



12th December 2014

The Hon. Barnaby Joyce
Minister for Agriculture
Parliament of Australia

The Agricultural Competitiveness White Paper: *Ridley Corporation's response to the Green Paper*

Dear Minister Joyce,

Ridley Corporation is delighted to have the opportunity to respond to Green Paper to boost agriculture's productivity and profitability. Our submission supports and is an extension to the Australian Food and Grocery Council's response to the same Green Paper. We also support a strong bi-partisan approach in partnership with industry to address the outcomes of the white paper. Australia must be united in its approach to government policy and direction to successfully deliver on the potential for sustainable economic growth.

Ridley is Australia's largest independent supplier of animal nutrition solutions. We support food producers in the poultry, dairy, aqua, pig, cattle, sheep, horse and pet food sectors. We are ASX listed (RIC) with over 650 employees spread across regional Australia. We have more than 20 sites with an annual turnover in excess of \$800m.

Ridley supports the green paper's unapologetic focus on farm profitability. Australia's ability to sustain profitable farms into the future is a cornerstone to a thriving agricultural industry. However profitable farming cannot be sustained in isolation of its value chain. Many of the recommendations in the Green Paper are reasonable and desirable; however they are incomplete without recommendations that also focus on fostering a strong and resilient value chain, which would support and enable the recommendations focussed on farms.

'Downstream sectors' feature briefly in figure 1 which outlines the governments' Agricultural policy principles, in the context of creating 'well paying jobs'. However this is a narrow angle. There is very little reference elsewhere in the paper to the importance and impact of agricultural inputs (such as animal feed which is often a major input cost to farmers and a



source of increased productivity), and Australia's competitive capacity to process, manufacture, market and retail our agricultural outputs. Without this broader value-chain approach, Australia risks establishing siloed policies with limited long term impact, and erode Agriculture's ability to add value to its products. Australia's ability to value-add and differentiate agricultural products is critical to our competitiveness on global markets, particularly given Australia's relative high cost of production.

Some specific examples of recommendations where the value chain can be better integrated include:

The Green Paper proposes for Farm Business Improvement, a program offering independent business advice and assistance to improve decision making and performance. Ridley recognises that farmer support and education is an important catalyst to enabling long term profitable and sustainable decision making on farms. Ridley has been running programs and supporting farmers for years. Many companies in the agricultural value-chain have a wealth of knowledge and resource.

In the current environment of frugal budgets and fiscal constraint, the development of such a program of advice and assistance should draw from existing industry material and good-will, rather than re-inventing this wheel at great expense. Significant benefits can be drawn from industry collaboration in this space. Advice and assistance is also an area which would benefit from the Paper's next recommendation: to develop a program to encourage collaboration bet agricultural businesses by providing a networking service to bring interested parties together - Noting that the definition of agricultural businesses should be broadened to include the value chain.

Ridley supports the development of a Trusted Trader Program (TTP), as recommended. However following discussions with Customs and the Department of Agriculture regarding the current development of the TTP, the program lacks a compelling value proposition for industry to sign-up and abide by the requirements. The added costs of documentation and assurance need to be balanced by benefits (preferably monetary) above and beyond those currently offered by government departments or by industry associations. Industry participation in the TTP will be essential to establishing a successful program. The real benefit of a TTP will be evident and compelling once the government can establish Mutual



Recognition Agreements with foreign countries. This should help streamline export requirements, costs and timeliness in country; hence it will reduce technical and non-tariff barriers to trade (NTBT). NTBTs are arguably one of the greatest hurdles to Australian agri-food exports. Dairy Australia (DA) and Meat & Livestock Australia (MLA) have recently finished reports on non-tariff barriers affecting their respective sectors, and quantified the costs as more than \$1 billion a year for each sector.

The recommendation to accelerate the development of technical market access and commodity strategies to prioritise market access efforts is commendable and important. These efforts and prioritisation should not be limited to commodities alone, but also include value added products, such as cheese for dairy, and ingredients, such as protein meals for animal and pet foods. Manufacturing in the value chain is especially susceptible to the benefits of economies of scale and market diversification through export. Australia's domestic economy is growing but it is still small on the global scale of manufacturing. Agricultural processors and manufacturers will increasingly rely on healthy market access and trade to remain competitive and sustainable. These same agricultural processors and manufacturers directly underpin farm profitability by either supplying to farm, or buying and adding value to farm produce.

If the Australian government is serious about establishing a 'national promotion effort', it must re-establish funding towards achieving a 'Brand Australia' with industry players. We would like to recognise the commendable efforts of Austrade in the research, analysis and development of messaging and groundwork for a national food brand. However government budget cuts have prevented the next stage, which consists of the development of a brand identity (common messaging) and imagery. This hiatus will potentially damage the positive and tangible momentum created in addressing Australia's fragmented market.

The Green Paper has recommended that national promotion efforts should be industry lead, which is a sensible approach. However even if a national food brand is industry lead, government involvement and support is still necessary to address alignment of fragmented State Government branding in this space – and fund the government implementation of an agreed 'Brand Australia' as lead by industry. Without effective implementation at both industry and government levels the concept of national promotional efforts will remain



fragmented. A successful and united 'Brand Australia' can only exist through joint government and industry investment and collaboration.

Ridley strongly supports the development, completion and effective implementation of a compelling national food brand. We will continue to advocate, explore and lead solutions to maintain the current momentum with relevant industry associations, such as the Australian Food and Grocery Council Agribusiness Council.

We look forward to the release of the Agricultural Competitiveness White Paper. Upon request, I would be delighted to be contacted to elaborate on any of the above points.

Kind regards,

Tim Hart
Managing Director and Chief Executive Officer
Ridley Corporation