



A Submission by Ararat Rural City on the Agricultural Competitiveness Green Paper

Ararat Rural City

This Submission makes general and specific responses to the Federal Government Agricultural Competitiveness Green Paper.

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Ararat Rural City

Ararat is a major regional service centre in Victoria's mid-west. Ararat has a large retail sector that services the town and surrounding areas. Ararat is a major transport hub for both rail and road transport. Ararat is the junction for railway lines to Mildura, Adelaide, Portland, Geelong and Melbourne. The Western Highway passes through Ararat and is the major inland road link between Adelaide and Melbourne and carries around 6,000 vehicles per day of which 1500 are heavy transport vehicles. The Pyrenees Highway runs North South and is a major road freight link between the regional centres of Portland, Hamilton and Warrnambool and inland areas.

Ararat Rural City is comprised of a series of rural villages – including Pomonal, Armstrong, Elmhurst, Moyston, Warrack, Buangor, Maroona, Rossbridge, Willaura, Wickliffe, Lake Bolac, Westmere and Streatham. These small villages are located in the foothills and valleys around the major service centre of Ararat.

Area: 490,982km²

Population: 11,184 (Estimated 2014)

Gross Regional Product: \$532 million

Per Capita Gross Regional Product: \$47,000

Per Worker Gross Regional Product \$116,890

Total Output in the area is estimated at \$1.79 billion.

Ararat Rural City - Agriculture

Approximately 721 people are employed in agriculture in Ararat and around 200 in the food processing sector. Agriculture is mainly based around grain, wool and meat production while food processing is represented by activities such as meat and poultry processing, wine processing and bread and pastry production. The vast majority of agricultural production and food processing in Ararat is not consumed locally and is exported within Australia and overseas. Current land usage is:

LAND USE- Conservation and Natural Environments (ha)	40 422
LAND USE- Production from Relatively Natural Environments (ha)	38 541
LAND USE- Production from Dryland Agriculture and Plantations (ha)	326 411
LAND USE- Production from Irrigated Agriculture and Plantations (ha)	200
LAND USE- Intensive Uses (ha)	10 034
LAND USE- Water (ha)	5 520

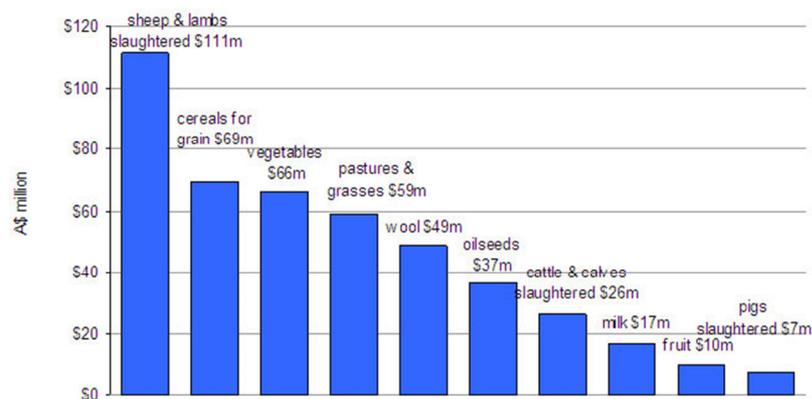
(Land Use Ararat Rural City – Source ABS)

Department of Environment and Primary Industries DEPI does not produce production data at a local government level but at a regional level and most recent data is from 2006.. Ararat is included in the Central Highlands Region. The total area of agriculture for the Central Highlands was more than

769,000 ha and the total value of agriculture was \$448 million in 2006. Livestock are worth approximately \$143million in the Central Highlands, the greatest earning sector in the region. The region has over 139,000 head of cattle. Around 2.6 million head of sheep in the region produce around \$155 million in meat and wool.

Cropping is worth \$218 million with wheat, oats, barley, triticale and canola the main crops grown in the Central Highlands region. Vegetable production is worth \$40 million with potatoes the predominant crop worth \$ 35 million.

The top ten agricultural commodities produced in the region by value are shown in the graph below.



In 2011–12 the gross value of agricultural production (GVAP) in the North West region was \$2.9 billion, which was 25 per cent of the total gross value of agricultural production in Victoria (\$11.3 billion) for 2011–12. This is the most recent year for which data are available from the ABS on GVAP for this region.

For the purposes of statistical data gathering and collation, the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) includes Ararat as part of the North West Region, not the Ballarat Region. The North West region spans the north-west corner of Victoria, between the South Australian and New South Wales.. The region comprises the ten local government areas of Ararat, Buloke, Gannawarra, Hindmarsh, Horsham, Mildura, Northern Grampians, Swan Hill, West Wimmera and Yarriambiack, part of Pyrenees, and the major regional towns of Ararat, Horsham and Ouyen. The region covers a total area of around 78 100 square kilometres or 34 per cent of Victoria’s total area and is home to approximately 147 400 people (ABS 2011).

Agricultural land in the North West region occupies 52 000 square kilometres, or 67 per cent of the region. Areas classified as conservation and natural environments (nature conservation, protected areas and minimal use) occupy 20 150 square kilometres, or 26 per cent of the region. The most common land use by area is dryland cropping which occupies 28 140 square kilometres or 36 per cent of the North West region.



Map 1 North West region of Victoria

The most important commodity in the North West region based on the gross value of agricultural production was wheat. In 2011–12, wheat contributed 21 per cent (\$607 million) to the value of agricultural production in the region. Sheep and lambs accounted for 11 per cent (\$305 million), barley contributed 10 per cent (\$293 million), wine grapes 10 per cent (\$274 million), fruit excluding wine grapes 9 per cent (\$266 million), and oilseeds 7 per cent (\$190 million).

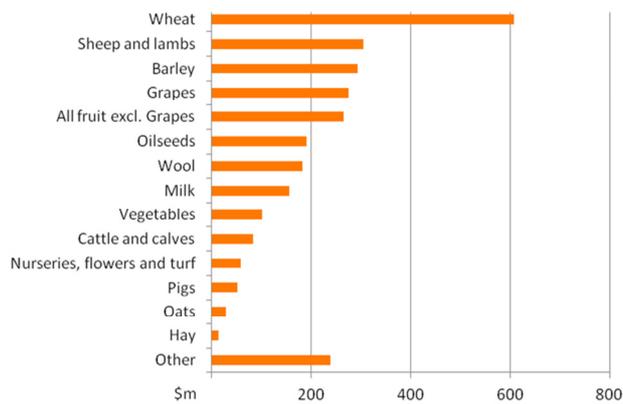


Figure 2 Value of agricultural production, North West region, Victoria, 2011–12

ABS data indicate that in 2011–12 there were 5894 farms in the North West region with an estimated value of agricultural operations of more than \$5000 (**Error! Reference source not found.**). The region contains 18 per cent of all farm businesses in Victoria.

Industry Classification	North West region		Victoria	
	no.	%	no.	%
Grain growing	1,865	32	2,621	8
Mixed grains and livestock	1,153	20	2,373	7
Fruit and nuts	1,041	18	2,375	7
Sheep	752	13	3,984	12
Dairy	280	5	5,027	15
Other livestock	104	2	1,493	5
Mixed livestock	100	2	1,347	4

Vegetable	92	2	730	2
Beef Cattle	72	1	8,178	25
Other	433	7	4,324	13
Total Agriculture	5,894	100	32,452	100

Note: Where the estimated value of agricultural operations is more than \$5000. Source: Australian Bureau of Statistics

In 2013–14, receipts from sheep, lambs and wool were projected to increase as a result of higher prices. However, despite increased turnoff of beef cattle, lower saleyard prices are projected to result in little change in beef cattle receipts. Receipts from cropping are projected to remain similar to 2012-13, with only a small increase in winter crop production and lower prices for canola, barley and some grain legumes. On average, farm cash income for broadacre farms in Victoria is projected to decline slightly to \$82 000 per farm in 2013–14, around 12 per cent above the ten-year average to 2012–13 of \$73 000 per farm.

Agriculture and other primary production will be affected by climate change in different ways depending on seasonal factors, and the location and type of agricultural activity. Changing seasonal conditions may present opportunities for some producers to develop new practices and increase productivity in some locations and activities. For example, new crops may be grown in some areas that experience a warmer climate and longer growing season, leading to emerging opportunities to diversify agricultural production. Planning needs to support rural land use change that enables farming communities to respond to changing conditions, be they climatic or economic.

Opportunities exist for a range of land uses in rural areas that are complementary to agricultural production, including tourism; carbon offset schemes and renewable energy generation, which could provide alternative income streams for farmers. For example, in high amenity areas such as parts of Ararat Rural City close to the Grampians National Park, opportunities exist for on-farm accommodation or activities to broaden the tourism products on offer and augment farm incomes.

Over recent years Ararat has become a popular location for niche food market activities such as, olive oil production and processing, and wine production. Local processing capability has been boosted by the growth of intensive animal industry activities such as poultry and pigs. An opportunity exists for small and micro producers to develop product that can be consumed by local consumers, shortening supply chains and providing an affordable and healthy source of fresh produce.

Continued growth of the agriculture sector strengthens the municipality overall both economically as well as socially and increases the opportunity for growth in the rural supply towns of Lake Bolac and Willaura.

Ararat Rural City Agricultural Sector Overview

- Relative cost benefits in Ararat for food processing activities in terms of access to suppliers and infrastructure costs such as land.
- Ararat's proximity to large domestic markets and export facilities.
- Clean and green produce
- Availability of skilled agricultural workers.
- Future capacity for the growth of the wine industry.
- Potential development of new micro agriculture and food industries such as fruit, vegetable, honey, rabbit and goat.
- The possible development of intensive food production facilities for supply to Ballarat & Melbourne such as hydroponic glasshouse production, etc.
- Access to regional education and training facilities such as Federation University and NMIT.
- Existing informal networks in agricultural and wine sectors such as Grampians Produce, Central Highlands Agribusiness Forum. And the Grampian Pyrenees Wine Growers.
- Proximity to the Melbourne Wholesale Markets for meat, fruit and vegetables.
- Potential for direct exporting of value added products to China.

General Comments on Agricultural Competitiveness Green Paper

Although the Agricultural Competitiveness Green Paper explores many issues that are having significant impacts on the agricultural sector it fails to adequately recognise and analyse two key factors that have a negative causal effect on the issues that the Green Paper canvases. They are: Climate Change, and Declining and ageing populations in Regional and Rural Australia.

Ararat Rural City is continuing to experience hotter and drier years which is leading to changes in crop production and yields. Harvesting that is currently taking place is revealing that crop yields are on average 40% to 50% lower than long term averages. The lack of ground water and feed is leading to a large sell-off of stock including valuable breeding stock. This sell-off has future implications in relation to the local meat works being able to source livestock for production in the New Year.

Declining birth rate, lack of in-migration and the loss of youth who move to continue their education and do not return is creating an ageing and stagnant population. Government policies and programmes need to be developed to address this serious issue. Although 457 visas and other measures outline in the Green Paper address labour shortage issues, these are only short term solutions that do not stop the long term trend of an ageing, stagnant population.

An additional issue with the Agricultural Competitiveness Green Paper appears to be an assumption that all agricultural production either ends up in Capital cities for consumption and value adding or is exported overseas. Although this is mainly the case options need to be explored to determine how produce can be value added in regional and rural areas to process or value add to products to create additional wealth and employment opportunities for residents. This also provides more opportunities for farmers to earn additional off farm income during difficult seasons.

Policies also need to be considered to ensure that local residents have access to fresh wholesome food. In the vast majority of cases local fresh produce is shipped to Melbourne to wholesale markets and then is purchased by large supermarket chains and then returned to where it was produced. Apart from obvious inefficiencies and the cost of transportation this process means that often fresh food is tired, bruised and past prime use by the time it arrives in Ararat.

Specific Comments on the Agricultural Competitiveness Green Paper

Infrastructure

Policy idea 1—Building new transport infrastructure:

The Government is committed to working towards filling Australia's infrastructure gaps to meet the infrastructure needs of the 21st century.

Response: Ararat is ideally located at the junction of the Western and Pyrenees Highways and the standard gauge and broad gauge railway lines. These links allow direct access to ports at Geelong, Melbourne, and Portland as well as directly linking Melbourne with Adelaide and Mildura. The opportunity exists to develop an intermodal freight hub to allow the efficient loading and offloading of containerised grains, meat, and other produce. This would allow transport companies to make better use of their assets and speed up delivery time and access to markets.

Policy idea 2—Improving existing infrastructure and transport regulation:

The Government is committed to upgrading existing infrastructure across Australia and reducing transport costs. To address these needs, stakeholders have suggested that mechanisms are required to incorporate information on local infrastructure needs and bottlenecks into infrastructure planning and funding decisions. Options are also sought on areas where transport regulation can be amended or removed to improve the efficiency of the transport system and reduce business costs. For example, the Government is considering reform of coastal shipping regulations to reduce costs faced by producers.

Response: Local government is ideally positioned to identify local infrastructure needs and bottlenecks. It is critical to maintain and give long term certainty to funding programs such as Roads to Recovery and the Bridge Renewal Programme. The percentage required to be committed by local government should be lowered due to falling rates bases.

Policy idea 3—Enhancing communications:

The Government is committed to ensuring that farmers and regional communities have access to reliable and affordable communications systems. Views are sought on areas of focus for future government and commercial investment in communications infrastructure and options to assist farmers and regional communities to use the communications infrastructure currently being deployed.

Response: Modern farming practices demand fast and efficient internet as well as mobile telecommunication access. Farmers in our region who use real time GPS enabled computing solutions as an aid in cropping are continually frustrated by the inability to send and receive large data packets. This issue is further compounded when upload data to be sent to agronomists and specialist service providers who assist farmers in maximising yield and profit. Mobile telecommunications including internet are a significant issue for farms in terms of safety, connectivity to the community and productivity.

Foreign Investment

Policy idea 13—improving the transparency of foreign investment:

Expanding the coverage of the register of foreign ownership of agricultural land to water and agribusiness enterprises would improve transparency and allow for a more informed debate about foreign ownership.

Response: Ararat Rural City supports this policy. Many issues in relation to perceived control of agricultural assets are based on hearsay, rumour and innuendo. Foreign investors are becoming more aware of community perceptions and are becoming less interested in becoming involved in projects that may be contentious. A clear and transparent approach to foreign investment is critical.

Education, Skills, Training and Labour

Policy idea 14—Strengthening agricultural education:

Young people, including those in rural and remote Australia, should have access to a comprehensive education. This should include a clear pathway for agricultural education and training from high school to tertiary level, to training opportunities for lifelong learning for those in the industry.

Stakeholders frequently raised the difficulties faced by young farmers in getting a foothold in the industry, due to lack of clarity about career options and growth possibilities and high capital costs.

Response: Agricultural education cannot be considered in isolation from the rest of the education sector and the potential for students to start developing skills and knowledge of agricultural practices in secondary school to create a pathway into further study is desirable. Local schools have begun to offer some agriculture and viticulture based courses and it is hoped that these courses will assist in improving retention rates for secondary students.

A significant issue for students in Ararat Rural City has been the lack of offerings at TAFE and University levels. The local TAFE providers NMIT and Federation University are no longer offering courses on campus to students. This is leading to a significant drop in local students continuing on into the TAFE or Higher Ed sector.

Policy idea 15—Strengthening labour availability:

While the Government is strongly focused on strengthening the domestic labour market and creating jobs for Australians, visa programmes can be an important means of supplementing domestic labour supply for the agriculture sector. Stakeholders emphasised the importance of labour market flexibility and the ability to access labour when needed, and recommended broadening the scope of existing visa schemes.

Response: 417 and 457 visas provide a short term solution but do not address the ageing population and loss of youth to the capital cities. The Agricultural Green Paper needs to examine Government policies in relation to decentralisation and migrant intake. Options need to be explored that enable migrants to receive advanced entry options if they move to regional and rural areas where there are job shortages and undertake a form of indenture. The Federal Government also potentially has a role in promoting the benefits of living and working in regional and rural Australia to citizens located within Capital Cities. Additionally policies need to be developed to encourage relocation through tax benefits and financial assistance to targeted skills groups.

Drought

Policy idea 16—Increasing drought preparedness:

Response: As previously noted the effect of climate change is an increased prevalence of below average rainfall years as well as hotter years. The first step in increasing drought preparedness is to recognise the effect of climate change and to undertake effective programmes to combat the change. Providing taxation opportunities to farmers to develop water and fodder infrastructure is a worthwhile approach but is contingent upon receiving adequate rainfall to harvest.

Currently with Ararat Rural city there is no automated weather stations located within the municipality. Farmers and contractors need to rely on information from weather stations in other locations that often report different climactic conditions to those being experience locally and due to the distance the information is often out of date. Additional automated weather stations will improve productivity by assisting farmers with accurate and timely information in relation to crop sowing and harvesting and animal husbandry.

Policy idea 17—In drought support:

There are community expectations of a role for government in providing appropriate support to farm families and otherwise viable farm businesses suffering severe droughts.

Response: A serious concern for many farming enterprises during periods of drought is having to pay Council rates when they are receiving minimal or no income. When drought conditions are declared, the Federal and State Government should provide full rate relief rather than the 50% that has been provided previously.

In addition to providing relief, carefully integrated policies will provide opportunities for farmers to access additional on-farm and off-farm income. As outlined in the general discussion area of this submission, major weaknesses in the Green Paper is the lack of recognition of climate change, the ageing, stagnant population and the advantage of processing food and adding value add locally.

Until recent proposed changes to the Renewable Energy Target were announced, Farmers were able to access significant on-farm income that in effect drought proofs their farm. A proposed 75 turbine Wind Farm at Ararat, which is now at risk of not being developed due to RET uncertainty, would provide on farm income for 23 farming enterprises. Rapidly ageing farmers are finding that their children who have moved away for employment are unwilling to return take over the family farm due to uncertainty over income. The hosting of Wind Turbines or other forms of renewable energy provides a steady income stream which makes succession within the family far more likely.

Growth in population, with a subsequent boost to the local economy, plus additional jobs in food processing would provide an opportunity for farmers to access off-farm income through casual employment. It also provides an opportunity for a spouse or children to earn off farm income adding to the overall viability of the farming enterprise.

Water and Natural Resource Management

Policy idea 18—Improving water infrastructure and markets:

Developing our water infrastructure and improving the efficiency of water trading markets are integral to the competitiveness of Australia's irrigation industries. Stakeholders suggested some ideas to improve water infrastructure, markets and administration. These included:

Response: Providing a 50 per cent per year deduction over three years for investment in on-farm water reticulation infrastructure is a possible approach to allow farmers to improve on farm water reticulation.

Policy idea 19—Natural resource management initiatives:

Environmental legislation provides important protections for our natural assets. However, regulation needs to appropriately recognise the interests of rural landowners.

Response: Farmers need to be able to access expert knowledge and assistance at a local level. Current programmes are under-funded and under staffed leading to delays in receiving assistance.

Biosecurity

Policy idea 23—improving the biosecurity system:

Australia's biosecurity system protects our native flora and fauna and underpins our agricultural exports.

Response: Biosecurity needs to also consider controls and measure to ensure that the purity of non-genetically modified crops is not contaminated by genetically modified crops. This is of particular importance due to restrictions placed on the use of genetically modified food by some importing countries.

International Trade

Policy idea 24—Strengthening Australia's overseas market efforts:

Maintaining international competitiveness requires an understanding of, and engagement with, our overseas customers and competitors.

Response: Local Government is ideally placed to assist develop export opportunities through pre-existing Sister City Relationships. Councils such as Ararat have 20 plus years of relationships with countries such as China. Ararat has led a number of Trade Missions to China that has resulted in the sale of Ararat produced wine, olive oil, and meat to consumers in Shanghai and Taishan. Although some economic activity occurs under the banner of these relationships a lack of resources mean that the full economic potential has not be attained. The Federal and State Governments need to provide funding to allow Local Government to act as brokers to assist develop export opportunities.