



16/04/2025

Productivity Commission  
4 National Circuit  
Barton ACT 2600, Australia  
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To the Productivity Commission,

**Re: Australia's circular economy – unlocking the opportunities – interim report**

NSW Farmers welcomes the opportunity to respond to the Productivity Commission's important assessment of the opportunities and challenges associated with developing Australia's circular economy. This submission makes four recommendations:

1. That the final report includes a reform direction to increase the productivity of agriculture by providing greater public funding for agriculture R&D, and continuing dollar-for-dollar cost-matching for farmer investment in R&D through levy contributions.
2. That any reform directions seeking to divert food from farms to other uses such as charity or as a raw product for bioenergy, recognise the costs to the farmer for supplying that food, which has a fair market price.
3. That the Productivity Commission support the extension of the Motor Vehicle Service and Repair Information Sharing Scheme to agricultural machinery.
4. That the Australian Government legislate a right to repair for agricultural machinery.

NSW Farmers is Australia's largest state farming organisation and advocates for issues such as the environment, biosecurity, water, animal welfare, economics, trade, workforce, and rural affairs. Agriculture is crucial, employing more than 75,000 people in NSW and contributing more than \$24 billion to the economy.

Our goal is to reach \$30 billion in output by 2030 by supporting stronger farming businesses. We ensure genuine farmer voices shape policies, and we provide specialist advice, along with valuable member benefits.

We note that the interim report specifically identifies food and agriculture as a priority sector for the circular economy. This submission addresses two key issues relevant for consideration with respect to farmers' role in the circular economy: Productivity and Competition.

**Productivity**

The interim report identifies *greater adoption of agriculture practices that reduce material inputs* as a key opportunity for increasing circularity in the economy. While the interim report makes reference to indigenous, sustainable, and integrated management practices, it fails to recognise that Australian producers are already extremely efficient. The Productivity Commission's own Annual Productivity Bulletin 2025 reveals that the

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sector already operates extremely efficiently compared to other sectors of the economy<sup>1</sup>. On key input and sustainability measures, Australia's use of fertilisers and pesticides are already amongst the lowest in the world, minimum tillage practices mitigate impact to biodiversity, environmentally harmful subsidies are non-existent, carbon emission intensities are well below average<sup>2</sup>.

Therefore, the suggestion that greater adoption of certain practices is the key opportunity belies the fact that farmers are already rapid adopters of the most efficient practices. While adoption is a key step, it cannot occur without the experimentation and innovation that leads to the discovery of productivity-enhancing technologies and practices. The interim report (chapter 5.3) correctly identifies the role of government funding for research and development, however it fails to identify the fact that while total R&D as a percentage of the total value of agricultural production in Australia has remained constant since 1995 (Figure 1), the share of research done by the private sector in collaboration with universities has increased dramatically, while the share undertaken by governments has declined (Figure 2)<sup>3</sup>.

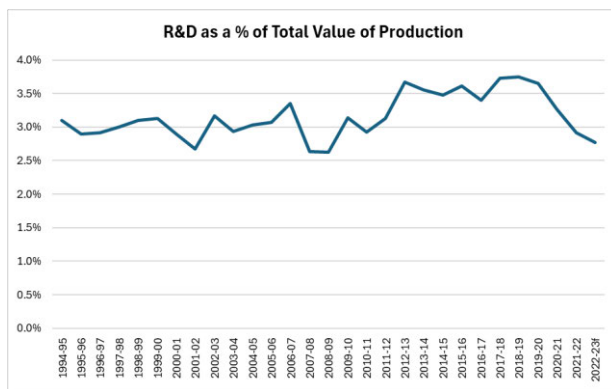


Figure 1: Agricultural R&D as a share of the total value of agricultural production.

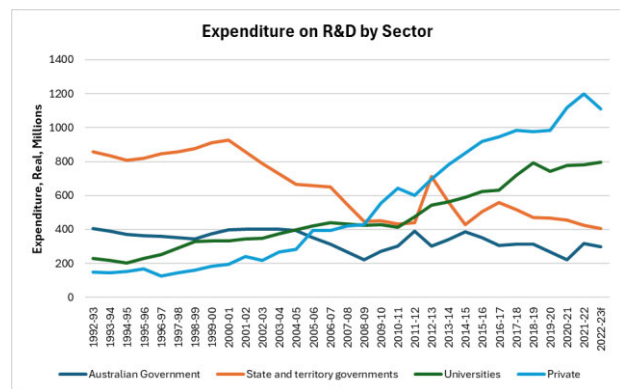


Figure 2: Shares of agricultural R&D by sector.

The increasing reliance on private R&D at the expense of publicly funded and therefore, freely available and widely disseminated R&D is a crucial issue facing agriculture that impedes adoption of the best practices and latest technologies. Even research undertaken by universities that is notionally publicly funded, is often either trademarked by private entities or else paywalled behind academic journals. This increasingly limits the ability for farmers to adopt efficient management practices, defeating the principle behind the Productivity Commission's interim report.

The latest available OECD data shows current investment in Australian research and development is significantly lagging behind the OECD average, a trend that has continued, and worsened, for over 15 years. The OECD average investment in 2021-22 of business, government, higher education and private non-profit sectors as a proportion of GDP is 2.7 per cent<sup>4</sup>. Australia's investment as a proportion of GDP across the same period was 1.68 per cent<sup>5</sup>. The Ag Institute of Australia has noted that a change in the balance of investment in R&D between government and industry correlates with a reduction in blue sky research, with investors wanting faster returns<sup>6</sup>.

<sup>1</sup> Productivity Commission. 2025. [Annual Productivity Bulletin 2025](#) – A.2 Industry-level decompositions – Figure A-5 – Decomposition of multifactor productivity

<sup>2</sup> ABARES. 2023. [Environmental sustainability and agri-environmental indicators-international comparisons](#).

<sup>3</sup> ABARES. 2024. [Agricultural research and development \(R&D\) investment in Australia – 2023 24 update](#).

<sup>4</sup> OECD. 2023. 'OECD Science, Technology, and Innovation (STI) Scoreboard', <https://www.oecd.org/en/data/datasets/science-technology-and-innovation-scoreboard.html>

<sup>5</sup> Australian Bureau of Statistics. 2023. Research and Experimental Development, Businesses, Australia,

<sup>6</sup> Ag Institute of Australia. 2019. Modernising the Research and Development Corporation System - Ag Institute's Response.

The agriculture industry has a specific structure for supporting research and development through dedicated Research and Development Corporations (RDCs). These are funded through compulsory levies of farmers across the majority of agricultural commodities and these levies are then matched by the Commonwealth Government. NSW Farmers' strongly supports continuation of matching Commonwealth Government funding that provides dollar-for-dollar investment into R&D.

It is essential therefore that the Australian Government provide funding opportunities through grants and continue to match industry expenditure on RD&E up to 0.5 per cent of industry Gross Value of Production (GVP) at a minimum. In addition, the effectiveness of R&D investment must be maximised by ensuring that distribution processes are efficient and supports research effort and outcomes.

**Recommendation 1:** That the final report includes a reform direction to increase the productivity of agriculture by providing greater public funding for agriculture R&D, and continuing dollar-for-dollar cost-matching for farmer investment in R&D through levy contributions.

## Competition

### Food waste

The interim report identifies the poor reliability of food demand forecasts for farmers as a barrier to achieving efficiency in the whole food-chain system, and a major source of food waste and biosecurity risks. The recently released ACCC Supermarket Inquiry final report confirmed that a lack of transparency over quantity forecasts and prices reduce fairness in the market, leading to waste<sup>7</sup>. In addition, the ability for supermarkets to require specific packaging and then unilaterally reject produce on arbitrary grounds also leads to substantial food waste as it is not economical to re-package rejected produce for alternative markets.

The reform direction proposed in the interim report – to seek information regarding overcoming barrier to food donations to charity – is worthy of consideration. However, NSW Farmers notes that attempts to tackle the issue of food waste is fraught with examples of well-meaning failures. For example, Refresh:Food closed in February this year after only 1 year of operation partially because of the difficulty associated with achieving scale<sup>8</sup>. This is despite Refresh:Food having a partnership with Woolworths, arguably the largest consolidated fresh food supply chain in Australia.

The case study highlights the issue associated with failing to get buy-in and engagement from a sufficient number of farmers, who are used to well-meaning solutions, but must also bear the costs associated with sorting, packing, preparing and often transporting unwanted produce. While food 'waste' is often considered worthless, the moment there is a valuable use for a product, it must be priced accordingly and fairly.

**Recommendation 2:** That any reform directions seeking to divert food from farms to other uses such as charity or as a raw product for bioenergy, recognise the costs to the farmer for supplying that food, which has a fair market price.

### Right to repair

The interim report identifies the potential to expand the Motor Vehicle Service and Repair Information Sharing Scheme to agricultural machinery in order to improve the circularity of that market. NSW Farmers strongly supports extending a general right to repair to agricultural machinery<sup>9</sup>.

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<sup>7</sup> ACCC. 2025. [Supermarkets inquiry 2024-25](#).

<sup>8</sup> Refresh:Food. 2025. [Update for the Refresh:Food business - 24/02/25 - Closing message](#)

<sup>9</sup> Policy 4715 - That NSW Farmers engage with government, ACCC and industry to facilitate a right to repair for all Australian agricultural industries. To ensure that a farmer can have machinery, equipment and hardware repaired at fair and competitive prices. NSW Farmers. 2024. NSW Farmers submission to the Revitalisation of the National Competition Policy. NSW Farmers. 2021. Submission to the Inquiry into the Right to Repair, Productivity Commission.

For farmers, the consequence of a breakdown and slow repairs is high, especially during sowing and harvesting seasons. Crops worth several millions of dollars can be at risk if dealership repairs are unavailable. The number of dealers networks across regional NSW has reduced which exacerbates delays in repairs. The experiences of farmers strongly indicates that brand dealers often charge exorbitant prices, or are simply too far away to offer timely services. Farmers report spending upwards of \$20,000 or 50 per cent more on dealership services for critical repairs<sup>10</sup> compared to what they would have paid for equivalent services from local mechanics. Greater flexibility that enables the use of suitably qualified, independent mechanics to make non-critical repairs without voiding warranties is needed, in addition to adequate consumer law protections for these machines.

Enshrining a right to repair agricultural machinery in legislation would align Australia with international competitors such as Canada<sup>11</sup>. This reform would also provide more consistent consumer protections aligned to the automotive industry in Australia, with legislative changes in 2021 introducing the requirement for motor vehicle service and repair information to be made available for purchase by Australian repairers at a fair market price. The importance of this is underpinned by the Productivity Commission's 2024 reporting that implementing a right to repair could lead to higher output for farmers, translating to a \$97 million increase to GDP.<sup>12</sup> Key flow on effects found also included greater competition in the repair sector leading to a \$311 million increase to GDP.

Both the ACCC and Productivity Commission have recommended that a repair service obligation on agricultural machinery should be introduced in Australia, and action by the Federal Government to implement this is critical to the sector. As such, NSW Farmers supports legislative change that requires manufacturers to provide access to repair information and diagnostic software tools to machinery owners and independent repairers on fair and reasonable commercial terms.

**Recommendation 3:** That the Productivity Commission support the extension of the Motor Vehicle Service and Repair Information Sharing Scheme to agricultural machinery.

**Recommendation 4:** That the Australian Government legislate a right to repair for agricultural machinery.

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<sup>10</sup> NSW Farmers. 2021. Appendix to Submission to the Inquiry into the Right to Repair, Productivity Commission.

<sup>11</sup> Better Farming. 2025. [Canada's New Right to Repair Law](#).

<sup>12</sup> Productivity Commission, 2024. National Competition Policy: modelling proposed reforms - 1 November 2024.