

NSW PRIMARY INDUSTRIES MINISTERIAL ADVISORY COUNCIL

SUBMISSION TO THE COMMONWEALTH ON THE AGRICULTURAL COMPETITIVENESS GREEN PAPER

The NSW Primary Industries Ministerial Advisory Council (PIMAC) was established by NSW Primary Industries Minister Katrina Hodgkinson in 2012. The Council advises the Minister on a broad range of primary industries, including:

- The impact of government policies, legislation, services and fees to primary industries;
- Emerging issues and opportunities and their impacts on the future operation and development of primary industries;
- Exploring, developing and resolving primary industries issues through stakeholder consultation;
- Providing in-depth analysis of the impact of priority issues on primary industries as well as broader government and community objectives; and
- Provide strategic advice on biosecurity issues impacting on primary industries in NSW.

The NSW Government's ten year economic reform plan (*NSW 2021*) prioritises economic development of the State. Developed to drive economic development consistent with the *NSW 2021* plan, the *NSW Economic Development Framework* embodies five principles for Government to promote economic development – leadership, making it easier to do business, collaboration to drive innovation and competitiveness, investment in critical infrastructure, and raising the global profile of NSW. To give effect to these principles, the NSW Government has facilitated the development of five Industry Action Plans by industry-led taskforces.

A [NSW Agriculture Industry Action Plan](#) (IAP) has been developed under PIMAC oversight by an industry taskforce comprising nine members from the beef, sheep, cropping and agribusiness sectors. In July 2013, the taskforce released an [issues paper](#) for public comment. During the public consultation period, 44 submissions were received from industry stakeholders, ranging from individuals through to major industry representative bodies. These submissions provided the taskforce with the ideas and actions that will enable the industry to grow. In March 2014, the taskforce released draft recommendations to Government for public comment. Based on feedback from stakeholders, these [recommendations](#) were presented to Government in July 2014 for consideration. The recommendations outlined the actions for both industry and government to address the challenges and opportunities for the agriculture sector over the next 10 years and drive continued growth of our primary industries sector and to support growth of jobs in rural and regional areas.

In November 2014 the NSW Government launched the [Agriculture Industry Action Plan: Primed for growth, investing locally, connecting globally](#) containing the Government's response in support of the taskforce's recommendations.

The IAP reflects the need for industry and Government to work together to achieve a stronger outlook for agriculture. It is hoped that the Federal Government will also adopt this position; noting that there is a need to recognise the capacity of industries for self-management and self-auditing schemes.

The NSW Primary Industries Ministerial Advisory Council therefore supports the development of a Federal policy position that values the contribution of Australian agriculture to the economic and social wellbeing of our communities.

The Agriculture Industry Action Plan and the Agricultural Competitiveness Green Paper

This submission identifies specific issues considered important in the *NSW Agriculture Industry Action Plan (IAP)* that the PIMAC believes are of significant relevance to the Commonwealth Agricultural Competitiveness Green Paper.

The Agriculture Industry Action Plan recommends a broad range of actions to be implemented by industry and government – all of which are supported by the NSW Government.

These recommendations are based around six key themes:

- build the appropriate frameworks to maintain the profitability, productivity and innovation that will underpin competitiveness of the agriculture sector in the face of declining terms of trade;
- maximise the efficient use of human capital through a focus on workforce and skills;
- review the business and regulatory operating environment in NSW to ensure the focus is on business development in the sector;
- investigate new models for investment and ownership within the industry to facilitate the capital investment required to underpin growth;
- develop the partnerships, supply chains and operating environment to capitalise on market and export opportunities; and
- improve long-term market development by effectively connecting with communities to build the social licence for production systems and products.

These are considered in terms of the specific policy ideas identified in the Green paper.

Infrastructure - building efficient and cost effective transport and communications infrastructure that will support the movement of farm inputs and outputs; reduce costs and open up new markets; and facilitate new or intensified agricultural production.

Policy idea 1: Building new transport infrastructure

- Linking public and private freight lines and port infrastructure;
- Investigation into all-weather access rural roads that may increase productivity of interstate freight movement, including sealing a third east-west continental road through Central Australia;
- Identifying freight hubs in regional Australia as potential opportunities to significantly reduce transport times to markets; and
- Examining infrastructure for greenfield developments that may support growth in new areas and open up new opportunities for Australian farmers.

Agriculture is dependent upon access to reliable and cost-efficient transport and telecommunications infrastructure. Australian farmers are price takers in global agricultural commodities markets in which the transport costs of commodities can exceed 40 per cent of the farm gate value. Any saving in transport cost will therefore translate directly into farm income. Investment in regional transport infrastructure that results in transport cost savings will directly improve agricultural profitability in addition to regional community benefits. The IAP taskforce recognised infrastructure issues as constraints for export and development that reduce competitiveness of the sector, specifically rail and port access.

Policy idea 1 falls under IAP recommendation 36 for Government to produce an infrastructure investment plan to prioritise investment in the development and replacement of key infrastructure related to agricultural industries. An analysis of infrastructure gaps and those that are most likely to significantly improve agricultural profitability (by improving market access or reducing transport cost) should be prioritised in NSW / State / Federal Strategies. The PIMAC notes that the NSW Government is committed to the delivery of the State Infrastructure strategy.

The PIMAC recommends that all components of policy idea 1 be supported as overcoming transport and logistical impediments is a cornerstone of ongoing profitability.

Policy idea 2: Improving existing infrastructure and transport regulation

Regulation can promote or inhibit industry competitiveness. Complementary transport regulatory measures that reduce production costs (e.g. removing constraints on the movement of farm machinery) improve comparative advantage, whilst enhanced use of technology in the implementation of regulatory mechanisms improves productivity in the movement of agricultural commodities. These are areas identified as requiring improvement in both cross jurisdictional co-operation and streamlining of regulatory processes.

The PIMAC recommends that policy idea 2 be supported.

Policy idea 3: Enhancing communications

Access to reliable mobile communications and high speed internet services is essential as the equipment used in modern agriculture increasingly use technologies that require regular or real time connectivity to improve productivity. Limited mobile phone coverage or slow internet access speeds due to mobile tower black spots or constrained bandwidth may render such equipment almost useless and limit the productivity gains expected from the investment.

The PIMAC recommends that policy idea 3 be supported.

Working with States and Territories – to deliver improved outcomes for Australian agriculture including tackling deregulation through the Council of Australian Governments (COAG) agenda.

Policy idea 4: State Government deregulation

- Removing excessive native vegetation laws;
- Removing excessive work health and safety requirements; and
- Improving efficiency of the native title system.

It is incumbent on government to ensure that regulations are necessary, reasonable and responsive. Businesses are exposed to the impacts of regulation in multiple ways, including financial, land use planning, environmental and labour regulation from all levels of government. While there are perceptions that all regulation is a burden to industry, in many cases the regulatory environment sets a benchmark that ensures market access, certainty of product quality and provides confidence in the operations of a sector. However, the imposts of the regulatory burden are not necessarily equitable. Small or medium sized businesses (including family farming enterprises) have less capacity and capability to address the requirements of multiple layers of complex regulation. As noted above, regulation can either promote or inhibit industry competitiveness. It is essential that Government gets the balance right such that regulations that impact farming businesses are needed, have clearly defined objectives, are well thought out and based on common sense implementation.

With regard to WHS matters, there should be a greater emphasis on managers and agricultural workers having a degree of accountability for their own safety in the workplace. Clearly the people undertaking a business have significant WHS responsibilities, but in the rural / farm context individuals undertaking work should carry common sense accountability for their own actions.

Government should review regulatory models and identify opportunities for broader co-regulatory models where appropriate. Whilst there is a case for the imposition of a cost recovery process for

some government inspection and licensing processes, industry can also develop and use cost effective industry ‘best practice’ to demonstrate to community and government that there is a case for reduction in regulatory burden. In its turn, government should establish processes to recognise industry best practices and to identify opportunities to reward industry with less regulations or red tape where they can demonstrate such best practice approaches.

In return for industry being proactive, Government should continue to focus its broader agenda on red tape reduction, particularly addressing instances where there is unintended impact of policy and regulation. The NSW Government is committed to the delivery of the reduction in red tape through the state plan NSW2021. Recommendation 21 of the IAP explicitly notes the need for better collaboration and coordination of the regulatory framework for biosecurity legislation and regulations across jurisdictions.

The PIMAC supports the review of cross jurisdictional regulations that impose unwarranted or excessive costs on farmers and agribusiness for little or no benefit. The targeting of specific regulations for repeal in the absence of an independent and transparent review process is not supported. See policy idea 19 for further PIMAC views on the integration of policy idea 4 with natural resource management and the role of agriculture.

Policy idea 5: Protecting the resource base

- Limiting the adverse impacts of mining on the agriculture sector...;
- Providing opportunities for farmers to convert leasehold land into freehold;
- Ensuring greater consistency in biosecurity regulations between Australian jurisdictions; and
- Quarantining prime agricultural land from mining.

Pressures on agriculture associated with changing land use (e.g. urban expansion, extractive industries, and environmental offsets) and their associated demand for water all threaten the long-term viability of the agriculture sector. The demand for land, whether for urban or other development has historically and continues to be at the expense of the agriculture sector, with the result that the land and water resources available for agriculture in Australia are generally in decline.

To ensure long term viability of the agriculture sector, Federal and State Governments need to implement joint coherent policies to protect agricultural land such that the land and associated water resources remain available and in a productive state for all future generations. These policies need to reduce the potential for conflict regarding access to resources and industry development. Existing policies seem unbalanced in that they favour the short to medium term environmentally damaging extractive industries over the longer term environmentally and economically sustainable primary production sector. Cumulative impacts on the agricultural resource base are not meaningfully assessed. The PIMAC believes that both Federal and State policies need to be better balanced and more consistent in their approach to natural resource management and land access and should properly reflect the longer term value of sustainable food and fibre production associated with the longer timeframes characteristic of agricultural activity in the landscape.

An approach that values agricultural production is critical for the long term development of the agriculture sector and will improve certainty for investment into land and other resources. Without stable and favourable policy settings for resource management and security of access, the sector is unlikely to develop sufficiently to achieve the objectives of food security, agricultural competitiveness and improved returns envisaged in the Agricultural Competitiveness Green paper.

The IAP taskforce emphasised that the importance for the agriculture sector of security of tenure/access for resources such as land, water and energy and that this is considered in a sensible and transparent manner in resource planning regulation.

Streamlining and improving the alignment of planning processes with environmental and food regulations, particularly regulations that impose similar or duplicative administrative or compliance requirements, including harmonizing interstate biosecurity regulations are also key issues.

The NSW Government has not supported quarantining prime agricultural land from mining activity, but has supported limiting the adverse impacts of mining on the agricultural sector through the Strategic Regional land Use policy and plans. Ensuring a level playing field for agriculture interests when mining and coal seam gas activities are being considered is a key concern of the PIMAC. Of key concern is the practice of large resource developments proposing operational plans that lead to permanent alienation of significant agricultural resource lands through biodiversity offsetting requirements that effectively sterilise through non-development covenants areas of land many times larger than the actual resource development footprint.

Coexistence is both desirable and feasible. However, given the long term nature of agriculture, it should be incumbent on mining and coal seam gas activities to avoid or minimise disruption and inconvenience to agricultural operations. This can be achieved by the use of best practices, innovative technologies and an enforceable monitoring regime. The history of the loss of the long term economic prosperity from agricultural land in Australia to short term mining profits and the subsequent lack of rehabilitation does little to allay fears that governments of all persuasions and jurisdictions pay scant attention to the importance of agriculture in the long term national interest and the need for intergenerational equity.

The PIMAC recommends the first three components of policy idea 5 be supported.

Policy idea 6: Strengthening farm businesses

- Implementing a nationally consistent and mandatory approach to farm debt mediation;
- Subsidising farm energy audits;
- Streamlining development application processes;
- Enforcing animal welfare legislation, and strengthening laws to stop trespass on farms; and
- Adopting the Co-operatives National Law.

Formal farm debt mediation processes in NSW have supported both the farm and banking sector in managing difficult and intractable debt situations. This formal process has served NSW well through a number of difficult droughts and debt recovery periods. NSW has much to offer the current process in the consideration of a national approach to farm debt mediation.

Farm debt mediation has supported the relationship between the farm and finance sectors, there remains for many farmers imbalances in farm finance and farm risk management that, if left uncorrected, will continue to impoverish the sector.

Competiveness and comparative advantage are the pillars of future success, but the foundations of size, efficiency, business structure, product, labour & capital intensity and indebtedness must all be secure. For the latter, greater mutual accommodation between industry and financiers is needed.

The need for assistance for farm energy audits has been a recent focus for the PIMAC, including promotion of agricultural energy tariffs.

Recommendation 21 of the IAP for Government to advocate nationally for the harmonization of regulations for animal welfare regulations is supported by the NSW Government. The PIMAC welcomes measures to ensure a consistent approach to animal welfare across jurisdictions that protects both animals from abuse and supports industry.

A Co-operatives National Law will assist in delivering economic growth. It should therefore be included as a specific issue for cross jurisdictional review at COAG and implementation at a Federal level.

The PIMAC recommends that all components of policy idea 6 be supported.

Competition and regulation – giving farmers the best chance to earn a fair return on investment by ensuring fairness and transparency in the supply chain; and making sure that unnecessary red and green tape is removed and that necessary regulation creates the least possible costs for businesses and individuals.

Policy idea 7: Improving market competition

- Introduce options to increase price transparency throughout the domestic supply chain;
- Introduce new marketing mechanisms to restore the balance of power to the producer; and
- Facilitate greater use of cooperative structures.

Policy idea 8: Strengthening competition laws

- Revisions to the Competition and Consumer Act;
- Reviewing competition laws to consider whether there are any barriers to greater consolidation among agribusiness firms;
- Increasing the agribusiness resources of the ACCC;
- Creating a supermarket ombudsman with penalty powers and a mandatory code of conduct for supermarkets (across all commodities) backed by direct financial penalties.

Policy idea 9: Improved regulation

- AgVet chemicals regulation
- Country of Origin Labelling for food

The long term sustainable production of food and fibre is essential for maintaining viable rural communities, but market and government failures that result in agricultural margins being increasingly captured by other sectors are not being actively addressed. Thirty per cent of employment in rural communities involves primary industries services and activities, half of which is directly attributable to agriculture and aquaculture. Australian agriculture is the major contributor to domestic demand for food and fibre products and also for exports to satisfy the demand for quality Australian products. There are collaborative opportunities for Regional Development Australia to work with both industry and State governments (e.g. NSW Regional Action Plans and the Economic Development Framework).

Existing Australian competition policy is inadequate. Small or medium sized businesses (including family farming enterprises) do not have the same capacity and capability to compete as the corporate sector, nor are their concerns about market dominance and transparency that distort profitability and productivity adequately addressed. Governments should investigate the socio-economic drivers (demographics, economic values) of the sector and develop policies that ensure the sector is productive, profitable and sustainable in the future. These policies need to actively address market and government failures that constrain profitability and productivity or impede sustainability of the sector. Government should also work with industry to identify opportunities and linkages across the metropolitan and regional business sectors to assist broader economic development.

While there are other factors such as the exchange rate that have worked against food production sector, the disadvantaging of the food processing industry and related farm sectors that have resulted from the world's most concentrated supermarket sector has had the largest impact. Food processing sectors in other nations that have similar challenges to Australia, but far less dominant supermarket

sectors (e.g. Canada, Denmark, France, Italy, NZ) have managed to expand and increase market share (and profitability), whilst the Australian sector has lost markets.

Successful food exporting nations have strong domestic food processing industries that are domestically profitable and have the capacity to develop export markets. The concentration of power in the supermarket duopoly and vertical integration of supply chains has significantly contributed to the loss of that capacity in the Australian food processing sector. Instead of being reinvested in the production and processing sector, domestic profits are increasingly being transferred to the supermarkets with comparatively little economic benefit to the nation, but with significant erosion of the long term viability of the production and processing sector.

IAP recommendation 7 seeks to adopt an approach to address this for NSW, but the extent to which Australian jurisdictions commit to a joint approach will determine overall progress in this area. Refining market access certification and accreditation systems that facilitate the efficient entry of products into interstate and overseas markets is the objective of IAP recommendation 31, but would be greatly improved by a national approach to certification that could be used to support Brand Australia.

As noted above, IAP recommendation 21 for Government to advocate nationally for the harmonization of regulations across State and international boundaries is supported by the NSW Government. The components of policy idea 9 should therefore be included as specific issues for cross jurisdictional consideration.

The PIMAC recommends that all components of policy ideas 7, 8 and 9 be supported.

Finance, business structures and taxation – improving access to finance; providing access to reliable independent business information and advice; and ensuring that the tax system appropriately encourages investment.

Policy idea 10: Improving access to finance

- Permanent concessional lending
- Incentives for institutional investment in agriculture

Policy idea 11: Improving tax system efficiency and equity

- Non-commercial loss rules
- Increasing thresholds for the Farm Management Deposits Scheme
- Depreciating farm plant and equipment
- Zone Tax Offset
- Tax Loss trading
- Income tax averaging
- Wine Equalisation Tax

Policy idea 12: Farm business improvement

- Independent business advice programme
- Rural Financial Counselling Service;
- Collaboration network programme.

Recommendation 29 of the IAP refers to the need for development of appropriate mechanisms to facilitate investor interest in agriculture. Members of the Rural Finance Roundtable Working Group have comprehensively researched many of the issues surrounding farm finance. Collection of reliable long term data on rural debt levels would support greater understanding of the impact of the

economic drivers impacting the industry. Whilst parts of Government and individual stakeholders have recognised the seriousness of the situation, collective progress to date has been minimal.

Issues that need to be addressed include:

- the unsustainable financial situation for some farmers (debt to production) and business uncertainties;
- inadequacies in the design and implementation of financial products;
- rising stresses and risks faced by nearly all types of agricultural and agribusiness enterprises;
- failure by the jurisdictions to implement any reconstruction activities,
- impediments to new entrants into Agriculture,
- profitability of agriculture and related industries;
- a continuing decline of factor incomes and capitals.

The comprehensive nature of these failures means that reform is urgently needed in industry, governmental and organisational thinking around farm finance if a profitable, sustainable agriculture sector is desired. To this end, the provisions of the Reserve Bank Amendment (Australian Reconstruction and Development Board) Bill 2013 that support structural reform should at least be reviewed and, where appropriate, considered for support.

Recognition of the ebbs and flows of income in agricultural businesses by the tax system is important to ensure efficiency and equity of agriculture taxation. The issues raised in policy idea 11 should be reviewed and appropriately addressed in the Commonwealth White Paper on the Reform of Australia's Tax System.

Australian farming businesses rely strongly on financing characterised by loans against asset value. The variety of financing models available to other industry sectors or our international agriculture competitors are either unavailable or have little domestic uptake. Farming models of major agricultural competitor countries are different to the common Australian model and may offer competitive advantage over those commonly used in Australia.

Farm managers and owners are comparable to the general manager of a small business with assets of \$3-5 million, with comparable skills and experience. The changing dynamic of farm ownership is an issue for the industry, with the traditional model of the sole trader or owner/operator being challenged by modern business realities. The model is changing and will continue to do so, as capital is being accessed from a wide range of non-traditional sources. Industry should assess the various models for farm/agribusiness ownership and enhance the discussion to improve awareness around the availability of capital and farm succession planning. Industry will need to adopt risk management-based approaches to address financial, demographic and environmental impacts and thereby develop more resilient businesses. This does not mean that the future for family farms is threatened, but rather that new business models such as collaborative farming will emerge. IAP recommendation 27 calls for industry to investigate the various models for farm/agribusiness ownership and enhance the discussion and improve awareness around the availability of capital and farm succession planning is relevant. The Federal Government already has a number of policies and programmes in place on structures and financing and these should be assessed for effectiveness and improved where necessary so as to improve pathways to ownership and remove obstacles to succession.

The PIMAC recommends that all components of policy ideas 10, 11 and 12 be supported. The PIMAC supports review of policy idea 11 within the White Paper on the Reform of Australia's Tax System.

Foreign Investment – encouraging responsible foreign investment to build new production capacity; and ensuring the foreign investment regulatory framework takes into account the needs of the agriculture sector.

Policy idea 13: Improving the transparency of foreign investment

Policy agreement was reached with regard to foreign direct investment in Australian farmlands as part of the 2014 Trade Agreements between Australia and South Korea, Japan and China. However, much tighter controls are stated (but not implemented) government policy, with a commitment to bring down the Foreign Investment Review Board threshold for foreign farmland purchases from \$248 million to \$15 million and increase scrutiny for accumulative purchases. The current window of ambiguity allows ongoing farmland purchases under virtually no conditions by foreign investors. Some purchases have occurred but the extent of foreign investment in farmland is unknown because the States have delayed incorporating a suitable field into their land ownership databases.

Commentary on this issue is consequently subject to misrepresentation with resulting public confusion. This can only be addressed by making the data on foreign ownership publicly and freely available and having a serious and open national debate on what level of investment and ownership is in the national interest. NSW should support improving transparency over foreign investment.

The PIMAC recommends that policy idea 13 be supported.

Education, skills and training, and labour – ensuring agriculture is well covered in our education system; making education more accessible for children in remote areas; increasing skills of new and existing workers; enabling access to a flexible workforce; and attracting new entrants to agriculture.

Policy idea 14: Strengthening agricultural education

- Working with States & Territories to provide specialised learning in agriculture in the future;
- Establishing a young farmers' mentoring and networking programme;
- Increasing financial support for regional education;
- Creating national agricultural tertiary centres of excellence in regional areas.

Policy idea 15: Strengthening labour availability

- Expand the Working Holiday Maker (417) visa;
- Broaden skills coverage of the Temporary Work (Skilled) visa (subclass 457);
- Expand the Seasonal Worker Program;
- Streamline application processes;
- Provide clear pathways to residency.

The industry is well aware that the demographics of the workforce present a serious challenge and have done for some time. The median age of workers in the agriculture, fishing and forestry sector of the Australian economy at 47 years is well above the national average, as is the percentage of workers over 55. A profitable and sustainable sector will be one that maximises its efficient use of human capital. A strong connection to the community is recognised by stakeholders as key to the future development of the industry. The development of networks within industry and improved collaboration between industry, education providers and government will enable both the development of skills and the provision of opportunities and will assist in maintaining viable rural communities.

The sector is often viewed through its strong emotional and heritage linkages to the broader community. However, that sense of connection has been weakened with time as the community

becomes more urbanised and individual's links 'back to the farm' disappear. There is widespread misunderstanding and poor awareness in the general population of the agriculture sector, its practices and what it offers society. A connection with healthy food is important for community wellbeing. To restore that connection and support both the rural and agricultural sectors, both industry and governments should focus on communication strategies that actively promote the agriculture sector with short, medium and long term goals – linked to an active monitoring and evaluation program. Industry should also develop communication programs that connect with the community and directly engage farmers in order to improve skills in the area of social licence through information and shared values to build high levels of trust with domestic consumers. Governments should support this reconnection and trust in the sector by the community, including actively promoting rural living. Given the critical role agriculture will play in the future development of the food bowl for Asia strategy and the opportunities presented by increased demand for food and fibre; governments will need to reassess the social and economic priorities they attach to the sector.

Future industry development will need to be underpinned by investing in expanding the skills and ensuring appropriate workforce is available. This investment can be through capitalising on existing knowledge, institutions and skills, broadening the workforce and skills base from other sectors and migrant workers and establishing agriculture and aquaculture as careers of choice. It requires a nationally co-ordinated view of the agricultural workforce with clearly identifiable links between education, employment opportunities and the development of attractive career pathways and career progression. Government reform of the tertiary agriculture education sector to focus on delivering an appropriately skilled workforce is essential if the required transformation of the agriculture sector is to be realised. Industry should be encouraged to promote a better understanding of the opportunities in the sector – delivering improved workforce solutions through the development of a workforce strategy to underpin development of the sector

To fully capitalise on rapid advances in the technological base of many agricultural production systems, including biotechnology, industry must anticipate and identify the core skills needed to utilise this technology. Matching training and demand for labour needs to be based on a co-operative model between industry, government and those institutions delivering skills capability. This will require co-investment in the sector. It will also require the encouragement of careers in research in agriculture, farm management, contractors and other service providers through effective training linked with identified career paths.

Agriculture needs to look widely at the available workforce and encourage and support engagement by the broader community. In this regard, industry and government firstly, should undertake needs analysis of the skills and training required in technology and biosecurity. Secondly, industry and government should collaborate on the development of a flexible model that is adaptive to needs of industry and the aspirations of students for the delivery of skills and training. Thirdly, industry and government should explore the development of career pathways for specific sectors of the workforce (for example, the local Aboriginal communities) in rural and remote regions.

Relevant IAP workforce and skills recommendations 10-17 are supported by the NSW Government. The NSW Government progressing these by addressing the government recommendations of the Review into Agricultural Education & Training in NSW. The NSW Government has established a taskforce to oversee implementation of the secondary schools recommendations, including a review into careers advice provision; expansion of the AgVision program; a schools 'Agriculture and Food Week'; and the identification of lighthouse schools that support good practice in curriculum delivery, student engagement and career promotion in Agriculture and Primary Industries. These proposals support the policy idea of providing agricultural learning. The NSW Government is also progressing non-secondary education recommendations that support young farmers and regional education The Government has committed to re-establishing the Murrumbidgee College of

Agriculture that builds on the regional agricultural centres of excellence already administered by NSW DPI.

The PIMAC strongly recommends that policy idea 14 be supported in all aspects, with a particular focus on reforming tertiary agricultural education to meet the needs of the sector.

The PIMAC supports policy idea 15 only in specific instances where it can be demonstrated that this does not adversely impact on employment opportunities for existing regional and rural residents.

Drought – building resilience and risk management capability; and providing appropriate support to farm families and otherwise viable farm businesses suffering severe drought.

Policy idea 16: Increasing drought preparedness

- Introducing accelerated depreciation for new water and fodder infrastructure;
- Encouraging multi-peril crop insurance through grants / stamp duty removal;
- Improving climate information.

Policy idea 17: In drought support

- Additional mental health support in times of drought;
- Provision of additional assistance for prolonged and severe drought.

Recommendation 28 of the IAP stresses the need to build resilience and risk management capability to develop more resilient businesses. In this regard, the NSW Government has committed to launch the NSW Rural Resilience program to promote the wider adoption of business risk management across the sector. Expanding this and similar programs nationally under one umbrella with Federal support and linking it to the provision of improved climate information should be a priority of Governments across all jurisdictions. Significant technological developments have occurred in short term weather prediction but there is a need to improve longer term seasonal climate forecasting systems. The need to better understand how to integrate skilful climate forecasts into farm decision making.

The concept of introducing accelerated depreciation for new water infrastructure is supported as are ways to enhance the capacity of the farming sector to prepare for and manage droughts while still maintaining production enterprises that provide positive cash flow and profitability.

The provision of mental health support and additional assistance for prolonged and severe droughts are incontestable and should be supported without delay. This support should be integral to the overall drought response effort, not a late “add-on”. Furthermore, effective coordination of mental health and social support initiatives in the face of deepening drought conditions has been lacking, to the extent that services and initiatives have often appeared to act in isolation. In some cases funding has been made available to delivery agencies that did not have the capacity to utilise resources in a timely or effective manner.

More generally specialist mental health support services are disproportionately based in urban areas, providing a level of disadvantage that needs to be creatively addressed.

The PIMAC recommends that all components of policy ideas 16 and 17 be supported. However, additional in drought support should not be at the cost of programs that build long term drought resilience.

Water and natural resource management – identifying and building the water infrastructure needed for Australia’s future water supply needs; ensuring sustainable and productive use of natural resources for economic growth and development; improving knowledge of sustainable land use; and managing weeds and pests.

Policy idea 18: Improving water infrastructure and markets

- Investment in dams and water infrastructure projects;
- Taxation concessions for water reticulation infrastructure; and
- Improving water markets

Policy idea 19: Natural Resource management initiatives

- Amending the Environmental Protection and Biodiversity Conservation (EPBC) Act 1999;
- More targeted pest and disease management and control.

Advancing the development of water infrastructure, markets and administration will drive continued growth within the primary industries sector. One of the key threats to Australian agriculture and its ability to maintain markets is the production volatility arising from the natural environment in which we operate. Clearly we operate in a land where droughts and floods dominate and hence the need to ensure our water infrastructure better captures water during times of excess to help offset the inevitable dry phases. The development of water markets has been of major benefits to the sector allowing transfer of water resources to highest value uses under variable climatic conditions. It would be worth exploring the potential of new water products to reduce the trade-offs between allocating water to the environment versus irrigated agriculture. A more thorough evaluation of the potential application of option based products (where irrigators can grant the environment an option to use their water at particular threshold allocation levels is warranted.

Decision making frameworks should be improved to guide investment in the management of established weeds, pests and diseases. This will ensure that activities are better targeted and responsibilities are clear. Programs which will improve capacity of the community to conduct risk-based pest, disease and weed management strategies are also supported. This policy idea should also include a component of ensuring that activities are conducted harmoniously across jurisdictions. Across all states and the Commonwealth the attitude to our environmental policies when it comes to vegetation and land is to lock things up in conservation areas. Clearly these policies have not worked and are poorly resourced. Management of natural resources including adaptive management activities based on sound science and best practice are important if we are to improve the management of our existing conservation lands and many parts of our national parks and riverine systems. Better resourcing of our farming community to help with natural resource management will have significant paybacks for our natural balance sheet.

The PIMAC recommends that all components of policy ideas 18 and 19 be supported.

Research, development and extension – boosting productivity through strategic and coordinated research and development; and making sure that farmers can apply the latest innovations through ensuring effective extension of knowledge and technology.

Policy idea 20: Strengthening the RD & E system

- Updating the rural RD&E priorities to better align with community needs;
- Establishing a new body or tasking existing bodies, to coordinate cross-sector research;
- Enhancing access to the R&D tax incentive;
- Promoting the development of extension services
- Decentralising Government agricultural research functions (such as RDCs and agencies of the Department of Agriculture) to regional areas; and

- Regular five-yearly assessments of the RD&E system.

Policy idea 21: Improving the Rural RDCs

- Administrative changes to the RDC model to increase transparency and reduce costs, including giving RDCs a targeted set of objectives; and
- Increasing the flexibility of levy arrangements.

Continuing government and industry commitment to agricultural research, development and extension is necessary to increase productivity through innovation in the agriculture sector. Two thirds of innovation in Australian agriculture is based on international research, the remainder on both domestic research and extension efforts. There is a clear opportunity for government and industry partnerships to ensure the profitability and sustainability of production systems by adapting innovative research to local and regional needs. Government should review new investment models for partnerships that facilitate investment in research, development and extension (R,D&E). In order to underpin the sector's understanding of growing social licence issues, social sciences must also be included in the R,D&E effort.

These will increase the profitability, productivity and sustainability of businesses, to benefit regional primary industries, secondary industries and the stewardship of natural resources. Real R&D funding has declined over the last decade, particularly by State governments, resulting in a decline in agricultural R&D capacity and capability. This has been compounded by State and Federal policies that have discouraged the teaching of sciences, including agriculture.

The PIMAC encourages all parties to recognise that investment in research and development, including through international collaboration is a key enabler for the industry and is critical for ongoing future agricultural competitiveness. The PIMAC therefore supports a continued major role for government in the funding of research and a re-examination of the RD&E sector to achieve greatest return on limited funds, particularly cross sectoral and collaborative investments in cross sectoral issues. In this regard, ongoing and increased research into climate change adaptation by the agricultural production sector is essential if the improvements in production that will be required to meet the opportunity are to be realised. Another issue that impacts on research efficiency is that the short term nature of funding programs limits the ability to maximise the outcomes of investment into that research.

It is essential that State R,D&E investment frameworks link with the National RD&E framework to ensure resource use efficiency and profitable production systems. Provision of services and information by private sector providers is critical to improving the rate of innovation. The private sector will play a wider role in the agricultural advisory space by developing sustainable businesses and building private provider/consultant extension and innovation networks. However there are few incentives for commercial businesses to be involved in providing service in sparsely populated regions. New models of delivery to isolated regions need to be developed.

There is strong support in IAP (recommendations 1-4) for the development and delivery of improved R&D outcomes and to examine new models for funding/partnering R&D. Existing commitments to publish a list of projects to eliminate duplication is minimal. Recommendation 32 of the IAP notes that industry and Government should participate in developing strong partnerships centred on market access outcomes affected by biosecurity status, animal welfare and natural resource management. It is the position of the PIMAC that the scope of the recommendations on research, development and extension should be expanded to include improvement of responses to emergencies and the on-farm impacts of pests, weeds and diseases.

Industry should continue to invest in research through industry Research and Development Corporations at the same or greater level than 2011 and to encourage increasing public-industry-

private partnerships in R,D&E and effective international collaboration. The formulation of linked R,D&E investment frameworks will lead to resource use efficiency and profitable production systems that capitalise on innovation and will provide support for, and benefit from, improved land and resource management, biosecurity protections and animal welfare measures.

The PIMAC understands that the NSW Government supports the NSW Agriculture Education Review recommendation that the following matters be raised with the Federal Government:

- a. Greater provision of top-up scholarships by Research and Development Corporations, to the maximum allowable under the taxation rules.
- b. An increase in the maximum allowance for top-ups under the tax-free provisions for research scholarships.
- c. The need to restore competitive and respectable stipends for postgraduate scholars under the Australian Postgraduate Award and Australian Research Council (ARC) schemes including annual increments and superannuation entitlements.

In addition to being financially uncompetitive in its awards, the ARC system for allocating research funding discourages agricultural research. Research areas that have international collaborators are more likely to receive funding than those that do not. By its very nature, Australian agricultural research is locally focussed and international collaboration more difficult to achieve, resulting in fewer opportunities for funding.

The PIMAC strongly recommends that all components of policy ideas 20 and 21 be supported.

Biosecurity – protecting our favourable animal and plant health status to maintain productivity and access to export markets.

Policy idea 22: Improving legislation

Policy idea 23: Improving the biosecurity system

- Increased information and intelligence gathering tools, supported by increased investment on high risk areas and priority pests and diseases;
- Enhanced onshore monitoring, including by developing reporting tools and establishing a public Biosecurity Information System to share information; and
- Collaborating with industry associations to extend traceability systems to better facilitate responses to outbreaks and expand market access.

Biosecurity incursion is a key threat to Australian agriculture. Unfortunately, there is not widespread appreciation of the serious impact a major biosecurity incident could have on production. The outbreak of Cucumber Green Mottle Mosaic virus in the Northern Territory has devastated melon crops and is an example of the significant economic and social impact of biosecurity breaches. We have to move away from only acting in crises to a better preparedness. Resources allocated to improving the monitoring and surveillance activities across jurisdictions, targeted towards the highest risk pests, weeds and diseases should be increased as soon as possible and a more unified and cohesive approach to biosecurity regulations and research across Australia undertaken. The PIMAC notes that the NSW Government has committed to the development of a new NSW Biosecurity Act and that the Federal Government introduced a Biosecurity Bill 2014 and supporting legislation into Parliament in November 2014. The agriculture industry and the community expects that jurisdictions will deliver harmonised legislation.

The PIMAC notes that improving consistency for the management of emergency animal and plant diseases has not been included for consideration in the green paper and contends that improved prevention, preparedness, response and recovery arrangements across Australia, including improved cross-jurisdictional efforts in relation to research, early detection, and emergency management would significantly improve the capacity for Australia to maintain its status as a vendor of disease

free produce and will increase markets which the primary industries will be able to access into the future; increasing our profitability.

It also is the position of the PIMAC that the scope of the recommendations on research, development and extension should be expanded to include improvement of responses to emergencies and the on-farm impacts of pests, weeds and diseases.

The PIMAC recommends that all components of policy ideas 22 and 23 be supported.

Accessing international markets – giving our exporters the best chance of capturing high value markets through addressing the technical barriers to trade and ensuring trade negotiations deliver real commercial benefits for the sector; and, by doing so, contributing to global food security.

Policy idea 24: Strengthening Australia’s overseas market efforts

- Undertaking further trade research;
- Improving exporter services and our understanding of overseas markets;
- Providing more exporter readiness training;
- Accelerating the development of technical, market access country and commodity strategies to prioritise market access efforts;
- Developing national promotional efforts (such as through a national brand);
- Increasing Australian Government positions overseas, and considering options for industry-funded positions to underpin increased focus on agricultural market access; and
- Increasing engagement bilaterally, and in multilateral forums, to promote the use of international standards in food regulation.

Policy idea 25: Improving Australia’s export and import systems

Stronger leadership will assist industries to be adaptive to changes in markets, including new marketing opportunities and competition; technological advances; and the complex interplay of changes in the environment. Governments need an approach to policy development that actively addresses market and government failures, establishes supportive policies and provides essential infrastructure, services and regulatory frameworks that allow business development.

NSW committed to the development of international markets through the network of overseas offices of NSW Trade & Investment acting as conduit for inbound / outbound market development and investment.

The PIMAC notes that the ASA 100 initiative and supports the idea of an Australian Brand and slogan. Interest has been shown by other trading partners for a similar approach to the one the ASA 100 partnership is taking with China. Under recommendation 33 of the IAP, the NSW Government has committed to supporting the development of an international market development strategy.

The PIMAC recommends that all components of policy ideas 24 and 25 be supported.

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11 December 2014