

Primary industries

Primed for Growth

Primed for growth – commits the Coalition to continue working with Australia’s primary industries to secure their profitability, sustainability and competitiveness for the benefit of all Australians.

Primed for Growth Table of Contents

Executive Summary [*](#)

Part 1 Natural Resources Management [*](#)

Part 2 Farm Families and Businesses [*](#)

Part 3 Animal and Plant Health [*](#)

Part 4 Innovation [*](#)

Labor’s Record [*](#)

A The Economy [*](#)

B Farm Families and Businesses [*](#)

(i) Income Smoothing [*](#)

(ii) Farm Family Welfare [*](#)

C Exceptional Circumstances/Drought [*](#)

D Natural Resources Management [*](#)

(i) Land and water [*](#)

(ii) Forests policy [*](#)

E Quarantine [*](#)

F Meat Inspection [*](#)

Highlights of the Government's Achievements [*](#)

A Farm Families And Businesses [*](#)

(i) Action Plan for Australian Agriculture [*](#)

(ii) Agriculture - Advancing Australia [*](#)

(iii) Exceptional circumstances/drought [*](#)

(iv) Supermarket to Asia [*](#)

B Natural Resources Management [*](#)

(i) Natural Heritage Trust [*](#)

(ii) Forests policy [*](#)

C Quarantine [*](#)

D Meat Inspection [*](#)

E The Commodities [*](#)

(i) Wheat industry [*](#)

(ii) Red meat and livestock industries [*](#)

(iii) Pig industry [*](#)

(iv) Sugar industry [*](#)

(v) Wool industry [*](#)

(vi) Horticulture [*](#)

(vii) Dairy Industry [*](#)

(viii) Chicken Meat Industry [*](#)

Part 1 Natural resources Management [*](#)

A Natural Heritage Trust [*](#)

(i) A Social Bonus boost [*](#)

(ii) Rural and Regional Floodplain Management Program [*](#)

B Great Artesian Basin [*](#)

C Water Reform [*](#)

D Forests Policy [*](#)

Part 2 Farm Families And Businesses [*](#)

A Taxation Reform [*](#)

B Supermarket To Asia [*](#)

C Action Plan For Australian Agriculture [*](#)

Part 3 Animal And Plant Health [*](#)

A Northern Australia Quarantine Strategy [*](#)

B Managing Pest And Disease Outbreaks [*](#)

C Disease Control And Eradication [*](#)

(i) Ovine Johne's Disease [*](#)

Part 4 Innovation [*](#)

A Research And Development [*](#)

B Biotechnology [*](#)

Executive Summary

Part 1 Natural Resources Management

The \$1250 million Natural Heritage Trust, with its focus on sustainable agriculture, is helping rural communities make a real difference when it comes to taking action to fix the serious environmental problems faced by the nation.

Through programs such as Landcare, Rivercare, Bushcare and Murray Darling 2001, the Federal Coalition Government is providing real resources on the ground to help community groups tackle local environmental problems. It is making a difference.

The Coalition will **provide a further \$250 million to the Natural Heritage Trust** as part of the Social Bonus from selling 16 per cent of Telstra. This will allow the Coalition to maintain support for the full range of Natural Heritage Trust programs.

The Great Artesian Basin is a vital national resource, covering 20 per cent of Australia and providing an essential water source for the mining and pastoral industries. But that water resource is under threat because of over-extraction via uncontrolled bores. **The Coalition will provide \$30 million over five years to rehabilitate the Basin**, with a major focus on capping existing bores.

The Coalition will provide **\$10 million over three years for an expanded Rural and Regional Floodplain Management Program** for flood mitigation works and floodplain management in rural towns and regional centres.

The Coalition will continue the Regional Forest Agreement (RFA) process which is using sound science and community consultation to achieve balanced forest policy decisions that attract investment, create jobs and protect forests. RFAs will be backed by legislation.

The Coalition will continue to work with industry and State and Territory Governments to achieve the Plantations 2020 Vision of trebling Australia's plantation estate to three million hectares.

Part 2 Farm Families and Businesses

Australia's highly efficient and internationally competitive primary industries need a sound, secure and predictable economic environment in which to do business if they are to maximise their contribution to the nation.

The Coalition's "safe hands" management of the national economy, returning the Budget to surplus, has locked in low inflation, seen the Australia dollar adjust to a realistic level and delivered the lowest interest rates for farmers and small businesses in 30 years.

In addition, the Coalition has been on the front foot with reforms in key areas such as the labour market and the waterfront, while taxation reform, long supported by the primary industries, is squarely on the national agenda.

The Coalition's tax reform plan will slash farm costs by an estimated \$1.1 billion a year, every year, as well as cutting marginal tax rates and giving many farm families access to Family Allowance for the first time by abolishing the assets test on this payment. The current Capital Gains Tax rollover relief and retirement provisions will also be enhanced. Provisional Tax will be abolished and replaced with a new Pay As You Go system.

The cost of producing exports will be reduced by around \$4.5 billion per year, while fuel costs will be cut by \$3.5 billion per year.

Through the Supermarket to Asia Strategy, **the Coalition will provide \$9 million to introduce a new Food and Fibre Supply Chain Program to build stronger links along supply chains into Asian markets.** This will help Australian food and fibre industries respond more quickly to changes taking place in overseas distribution, retailing and consumer preferences.

Rural industries and the Coalition have worked closely together in the development of the **Action Plan for Australian Agriculture** that sets a forward agenda for improving the profitability, sustainability and competitiveness of the farm sector. The Coalition will pursue its obligations under the Action Plan, including in the critical area of tax reform.

Part 3 Animal and Plant Health

Australia's future as a sought-after supplier of high quality, "clean, green" agricultural produce is critically dependent on our being able to maintain the nation's outstanding animal and plant health status.

The Coalition will provide:

- \$4.2 million towards the National Ovine Johne's Disease Control and Evaluation Program through the Australian Animal Health Council to investigate the technical and economic feasibility of eradicating this

insidious disease;

- \$12 million over three years to continue the Northern Australia Quarantine Strategy which is providing greater quarantine security in Northern Australia through increased surveillance and monitoring; and
- support for new cost-sharing arrangements with industry and State Governments through the Australian Animal Health Council to enable rapid response to emergency disease outbreaks and exotic pest incursions.

Part 4 Innovation

The Coalition will maintain the current rural research and development funding arrangements under which the Commonwealth matches industry levies on a dollar for dollar basis up to 0.5% of the industry's gross value of production.

The existing rural R&D Corporation model, which, along with the funding arrangements, have delivered excellent on-ground results and been pivotal in securing ongoing industry support for R&D, will be retained.

Biotechnology is widely recognised as the next industrial revolution and over the coming decade will transform the face of agriculture. It will give farmers unparalleled opportunities to boost their productivity and competitiveness.

The Coalition will:

- continue to work with the States and Territories to develop regulatory arrangements which permit the establishment of an effective, inexpensive, flexible system of regulating genetically modified organisms and products derived from them; and
- develop an Agricultural Biotechnology Strategy with the objective of building a sustainable competitive advantage for Australia's primary industries in the development and use of biotechnology.

Labor's Record

A The Economy

Labor's mismanagement of the nation's economy was the single biggest factor behind the extremely difficult circumstances faced by Australia's primary industries during the late 1980s and 1990s.

The farm sector was forced to weather record high interest rates in the late 1980s and early 1990s, but even as interest rates eased they faced real interest rates much higher than those paid by their overseas competitors. High inflation also had a big impact on farm costs. Farmers faced a continuing decline in their terms of trade exacerbated by record low commodity prices internationally.

Labor's failure to get on with microeconomic reform in critical areas such as the labour market, transport, the waterfront, energy generation and supply, and the tax system, meant farmers faced significant direct cost pressures that lowered their competitiveness. As price takers on domestic and international markets, farmers also took on cost burdens from industries where reform was not occurring.

Labor does not have a plan for tax reform, despite there being widespread recognition that it is essential for Australia to remove the burden of indirect taxes from production and in so doing boost our international competitiveness and the profitability of farm businesses.

Instead, Labor wants to maintain our outdated and inefficient tax system that add billions of dollars a year to the cost of exports through taxes such as Wholesale Sales Tax and fuel excise. It wants to penalise hard work and enterprise.

Labor wants to continue imposing huge taxes on transport, making farm input costs higher and making it more costly to move farm goods such as grain and livestock from farmer to customer. It also wants to rewrite the Capital Gains Tax laws, removing the CGT exemption from all currently exempt assets, including farms, purchased pre-1985. Not only does this amount to a massive tax grab, but farmers will have to foot the bill for having their assets valued on 1 January 1999, when Labor's CGT clock will start ticking.

B Farm Families and Businesses

(i) Income Smoothing

The old Income Equalisation Scheme (IEDs) was destroyed by Labor. Had Labor not gutted the IED Scheme during its early years in office, farmers would have had access to a decent income stabilisation

scheme allowing them to manage the difficulties of the past decade much more effectively. Labor made several attempts to improve the IED Scheme, but they had so discredited the old system that farmers did not use the new products.

(ii) Farm Family Welfare

Labor failed to give farmers fair access to the social welfare system. Income support payments under the old Farm Household Support Scheme were loans that could only be converted to grants if farmers left the industry. The reestablishment grants available under the RAS were also not available until farmers had lost virtually all their assets, creating a disincentive for struggling farmers to exit the industry early.

C Exceptional Circumstances/Drought

Labor removed drought from the Natural Disaster Relief Arrangements in 1989, but took three years to come up with the replacement National Drought Policy (NDP). The NDP included the provision of interest rate subsidies for farmers experiencing exceptional drought, but while Labor put in place a framework for dealing with exceptional circumstances, it triggered it too late in many areas. It also kept moving the goalposts.

The exceptional circumstances assistance measures put in place by Labor also failed to acknowledge the long term effects of severe drought, which meant that once a drought was over, support was withdrawn too quickly.

A key objective of Labor's National Drought Policy was that farmers should become more financially self-reliant in dealing with drought, but Labor did not even attempt to put in place the tools for farmers to achieve it (amended IED Scheme, Farm Management Bonds and the Drought Investment Allowance) until the 1990s drought was taking its toll.

D Natural Resources Management

(i) Land and water

While Labor launched the Decade of Landcare, it did little more than talk about the environment when on-ground action was urgently needed. Labor instead spent large amounts of money on unnecessary studies.

Community groups received only a small proportion of the available

funds under programs such as Landcare, despite the fact that the involvement of community groups and their members is the key to fixing environmental problems. Labor was also unwilling to spend Landcare funds on private property, even where there was a demonstrable public benefit in doing so. This approach failed to recognise that the sources of environmental problems are often far removed from where they show up.

Labor also had a very prescriptive approach to tackling land and water degradation, choosing to use compulsion to achieve its environmental objectives, rather than recognising farmers had a vested interest in and concern for the environment and were willing partners in taking action to halt and repair degradation. They failed to learn the lesson that education is better than regulation.

(ii) Forests policy

Forests policy was arguably the most mismanaged area of public policy in this country under Labor. It was an area of massive public division where Labor regularly courted the environmental vote at the expense of job-creating, sustainable forest industries. Regional communities and workers in the forest industries bore the burden of Labor's mismanagement. Investment opportunities and jobs were lost because of the uncertainty and lack of security created by Labor. The failed Wesley Vale pulp mill proposal of the early 1990s is a sorry example of the jobs destroying forests politics played by Labor.

Labor developed the National Forest Policy Statement in 1992, but it did not implement a single Regional Forest Agreement (RFA), which were to be the foundation of this policy. In fact, Labor had not even been able to develop and secure agreement on the criteria that would be used to establish the national reserve system, which was supposed to be one of two major outcomes from the process (the other being the development of a sustainable, internationally competitive forest industry).

Labor introduced draconian woodchip export licensing arrangements at a time when several major reviews of forest policy had recommended against using export controls to achieve environmental objectives. As a result, international confidence in the ability of our forest industries to meet demand was shattered and major markets were lost to overseas competitors.

E Quarantine

Under Labor, the national standing of and confidence in the Australian

Quarantine and Inspection Service (AQIS) was seriously eroded because Labor refused to provide AQIS with the resources it needed to do its job properly.

The areas of plant and fish health were badly neglected, as was the controversial Import Risk Analysis process, which lacked transparency and industry consultation. The result was that farmer organisations were often not supportive of quarantine decisions.

Additionally, a number of outbreaks of exotic pests and diseases that could have been prevented or detected earlier, cemented negative public attitude towards our quarantine service.

Many areas of serious quarantine risk, such as international mail, cargo and incoming air passengers, were not receiving adequate attention from quarantine authorities, while monitoring and surveillance in high risk areas such as Northern Australia was insufficient.

F Meat Inspection

Labor left the AQIS Meat Inspection Division technically insolvent by running down reserves that had been accumulated through industry charges over a number of years to pay for meat inspectors' entitlements such as superannuation.

Additionally, the industry was being forced to pay for meat inspectors stationed in towns which no longer had meatworks because Labor's industrial relations laws did not allow for surplus staff to be made redundant.

Meat inspection services were highly inefficient and when AQIS moved to full cost recovery there was no substantive effort to give customers value for money. This compounded the problems faced by meat processors already struggling to be competitive.

Highlights of the Government's Achievements

A Farm Families And Businesses

(i) Action Plan for Australian Agriculture

The Action Plan is a shared framework for securing the future of Australian agriculture. Underlying the Plan is a vision of Australian agriculture based on profitable, competitive and sustainable family farm businesses that are recognised as world leaders in their

production efficiency, product quality, innovation and ability to supply and respond to market needs. The Plan identifies the tasks that need to be done to achieve this vision, as well as identifying who needs to do it.

(ii) Agriculture - Advancing Australia

The \$525 million "Agriculture - Advancing Australia" package was released in September 1997 after being developed in close consultation with industry, rural communities and State and Territory Governments. Its aim is to help the rural sector maximise its contribution to Australia's economic, social and environmental wellbeing by boosting its profitability, competitiveness and sustainability. Key features of the AAA package are:

FarmBis

FarmBis is a new program dedicated to helping farmers, their employees and others directly involved in the sector, eg, contractors, improve their business management skills. Direct financial contributions will be made towards program and training costs in a range of areas. These include skills development, farm business and financial planning/advice, farm performance benchmarking, quality assurance, risk management, rural leadership development and marketing skills.

Farm Family Restart Scheme

The FFRS provides a welfare safety net for low income farmers experiencing financial hardship who cannot borrow further against their assets and/or who are not ready to sell their farm and apply for welfare support under the Social Security hardship provisions. It provides income support at the same level as unemployment benefits, as well as paying for farmers to obtain professional advice about the viability of their business. FFRS also offers farmers financial incentives to leave farming before their assets are severely depleted.

Farm Management Deposit Scheme

The old Income Equalisation Deposit Scheme (IEDs) and Farm Management Bonds (FMBs) have been overhauled as a new Farm Management Deposit Scheme (FMD) that is more attractive as financial risk management tools for farmers. The scheme limits holdings to \$300,000 per taxpayer and sets the investment component at 100 per cent. Deposits will be fully tax deductible in the year of deposit and taxable in the year of withdrawal.

Retirement Assistance for Farmers Scheme (RAFS)

RAFS allows eligible farmers of Age Pension-age to transfer the legal title of the family farm to a younger generation without affecting their eligibility for the Age Pension. The scheme also applies to veteran pensioners and to those who transferred legal title of their property in the five years preceding the introduction date from 15 September 1997.

(iii) Exceptional circumstances/drought

The Government has made significant improvements to Exceptional Circumstances (EC) arrangements. The new Exceptional Circumstances Relief Payment (ECRP) has replaced the Drought Relief Payment, making this income support and associated benefits available to eligible farmers in all declared Exceptional Circumstances, not just drought.

The standard recovery period applying when an EC declaration is revoked has been extended from six months to 12 months. Eligible farmers are able to receive ECRP during this entire recovery period.

The Coalition has ensured the Drought Exceptional Circumstances assessment criteria take account of rainfall effectiveness, not just the total amount of rainfall, and that there is flexibility to consider regional factors.

(iv) Supermarket to Asia

The Prime Minister's Supermarket to Asia Council was launched in September 1996. Chaired by the Prime Minister, the Council includes four senior Government Ministers, including the Minister for Primary Industries and Energy, and industry leaders from the farm, food processing, packaging, transport, research, trade union and retailing sectors. The Council's objective is to boost Australian agri-food exports to Asia from \$10 billion to \$16 billion by the year 2001 and to encourage at least another 2000 agri-food businesses to become active exporters in Asia. The Coalition is providing \$14.5m over three years to fund the Supermarket to Asia Strategy.

B Natural Resources Management

(i) Natural Heritage Trust

In June 1997, legislation for the Natural Heritage Trust came into effect, establishing the \$1250 million Trust Reserve to conserve,

repair and replenish Australia's natural capital infrastructure. The availability of Trust funding has boosted spending on sustainable agriculture and natural resource management to record levels.

National Land and Water Resources Audit

Rising salinity, erosion and other degradation of Australia's land and water pose a serious threat to national prosperity. To assist in responding to these problems, the Government has commissioned a nationwide appraisal of the state of Australia's natural resource base through the National Land and Water Resources Audit (NLWRA). The \$32 million, five-year Audit will provide an independent, objective assessment of the extent of degradation arising from approximately twenty key types of land and water problems and include an economic analysis of each problem.

Landcare

Landcare is the backbone of the primary industries portfolio's natural resource management programs. Funding for Landcare grants increases to \$92.2 million in 1998-99, up from \$86.7 million in 1997-98 (and from \$60.9 million in 1996-97). The Trust, working in partnership with the Landcare movement, unites our best science and technology with the skills and innovation of our landholders and the enthusiasm of our communities to effectively address environmental problems and keep agriculture on a path of sustainability. There is a strong focus on practical on-ground works.

Murray Darling Basin

The Natural Heritage Trust is providing \$163 million over five years for the Murray Darling 2001 project to improve water quality, restore riparian land systems, wetlands and floodplains, integrate catchment management and flow management strategies, and encourage economically and environmentally sustainable development.

National Rivercare Program

Rivercare is a major investment in activities which will improve the health of Australia's river systems outside the Murray-Darling Basin. Total funding for this program is \$96.7 million. Some of the activities already funded have included action by community groups to improve water quality in local rivers, stormwater management, water quality and nutrient management and activities focusing on environmental flows.

National Weeds Strategy

The National Weeds Strategy was launched in July 1997 to provide a framework for the prevention, and management of weeds of national significance. Criteria have been developed to identify weeds of national significance and these will soon be used to determine which of 70 species so far nominated by State Governments will be declared. Funding of \$15 million over five years has been provided through DPIE programs to implement the Strategy, with additional funding through Environment Australia.

National Feral Animal Control Program

Work has commenced on a National Feral Animal Control Program, a \$16 million initiative to reduce the impact on the natural environment and agricultural production of feral animals, such as rabbits, foxes, goats, pigs, carp, mice and wild dogs. The initiative will also investigate how to make best use of the rabbit calicivirus disease.

Landcare tax rebate

The new Landcare tax rebate provides an incentive for low income primary producers and businesses (income up to \$20,700) to invest in Landcare works. They can take advantage of the new rebate of 34 cents in the dollar as an alternative to the Landcare tax deductions available under the Income Tax Assessment Act 1997. The rebate can be carried forward.

Farm Forestry

The Farm Forestry Program encourages commercial wood production on cleared agricultural land, sustainable management and use of private native forest and woodland, development of new tree crop industries such as eucalyptus oil and the environmental benefits of commercial tree growing. Total funding is \$41 million under the Natural Heritage Trust, while another \$15 million has been spent under the Wood and Paper Industries Strategy.

(ii) Forests policy

The Coalition has been getting on with the job of fixing forest policy in Australia. The Regional Forest Agreements (RFA) process is bringing stability and certainty to forest industries by delivering balanced outcomes based on sound science and community consultation. RFAs, lasting 20 years, are now in place for Victoria's East Gippsland and Central Highlands regions, and Tasmania. Nine further Commonwealth-State agreements are well advanced in Western Australia, Queensland, NSW and Victoria.

RFAs will provide a positive environment for economic and employment growth in local communities, a sustainable resource base for industry, and ensure the protection of Australia's biodiversity, old growth and wilderness areas in a comprehensive, adequate and representative reserve system. RFAs will be backed up by legislation that gives them legal security.

Woodchip Exports

The Coalition has provided certainty to forest industries by introducing a more sensible approach to woodchip export licensing, ending the annual furore over the issuing of licences.

Wood and Paper Industry Strategy

The Coalition has implemented key elements of the Wood and Paper Industry Strategy, including the provision of \$15 million for farm forestry projects in regional areas, \$2.5 million for research and development in the area of plantations and re-growth and \$3.7 million for research on forest sustainability indicators.

Plantation 2020 Vision

The Plantation 2020 Vision initiative, a working partnership between the Commonwealth, State and Territory governments and industry, was launched in October 1997 with a target of trebling the area of Australia's plantation estate to three million hectares by 2020. The objective is to build a sustainable, commercially oriented and internationally competitive industry by creating an environment that will attract the necessary private investment.

C Quarantine

The Coalition's response in August 1997 to the Australian Quarantine Review Committee report, *Australian Quarantine - A Shared Responsibility*, (the Nairn Report) fulfilled its pre-election commitment to overhaul Australia's quarantine system and provide the resources necessary to protect Australia's multi-billion dollar agricultural, fishing and forestry industries, and the environment.

The Coalition has committed \$76 million over four years. The additional resources are providing a better quarantine system by increasing quarantine border activities, establishing a more consistent and scientifically based risk analysis process, improving consultation with stakeholders, striking a better balance between animal and plant health services and conducting further research into fish pests and

diseases. The Coalition's package is a clear expression of its commitment to restore the domestic and international reputation of its national quarantine systems. We are substantially upgrading AQIS's scientific and technical capacity and boosting its border inspection, monitoring and surveillance systems. The Coalition is delivering on the themes of the Nairn Report calling for a partnership involving the community, industry and Government.

D Meat Inspection

The Coalition has implemented major reforms to AQIS's meat inspection program. The cornerstone of the reform program is improved meat safety, hygiene and operational efficiency through quality assurance-based, government supervised company inspection.

Under the Coalition's reform program, AQIS has:

- introduced Quality Assurance programs based on Hazard Analysis Critical control Point (HACCP) principles at 15 plants across Australia. Known as Project 1, the QA programs have resulted in greatly improved product hygiene;
- discussed with key international trading partners the implementation of proposed Quality Assurance company inspection pilot arrangements, known as the Meat Safety Enhancement Program (MSEP, formerly Project 2); and
- introduced technical and industrial reforms, including changes to post-mortem inspection procedures, which are saving industry more than \$17.5 million a year through more efficient use of company labour, improved market flexibility and increased protection for consumers as a result of reduced risk of contamination.

E The Commodities

The Coalition has worked with industry to initiate major changes to the way agricultural industries are controlled and their products marketed. The commercialisation of statutory marketing authorities is taking industry control out of the hands of government and allowing producers to take strong leadership roles in planning and securing the

future of their industries.

The Coalition believes it is important and appropriate that Australia's rural industries have the power of self-determination. This philosophy has underpinned all of the Coalition's dealings with the rural sector. Combined with the Coalition's determination to get the nation's economic house in order, this approach is helping ensure our farmers have the knowledge and flexibility to take advantage of the wide range of new market opportunities emerging globally. The wine and cotton industries are clear examples of how industries can prosper in an environment of little or no Government intervention.

Over the past two and a half years, the Coalition has worked closely with industry to reduce government influence and ensure the transition to grower control in sectors such as meat and livestock, horticulture, wheat and wool is successful.

(i) Wheat industry

The restructured Australian Wheat Board (AWB) will be based on grower ownership and control through a fully commercialised company marketing Australian wheat internationally. Wheat growers gain substantially through allocation of shares in the privatised AWB in proportion to their equity in the Wheat Industry Fund. The new company will operate in a fully commercial manner and respond rapidly and flexibly to changes in the market place. The single export desk is secured in legislation.

(ii) Red meat and livestock industries

The new producer controlled red meat marketing, research and development company, Meat and Livestock Australia Ltd (MLA), began operating on 1 July 1998. It replaced three statutory authorities—the Australian Meat and Livestock Corporation, the Meat Research Corporation and the Meat Industry Council. MLA also delivers services under contract to other sectors of the industry, including processors and livestock exporters. The change, decided by the industry and the Coalition, is designed to reduce government intervention and provide ownership to producers, processors and live exporters, enabling them to determine the future of their industries.

(iii) Pig industry

The pig industry faces significant challenges as it adjusts to international competition in the domestic market. Recognising this, the Coalition has provided \$19 million in assistance to help the

industry improve its international competitiveness and encourage a shift from a domestic to an export focus. The package includes support to help producers improve their risk management skills and adopt best practice in production and marketing. The Coalition has also initiated an inquiry by the Productivity Commission into whether safeguards measures are justified against pork imports, and into factors affecting the profitability and competitiveness of the Australian industry.

(iv) Sugar industry

An integrated package of reforms, developed in 1997 by the sugar industry in conjunction with the Coalition and the Queensland Government, will ensure a more internationally competitive industry. The vesting/single desk exporting powers of the Queensland Sugar Corporation have been secured, while the Australian Competition and Consumer Commission has supported a restructuring of sugar refining industry in Queensland, which will be of major benefit to producers by delivering greater efficiencies and savings in the refining sector. The Coalition is also providing an additional \$13.5 million for much needed research into lifting sugar content levels in cane and improving pest control.

(v) Wool industry

The wool industry has been severely affected by the Asian financial crisis. The Coalition has acted decisively to alleviate the impact of wool stockpile sales on the wool market. In August 1998 the Coalition decided to freeze all sales of wool from the stockpile for the remainder of the 1998-99 season. This will provide relief to growers by removing a substantial volume of wool from the market. The Coalition is committed to the removal of the stockpile's overhang of the market and to finally leave the industry free of government influence. The Coalition has introduced legislation to give growers greater involvement in Australian Wool Research and Promotion Organisation activities. These changes include increasing the number of wool growers on the Board, meaningful reforms to the Annual General Meeting and greater flexibility in future wool tax ballots. The Coalition has also facilitated an industry initiative to address contamination issues, which will see the use of contaminating packaging eliminated by 2000.

(vi) Horticulture

The Australian horticulture industry is the third largest of our agricultural industries. The Coalition is working with industry to help

it realise its growth potential by capturing a greater share of international markets. This is being done through the Australian Horticultural Corporation's Market Access Committee which determines industry priorities in collaboration with Government for the development of new markets. The government-chaired Horticulture 2000 Group, comprising members from across the sector, is setting the agenda to take the horticulture into the next century.

(vii) Dairy Industry

The dairy industry has gone through significant restructuring during the past decade to improve its efficiency and international competitiveness. It is now one of Australia's most successful primary industries. The Coalition has secured improved access for Australian dairy products in a number of key markets. The industry is now moving to a new phase of reform with the winding back of State/Territory market milk arrangements and the scheduled end of the Domestic Market Support Scheme. The Coalition will be working with the industry to ensure a smooth transition to new marketing arrangements.

(viii) Chicken Meat Industry

The Coalition is committed to assisting the chicken meat industry increase its access to and presence in export markets. The Coalition organised a Chicken Meat Export Seminar and is providing funding of up to \$179,000 for a domestic benchmarking study to help the industry boost its competitiveness. This support is additional to funding previously provided for International Benchmarking and Asian Export Opportunities studies. The export seminar has led to development of an Action Plan that will help ensure the industry becomes a successful and innovative exporter. The benchmarking study will enable individual firms to measure their competitiveness against industry best practice.

Part 1 Natural resources Management

A Natural Heritage Trust

(i) A Social Bonus boost

Sustainable natural resource management is the key to securing the long term future of agriculture. In June 1997, the Coalition established the Natural Heritage Trust with the allocation of \$1250 million over five years for environmental repair and protection. The Trust represents a new era in environmental responsibility. It is a partnership

of all Australians working together through the Landcare movement, as individuals and as groups, to target environmental problems (such as soil erosion, salinity and water pollution) at their source. The programs funded through the Trust are particularly important for primary producers, who as land managers and custodians have the most to gain through the adoption of sustainable production systems.

Through programs such as Landcare, Rivercare, Bushcare and Murray Darling 2001, the Coalition is providing real resources on the ground to help community groups tackle local environmental problems.

The Natural Heritage Trust is making a difference, but there is much more to be done. Recognising this, the Coalition will **provide a further \$250 million to the Natural Heritage Trust** as part of the Social Bonus from selling the next tranche of Telstra (up to 49%). This will allow the Coalition to maintain support for the full range of Natural Heritage Trust programs.

(ii) Rural and Regional Floodplain Management Program

Flooding in Australia is believed to cost the community at least \$300m a year on average. This figure does not count social and environmental costs, loss of life and threats to public safety.

The Coalition will expand the scope of the existing Natural Heritage Trust rural floodplain management program to cover integrated floodplain management projects of good benefit-cost ratio, including flood mitigation works in rural towns and regional centres. Metropolitan areas will be excluded because of their greater capacity to pay for local measures from their rate base. Integrated floodplain management schemes with multiple aims such as water quality, floodplain environmental gains and flood warning will be funded.

The Coalition will provide **\$10 million over three years from 1999-2000 for an expanded Rural and Regional Floodplain Management Program.**

The States/Territories will be expected to match Commonwealth funding, while local government will also be expected to make a contribution.

B Great Artesian Basin

The Great Artesian Basin (GAB) is a vital national resource. GAB water supports significant mining developments in the 20% of

Australia's surface area it underlies. It also underpins rangelands pastoral industries. In many areas of the Basin, water access problems are emerging because of over extraction of water via uncontrolled bores.

There is an urgent need to make investments to obtain a better balance between extractions of water from the GAB and its recharge. This will help underpin future possible mining and other development opportunities. GAB rehabilitation would also aid restructuring of the pastoral industries. Collective action across the Basin is needed because all bores need to be capped if water flows are to be regulated effectively and this valuable resource managed sustainably.

The Coalition will provide \$30 million over five years from 1999-2000 to rehabilitate the Basin.

This initiative will provide the resources necessary to implement the GAB Strategic Management Plan currently being developed by the Great Artesian Basin Consultative Council; a joint council representing and coordinating Federal and State Governments, industry and community natural resource management interests in the Basin.

The major proportion of the funds will be used to help cap a significant proportion of existing bores across the Basin. Supplementary incentives will be made available to landholders and water users to use pipes for distribution of the water rather than continuing the extremely wasteful and widespread practice of using open channels.

C Water Reform

The Coalition recognises that the availability of a reliable, good quality, competitively priced supply of water is essential to the viability of the irrigation industry. The Coalition believes the Council of Australian Governments (COAG) water reform process will meet these needs, while achieving a sustainable balance in rivers and groundwater supplies.

The Coalition:

- recognises the Constitutional responsibility of State and Territory Governments to implement COAG water reforms and believes these should be pursued with equity and transparency as key principles;

- recognising the critical economic importance of irrigation to rural communities, believes irrigation industry representatives must be allowed to play a key role in community consultative processes;
- recognises that enhanced water quality - for irrigation, domestic, environmental and other uses - is a prime objective of the water reform process;
- believes environmental flows implemented by State governments should be calculated on a scientific basis;
- believes State government decisions on the implementation of water reforms should only be made after extensive socioeconomic studies have been taken into consideration; and
- believes that water reforms implemented by State governments should result in future certainty of water allocations for irrigators.

D Forests Policy

The Coalition has implemented a balanced, science-based forest policy that is consistent with the 1992 National Forest Policy Statement and clearly recognises that it is the responsibility of the State and Territory Governments to manage the nation's forests.

The Coalition will:

- continue the Regional Forest Agreement (RFA) process using sound science and community consultation to achieve balanced forest policy decisions that attract investment, create jobs and protect forests;
- ensure any future decisions about the conduct of approved forestry operations within an RFA region are not subject to Federal environmental legislation because the RFA process satisfies these requirements;
- ensure forest management practices approved under RFAs are ecologically sustainable;

- ensure RFAs are legally enforceable so that the Commonwealth cannot unilaterally deny access to forest resources in a way contrary to the RFA and escape paying compensation;
- ensure that the arrangements for terminating RFAs, designed to make the States and Commonwealth work through the RFAs to resolve any future conflicts, cannot be made less onerous;
- ensure that the Export Control Act 1982 cannot be used to prevent the export of wood sourced from an RFA region;
- continue to work with industry and State and Territory Governments to achieve the Plantations 2020 Vision of trebling Australia's plantation estate to three million hectares;
- In addition, the Coalition will continue to encourage the commercial development of farm forestry;
- work with the States and Territories to assess the sustainability of Australia's forest management according to internationally agreed criteria and indicators.

Part 2 Farm Families And Businesses

A Taxation Reform

The Coalition's tax reform plan will slash about \$4.5 billion from the cost of exports, giving Australia a massive boost in its international competitiveness.

We will abolish a raft of indirect taxes, including Wholesale Sales Tax, stamp duty and other financial taxes. All GST paid by farmers in the course of running their businesses will be refunded.

Exports will be GST-free, as will the sale of businesses as going concerns. This includes the sale of farms and farm land where it continues to be farmed.

The Coalition's tax reform plan will slash farm costs by an estimated \$1.1 billion a year, every year, as well as cutting marginal tax rates and giving many farm families access to Family Allowance for the first time by abolishing the assets test on this payment.

Provisional Tax will be abolished and replaced with the new, fairer Pay As You Go tax system under which the vast majority of farmers will submit one simple tax return each quarter that covers income tax, GST, PAYE and Fringe Benefits Tax instalments. Income tax averaging will continue, as will the many other tax concessions currently available to primary producers.

The Capital Gains Tax rollover relief currently available to farmers who sell their farm and reinvest the proceeds in either another farm business or a retirement savings account will be extended to include situations where land and buildings integral to running the business are owned separately to the operating business (eg, where the land is owned by a company or trust, but the farming business is operated as a partnership or company).

Fuel costs will fall by \$3.5 billion a year. Businesses will be able to claim an input tax credit for the GST payable on fuel used for business purposes. Businesses will save about 7 cents a litre relative to what they pay now.

We will introduce a comprehensive diesel fuel credit, which will reduce the effective rate of excise payable on diesel fuel used in heavy transport from about 43 cents a litre to 18 cents a litre.

All diesel used off-road will receive a full credit of excise. This represents a broader exemption than the current Diesel Fuel Rebate Scheme.

B Supermarket To Asia

Australian food and fibre industries risk losing markets and the ability to provide higher value products because other countries are reacting faster to the changes occurring in overseas distribution, retailing and consumer preferences. Consumers are demanding a greater choice in foods (organic, higher quality, more convenient, nutritious foods, etc).

World wide supermarket networks have the ability to source their food purchases from anywhere in the world. The ability to identify and deliver what these new networks want, and what the increasingly sophisticated food service sector wants, requires all enterprises in the supply chain (from the producers through to the distributors and the

retailers) to work more closely together. Recent developments indicate that suppliers are competing increasingly on chain versus chain basis, rather than by product or by company.

Through the Supermarket to Asia Strategy, the Coalition will provide \$9 million over three years from 1999-2000 to introduce a new Food and Fibre Supply Chain Program to build stronger, commercially advantageous links along supply chains into Asian markets.

The management of the program would be outsourced to Supermarket to Asia Ltd. This company would work with industry to identify opportunities that can then be developed into employment generating ventures. Practical projects would include the development of networks of producers or enterprises to create the critical mass, reliability, product consistency and quality required by major Asian buyers.

C Action Plan For Australian Agriculture

Rural industries and the Coalition have worked closely together in the development of the Action Plan for Australia Agriculture that sets a forward agenda for improving the profitability, sustainability and competitiveness of the farm sector.

The Action Plan is underpinned by a shared vision that within 10 years Australia will have an outward looking agricultural sector based on profitable, sustainable and competitive family farm businesses that are recognised as world leaders in their production efficiency, product quality, application of innovation and ability to supply and respond to market needs.

This vision is supported by eight themes under which a range of actions need to be taken by industry and Government. These themes are:

- Increased profitability - financially self-reliant producers involved in increasingly productive and profitable enterprises;
- Skills development and leadership - guiding highly skilled food and fibre industries, with a culture of on-going skills development;
- Close relationships with customers- driven by ongoing trade liberalisation, innovative marketing strategies and efficient supply channels responsive to market demand;

- Increasing quality and value of Australian food and fibre products;
- Enhanced ongoing planning - producers, industry organisations and governments planning for the future and undertaking ongoing analysis and monitoring;
- Sustainable natural resource management - reflecting the application of ecologically sound agricultural practices and the maintenance of long term productive capacity of the natural resource base at a local, regional and national level;
- High levels of innovation - high investment in and uptake of well-focussed research and the application of biotechnology to increase the sector's competitiveness; and
- Robust rural communities - prosperous rural communities with effective social and physical infrastructure; local industries cooperating to shape their own futures.

The Coalition will continue to pursue its obligations under the Action Plan, including in the critical area of tax reform.

Part 3 Animal And Plant Health

Australia has a unique and enviable position as a supplier of high quality, "clean, green" agricultural produce. We are in this position because of the nation's outstanding animal and plant health status that originates from our geographic "isolation" from the rest of the world and is maintained by the application of a highly effective quarantine policy.

While our geographic "isolation" has provided substantial protection from animal pests and diseases in the past, increasing trade and international travel heighten the threat of exotic animal and plant pests and diseases to Australia. This is particularly so in northern Australia where our close proximity to South East Asia creates a heightened risk from exotic diseases such as rabies, Japanese encephalitis and Foot and Mouth, animal pests like screw worm fly, and a myriad of plant

pests and diseases. We need to be ever-vigilant in making sure we keep these pests and diseases off-shore.

A Northern Australia Quarantine Strategy

The Northern Australia Quarantine Strategy (NAQS) is a key element of Australia's frontline defence, providing early warning of exotic pest and disease incursions into Northern Australia. NAQS comprises regular, programmed surveillance for plant, animal and human quarantine pests and diseases in northern Australia and neighbouring countries, a national trapping program for high risk insect pests, and enhanced border security in northern Australia (including the maintenance of high level quarantine risk awareness in remote communities).

The Coalition will provide \$12 million over three years from 1999-2000 to continue the Northern Australia Quarantine Strategy which is providing greater quarantine security in Northern Australia through increased surveillance and monitoring.

B Managing Pest And Disease Outbreaks

The Australian Animal Health Council (AAHC) has developed new arrangements to enable a rapid response to emergency disease outbreaks and exotic pest incursions. Current arrangements cover only a limited number of diseases, with funding shared on a 50:50 basis by the Commonwealth and States. The current list of 12 diseases is outdated and not sufficiently comprehensive. Other emergencies are handled on an ad hoc basis.

The new emergency response arrangements draw industry into partnership with the Commonwealth and States through agreed cost-sharing arrangements that are triggered on the basis of scientific and technical advice on outbreaks/incursions.

The Coalition will:

- ensure the Commonwealth meets its obligations under the new cost-sharing arrangements; and
- underwrite industry contributions to agreed national disease programs until monies can be recovered from industry through agreed levy arrangements or voluntary means.

C Disease Control And Eradication

(i) Ovine Johne's Disease

Ovine Johne's Disease (OJD) is an insidious disease of sheep. If we can eradicate OJD, the Australian sheep industry's health status will be put above that of all major sheep producing nations and help secure additional markets for our live sheep and sheepmeat exports. The AAHC has developed a six-year National Ovine Johne's Disease Control and Evaluation Program to investigate the technical and economic feasibility of eradicating OJD. The program involves continued monitoring and surveillance, R&D, restocking incentives and flock assurance programs.

The Coalition will make a \$4.2 million contribution towards the National Ovine Johne's Disease Control and Evaluation Program, as well as supporting the program through existing R&D arrangements.

Part 4 Innovation

A Research And Development

The Coalition believes innovation is one of the keys to the future of Australia's primary industries. The farm sector's tremendous capacity for innovation has seen it achieve annual productivity gains that have consistently outstripped those achieved by most other industry sectors in Australia over many decades. This has helped many producers effectively manage the sustained terms of trade decline they have faced since the 1950s.

The Coalition's priorities for rural research and development are improved industry productivity, trade and market access, the development of value-adding and export oriented industries and improved management of the natural resource base.

The Coalition is strongly committed to the current rural R&D funding arrangements under which the Commonwealth matches industry levies on a dollar for dollar basis up to 0.5% of the industry's gross value of production. It also supports the existing rural R&D Corporation model, which, along with the funding arrangements, have delivered excellent on-ground results and been pivotal in securing ongoing industry support for R&D.

The Coalition will:

- maintain the present rural R&D Corporation model;
- maintain the existing rural R&D funding arrangements; and
- maintain existing funding levels for the Land and Water Resources Research and Development Corporation and the Rural Industries Research and Development Corporation.

B Biotechnology

Biotechnology is widely recognised as the next industrial revolution and over the coming decade will transform the face of agriculture. It will give farmers unparalleled opportunities to boost their productivity and competitiveness. The key national objective is to ensure Australia captures the maximum possible economic benefit from biotechnology, recognising that we already have significant investment in this emerging field of science. Given the many potential uses of biotechnology, its products and applications are expected to assume great commercial significance within the next decade.

The Coalition recognises that a national system of regulation is essential to safeguard human health and the environment and provide a clear framework for the adoption of biotechnology, giving certainty to both industry and the wider community.

The Coalition will:

- continue to work with the States and Territories to develop regulatory arrangements which permit the establishment of an effective, inexpensive, flexible system of regulating genetically modified organisms and products derived from them; and
- develop an Agricultural Biotechnology Strategy with the objective of building a sustainable competitive advantage for Australia's primary industries in the development and use of biotechnology.