



National Farmers' Federation

Submission to the Sustainable Population Strategy

28 March 2011

Contents

1. INTRODUCTION	3
2. AUSTRALIA'S POPULATION	4
URBAN OVERLOAD	4
REGIONAL DEVELOPMENT	4
3. ECONOMIC & INFRASTRUCTURE INITIATIVES	6
TAX INCENTIVES	6
INFRASTRUCTURE	7
TELECOMMUNICATIONS	8
4. REGIONAL WORKFORCE	9
5. SUSTAINABLE ENVIRONMENT	10

1. 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 all Australia's major agricultural commodities.

The current membership of the NFF comprises the following organisations:

State Farming Organisations

AgForce Queensland
NSW Farmers' Association
Victorian Farmers' Federation
Tasmanian Farmers' and Graziers' Association
Western Australian Farmers' Federation
Northern Territory Cattleman's Association

Commodity Councils

Cattle Council of Australia
Cotton Australia
Australian Dairy Farmers' Ltd
Canegrowers
Sheepmeat Council of Australia
WoolProducers
Ricegrowers Association
Australian Dried Fruits Association

Associate Members

Corporate Agriculture Group (*an unincorporated organisation comprising Auscott Ltd, Twynam Pty Ltd, Australian Food and Fibre Ltd, PrimeAg Australia Ltd, Paraway Pastoral Fund, Wyalong Rural Investments, Warakirri Agricultural Trusts and Clyde Agriculture Pty Ltd*)

Ridley Corporation
GrainCorp
Australian Livestock Exporters Council
Australian Livestock and Property Agents Association
Australian Veterinary Association
Goat Industry Council of Australia
Pastoralists' Association of West Darling

There are approximately 140,000 farm businesses in Australia (99% of which are family owned and operated), utilising 54% of Australia's landmass.

2. AUSTRALIA'S POPULATION

URBAN OVERLOAD

It is a fact that Australia is the most urbanised country in the world. Australia's concentration of population is not only the highest in the Organisation for Economic Co-operation and Development (OECD), it is approaching twice the OECD average.¹

Over 88% of Australia's population is located in and around our major cities, an area making up just over 3% of the country's landmass.

This population density has led to ever-increasing pressures on metropolitan communities, including:

- Cities and their infrastructure networks are not equipped to deal with massive population growth.
- Urban traffic conditions are increasingly congested, adding significant time delays in commuting. These not only impose economic and heightening environmental costs, but fuel social friction and add a dangerous element via cramped city living.
- Essential services, such as hospitals, are often not reachable within acceptable timeframes, with those services stretched to breaking point due to high demand.

Such pressures are set to intensify.

REGIONAL DEVELOPMENT

Conversely, regional Australia is seeking an increase in population to tackle significant issues of skills and capacity shortages for regional businesses.

Regional Australia plays a major role in the Australian economy. Two of the largest regional employers, agriculture and its closely related sectors through the supply chain accounts for \$137 billion a year in economic activity – over 12% of GDP.

In employment terms, Australian farms employ around 320,000 people with some 1.6 million jobs depending on agricultural production.

In recovering from 10 years of drought, the agriculture industry faces another drought – labour supply - as conditions for increased agricultural output improve and competition for labour with the mining industry continuing to escalate, the need for more people in

¹ OECD Factbook 2009: Economic, Environmental and Social Statistics – ISBN 92-64-05604-1.

regional Australia is intensifying. The NFF has estimated that there will be a shortage of around 100,000 workers for agriculture over the next 5 years.

Regional Australia is the central character to enable Australia to experience economic growth and recovery, as well as providing food security to not only Australian's but contribute towards food and fibre provision worldwide. However, regional Australia will lack the labour force to achieve growth and accelerate to full capacity.

But regional Australia is not attracting Australians – be they businesses or families in terms of lifestyle choice and work opportunities. The majority of this stems from higher costs of doing business and living in regional Australia.

Research released in November 2009 entitled *Essential Services in Urban and Regional Australia – a Quantitative Comparison* (conducted by the National Institute of Industry and Economic Research and commissioned by the Australian Farm Institute), compares the cost of essential services between metropolitan, urban and rural residents.

The research starkly illustrates the disparity faced by regional communities and the impediments to regional Australia being capable of attracting business and population growth. For example:

- On average, it costs rural residents five-times as much to access essential services as it does metropolitan residents;
- The biggest access cost disadvantages faced by rural residents are for hospitals, residential care services, secondary schools, TAFE colleges and universities;
- Over recent decades people living in rural communities have found it increasingly difficult to secure or retain access to essential services because of Australia's unique high population density; and
- Providing equitable access to essential services for regional Australians will become increasingly important in the future as projected population growth will make major cities congested and inefficient, and greater efforts will be required to make living in regional areas a more attractive option.

It is the view of the NFF that the problems in dealing with congestion in Australian cities will compound unless governments recognise the role that regional development can play in relieving the stress.

In this submission, NFF seeks to identify key solutions to resolve regional development problems while alleviating the population strain of our coastal cities.

3. ECONOMIC & INFRASTRUCTURE INITIATIVES

There are a range of economic and infrastructure initiatives that could be introduced to enhance regional development that could play a significant role in enabling regional population growth.

TAX INCENTIVES

Pulling the tax trigger to re-energize and grow the under-developed 97% of the country that is regional Australia is essential.

Genuine tax incentives and the commercial opportunities they drive are pivotal to major businesses setting up substantial and long-standing operations in regional areas. With businesses come jobs, prosperity and growing communities.

Governments can't make people move to regional areas, but by creating the case for businesses to start-up or relocate operations off the back of innovative and worthwhile tax advantages, people will follow the employment opportunities for themselves and their families.

It's an investment long overdue, but it's also a solution to Australia's unsustainable coastal city-centric population headache, with our major cities suffocating under the weight of 22 million people.

Existing federal and state government policies exacerbate the cost differential between those living and working in regional Australia compared with those in metropolitan areas.

Policies such as capital gains tax exemptions on the family home, progressive income taxation and the First Home Buyer's Grant have resulted in enormous wealth creation by metropolitan-based Australians and artificially made city living more financially attractive than country living.

There is little, if any, demonstration of a plan for the future to correcting the current imbalances and the costs they impose.

The Government must correct the glaring inequities between metropolitan and regional Australians, and invest in and develop regional centres as major population and commercial hubs.

Further, the Government must not only stem the drainage of people from inland Australia, but actively encourage a net influx of people from Australian cities.

Actively pursuing regional development would provide a much-needed boost to regional communities, but also a critical release valve to the mounting pressure on our over-crowded cities.

The Federal Government must use every tool in its arsenal to stimulate and foster regional development as a solution to Australia's choking cities and an investment in our agricultural future.

Therefore, the NFF asserts that the Federal Government must:

Remove disincentives for living and working in regional Australia. Specifically, the NFF calls for a review of the Tax Zone Rebate scheme to re-examine its effectiveness and scope for expansion in correcting the inequities. This view was also supported in the findings of the Henry Taxation Review.

In this regard, taxation and other incentives and/or concessions should be paramount in first attracting major business operations to start-up or relocate to regional centres on the back of these substantial incentives, while also removing disincentives.

INFRASTRUCTURE

The Federal Government is overdue for a sweeping strategic overhaul of infrastructure both transport and essential services.

Linking efficient road and rail networks to dramatically upgraded metropolitan and regional ports, improving water-use efficiency and building on social infrastructure, is essential.

While new commitments have been made and a greater focus is occurring through the Department of Regional Australia, more is required to ensure adequate infrastructure services are at a level conducive to create an incentive for Australian's to move to regional centres.

Australia has reached a critical point in its history and a reactive approach to infrastructure investment is no longer an option. It is time to focus on the future of our transport links and develop smart supply chain infrastructure to support them.

The availability of water for human consumption to service population growth in regional Australia will assume greater importance. These new and greater requirements can and should be sourced from willing sellers in the water market.

In terms of social infrastructure, both soft and hard upgrades are vital to give people confidence in essential services for themselves and their families. Regional needs in key areas such as access to healthcare services, have been neglected for too long.

Therefore, the NFF asserts that the Federal Government must:

- **Develop a National Infrastructure Strategy that coordinates across transport modes, addresses bottlenecks and accounts for current and future freight flows;**
- **Commit to a long-term commitment to strategic investment in transport infrastructure, which is targeted at gaps and bottlenecks in efficiency for transport in regional Australia.**
- **Ensure access to social infrastructure, such as education and health services; and**
- **Deliver business infrastructure in the areas of freight transport, telecommunications, energy and water.**

TELECOMMUNICATIONS

Modern farming practices are increasingly reliant on information technologies for production, risk management and marketing activities.

Quality, affordable telecommunication services now, as well as new technologies as they come online into the future, are absolutely vital for regional, rural and remote communities. These telecommunications services include both mobile and broadband delivery.

Education and healthcare delivery are increasingly underpinned by state-of-the-art telecommunications. These and other services are essential for social cohesion, participation in the broader economy and within local communities, cultural wellbeing and access to emergency services.

In such distant communities, telecommunications are not nice extras, but necessities.

Much has been made of the National Broadband Network (NBN), however, as yet there remain many unanswered questions about regional Australia's access to quality and relevant services, let alone how future upgrades for regional customers will be funded.

Therefore, the NFF asserts that the Federal Government must:

Lay out a clear plan that comprises the programs and funds that will identify and guarantee delivery of appropriate and affordable high-speed broadband technologies to regional Australia.

4. REGIONAL WORKFORCE

Australia's economic engine room is in danger of stalling because the supply of labour cannot meet surging demand. The NFF is proposing initiatives to tackle significant skill and capacity shortages in regional Australia, as detailed in its Issues Paper *Population Policy: Labour Pains* (April 2010).

The global financial crisis and drought have masked a critical workforce deficit across regional Australia. We calculate that over 100,000 jobs – 80,000 for skilled labour and 22,000 entry-level positions – need to be filled in agriculture for farms to return to full production.

Farmers can grow the food, but who will pick the fruit, harvest the veggies and shear the sheep? Without a labour fix, produce will be left to rot and pivotal economic capacity will go unfulfilled.

Despite the drought our farms have been vital economic drivers, accounting for \$137 billion-a-year in economic impetus, \$32 billion annually in exports and directly employing 317,000 Australians. But that's about 80,000 down on pre-drought employment 10 years ago. Where will the extra employees we need come from?

The NFF asserts this is not going to be resolved simply by the introduction of a few employment participation programs. Serious and far-reaching reforms are required to ensure Australia's economic capacity can meet its full potential.

Regional businesses are crying out for a larger workforce that is skilled to meet business needs. This need must be considered as a significant factor when matching population growth with location needs, especially in what capacities and assessing the need to sustain the required population in each region.

It is critical that the agricultural industry has an adequate skilled workforce to meet the needs of the industry through an integrated practical solution that addresses skill shortages in regional Australia while simultaneously enhancing regional sustainability and national productivity.

A range of crucial issues have been identified that point to the critical and growing labour needs of regional businesses.

The NFF asserts that the Federal Government must:

- **Maximise participation of the local workforce, especially where spare capacity exists;**

- **Attraction and retention of a skilled workforce sourced beyond the region through domestic location achieved through tax incentives and infrastructure investment; and**
- **Flexible and focused migration programs including migration options tied to regional settlement on both a temporary and permanent basis that fill the job gaps not filled by Australians or bring new investment into regional Australia.**

Regional employers need greater assistance in becoming employers of choice. Unlike employers in metropolitan areas, regional employers have limited access to human resource management training, either formal or informal, and less peer review. Greater support measures are required in this area.

5. SUSTAINABLE ENVIRONMENT

Australian farmers are heavily invested in the natural environment around them. Increasingly, farm profitability is intrinsically linked to the health and wellbeing of on-farm natural resource management practices.

The prosperity of regional Australia will be ensuring there are sustainable communities, businesses and environmental resources.

Natural resource management is a fundamental activity on over 94% of Australian farms, with farmers spending \$3 billion each year of their own money on actively managing environmental issues.

It's a tangible record that debunks the out-dated myth that farmers and the environment are at loggerheads. In fact, the sustainability of both is co-dependent.

Any opportunity for successful regional development including population growth will be based on co-dependence between economic, social and environmental impacts as opposed to one given priority over the others. As a consequence any environmental policies need to be considered in this light.

Moreover, increased development (urban, mining, forestry etc) must not result in farmers becoming the bearer of last responsibility for the environment due to the development by other stakeholders. There must be consideration of environmental impacts of development across all land uses.