



Australian Government

Australian Government response to the
House of Representatives Standing Committee on
Agriculture and Water Resources report:

Super-charging Australian Agriculture
Inquiry into superannuation fund investment in
agriculture

MARCH 2022

Introduction

The Australian Government welcomes the report on superannuation fund investment in Australian agriculture by the House of Representatives Standing Committee on Agriculture and Water Resources (the Committee), tabled in December 2018. Investment in agriculture is critical for driving economic growth, creating jobs, improving access to overseas markets and enhancing productivity. Investment into the agriculture industry will also be crucial for the sector to reach its goal of \$100 billion farmgate output by 2030. Through the Ag2030 plan, the Australian Government is providing foundational initiatives from which industry can build towards its goal. The Australian Government has outlined in its response a range of measures that are being developed or enhanced to support investment in Australian agriculture. The Australian Government thanks the Committee for its deliberations and recommendations.

Responses to individual recommendations are set out below.

Response

Recommendation 1

The Committee recommends that the Australian Government prioritise implementing the Roadmap to Improve the Agricultural Statistics System. This should focus on achieving the identified outputs, including appropriate levels of detail and timeliness for agricultural data. The funding to allow for industry cooperative development and maintenance of a flexible future data environment should be part of these prioritised outcomes.

Response

The Australian Government supports this recommendation.

The Australian Government's principal providers of agricultural statistics, the Australian Bureau of Statistics (ABS) and the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), continue to collaborate with Research and Development Corporations (RDCs) and businesses to implement the Roadmap to Improve the Agricultural Statistics System (the Roadmap). Initiatives to progress the Roadmap include:

- Establishment of industry and government working groups to improve the collection and use of data related to the grains and red meat sectors;
- Production of experimental statistical outputs to test the efficiency and quality of producing official statistics from alternative (non-survey) data sources;
- Development of a prioritised work program between ABS and ABARES, as well as other government agencies, to undertake the transformation of the agricultural statistics system.

The ABS is developing a 5-year transition plan for the production of foundational agricultural statistics that embraces the key elements of the Roadmap. In anticipation of the 2026 ABS Agricultural Census, the plan will implement a co-design approach between government and industry for the production of foundational agricultural statistics. Over the 5-year period, the plan aims to produce agricultural statistics that are timelier and better meet user needs, using processes that reduce burden on survey participants and improve the efficiency of the statistical production.

In addition to progressing the Roadmap, the Australian Government is improving the collection, discovery and accessibility of agricultural data through a number of initiatives, including the:

- development of an Australian Data Strategy to create a data-driven economy through better data use;
- establishment of open data initiatives to make public data and publicly funded research data more accessible, discoverable and reusable;
- release of the Public Data Policy Statement, which centres on the notion that the data the government holds is a strategic national resource;
- establishment of the Office of the National Data Commissioner in July 2018, which is leading a suite of public sector data reforms; and

- introduction of the Data Availability and Transparency Bill 2020 in December 2020, which when passed will enable a streamlined and modern pathway to safely share public sector data.

ABARES has also established more detailed and interactive data sources for high profile matters, such as demand for labour in the agriculture sector. These can be found at www.agriculture.gov.au/abares/research-topics.

Recommendation 2

The Committee recommends that the Australian Government investigate the following to reduce the impact of foreign investment and taxation rules on agricultural investment:

- Reviewing the rules regarding foreign investment advertising requirements and managed investment trust tax rates, and consider any unintended consequences when applied to investment in agriculture by companies investing on behalf of foreign interests or in tandem with domestic investors; and
- Engaging with state and territory governments regarding the impact of stamp duty and land tax on agricultural investment, while investigating options for taxation offset relief at the Commonwealth level in appropriate circumstances.

Response

The Australian Government notes this recommendation.

In relation to advertising requirements, the requirement for an open and transparent sale process balances the objective of giving Australians an opportunity to buy agricultural land against a modest regulatory burden in ensuring that Australians have an opportunity to participate. The requirement is satisfied by advertising the property – using channels that Australian bidders could reasonably access, such as a widely used real estate listing website or large regional/national newspaper – for at least 30 days in the six months before the sale. Exceptions are permitted where Australian investors will participate in a meaningful way, such as through significant participation in the business, or where the applicant is majority Australian controlled.

In addition, the foreign investment reforms that commenced on 1 January 2021, include a streamlining measure. Under this measure, where foreign government investors (FGI) collectively hold more than 40 per cent of a private investment fund, that fund will no longer itself be treated as a FGI for the purposes of foreign investment screening provided its FGI investors are passive – meaning none are able to influence any individual investment decisions. Private investment funds affected by this measure are less likely to require foreign investment screening when investing in Australia, as they will no longer be subjected to the \$0 monetary threshold and 10% control threshold that applies to FGIs. As such, affected private investments funds would be less likely to be subject to the open and transparent sales process requirement.

The 30% managed investment trust (MIT) withholding tax rate for agricultural income, enacted in 2019, was a result of a comprehensive review into MITs that considered the sectors which MITs invest into and their investment structures. The 30% rate aligns with the top corporate tax rate in Australia, which is the standard rate of tax that is applied to investments in Australia, and to businesses run in Australia.

Stamp duty and land tax settings are a matter for state and territory governments (states). However, from time to time discussions do take place on taxation issues at the Council on Federal Financial Relations, a forum of the Commonwealth and state Treasurers.

In relation to current state property tax settings, states do provide some concessions. For example, currently all states exempt, or have concessional treatment for agricultural land from land tax. In addition, some states, notably NSW, are actively considering reforms to improve the efficiency of their property tax systems.

At the Commonwealth level, there are already a number of tax concessions for primary producers. These are generally aimed at addressing seasonal fluctuations in income.

Recommendation 3

The Committee recommends that the Australian Government engage with Council of Australian Governments councils and agricultural peak bodies to develop an information and promotional platform on the benefits of investing in Australian agriculture.

This platform could then be promoted to the superannuation and investment sector, both domestically and internationally, to supplement the existing international promotion undertaken by Austrade.

Response

The Australian Government notes this recommendation.

The Australian Government works across all levels of government and industry to put in place the settings that underpin a strong and investable industry, improve the quality of data, and promote Australian agriculture, fisheries and forestry industries.

The government provides independent data, research, analysis and advice that informs public and private investment decisions affecting Australian agriculture, fisheries and forestry through agencies including the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), the Australian Bureau of Statistics (ABS), the Bureau of Meteorology and CSIRO. ABARES has been conducting surveys of agricultural industries since the 1940s. These surveys provide a wide range of information on the current and historical economic performance of farm business units in the rural sector, including information of farm receipts, costs, financial performance, farm capital, debt, and equity. Using these farm surveys, ABARES has developed farmpredict which can simulate the effects of price and climate variability on the production and profitability of Australian broadacre farms, including exposure of farm businesses to climate and price risk. ABARES's work, coupled with the initiatives outlined in the response to Recommendation 1, provide a sound source of information to decision-makers in the superannuation and financial industry.

Through Delivering Ag2030, the Australian Government is setting the foundations to assist the agricultural sector to achieve its ambitious target of \$100 billion farmgate returns by 2030, making it an attractive industry to invest in. The government's commitment to Delivering Ag2030 across 7 themes for action can be found at awe.gov.au/agriculture-land/farm-food-drought/ag2030.

The Government is promoting investment opportunities in the agriculture sector through a range of mechanisms. A key objective of the government's National Agricultural Innovation Agenda is to attract more international investment into agriculture and increase domestic private sector involvement. The government has worked with the 15 Rural Research and Development Corporations (RDCs) to establish Agricultural Innovation Australia (AIA), a not-for-profit public company which will drive cross-industry research, leverage private sector investment and target transformational innovations. AIA's first task is to develop investment prospectuses which will help attract private investment in the four areas of focus established by the National Agricultural Innovation Policy Statement. Additionally, the Council of RDCs is developing guiding principles for the transfer of knowledge between the RDCs and other parties, including investors, in order to support commercialisation.

On 6 October 2021, the government announced an additional \$20.3 million to support the 8 existing Drought Resilience Adoption and Innovation Hubs to expand beyond their current remit of drought resilience and into broader agricultural innovation outcomes, including working to attract commercial investors to increase commercialisation opportunities. In addition, on 12 April 2021, the Australian Government launched an online platform – growAG – to showcase successful Australia's agrifood innovation and help investors, corporates, startups, researchers, industry, government and universities identify investment opportunities to deliver innovation back to the farm and the food supply-chain. The growAG platform is sharing research and development outcomes, showcasing RDC technologies and promoting investment and commercialisation opportunities to the world. Led by AgriFutures Australia, the platform is a collaboration between the Department of Agriculture, Water and Environment and all 15 RDCs.

As noted in the report, the Australian Government is also working to attract productive foreign direct investment under the banner 'Australia for Agriculture 4.0'. In collaboration with industry and government taskforce, the Australian Government is showcasing Australia's competitive advantages for investing in agri-business, including into agri technologies and innovation, which will help drive productivity and employment growth across the agriculture value chain. As part of this work to attract foreign investment, Austrade has developed a range of products that showcase Australian agribusiness capabilities, see: <https://www.austrade.gov.au/International/Invest/Opportunities/agribusiness-and-food>.

Recommendation 4

The Committee recommends that an initial superannuation and agricultural industry investment working group be convened, facilitated by the Australian Government in the first instance, to identify and promote improved business process, structure and corporate nature, that would attract increased investment.

Response

The Australian Government does not support this recommendation.

Superannuation trustees are not best placed to advise the agriculture industry on measures that promote improved business process, structure and corporate nature. However, there are a variety of government and industry-led initiatives aimed at improving business process, structure and corporate nature in the food and agribusiness sector that may subsequently attract investment in the agricultural sector.

The Australian Government actively and directly supports Australian businesses to grow, transform and become stronger and more resilient in order to be competitive in a national and global environment for the benefit of all Australians. For example, the Entrepreneurs' Programme (EP) provides a suite of services tailored to small and medium enterprises (SMEs) to help them achieve their vision and grow. These services are provided through a dedicated, national network of over 170 independent, expert facilitators. EP facilitators provide their businesses insights, and access to regional and national business networks, and granting opportunities that support their trajectory over the short, medium and long term. EP's current suite of services are:

- Innovation Connections – This service helps businesses understand their research needs, connect with the research sector and undertake collaborative research projects. Businesses can also access up to \$130,000 in grants to support collaborative research projects and researcher placements.
- Accelerating Commercialisation – This service assists SMEs, entrepreneurs and researchers to access expert guidance and matched grants of up to \$1 million to help commercialise a novel product, process or service, and progress to market.
- Growth – This service works with businesses to help them grow by improving their management and digital capabilities and supply chain performance. Businesses can access a matched grant of up to \$20,000 to action their facilitator's recommendations.
- Strengthening Business – This service pairs a facilitator with bushfire-affected businesses to help them recover and strengthen their business systems, operations and strategies into the future.

As an example of industry-led initiatives, the Food and Agribusiness Growth Centre, Food Innovation Australia Ltd (FIAL), is working with the agriculture sector to grow the share of Australian food in the global marketplace. FIAL facilitates growth in the food and agribusiness sector by enhancing management and workforce skills, improving international opportunities and market access, increasing collaboration and commercialisation, and identifying opportunities for regulatory reform.

Dairy Australia is another example of industry-led initiatives, delivering a range of farm business training and extension for farmers and service providers. Our Farm, Our Plan has been developed by Dairy Australia, to help farmers identify long term goals to improve business performance and manage volatility. Our Farm, Our Plan is designed to equip farmers to prioritise where they will put their effort, clarify their long-term business and personal goals, identify actions needed to achieve goals, and to better manage uncertainty and risk. Dairy Australia also delivers the Farm Business Fundamentals training course that

focuses on farm financial management, providing the skills and knowledge to pull together annual farm financial numbers. It also covers budgeting, compliance and farm financial systems.