



Association for Good Government

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17 October 2025

To: Minister for Trade and Tourism, Senator the Hon Don Farrell,

Date: 17th October 2025

Subject: Inquiry Submission: Creating Sustainable Economic Growth in Rural and Regional Australia through Ecological Incentives, Premium Branding, and Economic Re-alignment.

Hon. Don Farrell

As Secretary of the Association for Good Government, a non-profit organisation dedicated to the education and propagation of the thought of Henry George and its applications to contemporary issues, I am pleased to respond to your call for submissions.

We hope you accept our humble contribution to the legislative process whose hopes for a vibrant and sustainable prosperity for rural and regional Australia we share.

Faithfully,

Joffre Balce
Secretary

Sustainable Economic Growth for Rural Australia via Ecological Branding and Sovereign Wealth.

Inquiry Submission: Creating Sustainable Economic Growth in Rural and Regional Australia through Ecological Incentives, Premium Branding, and Economic Re-alignment.

EXECUTIVE SUMMARY

This submission proposes a policy framework that uses structural economic incentives to address climate goals while delivering high-integrity market advantages for Australia's rural and regional sectors. The strategy directly aligns the national interest with the Committee's mandate by:

1. **Authenticating the 'Clean and Green' Brand:** Using verifiable tax exemptions for regenerative agriculture to guarantee ecological performance, thereby underpinning premium pricing in domestic and export markets (TOR 1).
2. **Empowering SMEs:** Establishing a national "**Restoration-Compliant**" certification and tradable **Carbon Sequestration Bonds (CSBs)** that SMEs can use for verified branding, compliance, and securing premium contracts (TOR 2).

Funding Transition: Creating the **Mineral Resource Sovereignty Fund (MRSF)**, sourced from the economic rent of finite resources, to provide the long-term capital and political stability necessary to drive this rural transformation

I. Responding to Term of Reference 1: Improving Domestic and International Marketing to Promote 'Clean and Green'

Challenge: Australia's "clean and green" brand suffers from a lack of verifiable, guaranteed ecological practice, which compromises its premium value in sophisticated international markets.

Policy Solution: Guaranteed Ecological Integrity via Tax Exemption (Mandate II: Incentives)

The most effective way to validate the "clean and green" claim is by structurally incentivizing the highest possible ecological standards—regenerative agriculture—and making non-compliance financially impossible.

- **Farm Income Tax Exemption:** Regenerative farms that meet verifiable ecological standards (measured by soil carbon, water use efficiency, and biodiversity) will receive an opt-out from all corporate and/or personal income taxes related to their farming activity. This creates an immediate, massive financial advantage for ecological stewardship, making regenerative practice the dominant, high-integrity production model.
- **Consumer GST/Sales Tax Exemption:** Customers purchasing food verified as grown by these regenerative farms will be exempt from the Goods and Services Tax (GST) or equivalent sales taxes. This creates a powerful, demand-side price

advantage, immediately driving market share toward products with guaranteed "clean and green" credentials.

This dual exemption model eliminates the "Incentive Gap," ensuring Australian exports carry a **premium ecological guarantee** that commands higher prices internationally.

II. Responding to Term of Reference 2: Promoting and Supporting SMEs through Enhanced Branding, Labelling, and Certification

Challenge: Small and medium enterprises (SMEs) in rural Australia lack the capital and infrastructure to achieve and market internationally recognized, high-integrity sustainability credentials.

Policy Solution: Tradable Assets for Certification and Compliance

The MRSF will establish two market instruments specifically designed to provide branding and compliance tools for SMEs and regional businesses:

1. **"Restoration-Compliant" Certification and Green Branding:**
 - Farms and regional businesses meeting the ecological standards required for the income tax exemption (Section I) gain a verifiable, state-backed **"Restoration-Compliant"** certification.
 - This certification justifies immediate market premiums and enables new revenue streams such as **agritourism** (addressed in Section III).
2. **Carbon Sequestration Bonds (CSBs) as Tradable CSR Instruments:**
 - The MRSF will issue high-integrity, tradable **Carbon Sequestration Bonds (CSBs)**, representing verified carbon sequestered by compliant regenerative farms.
 - These CSBs are officially recognized as high-integrity instruments that other companies (domestic and international) can purchase to meet mandated or voluntary Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) compliance requirements. This creates a stable, high-value **secondary market for the ecological outputs of rural SMEs**, diversifying farm income and ensuring long-term financial viability.

III. Responding to Term of Reference 3: Aligning Tourism with Food and Drink Experiences

Challenge: The economic relationship between premium Australian food and regional tourism is often ad-hoc, failing to capitalize on the authenticity of production practices.

Policy Solution: The "Restoration-Compliant" Tourism Advantage

The **"Restoration-Compliant"** certification developed under TOR 2 acts as a powerful marketing beacon for regional tourism:

- **Integrated Agritourism:** Regenerative farms can market their operations directly to tourists as high-integrity, certified **Restoration Sites**, justifying entry fees, product sales, and premium accommodation.
- **Geotourism for Restored Sites:** Revenue generated by the LVT (see Section IV) can be partially allocated to the full restoration of depleted mining sites. These sites,

often in remote regional areas, can be converted into **Geotourism** destinations, providing long-term, non-extractive economic activity for surrounding regional communities.

IV. Enabling Financial and Legal framework (The Dual Mandate)

Achieving these market outcomes requires a fundamental shift in how Australia taxes natural resource rent to secure the necessary long-term capital and political support.

A. Funding the Transition: Mineral Resource Sovereignty Fund (MRSF)

The entire framework is anchored by the **Mineral Resource Sovereignty Fund (MRSF)**, which institutionalizes the capture of economic rent from finite resources:

- **Source of Capital:** The MRSF will be the repository for all **Land Value Tax (LVT)** revenue derived from the competitive resource auctions on resource-rich land (Mandate I: Rebalancing).
- **Federal-State Revenue Sharing:** The MRSF will operate under a transparent **Federal-State Revenue Sharing Model**, distributing a defined portion of the LVT proceeds immediately to State and Territory governments. This revenue sharing ensures states are financially incentivized to support the national framework and can establish their own independent, state-level sovereign mineral wealth funds.

B. Ensuring Global Competitiveness (CBAM Integration)

- **Carbon Border Adjustment Mechanism (CBAM) Integration:** A complementary CBAM must be implemented, imposing a carbon liability on imports. This mechanism is critical because it will dramatically **increase the demand and attractiveness of the domestic CSBs**, transforming them from a voluntary asset into a mandatory compliance instrument for importers seeking to offset their carbon tariff costs. This drives external, stable demand for rural ecological assets.

C. Constitutional and Legal Strategy

To ensure legal stability, the policy is structured to leverage strong Commonwealth powers:

- **Basis for the Federal LVT:** The LVT is legislated under the Commonwealth's broad **taxation power (Section 51(ii))**, focusing on taxing the *right to appropriate economic rent* rather than a state-style royalty.
- **MRSF and Revenue Sharing:** The MRSF and its Federal-State Revenue Sharing Model will be established under the **grants power (Section 96)**, legally integrating the states into the national policy framework.
- **Acquisition of Property (Section 51(xxxi)):** The competitive auction mechanism is framed as a licensing mechanism for the *future* right to extract, mitigating the risk of being classified as the compulsory "acquisition of property" without "just terms."

Recommendation: We strongly recommend the immediate drafting of legislation to enact the Dual Mandate policy framework, initiating the competitive auction process for resource land and establishing the tax exemption criteria for regenerative agriculture, as these measures represent the most sustainable path to economic growth in rural and regional Australia.