12th December 2014

Agricultural Competitiveness Taskforce
Department of the Prime Minister and Cabinet
PO Box 6500
CANBERRA ACT 2600

Dear Sir/Madam,

RE: Agricultural Competitiveness Green Paper

On behalf of

- Australian Walnut Industry association Inc (AWIA)
- Chestnuts Australia Inc (CAI)
- Hazelnut Growers of Australia Inc (HGA)
- Pistachio Growers' Association Inc (PGAI)

we would indicate that we have considered the Agricultural Competitiveness Green Paper and we would make the following submission.

The following is a brief introduction to each of the industries:-

Australian Walnut Industry Association Inc

The major production areas in Australia are on the east coast of Tasmania, in Victoria in the Goulburn Valley near Shepparton and the Murray Irrigation Area near Kerang and Swan Hill, and the Riverina near Griffith in NSW.
Small-scale orchards are scattered in the Ovens Valley, Gippsland and Central regions of Victoria, in the NSW Southern Highlands, in the Adelaide Hills and Riverland regions of South Australia, and in south-west Western Australia.
The Australian Industry is a mix of small, older orchards and new, extensive orchards. Most orchards are family operations but these do not represent the majority of area under cultivation.

Current production

- Area: about 3,000 ha.
- Production: an estimated 11,000 tonnes a year of fresh walnuts with the 2014 production valued at $44 million

Industry potential

Walnut production is expected to increase to 15,000 tonnes by 2020 as new orchards come into production.

Chestnuts Australia Inc

About 70-75% of the total national chestnut crop is produced in north-east Victoria. Chestnuts are also grown east of Melbourne, in central Victoria, around Orange, Southern Tablelands, Blue Mountains and Batlow in New South Wales, in the Adelaide Hills in South Australia, in Tasmania and in south-west Western Australia. Many chestnut orchards are small family owned orchards, but there are several large scale commercial plantings and the average size of new chestnut orchards is increasing.

Current production

- Area: about 1,000 ha.
- Production: an estimated 1,200 tonnes a year of fresh chestnuts with the 2013 production valued at $7.5 million

Industry potential
Chestnut production is expected to increase to 2,000 tonnes by 2020 as young orchards come into production.

Hazelnut Growers of Australia Inc
Hazelnut orchards are scattered throughout south-eastern Australia due the requirements of climate. The main production regions are the Central Tablelands of New South Wales near Orange, and north-east Victoria near Myrtleford. Hazelnuts are also grown in central and eastern Victoria and increasingly in Tasmania.
Many hazelnut operations are small orchards of up to 6,000 trees. The average size of new hazelnut orchards is increasing and they are being planted to more productive varieties. Most are family operated enterprises.

Current production
- Area: approximately 130 ha, including young orchards yet to come into production.
- Production: About 70 tonnes; expected to increase as new orchards come into bearing.
- Value: Industry has a current value of approximately $1 million.

Industry potential
By 2015, the area under hazelnut production is expected to be approaching 200 ha.

Pistachio Growers’ Association Inc
The major production areas are along the Murray River Valley between Swan Hill in Victoria and Waikerie in South Australia. Further plantings are in central west Victoria and Pinnaroo, South Australia. Small plantings exist in Western Australia.
A central commercial processing facility is at Robinvale in Victoria.
The pistachio industry includes a mix of medium-sized business ventures and smaller family-owned operations. The bulk of the crop is produced on medium-sized orchards.

Current production
- Area: 900 ha (2013 data).
- Production: average of 1,200 tonnes in-shell per year (based on a two year average) (2013 data) with a two year average value of $12 million.

Industry potential
By 2016, the area under pistachio production is expected to increase to 1,200 ha. It is estimated that by 2020 pistachio production could average 3,000 tonnes/year ($25 million).

The brief information above highlights that these three nut industries:-

a) are relatively young industries but industries that are expanding and developing,

b) have the ability to increase production and productivity over the coming decades,

c) are relatively small industries in terms of value (between $1 million and $15 million) and current production.

OVERVIEW:

While the Agriculture Competitiveness Green Paper is comprehensive there are some broad areas that the industries involved with this submission would like to raise:-

a) The process appears to be ALL about what government is doing/needs to do in an endeavour to develop agricultural competitiveness. There is no real reference to what industry is doing or might do going forward to achieve agriculture competitiveness.
   The document continues to build a ‘silo approach’ to the issues and processes and not a ‘partnership approach’.

b) There seems to be no attempt at the moment to prioritise the policy ideas and the sub-sets within those policy ideas into short, medium and longer term goals. Industry believes that this would be an essential step going forward and ensure the short term ideas/activities would bring immediate gains to agriculture competitiveness. For instance immediate improvement to chemical access for the horticulture industry would save industry substantial resources and have a very immediate result in achieving agriculture competitiveness. A ‘win-win’ situation for both government and industry.

c) Industry believes that the document needs to also be divided into those issues of a legislative/regulatory nature and those that are ‘government in the way of industry’. Many of the policy ideas would be quickly resolved if government and the bureaucracy ‘got out of the way’.

d) Industry is concerned that while there might be a resolve by government to change certain aspects to achieve a policy idea this will not be supported by the appropriate level of resources. For instance, one of the concerns with market access is that there are not enough resources being currently put into the relevant agencies to deal with the large number of market access issues. If this continues industries will not be able to maximise the advantages coming from programs like the Free Trade Agreements.

e) While the paper highlights those programs that the government is already doing there has been no consideration as to whether those activities/programs are achieving a benefit for industry and leading to agriculture competitiveness. For instance the industries involved with this submission would believe that the changes being made to the Horticulture RDC was not supported by the industries/growers and is already having a negative effect on industry and will result in reduced research, development and extension outcomes and reduce industries ability to become competitive in the market place.
   Industry believes that each of the current programs should be assessed and rated in the white paper as to their effectiveness in achieving agriculture competitiveness.

f) The broad but significant issue of ‘Cost of Doing Business’ does not seem to be adequately covered by the green paper. The reality is that unless we return profitability to each and every farm business then we will not achieve agricultural competitiveness. More focus, in the initial stages must be about reducing the ‘costs of doing business’.

The following are more specific comments:-

A. GREEN PAPER CATEGORY AREAS:

The industries covered by this submission would indicate that the eleven categories are comprehensive and cover the major issues of concern for the industries and their growers.

One category that industry would like to see modified is the one titled "**Drought**". While drought can be a major issue what industries have seen in the recent past are 'extreme environmental events' of which drought is just one of the events. Major rain events that result in floods, disease outbreaks, death of plantings, etc can be just as devastating as a drought event. The Pistachio industry had a major disease outbreak in 2010/11 as a result of extreme rain event resulting in a crop loss of $16 million within that one season.
Industry would encourage the drought category to be modified to cover ALL manner of 'extreme environmental events'.

B. GREEN PAPER POLICY IDEAS:

Similarly all of the policy ideas have a level of merit but in saying that the industries believe that the following policy ideas have the greatest importance to ensuring the growth of each of the industries and their individual members.

While it would be easy to highlight all of the policy ideas as being important (which they are) the following are 12 policy items that would be in the industries priority list.

Policy idea 2:	**Improving existing infrastructure and transport regulation**
Policy idea 5:	**Protecting the resource base**
Policy idea 6:	**Strengthening farm businesses**
Policy idea 7:	**Improving market competition**
Policy idea 9:	**Improved regulation**
Policy idea 12:	**Farm business improvement**
Policy idea 14:	**Strengthening agricultural education**
Policy idea 15:	**Strengthening labour availability**
Policy idea 20:	**Strengthening the RD&E system**
Policy idea 23:	**Improving the biosecurity system**
Policy idea 24:	**Strengthening Australia's overseas market efforts**
Policy idea 25:	**Improving Australia's export and import systems**

C. SPECIFIC IDEAS

Extracting from the individual policy idea topics the industries involved in this submission would highlight the following specific issues as ones of importance to them:

INFRASTRUCTURE

- Mechanisms are required to incorporate information on local infrastructure needs and bottlenecks into infrastructure planning and funding decisions.

WORKING WITH THE STATES AND TERRITORIES

- Removing excessive work health and safety requirements.
- Providing opportunities for farmers to convert leasehold land into freehold.
- Ensuring greater consistency in biosecurity regulations between Australian jurisdictions.
- Quarantining prime agricultural land from mining.
- Subsidising farm energy audits.
- Strengthening laws to stop trespass on farms.

COMPETITION AND REGULATION

- Introduce new marketing mechanisms that might restore balance of power to the producer
- Increasing the resources of the ACCC, including specialist agribusiness knowledge, and requiring the ACCC to publish more information on investigations and their outcomes.
- Changes to the regulation of AgVet chemicals, such as through relying on the advice of trusted foreign regulators and allowing the issuing of temporary permits for chemicals.

FINANCE, BUSINESS STRUCTURES AND TAXATION

- Creating incentives to encourage greater institutional investment in agriculture.
- Expanding the role of Rural Financial Counselling Service to assist ‘at risk’ businesses, promote learning and extension activities and provide links with mental health support services.
- Establishing a programme to encourage collaboration between agricultural businesses by providing a networking service to bring interested parties together.

EDUCATION, SKILLS AND TRAINING AND LABOUR

- Establishing a young farmers’ mentoring and networking programme to help new entrants, including offering clear advice and information on education pathways for agricultural careers.
- Expanding the Working Holiday Maker (417) visa by increasing the qualifying age, expanding the country coverage and allowing a second application.
- Broadening the skill coverage of the Temporary Work (Skilled) visa (subclass 457).
- Expanding the Seasonal Worker Program to all agricultural industries.
- Streamlining visa application processes to reduce administrative burdens (i.e. shorter application waiting periods, less onerous superannuation requirements and automatic provision of tax file\ numbers).
- Providing clearer pathways to residency for visa holders in farm management.

DROUGHT – Change to 'EXTREME ENVIRONMENTAL EVENTS'

- Encouraging multi-peril crop insurance by providing a grant to reduce the cost of the risk assessment process for commercial insurance products or the States and Territories removing stamp duty on insurance products;
- Additional mental health and general support in times of extreme environmental events

WATER AND NATURAL RESOURCE MANAGEMENT

- Providing a 50 per cent per year deduction over three years for investment in on-farm water reticulation infrastructure
- Promoting more targeted approaches to pest and disease management and control

RESEARCH, DEVELOPMENT AND EXTENSION.

- Enhancing access to the R&D Tax Incentive;
- Promoting and supporting the development of industry capacity in industry based extension services;
- Increasing the flexibility of levy arrangements.

BIOSECURITY

- Improved information and intelligence gathering tools, supported by increased investment in high-risk areas and priority pests and diseases
- Collaborating with industry associations to extend traceability systems to better facilitate responses to outbreaks and expand market access

ACCESSING INTERNATIONAL MARKETS

- Improving exporter services and our understanding of overseas markets particularly to the grower base.
- Accelerating the development of technical market access and commodity strategies to prioritise market access efforts.
- Increasing Australian Government positions and considering options for industry-funded positions, on the ground in foreign missions, to underpin increased focus on agricultural market access.

OTHER INDUSTRY INPUT:

The following are issues previously raised and ones which the industries involved in this submission believe are still relevant.

1. Free Trade Agreements

Industry Key Recommendations:

- Increase resources, particularly with horticultural and commercial expertise, available to the Department of Foreign Affairs and Trade and the Department of Agriculture for the negotiation of trade agreements; and

- Engage with the relevant industries prior to, and during, the negotiation process to ensure agreements are commercially viable and sustainable.

2. Application of Biosecurity Measures

Industry Key Recommendations:

- Ensure that Commonwealth and State Government biosecurity functions are appropriate resourced for dealing with exotic pests and are able to share information across agencies and with industry in a timely fashion; and

- Undertake research and development to incorporate technology into the assessment process of imports and provide assurance to export partners.

3. Affordable, skilled and R&D focussed labour, and lack of R&D resources constraining possible future research in the area

Industry Key Recommendations:

- Implement strategies to encourage more people into horticultural roles, and maximise retention by ensuring these roles are linked to career development;

- Facilitate access to training and skills development, including improved training pathways and development opportunities for employers and employees through targeted skill sets, flexible delivery and funding support;

- Relax requirements around the Working Holiday visas to allow for extended employment options, and reduce the burden of associated administrative obligations on farmers;

- Streamline processes in regard to managing labour (including temporary workers) in the horticultural sector; and

- Work collaboratively with education providers and other agriculture industries to engage and attract people.

4. Penalty / Holiday work over the harvest season

Industry Key Recommendations:

- Refine the industrial relations framework to deliver an affordable and flexible system for business owners and fair pay and conditions for horticulture workers;

- Allow for enhanced flexibility in awards and agreements to accommodate the specific characteristics of the horticulture industry, which is subject to diverse nature and crop conditions; and

- Protect the horticulture industry from an expansion of penalty rates and/or public holiday rates applying to casual labour in the workforce.

5. R&D and innovation

Industry Key Recommendation:

- Investment in R&D to - at a minimum - be maintained, but preferably increased, to overcome issues that affect profitability of the horticulture sector. For example mechanisation is a key area of innovation that warrants significant Government leadership and investment as a means of improving international competitiveness.

6. Regulation of Agricultural and Veterinary Chemicals

Industry Key Recommendation:

- Review and incorporate US, Canadian and New Zealand chemical registration findings to facilitate Australian chemical registration processes and reduce testing timeframes.

The broad priorities of these industries are detailed with each of the industry strategic plans and are available for consideration in this white paper process if required.

Representatives of the Australian Walnut Industry Association Inc, Chestnuts Australia Inc, Hazelnut Growers of Australia Inc and Pistachio Growers' Association Inc, collectively or individually, would be pleased to expand on these and other issues at any time in the near future.

Yours faithfully,

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