



QUEENSLAND FARMERS' FEDERATION

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State Election

Policy Platform Document

The united voice of intensive agriculture



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About QFF

QFF is the united voice of intensive agriculture in Queensland. It is a federation that represents the interests of peak state and national industry organisations, which in turn collectively represent more than 13,000 primary producers across the state. QFF engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland primary producers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland
- Queensland Chicken Growers Association
- Queensland Dairyfarmers' Organisation
- Burdekin River Irrigation Area Committee
- Central Downs Irrigators Limited
- Bundaberg Regional Irrigators Group
- Flower Association of Queensland Inc.
- Pioneer Valley Water Board
- Pork Queensland Inc.
- Queensland Chicken Meat Council
- Queensland United Egg Producers.

Importance of agriculture to Queensland

Jobs and regional economies

The sector is a major employer. There are approximately 26,000 farm businesses across the state, directly employing 60,608 Queenslanders and underpinning many regional and rural communities. In 2015-16, it was estimated that 315,000 people were employed across the whole food supply chain.

Land and natural resource management

Approximately 84% of the state (144 million hectares) is used for agricultural production. As the major custodian of the land, agriculture plays the major and critical role in managing the state's natural resources.

Pillar of the state economy

The total value of Queensland's primary industry commodities for 2016-17, comprising GVP at the farm gate and first-stage processing, is forecast to be \$19.95 billion – 20% greater than the average for the past 5 years.

Export opportunities

Being heavily export orientated, the sector is important to maintaining the state's balance of payments. In the 2015 calendar year, Queensland agricultural merchandise exports contributed \$9.16 billion (excluding sugar) to the state's economy. Sugar exports were worth an additional \$1.6 billion.

Unique ability to deliver food security, environmental sustainability and economic opportunity

Government investment in agriculture delivers high economic, environmental and social returns for relatively low risk. Agriculture is the only sectoral investment that can simultaneously deliver food security, environmental sustainability and economic opportunity.

QFF's vision for intensive agriculture in Queensland

A vibrant and thriving sector providing food, fibre and amenity to all Queenslanders.

This vision will only be achieved by capitalising on the opportunities in front of us and will not happen by accident – it will require deliberate and strategic action. The right policy settings and effective collaboration between industry, government and community are required to unleash the sector's full potential.

Reigniting productivity growth rates, which have been below other comparable nations for 20 years, is central to achieving this vision. Productivity growth in agriculture reflects increases in the efficiency of production processes over time, is a key determinant of farm profitability, and is important for maintaining international competitiveness. The prices we get in domestic and overseas markets are largely determined by things we can't do much, so we must focus on the only thing we have control over in the long term – how productive we are.

For some time, QFF has advocated for a more inclusive ministerial forum to discuss agricultural issues as many are multi-dimensional and cross-portfolio. A returning or incoming government must formalise this arrangement and address the policy issues raised in this document.

Summary of policy actions needed

1. Electricity

- Set the prices for Queensland networks at efficient levels. The Queensland Government must direct EQ to optimise network assets and set prices at efficient levels, at least 40% below existing levels.
- Remove hidden taxes – the Queensland Government must not subject its government owned natural monopolies to competitive neutrality payments.
- Remove the solar bonus from a network charge – instead ensure that this is a cost under consolidated revenues.
- Introduce the five-minute settlement period, with this change being phased in over three years to allow generators to adjust.
- Comprehensive reform program for electricity network tariffs and enabling metering. The economic deployment of advanced metering will be necessary to achieve the full benefits of network tariff reform for customers; and grandfathering arrangements for irrigators currently utilising T62, 65 and 66.

2. Water

- Develop a regulatory mechanism to facilitate future access to reserves in existing Water Plans which have set strategic water for future planning projects.
- Facilitate temporary water trading.
- Commit to affordable bulk water prices for SunWater and SEQWater schemes and provision funding for QFF to contract specialists to ensure irrigated agriculture can meaningfully respond to the pending pricing investigations.
- Commit to greater protection for irrigation infrastructure – government has made significant investments in several schemes where future viability is being eroded by pricing and non-agricultural land development within these catchments.
- Commit to machinery of government change to align agricultural water within the agriculture portfolio to deliver better policy development and outcomes, control and governance of agricultural water.

3. RD&E – water/energy/productivity nexus

- Commit \$750,000 over 12 months to properly investigate the ‘nexus’ issue. This work would examine the water/ energy/productivity relationships and the implications of not addressing this key issue for irrigated agriculture.
- Commit \$36 million over 3 years to an integrated industry program that addresses the research findings and targets energy and water efficiencies along with productivity outcomes.

4. Jobs, skills and productivity

- Commit \$2 million over 3 years to establish a Workforce Planning Team in QFF to ensure the sector can meet the workforce challenges ahead and continue to coordinate and deliver important projects that are benefitting the whole sector.
- Maintain funding for existing workforce programs.
- Fund skill sets relevant to industry requirements.
- Increase RD&E investment to realise productivity gains, (\$1 of R&D investment provides \$10.15 economic return) and build knowledge across sector to enable further innovation.

5. Biosecurity and trade

- Provision of investment to fully implement biosecurity reviews and strategies.
- Initiate an annual biosecurity stocktake.
- Commit to matching industry biosecurity investment.
- Build biosecurity capacity – additional funding must be allocated to increase diagnostic capacity, close biosecurity knowledge gaps and boost response capability.
- Commit \$200,000 over 12 months to develop co-regulatory pilot projects that empower industry and result in better biosecurity outcomes.

6. Protecting agricultural land

- Simplify the planning framework to provide greater protections for prime agricultural land and enable the sector to capitalise on future opportunities.
- Support industry developed guideline for large-scale solar projects (underway), and commit to developing a State Code.
- Enforce immediate and universal adoption of the rating systems guideline by local governments.
- Enforce local government budget transparency.
- Commit \$1 million over 3 years to enable intensive agriculture to adequately liaise and negotiate with the on-shore unconventional gas sector and other extractive resource industries.

7. Risk management and climate variability

- Commit \$500,000 over 3 years to develop a farmer-owned data repository of farm level production data. This process would also provide an important extension function to educate agricultural industries on insurance and the use of insurance as a risk management tool, which is critical to improve farmer buy-in and assist market penetration.
- Abolish stamp duty on agricultural insurance – Victoria and NSW abolished it in 2017.
- Invest in installation of BoM weather stations across the prime agricultural areas of Queensland.
- Commit to providing funding to implement the climate change recommendations from the review of the sector.
- Develop a readymade industry recovery project that can deploy industry officers immediately after a natural disaster to quicken recovery.

8. Connection infrastructure

- Long term commitment of \$15 million per year for mobile black spot funding.
- Provide collaborative leadership to realise equitable, reliable and affordable telecommunications services for farmers and people living in regional/rural Queensland.

- Recognise the role of the National Heavy Vehicle Regulator (NHVR).
- Commit to improving access to state and local government controlled roads.
- Commit to strategic, long term investment in road and rail upgrades to lower freight costs for farm businesses.

9. *Great Barrier Reef*

- Continue investment at or above current levels in voluntary industry-led FMS/BMP programs.
- Adopt a long term strategic funding model commensurate with water quality targets.
- Do not introduce increased regulation in the Reef catchment.
- Expand the sources of information that informs the Reef Report Card.

10. *Vegetation management*

- Conduct an independent review of Queensland's vegetation management framework, with recommendations observed by government, to deliver a sensible, sustainable, long-term vegetation management system for Queensland.
- Enable responsible growth and shifts in the agricultural footprint to realise better environmental outcomes through workable provisions for high value and irrigated high value agricultural land.

1. Electricity

Unsustainable electricity costs are eroding the viability and productivity of many agriculture businesses and eroding Australia's international competitiveness. An international comparison of Australia's key agricultural trading partners conducted in 2012 showed that Australia's average electricity prices had grown by 40% since 2007. Cost increases for irrigated agriculture have been more than 100% for most and as high as 300% for others over the same period.

In addition to the annual increases, rural tariffs specifically designed to meet the needs of irrigation and specific farming activities are to be phased out no later than 30 June 2020, leaving farmers to negotiate higher cost demand-based tariffs. Government analysis (Queensland Productivity Commission) has modelled that 60% of irrigators will be worse or no better off on the new demand tariffs.

A more sustainable system to remove the burden of high electricity costs on Queensland's food, fibre, fuel and foliage producers has been needed for some time and is now urgent. This includes supporting sound policy and proven technologies that advance farm-scale renewable energy as part of integrated regional energy supply and demand management solutions, thereby leveraging existing distribution assets; and addressing issues arising from the lack of retail competition.

The National Electricity Market (NEM) is failing to deliver efficient Queensland electricity prices due to various market and regulatory failures. The Queensland Government has a high degree of control over Queensland's electricity prices, with 100% ownership of the Queensland networks, 65% ownership of the Queensland generators and 100% ownership of the regional Queensland retailer. The Queensland Government needs to exercise control through its ownership role where the NEM is failing to deliver efficient prices for Queensland consumers.

The key driver of Queensland's electricity prices is the excessive prices of Queensland's monopoly electricity networks. The charges are now the highest of any network in any region or country in the world, making Queensland's electricity networks extraordinarily profitable.

Immediate solutions for addressing inefficient pricing:

1. *Set the prices of the Queensland networks at efficient levels*

The Queensland Government should ensure that the Queensland networks set their prices based on efficient costs (i.e. at least 40% below their existing levels). The Australian Energy Regulator (AER) sets a limit on the maximum revenues that the Queensland networks can collect from their customers.

The networks have complete autonomy regarding the actual revenue that they collect from consumers, if their total revenue does not exceed their maximum revenue caps.

Decisions to collect revenues below the networks' maximum revenue caps have been made by previous Queensland governments to provide consumer relief from excessive prices.

Importantly, this recommendation can be implemented immediately and does not require any changes to the NEM regulatory framework.

2. *Prevent the Queensland networks from exploiting deficiencies in the regulatory framework*

This should include:

- preventing the networks from collecting revenue arising from over-forecasting their needs (e.g. return on capital and depreciation allowances for capex that they do not incur)
- preventing the networks from continuing to stall the development of the AER's benchmarking

- ensuring strong oversight of the Queensland networks' advocacy and lobbying activities – ensuring that they cease opposing or delaying regulatory reforms aimed at improving their performance and productivity
- setting and overseeing capital and operational efficiency improvement targets with the objective of improving the Queensland networks' productivity from bottom-quartile to top-quartile performance within the shortest possible timeframe
- ensuring that all savings from the networks' efficiency programs are passed on to Queensland consumers through reduced prices.

3. Address the inefficient pricing practices of the government-owned generators

The Queensland Government needs to implement policies and controls that prevent the Queensland Government-owned generators from exploiting and profiting from deficiencies in the NEM wholesale market.

In the short term, this should involve placing a cap on Queensland's wholesale prices (as per the current Tasmanian Government policy). This should be supplemented by leading reforms to the NEM wholesale market.

4. Move to a five-minute settlement period

Most wholesale price spikes in recent years have not been due to supply shortfalls, but are due to the generators' bidding practices. The 30-minute settlement period incentivises generators to withhold capacity and push up prices in the first 5-minute bidding period to guarantee a high overall price for the 30-minute settlement period. There are many benefits in moving to a 5-minute settlement period that will make the market more efficient and reduce prices. The change should be phased in over 3 years to allow time for the generators to adjust.

5. Remove hidden taxes

Comparative neutrality (CN) is the policy that a public sector business, or agency, should not have a competitive advantage over private sector due to their government ownership.¹

A CN payment should only be required in markets where private and public markets exist. As Queensland's transmission and distribution networks are 100% Queensland owned with no private competition the additional competitive neutrality charge should be removed providing immediate price relief. The Queensland government must not subject its government owned natural monopolies to CN payments.

Solutions to address deficiencies with tariff reform programs:

6. Direct the Queensland distributors to develop more appropriate tariffs for agriculture

QFF has long advocated for the need for a transitional program to account for the 2020 transitional tariff phase out and to provide an equitable suite of tariffs for agriculture. As a primary measure, the Queensland Government must retain the existing irrigation tariffs under a grandfathering arrangement, given current farm design and infrastructure investments have been based on these tariffs.

Many questions still exist around whether the design of the new tariffs encourages energy efficiency or reduces network congestion to assist with managing demand for future network investment. An

¹ The Australian Government's approach to implementing competitive neutrality is set out in its 1996 *Competitive Neutrality Policy Statement*.

independent report commissioned by CANEGROWERS (the ‘Sapere Report’), concluded that the design of the proposed ‘cost-reflective’ tariffs were inefficient and do not avoid network congestion. The design of tariffs needs to allow for the cost of efficiently delivering electricity and be appropriately structured to reward customers who improve their efficiency and reduce demand during genuine local peak demand periods. High fixed charges and the current demand tariff structure do not allow this.

QFF recognises that we need a suite of appropriate tariffs which meet the need of food, fibre, foliage and fuel producers – ‘4F tariffs’ – tailored to the unique needs of producers and built on regional electricity policy frameworks. These tariffs will need to drive efficient end of network demand and avoid electricity users moving off the grid which will compound the issue of declining network utilisation.

7. *Provide funding and support for smart metering*

Provide support for the installation of appropriate metering for agricultural producers to enable appropriate tariff selection and efficient energy management.

This funding will need to cover the installation costs of the smart meters, including asbestos removal and any electrical upgrades necessary to meet safety and regulatory standards.

8. *Direct the Queensland distributors to provide detailed modelling of the Impacts of their proposed new tariffs on Queensland farmers*

Ergon Energy should provide more detailed and accurate information to all agricultural customers on the impacts of their proposed tariffs to enable more informed tariff choices. This information should also include analyses of the ability of farmers to effectively transition to the new tariffs.

9. *Implement fair pricing for local generation*

The Queensland Government should lead the push for reforms that provide fair pricing for local generation to enable the realisation of Queensland’s local generation potential. This will require the introduction of new pricing and trading mechanisms, such as virtual net metering, that appropriately reward DG providers for the value of local generation.

10. *Lead the push for reforms to address the NEM’s bias against local supply solutions*

The Queensland Government should lead the push for reforms that remove the NEM’s bias against local supply solutions – e.g. supporting the creation of local distribution grids, microgrids and stand-alone/isolated systems.

Further solutions to balance the Queensland Government’s conflicting roles of energy policy setter and owner of the Queensland electricity companies:

11. *Allocate sole shareholder responsibility to the Queensland Energy Minister*

The Queensland Government should allocate sole responsibility for the Queensland energy companies to the Queensland Energy Minister. This should be accompanied by improved transparency in the directions being provided to the Energy GOCs by the Energy Minister.

12. *Prevent the Queensland networks from exercising monopoly power in contestable markets*

The expansion of Queensland’s monopoly electricity networks into competitive markets has the potential to stifle efficient market development by allowing the networks to exercise monopoly market

power, and to create further conflicts of interest for the Queensland government, due to cross-subsidisation and exploitation of information advantages.

The Queensland Government should prevent the Queensland networks from undertaking contestable services by ensuring full legal separation of regulated and non-regulated businesses. This is essential with new transmission networks announced for both government and privately owned renewable energy projects.

13. Implement sustainable funding practices for the Queensland electricity networks

The Queensland networks have been effectively 100% debt funded for many years. The Queensland Government extracts the following pecuniary benefits from its ownership of the networks:

- income from unconventional equity extractions (including RAB indexation extractions)
- dividend payments
- tax equivalent payments
- debt fees (competitive neutrality fees).

Despite having no real equity invested in the network businesses, over the past 3 years, the Queensland government’s total income from those sources has amounted to over \$12 billion.²

The Queensland Government should implement more sustainable funding practices for the Queensland networks, including:

- restructuring the networks’ balance sheets to reflect sustainable debt and equity levels
- ceasing the extraction of unsustainable returns from the networks - in particular the extraction of cumulative RAB indexation from the networks’ book equity
- reviewing the long-term sustainability of the 100% dividend payout policy.

14. Ensure greater transparency of the energy GOC profitability levels

QFF suggests a model to include the implementation of profitability reporting requirements like the reporting obligations that the UK regulator (Ofgem) applies to the UK energy companies.

15. Implement consultation arrangements that enable more effective consumer input to Queensland energy policy

The Queensland Government should implement arrangements that more explicitly involve Queensland consumer representatives in Queensland’s energy policy developments. It is QFF’s understanding that various industry bodies received funding to directly advocate for energy consumer’s rights. These current bodies do not represent the agricultural or agri-processing sectors and have limited representation for regional businesses.

QFF as a not-for-profit peak entity, requests a similar funding arrangements from the Queensland Department of Energy and Water Supply as currently afforded to other sectors. This funding should provide for an energy consumer advocacy project in Queensland, the purpose of which is to advocate on behalf of Queensland’s primary producer’s in relation to expert consultant input to address the energy trilemma.

² Derived from Energex, Ergon Energy, Energy Queensland and Powerlink Annual Financial Reports.

Solutions for genuine NEM reform through the COAG Energy Council:

16. Lead the push for reforms to the NER to deliver efficient network prices

Successive Queensland governments have had a ‘laissez faire’ approach to their COAG Energy Council Membership Role – effectively standing by as the NEM has failed to deliver efficient electricity prices for Queensland. QFF upholds that it is unacceptable for the Queensland Government to perpetuate the lack of accountability of the quasi-federal NEM and the ‘politics before power’ debate.

The Queensland Government must be proactive in addressing the NEM deficiencies through its membership of the COAG Energy Council and its associated working groups. Major reforms to the existing NEM regulatory arrangements to address the many deficiencies in the regulatory framework include:

- addressing the deficiencies with the AER’s ‘return on capital’ determination methodology
- the reinstatement of the NER requirement for the regulator to optimise the networks’ regulatory asset bases (RABs) - i.e. the rules that applied prior to 2006, and that currently apply to the Australian gas networks and the Western Australian electricity networks
- the implementation of effective ex-post review provisions to prevent future gold plating (e.g. incorporating the ex-post capex review provisions that apply to the Western Australian networks)
- strengthening the AER’s powers and discretion under the existing rules
- reforms to the propose-respond process - i.e. placing the onus of proof on the networks, rather than the regulator.

17. Lead the NEM governance reform

If the Queensland Government decides that the networks will continue to be regulated under the NER, then it should lead the push for reforms to the NEM governance that better serve consumers’ interests, including consolidation of the NEM Institutions (i.e. merging the functions of the AEMC and the AER), together with reforms that streamline the activities of the COAG Energy Council.

18. Lead reforms to the NEM wholesale market to prevent the exploitation of the Lack of competition

This should include:

- rule changes that prevent generator re-bidding
- pushing for technology neutral rules in the wholesale energy and ancillary services markets.

19. Lead the push for network planning reform

The Queensland Government should lead the push for reforms that ensure independence and transparency of the electricity system planning processes to deliver a balanced adoption of centralised (supply side) and decentralised (demand-side) energy solutions.

This will require reform to the existing network planning governance arrangements, including:

- the transfer of transmission planning to a national transmission planner (e.g. AEMO)
- reforms to the existing Regulatory Investment Tests (RIT-D and RIT-T) processes
- the introduction of contestability for network expansions.

20. Reforms to network connection and access processes

The Queensland Government should implement reforms to the network connection and access processes to ensure that DG providers are offered reasonable terms and conditions for access and use of the shared network.

21. Push for an effective demand management incentive scheme

The Queensland Government should lead the push for the implementation of an effective network demand management scheme that delivers genuine demand reductions and reduced network augmentation costs.

22. Support a National Energy Productivity Program/Road Map (2xEP)

This program should incentivise adoption of irrigation systems that optimise both energy and water usage. In addition to increasing energy and broader agricultural productivity, the program should be designed to reduce pressure on national bulk water resources, thereby reducing water allocation conflicts such as those in the Murray Darling Basin and other irrigation catchments. It should include R&D, demonstration pilots, extension and outreach, and training for service providers, linked to a capital fund where farmers can access new infrastructure.

Funded works would include digital control systems, pump and layout optimisation and hybrid energy solutions (e.g. network energy supplemented by solar). It should also cover energy planning for irrigation districts to identify demand management, load shifting and distributed generation opportunities.

2. Water

QFF and its members promote the use of water in an efficient and sustainable manner that will benefit the economy while respecting the needs of the environment. Farmers play an important role in their property management to achieve sustainable outcomes at the broader landscape level, including water. In some key irrigation areas, future water security is becoming critical.

Governments must employ principles of transparency and stakeholder consultation in the development of water policy and pricing mechanisms. Irrigators should be given adequate time and resources to be able to identify and respond to the implications of new policies and pricing mechanisms.

Governments must consider the capacity of industry to cope with changes in water pricing and policy, particularly in those industries which will face difficulties in implementing the reforms and in recovering increased production costs in their markets.

Water pricing and policy reforms need to be considered in the context of broader economic, social and environmental planning mechanisms. A coordinated and consultative approach is essential to effective planning, policy development and regulation.

Machinery of Government change

In Queensland, agriculture is responsible for the management and use of 60% of the total water resource. In 2014-15, Queensland agriculture used approximately 2,250 gigalitres (GL) of water, mostly for irrigation. In that year, irrigated agriculture in Queensland had a farm gate value of more than \$3.6 billion, and significantly contributed to the prosperity of many regional communities and economies.

As the major manager and stakeholder of the state's total water use, the agricultural sector needs to have greater control over the policy settings for this critical resource. Water policy must be focused on ensuring water security for the sector and driving the necessary water reforms to increase productivity.

Bureaucratic structures are synonymous with government. There are some valid reasons for this, but when these structures are misaligned and result in inefficient outcomes, things must change. Currently, the management and regulation of agricultural-related ('agricultural') water is spread across five departments and ministerial portfolios; Department of Energy and Water Supply (DEWS), Department of Natural Resource and Mines (DNRM), Department of Environment and Heritage Protection (EHP), Department of State Development (DSD) and Department of Science, Information Technology and Innovation (DSITI). This diluted and fragmented approach to the planning and management of agricultural water is undermining productivity within Queensland's agricultural sector. This convoluted arrangement also means that property rights associated with water are treated differently to land.

The critically important relationship between agriculture and productive water management has already been realised at the federal level, with agricultural water being transferred from environment to the agriculture department in 2015. Other states have implemented this approach too – the New South Wales and Tasmanian agriculture ministers have responsibility for agricultural water.

Queensland agriculture is in a prime position to take advantage of the growing demand from domestic and international markets for high quality agricultural products. Sensible and practical changes to government frameworks and administration can go a long way in making this a reality.

Solutions:**1. Temporary access to strategic infrastructure reserves**

Develop a regulatory mechanism to facilitate future access to reserves in existing Water Plans which have set strategic water for future planning projects (Connors River Dam, raising Burdekin Falls, Nathan Dam etc.). Currently there are no mechanisms for alternative access. A mechanism to allow part of the reserve to be granted to the state (water licence) who may then allow temporary/seasonal assignment to interested parties. A 'registration of interest' or similar mechanism would also be needed for the agricultural sector which would operate in a timely manner to facilitate cropping and other decisions.

2. Facilitation of water trading (temporary)

The temporary water trading market in Queensland is nascent. Market information (prices, volumes and location) on temporary trades would provide transparency and opportunity for farmers and other water users, including local governments, to seasonally/temporary trade. This will require the collection and publication for seasonal water assignments in areas identified by regulation or where included as a condition of a Resource Operations Licence (ROL).

Any charge from DNRM for unsupplemented areas, or from SunWater or SEQWater for their schemes (ROL holders) to implement this measure, must be absorbed by government.

3. Bulk water prices for SunWater and SEQWater schemes

- Recovery of the costs of dam and spillway safety upgrades and recovery of the costs of flood monitoring and management should be recovered community wide.
- Recovery of the costs of recreational assets should be met by local communities not irrigation customers.
- Electricity, insurance and metering costs should be subject to investigation and should not be treated as cost pass throughs.
- Funding to enable QFF to contract specific resourcing to assist irrigated agriculture respond to the investigations must be available. Any funding obtained should not be recovered from future bulk water prices. The amount of funding required will depend on the water pricing process adopted.

4. Protection of irrigation infrastructure

The government has invested in irrigation infrastructure across Queensland. The future viability of some of these schemes is being eroded by non-agricultural land development within these catchments, which negatively impacts the remaining agricultural production through increasing inefficiencies, and water prices and in at least one case. The future of these schemes, which can be 'disconnected', is subsequently at risk water use falls below stated threshold levels.

Zoning/protection of agricultural land within irrigation scheme areas must occur immediately to protect productive capacity and protect substantial government and private investment.

5. Move 'agricultural water' under the agriculture portfolio

Machinery of government (MoG) change to align agricultural water within the agriculture portfolio. This alignment will result in a more holistic and sensible application of water policy that can drive productivity growth and realise flow on benefits for regional Queensland. It will also better position Queensland to respond to Federal Government's investment agenda in Queensland water infrastructure.

3. RD&E – the energy/water/productivity nexus

Energy and water are inextricably connected. There is a connection between climate change and the water-energy nexus and how efforts to increase efficiency in both energy and water end uses can increase the agricultural sector’s resilience.

Climate change is continuing to affect water availability and put new stresses on energy systems (particularly in constrained areas) but the degree of future impacts is uncertain.

Industry efficiency programs such as the Rural Water Use Efficiency (RWUE) and the Energy Savers programs have shown that there are water and energy savings available to farmers. Outcomes from some of these programs have shown a relationship between the two, whereby application of the right amount of water at the right time leads to water savings, energy savings and greater yield. Conversely when one is planned without consideration of the other, it can add costs. This relationship is often termed the ‘energy/water nexus’.

Efficiency in energy and water use can reduce the sector’s exposure to acute and chronic stressors, including high utility bills which, with the changing climate, are negatively impacting agricultural productivity.

Agriculture stands to gain significantly from an energy-water productivity agenda which acknowledges climate change, as does the entire food, fuel, foliage and fibre supply chain. Whilst there are a range of technological solutions to improve efficiencies and ultimately productivity, further government and policy support is needed.

There is a compelling case for increasing RD&E funding for agriculture. Since 1997, Australian agricultural productivity growth rates have effectively been at or close to zero. By contrast, growth rates of other comparable nations have been 1-3% per annum. Productivity growth in agriculture reflects increases in the efficiency of production processes over time. It is a key determinant of farm profitability and an important mechanism for maintaining international competitiveness.

Domestic policy settings are important determinants of agricultural productivity because they shape farmers’ incentives and capacity to innovate and improve productivity. Governments have reformed market interventions to the point where the level of agricultural support is the second lowest in the OECD area. These reforms made decision-making in Australian agriculture more responsive to market forces, but the productivity gains have now largely run their course.

To be internationally competitive, we must match or exceed what our major overseas competitors are doing. For example, the U.S. public sector R&D investment has steadily grown over the past 20 years, while Australian public investment levels have remained static. Given the 15-30 year lag time between R&D investment and productivity growth, it is reasonable to suspect that investment is a factor in the stalled productivity growth being observed in Australia. If productivity growth is not addressed, the prospects of Queensland agriculture capitalising on the Asian consumption boom are limited.

Solutions:

1. Funding to properly investigate the ‘nexus’ issue

Funding of \$750,000 for QFF to run a research project examining the water/energy/productivity relationships and the implications of not addressing this issue for the implementation of both water and electricity costs and the future viability of irrigation schemes. QFF would contract suitable expertise and coordinate input from irrigated agriculture to properly investigate the nexus issue and

provide recommendations for an immediate program to start addressing the research findings, as well as longer term recommendations for government and industry action.

2. *Integrated program addressing the research findings that targets efficiencies in energy and water along with productivity outcomes*

A program that combines energy efficiency (e.g. Energy Savers) and water efficiency (e.g. Rural Water Use Efficiency) to increase energy and water productivity is urgently required and a must to build on progress that has been made in these two areas to date. Components must include:

- Industry led extension-based programs
- Integrated energy and water audits, linked to productivity – developing on-farm benchmarks
- Incorporating Energy and Water efficiency recommendations for irrigation (and washing)
- Workshops, Case Studies, Videos, Podcasts, Webinars.

The program will include demonstration pilots, extension and outreach, and training for service providers, linked to a capital fund that farmers access for new infrastructure that could significantly improve energy and water productivity. Suggested format:

PART A

Coordination by QFF

- A program of energy/water efficiency audits (optional 50% audit funding up to \$3,000 per pump)
- Comprehensive data gathering and reporting
- On-ground extension by QFF's member organisations and other agricultural groups to support implementation and data gathering.

PART B

- Implementation bonus for farms taking up the recommendations of the audit
- Amount to be determined, but could be 50% or enough to reduce the ROI up to a maximum of \$30,000 per farm.

Total Program Cost/investment: \$36 million over 3 years

- Investment is 1% of the value of irrigated agriculture in Queensland (worth \$3.6 billion)
- Every \$1 invested in RD&E returns \$10.51 over the course of 25 years
- Expected return on \$36 million investment = \$378.36 million.

4. Jobs, skills and productivity

Agriculture remains the most diverse job market of any sector in the economy. The rapid pace of digitalisation, mechanisation and the Internet of Things are challenging current industry roles, education and training requirements. Labour challenges are a constant issue in agriculture. Often, the labour supply does not meet agricultural needs due to the characteristics of the work, such as the remote locations, the casual nature of the job, the physically demanding roles and the need for flexibility in working hours. Despite this, agriculture remains a key employer, particularly in Queensland's regional communities.

Agricultural workforce challenges are often considered a federal issue. However, with unemployment (4.4–12.6% and 10–48.4% for youth unemployment) and underemployment issues in regional Queensland, and overseas labour meeting up to 60% of workforce needs for some Queensland agricultural industries, the Queensland Government must act.

To capitalise on the sector's opportunities, we need to have the right workforce. Automation and technology continue to affect agriculture, and new jobs that require skills not traditionally linked to farming are increasingly in demand. Employment is changing with a move away from traditional labour-intensive production work, combined with the increased consolidation of farming operations.

What this means for the sector is there is a growing professionalisation of roles to support the changing nature of modern farming businesses. There is a shifting expectation on what is required of those who wish to enter agriculture and maintain their employment towards higher skilled and specialised jobs. When you couple this trend with the fact that 49% of those employed as farm managers are aged over 55, a unique risk and subsequent opportunity presents itself for the next generation.

As farms innovate and become more advanced, the employment multiplier (i.e. the number of jobs effected by a change in employment for the base industry) increases. There are opportunities in the current and emerging developments in automated processes. These technological and smart breakthroughs such as further drone and robotic use, will result in workforce skilling implications and the identification of related skills needs shared by multiple industry sectors (in relation to the use of robotics, drones and remote operation systems). Agriculture must be able to identify the opportunities, transition its workforce and effectively educate and recruit the next generation of workers.

Solutions:

1. Funding to establish a Workforce Planning Team in QFF

Agriculture is not as structured and does not have the resources of other sectors. Through the success of various projects (e.g. the Rural Jobs and Skills Alliance (RJSA) and the Reef Extension Work Placement Program), QFF has developed a degree of capacity in workforce planning that benefits the whole sector. Gains made to date in this critical area must be built on.

With funding of \$2 million over 3 years, QFF would formally establish a Workforce Planning Team that would ensure the sector can meet the workforce challenges ahead.

2. Maintain funding for existing workforce programs

The current suite of workforce-related programs fill some of the gaps that exist in workforce issues faced and must be maintained. (i.e. RJSA, the Queensland Agriculture Workforce Network (QAWN) and the Schools Industry Partnership Project (SIPP)).

3. *A more responsive VET sector to the needs of the industry*

Appropriately resource the representation of industry to participate in the Industry Reference Committees (IRC) to provide input into National Training package relevant to industry, and in the implementation of the Queensland VET Quality framework.

4. *Support the funding of skills sets more relevant to industry's requirements*

This will help the training to be more relevant to industry requirements and to support the current workforce to constantly update their knowledge, the need for new skill sets should be investigated with a higher priority.

5. Biosecurity and trade

Today, the movement of people and goods across the globe has never been greater. Agriculture, and the nation more broadly, has benefitted from increased trade and travel, but it has also meant that our isolation as an island nation is rapidly changing and this biosecurity barrier is becoming less relevant.

The integrity of our biosecurity framework must remain at the highest priority for governments. With more than 60,000 kilometres of coastline to protect, QFF acknowledges that it is not an easy or inexpensive task. However, it should also be remembered that Australia's biosecurity system plays a critical role in protecting the quality of life of all Australians – not just agriculture. The economic, environmental and social benefits, and Australia's reputational advantages – worth many billions of dollars – rely on a strong, focused and adequately resourced national biosecurity system.

Australia's enviable biosecurity status affords it many trading advantages, access to premium markets and underpins thousands of jobs. Queensland agriculture is heavily export orientated and is important to maintaining the state's balance of payments. In the 2015 our agricultural merchandise exports contributed \$10.76 billion to the state's economy.

More productive and globally competitive 'smart' agriculture will present new opportunities for Queensland's exports to serve the world's emerging markets. Exports are critical to both direct and indirect jobs growth and economic recovery, particularly following times of disaster, such as that experienced by Queensland in the aftermath of Cyclone Debbie.

Queensland has a perceived abundance of clean and safe agricultural production. While there has been a decline in direct farm employment over the past half century as automation of farms and process efficiencies have been realised, this has led to an upskilled, and in many cases more adaptive workforce. The up-skilling opportunities have been tremendous and there has been substantial indirect jobs growth in sectors providing services to agriculture.

This new and continuously refining suite of agricultural support services has created a range of occupations and employment opportunities which have been statistically counted as non-farm employment. These service industries and skilled occupations are critical to the adaptive and resilient nature of Queensland's rural community and remain strongly 'in situ' due to the presence of a vibrant agricultural sector.

Frequently Australia's frontline biosecurity state, Queensland is experiencing challenges to its ability to respond to the increasing number, scale and scope of exotic pests and disease threats. Five incursions in the past five years are a loud reminder against complacency, cost cutting and under-resourcing, and the cost to the agriculture sector and the broader economy.

Biosecurity must not be a 'discretionary spend'. In Queensland, the Intergovernmental Agreement on Biosecurity (IGAB) Review found there had been a 26% cut in staff numbers between 2012-15. Government cuts to biosecurity budgets has resulted in a loss of specialists and capacity, when we need to be increasing capacity.

At the last election, the Queensland Labor Government announced increased funding of \$10.8 million over four years to implement the findings of the *Queensland Biosecurity Capability Review (September 2015)*, and strengthen the state's biosecurity capability. While additional funding was committed and some recommendations from the review have been progressed, clearly a lot more needs to be done.

Solutions:**1. Investment to fully implement biosecurity reviews and strategies**

The Queensland Biosecurity Capability Review recommended \$30 million be invested in building the state's biosecurity capability. Adequate funding must also be allocated to develop and deliver the action plans to support the Biosecurity Strategy 2017-2022.

2. Annual biosecurity stocktake

According to the IGAB review, governments and agriculture industries spend about \$650 million per year on biosecurity. That figure includes \$300 million in cost-recovered funds, which are collected by governments in biosecurity services to industry. However, the total picture is unclear and an annual stocktake of level of spending compared against biosecurity performance needs to be implemented immediately to determine if there is adequate and appropriately targeted expenditure. As the frontline biosecurity state, Queensland must lead this initiative.

3. Matching state government funding for industry biosecurity investment

Industry is investing in biosecurity diagnostic capacity and closing biosecurity knowledge gaps through research and development corporations (RDCs). The Queensland Government must commit to matching any RDC investment in biosecurity issues faced across the state to better leverage research, diagnostic and capability investment leading to better biosecurity outcomes for Queensland.

4. Build industry biosecurity capacity

Changes to the *Biosecurity Act 2014*, which came into effect on 1 July 2016, are based on the principle of shared responsibility. By imposing a general biosecurity obligation (GBO) on persons to prevent or minimise the impact of biosecurity risks in areas where they may have an impact, GBO places a greater responsibility on industry.

The DAF/QFF Biosecurity Liaison Officer Project was a valuable exercise to baseline the GBO of different industries and start to help them manage it better. Working through QFF, government must build on this project to individually tailor adjustment packages for to meet specific industry needs (e.g. funding for BMP development, provide human resources to build capacity, develop and deliver collaborative workshops etc.).

5. Empower industry to lead biosecurity while reducing inefficient regulation

Industry must have a greater role in driving biosecurity improvement and inefficient regulation is a constant complaint of industry. With funding of \$200,000 over 12 months, QFF would work with industry to develop two pilot projects – one animal industry and one plant industry. This would be a sensible way to advance biosecurity improvement while reducing inefficient regulation. The pilot projects must reward the industry for being more proactive and allow 'self-regulation' (through recognition of industry systems and processes). Industries that are geographically contained and have good integrity systems in place should be used for these pilots.

6. Protecting agricultural land

Planning

Prime agricultural land is a rare and irreplaceable asset. The current planning framework has become convoluted and unnecessarily complicated. With the completion of the Agricultural Land Audit, there is now a much better database of agricultural land suitability available to government, industry and the community than previously existed. Unfortunately, due to the fragmented approach to the development of state government policy, this comprehensive database has been used by a range of separate agencies to develop separate and conflicting classifications of agricultural land for a range of purposes. These include: Strategic Cropping Area; Priority Agricultural Areas (for the Regional Planning Interests Act); Important Agricultural Land and Class A and Class B Agricultural Land (for the State Planning Policy).

The uncoordinated and inconsistent approach to the protection of agricultural resources afforded by the various pieces of legislation and policy that affect this issue are increasingly concerning. There are now very different approaches applied to the protection of agricultural land between the *Planning Act 2016* (PA) and the *Regional Planning Interests Act 2014* (RPIA) depending on whether a development proposal is for urban development (and other development under the PA) or resource development.

Very different outcomes are possible in the assessment of development proposals depending on whether the proposal is for a resource activity or urban development. In the case of resource activities, there is a presumption of approval of the activity provided the proponent can successfully negotiate a coexistence agreement with the landholder and the ability to set mitigation conditions on an approval. Under the PA, there are no provisions for compensation to the community or mitigation measures to offset the loss of agricultural land.

Large-scale solar facilities

The Queensland Government has not been well prepared for the recent surge in large-scale solar developments and there is a lack of consistency being applied to solar project assessments. Solar facilities are currently assessed by local governments under planning schemes, and do not trigger an assessment under the RPIA, even if they are in an area of regional interest such as a Priority Agricultural Area (PAA) or a Strategic Cropping Area (SCA), because they are not resource or regulated activities.

A review of recently approved solar projects found that in assessing facilities that overlap with ALC Class A and/or Class B land, local governments failed to assess the impact of the project on agricultural land in more than 70% of cases. It is unclear what, if any, implications there are for councils failing to undertake this assessment. It is therefore reasonable to conclude that some local governments do not have the expertise or resources to assess these developments or ensure prime agricultural land is protected and compliance with planning conditions.

A 'Large-Scale Solar State Code and Planning Guideline' is needed. In the meantime, the existing regulatory planning framework must be strengthened and enforced to ensure prime agricultural land is protected.

Local government transparency

Own-source revenue (revenue from rates, fees and services) now makes up 74% of total revenue for local governments. SEQ, coastal, and rural/regional councils have the highest proportions of own-source revenue. Most councils are working to restrain expenditure and increase own-source revenue (revenue from rates, fees and services). Rates and levies revenue increased by four per cent across the sector this year.

Local governments in Queensland must make and levy general rates on all rateable land within their local government areas. Local governments must calculate general rates on the rateable value of the land determined under the *Land Valuation Act 2010*.

Local government needs to have flexibility for raising sufficient own source revenue, but they must also implement fair and equitable rating systems. There are at least two significant issues with regards to local government setting rates per a perceived ‘ability to pay’ as opposed to regulatory requirements.

1. Significant and immediate increases in rates for intensive and rural industries – non-compliance with the Principle of Predictability

During 2016, Scenic Rim Regional Council reviewed rates for ‘intensive industrial and rural industries’ resulting in significant financial increases approaching 110% without any prior consultation or notification. One farm business had its rates increased from \$16,000 to \$71,000 over 2 years – an increase of more than 440%.

There should be a reasonable level of predictability in the rates levied on parcels of land. Any significant increases in rates should be reasonable and attributed to transparent changes to either the services or facilities provided to land or to changed circumstances of the land.

2. Increases in rates where land ownership changes but land-use remains unchanged

There is the principle of equity for parcels of similarly valued land which are used for the same or similar purposes, and receive similar services should be levied similar general rates. Anecdotal evidence suggests that farm land upon transfer of ownership to a resources company (but where the land continues to be used exclusively for agricultural purposes) is experiencing significant rate increases. This is undermining the relationship/co-existence between the resources companies and farmers leasing land in situations where landowners sell properties to resources companies to abate future land use impacts, while permitting the leasing farmer to continue to farm under a management agreement.

Resource activities

Activity in the coal seam gas (CSG) industry is starting to increase again. In the past, the interface between agriculture and the resources sector has largely been considered to an issue for extensive agriculture. However, renewed resource activity, particularly in the CSG industry, is starting to move into the more intensively farmed areas of the state. The issues that must be overcome between the resources sector and intensive agricultural industries are vastly different to those that have largely occurred in the past with extensive agriculture.

Solutions:

1. Simplified planning framework

Review and streamline the existing planning framework as it applies to agriculture. A standardised, simpler agricultural land classification framework will help ensure highly productive and irreplaceable agricultural land is protected while realising better planning outcomes for all parties. QFF has developed a proposed framework.

2. Large-Scale Solar State Code and Planning Guideline

QFF is currently working with the DEWS, DILGP, LGAQ and the Clean Energy Council to develop a Solar Planning Guideline. This Guideline will ensure a more rigorous assessment of local government planning frameworks for large scale (5MW+) solar projects, including a technical outline for

approving, developing, constructing and decommissioning large-scale solar projects and undertaking community engagement. However, a State Code is still required.

3. Immediate and universal adoption of the rating systems guideline

In 2016, in response to stakeholder concerns relating to the calculation and application of rates, the Department of Infrastructure, Local Government and Planning developed a best practice guideline for local governments to consider and adhere to when developing their rating systems. This guideline has not been ratified and it is not available on-line.

4. Enforce local government budget transparency

Rate payers should have timely access to local government budgets. Within the *Right to Information Act 2009* (see Schedule 3, 4B) information relating to local government budgets is exempt from being released under right to information laws. This creates a total lack of transparency about local government budget processes.

Section 4B (below) must be removed from the Act and greater transparency about local government budgetary information must be enforced.

4B Budgetary information for local governments

- (1) Information brought into existence in the course of a local government's budgetary processes is exempt information for 10 years after the date it was brought into existence.
- (2) Subsection (1) does not apply to information officially published by decision of the local government.

5. Coordinated Government and Industry-led funding for capacity in QFF to negotiate member issues with the on-shore unconventional gas sectors and other extractive resource industries

Intensive agriculture has been unable to properly deal with recent issues such as changes to the Land Access Ombudsman legislation, the current Land Court processes and review of the GasFields Commission. Funding of \$1 million over 3 years is sought to enable QFF and its member organisations to adequately engage in liaison, negotiation and dispute resolution with the resources sector.

A resource in QFF would also focus on designing a framework that deals with pre-agreement disputes to lower the degree of issues arising in the first place. This is currently a gap in the dispute resolution process and has resulted in nearly all effort to date focusing on post-agreement disputes.

7. Risk management and climate variability

Climate change

Agricultural production in Australia, particularly in Queensland, is subject to volatile weather and climatic conditions such as drought, floods, storms, frost and cyclones. These risks will pose increasing challenges for farmers, as it is predicted that climate change will increase the frequency and impact of such events. Further, agriculture experiences a higher degree of production risk than other sectors of the economy.

Market risk management tools are relatively well developed. Therefore, while our trade exposed sector faces greater variability in commodity prices compared to other OECD countries because of its export focus and the absence of government price supports to protect farmers from risk, farmers can still employ market risk strategies.

However, the same risk management tools do not exist to help manage production risks. Therefore, while our farmers are exposed to greater yield volatility and greater systemic production risks than in other countries, there are limited options available to them to help manage these risks.

Insurance

Insurance is useful a risk transfer mechanism. In the agricultural sector, there are nominated/named peril insurance products for specific crops (e.g. hail insurance for cotton), limited multi-peril crop insurance (MPCI) options, and index insurances and mutual schemes. Currently, MPCI is only available for a small number of crops, typically winter cereals. Index insurances and mutual schemes are in their infancy in the Australian market, and nascent in Queensland.

Maturity of the Australian agricultural insurance industry has progressed slowly, with very limited government support. When compared to the international market, we have a very small and undeveloped agricultural insurance market. There are challenges for establishing a viable and sustainable agricultural insurance market in Australia, but the potential benefits are large and offer greater stability for regional economies following extreme weather events.

One of the other barriers to greater take-up of agricultural insurance is cost. The Victorian and New South Wales Governments have removed stamp duty on agricultural insurance products, aiming to make it more affordable for farmers.

Natural disasters

The long term financial commitments through disaster recovery are substantial. The total economic cost of natural disasters in an average year in Australia is expected to be about \$18 billion by 2030 and \$33 billion by 2050, even without considering the potential impact of climate change. Queensland is the most disaster impacted state in Australia.

The current natural disaster recovery processes are missing an opportunity for the agricultural sector to recover stronger and more resilient. Most recovery processes and decisions are made in the immediate aftermath of the natural disaster as farmers try to recover their business and restart production and farm operations. Farm businesses are making these decisions in stressful time, with the priority on getting cash flow restarted. It is in these initial stages of recovery that the most assistance is needed and the opportunity to improve the recovery process to instil a 'betterment process' and ensure farms are not only back up and running as quick as possible but more resilience to the next event that impacts their farm.

Solutions:**1. Funding to develop farmer-owned data repository of farm level production data**

With government funding, QFF have progressed the insurance market in Queensland. Strong and productive working relationship between the insurance sector, industry, government and universities have been fostered and pilot projects have demonstrated that suitable products can be developed.

Funding of \$500,000 over 3 years is sought to increase the capture, consolidation and standardisation of farm level production data. A farmer-owned repository would be built and provide the platform for developing multiple peril insurance products for crops where nothing is currently available. This process would also provide an important extension function to educate farmers about insurance and the use of insurance as a risk management tool, which is critical to improve farmer buy-in and assist with market penetration.

2. Abolish stamp duty on agricultural insurance

Removing inefficient stamp duty on agricultural insurance would increase product affordability and increase take-up. Modern agricultural businesses operate across state borders, so where practical it makes perfect sense to harmonise state regulations and taxes. Many insurance providers are global companies, so consistency across jurisdictions would also remove red tape compliance for them, which should result in more efficient and effective product development.

QFF estimates abolishing stamp duty on agricultural insurance would cost government about \$4 million per year in revenue forgone – a very modest investment for the outcomes that would be derived.

3. Investment in enabling infrastructure and information

Investment is needed to improve the granularity of available data across Queensland. The Western Australian and New South Wales Governments are already investing in weather stations as this information is critical to the development of weather-based insurance products. This data can be used for a range of other purposes, including improving farm practices and better tracking of intense storm systems and bushfires.

Investment in new technologies that serve to facilitate and ensure continued productivity growth are compelling. For example, installation of Doppler radar coverage throughout the WA Wheatbelt has been estimated to deliver on average \$108 million NPV over the 20-year analysis (or \$8.68 for every \$1 invested). Funding is needed to erect BoM weather stations that can provide data on a 150km radius scale across the prime agricultural areas of Queensland.

4. Funding to implement climate change recommendations following review of the sector

Climate change effects on the long-term viability of farm businesses must be managed. QFF led the development of the Agriculture Sector Adaptation Plan, which provided an opportunity to take stock of current adaptation activities and resources in Queensland's agricultural sector. The barriers and gaps identified in the plan must be addressed and the recommendations implemented to improve risk management and incorporate climate change as a normal business risk.

5. 'Shovel ready' project for agricultural disaster recovery

Through consultation, develop a readymade industry recovery project that can deploy Industry Recovery Officers (IROs) immediately after a natural disaster. IROs can provide the support and technical advice needed to improve the recovery process.

8. Connection infrastructure

Telecommunications

All Australians, including those living in regional, rural and remote Queensland, are entitled to equal access to reliable and affordable telecommunications. This is currently not the case and the digital divide between city and country telecommunications users is growing.

In today's world, quality telecommunications services are a necessity for everyday life and they are critically important to effectively manage regional/rural businesses. Increasingly, governments and businesses rely on people having access to broadband internet to provide their services. Basic social functions including health, education, general well-being and just being connected into everyday society depend on reliable telecommunications services.

Modern farm businesses use information technologies to assist in production, risk management and marketing activities. Attracting and retaining staff and ensuring WHS obligations can be met also depend on reliable telecommunications services.

Compounding basic business functions and operational obligations is the fact that all industries are becoming more information-intensive. Agriculture is a tech-savvy sector comprised of natural innovators who generally embrace technology and innovation, but farm businesses in many parts of the state are frequently hindered by inadequacies in service and infrastructure. Digital agriculture (collecting, transferring and analysing huge amounts of data) promises significant productivity gains for the sector. The current state of telecommunications services in country areas must rapidly improve.

Queensland ranks third worst in Australia for digit inclusion. Under the first two rounds of the national Mobile Black Spot Program (MBSP), 144 base stations will be constructed across the state. The state government committed almost \$24 million across the two rounds of the program. The Federal Government has confirmed that funding has already been allocated for round three of the MBSP.

Transport

Freight and transport are integral components of ongoing agricultural production. Transport costs from farm gate to destination (both domestic and overseas) on average account for about 21% of farm gate value. Therefore, access to efficient and reliable transport networks is a key factor in the sector's competitiveness and its ability to capitalise on future opportunities. First mile-last mile, inter-jurisdictional regulation, the movement of over-dimensional agricultural equipment, efficient access to and through ports, and development of competitive rail freight are all persistent key issues.

Despite the commencement of the Heavy Vehicle National Law (HVNL) and the establishment of the National Heavy Vehicle Regulator (NHVR), there remain significant variations and inefficiencies in heavy vehicle regulation, including delays in processing road access permits. This results in significant time and monetary costs to industry. There are also many roads that are currently not gazetted for heavy vehicle access, forming freight barriers. For example, the first and last mile issue means that part of the freight journey can occur on local road and rail networks outside of major freight corridors that aren't gazetted for heavy vehicles.

Road access permits are arbitrary and add significant red tape to road use. Permits should only be required where necessary. The undisputed right of way tractors and farm machinery have on roads and through towns and villages, apparently without the need for any special permits, in other countries is well known. Greater appreciation and understanding of agricultural operational needs, particularly in agricultural-centric regions, at state and local levels should be encouraged and adopted.

Solutions:**1. Long term commitment for mobile black spot funding**

Starting with round three of the MBSP, allocate \$15 million per year to fix mobile phone black spots in regional, rural and remote areas across the state. The commitment must continue until it can be demonstrated that black spots across the state are no longer an issue.

2. Collaborative leadership

Realising equitable, reliable and affordable telecommunications services for farmers and people living in regional/rural Queensland will require public and private sector leadership and cooperation. The Queensland Government must work effectively with all levels of government and all sides of politics, telecommunications businesses, industry and communities.

3. Recognise the role of the National Heavy Vehicle Regulator (NHVR)

Heavy vehicle regulations should be streamlined across jurisdictions in areas such as size, mass and registration costs, but streamlining must not lower heavy vehicle access to the lowest common denominator across jurisdictions.

4. Commitment to improve access to state and local government controlled roads

Increase the number of routes that are gazetted for heavy vehicle access. Permits should only be required in locations where there are significant risks to public safety or infrastructure that must be managed on a case by case basis.

5. Commitment to ongoing improvement to more efficient transport infrastructure

Strategic, long term investment in road and rail upgrades to lower freight costs for farm businesses.

9. Great Barrier Reef

Preserving the Great Barrier Reef (GBR) and building its resilience to mitigate threatening processes is a key national and international concern. Farmers in the GBR catchments have been working to reduce their impact through the implementation of improved land management practices. Industry-led Best Management Practice (BMP) programs (or similar programs) are guiding and supporting farmers through this transition. Over the last eight years these voluntary programs have supported farmers to gain a better and more complete understanding of their business and identify improvements. Many of these improvements also result in a reduction of pollutant loads coming off farm. Maintained support for these programs is essential if we are to continue improving the quality of water in GBR catchments.

It is important to recognise that currently, the level of funding invested (\$2 billion) to protect the GBR is insufficient to meet the ambitious targets. An independent Queensland Government report (August 2016), estimated the costs of achieving the Reef Plan water quality targets by 2025 at \$8.2 billion. A Jacobs report commissioned by QFF, QTIC and WWF found that if the Reef was treated like a productive piece of infrastructure of similar value – like a dam or a road – it would receive up to \$830 million a year in funding. Based on accepted regulatory economic principles, the report found the Reef should receive at least \$547 million a year for operations and maintenance, or \$830 million a year if a depreciation allowance is included.

Governments have two options if they are serious about realising the set targets, either:

1. significantly increase investment; or
2. amend the targets to reflect what is possible given the current level of investment.

Maintaining ambitious water quality targets without appropriate investment is setting agricultural industries and water quality programs up to fail.

The annual GBR Report Card needs to incorporate all the effort focused on improving water quality. The quality of water entering the GBR is impacted by multiple land based activities. However, only agricultural activities are used to measure the protection effort. This inevitably means that when the ambitious targets are not reached, due to inadequate investment and only monitoring some of the impacts, the agricultural sector is the first (and often only) sector criticized for not reducing land impacts. It should be noted that all pollutant load reductions published in the report cards to date have come from the agricultural sector only.

The Queensland Government's recently released discussion paper proposing a broadening of regulation in the reef catchments raises the important question of balancing the perceived success and realities associated with regulatory schemes of this nature.

Regulation is a blunt instrument that supports minimum standards of compliance at the expense of true practice change, and it does little to encourage a culture of innovation and excellence. Extending regulation to include the banana, horticulture and grains industries while increasing the regulatory standards that already apply to sugarcane and grazing is not supported.

Solutions:

1. *Continued investment in voluntary industry-led FMS/BMP programs*

If governments are serious about continual improvement in the sector's impact on the Reef, there must be long term, adequate investment in BMP or similar programs in all agricultural industries operating in the Reef catchments. Investment in these programs must be longer term to instil certainty and must not fall below current levels.

2. Long term strategic funding model commensurate with water quality targets

Adopt a long-term, strategic funding model commensurate with water quality targets or revise the targets to reflect the real pollution load reductions that can be achieved with the available funding.

3. No increased regulation

Farmers that voluntarily engage in industry-led BMP programs own their outcomes and the impacts they are having on their local area and the GBR. It is widely accepted that the best way to achieve real practice change is through leading by example, incentivising people and giving them a sense of ownership towards the change not through regulation. Greater regulation in the Reef catchments will not achieve the desired outcomes and should not be implemented.

4. Expanding the sources of information that informs Reef Report Card

The annual Reef Report Cards need to reflect all activities that aim to improve the quality of water in the receiving waters of the GBR. For example, the report cards should include: urban, mining, wetland/ecosystem function and green site development (including roads, drainage etc.).

10. Vegetation management

It is sometimes necessary and appropriate to review and amend regulatory frameworks to ensure they are current and better align with the objectives of the government of the day. However, since 1999, the vegetation management framework has been amended over 18 times. The amendments are mostly political in nature rather than based on sound scientific argument or on ground evidence. This constant change in legislation severely impacts on the ability of landholders to plan and implement effective long-term property and business management decisions. Ecological processes work in much longer timeframes and can be severely compromised when incongruous, constantly changing regulations are enforced.

Agricultural businesses need certainty in operating conditions to sensibly and strategically invest. They also need confidence that these conditions will persist beyond an election cycle to allow for the long lead times required for development and to generate a return. Vegetation management, like all natural resource management policy, needs to be based on evidence. The constant, and arguably unnecessary changes, have created uncertainty, reduced investment confidence and resulted in mistrust between landholders and the government.

The Australian Government Productivity Commission report 'Regulation of Australian Agriculture (November 2016)' highlighted that ongoing changes to regulations creates uncertainty, which can unnecessarily restrict farm management decisions, reduce investment and lead to perverse outcomes. Queensland's vegetation management legislation was cited as an example of this.

When considering new or amending existing regulation, government should remember that perverse outcomes arise from regulation that is not warranted or appropriately targeted, and when it is not well communicated or clearly understood. The benefits of regulation must outweigh the costs of doing so to ensure the agriculture sector can maximise efficiencies and realise its potential.

Responsible government is needed to stop vegetation management being used as a political wedge and support a vegetation management framework that provides the long-term stability agriculture and regional communities deserve. A genuine, evidence-based consultative process should realise this goal and lead to vegetation management legislation that delivers a sustainable social, environmental and economic future for Queensland and its landholders.

Solutions:

1. Conduct an independent review of Queensland's vegetation management framework

Engage an independent consultant to conduct an objective, open and constructive consultation process with all key stakeholders to determine considered recommendations to government for a long-term, sustainable vegetation management framework for Queensland. The terms of reference would need to be agreed to by all key stakeholders and recommendations from the process observed by government.

2. Critical elements of a sensible, sustainable, long-term vegetation management framework:

- Clearing provisions for high value agriculture and irrigated high value agriculture.
- Appropriate not arbitrary riparian zones for regrowth vegetation in watercourse areas in Great Barrier Reef catchments.
- Recognition and remuneration of the ecosystem services provided by landholders – must not contradict federal legislation or restrict landholders from accessing similar federal schemes.
- Mapping accuracy.