

Navigating Complexities

Agribusiness

The Government has provided packages for the droughts and flooding rains and programs to help develop the sunburnt country.

Key takeaways

\$2bn Regional Accelerator Program

The program is designed to fast-track regional economies. Funds will be invested in a number of programs which will help attract private sector investment in manufacturing, industry support, infrastructure, skills and training, research and development, and education.

Programs include:

- \$200m for supply chain resilience
- \$500m for regional manufacturers to develop modern manufacturing processes
- \$500m for the regionalisation Fund, and
- \$406m for educational infrastructure, apprentices and Regional trailblazer universities
- \$100m for export market development grants (EMDG)

AgTech Patent Box

The Patent Box regime announced in the 2021/22 Federal Budget is to be expanded to include certain 'practical, technology-focused innovations' in the agriculture sector.

Concessional tax rate of 17% for income earned from eligible patents will apply to new patents granted in the sector from 29 March 2022 and for income years on or after 1 July 2023.

Further consultation is expected before the details are finalised.

Flood response package

The Government is committing up to \$6b on disaster relief and recovery as a result of the floods in QLD and NSW.

This includes \$2.2bn to households with income support, temporary accommodation and social services as well as a range of support for farmers and businesses for repairs and new equipment.

Improving regional digital connectivity

\$811.8m of new investment committed to improving regional connectivity, including:

- Improved mobile coverage around regional roads and adjacent premises, businesses and tourist hotspots
- Increased affordability, and
- Increased access for Indigenous communities.

There will also be \$480m of Government investment to support upgrades to the NBN Co's Fixed Wireless network for regional Australia.

Tax benefits

The reduction of fuel excise to 22.1c/l for 6 months may improve cashflow for supply chain and logistics providers, and potentially the broader agribusiness sector.

Small to medium businesses will receive several benefits in today's announcement, which should benefit smaller agribusinesses and producers (with revenues under \$50m). These benefits include:

- *Modified PAYG instalment calculations* – a reduction to the base GDP uplift rate from 10% down to 2%, and measures to align PAYG instalments with financial performance, should see a cashflow improvement for many businesses
- *Technology Investment Boost* – businesses will receive a bonus 20% deduction on the cost of business expenses, depreciating assets and eligible external training up to a value of \$100,000 per income year.
- *Further COVID-19 support grants* are to be treated as non-assessable, non-exempt income.

Proceeds from the sale of Australian Carbon Credit Units (ACCUs) and biodiversity certificates generated from on-farm activities will be treated as primary production income. To be taxed in the year they are sold for eligible primary producers.

Key takeaways

Forestry and Fishing

Commitments of \$114.6m over 5 years to improve the sustainability of Australia's forestry and fishing industries, including:

- Establishment of new plantations to secure future wood supplies
- Improvements to the long-term sustainability of the South-East Trawl Fishery and supporting communities
- A strengthening of Australia's illegal logging traceability and timber identification systems.

Planting for the Queen's Jubilee

\$20.3m has been flagged for grants to fund community-led tree planting projects over 3 years to mark Her Majesty The Queen's Platinum Jubilee.

Investment in delivering AG2030

The AG2030 will simplify and streamline the trade process and build a sustainable workforce to deliver on \$100b industry by 2030, including:

- \$6.6m to expand the AgMove program out to 31 December 2022 to support short-term agricultural workers
- Working holiday visa cap to be increased by 30% (further 11,000 places)
- Further 12,500 workers under the Pacific Australia Labour mobility scheme creating the Australian Agricultural Visa

- Large agricultural trade events will be sponsored through a \$12m investment, with \$6m already committed to the Beef 2024 event
- \$20.1m to strengthen biosecurity, with a focus on livestock traceability
- \$61.6m to improve biosecurity measures, with a particular focus on the potential threat of Japanese encephalitis and lumpy skin disease, and
- Additional \$80m to support businesses re-establishing their presence in overseas markets through Export Market Development Grants.

Investment into water projects and infrastructure

Further \$139.9m into the Murray-Darling Basin designed to enhance:

- Promotion of agricultural productivity
- Support adoption of changing water demands, and
- Deliver water to high value ecosystems in the Edward-Wakool region.

There will also be a \$84.5m commitment to drought resilience programs over the next four years, preparing the nation's farmers for future challenges.

On-farm Emergency Water Infrastructure Rebate Scheme will be extended to 30 June 2023.

Rebates will be 25% for eligible expenses or up to a maximum total rebate of \$25,000 on new infrastructure.

National Water Grid Fund

"...from north to south, we are building dams. Water is wealth and a dam is a bank."

There will be a significant investment into water infrastructure and supply chain projects that promote water security and open up agriculture and industry growth opportunities. Key programs include:

- \$5.4bn on the giant Hells Gates Dam. The dam would be the largest in Queensland, opening up 60,000 hectares of irrigation across the region
- \$600m to restore Paradise Dam in Central Queensland to its full capacity. Paradise Dam is considered critical to the Bundaberg Water Supply Scheme, and
- \$300.6m for Stage 1 - Darwin Region Water Supply Infrastructure Program.



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Opportunities

Significant spend on regional connectivity will address industry competitiveness and underpin productivity gains. The regional accelerator program will help unlock opportunities and grow regional economies.

The fuel excise reduction and modifications to the PAYG instalment regime will provide limited benefits to cashflow for smaller agribusinesses and producers, though the failure to extend previous stimulus measures (e.g. the temporary full expensing and loss carry-back measures) may slow additional capital investment across the sector.

The expansion of the Patent Box regime should incentivise innovation in certain AgTech. Further funding of the EMDG will provide additional market development support for Australian Agribusiness seeking to diversify into new export markets.

Did the Budget measure up?

While the Budget did address many of the concerns raised by the agribusiness sector, many of the measures are likely to be insufficient to fully address issues such as transient labour shortages and significant increases to fertiliser costs and other farm inputs.

We are very pleased to see the Government addressing improvements to digital connectivity, as well as ongoing support for regional infrastructure and biosecurity. We are also curious to see how the package to support supply chain resilience translates into actionable improvements for the agribusiness sector.



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Our review



3/5 - Not a-maze-ing

Measures will provide some support to the sector, but more could have been done to address ongoing concerns in relation to labour shortages and increasing costs for the agribusiness sector.

Other rating options

5/5 Prize found!

4/5 Some bits missing

3/5 Not a – maze – ing!

2/5 Promised a lot, dead ends

1/5 Nothing helpful found

