

Agricultural Competitiveness Taskforce
Department of Prime Minister & Cabinet
PO Box 6500
Canberra ACT 2600

P O Box 8025
Griffith East NSW 2680
www.rdariverina.org.au

Ph: 02 6964 5540

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To Whom It May Concern

RE: Regional Development Australia (RDA) Riverina's submission on the Agricultural Competitiveness Green Paper.

RDA Riverina supports the broad policy areas as listed in the Agricultural Competitiveness Green Paper. In this submission the policy ideas listed are those that RDA Riverina has received the greatest amount of feedback on and believes will make the most difference. Policy topics or ideas not listed in the submission mean that RDA Riverina has received no or limited feedback, so is not in a position to provide comment.

Feedback has been obtained over the last two years from a variety of stakeholders across the region including Local Government, Industry bodies/Associations, State Government Agencies and farmers/producers. RDA Riverina and stakeholders across the region support any policy that improves farm gate returns as farmers terms of trade have diminished (consistently increasing input costs and diminishing or irregular returns) over the last 40 years.

RDA Riverina region stretches 500kms east to west across NSW and services a population of approximately 145,000 people. The RDA-Riverina region comprises of 14 Local Government Areas (LGA's) including: Bland, Carrathool, Coolamon, Cootamundra, Griffith, Gundagai, Hay, Junee, Leeton, Lockhart, Murrumbidgee, Narrandera, Temora and Wagga Wagga.

The Riverina region is home to the Murrumbidgee River and the major food producing areas of the Murrumbidgee Irrigation Area (MIA) and Coleambally Irrigation Area (CIA). Renowned for being one of Australia's largest agricultural hubs, the Riverina region relies heavily on the agriculture sector for its economic prosperity. The Agriculture, Forestry and Fishing industry is the largest employing sector and manufacturing (particularly value adding to food & beverages) is also a major employer¹. The region not only grows but processes significant agricultural product from meat, rice/cereal, cotton, canola (oil & meal), vegetables, fruit (citrus), nuts to wine.

Creating a proactive and positive environment for a profitable and competitive Agriculture industry is not only important for the nation as a whole but it is also pivotal for the sustainability of regional communities.

The policy ideas and areas that RDA Riverina believes are priorities based on feedback from stakeholders are listed below and in some instances additional recommendations have been made:

1. INFRASTRUCTURE:

Policy idea 1- Building new transport infrastructure

¹ ABARES 2014, Agriculture and Forestry in the Riverina region of New South Wales 2014, About my region 14.13, Canberra, July.

The Government commitment to the Inland Rail route from Brisbane to Melbourne has received positive feedback from stakeholders and is viewed as a strategic piece of infrastructure vital for the efficient movement of freight into the future for regions.

Policy idea 2- Improving existing infrastructure and transport regulation

Enabling infrastructure that allows the delivery of the current volumes of agricultural product to markets or processing points regionally, nationally & internationally is critical. In particular transport infrastructure such as road, rail & ports to allow for access and expansion into new markets. The forecasted growth in the region will add significant pressure to road and rail networks in the region. It will also bring opportunities for logistic based enterprises. Constraints on freight corridors hinder growth and inhibit economic activity costing industry time and money and in some instances acting as a barrier to the establishment of new or expansion of existing industries.

Ensuring efficient and cost effective methods of delivering produce & value added products to national markets and also to ports for export is a priority for our region. The Riverina Eastern Regional Organisation of Councils (REROC) have already launched their 'Regional Freight Transport Plan June 2014' and the Riverina and Murray Organisation of Council (RAMROC) are in the process of finalising their transport plan that will extend the REROC planning to encompass the whole Riverina Murray region in NSW. To view this plan :

<http://reroc.com.au/projects/regional-freight-transport-plan>.

This plan has developed a regional approach to transport delivery whereby significant road and rail freight corridors are mapped and constraints on these corridors are identified. Providing solutions to these constraints will require funding. The significant constraints identified through this mapping process are bridges. REROC is currently seeking funding to conduct an assessment of 36 bridges on important transport corridors in the Eastern Riverina.

“Bridges are a greater priority than roads at this stage” Executive Officer, REROC.

RDA Riverina in September 2014 sort feedback from Local Governments in the Riverina region regarding the infrastructure projects that may be occurring in their shire in the next 12-36 months. Councils were asked to provide information on approximately 3 priority infrastructure projects, particularly projects that would have an impact on a couple of LGA's in the region. The collation of the infrastructure priorities identified that approximately 25% of the infrastructure projects related to road and rail infrastructure, worth over \$200m in project value. The transport related infrastructure projects included:-

- Regional Rail Network Upgrade
- Bridge Upgrades
- Rail Intermodal Terminal Cootamundra
- Melbourne- Brisbane Inland Rail
- Griffith Intermodal Freight Hub
- Griffith Heavy Vehicle By Pass
- Leeton Intermodal Hub
- Riverina Intermodal Freight & Logistics, Wagga Wagga
- Alternate Heavy Vehicle By Pass Temora

This is only an indication as many Councils would have further local transport infrastructure that they would not have submitted in this process. An additional priority that has been identified in the

RDA Riverina Regional Plan since 2009 includes the Gocup road. This is an important road linking Gundagai & Tumut Councils with a significant number of timber freight vehicles travelling along it.

The Riverina Murray Infrastructure Group facilitated by RDA Riverina with representatives from RDA Murray, Trade & Investment NSW, NSW Department Premier & Cabinet, Riverina Eastern Organisation of Councils (REROC) & Riverina Murray Organisation of Councils (RAMROC), NSW Business Chamber – Murray Riverina and RDA Southern Inland has identified the following broad infrastructure categories that are relevant to the agriculture sector:-

- Transport – road, rail, bridges, bypasses (B-Triple access)
- Utilities – electricity & gas (bulk storage)
- Renewable energy & power generation
- Telecommunications – broadband / mobile phone

Electricity

- Access to affordable electricity or having the capacity to generate your own through renewable energy options will reduce input costs. Previous government programs have been implemented but to date most of these have been targeted at much larger energy users or corporate entities. There are many small- medium enterprises that could be supported and benefit from a renewable energy scheme that would create sustainable energy into the future.
- Privatisation of electricity has also led escalating costs impacting on agricultural enterprises. Electricity is a major input cost impacting on primary producers and requires control measures to be developed and regulated by government.
- The high cost of electricity is also impacting on irrigation farmers by making water infrastructure (designed to improve water efficiency) too expensive to use. This is a major problem in achieving the intended reduction in consumptive water use, and could ultimately increase the need for additional buy-back to be used to meet total Sustainable Diversion Limits (SDL) reduction targets set in the Murray Darling Basin Plan by 2019.

Recommendation: Incentives for renewable energy infrastructure is a policy consideration to assist this challenge.

Gas

- Access to gas and the capacity to connect with existing networks at an affordable rate is particularly important for those enterprises value adding to raw agricultural product in the Riverina region. Value adding to food and fibre products in the regions has many advantages such as expanding agricultural production, increasing employment and economic activity in regional communities.

Recommendation: Incentives for and a commitment to expanding gas/electricity networks.

Policy idea 3- Enhancing communications

Telecommunications Recommendations:-

- Improved access to mobile service coverage & faster or high speed broadband (many farmers now do business from the paddock, adjust watering systems/pumps/feeding units, sell & buy stock via online markets, research new practices, control equipment etc). There are still parts of the Riverina where there is no mobile coverage and /or limited access to broadband. Unreliable service of telecommunication provision restricts opportunities nationally and internationally when accessing markets and expertise.
- As digital based technologies grow, greater pressure for reliable high speed provision is essential across all sectors in regional and rural Australia. Access now needs to be readily available not only from the office but from any point of reference of an agricultural activity eg paddock, mobile phone, ipad, anywhere where the activity occurs. Expedite the delivery of the National Broadband Network in the most practical and efficient (time & cost) way to ensure quality service provision.

2. WORKING WITH STATES AND TERRITORIES

Policy idea 4- State government deregulation

Policy idea 5- Protecting the resource base

Policy idea 6- Strengthening farm businesses

3. WATER AND NATURAL RESOURCE MANAGEMENT

Policy idea 18- Improving water infrastructure and markets

- a) **Dams and water infrastructure-** Further water storage and water efficiency infrastructure has been highlighted by stakeholders across the region. RDA Riverina has received recent inquiries from farmers as well as entities investigating the feasibility of piping water for stock and domestic purposes as well as the need for water storage/dam facilities. Water storage and efficient water transporting infrastructure is required for irrigators but also non-irrigators. Funding programs, low interest loans and tax incentives for building this infrastructure have been identified as policy frameworks that would be beneficial.

Increasing the capacity of dams in the catchment, such as Burrinjuck and Blowering dams for the Murrumbidgee and Murray rivers has been identified by stakeholders.

Recommendation: Coordinate a “think tank” to discuss the ideas and feasibility of expanding dam capacity or creating another innovative solution to improve water storage. Creative thinking will occur when people with the skills, knowledge and leadership are brought together. The process of developing a solution may take time so a process needs to start immediately. Burrinjuck and Blowering dams were built many years ago by those with a vision for the future and the time has arisen, with climatic conditions changing at a rapid and more variable rate to again tackle this challenge. Increasing periods of no or limited rain and increasing demands for water make this a critical issue.

- b) **Taxation concession for water reticulation infrastructure**

- c) **Water markets**

4. EDUCATION, SKILLS AND TRAINING, AND LABOUR

Policy Idea 14: Strengthening agricultural education

a) Working with states and Territories to provide specialised learning in agriculture in the future.

In the Riverina Murray region the Riverina Agricultural Education Alliance was formed to bring together schools, TAFE, tertiary providers, peak industry bodies, industry representatives, community organisations and government representatives to work in partnership to promote career opportunities and pathways within agriculture or the food and fibre sector to young people in the region. A major outcome of this Alliance in 2014 was the facilitation of three highly successful Ag Inspiration events driven by Partnership Brokers (a Commonwealth Funded program). These events were convened in Wagga Wagga, Griffith/Leeton and Tocumwal/Deniliquin (Tuppal). Designed for secondary students and career advisors, Ag Inspiration is an interactive model of delivery that works with industry to showcase a broad range of career options in agriculture. View this link to the MIA Ag Inspirations event for an overview of the event and feedback from students who attended.

www.youtube.com/watch?v=ESpOsw2Qqfo&feature=youtu

Recommendation: Government policy needs to support models of delivery that work successfully and are sustainable such as the Ag Inspirations events. Funding timelines need to be realistic to ensure programmes have enough time to be implemented (3 years) and then evaluated, to ensure sustainability.

Education Facilities: In the Riverina region substantial funds have been withdrawn from education facilities that offered some of the short courses that delivered practical training suitable for the skilled work to the industry. The Murrumbidgee Rural Studies Centres was one of these facilities. TAFE NSW Primary Industries facility does offer this training but the majority of these components are delivered from the Wagga Wagga and Albury Campuses. The demand for these positions is often further west of the region in more isolated communities.

Technology and mechanisation; is also changing the labour and skill requirements of those working in agriculture. Training people with these skills will be important into the future to service the agriculture industry.

Local & regional branding: Education programs with local & regional audiences about food & fibre production but also the hospitality industry & retail sector that use food and fibre products. In the Riverina region the TASTE Festival Taste is a collaboration of the region's food producers and other industry champions who inspire people in the Riverina and beyond to eat better food by providing opportunities to celebrate, experience, understand and become advocates for locally- produced food.

For more details visit <http://www.tasteriverina.com.au/>

Youtube: <https://www.youtube.com/watch?v=h3GSS37q204>

Recommendation: Government programmes developed to support initiatives as listed above.

C) Increasing financial support for regional education -Increasing financial support for regional education such as expanding the Living Away from Home Allowance for tertiary students from rural not just remote communities. Many rural tertiary students must move away from home to study and the subsequent costs are an impediment to universal uptake.

d) Creating national agricultural tertiary centres of excellence – Models of centres that have close collaboration between industry (industry bodies and individual farmers/producers) and research or educational institutions are critical. In NSW research extension services have been reduced so new innovative models are required to support industry growth and sustainability.

“Recent state government policies have significantly reduced the number of government agricultural extension officers weakening the link between research and farmers” Rural Financial Counsellor, NSW.

Policy Idea 15- strengthening labour availability-

Recommendation: More collaboration between agricultural industries when accessing training opportunities and creating education pathways. Varying agriculture industries need to work together to work out skills sets that can be transferred from one sector to the next and create permanent work opportunities as much of the work is seasonal. Establish workforce development programs for agriculture industries working collaboratively to support innovative training and transferable skill development.

Recommendation: Greater promotion of occupations and opportunities that exist in the food & fibre industry. Currently there is not readily available or accessible training for the broad range of required skills sets and training is often learned on the job. Professional positions such as agronomists are also in demand, especially in NSW where the outreach services from Department of Primary Industries have been reduced. RDA Riverina in partnership with Charles Sturt University created a series of videos promoting diverse occupations within agriculture. For details visit the Youtube site.

<https://www.youtube.com/channel/UCY8Xs5wTvf0YV3L4qegpsnQ>

Recommendation: Educate and promote value adding opportunities within regions. Some suggestions include:-

- Support structures and education for producers regarding securing markets for commodities and the concept of primary producers as ‘price makers’ as opposed to ‘price takers’.
- Creating an environment that supports value adding to agricultural products in regions. Education and training for producers about how to establish market relationships with retailers (restaurants, motels, providers). This shortening supply chains, creating further employment opportunities and maximising benefits in the regions. This could be encompassed in the Rural Financial Counsellor roles or with State Agencies responsible for supporting business. In NSW this would include organisations such as Trade & Investment NSW, Business Enterprise Centres & AusIndustry who already have a presence in the regions.

5. RESEARCH, DEVELOPMENT & EXTENSION

Policy Idea 20- Strengthening the RD&E system

- Stronger links between research and industry particularly around new technologies and innovation.
- Further research and trialling of different and diverse agriculture commodities to assist primary producers in diversifying their revenue streams to withstand variable climate and disease.
- Further research and analysis of market trends in the food and fibre sector and communicating this back to producers.

In August 2014 RDA Riverina sponsored the Future Proofing Mixed Farming Systems Forum coordinated by the Graham Centre for Agricultural Innovation (funded by Charles Sturt University and NSW Department of Primary Industries). RDA Riverina representatives formed part of the steering committee to plan the forum and coordinate the regional field trips held before the forum. 100 delegates including industry leaders attended the forum held at Charles Sturt University (CSU) Wagga Wagga campus, to discuss and debate the challenge of future proofing mixed farming systems. As a result of feedback generated through the discussions at the forum, critical issues were identified that need to be addressed in order for farming systems to achieve profitability, productivity improvement, high agricultural commodities and sustainability. These are listed below:-

- Productivity & Risk Management- foster research and development partnerships that develop and improve productivity gain increases and improve food quality, including new technologies.
- Markets – Industry leaders support regulations to ensure Australia has clean, green products to meet market expectations as market leaders in safety.
- Professionalism & profitability – Provision of regional education opportunities in financial literacy, risk management and marketing for advisors and managers. Explore and showcase models of new business.
- Robust Research, Development, Education & Training Networks – Encourage increased and long term partnerships along the supply chain with shared skills and vision. In addition support new digital technologies and networks for decision support and information sharing.

6. COMPETITION AND REGULATION

Improved regulation

- Country of Origin Labelling for food (CoOL)-Improved labelling guidelines to identify where products are grown & packaged is supported. Stronger promotion within the regions about local, regional and national products is required. Country of Origin Labelling (CoOL) should erase the use of words/insignia/artwork that makes a product look Australian when it is clearly not. For example Sunraysia Juices/Mildura Fresh which

is an Australian Company in an Australian Bottle, but the juice is imported. The product is packaged in Australia but the juice is from Brazil/USA. CoOL should look at basing the rules on the significant product and limit the use of 'Made in Australia' and replace with a suitable statement such as "Grown/Packed/Package in Australia"

- Transparency in pricing and competition is good however the current policy will only apply domestically. Negotiation with trade partners on imported pricing & food labelling must also be considered to be fully transparent.

"The cost & labelling of Chinese frozen pea's compared to Australian Frozen pea's"
Citrus Grower, Griffith NSW.

- Strengthening market powers-- Government need to assign funds to help the investigations to prove breaches of market power provisions and act on the findings. Industry can only highlight product dumping issues.
- Consistency in food pesticide laws so international businesses or imported goods have similar standards to those experienced by Australian producers/farmers. For example if Australian farmers can't use a pesticide (banned in Australia because of its effects), imported goods from other countries using the pesticide (with higher than regulated standard levels of the chemical are used) should not be allowed.
- Reducing some of the Work Health and Safety requirements would help reduce compliance concerns.
- Reducing some of the more onerous and restrictive Native Vegetation Laws would allow more practical applications.

7. FOREIGN INVESTMENT

Policy idea 13 -Improving the transparency of foreign investment

- A balance must be maintained, ensuring local benefits as well as taking advantage of overseas investment and their desire to ensure food security for their growing population (particularly Asia).

Recommendation: Further research into the impact of corporate and international investment on communities is needed. Research that analyses both the advantages and disadvantages, ensuring primary producers and communities are fully informed.

8. DROUGHT

Policy Idea 16- Increasing drought preparedness

- Supporting business enterprise to create models that diversify their income to enable them to survive periods of drought, flood etc.
- Storage and further water saving activities to maintain production at a minimal level during dry periods.

- Encouragement of a multi-peril crop insurance scheme would remove some of the risk in farming (encouragement by way of removing state stamp duty would help). Making multi-peril insurance 150% tax deductible may also be an option.

Policy Idea 17 – In drought support

- Drought preparedness is important but a difficult task. Preparing for a 3 year drought is challenging and virtually impossible for a 10 year drought. Some direct assistance should always be part of the policy framework and is necessary in extreme cases. The Farm Household Allowance is a step in the right direction and expanding the Emergency Water Infrastructure Scheme would be an effective measure.

9. FINANCE, BUSINESS STRUCTURES AND TAXATION

Policy idea 10- Improving access to finance

- Access to capital, particularly for younger generations wishing to enter the farming sector is difficult. This is particularly a challenge for non-farming young people. If capital is provided, the margins are so tight and variable, that paying back a loan can be a lifelong sentence that many young people are reluctant to embark on. Financial Institutions now require substantial equity and are looking for low risk lending which can provide challenges for the younger generation who have not built this equity.
- Continuation of concessional lending
- Further consultation and discussion around the opportunities that may be presented with corporate and/or overseas investment. Ensuring the right business model is adopted to ensure sustainability for all parties involved.

Policy idea 11- Improving tax system efficiency and equity

- Improve not only access to finance but also to risk mitigation. Improve risk mitigation to export by government providing insurance programs. Government should explore this as an option for potential exporters.
- Expanding the role of Rural Financial Counsellors to include learning and extension activities would help farmers with the business management of farming

10. ACCESSING INTERNATIONAL MARKETS

Policy idea 24- Strengthening Australia's overseas market efforts

Recommendation: State and Federal governments need to be more proactive in establishing 'Access to International Markets', especially with free trade into China. Negotiations are underway but finalising and implementing a Trade Agreement with China is a priority for Australian producers/manufacturers to be able to enter this market on competitive terms.

"Currently only Tasmania has free trade into China with cherries. Growers in all other states of Australia who wish to send fruit to China are currently forced to use the 'grey trade' through Hong Kong which has a very high tariff.

The Australian domestic market currently sees a glut of cherries from early December through to early January. Australia is well placed geographically with China and can get fruit there faster and at a lower cost than fruit leaving South America.

Establishing free trade of cherries into China for all States of Australia will increase our exporting opportunities and result in an increase in competitiveness on the Australian domestic market”
Cherry King, Hillston, NSW.

If you have any questions in relation to the submission please contact CEO Lani Houston on 0429 444 213 or email lhouston@rdariverina.org.au

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tom Watson', with a small dot at the end.

Tom Watson
Chair