

Cultivate Agribusiness
Central Highlands Inc

0438 029 676
lisa.kendal@cultivate.org.au
P.O. Box 299,
Black Hill, Vic, 3350
abn: 84 203 885 345

www.cultivate.org.au

A community leader in
sustainable agribusiness
development

2 December 2014

Agricultural Competitiveness Green Paper Submission

Dear Mr Joyce

About Cultivate

Cultivate Agribusiness Central Highlands Incorporated (Cultivate) is a not-for-profit community organisation supporting the local farming and agribusiness community. Cultivate aims to advance commercial, innovative, diverse and sustainable agribusiness in the Central Highlands region of Victoria.

The Central Highlands region of Victoria has highly productive agricultural land supporting significant horticulture and livestock sectors. Production mainly consists of livestock (mostly sheep), cropping, vegetables and timber. Other industries include a growing organic industry as well as pig and poultry production. The region is well situated with strong connections to Melbourne.

Cultivate is lead by a volunteer Board of Management, and is funded by local government partner members, individual and business member, sponsorship and grants. Our Council partner members include Ararat Rural Shire Council, City of Ballarat, Hepburn Shire, Moorabool Shire and Pyrenees Shire.

Cultivate activities and projects are focused in four key areas:

1. **Cultivating networks and collaboration** - Facilitating networking and relationship building opportunities for agribusinesses and other stakeholders relevant to the sector
2. **Increasing understanding and investment in agribusiness** - Providing coordinated strategic advice and advocacy on behalf of agribusiness in the region
- Delivering a range of programs and activities to improve agribusiness capacity to promote products and access new markets
3. **Supporting development of commercially sustainable agribusinesses** - Delivering a range of programs and activities to improve agribusiness capacity to promote products and access new markets
4. **Facilitating uptake of innovative and sustainable practices** - Offering opportunities for learning about innovative agribusinesses practices. Agribusiness – all stages of the food and fibre supply chain

1 General comments

1.1 Sustainable agribusiness

Underpinning and securing competitiveness in agriculture is the principle of sustainable agriculture. Sustainable agricultural businesses are:

- Productive and economically viable over the long term
- Environmentally and socially beneficial; and
- Resilient.

This is achieved through sound and integrated business, production and land management systems that achieve resource protection as well as productivity.

It is important that government policies facilitate the development of integrated sustainable agribusinesses that achieve long term economic, social and environmental benefits. This can be done through:

- Provision of information and tools for farmers to achieve integrated and sustainable farm businesses
- Research and development, including demonstration, trials and extension work, to prove innovative crops, technologies and farm management practices; and
- Incentives for farmers to invest in “next generation” methods and technologies.

1.2 Climate change

The world is facing unprecedented change to our climate as a result of climate change. This will result in more frequent and devastating natural disasters, and changes to our rainfall patterns. In the Central Highlands region of Victoria we are expecting the climate to become hotter and drier, with higher average temperatures, reduced rainfall but more intense rainfall events and flooding and subsequent impacts on communities and natural systems.

It is essential that government policies, particularly those relating to agriculture, are cognizant of these projections and ensure that policies are based on future scenarios that includes mitigation and adaption to climate change.

Agribusinesses should be encouraged to plan for climate change resilience, including consideration of climate projections, alternative crops or livestock options and alternative water management and supply options.

1.3 Whole of supply chain / diversity of agribusinesses

Agribusiness includes all stages of the food and fibre supply chain. Agricultural businesses often play many roles across the supply chain; as processors, distributors, exporters and possibly retail to customers and well as being food and fibre producers.

National agricultural competitiveness policies must acknowledge the complexity and sophistication of many agricultural businesses, and be based on an understanding that many businesses operate pre and post farm gate. Whole of supply chain planning and integration must be applied to maximize productivity and competitiveness of the sector.

Managing input costs continues to be a major issue along the supply chain and is a key concern in relation to protecting farm income.

1.4 Local economies and communities are important

Current government policies focus on accessing overseas markets and the potential for export. Whilst taking advantage of the growing demand for Australian produce in overseas markets is extremely important, it is also important to maintain a focus on strengthening the local supply chain. This is important for food security in Australia,

as well as to respond to local domestic market demand for Australian produce and to continue to strengthen and invest in regional communities.

The health of regional communities is dependent on access to jobs, education and good physical and social infrastructure. To ensure that regional communities can be sustained all of these considerations need to be addressed in a coordinated fashion. Cooperative or collaborative agribusiness planning and development can contribute to strengthening of local communities and economies. The majority of farms in Australia are small family farms and the development of clusters and collaborative enterprises will significantly contribute to the viability of these farms.

1.5 Regional engagement and extension support

Support for extension and direct engagement with farmers and agribusiness managers is crucial for disseminating best practice information and facilitating the uptake of innovative practices that lead to increased productivity and competitiveness. Organisations that currently provide these services, such as industry groups, Catchment Management Authorities, RDC's and Landcare groups, must be resourced to deliver high quality extension support. These organisations are often embedded in regional communities, which strengthens these communities and provides direct connections to agribusiness managers across the whole supply chain.

1.6 Food literacy

There is a growing trend towards increased food literacy. This is in response to people's desire for knowledge about their food, where and how it is grown for reasons of health and environmental sustainability. There is also a growing desire for connectedness between consumers and producers.

A greater understanding of the origins of food, environmental impact and the local food story can be strengthened dramatically through improved food labeling and local/regional branding.

2 Response to key issues and policy suggestions

2.1.1 Infrastructure

Internet and communications technology

Access to high quality, reliable internet and mobile services is paramount for agribusinesses. Due to being physically remote, and an increasing reliance on communications technology for education, business management and trade, it is essential that internet and mobile coverage is improved in areas where service is not available or is unreliable.

Transport

Transport of produce efficiently from producer to distribution centre or port is crucial for delivering product to market in an efficient and cost effective manner. In the Central Highlands region of Victoria we are strategically positioned as a transport hub with produce travelling from the region and from the north and west of Victoria to ports and freight centres via road, rail and air.

Strategic planning for coordinated, intermodal private and public sector freight transport is essential, with freight hubs located strategically for efficient transport of goods.

Ballarat is well positioned to deliver an intermodal transport hub to facilitate efficient transport of agricultural produce through the region. The Ballarat West Employment Zone precinct – proposed Ballarat freight hub and Bio Economy Innovation Centre - is

advantageously positioned to deliver innovation in transportation and processing of agricultural produce (see Central Highlands Councils Victoria, *Regional Investment Plan – Transformational Projects 2014*).

Manufacturing and processing

In order to maximize value of Australian produce for overseas markets, value adding and packing in Australia is essential. Government policy should facilitate and support value adding in Australia by investing in research and development, access to finance and infrastructure that enables agribusinesses to diversify and add value to local products.

There is huge potential to expand local processing and manufacturing of food in the Central Highlands/Ballarat region, using both produce from the region and food being transported through the region. A local food manufacturing feasibility study would identify potential for increased local food manufacturing both for local and export markets. The proposed Ballarat Bio Economy Innovation Centre would be well positioned to respond to opportunities identified (see Central Highlands Councils Victoria, *Regional Investment Plan – Transformational Projects 2014*).

Areas of intensive agriculture

In order to meet the growing demands for safe and clean Australian produce overseas, and to continue to meet local market demands, it will be necessary to establish suitably located areas of intensive agriculture. Careful planning and a substantial investment in infrastructure will be required to achieve sustainability with these initiatives. Areas of intensive agriculture will need to have access to water, waste disposal / integrated resource recovery, availability of workers/staff, strategically located for transport of goods, high quality communications / IT systems and power.

In Moorabool Shire the proposed Parwan Employment Zone would provide significant benefits to the agricultural sector in the region and provide opportunities to dramatically grow economic activity in the region (see Central Highlands Councils Victoria, *Regional Investment Plan – Transformational Projects 2014*).

Renewable Energy

In order for agribusinesses to become more resilient in the face of climate and market challenges, farmers are looking to diversify their sources of income and farm activities to help manage difficult times. Renewable energy production in regional areas should be encouraged and supported, in suitable locations, to assist with farm income diversification, regional community jobs and also to assist with expanding our clean energy supply. This will include primarily wind energy and bioenergy facilities.

2.2 Working with States and Territories

There is an urgent need to review rates and charges applied to farm land by local governments. Rates are a major cost impost that is impacting on the viability, productivity and competitiveness of farming businesses across the State of Victoria. It is important that local governments can apply a differential rates system to farm land to maintain and support viable farming enterprises, without exorbitant regulatory costs.

Planning controls are also required to ensure that high quality agricultural land, particularly in peri-urban areas, is protected from development.

There has been a withdrawal of extension services through State government departments, which has resulted in a reduction of opportunities for government supported on-farm educational opportunities. There are a number of professional, industry sector and not for profit groups, such as Cultivate, that are able to provide

this extension support, however funding is still required to coordinate and project manage these activities. Resourcing of this extension work in regional areas is critical in distributing learnings about research and development outcomes and potential innovations to improve agribusiness sustainability.

2.2.1 Competition and Regulation

Competition laws and regulation must encourage smaller players in the food and fibre supply chain, and to strengthen local economies, with real investment going back into regional communities. The majority of farms in Australia are small, family owned farms and competition laws need to support their operations, encourage and support collaboration and aggregation of product to meet both domestic and export markets.

Positive policy initiatives include:

- Introduction of options to increase price transparency through the supply chain
- New market mechanisms that restore the balance of power to the producer; and
- Greater use of cooperative structures.

2.2.2 Finance, business structures and taxation

There is a need to stimulate innovation and funding structures should be designed to reduce barriers to entry for investment in research and development and “next generation” equipment, e.g. low interest rates loans for new and innovative equipment.

Information about new business models and structures needs to be made readily available to farmers to consider future management of farming enterprises, and to support maintaining the “family farm” albeit potentially under a new business model.

The policy proposal for Farm Business Improvement “to promote more competitive farm businesses with better support for farmers” is supported.

2.2.3 Foreign investment

Foreign investment in agribusiness is not well understood and is an area of great concern. It is crucial to establish a system for improving the transparency of foreign investment in agricultural land, and water and agribusiness enterprises. Clear guidelines are required to determine and facilitate appropriate foreign investment.

2.2.4 Education, skills and training, and labour

Clear pathways for agricultural education and training need to be established that support young people to stay in the regions for training and to take up careers in agriculture. There needs to be a greater emphasis on promoting opportunities for careers in the agricultural sector – that covers the full breadth of professional and trade skills. The establishment of national agricultural tertiary centres of excellence in regional areas for education, training, research and extension is strongly supported.

We know that there is a demand for skilled, casual labour for farming enterprises. Policies need to create incentives for people to move to and stay in regional areas, to provide appropriate support for skill development and training and the establishment of collaborative and flexible enterprises that can respond to seasonal demands.

2.2.5 Drought

2.2.6 Water and natural resource management

Policies must be based on a proactive approach to planning for drought and other natural disasters under a climate change scenario, for example providing resources to apply mapping and projections to each regional area and to support individual farmers to undertake “scenario planning” to assist with identifying issues and options,

and implementing changes as required, e.g. alternative crops, planning for alternative water supplies etc.

Support and services delivered by Landcare and the Catchment Management Authorities are crucial for supporting land managers to develop sustainable land management practices. This should continue to be delivered and extended.

There should be a focus on undertaking research and development, and disseminating information in relation to sustainable and resilient farming systems:

- Land capability
- Sustainable food production systems
- Soil protection and improvement
- Resource efficient agriculture, in particular energy and water; and
- Natural resource protection.

Drought is a pressing issue that will continue to result in stresses for production and regional community health. Funding and investment incentives should be offered for to plan and implement drought proofing on farms, not just during drought and recovery. This includes “improving climate information through better tools for use by farmers and additional weather stations”, but it also includes investment in education and infrastructure, e.g. alternative water supplies.

The proposed policy relating to improving water infrastructure and markets is supported, with addition of an emphasis on reuse and recycling of water and maximising use of alternative water supplies.

Investment should also be made to support community and personal health and resilience. Additional mental health support assistance should be provided.

Protection of natural assets is essential, to protect biodiversity and natural systems that provide vital ecosystem services that are of benefit to agricultural production and land protection.

2.2.7 Research, development and extension

Sustainable agribusiness is underpinned by quality research and development, and extension services to disseminate information into industry. It is strongly supported to strengthen the existing RD&E system as proposed. Positive initiatives include:

- The R & D Tax incentive
- Cross sector research
- Investment in extension services
- Decentralising agriculture research functions into suitable regional areas
- Opportunities for knowledge exchange, e.g. through the new Industry Growth Centres; and
- Improvements in productivity through research, development and extension – proven to be commercially viable.
- Productivity gains

Productivity gains are a key component of achieving sustainable agribusiness, and this will involve research, development and extension activities relating to:

- Farming methods
- Resource inputs and efficiencies, in particular water; and
- New and alternative crops.

2.2.8 Biosecurity

Maintaining a focus on biosecurity is essential for protection of our natural systems, agricultural systems and our international reputation for clean products.

2.2.9 Accessing international markets

Supplying high quality, high margin Australian produce to international markets will continue to be a focus for agricultural industries. In order to maximise opportunities for agribusiness in Australia, we need to:

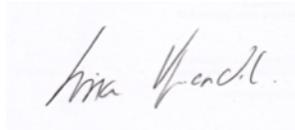
- Have a thorough understanding of export market opportunities, in particular high value markets where Australia has a competitive edge
- Have systems established to access these markets; and
- Produce sufficient high quality, well branded, value-added produce to meet this demand.

Support is required to assist local producers to access export markets. This may be through:

- the provision of information about markets
- access to training in export regulations and procedures
- connection with direct leads into export markets; and
- product marketing.

Thank you for the opportunity to provide input into the Agricultural Competitiveness Green Paper

Yours sincerely

A handwritten signature in black ink, appearing to read 'Lisa Kendal', is centered on a light blue rectangular background.

Lisa Kendal
Executive Officer