

**GROWING STRONGER –
AGRICULTURE, FISHERIES
AND FORESTRY**

STATEMENT BY
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MINISTER FOR AGRICULTURE, FISHERIES AND FORESTRY
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OVERVIEW

Against the backdrop of a slowing world economy, Australia has maintained a remarkably strong economic and fiscal position, and the farming, fisheries and forestry sector has led the way with exports valued at \$33 billion in 2000-01 – the highest ever.

The farm sector has made a significant contribution to Australia's remarkable economic performance and the Australian Bureau of Agriculture and Resource Economics predicts that farm production is likely to increase by around 10 per cent for the second successive year.

Farm exports have helped our greatly improved trade performance and the export prospects for some industries are rated the best ever. It is therefore a high priority for the Government to maintain and improve the position of agriculture, fisheries and forestry into the future.

The Government recognises that Australia's 'clean and green' image is crucial to export success. While Australia has always operated a strict quarantine regime, the spread in Europe and Asia of serious disease, such as foot and mouth, indicates the dangers on our doorstep. The Federal Government's \$596 million boost last year delivered the strongest quarantine protection ever seen in Australia to protect the integrity of our borders by preventing the entry of unwanted pests and disease. We have already seen an increase in seizures at airports of 232 per cent, compared to 12 months ago.

The Government recently doubled on-the-spot fines to deal with international travellers bringing illegal items into Australia. Fines for commercial breaches of quarantine are also being increased to \$1.1 million for corporations with jail terms of up to 10 years.

The 2002 Federal Budget allocates a further \$10 million over four years to increase Australia's emergency response preparedness in the case of a major disease outbreak. A simulation of an outbreak to test our resources and readiness, codenamed Exercise Minotaur, will take place in Australia later this year.

This Federal Budget delivers funding for a five-year \$102.4 million National Food Industry Strategy to sustain the competitiveness of Australia's largest manufacturing sector.

It is vital Government and industry form a partnership to support this national strategy addressing the enormous potential for growth in the food processing sector and seizing the opportunity to place Australia in a competitive position.

The process food sector already generates a growing trade surplus now worth more than \$9 billion annually, but Australia must do more to protect its share of the world food trade.

The key elements of the five-year, \$102.4 million, strategy commencing in July include a \$47.1 million package aimed at enabling superior innovation performance by Australian based firms – including building on research and development infrastructure, such as the significant CSIRO facilities, and comprising:

- a food industry Centres of Excellence initiative – including encouraging companies to co-locate and attract leading international food scientists and technologists;
- a world-class graduate management program for food industry managers;
- the establishment of a Food Innovation Grants Programme, to provide matching funding to firms to undertake projects, including with food centres of excellence.

A high-level industry council will be established to oversee the strategy. A food trade initiative will develop and implement an international food-market-entry approach with a focus on market access, trade development and promotion. The strategy will also encompass a plan to build more competitive supply chains and improve national food safety and quality systems.

On the land and out at sea, sheer hard work is not a guarantee of success. The unpredictability of weather, commodity prices and changing market conditions mean that some of our hardest working peoples are also some of our most economically vulnerable.

Many farmers are now in a much better position to invest to protect themselves in times of adverse commodity prices or seasonal conditions and I'm pleased that more than \$1 billion of farmers' hard-earned money is now invested in the **Farm Management Deposit Scheme (FMD)**. The Coalition Government introduced FMDs to provide farmers with an effective tax linked savings mechanism to allow them to set aside before-tax income from the good years to help them better manage their businesses during the more difficult years.

The **\$800 million Agriculture - Advancing Australia (AAA) Package**, introduced by this Government in 1997 is the most comprehensive programme ever delivered to the farm sector. The AAA package continues to encourage innovation and education, and provide adjustment to Australian industries suffering structural change.

FarmBis is a key successful component of AAA; providing training, counselling, innovation grants, and cash assistance to farmers in hardship. Almost 70,000 farmers – 1 in 4 farm managers, have used FarmBis to strengthen their business.

The Federal Government's **Young People in Rural Industries Programme** is just one of the education elements in the AAA package and provides skills and leadership development for young people working in agriculture, fisheries or forestry.

Innovation is essential for the long-term future of agriculture, fisheries and forestry. The Commonwealth provides about \$160 million for rural research and development, matched by industry contributions. The \$21.7 million **New Industries Development Programme** assists Australian businesses to launch new agribusiness products, technologies and services – bridging the gap between research and commercial development.

The Government also has a number of programmes, such as **FarmHelp** to help farmers in times of hardship. On this note, the Federal Government proposes to change the way the **Exceptional Circumstances** policy operates to rid the process of its adversarial nature and encourage a much more co-operative approach with all stakeholders. Exceptional Circumstances declarations help farm businesses facing severe hardship in times of exceptional drought or other calamity. A change to the current system will require the agreement of the State and Territory Governments.

The Federal Government places a high priority on preserving our natural resource base. Our land, our soil, our water, our vegetation and our fisheries are our natural capital.

Since 1996, the Federal Government has committed \$1.5 billion to the **Natural Heritage Trust** (NHT) which has driven a national effort to conserve Australia's environment and natural resources and provided direct support to groups working 'on the ground' to protect the environment and promote sustainable agriculture. So far, the NHT has funded about 12,000 natural resource projects throughout Australia.

Our farmers are using more sustainable practices, such as minimum tillage to reduce erosion, adding lime to tackle acidity, and optimising fertiliser applications to foster production, while reducing leaching from soil into groundwater or rivers. More than a third of farms are involved in landcare and many landcare groups receive support through NHT projects, addressing a wide range of problems affecting our land and water.

The Federal Government has shown strong leadership in the battle against land degradation, salinity and poor water quality. Salinity and water quality problems are serious national problems, threatening some of our most productive agricultural land, damaging roads and buildings, and polluting drinking water.

In response to the threat of an estimated 5.7 million hectares of agricultural land being damaged from rising salinity and about one-third of our rivers deteriorating in quality, \$1.4 billion has been made available, jointly by the Commonwealth Government and State Governments over seven years through the **National Water and Salinity Action Plan**. It will focus on 21 of the most 'at-risk' catchments throughout Australia.

Agriculture, fisheries and forestry communities are facing enormous challenges to achieve profitable and sustainable farming, while managing impacts on regional natural resources. The Federal Government is committed to the protection of the legitimate property rights of farmers and there must be a clear understanding that

compensation should be paid where individuals give up rights in the broader community interest.

Our fisheries are also under pressure to fast-track sustainable fishing practices. On the international front, we must take a tough stand to ensure fishing is sustainable and that international waters are not exploited. The illegal, unregulated and unreported fishing, including piracy of Australia's fish stock in the southern sub-Antarctic, is an issue the Federal Government is strongly committed to tackling and one in which we have used our defence forces to good effect.

The Commonwealth is continuing its commitment to a sustainable forest industry. In March 2002 we delivered on our election commitment and passed the **Regional Forests Agreement Act** which will increase confidence and certainty in the forests industry. We are also continuing to provide structural adjustment assistance for forestry companies affected by the implementation of Regional Forest Agreements. In 2002-03 we will be providing \$47.8 million to assist adjustment in the forest industry and communities that depend on it. We also anticipate completion of an Australian Forest Standard in 2002, which will demonstrate sustainable forest production for companies that adopt it and assist their access to world markets.

The integrated national approach to **ethanol and biodiesel** production – *Biofuels for Cleaner Transport* – that is being developed by the Federal Government is of great interest to agriculture. Biofuels offer important environmental benefits and can provide farmers with alternative markets for their crops and underpin industry's commercial and environmental bottom lines by adding value to agricultural by-products. Ethanol and biodiesel will be used in transport fuels that will deliver positive gains for the environment and producers.

This year's budget also allocates \$25 million over the next five years to provide cash rebates to farmers under the Government's new **Environmental Management Systems Incentive Programme**.

In summary, the Government is enthusiastic about the opportunity for farmers, fishers and foresters who want to deliver strong and viable working businesses to pass on to their sons and daughters in their retirement. The Government wants farmers to be secure in their right to manage the land in a responsible fashion, and to ensure fair compensation should these rights be eroded.

The Federal Government is committed to working in partnership with farmers, fishers and foresters to ensure sustainable production. The Howard/Anderson Government recognises the considerable contribution to national economic and social wellbeing provided by these industries.

BUDGET MEASURES

\$102.4 million National Food Industry Strategy

This Federal Budget fulfils a commitment made in September last year to develop a five-year, \$102.4 million National Food Industry Strategy.

The processed food sector is Australia's largest manufacturing industry and while Australia's exports of processed food are increasing, our global market share has declined.

Key goals of the new strategy will include the improved recognition of Australia as an international centre of excellence for food industry innovation, improved market access for Australia's processed foods, and improved industry responsiveness to global changes in customer requirements. The Government will work with industry to improve productivity, improve workplace relations and regulation reform and enhance environmental sustainability.

The processed food sector generates a growing trade surplus now worth more than \$9 billion annually, and Australia's horticultural exports alone have doubled in the last decade, earning about \$600 million a year.

Innovation in products and services is a dominant feature of the fast-moving global consumer goods market, with trade in processed food products growing at twice the rate of trade in bulk food commodities.

The National Food Industry Advisory Committee worked with the Federal Government to develop an action plan which aims to increase international food market share, achieve greater profitability and generate increased job opportunities, particularly in rural and regional areas.

\$25 million as cash rebates for rural environment incentives

\$25 million over five years will be provided for a new initiative to support primary producers adopting an Environmental Management System (EMS).

Farmers will receive a maximum of \$3,000, in the form of a cash rebate for up to 50 per cent of the costs of eligible expenditure under the Incentive for Environmental Management Systems in Agriculture funded through the Natural Heritage Trust.

An EMS provides a framework that can assist farmers to identify and manage their impacts on the environment. Farmers who have done an EMS training course that meets relevant national competencies will be able to claim the costs of developing an EMS and carrying out priority on-ground actions identified through the EMS process.

Once an EMS plan is in place, some of the broad tasks primary producers should be able to claim the rebate for include:

- the provision of **professional advice**, such as environmental assessments, salinity mapping, monitoring and evaluation, required to inform EMS development;
- **tree or shrub establishment** for salinity control to stabilise or prevent erosion as windbreaks, or to regenerate native vegetation;
- **fencing** to exclude stock or vermin in order to repair or control existing land degradation, protect remnant vegetation, establish native vegetation, protect native wildlife habitat, or separate different land classes;
- controlling **pest animals or weeds** that are detrimental to the land;
- alteration, addition or extension of plants that result in improved water quality downstream or to the groundwater table;
- installing or upgrading **water irrigation equipment** to enhance the efficient use of water metering, constructing surface or sub-surface **drainage works** that are primarily and principally to control salinity or assist in drainage control; and
- **installation of watering points** for stock that result in improved natural resource management benefits, such as moving watering points to achieve more sustainable grazing practice and better water quality (that is, away from stream banks).

Potential triple bottom line benefits to farmers of adopting an EMS include improved production efficiencies, better resource allocation, improved natural resource management and more secure market access. Industry and Government will be working in close partnership to ensure EMS developments in Australia are both practical and relevant to farmers.

\$10 million boost for national animal disease emergency response

The Federal Government has announced a further \$10 million over four years to help Australia deal with major animal disease outbreaks.

As a result of this budget boost, Australia will have a higher level of emergency preparedness through improved communications, planning, training and information management systems.

The funding will be spent on:

- extra staffing in the important area of epidemiology and emergency management to find better ways of preventing and controlling outbreaks of emergency animal diseases,
- automation of Australian Animal Health Laboratory diagnostic systems to assist in the rapid identification of diseases, and
- new information systems to be developed in cooperation with State and Territory partners.

Should a major disease outbreak occur, these improvements will enhance the Federal Government's capability to minimize the impact on the Australian economy and, in particular, rural and regional Australia.

While the responsibility of combating the on-ground aspects of disease outbreak rests with the State and Territory Governments, the Federal Government recognises it has a major role to play in the national coordination of response strategies and international trade negotiations.

As a result of this budget boost, Australia will have a higher level of emergency preparedness through improved communications, planning, training and information management systems.

Government scholarships to encourage rural vets

Today's Federal Budget delivers on an election commitment to address the decline in veterinarians working in rural and regional Australia by allocating \$2 million for initiatives to encourage vets to enter country practice.

Over recent years the number of vets practising in regional areas has been in decline. Compounding the problem has been the withdrawal of state services – some State Governments have cut back the number of veterinarians they employ by as much as 50 per cent in recent years.

The Government will shortly be initiating a review in conjunction with livestock industries that will explore reasons why more veterinarians are not working in country areas.

In addition to this commitment, the Federal Government will be offering five bonded scholarships per year of \$25,000 each to veterinary graduates who are interested in working in the Australian Quarantine Inspection Service (AQIS).

Scholarship holders will gain invaluable exposure to the services that AQIS provides to rural industry and will significantly boost AQIS's capacity in post border work.

Experience in this field can also open pathways into rural practice for many of these veterinarians.

Southern bluefin tuna scientific research — \$3 million

A \$3 million contribution to research into southern bluefin tuna will help deliver the best available international data to help industry, government and environmental decision-making.

The project will be managed by the Commission for the Conservation of Southern Bluefin Tuna, which is the regional fisheries management organisation responsible for the administration of southern bluefin tuna throughout its migratory range.

The scientific research programme will provide improved knowledge on the status of the global southern bluefin tuna resources and allow member countries to decide on the future management of this fish, based on the best available science.

The \$3 million contribution is Australia's share of the costs of the research programme, with other member countries — Japan, New Zealand and the Republic of Korea — contributing on an equitable basis.

Northern Mallee Pipeline

The Federal Government will commit a further \$4 million to extend the Northern Mallee Pipeline, subject to matching funding by the Victorian State Government.

The pipeline project has been replacing the old and inefficient open-channel stock and domestic water supply system in the Mallee.

Open-channel drains are estimated to lose up to 70 per cent of channel supply through evaporation and leakage loss and it is estimated that the Northern Mallee Pipeline will save 50,000 mega litres of water per year when it is completed. Replacing open-channel drains with a pipeline will provide a secure water supply to a further 100,000 hectares of farmland in the region.

In total, the Federal Government has contributed \$23.03 million to this project since 1991 and this year's funding will extend the pipeline to cover the Patchewollock and Cannie Ridge Districts of the project in north-west Victoria to complete stage 7.

Water savings achieved as a result of the pipeline will deliver improved river health, water quality and increased tourism opportunities for the broader community.

\$5.7 million for Beef Expo 2003 and livestock showcase facility in Queensland

This year's Budget will provide \$5.7 million over two years to fund the government commitment for the 2003 Beef Expo event and for a livestock showcase facility at the Gracemere Saleyards in Rockhampton.

The Beef Expo is a major regional and tourist event which is held every three years and showcases domestic livestock to Australian graziers and international buyers. The previous Expo attracted 44,000 visitors, generating \$13.2 million for the Rockhampton region and \$1.8 million in export sales.

The redevelopment of the Gracemere Saleyards will help our agricultural industries keep pace with world's best practice and will play an ongoing role in livestock sales and rural tourism.

The Federal Government recognises the benefits of supporting new infrastructure development in regional Australia and is committed to projects such as Beef Expo 2003 to ensure Australia is able to showcase its quality products to build on Australia's \$7 billion red meat export industry.

Northern Australia Quarantine Strategy — \$16.9 million over four years

The Northern Australia Quarantine Strategy (NAQS) is vital to Australia's strong border protection policy and it will receive funding of \$16.9 million to continue its work over the next four years.

The funding announcement allows NAQS to continue its essential work in protecting Australia's animal, plant, environment and human health along our country's expansive and sparsely-populated northern borders.

NAQS involves a comprehensive programme of monitoring, surveillance and public awareness across northern Australia and in the neighbouring areas of Papua New Guinea (PNG), Indonesia and East Timor.

Data collated by NAQS is invaluable in satisfying our trading partners of Australia's plant and animal health status.

Through the NAQS programme, the Federal Government is continually improving the integrity of the quarantine border in the Torres Strait and Cape York Peninsula by:

- persistently identifying quarantine risks to northern Australia and in close neighbouring countries through cooperative programmes;

- providing early warning systems of quarantine pest incursions in Australia;
- delivering a high level of quarantine awareness among indigenous communities in northern Australia, PNG, Indonesia and East Timor.

Tasmania benefits — Warner Creek Dam and Northern Midland Water Project budget boost

The Federal Government will contribute \$2.6 million towards the construction of the Warner Creek Dam and complete the Northern Midland Water Project, subject to finalisation of feasibility studies. This is to be matched by the Tasmanian Government.

Completion of the Warner Creek Dam will provide the region with a reliable water supply for irrigated agriculture, provide opportunities for economic growth and allow for more value-added production.

The completed project is expected to restore the health of the Meander River by improving environmental flows in periods of summer peak demand.

The Northern Midlands Project will receive \$600,000 in funding toward construction of the Maloney's Hill Dam and is not subject to matching funds.

The Federal Government's support of the Northern Midlands Project (also known as the Maloney's Hill Dam Proposal) aims to provide water for irrigation as part of the Macquarie River system.

Situated on the Macquarie River, the dam, with a capacity of 15,000 mega litres, will increase the reliability of water supply allowing farmers to invest in agricultural diversification and increased production with confidence and certainty.

Exceptional Circumstances assistance for the northern Western Australian wheatbelt

The Federal Government will provide up to \$24 million over the next three years to continue to fund the Exceptional Circumstances (EC) assistance for an area in the Northern Wheatbelt of Western Australia.

Exceptional Circumstances assistance was provided following an independent review of the Western Australian Government's EC application for the area by the National Rural Advisory Council.

Exceptional Circumstances assistance is designed to support farmers whose futures are at risk due to an event that is beyond their normal risk management capabilities.

The assistance is provided through welfare support, through the Exceptional Circumstances Relief Payment, and interest rate subsidies for short-term targeted business support to assist viable farm businesses to cope with the adverse impacts of exceptional climatic events, including drought.