



## Budget 2020-21: Cultivating profitable and resilient agricultural businesses

Australian agriculture, fisheries and forestry are multi-billion dollar industries that benefit from our regulation, research, policies and programs to improve their productivity, competitiveness and sustainability. In partnership with industry, we are working to lift the value of Australia's agricultural production to \$100 billion by 2030 by continuing to grow our trade opportunities, improve regulation and regulatory process and support agricultural science.

Events of the past year have tested the resilience of our agricultural regions and the Australian Government has responded with a range of support and new initiatives to drive recovery for communities affected by drought, bushfire and the COVID-19 pandemic.

### Why is it important?

These measures deliver crucial support, investment and reform so that Australian agriculture continues to grow.

#### 1. Modernising our agricultural levies legislation

- A streamlined and modernised agricultural levies legislation will provide a more agile, transparent and efficient levies system. The changes will reduce complexity, remove inconsistencies, make language clearer and provide greater flexibility for industry in amending levy settings and responding to emerging risks and priorities. A fit-for-purpose, future-proof agricultural levy system will also ensure legislation can accommodate potential new levies.
- New agricultural levies legislation will reduce regulatory burdens and enable industry to more efficiently invest levy funding to meet contemporary challenges. The 2020-21 Budget will fund policy and legal resources to progress the department's delivery of the updated legislative framework. It will also fund consultation and information technology to implement the new levy return forms based on the new legislation, and ensure stakeholders can understand and comply with the new processes.

#### 2. Supporting agricultural shows and field days

- This program provides operational support for agricultural shows societies and organisers of agricultural field days that cancel their scheduled show or agricultural field days in 2020 because of COVID-19. This pandemic is having an unprecedented impact on these important events with at least half expected to be cancelled for 2020 on public health grounds.
- The program will help support the sustainability of these events by relieving cash flow pressures through one-off payments to eligible agricultural show societies and agricultural field day organisers to reimburse their eligible expenses for cancelled shows and field day events.
- Agricultural shows and field days contribute more than \$1 billion to the economy each year. They attract more than 6 million patrons and are supported by more than 50,000 volunteers. They help to bring important technology and innovation to agricultural producers, showcase Australia's diverse agricultural produce and stock and underpin a range of activities that support commercial agricultural enterprise and investment opportunities.

- This initiative is part of the Australian Government's \$1 billion COVID-19 Relief and Recovery Fund, which is supporting regions, communities and industry sectors severely affected by the pandemic.

### **3. Levy relief for Commonwealth fisheries**

- This measure supports Commonwealth fishing businesses impacted by COVID-19 by providing short-term levy relief to all Australian Government managed fisheries. Relief is provided by waiving fees for all Commonwealth fishers for the remainder of 2020. This accounts for two thirds of the annual levy and the Australian Fisheries Management Authority received supplemental funding to continue their management activities.
- \$10.3 million was provided in the 2019-20 budget.
- This initiative is part of the Australian Government's \$1 billion COVID-19 Relief and Recovery Fund, which is supporting regions, communities and industry sectors severely affected by the pandemic.

### **4. Eat seafood, Australia – encouraging domestic consumption of Australian seafood**

- Encouraging Australians to eat more local seafood will provide a necessary, immediate-term boost to all industries in the seafood sector – from fishers and processors, through to those in food services – and bolster a strong, sector-wide recovery as markets normalise. This measure supports the survival and recovery of the Australian seafood industry by increasing awareness of the sector and the benefits of eating Australia's seafood produce with a proactive campaign program. The Seafood Industry Australia campaign will bring together diverse parts of our seafood sector and showcase the vibrancy of Australian seafood. Boosting consumption of local seafood will leverage our well-managed and sustainable resources to deliver safe and healthy seafood to Australians.
- The industry was severely impacted by the COVID-19 outbreak's disruption to export markets as those exports represent more than half the total value of Australian fisheries and aquaculture production.
- This initiative is part of the Australian Government's \$1 billion COVID-19 Relief and Recovery Fund, which is supporting regions, communities and industry sectors severely affected by the pandemic.

### **5. Improving access to agricultural and veterinary (agvet) chemicals**

- Agvet chemicals are important tools for effective pest and disease management – minimising productivity losses and contributing to farmers' profitability. This measure addresses the significant impediments to industry growth from a lack of grower access to pest and disease control and productivity-supporting chemical tools. New and emerging industries, and major commodities facing infrequent or resistant pest or disease pressures, lack access to the necessary agvet chemicals for their enterprises. It is often not profitable for chemical companies to invest areas and register agvet chemicals for those particular uses in Australia.
- This one-year budget measure supports farmers' productivity and viability by providing greater flexibility to treat pests and diseases, strengthening resistance management strategies and maintaining trading competitiveness.
- This project is part of the Australian Government's 7-year \$16.7 million investment to improve access to safe and effective agricultural and veterinary (agvet) chemicals. The program will continue to provide grants to rural research and development corporations to assist with data generation to support applications to the Australian Pesticides and Veterinary Medicines Authority.

### **6. Salvage storage fund—securing forestry resources for economic recovery**

- This measure will help to establish and safeguard the future timber supply of regions affected by the economic downturn of COVID-19 and the 2019-20 bushfire season-induced oversupply of timber. Through partnerships with relevant state governments, storage assistance will protect fire-affected

salvage logs, processed timber and other forestry products so Australia can continue using domestically grown sustainable wood products – particularly as housing and construction rebounds.

- Australian forest products are a vital resource, managed over timelines of more than 30 years. The Australian Government is committed to ensuring the combined COVID-19 and bushfire events do not pose a multi-decade setback for the industry.
- This initiative is part of the Australian Government’s \$1 billion COVID-19 Relief and Recovery Fund, which is supporting regions, communities and industry sectors severely affected by the pandemic.

## **7. Examining harmful imbalances of bargaining power for domestic perishable agricultural goods supply chains**

- This measure reflects the Australian Government’s direction that the Australian Competition and Consumer Commission (ACCC) undertake an inquiry into harmful imbalances of bargaining power between farmers, intermediaries, including processors, and retailers in the domestic supply chains of perishable agricultural goods in Australia.
- This inquiry will support the Australian Government to ensure that it has the policy settings in place to have a vibrant and sustainable agriculture sector that is market-based, supports appropriate competition, and avoids red-tape and unnecessary regulatory arrangements. The Australian Government is committed to a fit-for-purpose regulatory framework, particularly in light of the significant disruptions caused by COVID-19 and our strong commitment to growing Australia’s agricultural sector.

## **8. Enabling reliable water infrastructure for drought-affected farmers**

- To promote drought resilience, increase farm productivity and make real improvements for farmers and their livelihoods, the Australian Government is extending the On-farm Emergency Water Infrastructure Rebate Scheme. This measure will continue to assist drought-affected primary producers and horticulture farmers to buy and install on-farm water infrastructure.
- Take-up of the scheme has been consistently high – reflecting how critical reliable water infrastructure is to farming enterprises and local communities working to recover from drought and improve their resilience.
- Commonwealth funding, which will need to be matched by the states and territories, will provide an economic stimulus to farmers, producers and local and regional communities.

## **9. Securing the agricultural workforce**

- To help ensure the agricultural industry is able to access the labour it needs in the immediate short term, the Australian Government is implementing two measures to incentivise and encourage Australians, and temporary visa holders, to take up agricultural work.
- The Australian Government is providing temporary incentives in the income support system to encourage recent school leavers to undertake agricultural work by introducing new, temporary independence criteria for Youth Allowance (YA) (student) and ABSTUDY.
- The Australian Government is also providing relocation assistance for Australians, and individuals who have a right to work in Australia, to relocate to any harvest or regional area to take up short-term agricultural work.

## **10. Free financial counselling for more small businesses in regional communities**

- This measure extends our existing small business financial counselling service to more small regional businesses that are experiencing, or at risk of, financial hardship due to the impacts of drought, bushfire or COVID-19.
- This extension of our existing counselling service is from the Australian Government’s \$1 billion COVID-19 Relief and Recovery Fund, which is supporting regions, communities and industry sectors severely affected by the pandemic.

## **11. Future Drought Fund programs**

- On 1 July 2020, the Australian Government announced the foundational programs for the Future Drought Fund, allocating \$89.5 million from the 2020-21 Budget for their delivery. The foundational programs comprise the following.
  - The Farm Business Resilience Program (\$20 million from 2020–21), which is to provide farm businesses with training to strengthen their strategic business management skills and develop farm business plans to build risk management capacity and drought resilience.
  - The Climate Services for Agriculture Program (\$10 million), to fund the development and delivery of interactive digital climate information services for the agriculture sector to help farmers to make real-time decisions.
  - The Drought Resilience Self-Assessment Tool (\$3 million), to provide an online self-assessment tool for farmers to self-identify drought risks based on a range of social, economic and environmental indicators, and take action to build the drought resilience of their farm business.
  - The Drought Resilience Research and Adoption Program (\$20.3 million), to establish regionally-located Drought Resilience Adoption and Innovation Hubs, and Innovation Grants for research organisations, private sector, industry, not-for-profit organisations and community groups. The government subsequently expanded this program with additional hubs (see Item 12 below).
  - The Natural Resource Management (NRM) Drought Resilience—Landscapes Program (\$5 million), to fund regional NRM bodies to undertake projects to build drought resilience of natural resources on agricultural landscapes.
    - The NRM Drought Resilience—Grants program (\$10 million) to fund grants available to organisations, farmer groups and individuals to undertake NRM projects to build drought resilience of natural resources at a small scale.
  - The Networks to Build Drought Resilience Program (\$3.8 million), to support community-driven projects that enhance drought resilience and strengthen networks, including small-scale infrastructure projects to make community facilities drought resilient.
  - The Drought Resilience Leaders Program (\$7.5 million), to develop leadership capability in communities, including a mentoring component, to foster uptake of innovative practices to build drought resilience for farmers and their businesses.
  - Regional Drought Resilience Planning (\$10 million), which will provide funding to groups of local councils or equivalent entities to develop Regional Drought Resilience Plans for agriculture and allied industries.

## 12. Innovation hubs for more regional communities under the Future Drought Fund

- This measure is to establish Drought Resilience Adoption and Innovation Hubs in 6 more regions of Australia under the Future Drought Fund’s Research and Adoption program. This builds on the 2 hubs already planned and when the government first announced the Drought Resilience Research and Adoption program in July 2020 (see Item 11 above). This extension means we will now set up hubs in 8 regional locations overall and reflecting the main agricultural and climatic zones of Australia.
  - These hubs will provide a physical location for researchers, farmers, agricultural business and community groups to come together to develop ideas that build drought resilience.
  - The hubs will also give research providers such as the Research and Development Corporations a new way to link directly to the farmers they support.
  - For more on the Research and Adoption program and other Future Drought Fund programs visit [www.agriculture.gov.au/dfd](http://www.agriculture.gov.au/dfd).

## Who will benefit?

Approximately 4 out of 5 jobs in agriculture are in rural and regional Australia and agricultural is a major part of our national economic performance. Boosting agricultural productivity and sustainability is necessary to produce the food and fibre Australia and the world relies on.

Businesses throughout the agricultural supply chain and levy recipient bodies will benefit from **streamlined and modernised levies legislation**. By value of production, 90 per cent of agricultural

industries have elected to impose levies to fund strategic industry priorities. Clearer, simpler legislation that allows more flexibility for industries to change their levy settings will mean industries are better able to adjust their levies to respond to emerging opportunities. Almost 8,000 levy collection agents, as well as levy payers, will benefit from clearer laws that reduce the burdens of compliance. Currently, poor levy understanding is the highest contributing factor to non-compliance.

**Agricultural shows and field days** will play a critical role in helping regional communities emerge from COVID-19. These events inform people about the significance of agriculture – and agricultural communities – in all facets of our lives. They make a valuable contribution to rural and regional economies.

**Commonwealth fisheries levy relief** assists fisheries with significant exposure to changes in overseas market conditions due to COVID-19. Fishers have experienced a range of impacts including reduced local and international demand for their catches, lower seafood prices, higher freight expenses and less reliable deliveries. The measure supports fishers' cash flow – reducing their costs, helping them to stay viable during the current COVID-19 circumstances and positioning them to return to full production when the pandemic subsides.

The benefits of the ***Eat Seafood Australia* program campaign** will be spread across this diverse industry – including wild-catch, aquaculture, post-harvest and the food service sectors and the smaller sectoral groups that specialise in specific species caught in Australian waters.

Robust and diverse rural industries, especially those producing new and emerging commodities will benefit from **improved access to agricultural and veterinary chemicals**. Those industries are fundamental to Australia's capacity to take advantage of evolving markets and environmental conditions. When properly resourced, these industries will drive the creation of new markets and ensure that Australia maintains and creates vibrant economies in rural and regional Australia.

The **Salvage storage fund** supports the forestry regions, communities, and industries working to strengthen Australia's capacity to use domestically grown wood products and secure employment in rural and regional areas.

The ACCC inquiry **examining harmful imbalances of bargaining power for domestic perishable agricultural goods supply chains** will inform how the Australian Government addresses this issue throughout these supply chains. Because harmful imbalances of bargaining power have the potential to be significant impediments to promoting competition, addressing them can benefit supply chain stakeholders as well as end consumers.

Extending the successful **On-farm Emergency Water Infrastructure Rebate Scheme** will help farmers water their livestock and permanent plantings and will help reduce the impact of the current drought and improve drought resilience into the future. This measure supports drought-affected farmers and the communities that rely on them across Australia.

The **Securing the Agricultural Workforce** measures support the agricultural industry to be able to access the workforce it needs in the immediate short term. Access to workers will help ensure the continuing operation of Australia's critically important agriculture industry and help facilitate employment in rural and regional areas.

By extending our **free financial counselling to more small businesses in regional communities**, we will help them to stay resilient while facing a downturn and to maintain the capacity to rebound when normal trading conditions resume.

The **Future Drought Fund** programs will build the self-reliance, productivity and performance of farm businesses and strengthen the viability and wellbeing of rural and regional communities.

By adding six more regions of Australia to the two originally envisaged for **Drought Resilience Adoption and Innovation Hubs**, we will expand this initiative to encompass eight regional communities across

each of the main agricultural and climatic zones of Australia. Farmers and research groups will be working more closely together to build drought resilience in our regional communities.

## What will this cost?

**Table 1 allocated budget**

<b>Measure</b>	<b>Amount</b>
Agricultural levies legislation	\$ 7.2 million
Supporting agricultural shows	\$ 36.3 million
Supporting agricultural field days	\$ 2.7 million
<i>Eat Seafood Australia</i> program campaign	\$ 4 million
Assistance grants – access to industry priority uses of agvet chemicals	\$ 2.1 million
Salvage storage fund – securing forestry resources for economic recovery	\$ 10 million
Examining harmful imbalances of bargaining power for domestic perishable agricultural goods supply chains (funding is for ACCC)	\$ 419,000
On-farm Emergency Water Infrastructure Rebate Scheme extension	\$ 50 million
Securing the agricultural workforce	
- Relocation assistance for agricultural workers (funding for DESE)	\$15.4 million
- Incentives to encourage young people to undertake agricultural work (funding is for DSS and Services Australia)	\$16.3 million
Free financial counselling for more small regional businesses affected by COVID-19, bushfires or drought	\$4.8 million
Future Drought Fund programs	\$89.5 million
<i>Drought Resilience Adoption and Innovation Hubs</i> in an additional 6 Australian regions under the Future Drought Fund, bringing the total number of planned hubs to 8	\$ 56 million