

8 November 2022

Productivity Inquiry
Productivity Commission
GPO Box 1428
Canberra City ACT 2601
Via: productivity.inquiry@pc.gov.au

Dear Productivity Commission,

Re: 5-year Productivity Inquiry

GrainGrowers is a voice for Australian grain farmers with individual grower members across the country. We work to build a more profitable and sustainable grains industry for the benefit of Australian grain farmers, through our focus areas of policy and advocacy, grower engagement, thought leadership and active investment in future focused activities for all growers. Australian growers are at the heart of all that we do and the focus of our work.

The grains industry is a regional Australian powerhouse with 22,500 farm businesses growing around 43 million tonnes¹ of grains, oilseeds and pulses each year for domestic and global customers. The industry directly employs over 34,000 workers every season, with thousands more employed across the supply chain, and we are stewards of an estimated 31 million hectares of land. Australian grain growers contribute \$16.6 billion Gross Value of Production (GVP)² to the Australian economy annually. In addition to ingredients for world class food, our grain, oilseeds and legumes are in high demand for livestock feeds, pharmaceuticals, biofuels, and more. GrainGrowers welcomes this opportunity to provide a submission on the Interim Reports of the Productivity Inquiry undertaken by the Productivity Commission. In GrainGrowers' 2022-23 October Pre-Budget submission ([Attachment A](#)), we highlighted a range of areas aligned with the inquiry that need to be addressed to improve our industry's overall productivity:

Securing the right tools for the job

As noted in the Commission's Interim Reports, agriculture is a sector that has undergone significant productivity development in the past hundred years. Technological advancements such as automated machinery are reducing labour requirements and agronomic breakthroughs are increasing yield per hectare productivity while maximizing farm input use efficiency. However, the rising costs of sourcing farm inputs and machinery repairs are a major barrier to productivity on-farm. GrainGrowers advocates for investment

¹ Based on the 5-year average to 2021/22 (ABARES)

² Based on the 5-year average to 2021/22 (ABARES)

in domestic manufacturing of critical inputs such as agricultural chemicals and machinery parts to improve the pricing and timely availability of necessary materials.

GrainGrowers also supports the recommendations of the Productivity Commission's review into Right to Repair frameworks, especially for the introduction of repair suppliers' obligations for agricultural machinery.

Additionally, GrainGrowers re-iterates the need for continued government co-investment into the Grains Research and Development Corporation (GRDC) for research, development and extension (RD&E) within the grains supply chain. Sustainable funding in RD&E projects such as coated fertilisers and portable biosecurity scanners, alongside a growth-focused policy environment is integral to ensuring the Australian grains industry remains one of the efficient in the world and continues to support the economy as the backbone of regional Australia.

A sustainable grains industry

Climate change impacts are being felt throughout Australia. Growers are observing greater variability in weather patterns and extremes, leading to a changing biosecurity risk profile and direct crop damage due to frost, drought, and flood, resulting in significant productivity impacts.

Growers require appropriate policy settings, carbon measurement tools and ancillary support on the topic to identify pathways to reduce their carbon footprint and continue to farm sustainably and profitably.

Additionally, novel economic pathways such as carbon credit trading require demonstration of environmental, social, and economic credentials. As reflected by the [Grains Sustainability Framework](#) developed by GrainGrowers as an industry partnership, a whole of supply-chain effort is required to drive tangible impact towards emissions reductions and to establish credibility to the efforts of the grains industry.

Overcoming barriers to trade

Credentials gained through investments towards sustainability outcomes are critical in maintaining and improving our current standing in the global marketplace. With sustainability credentials an important requirement for both international and domestic trade, opportunities exist to diversify and secure new markets for our grains.

However, with a significant number of non-tariff measures (NTMs) still applicable to Australian grains exports, these prove to be an active barrier towards strategic market access and industry profitability. The India Free Trade Agreement is one where better outcomes for Australian growers could also have benefit for the Indian people.

Fit-for-purpose Workforce policies

Agriculture is heavily reliant on seasonal migrant and contract workers to fill their workforce needs, and this extends to the grains industry. However, the nature of farming in broadacre cropping systems varies significantly to that of other industries (with the exclusion of sugarcane and cotton), and as such so do the industry's workforce requirements. Historically, positions have been occupied by migrant workers from nations with similar cropping systems to ours. With the imposition of border controls due to COVID, this supply of workers has dwindled and remains limited. As a result, growers

have moved to retain full-time workers by offering permanent positions, which is not ideal as on-farm labour requirements vary significantly over a season and between years.

Alternatively, to make up this labour gap, growers have taken it upon themselves to work longer hours to cover their requirements, which has devastating effects to mental and physical health outcomes. Additionally, delays of machinery repairs, parts, and the impact on the ancillary services on which the grains sector relies are also impacting farm productivity. GrainGrowers has supported fit for purpose visa arrangements that consider the unique requirements of the grains industry and are inclusive of workers from regions that have a similar farming environment and machinery to Australia.

GrainGrowers has developed a farm safety project to support growers which includes translated safety worksheets, and we believe initiatives that share responsibility by industry and government, demonstrate how working together can achieve a more sustainable workforce, supported by effective policies.

Safe, operational rural and regional Infrastructure

Rural and regional areas across Australia are significantly constrained in terms of infrastructure funding. Limited available housing options, substandard to non-existent telecommunications, social services at capacity and road closures are holding back rural Australia from achieving its full productive potential.

With significant grain production in the past two years, the grains supply chain is at capacity, and our inability to efficiently export grain is impacting grower livelihoods through depressed pricing compared to the global market. GrainGrowers seeks adequate investment in critical supply chains to assist with the rising costs of freight and to promote safer living standards for growers, their families, and their communities. Damage to transport infrastructure over recent years, most recently from the flooding in eastern Australia, has reduced transport productivity and efficiency for growers, and has highlighted the need to invest in robust transport infrastructure for the future to deal with extremes of climate.

Reliable farm connectivity

A recent research project³ estimates a \$5.93 billion increase in Gross Value of Production (GVP) for the grains industry from a 2014-15 baseline value of \$11.5b through the full implementation of digital agriculture.

However, there are significant barriers to adoption such as inadequate mobile and broadband telecommunications services and infrastructure in regional Australia that continue to hinder rural Australians and farm businesses. A lack of leadership and strategy in the agricultural data space has been identified as the source of duplication, mistrust, and ineffective use of farm data.

Lack of clarity as to the terms and conditions behind the storage and use of agricultural data by third parties is of great concern to growers, as internet fraud and scams targeting the agriculture sector highlight the need for a framework to manage the safe collection, retention, and use of agricultural data.

³ [Accelerating Precision to Decision Agriculture | CRDC](#)

Furthermore, strategic knowledge gaps in the application of farm data collected and held has led to frustration among growers and disregard of the overall value of this data. GrainGrowers continues to support positive outcomes for regional telecommunications as advocated for by the [Regional, Rural and Remote Communications Coalition \(RRRCC\)](#), and seeks the full implementation of the recommendations from the 2021 Regional Telecommunications Independent Review Committee (RTIRC) Report⁴.

GrainGrowers would welcome the opportunity to meet and discuss our submission further. Should you require any further information, please contact GrainGrowers' General Manager for Policy and Advocacy, Zachary Whale on (02) 9286 2000 or Zachary.Whale@graingrowers.com.au.

Yours sincerely,

Brett Hosking
Chair, GrainGrowers

⁴ [2021 Regional Telecommunications Review A step change in demand \(infrastructure.gov.au\)](#)

ATTACHMENT A:



GRAINGROWERS 2022-23 PRE-BUDGET SUBMISSION



PREPARED BY GRAIN GROWERS LTD
SEPTEMBER 2022

INTRODUCTION

GrainGrowers is a voice for Australian grain farmers with individual grower members across the country. We work to build a more profitable and sustainable grains industry for the benefit of Australian grain farmers, through our focus areas of policy and advocacy, grower engagement, thought leadership and active investment in future focused activities for all growers. Australian growers are at the heart of all that we do and the focus of our work.

We are a powerhouse of regional Australia with 22,500 farm businesses growing around 43 million tonnes¹ of grains, oilseeds and pulses each year for domestic and global customers. The industry directly employs over 34,000 workers every season, with thousands more employed across the supply chain, and we look after an estimated 31 million hectares of land. In the 2020-21 season, Australian grain growers contributed \$13.8 billion Gross Value of Production (GVP) to the Australian economy. In addition to ingredients for world class food, our grain, oilseeds and legumes are in high demand for livestock feeds, pharmaceuticals, biofuels, and more.

GrainGrowers welcomes this opportunity to provide a submission ahead of the Budget in October 2022, noting the government's commitment to budget repair and election commitments. After the above average 2020 and 2021 harvests and the favourable forecasts for 2022, the grains industry is well placed to continue to support the economy and be the backbone of regional Australia.

As outlined in this submission, to capitalise on these opportunities and to ensure the sector continues to thrive we need stable policy coupled with strategic and targeted investment.

Should you require any further information in relation to this submission, please contact GrainGrowers General Manager for Policy and Advocacy, Zachary Whale on (02) 9286 2000 or Zachary.Whale@graingrowers.com.au.

¹ Based on the 5-year average to 2021/22 (ABARES)

[Front Cover Photo Credit: Fiona Maher 'Silo Sunset']

SUMMARY OF RECOMMENDATIONS

The Australian grains sector is well versed in the need for continuous adaptation and innovation. We seek to work with government to achieve the ambitious goal of \$100 billion of farm gate value by 2030.

GrainGrowers provides the following submission to highlight grains specific priorities critical to enhancing the sector, which is vital to the prosperity of regional and rural Australia and our ongoing economic recovery.

Trade and Market Access and Quality

- Deliver a mutually beneficial Australia-India Agreement that improves market access for Australian grains, oilseeds and pulses.
- Continued co-investment in activities that accelerate grains market development.
- Increase focus on the elimination of commercially meaningful non-tariff barriers impeding Australian grains exports through technical market access capability building for government and industry.

Freight, Infrastructure and Telecommunications

- Overhaul Australia's logistics system, particularly the ports to ensure that Australia can import/export key agricultural commodities at competitive prices.
- Ensure regional freight of agricultural commodities is a priority in the next National Freight Strategy review to achieve lower freight costs per tonne of grain.
- Ensure funding for critical first and last mile rural road upgrades and ongoing maintenance and targeted infrastructure investment that removes bottle necks along grain freight routes and key ports.
- Implement and fully fund the recommendation of the 2021 RTIRC Report and ensure that Australian grain farmers and their communities can access improved mobile and internet connectivity.

Farm Business and Economics

- That the Australian Government commissions the ACCC to undertake a market inquiry to ensure that there is no market failure within the Australian grain Industry.
- That the Australian Government commit to the continuation of the Fuel Tax Credit Scheme.
- That the Australian Government continue the instant asset write off.
- That the Australian Government reassess the Farm Management Deposit Scheme with full engagement and consultation with industry.

Innovation, Farm Inputs and Biosecurity

- Ensure supply of critical inputs by increasing opportunities for domestic manufacturing of fertiliser, chemical, fuel, and other components such as spare parts.
- Investigate ways to improve price transparency in fertiliser markets to enable growers to better forward manage price risk.
- GrainGrowers continues to re-iterate the need for an ongoing Commonwealth contribution to agricultural R&D that matches the R&D levies paid by growers.
- That the Australian Government partner with industry driven initiatives that demonstrates effective employee recruitment, engagement and retention while also achieving business productivity.
- Implementation of the National Biosecurity Strategy must be a priority for the Australian Government and an appropriate sustainable funding model put in place to secure the operation of Australia's biosecurity system into the future.
- That the Australian Government adopt the recommendations of the Productivity Commission's review into Right to Repair frameworks, especially for the repair suppliers' obligation for agricultural machinery be introduced.

Sustainability, Climate Change and Natural Resource Management

- Support investment in education and awareness programs to assist farmers' understanding of carbon emissions, sequestration, offsets and markets.
- Partner with industry to introduce initiatives which lower key on farm emissions and transition to low emissions inputs which are manufactured in Australia.
- Introduce a new Regional Investment Corporation (RIC) loan to assist farmers undertake emissions reduction activities.
- Allocate a component of the Building Better Regions Fund to fast-track viability assessment of regional low emissions fertiliser manufacturing capability in regional Australia and ensure funding under the Modern Manufacturing Strategy is directly allocated to improving domestic manufacturing for critical agricultural inputs.

THE AUSTRALIAN GRAINS INDUSTRY

The grains sector is a powerhouse of regional Australia with 22,500 farm businesses growing on average 43 million tonnes of grains, oilseeds and pulses each year for domestic and global customers. The farm-gate value of Australian grain production is \$13.8 billion, and is a major contributor to the value of Australian agriculture. We are a major contributor to the Australian economy, directly employing over 34,000 people.

The Australian agricultural sector is striving to reach \$100 billion by 2030, up from a current forecast value of \$80.4 billion, with the broader agribusiness supply chain striving to reach \$300 billion. A significant increase in the value of farm production in less than a decade is clearly a challenging task. However, the Australian grain industry has a history of transformational change, underpinned by research and development and innovative farm businesses.

Grains are produced in all Australian states and territories. Australia's total winter crop area is forecast to reach 50.9 million tonnes for the 2022-23 season, following a 2021-22 summer crop production estimated to reach a record 5.5 million tonnes. By land area, nearly 38% of Australia's winter crop is concentrated in Western Australia, followed by 26% in New South Wales².



Figure 1 Australian grain production regions
Source: Australian Export Grains Innovation Centre

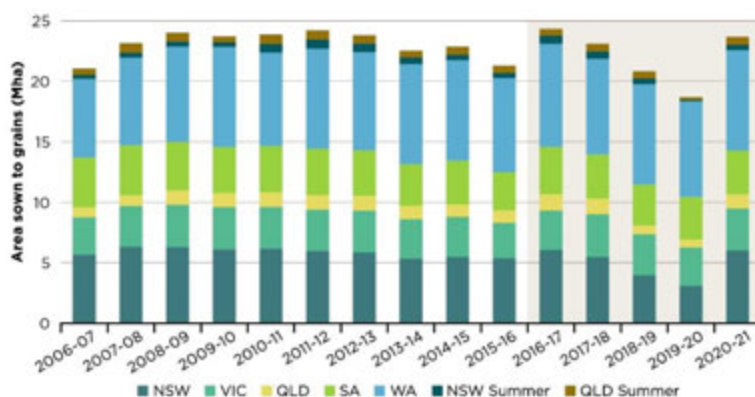


Figure 2 Crop area grown by state and season.
Source: ABARES

The Australian grains industry is export focused with approximately 70% of total production sold to overseas customers in normal (non-drought) years. Research, Development and Extension (RD&E) is essential to underpin the sustainable growth and profitability of the sector and each year Australian grain growers contribute on average \$126.6 million to the Grains Research Development Corporation (GRDC)³.

² Australian crop report: June 2022 No. 202. Source: ABARES

³ Based on a 5-year average. Source: GRDC Annual Report

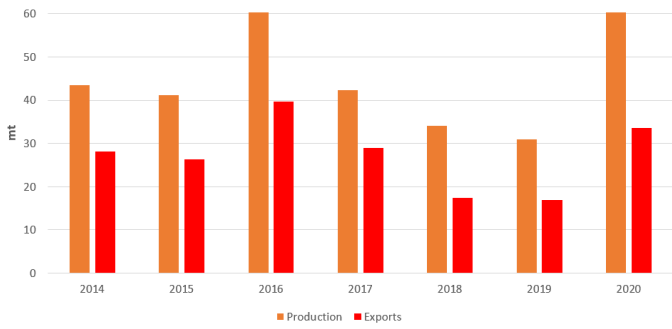


Figure 3: Australian grain production and trade
Source: ABARES

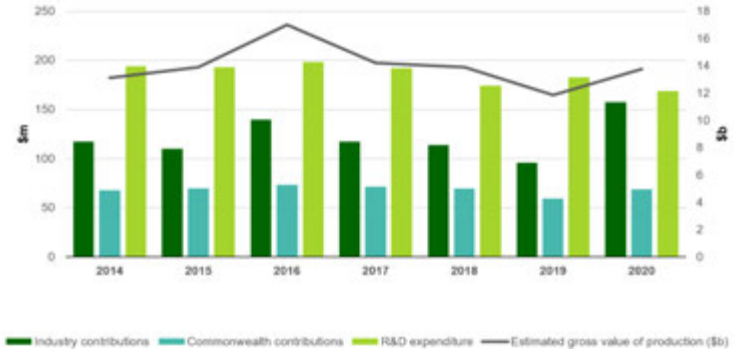


Figure 4: Grain Levy payers' contributions to the Grains Research Development Corporation
Source: GRDC

BUDGET REQUEST DETAILS

Trade and Market Access and quality

The grains industry is a significant contributor to the Australian economy and is particularly export focused, with exports accounting for approximately 70% of total production. There are significant market opportunities that exist both internationally and within the domestic market. It is important that government continues to work effectively with industry and adequately resources an ambitious agenda to deliver enhanced trade and market access outcomes.

Liberalising markets and removing trade distortions in the global trade system is of crucial importance to Australian grain farmers and the economy. Non-tariff measures (NTMs) are a significant barrier to the grains industry for they are actively preventing exports into many strategic markets.

India continues to be an attractive market for Australian grain growers. GrainGrowers has outlined⁴ to the Australian Government what a mutually beneficial agreement would look like between both countries that would drive economic and social benefit - improved lentil and chickpea access will be critical within this agreement.

- Deliver a mutually beneficial Australia-India Agreement that improves market access for Australian grains, oilseeds and pulses.
- Continued co-investment in activities that accelerate grains market development.
- Increase focus on the elimination of commercially meaningful non-tariff barriers impeding Australian grains exports through technical market access capability building for government and industry.

Freight, Infrastructure and Telecommunications

Freight, infrastructure and supply chains

Over the past two years, with significant grain production, our supply chain has been at capacity. Geopolitical tensions, exacerbated by the war between Russia and the Ukraine, has driven global grain prices to extremes. The physical limits of our supply chain, and in particular the ability to utilise rail to get grain to key export ports, has been cited as a factor in why Australian physical grain pricing is significantly under that of international futures markets such as the Chicago Board of Trade Wheat Futures market. This has added to the need for renewed investment in the grains supply chain to ensure that Australia can export grains quickly and efficiently to help provision the world with food and feed and to ensure we can capitalise on price premiums as they arise.

In addition to the supply chain constraints outlined above, Australian supply chain costs are comparably higher than our competitors. As a result, growers are penalised through lower grain prices and reduced profitability. Grain

⁴ GrainGrowers' Submission in response to the Australia-India Comprehensive Economic Cooperation Agreement (AI-CECA) via <https://cdn.sanity.io/files/1nr0ob5f/production/31aa6b3536a0c15eab203b763afeba4f27f7793d.pdf>

supply chain costs are significant, making up roughly 30% of the value of Australian export grains at port, which is markedly higher than our competitors.

Targeted infrastructure investment and improved government regulation is needed to ensure Australia has an efficient and globally competitive grain supply chain. Improved freight efficiency not only supports the productivity of the entire industry, but also removes road congestion and improves the safety for all road users. The National Freight Strategy's benchmarking data for grains shows room for improvement in freight costs per tonne and in improving the rail and road mix to improve the logistics task, and the upcoming review of this strategy provides an important opportunity to focus on regional transport of agricultural commodities.

Further, recent flooding events over significant parts of Australia have highlighted the vulnerability of our local road network. This network, often referred to as the *first mile* is critical for getting grains onto the road network and ultimately to market. The deterioration of these roads, which has been exacerbated by adverse weather events, causes significant time and cost delays, often requiring that smaller, less efficient combinations are used. There are also significant safety implications and increased repair costs for vehicles that endure these roads.

- Overhaul Australia's logistics system, particularly the ports to ensure that Australia can import/export key agricultural commodities at competitive prices.
- Ensure regional freight of agricultural commodities is a priority in the next National Freight Strategy review to achieve lower freight costs per tonne grain.
- Ensure funding for critical first and last mile rural road upgrades and ongoing maintenance and targeted infrastructure investment that removes bottle necks along grain freight routes and key ports.

Telecommunications

Access to high quality and reliable telecommunications is a basic right that should be afforded to all Australians irrespective of where they reside and work. Connectivity is critical for peoples' everyday lives in rural Australia, influencing how we live, interact and do business. It is vital for safety, community amenity, labour attraction and retention and the ability to capitalise on the opportunities that arise from digital agriculture.

Connectivity is essential for all farm businesses to operate efficiently and to adopt new technology to help drive productivity gains. Yet blackspots, slow speeds, and poor service hamper regional Australia every day. Inadequate mobile and broadband telecommunications services and infrastructure in regional Australia continue to hinder rural Australians and farm businesses.

Economic modelling has shown that digital agriculture could increase the gross value of Australian agricultural production by \$20.3 billion, with the benefit to the grains sector of \$5.9 billion. The current poor state of connectivity is preventing this opportunity from being realised. While investments have been made in funding the Regional Tech Hubs, striving to get people connected and helping them stay connected, further investment is needed in translating better connectivity in the bush, into productivity gains.

Connectivity is essential to enable innovation and digitisation of agriculture while providing a safe working environment. A recent report by the Australian Broadband Advisory Council Agri-Tech Working Group characterises rural connectivity as *salt and pepper connectivity* and asserts that it is holding back online business and administrative functions, stifling the full use of digital functionality on existing equipment and the use of digital technologies that need reliable and ubiquitous connectivity. This lack of connectivity also impacts regional economic growth by holding back online farm-based businesses⁵.

In 2021, the Regional Telecommunications Independent Review Committee (RTIRC) handed down its comprehensive report on regional telecommunications – 'A step change in demand'⁶. This report assessed the state of play for telecommunications and made a range of recommendations to improve connectivity. These include:

- taking a longer-term approach to regional communications infrastructure

⁵ <https://www.infrastructure.gov.au/sites/default/files/documents/agri-tech-expert-working-group.pdf>

⁶ <https://www.infrastructure.gov.au/sites/default/files/documents/2021-rtirc-report-a-step-change-in-demand.pdf>

- supporting the provision of new mobile coverage
- strengthening the network to make more bandwidth
- developing and enforcing minimum wholesale and retail service, performance and reliability standards
- reforming the USO to address the substantial ongoing stress on current infrastructure
- encouraging mobile infrastructure to provide shared network access.

While there are many priority areas to help address regional telecommunications in regional Australia, focusing on the recommendations of the 2021 RTIRC Report should be a priority for government.

- Implement and fully fund the recommendation of the 2021 RTIRC Report and ensure that Australian grain farmers and their communities can access improved mobile and internet connectivity.

Farm Business and Economics

To be effective and globally competitive grain growers, farm business risk management measures need to be appropriate and accompanying business regulation must not impede the self-reliance of farming businesses. GrainGrowers believes it is critical to ensure that taxation measures are fit-for-purpose and effective as they have a significant impact on the competitiveness of our farming sector. It is imperative that the policy settings are right to ensure the grains industry remains internationally competitive.

Australian Competition and Consumer Commission (ACCC) Market Inquiry

Australian Grain prices over the last two years have been considerably under-valued relative to other grain producing countries in the world. Australian wheat, barley and canola are at the lowest prices in the world. While acknowledging some of this may be linked supply chain capacity, this very low pricing has again raised grower's concerns about inefficiencies, inequities, and imbalance of market power in the Australian Grains industry reducing farm-gate returns and productivity.

Our research supports these concerns. We have found that Australian grain is traded at a very large discount when compared to competitor countries, a greater discount than required to achieve sales, which implies that larger than typical margins being extracted for Australian exports. Potential pricing below true overseas value has undermined grower and market confidence, adding to concerns of other potential market failures such as potential misuse of market power, lack of information transparency (asymmetry), fair access to infrastructure, and unfair contract terms.

These market failures are resulting in inequitable market conditions with higher costs, lower prices, and greater risk returned to farmers, and significantly impacting the ability of farmers and the market to compete to capture market premiums and efficiencies. Given the time and number of issues arising since deregulation of the Australian wheat marketing arrangements, a full ACCC Inquiry into the grain industry is warranted.

Fuel Tax Credit Scheme

Governments charge road users a fuel excise to fund road maintenance. The fuel tax credit scheme recognises that diesel fuel used off-road should not pay for road maintenance and so a credit applies. This credit is extremely important to agriculture and recognises the significant amount of off-road diesel use occurs on farms. GrainGrowers most recent survey showed 97% of farmers consider the fuel tax credit generates a positive impact on the sector's sustainability and profitability.

At a time when farmers are responding and adapting to climatic challenges, GrainGrowers strongly supports the continuation of this scheme in its current form and is concerned by media reports it may be used as a bargaining chip. Any changes to the scheme would result in higher costs and lessen the ability of farmers to produce food and adapt to, and indeed be at the forefront of Australia's responds to, climate change.

Instant asset write-off

The instant Asset Write off is universally supported by farmers and helps provide the means and incentive for farmers to invest in the plant they need to gain efficiencies and improve productivity, thus supporting resilience and sustainability. It supports farmer investment in profitable years in critical assets and machinery.

Due to the significant time lags for accessing machinery due to global shortages and supply chain disruptions, GrainGrowers seeks for the instant asset write-off to be continued indefinitely. At a minimum it should be continued to after the 30 June 2023 deadline, to allow for farmers to receive the machinery and assets that will be considerably delayed.

Farm Management Deposit (FMD) Scheme

GrainGrowers believes that the Farm Management Deposit (FMD) Scheme is a tool that growers should have access to for managing the risks associated with climate variability and market fluctuations. However, some adjustments are required to ensure they reflect the realities of modern farming practices and business structure.

GrainGrowers has previously voiced the needs of growers via a submission made in 2021 on the effectiveness of Farm Management Deposit Scheme⁷. GrainGrowers has called for a review of the FMD scheme to consider the current and evolving operating environment of grain farm businesses. This review scope should consider:

- The emergence of new markets and income sources, such as carbon farming and biodiversity payments
- Treatment of FMDs when considering new economies and the definition of non-primary production income
- Non-primary production income threshold
- The FMD cap in the context of the scale of grain businesses
- Accessibility of the scheme for farm businesses (including companies and trusts)
- Treatment of FMDs upon the unexpected cessation of an account holder due to death and alignment with existing taxation provisions
- Key performance measures of the scheme.

- That the Australian Government commissions the ACCC to undertake a market inquiry to ensure that there is no market failure within the Australian grain industry.
- That the Australian Government commit to the continuation of the Fuel Tax Credit Scheme.
- That the Australian Government continue the instant asset write off.
- That the Australian Government reassess the Farm Management Deposit Scheme with full engagement and consultation with industry.

Innovation, Farm Inputs and Biosecurity

Input costs and availability

The Australian grains industry is reliant upon sourcing many of the following from overseas:

- agricultural chemicals, such as fertilisers, herbicides, pesticides, and fungicides,
- machinery and machinery parts
- liquid fuel
- skilled labour such as contractor harvester operators.

All these inputs are critical to the productivity of the industry, impacting crop yield, crop protection and quality along with our capacity to meet export requirements (such as stored grain protection and phytosanitary requirements).

⁷GrainGrowers' Evaluation of Farm Management Deposit Scheme Submission 2021 <https://graingrowers.com.au/policy/farm-business-and-economics/graingrowers-submission-in-response-to-the-evaluation-of-the-farm-management-deposits-fmd-scheme>

Disruptions to supply of these inputs result in delays and increased costs, which cause significant burden for grain growers. Grain production has critical windows in the year with time sensitive activities such as planting and harvesting a crop. Delays to these activities results in impacts on yields and/or quality downgrades in the crop.

To ensure certainty of supply, more opportunities for domestic manufacture of critical agricultural inputs are required. This would provide local employment opportunities, shorten our supply chain and ameliorate some of the risks posed by international supply chain disruptions.

Domestic manufacture of critical inputs will also play a key role in assisting with improving the grains industry's emissions profile. While Australia will likely always require imports, local production will often include more efficient, green technologies and a reduction in transportation, thus further reducing emissions.

Further, inputs like fertiliser do not have regularly published pricing information, which makes cost management for farmers extremely difficult. Fertiliser is an expensive and critical input, and its fluctuating price has a significant impact on agricultural cost of production. Transparency of pricing will assist farmers in managing price risk.

- Ensure supply of critical inputs by increasing opportunities for domestic manufacturing of fertiliser, chemical, fuel, and other components such as spare parts.
- Investigate ways to improve price transparency in fertiliser markets to enable growers to better forward manage price risk.

Maintain matched research and development (R&D) investment

To ensure that the productivity and sustainability of the Australian grains industry can continue to improve, we must continue to invest in our innovation system. Our industry has just experienced two consecutive record-breaking seasons in 2020 and 2021, with Australian grain growers maximising the potential of the seasons through good management and the adoption of innovative practices and crop varieties developed with the support of the Grain Research and Development Corporation. This highly successful program is funded jointly by grower levies and the Australian Government through matched funding.

Continued collective investment from growers and government will underpin the ongoing success of our sector's production of grain, oilseeds and pulses, benefiting regional community and the economy more broadly.

- GrainGrowers continues to re-iterate the need for an ongoing Commonwealth contribution to agricultural R&D that matches the R&D levies paid by growers.

Workforce

The Grains industry is not alone with the workforce challenges it faces. While this has been an issue for several years, the shortages within other parts of the supply chain and regional communities are now increasing the severity of the issue. For example, it is not just an inability to source seasonable labour, it is also the delays of machinery repairs, parts and the impact on the ancillary services on which the grains sector relies.

GrainGrowers has supported an Agricultural Visa that includes similar workers from regions that have a similar farming environment and machinery to Australia. We need fit for purpose visa arrangements, that consider the unique requirements for grains.

GrainGrowers believes there is a shared responsibility by industry and government to develop and implement effective policy to secure access to this workforce over the longer term. To attract and retain workers in the grains sector requires businesses to establish a strong reputation as employers of choice and implement best practise to manage people and capability, including the development of career pathways and opportunities for progression. GrainGrowers is working to develop a *Grains Employer of Choice* program that demonstrates effective employee recruitment, engagement and retention while also achieving business productivity.

- Visa arrangements be fit-for-purpose and include the needs of the grains sector.

- That the Australian Government partner with industry driven initiatives that demonstrates effective employee recruitment, engagement and retention while also achieving business productivity.

Biosecurity

GrainGrowers has been calling for a reset of Australia's biosecurity system to ensure it is able to respond to changing biosecurity risks and to avoid costs incurred to industry and the environment from the establishment of new weeds, pests and diseases. In the past five years, there have been three reviews of Australia's biosecurity response: the Craik Review (2017), the review by the Inspector General of Biosecurity on the adequacy of the Department's operational model to effectively mitigate biosecurity risks in evolving risk and business environments (2021), and the Australian National Audit Office's (ANAO) performance audit report on the Department's response to non-compliance with biosecurity requirements (2021). These reports have consistently indicated that Australia's biosecurity system is not keeping pace with changes in its operating environment.

The recently launched National Biosecurity Strategy outlines a shared vision of how Australia's biosecurity system should function. The implementation of this strategy will need to be appropriately resourced and underpinned by a policy and funding reset to ensure Australia's biosecurity system can respond to changing biosecurity risks.

- Implementation of the National Biosecurity Strategy must be a priority for the Australian Government and an appropriate sustainable funding model put in place to secure the operation of Australia's biosecurity system into the future.

Right to Repair

Cost of machinery, equipment, repairs and parts are one of the top three challenges facing grain growers (as identified in GrainGrowers' 2021 Annual Policy Survey).

Workforce shortages and pressure on service providers only further highlights the importance of improved right to repair frameworks. Agricultural machinery is a significant investment. Problems with machinery and inadequate consumer protections can result in significant ongoing costs for growers. A grain grower is reliant on working machinery to get the crop sown and harvested and if a piece of machinery is 'offline', critical business activities can be delayed. If crop is damaged (e.g., by rainfall) due to these delays, quality downgrades can result in significant loss of income for farmers.

The 2021 Productivity Commission Inquiry Report into Right to Repair recommended that Australian Government should introduce a repair suppliers' obligation on agricultural machinery that requires manufacturers to provide access to repair information and diagnostic software tools to machinery owners and independent repairers on fair and reasonable commercial terms. While this will not solve all problems within right to repair, it will go some way to assist farmers in accessing more timely repair support.

- That the Australian Government adopt the recommendations of the Productivity Commission's review into Right to Repair frameworks, especially for the repair suppliers' obligation for agricultural machinery be introduced.

Sustainability, Climate Change and Natural Resource Management

Climate change is impacting farmers now, resulting in changed planting times and cropping regions, earlier and longer frost windows, greater pest and disease risk, and significant fluctuations in weather patterns. Whilst adaptation and mitigation are widespread, growers are looking for verified measurement systems, integrated tools and technology, and education to further understand how they best reduce their footprint and grow sustainably.

Maintaining the domestic and global competitiveness of Australian grains while reducing emissions and increasing carbon sequestration is a key ambition of the industry. The grains industry has and will continue to adapt practices, systems, and businesses to futureproof the sector, enabling farmers to operate sustainably and prosper in a changing climate.

Australian grain production accounts for 1.7% of Australia's total emissions and while a low emitter by global comparison, reducing emissions per tonne is important. Emissions of the greenhouse gas nitrous oxide (N₂O) are a specific area for the grains industry to address, and these emissions stem mainly from fertiliser and crop protection products. There are real and immediate opportunities to transform the nature and manufacture of inputs and substantially reduce emissions both embedded and on-farm well before 2030.

The sustainability of the supply chain is increasingly a key factor in purchasing and investment decisions - it is important that the entire supply chain, including the production sector, can demonstrate and communicate its environmental, social and economic stewardship credentials.

This makes it imperative that farmers have the tools, data and information to make informed decisions pertinent to their location and type of operation, and currently these are lacking in the carbon, environmental and natural capital fields. There is a clear role for government to the following support initiatives and incentives which will underpin the sector's contribution to the Government's target of net zero by 2050 and support economic, environmental, and social growth.

- Support investment in education and awareness programs to assist farmers' understanding of carbon emissions, sequestration, offsets and markets.
- Partner with industry to introduce initiatives which lower key on farm emissions and transition to low emissions inputs which are manufactured in Australia.
- Introduce a new Regional Investment Corporation (RIC) loan to assist farmers undertake emissions reduction activities.
- Allocate a component of the Building Better Regions Fund to fast-track viability assessment of regional low emissions fertiliser manufacturing capability in regional Australia and ensure funding under the Modern Manufacturing Strategy is directly allocated to improving domestic manufacturing for critical agricultural inputs.


Conclusion


GrainGrowers welcomes the opportunity to provide a submission ahead the Budget. We appreciate the difficult headwinds facing the Australian economy and we believe the grains sector and agriculture can play a critical role in our economic recovery, if provided appropriate policy settings and targeted enabling investments. To discuss the recommendations outlined in this submission, please contact Zach Whale, General Manager, Policy and Advocacy




Stay in touch with GrainGrowers

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