

The Hon Stephen Jones MP
Assistant Treasurer and Minister for Financial Services
c/o Budget Policy Division Treasury
Parkes ACT, 2600

Online submission cc: PreBudgetSubmissions@treasury.gov.au

25 January 2024

Dear Assistant Treasurer,

2024-25 Federal Pre-Budget Submission

Thank you for the opportunity to provide a 2024-25 Pre-Budget submission to the Government outlining key policy priorities for Australia's agriculture and land sector.

We are a collective of farmers, agriculturists, land carers and not-for-profits working on a collaborative project driven by the Open Food Network to identify opportunities for the Federal Government to support regenerative agriculture as a climate and biodiversity solution. We are working alongside and supporting the work of organisations such as Soils for Life, the Mulloon Institute, the Australian Holistic Management Cooperative, Farming for the Future, and Sustainable Table.

Our submission is focused on a shift in funding for agriculture that sees an overall increase in the health of farming landscapes and the health of the people they support across Australia, as well as their profitability and productivity. Ensuring the Federal Government supports initiatives that will draw down carbon, improve soil health, and increase biodiversity while also running profitable agricultural enterprises that provide food and fibre is essential.

Key issues

Australian agriculture can lead the world in positively addressing climate change and declining biodiversity. Building resilient landscapes and food systems is essential for Australia's long-term prosperity.

The aspiration for Australian agriculture is widely felt and is reflected in the National Farmers Federation 2023 vision for Australian Agriculture: to exceed \$100 billion in farm gate output by 2030, the recent House of Representatives Standing Committee on Agriculture's inquiry into food security in Australia, key recommendation: formulation of a comprehensive National Food Plan, and the Australian Government's investment in the development of the Australian Agricultural Sustainability Framework.

Agricultural land management is recognised as a key part of Australia's response to climate change (DAFF 2023). Restored and functioning landscapes across 50% of our land mass, dedicated to agricultural production, can actively manage increased energy

coming from the sun, mitigating the impacts of climate change while sequestering carbon.

There is a growing evidence base (attached to this submission) showing that certain food, fibre, and landscape management practices can increase the health of farming landscapes and the health of the people they support across Australia. Despite the very clear scientific evidence, the potentially transformative impact of these practices, like regenerative grazing, is often misunderstood or misrepresented. It is essential that the Australian Government support initiatives that show transformative landscape practices that will draw down carbon, improve soil health, and increase biodiversity while also running profitable agricultural enterprises that produce quality and necessary food and fibre.

How this is achieved will involve different practices that are applied across different land and production contexts, but the fundamental principles involve:

- eliminating bare soil and minimising tillage
- fostering plant diversity
- using more perennial species
- encouraging water percolation into the soil
- integrating livestock into cropping enterprises

Increasing climate resilience across Australia is undoubtedly a complex and long-term endeavour. However, it is essential to elevate the solutions that exist within agriculture to see agriculture as a tool in the toolkit to build climate resilience and reduce emissions rather than a problem that must be solved. To achieve this, we need to ensure that:

1. Multiple challenges are tackled together
2. Funding and associated policy measures address the root cause of the problem
3. We work better together
4. We measure what matters
5. Governments and funders commit to long-term funding

Multiple challenges are tackled together

The challenges of biodiversity loss, climate change, soil loss, biosecurity, market access, dietary ill health, rural mental health and regional economic resilience, for example, must be tackled together, thinking in wholes rather than parts.

Funding and associated policy measures address the root cause of the problem

To support the targeted investment of federal funds, we strongly recommend that a root-cause analysis be undertaken to guide decision-making and ensure that allocated budget measures will address the problems they seek to solve.

There has been a significant paradigm shift in our scientific understanding of best practice land management in the agriculture and land sectors, particularly the role of

vegetation and soil in influencing precipitation and drought. We must be able to act on emerging evidence and adapt governance and decision-making to take advantage of new information.

We also strongly encourage the government to adopt a holistic decision-making framework to review existing policies/laws and budget processes. This framework provides for making decisions that ensure ecological, social, and financial needs are met in the short and long term. It first seeks to set a vision for a positive future and understand the root causes of problems faced. It then offers a suite of planning procedures (in the agricultural context, this includes grazing, land planning, financial planning, and ecological monitoring).

Working better together

Cooperation between stakeholders across food and farming systems is key to delivering a sustainable farming future. Collaboration is also needed to help farmers and the broader food system withstand shocks (both financial and climatic) and build resilience.

The need for collaboration extends across the entire food production system. This is not just about “maximising synergies” or “minimising trade-offs” between sectors or parts. It is about managing collectively toward a shared set of goals.

There is a growing evidence base, coming not just from academic institutions but also on-farm practice, that shows that encouraging and actively supporting communities of practice is a key feature of those people who are successful at managing their land with the holistic lens of improving ecology, healthy businesses and fulfilled home lives. An example of this experience is the [8 Families group](#). They meet every six weeks, rotating around all farms across the year. Their agenda focuses on actively challenging their decision-making to ensure they achieve positively in the three “ecology, business, life” outcomes.

There are also examples of peer-to-peer learning communities of practice within the [cropping space](#), the outcomes of which are to achieve large-scale practice change by supporting and building the capacity of a growing cohort of Australian croppers who are seeking to build soil health and drought resilience.

Measuring what matters

Public investment and incentives should be guided by true-cost accounting. We must measure what matters regarding social, ecological and financial benefits, and direct support to farmers and supply chain partners managing their impact with a focus on full costs and benefits.

Governments and funders commit to long-term funding

Longer-term funding means that farmers and land managers can confidently plan and invest for the future, supporting a transition to regenerative farming systems. Long-term

commitments will provide much-needed clarity and stability for all parts of the food supply chain to guide investments.

Some specific initiatives that support the principles of this framework include:

Cross-portfolio

- Establishment of a Ministerial portfolio for food systems and mechanisms for holistic planning across all the portfolios that influence climate outcomes from the food, land and agriculture systems
- Review government subsidies to Australia's agriculture/food industry (currently approximately \$3b) and identify opportunities to restructure to incentivise regenerative agriculture.
- Support for the establishment of cross-sectoral partnerships to advance regenerative food production and consumption (e.g. funding network facilitation, regenerative industry development, product and marketing innovation projects) (\$1.5M)

Soils

- Additional grant funding for industry-driven and regional implementation projects to support the roll-out and implementation of the National Soil Strategy and Soil Action Plan (\$5M)
- Investment in education and advocacy around the importance of soils - having lost the National Soils Advocate, the government needs to make sure this important function is resourced (\$2M)
- Additional investment in holistic (social, environmental, economic), independent agronomic advice to land managers (\$1.8M)

Landscape rehydration

Landscape-scale rehydration funding is needed to support organisations like the Mulloon Institute in expanding their services to support Australian farmers and rural and First Nations communities (\$4M).

This could include:

- Continuation and expansion of scientific monitoring programs such as the Mulloon catchment rehydration project (landscape scale) or Ecological Outcomes Verification (farm-scale).
- Progressing community catchment scale landscape rehydration projects that can support farmers in building their natural capital and so access natural capital

markets

- Taking the CReST model to a national tool to prioritise landscape rehydration across Australia
- Expanding the national landscape rehydration education and capacity building program
- Funding for a tight/efficient policy and regulatory reform process, led by DCEEW, to make changes required to incentivise landscape rehydration at the farm and catchment level (\$4M).

Supporting practice change, education and training

- Offering tax incentives for farmers with regenerative production systems (\$400K for a policy impact and feasibility study):
 - A local government policy example is rate rebate programs based on ground cover quality/quantity (as measured through satellite data). There would be options through both state and federal tax systems to implement long-term incentives for regenerative management.
- Support the rollout and access to ecological monitoring, verification and benchmarking for farmers and land managers.
 - For example, [Ecological Outcome Verification](#) measures land systems health and assesses key indicators of the effectiveness and health of ecosystem processes, such as soil health, biodiversity and ecosystem function (water cycle, mineral cycle, energy flow and community dynamics) and provides the land holders with information to inform on-farm management practices (\$500K to support the rollout)
- Provide or enable long-term, low-cost financing for regenerative farmers that promotes conservation and sequestration practices on farms (\$400K for policy options and feasibility study with stakeholders).
 - The US Department of Agriculture's (USDA) [Farm Service Agency \(FSA\)](#) guarantees loans to promote conservation practices on farms and ranches that help protect natural resources throughout the United States.
- Provide investment into industry structural adjustment packages that incentivise landholders in marginal production zones to transition to more climate-resilient and carbon-positive production systems (eg, cropping to perennial pasture; or the integration of production trees into a grazing system (silvopasture). \$10M for a priority pilot region(s).
- Implementing a national training and education program targeting farm productivity, soil health and soil carbon (modelled on the highly successful FarmBis Initiative) (\$65M over 5 years).

- This could involve a farmer or primary producer tax rebate scheme for training and mentoring. It could start with an initial grant-based pilot alongside a policy options modelling and feasibility study for implementation through tax rebates (\$5M)

Research & development

- Dedicated R&D funding for regenerative agriculture production systems and product development incentivising partnerships between researchers and farmers (\$60M).
 - In 2022, the New Zealand government invested \$50 million in regenerative agriculture research and development.
- Supporting mechanisms that allow farmers and primary producers to have a choice over where their farm levies go to support industry development, collective marketing and industry-specific R&D programs.
- Agricultural Climate Solutions - Living Labs (\$100M)
 - Based on the Canadian ACS-LL program, each living lab brings together farmers, scientists, and other sector stakeholders to co-develop and test innovative technologies and on-farm practices to reduce greenhouse gas (GHG) emissions and sequester carbon in real-world conditions. If implemented through an existing CRC, it would be necessary to have a specific program budget to be dedicated to regenerative production innovations (with specific input from scientists with experience in agroecological science/systems).

Food systems, infrastructure, and market development

- Investment in onshore/regional processing, food manufacturing and distribution
 - This would maintain the integrity and source identification of food and fibre produced in low emissions/high sequestration systems and increase the value of food produced/exported.
 - To identify opportunities, the program could start with scoping and investment readiness funding in priority region(s), potentially with industry/investment aggregators such as Sustainable Table (\$2M)
 - The USDA has invested significant amounts in Regional Food Business centres, regional Food Partnerships and other more targeted investments in specific regional supply chains. On top of this, it has invested \$420m USD in regional processing infrastructure through its “Resilient Food Systems Infrastructure Program”.
- Industry development investment (planning, infrastructure, marketing) for new and emerging climate-friendly products/industries (\$5M over 3 years).

Other potential investments in this area could include:

- Support the development and adoption of technologies that reduce the cost of regenerative production. For example, providing low-cost loans or grants to producers to purchase specialised equipment that enables colour sorting of grain from multi-species crops/harvests to enable marketing of single crops from those multi-crops.
- Support for buyers (food service/retail/public sector/manufacturers) to develop products, procurement policies and supply networks designed around the needs of regenerative farmers (low emissions/high sequestration farmers).
- Support initiatives that increase health while also building markets for climate-friendly food production. A priority area is public procurement of regenerative foods for public institutions. A pilot program would need to invest in capability building of both public institutions and service providers and a direct subsidy to support the payment of the true cost of that food. Other areas for investment would be:
 - Food subsidy/voucher programs for low-income households that incentivise regenerative purchase
 - Information campaigns and educational programs for all ages on the health and environmental benefits of regenerative food
 - Incentives/subsidies for food retailers that support regenerative farmers
 - Support the development of point-of-sale information/labels to facilitate consumer choice
 - Embed negative and positive externalities from agricultural and food systems into food prices (via either subsidies or tax incentives).

We thank you again for the opportunity to provide a submission to this consultation. An investment strategy committed to collaboration and addressing the root cause of drought will help ensure that the people and stock that rely on Australian agricultural landscapes will thrive well into the future.

Should you require any additional information or details regarding our submission, please contact Maggie Wood (maggie.wood@outlook.com.au or 0404 425 432) or Serenity Hill (serenity@openfoodnetwork.org.au or 0411 878 063).

Yours sincerely,

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Regenerative Agriculture Advocacy Project, an initiative coordinated through the Open Food Network