reticulation systems to conserve our most precious resource and diversification of production systems to adjust to seasonal conditions.

Armed with the correct science and technologies, Australian farmers can, and will, adapt to meet new challenges, including a changing climate.

The Government's commitment to action and additional, proactive funding reflects the NFF's policy focus and recognises the serious negative implications for Australian agriculture, clearly outlined within the Australian Bureau of Agriculture and Resource Economic's (ABARE's) recent report titled *Climate Change: Impacts on Australian Agriculture*.

This analysis shows that without actions to adapt to a changing climate and to mitigate the effects of greenhouse gases, Australian production of wheat, beef, dairy and sugar could decline by up to 10% by 2030 and 19% by 2050.<sup>8</sup>

R&D is vital in providing farmers with the appropriate signals to build capacity to respond to the challenge of climate change through adapting their farm systems. This same analysis can also guide infrastructure investment decisions and help inform international discussions on reducing greenhouse gas emissions. Industry can, and will, play a role in developing this science, however, it is vital that Government also supports this process.

The NFF recognises that the National Climate Change Research Strategy for Primary Industries (CCRSPI) – a joint initiative of the Rural Research and Development Corporations; the CSIRO; and the Federal, State and Territory governments; managed by Land & Water Australia – is in the process of developing a coordinated national research strategy to address climate change and emissions management and trading. In summary, the Strategy will:

- Map and build on existing research, development and extension activities;
- Identify key information gaps;
- Identify strategies for national collaboration;
- Identify priority areas for collaborative R&D; and
- Identify successful strategies for communication and adoption of research.<sup>9</sup>

This is an important process that will provide greater clarity about the ongoing R&D needs for agriculture in meeting this climate change challenge. The CCRSPI research strategy and recommendations, to be delivered to the Primary Industries Standing Committee in February 2008, may have fiscal implications for Government that will be conveyed by the NFF in due course.

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<sup>7</sup> Grains Council of Australia, 2007 Farm Practices Database.

<sup>8</sup> ABARE 2007, *Climate Change: Impacts on Australian Agriculture*

<sup>9</sup> Land and Water Australia Website (<http://sites.lwa.gov.au/ccrspi/>), Accessed on 15/01/08

### Exceptional Circumstances

The NFF is also pleased that the new Government has committed to the current drought relief package and we trust that the Exceptional Circumstances (EC) funding commitment will be reinforced in the coming Federal Budget. We have made it clear that any work on the challenges of a changing climate should recognise those farmers remaining in the grip of this current, devastating drought crisis.

The NFF has consistently stated that we must deal with the 'here-and-now' as the first priority. However, equally, the NFF has been at the forefront in acknowledging that relief, although important, is a stop-gap measure.

Much hinges on our farmers' ability to prepare for, and meet, the challenges of any longer-term shift in climate. As a nation, we are at a point where we must think strategically about how we plan for, and deal with drought – especially in the context of climate change.

The NFF looks forward to the future consideration and review of the EC drought program. We welcome debate on the issue and look forward to discussion with Government on how this system can be appropriately refined, while maintaining the intent underpinning Australian drought policy.

### Other primary industry spending commitments

The NFF has also welcomed the Government's commitment to the following programs and looks forward to discussing the implementation details, which will be critical, for each of these projects:

- National Weeds and Productivity Research Program.
- Quarantine system strengthening.
- Promoting Australian Produce Program.
- Regional Food Producers Innovation and Productivity Program

A full summary of the fiscal commitments outlined by the ALP in their Policy Document for Primary Industries is provided below:

	2007-08	2008-09	2009-10	2010-11	Total
Climate Change Adaptation Partnerships Program	0.0	15.0	15.0	15.0	45.0
Climate Change and Productivity Research Program	0.0	6.0	5.0	4.0	15.0
Climate Change Adjustment Program	0.0	15.0	15.0	15.0	45.0
Quarantine	2.0	1.8	1.0	0.7	5.3
National Weeds and Productivity Research Program	3.0	4.0	4.0	4.0	15.0
Regional Food Producers Innovation and Productivity Program	1.2	6.0	7.0	8.0	22.2
Promoting Australian Produce	0.0	2.0	2.0	1.0	5.0
<b>Gross Total</b>	<b>6.2</b>	<b>49.8</b>	<b>48.9</b>	<b>47.7</b>	<b>152.5</b>

The NFF notes that under the new Government's agricultural policy platform, funding has been re-prioritised from existing Agriculture Advancing Australia (AAA) programs to new programs focusing primarily on assisting rural industries deal with a changing climate.

While advocating and championing this new strategic approach, the NFF seeks urgent and detailed discussion with the Government on how the outcomes previously delivered under the FarmHelp and Advancing Agricultural Industries programs, can now be delivered through the re-prioritised climate programs.

FarmHelp, a program that provides short-term financial assistance to farm families in severe financial difficulty, and the Advancing Agricultural Industries program, which aims to assist industry's strategically plan for, and manage change, provide important support for farmers and their intent should be retained.

### ***Transport infrastructure commitments***

The NFF looks forward to the Government's formalisation of the financial commitments for land transport infrastructure under the AusLink program.

The NFF is a firm supporter of AusLink as a means to improve planning, improve decision-making and fund Australia's national land transport infrastructure network as a more efficient and strategically focused program underpinning our international competitiveness.

In particular, the NFF welcomes the following transport funding commitments and looks forward to working with the Government to ensure effective and accountable implementation:

#### **Grain branch line review**

The NFF looks forward to formalisation of the \$3 million commitment each in New South Wales and Western Australia to set up a high-powered taskforce of growers, handlers, the NFF, the Australian Rail Track Corporation (ARTC) and the New South Wales Government.

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Grain rail infrastructure across Australia has been allowed to degrade for too long, leaving agriculture with a dilapidated service that is hurting the global competitiveness of our grain producers.

The NFF continues to stress that our agricultural supply chain is only as strong as its weakest link – and transportation infrastructure must be brought in to line with world's best standards.

The NFF understands that for many agriculture and food businesses, trucking is the only option for transporting goods and will remain so. However, Australia's grain sector uses rail for approximately 85% of its export transport task, yet is increasingly being pushed towards road transport.

This is largely due to the existing poor state of repair of many grain branch lines, most of which were built in the late 19th or early 20th century, and has impinged on its reliability and flexibility.

Clear, strategic and long-term investment decisions need to be made on the branch lines once-and-for-all, in order to provide much needed certainty for farmers regarding their future investment decisions. This funding commitment is, therefore, urgent.

#### Victorian regional freight and export supply chain development

The NFF welcomed Labor's announcement of \$248 million towards enhancing Victoria's regional freight and export supply chains, and we look forward to seeing formalisation of this commitment within the 2008 Federal Budget.

This funding is a much-needed positive demonstration of the need for strategic analysis of Victoria's regional freight and export supply chains, and recognizes that effective freight transport networks rely on seamless intermodalism between land, sea and air transport.

These linkages are vital to meeting the competitive demands of today's – and tomorrow's – global markets.

The funding has also been committed to covering upgrades and duplication of key Victorian freight roads, upgrades to Victorian rail access and track quality and upgrades to Victoria's regional intermodal terminals. Importantly, the funding will improve access to Victoria's two major sea ports for key agricultural production areas across western Victoria, northern Victoria and the Geelong region.

#### **Taxation reform and budget surplus**

The NFF expects full implementation of reduced personal income taxes worth \$31 billion over 3 years, as committed in the lead up to the 2007 election, while maintaining a responsible Federal Budget Surplus of approximately 1% of GDP.

We believe that these tax cuts will contribute to lifting labour capacity by adding the incentive for more individuals to enter the workforce, or extend their involvement within the workforce. In this way it will partially counterbalance inflationary pressures.

However, the NFF recognises that some inflationary pressures may still arise from a reduction in personal taxes, and, as such, this reinforces the need for Government to invest in those means of further building capacity in areas such as freight transport, education and training.

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## Education and Training

The NFF agrees with the Government's emphasis on education and the need to unlock capacity from our labour force to enhance productivity, facilitate economic growth and reduce inflationary pressure emerging from labour supply constraints.

This remains a key priority for the Australian farm sector, which is facing specific challenges in this area due to drought and increased competition for labour from the mining sector.

The NFF contends that now is not the time to scale back investing in the education and training of our people and looks to the Government for financial support for the following programs.

### ***FarmBis funding***

The NFF was disappointed by Labor's decision to abolish \$24 million over three years for the highly successful and increasingly strategic FarmBis program, under the Agriculture Advancing Australia (AAA) package.

Our disappointment was compounded by the fact that FarmBis is a precise fit with Labor's "*Education Revolution*", in training Australia's 130,000 farm businesses to improve their skills and capacity in business and natural resource management.

The FarmBis program is extremely popular with the Australian farm community and delivers benefits in the following areas:

- FarmBis helps farmers to improve their skills and capacity in business and natural resource management.
- FarmBis promotes the benefits of business and natural resource management education and training and has recently shifted its focus towards higher-level training for strategic management of farms.
- FarmBis provides subsidies of up to 60% towards the cost of undertaking training, which greatly assists in overcoming a farming culture that traditionally resists undertaking training.
- FarmBis fosters a culture of ongoing learning that is vital to the success of a modern business.
- FarmBis has so far financially assisted over 150,000 farmers, fishers and land managers to attend education and training activities.
- FarmBis is flexible and gives farmers a wide choice of off-the-shelf or tailored courses and training activities. Flexibility in training delivery is of paramount importance to farmers.

Further, the benefits delivered through FarmBis are not limited to the farming community, but also reverberate throughout the national economy. Federal Budget forecasts are prefaced on the farm sector successfully emerging from the drought, which shaved off between 0.5% and 0.75% from GDP growth in 2006-07.

The availability and capacity of the farm labour force is a significant potential deterrent to agriculture making a successful rebound from drought conditions. The NFF estimates that

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the farm sector will require an additional 50,000 to 80,000 workers to meet farm capacity on the resumption of normal seasonal conditions.

Support is urgently required now so that we can develop the skills for our future workforce needs, while allowing our existing workforce to improve their efficiency levels in the absence of per-drought staff numbers.

Therefore, our capacity to generate future economic growth is in serious jeopardy should the outcomes delivered by FarmBis, which helps to build this capacity, be removed.

The NFF, therefore, calls for the aims and objectives of the FarmBis program to be retained, and \$8 million to be set aside in the 2008 Federal Budget for the continuation of the outcomes FarmBis delivers.

### ***Other farm education and training programs***

FarmBis is just one program that has helped to build labour capacity in the farm sector while working successfully in conjunction with a number of additional programs. The NFF is also looking for Federal Budget funding for the following education and training programs:

#### *Institute for Trade Skills Excellence*

The Institute for Trade Skills Excellence has been established to promote and advance learning, teaching and training in Australian trades education and elevate the status of traditional trades and trades education as career choices.

The Institute is not limited to agricultural trades but also includes seven additional sectors within its charter.<sup>10</sup> However, it should be noted that agriculture is particularly hindered by a lack of tradespeople such as plumbers, electricians and carpenters in regional areas and this is significantly adding to costs and breeding inefficiencies.

The Institute has proven very successful in generating incentives for prospective students to enrol in a trade skills course and has led to the development of more industry-driven, and, therefore, industry-appropriate training programs.

The NFF, therefore, calls for the continuation of funding for the maintenance of the Institute for Trade Skills Excellence for the 2008-09 financial year at a cost of \$8 million.

#### *Primary Industries Education Foundation*

The NFF is proud to have been a key driver in establishing the Primary Industries Education Foundation, a body to promote agriculture in schools – primary and secondary.

The Primary Industries Education Foundation has been structured through a tri-partite ownership between Government, industry and educators. The NFF calls for \$150,000 per year in funding for the membership of the Australian Government through the Department of Agriculture, Fisheries and Forestry and the Department of Education, Science and Training.

This funding commitment, which would be supported by industry funding, would enable the following objectives to be progressed:

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<sup>10</sup> The Institute for Trade Skills Excellence Website (<http://www.tradeskills.com.au/>), accessed on 15/01/08

- national leadership and coordination of initiatives to encourage education of primary industries in schools, through a partnership between industry, government and educators;
- commissioning, co-ordination, facilitation and management of national projects to encourage primary industries education in schools;
- a source of credible, objective and educational resources for schools to maintain and improve community confidence in Australia's primary industries; and
- communication of primary industries research and development outcomes in a format accessible by schools.

### Rural Skills Australia

Rural Skills Australia (RSA) was formed in 1995 to provide advice, assistance and training to Australian apprenticeships centres, job network members and Registered Training Organisations (RTO's) on rural and related apprenticeships. RSA also provides information and advice to industry on training reforms and packages and supports rural training in schools.<sup>11</sup>

RSA currently has one major contract with the Department of Education, Science and Training (DEST), that covers the education and training of advisers in all states and territories.

Established in July 2000, the initial contract was extended for periods no longer than twelve months, in some cases for periods of only six months. This funding arrangement led to a significant allocation of resources towards developing annual submissions for funding extension. This was wasteful and disruptive.

In 2007, the NFF, therefore, sought and secured a three-year funding commitment for this program so that resources and management were able to be focused on RSA organisational and DEST objectives. The benefits of securing the three-year contract also assisted in guaranteeing security of tenure for staff employed on the project, thus ensuring continuity of purpose.

The NFF seeks continued support from Australian Government for the continuation of the three-year funding arrangement for DEST.

### Training vouchers and industry skills councils

As the majority of farm training is undertaken by owner/managers at Certificate III and above levels, the NFF is supportive of moves to expand Skills Vouchers to higher Certificate levels, and increasing the involvement of Industry Skills Councils (ISCs) in this process.

The NFF has concerns over setting absolute quotas on the different Certificate levels. We contend that this may create problems where there is high demand for training at the Certificate II and III levels, thereby stifling efforts by long-term unemployed and/or people returning to the workforce in gaining the necessary skills for employment.

We would encourage the Government to un-cap the number of skills vouchers across the different Certificate levels, to release capacity constraints on the workforce and labour supply.

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<sup>11</sup> Rural Skills Australia Website (<http://www.ruralskills.com.au/>) accessed on 15/01/08

The NFF is concerned by the potential for additional administration burdens of the voucher scheme, particularly on small business owners such as farmers. For small business owners, the indicated process appears overly burdensome, requiring a business to undertake a business skills audit and interviews with existing staff prior to a training voucher being conferred.

The NFF welcomes the additional funding for the ISCs, and advocates recognition in the funding formula across ISCs to take account of the higher servicing costs in regional and rural Australia.

A blanket formula for ISCs to carry out their additional responsibilities would not accurately reflect the imposts, regarding costs of time and travel experienced in regional and rural Australia. The NFF contends that ISCs, whose principal activity is in regional Australia, should receive a greater share of funding than ISCs who carry out their tasks in a metropolitan environment.

## Trade Policy

Opening overseas markets and trade policy reform at the multilateral, regional and bilateral level is a strategic priority for the NFF.

Indeed, global trade reform – that is opening international markets for Australian exports – through the World Trade Organisation (WTO) is our organisation's number one trade focus.

In this regard, the NFF strongly supports the Government's commitment for a renewed focus on multilateral trade negotiations, including through reinvigorating the Cairns Group.

In addition to putting additional effort into multilateral negotiations, the NFF and our sector stakeholders also strongly support the pursuit of high-quality, comprehensive Free Trade Agreements (FTA's) – provided they fully include agriculture.

A greater emphasis on these may, in fact, be prudent over the coming years, as international circumstances and low levels of ambition continue to frustrate progress on the WTO Doha Round of multilateral trade negotiations.

For Australian farmers to be able to grow our farm businesses with confidence into the future we need access to open markets. Australian farmers are shut out of many markets due to their high tariffs and other barriers at, and behind, borders. Addressing these barriers through multilateral and bilateral negotiations must remain the highest trade policy priority of the Government.

As a result, NFF seeks an assurance from the Australian Government that its proposed cuts to trade-related funding to the Departments of Foreign Affairs and Trade (DFAT) and the Department of Agriculture, Fisheries and Forestry (DAFF), which underpin vital trade policy and advocacy work, will in no way compromise outcomes from current multilateral, regional and bilateral agricultural trade negotiations.

## Conclusion

The NFF recognises that the focus of the new Australian Government, from a fiscal perspective, will be firmly on implementing the commitments outlined in the lead up to, and during, the 2007 federal election campaign.

The NFF is now eager to see the details and funding arrangements surrounding these commitments formalised through the Federal Budget process, while ensuring that vital outcomes are maintained in key areas, including education and training and trade policy.

As such, the NFF is keen to engage with the Government on the development and implementation of its Budget program, assisting to ensure that the commitments are, in practical terms, relevant and appropriate to Australia's vital farm sector.

The NFF welcomes further discussion with Government on these, and any other fiscal issues, as part of the 2008 Federal Budget.

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For more information on any of the information or issues arising for the NFF's *Federal Budget Submission 2008*, please contact:

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