

## **Australian Government Agricultural Competitiveness Green Paper**

**Alex Arbuthnot – 12 Dec 2014**

### **Introduction – Vision**

Australian Agriculture greatest opportunity will be embracing the new China and Asean Century. Success will require a transformation from ‘ yesterday’s’ business models to new innovative global models.

A major step will be winning the ‘ people ‘ challenge – numbed by negativism, urban trends and idealism - strangulating political policy.

Perhaps regional Australia should connect and integrate the investment and economic strengths of our resource industries – mining, energy, food & agribusiness, tourism, knowledge ( including landcare) - to become a ‘powerbase’ to counter urban policy strangulation, and lead the transformation and opportunity to the new century.

The Green paper must start the preparation process.

The recent McKinsey report “ Compete to Prosper “ noted Australia has a competitive advantage in Energy, Tourism and Agricultural Industries - all in regional Australia and McKInsey recommended “ Australia should win in the advantaged performers: mining, agriculture, tourism and education. Also noted the merging contender of Food Manufacturing!

The 21 Ideas in this paper is a great starter

### **Comments**

#### **1. Overview**

- 9 principles:
  - 1- reducing costs is a given – increasing productivity and value adding is the aim – perhaps 1 & 3 should be re written and combined – In Victoria the move to intensification will drive future agribusiness.
  - Perhaps some principles could be merged to become Goals- as some are ‘ outputs’ – Principle 9 – 2<sup>nd</sup> part should be deleted – affordable food usually means a ‘lower price ’ to the farmer – already ‘ food inflation’ is beginning to merge as an issue for urban Australia !!

#### **2 Summary of Issues –and Ideas**

- Infrastructure.
  - Infrastructure – investment should be a very high priority and include – standard line railways, highway by- passes to major rural towns and considering co-investment with other regional resource industries ( export mining & energy) – Ports and Airports – co – usage of RAAF Bases – eg Sale – to fly out fresh product to Asia
  - Eliminating mobile black spots and use of new digital technology for development of new agribusiness in rural Aust
  - New satellite investment a must
- Policy idea 5 – quarantining prime agric. Land
  - ‘productive’ is a better term – In Vic previous Planning Minister suggested a Planning Overlay for priority agric.land – an excellent and necessary action for a small State like Vic. - ( also in Vic’s Regional Growth Plans – Priority Agric Land is proposed). However the main opposition will be from farmers who frankly ‘ want their cake & eat it ‘ too
- Policy idea 7, 8 & 9– support
  - Support streamlining red tape & one stop shop –
  - Support harmonisation of regs between States and we can start with Local Govt areas and the have one regional LG office
  - Support ACCC as is – And we should not be blaming supermarkets for low food prices – blame the consumer or poor marketing
  - Re 9 – support necessary reg . but donot forget we operate in a global market – online and in all markets and all products will need to be globally competitive
- Finance
  - Bank debt is massive issue as recent publicity has shown. The real issue is the interest rate ! – note that home buyers can access finance at less than 4% and a home earns no income for the country. Farmers earning export inc. may be paying almost double that rate.
  - Need support for young and new farmers to enter the industry
  - Strongly support establishing 5 industry Growth Centres as proposed
  - Support Idea 10, 11 & 12
- Foreign Investment – one of our biggest opportunities that is being threatened by ‘social licence ‘ issues

- To boost innovation , new ventures and productivity Aust. agribusiness needs new investment.
- Note Austrade – report ‘What Asia Wants’ 2014 – “ unless Aust. has massive investment in new farms/factories we will continue to lose market share” and “ Food safety & Health is Asia biggest concern and Aust. is seen as ‘clean & Green’ but we do not own that title !
- The stat cited – 3 in 5 are against foreign ownership of land is very evident – and boosted by media & populism. Certainly partnerships and co- investment preferred but we must promote success stories ( Tabro Meats in Gippsland) and support activities as mentioned in my Vision
- Support adding an Ag Ind. Rep to the FIRB board ( good political move )
- Idea 13 – not real supportive – we operate in a global market – if OK with FIRB – then that should suffice!
- Skills, Training & Labour – a priority issue
  - Need to improve image and value of agribusiness – ‘farming is a yesterday’s word !
  - Skilled staff ( in QA) is an urgent need and also unskilled labour particularly in some horti industries.
  - The strongest boost to using robots is to overcome labour issues
  - Strongly support ideas 14 & 15
- Drought & other national emergency issues – flood, fire etc
  - We always must give more priority to management training and incentives for preparedness
  - However – urban disasters will have political support for “ assistance’ programs & ‘hand outs’ so why shouldn’t farmers be eligible too !!
  - Support idea 16 & 17 and always aware of the stress impacts and suicides in the country
- Water & NRM management. – this knowledge held in our Landcare and NRM Regions underpins our resource investment in Aust esp our food & fibre production . Must be recognised as a trade an export commodity
  - It must not be taken for granted and the principle of regional and local adaption underpins successful implementation
  - Fed Govt must develop improved systems of measuring regional NRM landscape change ( using remote sensory and satellite technology) that cover integrated change benefits.

- Pest control programs and R&D must have priority – the role of volunteers recognised
- Water conservation and infrastructure investment ( dams) will underpin productivity and NRM
- Support idea's 18 & 19
- Research, development & extension
  - Supporting agribusiness “of tomorrow” will require investment in R&D & E
  - Investment should occur in adaption of new global R&D to Aust regions & commodities
  - Seek partnerships with industry incl. international
  - Support idea 20 & 21
- Biosecurity
  - High priority – underpins the clean green and brand Aust. & support idea 22 & 23
- Accessing International – Very important and why is it not number one !
  - Policy number 1. & fundamental for Aust. operating in a global market
  - Refer to Vision – policy must not be strangled by – ‘ urban do- gooders’
  - Funding support should be increased and support for Agribus. Forums to assist regional SMEs
  - And support idea 24 & 25 including using the Landcare logo as a national brand for Aust clean. and good stewardship as a global marketing tool.

### 3 Other points

- Note use of term agricultural sector and no doubt that covers agribusiness but we could be more implicit .
- Note farm production graph does not include fish and timber products and why not add knowledge / training as an export item !
- Note page 4 – food & Beveridge processing is worth \$88 billion and note mention of value to regional economy – we must highlight this strength and importance to regional Aust.

**A very useful report and the White Paper should be the Blue Print for agribusiness leading the transformation in to the new global economy**