



Agricultural Competitiveness Green Paper
Submission from the South Australian Government
December 2014

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Executive Summary

The South Australian (SA) Government has a significant interest in the Agricultural Competitiveness White Paper. We anticipate that the outcome will provide a policy environment for the agriculture sector and the industries and communities that are dependent on it that:

- Builds on the sector's international competitiveness
- Enhances the sector's access into markets where consumers pay premium prices for our food and wine
- Complements the strategic imperatives of State and Territory governments
- Enhances the efficiency and effectiveness of Australian Government programs that support the sector.

Australian agriculture is at a critical juncture. Asian income growth and commensurate food demand is an opportunity for Australian agriculture. This opportunity will only be realised if Australian governments and industry, as a matter of urgency, implement a long-term cohesive strategy (a set of actions) locking in Australian agriculture's involvement in meeting Asian food demand. This will lead to Australian economic growth and prosperity, particularly in our regional communities.

The Agricultural Competitiveness White Paper is an opportunity for the Australian Government to outline this set of actions and strengthen its roles in national leadership, investment and program delivery.

Garnering the necessary collaboration of States and Territories and the buy in and leadership from our agricultural businesses in delivery of this opportunity is paramount. The SA Government seeks to be an active partner with industry, the Australian Government and other jurisdictions and stakeholders in enhancing agricultural competitiveness for the sustainable improvement in the standard of living for all Australians.

South Australia's key agri-food strategy is to facilitate the development of the State's premium food and wine from our clean environment, and for it to be exported to the world. This positioning underpins the SA Government response to Green Paper policy ideas outlined in this submission. In particular, the Australian Government can support our efforts and enhance agricultural competitiveness in South Australia through consideration of measures that:

- Facilitate major agricultural development projects with an ongoing, clear national pathway and framework for public agriculture-related infrastructure investment
- Provide public investment into two SA priority water infrastructure projects within the next 12 months
- Enhance the enviable pest and disease-free status that Australia enjoys in the global market – a critical competitive advantage for Australia
- Build the Australian brand, including using “regionality” as a positive in a national context; it's a valued characteristic of the wine industry, for example
- Accelerate agricultural productivity growth through targeted and near-to-market research, development and extension (RD&E) and enhanced public investment
- Facilitate farm business improvement through a nationally led business structures and management capabilities “extension” program.

For its part, the SA Government is looking to build on its achievements to date by:

- Finalising an Integrated Transport and Land Use Plan to guide private and government investment in the transport system over the next 30 years and help ensure that land-use planning, strategic infrastructure planning and transport investment are fully integrated
- Improving access for heavy vehicles and agricultural machinery to reduce transport costs for primary producers
- Streamlining administrative processes and reducing costs associated with managing native vegetation while maintaining native vegetation in the landscape to support our biodiversity, natural resources and agricultural productivity
- Maintaining South Australia's status as the only mainland State free from fruit fly, which is vital to our \$677 million fresh fruit and vegetable growing industry
- Supporting the development of higher value added products and a larger industrial commons; that is, all of those other industrial and research activities that underpin and support food value adding activities
- Implementing the *Prospering in a Changing Climate – A Climate Change Adaptation Framework for South Australia*, which identifies a range of issues relevant to the sustainability and hence long-term viability of the State's agriculture
- Demonstrating, through the *New Horizons* program, how farm productivity, water use efficiency and natural resource outcomes can be achieved through collaboration.

South Australia looks forward to the completion of the Australian Government's Agricultural Competitiveness White Paper and is optimistic that the outcome will provide Australia's agriculture sector with a robust, relevant and practical foundation for prosperity.

1. Introduction

The SA Government acknowledges the work of the Agricultural Competitiveness Taskforce in analysing hundreds of responses to its Issues Paper and producing a comprehensive and informative Green Paper.

South Australia has a strategic and economic priority in place for agriculture. Whilst this was more fully outlined in our submission to the Issues Paper, a brief outline is provided here to reinforce South Australia's strategic approach.

The South Australian Government Strategic Approach to Agricultural Competitiveness

The SA Government has made it a strategic priority to secure the State's position as a producer of premium food and wine from our clean environment and capitalise on the increasing global demand for products that are considered "premium".

The *Premium Food and Wine from our Clean Environment* strategic priority is the focus for joint SA Government and industry efforts to harness the true potential of South Australia's agriculture sector. It incorporates three themes – *Build Our Brand*, *Grow Our Capability* and *Secure Production*.

- *Build Our Brand* seeks to improve recognition and sales of South Australian products in targeted markets locally, nationally and internationally
- *Grow Our Capability* drives efforts to support the overall growth and development of South Australia's agriculture sector
- *Secure Production* reaffirms the commitment to respond effectively to the major risks to future food and wine production.

The Department of Primary Industries and Regions (PIRSA) is working across the food, wine/beverage and agriculture sectors to address key challenges and emerging opportunities for our industries by facilitating government-to-government contact and supporting delegations to and from a range of trading partners, particularly China and other Asian partners.

Efforts to grow our food and wine/beverage industries will continue, by positioning South Australian produce so that the inherent qualities of our food and wine are recognised and valued locally, throughout Australia and in overseas markets.

Existing and new markets for South Australian food and wine products rely on a competitive business environment. Initiatives in the *Premium Food and Wine from our Clean Environment* Action Plan aim to further reduce government red tape, provide clarity on the SA Government's regulatory processes, improve access to capital, facilitate regional investment and ensure that transport network infrastructure continues to support regional industries.

The Agricultural Competitiveness Opportunity for Australia

Australian agriculture is at a critical juncture. Asian income growth and commensurate food demand is an opportunity for Australian agriculture. This opportunity will only be realised if Australian governments and industry, as a matter of urgency, implement a long-term cohesive strategy (a set of actions) locking in Australian agriculture's involvement in meeting Asian food demand. This will lead to Australian economic growth and prosperity, particularly in our regional communities.

The Agricultural Competitiveness White Paper is an opportunity for the Australian Government to outline this set of actions and strengthen its roles in national leadership, investment and program delivery.

Breakthrough trade and economic partnership agreements that the Australian Government concluded with South Korea, Japan and China during 2014 offer enormous potential benefits for Australian agriculture. These benefits will be multiplied if the proposed Trans-Pacific Partnership comes to fruition. Strong leadership by the Australian Government in international trade and market access fora is essential.

That leadership will be most effective if industry and State and Territory Governments contribute to the process – to ensure that positions advocated by the Australian Government in international fora are informed, objective and responsive to the needs of all stakeholders.

The Australian Government's commitment to reduce the regulatory cost burden it imposes on the Australian economy by \$1 billion per year is laudable. Nevertheless, any efficiency savings for industry and government must not come at the expense of effective regulation and other services. In short, we must not put at risk our agricultural sector's long-term market growth.

Biosecurity is the fundamental element underpinning access to all international markets, in particular China. Without our markets believing Australia has an outstanding biosecurity and food safety system, there is no Brand Australia and we will not sell premium products.

To maintain and enhance market trust in our premium food and wine, we must maintain and continually improve our systems. This requires a strong collective effort from industry, the States and Territories and the Australian Government.

The States and Territories continue to invest significant resources in the core elements of the biosecurity and food safety system: surveillance, accreditation, preparedness and response. The Australian Government is also conducting a significant reform process for its border and pre-border responsibilities, led by the new Biosecurity Bill.

However, Australia's system has always relied on national leadership to bring together all parties to address issues. This leadership role is the Australian Government's and it is essential that it invests in a high level of policy capability so it can effectively exercise this leadership.

Garnering the necessary collaboration of States and Territories and the buy in and leadership of our agricultural businesses in delivery of this opportunity is paramount. The SA Government seeks to be an active partner with industry, the Australian Government and other jurisdictions and stakeholders in enhancing agricultural competitiveness for the sustainable improvement in the standard of living for all Australians.

This submission addresses many of the policy ideas submitted to the Taskforce – supporting some and providing advice on improvements or a pathway forward on others.

South Australia is also mindful that other reviews are canvassing views on a number of related issues and urges the Australian Government to consolidate the outcomes of these reviews into an integrated policy framework that all sectors of the Australian economy can relate to and commit to.

2. Infrastructure

The SA Government shares the Australian Government's commitment to encourage and facilitate public and private investment in transport and communications infrastructure across Australia and to upgrade and develop strategic infrastructure to support communities and industries.

An Integrated Transport and Land Use Plan (ITLUP) has been drafted to guide private and government investment in the transport system over the next 30 years and help ensure that land-use planning, strategic infrastructure planning and transport investment are fully integrated. It identifies a range of solutions to increase productivity for the movement of freight across the State, including:

- Targeting investment in infrastructure to improve the capacity and efficiency of strategic freight corridors
- Improving the capacity and efficiency of strategic ports and airports, including landside connections
- Delivering regulatory reforms and reducing red tape
- Improving the quality of information on the freight transport system and supply chains, to inform planning
- Supporting regional aviation
- Providing for strategically located freight hubs and intermodal facilities
- Introducing a program to address potential traffic conflicts and safety issues
- Working in partnership with the private sector and other levels of government.

Further information can be found at <http://www.transportplan.sa.gov.au/>.

Policy idea 1—Building new transport infrastructure

1a Linking public and private freight lines and port infrastructure

The Australian Government plays a key role in facilitating the efficient linking of cross-border freight lines and related port infrastructure across Australia. It is important to continually seek opportunities for agriculture to access existing or emerging rail, road, air, or port infrastructure, whether driven by growth in other sectors, such as mining, or by other opportunities such as new transport technologies or changes in product market demand.

By way of example, the SA Government's Regional Mining and Infrastructure Plan¹ identifies the need to explore multi-user ports that support non-mining industries such as agriculture where this represents the most suitable long-term sustainable option for all parties. There is a risk in funding connections to ports/transshipment facilities with a finite life tied to bulk minerals commodities or that don't cater for commercial arrangements that impact logistics chains. Commodity segregation must be paramount where there is a real or perceived risk of contamination.

1b Investigation into all-weather access rural roads that may increase productivity of interstate freight movement, including sealing a third east–west continental road through Central Australia

¹ See http://www.infrastructure.sa.gov.au/major_projects/regional_mining_and_infrastructure_planning_project

The draft ITLUP identifies the need to seal the Strzelecki Track as a priority to support the expansion of unconventional gas and other mining activities in the Cooper Basin. This also would be of value to agricultural industries in the region and could contribute to a third all-weather east-west highway across Australia.

1d Examining infrastructure for ‘greenfield’ developments that may support growth in new areas and open up new opportunities for Australian farmers

There is significant opportunity for “greenfield” agricultural development in South Australia, including a number of proposed projects to modify existing infrastructure that would improve water use efficiency and deliver social, economic and environmental benefits. These were highlighted in the SA Government’s submission to the Ministerial Working Group on Water Infrastructure.

For such developments to occur, it is critical for the Australian Government to clearly enunciate to stakeholders the ongoing framework for government consideration and investment in strategic agricultural development. Such action can enable appropriate public investment and prioritised, timely agricultural development across Australia.

The SA Government notes that two projects were included in Table 4 in the Green Paper and believes these should be reclassified into the highest priority category. In both cases there is existing infrastructure, identified demand and interest from private investors that will enable consideration of capital investment within the next 12 months.

The first project involves wastewater reuse for intensive livestock and horticulture expansion on the Northern Adelaide Plains. The SA Government has determined that 3,600 hectares of predominantly new horticulture (broad-acre and greenhouse vegetables) and intensive livestock production can be delivered by upgrading the Bolivar treatment plant to deliver an additional 20 gigalitres of reclaimed water. This would increase Gross Value of Production (GVP) on the Northern Adelaide Plains by around \$250 million each year.

This project is “shovel-ready” because the concept and technology have been proved through development of the adjacent Virginia Pipeline Scheme (VPS), which has provided a similar volume (20 gigalitres) of “Class A” water to horticulturists since 1999.

As with the VPS, public investment in this new project provides the capacity to coordinate the interests of multiple, relatively small private investors such as horticulturalists, packers and processors. This task is not within the usual scope of a utility that manages an effluent disposal infrastructure. Public investment in the order of \$170 million is needed to install a new pump/filtration plant as well as pipelines and storages. On-farm investment approaching \$300 million would complement the public investment.

The second project involves the upgrading of three dams (Bundaleer, Baroota and Beetaloo) adjacent to the existing Morgan-Whyalla trunk main. This will underpin 1,200ha of new, broadacre horticulture and irrigated pasture-based production and a large intensive chicken industry development, as well as helping to improve the productivity of the premium winegrape industry in the Clare Valley. An estimated \$40 million GVP will be produced.

The three dams are currently offline. It is proposed that SA Water upgrade them to Australian National Committee of Large Dams standard to maximise available capacity and connect them to the existing Morgan-Whyalla trunk main. Additional pipelines will connect the dams to adjacent

areas, providing up to 6GL p.a. for new agricultural activities, including expansion of the Clare Valley grape growing region located around 35km south of the Bundaleer Reservoir.

Policy idea 2—Improving existing infrastructure and transport regulation

Key projects identified in the draft ITLUP to improve existing infrastructure relevant to South Australian agriculture include:

- Upgrading transport infrastructure in the South East to support forestry and other industries (refer http://www.glenelg.vic.gov.au/files/Green_Triangle_Region_Freight_Action_Plan.pdf)
- Investigating opportunities to improve the rail network on the Eyre Peninsula to support the grain freight task
- Expanding the intermodal facility at Bowmans, providing access for High Productivity Vehicles to support the grain industry on the Yorke Peninsula and the Mid North
- Upgrading infrastructure supporting the sea connection from Kangaroo Island to assist agriculture and other industries on the Island
- Providing bypasses at Penola, Truro, Port Wakefield and potentially Renmark
- Sealing Yorkies Crossing at Port Augusta to provide all-weather access for over-dimensional vehicles
- Providing overtaking lanes, road widening, shoulder sealing and rest areas across the State's extensive freight network
- Expanding the capacity and reach of High Productivity Vehicles, including "last mile" links
- Increasing funding for maintenance of the existing network.

Improved productivity would be achieved by sealing other intra-state roads that provide access to the "farm gate". For example, sealing the Birdsville Track would provide western Queensland cattle producers with access to southern meat processors, thus increasing competition for their product.

The SA Government is mindful of the discussion in the draft report arising from the Competition Policy Review regarding the National Access Regime (NAR). Much of the potential for growth and development in South Australia's regions depends on the primary industries, resources, manufacturing and renewable energy sectors. Significant further investment in rail, ports, energy and water infrastructure is needed to maximise the potential of the regions.

In accordance with the "user pays" principle, conditions should desirably be created so that market participants who will benefit from investment in critical infrastructure will also have incentives to contribute to infrastructure costs.

If the objects of the NAR are "to promote the economically efficient operation of, use of, and investment in the infrastructure by which services are provided, thereby promoting effective competition in upstream and downstream markets", then consideration should be given to how the investment aspect could be strengthened to ensure market participants have adequate and fair incentives to contribute to infrastructure costs.

The SA Government does not support a national access and pricing regulator unless appropriate arrangements are made that would enable State-based legislation for pricing and access arrangements to operate effectively, particularly in the water area.

A Parliamentary Bill that would establish a State-based regime for water access was tabled for public consultation in 2013. It included a provision to displace Commonwealth legislation where it is inconsistent with State-based legislation.

In addition, regulatory reforms proposed in the draft ITLUP include:

- In conjunction with the review of South Australia's planning system, identifying opportunities to improve protection of strategic freight transport corridors and hubs and provide consistent and streamlined development assessment processes for freight transport infrastructure and facilities
- Identifying opportunities to further improve the regulatory environment for freight transport and reduce red tape for business
- Continuing to work with other jurisdictions to deliver nationally consistent and streamlined regulations for freight transport.

With regard to rail, the SA Government believes:

- Standardisation of rail makes sense where there is a break of gauge issue impacting on freight flows and network efficiency
- Upgrading and extending rail sidings needs to be done in conjunction with grain handling infrastructure upgrades to ensure that trains can be loaded at an efficient rate.

The draft ITLUP identifies that the comprehensive range of infrastructure investment required in the transport system can be accommodated through traditional funding methods. Nevertheless, South Australia is exploring private sector contributions to transport infrastructure funding where there is a clear beneficiary to the improved access provided by investment projects. This is negotiated on a case-by-case basis.

The draft ITLUP nevertheless identifies the need to maximise private sector investment by:

- Identifying where private ownership can generate a net gain to South Australia
- Identifying opportunities to use seed funding to leverage private sector investment
- Targeting prioritisation of services where there is a net gain to South Australia.

The commencement of Heavy Vehicle National Law (HVNL) and Regulations² in South Australia, Queensland, New South Wales, the Australia Capital Territory and Tasmania provides an opportunity to, among other things, reconcile differences between States and Territories in the application of load ratings, road rating and vehicle specifications that force re-routing or decoupling.

In South Australia, PIRSA, the Department of Planning, Transport and Infrastructure (DPTI) and the State's peak farmer organisation, Primary Producers SA (PPSA), have initiated a 90-day project designed to improve access for heavy vehicles and agricultural machinery to reduce transport costs for primary producers. In particular, the project aims to identify where approved routes for larger vehicles can be extended, and to investigate the issue of accessing a facility located just off an approved route.

² It is understood that Western Australia and the Northern Territory are not introducing the HVNL at this point in time

Policy idea 3—Enhancing communications

In many parts of regional South Australia, many in the community do not consider access to telecommunications and high-speed broadband services to be at an acceptable and competitive level, despite the number of NBN and telecommunication projects currently underway.

Many regional areas experience a multitude of mobile black spot issues, ranging from “minimal coverage” to “cuts in and out” to “no service within the area”, impacting on emergency services communications, farming and tourism in the region. For example, Regional Development Australia (RDA) Yorke and Mid North has identified 102 areas or locations within the region where such issues occurred.

Mobile black spots disproportionately impact on a range of industries. With education, for example, on-line curriculum requirements cannot be achieved and students undertaking remote schooling may be impacted. In health services, transfer of patient records becomes problematic.

In many cases, RDA Regional Roadmaps detail non-coverage areas in regions that are claimed to impinge on economic and community development.

South Australian farmers rely on a range of communications technologies and a number have reported to PIRSA that more urgency is needed to address black spots and lack of internet capacity. As an example, the grain market pricing regime means that farmers need constant connectivity and black spots impact on their business viability.

Future NBN-enabled technology will bring with it many other benefits for regional communities, including:

- Enhanced weather and water information infrastructure, such as doppler radar on the Eyre Peninsula and improved water metering infrastructure in the Murray Darling Basin
- Enabling cost competitive infrastructure, which is essential in ensuring the long-term sustainability of our primary production and food manufacturing sectors
- Facilitating information flow and access for industry, the community and, in particular, government agencies trying to co-locate with industry
- Community building and social development of regions.

The development of skills and use of digital technologies can be assisted through the SA Department of State Development’s (DSD) digital literacy programs, such as Forward IT and eBiz, which can be targeted towards agribusinesses and farmers.

Currently, the Bureau of Meteorology’s early warning system does not have sufficient capacity to provide detailed tracking and prediction of approaching storm events. This lack of detail means that some farmers cannot take preventative action in the event of rain, wind or hail.

3. Working with the States and Territories

The Green Paper acknowledges South Australia's efforts in the Council of Australian Governments (COAG) forum and the SA Government will continue to work collaboratively on key agricultural competitiveness issues identified through the Agricultural Ministers' Forum, such as market access and drought reform.

Major initiatives such as Murray Darling Basin reform, agricultural biosecurity, and accelerating agricultural productivity through agricultural research, development and extension reform and investment require jurisdictions to work together.

Recent partnership investments by the Australian Government to assist South Australian pastoralists through wild dog control and emergency water infrastructure are appreciated.

The SA Government's response to the earlier Issues Paper highlighted that government and industry associations both play key roles in developing the State's agribusiness, food and wine sectors. Activities to support these sectors can occur at an economy wide, industry (individual or multiple), regional or enterprise level. Their roles differ but are most effective when complementary. As recorded in the Issues Paper response, the SA Government's key strategic relationships are with Primary Producers SA, Food SA and the South Australian Wine Industry Association.

Policy idea 4—State Government deregulation

The SA Government is working to remove barriers to business growth, accelerate approval processes and ensure that State regulations support opportunity rather than create burdens. Recent initiatives include: the establishment of the Coordinator General to assist investment proposals of greater than \$3 million; the Simplify program to assist Government to become more efficient; and the Simpler Regulation Unit to work with industries to remove or improve regulations.

South Australia is working with the Commonwealth and Victoria to identify national level reform recommendations for reducing red tape in the dairy industry as part of the COAG Deregulation agenda. Opportunities for reducing State-based red tape in the dairy manufacturing and fish processing industries have also been identified and will be reported to COAG in December 2014.

4a Removing excessive native vegetation laws

South Australia believes native vegetation is most appropriately managed by State and Territory Governments, allowing each jurisdiction to take account of its unique circumstances.

South Australia has high levels of native vegetation clearance (less than 30 percent of remnant native vegetation remains in agricultural areas across the State and as little as 10 percent in some regions) and the protection and management of what remains is a priority.

The SA Government acknowledges that regulation should be as simple, efficient and effective as possible. Accordingly, the Department of Environment, Water and Natural Resources (DEWNR) is working to reform the administration and regulation of native vegetation management. The current legislation provides the framework to both protect the environment and facilitate sustainable development – including agriculture.

Work is being undertaken to streamline administrative processes and provide clearance proponents with greater flexibility, where appropriate, to offset any clearance. These activities are likely to reduce the costs associated with managing native vegetation and, where legitimate, allow for its

removal, while maintaining native vegetation in the landscape to support our biodiversity, natural resources and agricultural productivity.

The SA Government notes that the Green Paper only deals with native vegetation management in the context of promoting deregulation and fails to recognise the role native vegetation plays in providing ecosystem services that support the natural resources that underpin sustainable and productive agricultural industries.

4b Removing excessive work health and safety requirements

Differences in work health and safety (WHS) standards can impose substantial costs on multi-jurisdictional businesses and create disincentives for farm businesses to participate in markets in other jurisdictions. South Australia supports a more nationally consistent approach to WHS regulation, provided appropriate protections are provided.

The SA Government is currently reviewing the *Work Health and Safety Act 2012*, which will allow an examination of the impact of the national laws in a South Australian context and ensure the continued effectiveness of nationally harmonised WHS laws in this State. The review will also identify opportunities for reducing any red tape associated with the new laws.

South Australia also recognises that expanding access to the Comcare scheme for premium employers could result in significant cost savings for multi-jurisdictional farm businesses, but has some concerns around its potential impact on the WorkCover SA scheme.

Under WorkCover, the premium for each industry classification is based on the industry's claims experience. Accordingly, the expansion of Comcare may reduce the residual pool of the State's scheme and contribute to volatility in the average WorkCover premium rates for the agriculture industry. For example, if good performers opt-in to Comcare then the poor performers left in WorkCover may suffer increased premiums.

4c Improving the efficiency of the native title system

In South Australia, native title has been extinguished in most land used by agriculture, with the exception of pastoral lands. In those pastoral areas where native title exists, it has been the State's policy to encourage and facilitate the negotiation of Indigenous Land Use Agreements (ILUAs) between the pastoralist and the native title holder. This encourages relationship building and cooperative effort and provides a blueprint for management that is enduring. The negotiations also provide the opportunity for a discussion about economic benefits for Aboriginal people (e.g. joint tourism activities).

Many pastoral properties are now leased and operated by Aboriginal people, including holders of native title. Agreements transferring leasehold are negotiated as part of native title claim settlement. These efforts could be stepped up by resourcing the negotiation of ILUAs, as resources have gradually been cut in recent years.

The SA Government supports an Aboriginal Pastoral Program in partnership with the Indigenous Lands Corporation and local Aboriginal people who want to become part of the pastoral industry. The Australian Government could consider support for initiatives such as this.

Policy idea 5—Protecting the resource base

The SA Government's response to the earlier Issues Paper recognised the importance of our natural resources and the fundamental role they play in underpinning sustainable, competitive and productive agriculture. This is also reflected in the State's *Natural Resources Management Act 2004*.

"Secure Production" is one of the three themes in South Australia's Premium Food and Wine from our Clean Environment program, reflecting a collective commitment to respond effectively to the major risks to future food and wine production, including environmental factors and food safety. The SA Government also recognises that it is vital that standards are appropriate, and complied with, in order to improve market confidence, maintain and grow market access and provide a competitive point of difference.

While the State's Natural Resource Management (NRM) system is evolving and improving, South Australia has recognised the need to strengthen the working relationship between the agricultural sector and the NRM sector. Dialogue and a shared commitment will lead to greater improvements.

The commentary regarding this policy idea highlights that "a strong agriculture sector requires the natural resource base to be maintained for future generations". The policy ideas listed focus on providing certainty of access to agricultural land for farmers and protecting it from other land uses. This is just one of the issues surrounding protection of the resources base for agriculture.

The SA Government recommends a broader approach to protecting the resource base and that sustainable management and use of natural resources be recognised as a key component of competitive and productive agriculture. The history of Australian agriculture shows that unsustainable practices will only enhance competitiveness in the short-term, if at all.

5a Limiting the adverse impacts of mining on the agriculture sector

The SA Government wants to ensure that opportunities provided by current demand for mineral and energy resources are balanced with farming and other interests in rural communities and for this reason is committed to developing a Land Use Framework consistent with the National Multiple Land Use Framework endorsed by the COAG Standing Council of Energy and Resources in December 2013³.

The impact of mining activities on farming land is addressed under the *Mining Act 1971* and the *Petroleum Geothermal and Energy Act 2001* (PGE Act) as part of the robust regulatory requirements for the exploration for, and production of, minerals, natural gas and oil throughout the State. Both Acts provide significant rights to the owner of land, including a right to object to any unreasonable access to land and provision of compensation for any economic loss, hardship or inconvenience suffered.

Among a number of amendments made to the *Mining Act* and Regulations in July 2011 was a requirement to improve the information that must be supplied to landowners by explorers as part of the consultation on access and the formal notification to enter their land.

³ See <http://www.scer.gov.au/workstreams/land-access/mluf/>

5b Providing opportunities for farmers to convert leasehold land into freehold

In 2002, South Australia assessed all perpetual leases under the former *Crown Lands Act* (or any of the other former settlement Acts) and gave the majority of leaseholders the opportunity to freehold. The vast majority have taken up the offer.

History shows that South Australia's pastoral zone is not viable for more intense forms of agriculture and previous State Governments determined that this land was not suitable for freehold tenure. Pastoral leases are managed under the *Pastoral Land Management and Conservation Act* on a 42-year rolling lease arrangement and assessed in conjunction with a 14-year renewal schedule.

5c. Ensuring greater consistency in biosecurity regulations between Australian jurisdictions

Maintaining South Australia's status as the only mainland State free from fruit fly is vital to the State's \$677 million fresh fruit and vegetable growing industry (PIRSA Food Scorecard 2012-13).

In late 2013, the SA Government committed to invest \$3 million to build a facility at Port Augusta to develop a male-only line of Queensland fruit fly, in partnership with the CSIRO's Biosecurity Flagship, Plant & Food Research Australia and Horticulture Australia Limited. This is an excellent example of how cross-jurisdictional collaboration can deliver best practice, value-for-money outcomes for stakeholders. Appropriate opportunities to emulate it should be pursued.

The SA Government believes the Agriculture Ministers Forum (AGMIN), supported by the Agriculture Senior Officers Group, is ideally placed to take the lead in seeking national consistency in biosecurity regulations and the delivery of biosecurity services. Options for devolving responsibility for managing endemic livestock diseases to industry through an accreditation scheme based on international animal health standards are also worthy of AGMIN's consideration.

5d Quarantining prime agricultural land from mining activity

Consistent with the National Multiple Land Use Framework, the SA Government favours a "co-existence" rather than "quarantine" approach to the relationship between agriculture and mining on rural land. Its response to the Issues Paper outlined a number of recent developments and initiatives in the land use planning area, some of which are relevant to decisions regarding mining or exploration on land used for agricultural purposes. These include:

- A Select Committee of the SA Parliament investigating Sustainable Farming Practices
- Recent character preservation legislation for key agricultural landscapes around metropolitan Adelaide
- South Australia's participation in the development of the National Multiple Land Use Framework
- The Eyre Peninsula Land Use Support (EPLUS) Program, which is helping landholders manage the impact of exploration and mining in their regions and their farm enterprises
- Appointment, in 2013, of an Expert Panel to review South Australia's planning system.

The South Australian approach is to engage with communities on these issues under a robust regulatory environment. Agricultural productivity and competitiveness will likely be best served by a policy framework for agricultural investment, development and operations that seeks to:

- Ensure primary producers have secure, long-term access to the best available land resources

- Promote local conditions that enable primary producers to utilise those land resources to best effect and to adjust their businesses in a timely manner.

Policy idea 6—Strengthening farm businesses

The SA Government has initiated a four-year program to establish regional agribusiness innovation clusters, particularly in the development stage. PIRSA is implementing this pilot program in the Limestone Coast and Murraylands & Riverland regions. In the first year, collaborative projects supporting potential or existing cluster groups in the above regions are being trialled.

Clusters are innovation-focused, often based geographically, and supported by research and educational institutions. The collaboration that occurs through clustering can lead to a greater return on investment for enterprises, regions and the State as a whole.

6a Implementing a nationally consistent and mandatory approach to farm debt mediation

While a consistent national approach to debt mediation has merit, the SA Government does not support a regulatory approach. Previous work by PIRSA led to the conclusion that while a legislative approach may provide a formalised structure, similar results can be achieved through a voluntary code without extra layers of bureaucracy and cost.

The SA Farm Finance Strategy, a voluntary code of practice developed and approved by a range of stakeholders, has operated successfully since the mid-1990s. In addition, since 2013 farmers have had the formal option (under the *Fair Trading Act*) to seek assistance through the SA Small Business Commissioner to help resolve disputes.

PIRSA estimates that a formal notification process associated with a legislative approach could result in an administrative cost of \$150,000 to \$200,000 per annum. The Victorian legislative model appears to offer a better structure when compared to NSW. It is noted that a legislative approach does not override a financial institution's legal rights to take action under a mortgage.

6b Subsidising farm energy audits

Two recent SA Government initiatives received strong support and their success is currently being formally evaluated.

A three-year (to 30 June 2013), \$370,000 Business Sustainability Alliance (BSA) Energy Efficiency Program⁴ was established to encourage investment in energy efficiency by manufacturing and process orientated SMEs. Successful applicants received 75 percent of the costs of an energy assessment, up to a maximum of \$10,000.

In 2013-14, a \$55,000 grant was provided to Regional Development Australia Murraylands & Riverland to deliver up to six Energy Efficiency Program audits. Four of the participating companies were in the agricultural processing sector⁵. The audits identified average energy savings of 19 percent, equating to \$35,000 per annum, for the fruit and vegetable processing companies, and 10.7 percent energy savings for a pig processor, equating to annual savings of \$498,000 per annum.

6c Streamlining development application processes

The following initiatives to streamline development application processes and strengthen businesses are central to the SA Government's recently announced economic priority to make South Australia "the best place to do business".

⁴ See <http://www.dmitre.sa.gov.au/article/view/1218>

⁵ They were two citrus sorting, processing and packaging companies in the Riverland, an onion grading and packing facility in the Murraylands and a processing plant in Murray Bridge for most of the major pig farms in SA.

- The Simpler Regulation Unit will work with industries to remove or improve regulations so that businesses can better support jobs growth
- The Expert Panel on Planning Reform is providing recommendations to Government to ensure the State's planning system meets the needs of all South Australians
- The Office of the Coordinator General is helping developers to invest in South Australia and stimulate job creation.

In addition, PIRSA and DPTI are reviewing planning policies that affect primary industries and the development of rural land. Priority issues include:

- Identifying “areas of primary production significance” in Development Plans
- Reviewing Development Plan policies, definitions and technical advisory material relating to matters such as livestock industry development and the effective management of interface areas, to avoid or minimise land use conflict.

6d Enforcing animal welfare legislation, as well as strengthening laws to stop trespass on farms

There is a strong view in the primary industries sector that animal welfare legislation should be consistent across Australia and that the Australian Government's decision in 2013 not to fund or participate in domestic animal welfare matters has reduced harmonisation, increased duplication and added to inconsistencies between jurisdictions.

The SA Government believes the Australian Government should reconsider this decision as it is best placed to provide coordination across Australia, deliver consistent outcomes for international partners and assist in addressing various animal welfare issues common to the agricultural sectors of each jurisdiction. This could be explored in the White Paper.

South Australia also would welcome greater engagement by the Australian Government in the national Animal Welfare Strategy.

6e Adopting the Co-operatives National Law (CNL)

South Australia is adopting the CNL. The *Co-operatives National Law (South Australia) Act 2013* is yet to commence but the drafting of necessary regulations is progressing.

There have been suggestions, primarily from the accounting industry, that the CNL's provisions should be rolled into the Corporations Law to avoid duplication and consolidate all relevant laws. However, State Governments and stakeholders representing cooperatives do not support this, and such a move would involve undoing some agreements made during referrals for the enacting of the *Corporations Act*.

The SA Government is not aware of any current intention among the States and Territories to examine claimed duplication and prefers to concentrate on commencing the CNL.

4. Competition and Regulation

Policy idea 7—Improving market competition

The SA Government supports a regulatory environment that allows agricultural markets to operate efficiently and transparently to support competition.

7a Price transparency

The SA Government supports increased price transparency through provision of public good information. Public information on “through the supply chain” market product prices, including consumer demand for marketing and other post-farm-gate services, can inform a range of industry, government and enterprise level planning and investment.

For example, PIRSA will be overseeing the development of a value chain analysis for functional foods and luxury foods for the Asian and Australian markets with a view to exploring and identifying opportunities to move into higher value added products within the food value chain in South Australia. Relevant food price information through the supply chain can complement this SA value chain analysis.

The collation and publication of agricultural product prices can be resource intensive, given the breadth of agricultural products produced and value chains utilised in Australia. Additional effort on information provision should be mindful of: scarce public resources; recent reviews of agricultural related statistics; the potential reporting burden on industry; and opportunities for utilising quality data already collated by industry.

7b Marketing mechanisms

The SA Government is working with industry to explore a range of innovative marketing mechanisms, including clustering / collaboration between like-minded firms and the use of farmers’ markets to focus on premium quality local produce.

PIRSA has assisted the Adelaide Farmers’ Market to develop and implement a producer guarantee for markets and stallholders across South Australia to support consumer confidence in produce authenticity.

Clustering and commensurate transparent competition across and through value chains may lead to a greater return on investment for enterprises, regions and the State.

7c Cooperative structures

The use of cooperative structures at the farm level in South Australia was recognised in the Green Paper. Other forms of industry clusters can also support industry innovation and growth within the bounds of Australia’s regulatory competition environment.

The SA Government recommends further consideration be given to a national “extension” program targeting business structures, farm business management capabilities and their benefits.

Policy idea 8—Strengthening competition laws

8a Revisions to the CCA

The SA Government believes that preventing misuse of market power would be more appropriately pursued through the introduction of an “effects test” rather than the application of a substantial market share threshold to make it easier to prove breaches of market power provisions.

Section 46 of CCA does not currently have an effects test.

A “substantial market share” threshold has the potential to introduce greater complexities into the enforcement and legal process because there will be an increased focus on the “intent” element, which is generally harder for a regulator to prove in the absence of hard evidence.

It is more logical to deter, and easier to prosecute, conduct with a demonstrable effect on competition as opposed to conduct with no demonstrable effect (despite the existence of a proscribed purpose).

8b Reviewing competition laws to consider whether there are any barriers to greater consolidation among agribusiness firms

The SA Government understands there are no regulatory barriers to mergers between agribusiness firms other than that the merger must not have the effect, or be likely to have the effect, of substantially lessening competition in the relevant market. Further, the SA Government understands that the current debate is more around whether competition laws should be relaxed to allow mergers to proceed, thereby developing “national champions” and resulting in increased global competitiveness.

Concerns about this proposition include:

- It is contrary to the fundamental objective of competition laws that are enacted to deter anti-competitive behaviours. “Relaxing” competition laws to allow consolidation can allow the merged business to acquire substantial market power
- If businesses themselves cannot develop into “national champions” in their own right through R&D, innovation and efficiency within the domestic market, how can they be expected to compete effectively in the global market?

8d Creating a supermarket ombudsman with penalty powers and a mandatory code of conduct for supermarkets (across all commodities) backed by direct financial penalties

Voluntary, industry-led regulation has proven to be a flexible, less intrusive means of regulating participants’ behaviour. Experience suggests that a sense of an industry’s broader “ownership” of such schemes tends to lead to a stronger commitment to quality control and compliance with applicable laws, particularly when the scheme has widespread support within the relevant industry.

Mandating an industry-led scheme – or any component thereof – is usually only contemplated when voluntary efforts have proven to be ineffective and the need is evident.

Policy idea 9—Improved regulation

The SA Government's Simpler Regulation Unit (see 6c) is working with relevant line agencies to remove or improve regulations so that businesses can better support jobs growth. All government regulatory activities that impose significant costs or delays on business are in scope, including administrative procedures and guidelines.

Industry has recognised that audit requirements for WHS and Food Safety are becoming more complex and costly. Coordination and connection between all auditing parties (AQIS, HACCP, supermarkets auditing programs, etc.), mutual recognition of other systems, communication of audit status, and incentives for good audit history are pathways that should be investigated to reduce the time and cost burden on food and wine businesses.

9a AgVet chemicals regulation

Most commercial agricultural businesses use AgVet chemicals to control pests and diseases and thus compete successfully in international markets, but the Australian market for these chemicals is small in a global context.

It follows that Australia needs a regulatory environment that encourages international AgVet companies to release new products into the Australian market sooner rather than later.

The proposal to better utilise the advice of trusted foreign regulators while still taking account of specific Australian conditions is supported because it should make it more attractive for AgVet companies to release new products into the Australian market.

However, the proposal to introduce discretion for the Minister to issue discretionary permits is not supported at this time because the need for such a power has not been demonstrated.

9b Country of origin labelling for food

The legislative framework governing country of origin labelling (CoOL) for food is complex and the Green Paper suggests that more stakeholder input is required on what further steps should be taken to ensure consumers are properly informed.

In April 2014, the House of Representatives Agriculture and Industry Committee commenced an inquiry into CoOL in response to concern that there is confusion among the public over the "Made in Australia" claim and to suggestions that some importers of food may be circumventing Australia's CoOL requirements by staging imports in third countries. The SA Government awaits the outcome of the inquiry with considerable interest.

In response to concerns about consumers' understanding of the current labelling framework, Australian consumer agencies released a guide for consumers on 11 October 2012 titled *Where does your food come from?* The guide was produced by the ACCC in consultation with a national working group that was chaired by the Commonwealth Department of Industry and Treasury and included the Australian Customs and Border Protection Service, Department of Agriculture, Department of Health, Department of Foreign Affairs and Trade, and Food Standards Australia New Zealand. Development of the guide also involved State and Territory ACL regulators and a number of industry associations. Various industries raised specific CoOL issues with the ACCC and the revised guide aims to clarify these areas.

In April 2014, the ACCC released its revised guide for businesses titled *Country of origin claims and the Australian Consumer Law*. The revised guide provides information and examples to illustrate when businesses can say their goods are “Made in”, “Product of” or “Grown in” Australia. It also includes advice on how businesses can rely on “safe harbour” defences in the ACL.

5. Finance, Business Structures and Taxation

Policy idea 10—Improving access to finance

The SA Government supports efforts to improve farmers' access to finance but cautions that any efforts should not mask the useful signals that capital markets provide. In a recent meeting with regional industry leaders from across South Australia, access to finance was identified as a critical issue. The main concern is that many farmers are too small on their own and don't have the capability to attract capital.

10a Permanent concessional lending

The Green Paper notes there are number of issues related to the provision of government loans. It is preferable that commercial market options are developed and taxpayers are not exposed to the risks in lending to higher risk segments of the farm sector. Grants and subsidies provide targeted response measures that give immediate relief and there is no need for long-term financial relationships between government and farm business. A range of long-term costs associated with longer-term concessional loans needs to be considered.

In deciding whether to approve a loan, a financial institution assesses the application against a set of lending criteria (e.g. business management capability and business track record). Difficulties in obtaining financing may therefore reflect a lender's lack of confidence in the performance of the agribusiness. In some instances, the appropriate policy response should be to improve skills in financial governance, financial management and business performance.

10b Incentives for institutional investment in agriculture

The need for access to additional capital for the future development of Australian agriculture is well recognised. Superannuation is a potential source of funds but would have to provide competitive returns to superannuation investors and address difficulties associated with liquidity based limits on the proportion of funds invested in private equity / unlisted asset classes.

Overall, farm investment is competing against other asset classes such as infrastructure and unlisted property. There are also limited data to aid the superannuation industry to understand the relative risks and returns of agriculture compared to other asset classes. Investment could potentially benefit from a timely and credible agricultural index that could be reliably measured against other investment classes.

Policy idea 11—Improving tax system efficiency and equity

11b Increasing thresholds for the Farm Management Deposits Scheme

The SA Government supports the use of tools such as Farm Management Deposits (FMDs) to help farmers deal with fluctuations in cashflow and become self-reliant. It is noted that the level of FMDs held nationally has increased significantly and it is suggested a review of usage and benefits be undertaken to ensure the FMD Scheme is meeting its intended outcomes. Early access to the funds during periods of financial hardship due to adverse seasonal conditions appears to be consistent with the intent when the scheme was established in 1999.

11g Wine Equalisation Tax

Calls by the Australian wine industry to enhance the operation of the WET by tightening its eligibility rules are worthy of close examination. Before making any such adjustments, care should be taken to ensure that they would enhance the restructuring currently taking place in the industry to address competitiveness and structural oversupply issues.

There is a particular need to ensure any such adjustments do not disrupt the South Australian wine industry, which dominates Australian wine production. Any negative impacts coming out of such changes would disproportionately fall on South Australia.

Policy idea 12—Farm Business Improvement

The SA Government agrees that “successful farms require good management, a sound commercial focus and access to investment capital”. Noting the evidence of significant variation in farm financial performance in Australia, there is potential for significant farm business improvement.

A nationally led and appropriately targeted business structures and management capabilities “extension” program could support a major competitiveness change in Australian agriculture, while also reducing pressure on scarce public resources for industry adjustment, drought and other risk related activities.

12a Business advice

The SA Government supports extending the existing Entrepreneurs’ Infrastructure Program to the broader agriculture sector, although there will be a significant challenge in changing the culture of many farmers from “producers” to market oriented, commercially focussed managers of complex and risky businesses.

Under the Intergovernmental Agreement for National Drought Program Reform, emphasis has been placed on delivery of accredited training in a nationally agreed set of core competencies of farm business management. That single approach of accredited training, while part of the solution, remains inflexible, bureaucratic and unresponsive to the needs of many farmers.

The SA Government supports the focus on the skills set, but is also open to support for non-accredited training, akin to a more targeted focus of business management skills of the approach of FarmBis. This was the intent of FarmBis, but as a program it tended to drift to funding farmers’ desire for agronomic learning as opposed to business upskilling.

Activities that raise awareness and understanding of the benefits of improved business management skills can be a catalyst for farmers to engage with and pay for professional development in business management from a diverse market of consultants and training providers.

12b Rural Financial Counselling Service (RFCS)

The SA Government supports measures that will improve the management skills and viability of farm businesses. The Rural Financial Counselling Service (RFCS) has a role assisting farm businesses in financial hardship to access activities and services, but the SA Government does not see RFCS as the preferred vehicle for a first-point referral service for all agricultural businesses.

Linked to the National Drought Program Reform, RFCS could have a stronger role in encouraging clients to build resilience and drought preparedness to potentially accelerate / expedite the departure

of some and build the sustainability, profitability and competitiveness of others, through a sound / thorough understanding of their businesses and risk.

RFCS could facilitate the provision of entry-level awareness raising business management skills that encourage farmers to go on to further investments in their skill development: whether that be formal training, consultants workshops, farm management boards, courses for entrepreneurs etc.

Finding 32 of the recent report on the review of the RFCS was that:

“Business improvement-related activities form a significant and increasing part of the work undertaken by rural financial counsellors.

Supporting clients to adjust is currently, and should continue to be, the main reason for the existence of the RFCS...that one of the most effective means of achieving adjustment is by improving a client's capability for financial, business and personal management.”

The SA Government would be concerned if expanding the role of RFCS had the effect of crowding out commercial service providers of farm business management support services. However, a RFCS role for encouraging and increasing the engagement of such services by farmers should be considered. This can assist in the policy objective to improve the competitiveness, resilience and preparedness of farm businesses for periods of hardships such as in droughts.

12c Collaboration program

Collaborative models are but one option in a range of business structures. In developing business management skills (as captured by the nationally accredited skills set), significant attention should be placed upon developing a strategic business structure that is suited to the specific working environment of the business. Collaborative models will be preferred and work for some, but other structures may be more suitable for others.

6. Foreign Investment

Policy idea 13—Improving the transparency of foreign investment

The need for additional capital to generate growth and profitability in Australian agriculture and the inability of domestic investors to provide this capital has been well documented (2012 Port Jackson Partners / ANZ Bank).

Foreign direct investment (FDI) has played an important part in the development of South Australian agriculture and agribusiness. It introduces new technologies and approaches, therefore improving productivity, which tends to have a larger impact, per dollar invested, on economic growth than domestic investment.

While important and necessary, foreign investment in agricultural land requires appropriate controls. Continued scrutiny by the Foreign Investment Review Board combined with a level of transparency that cost effectively informs potentially concerned stakeholders can round out a comprehensive national policy. This would include measures such as reliable data sources detailing the current value and trends in foreign investments, market transparency requirements and policies to reduce the risks of distortionary transfer pricing.

The SA Government supports this policy idea as it recognises the need for foreign investment to support agriculture into the future, along with the risks associated with foreign investment and public concerns over the extent of foreign ownership of agricultural land, water and agribusiness. Increased transparency would enable government to develop appropriate policies and increase public understanding of the issue.

7. Education, Skills and Training, and Labour

Policy Idea 14—Strengthening agricultural education

This activity will only be successful if undertaken in partnership with educators. While many teachers and schools have strong offerings, systemic change is required to ensure uptake is long lasting. Agriculture and food provides an exceptional context for teaching a range of subjects (from the sciences and mathematics through to business, geography and history) that can be aligned to the national curriculum. Many current efforts do not currently make this link.

14a Working with States and Territories to provide specialised learning in agriculture in the future

The SA Government agrees that agricultural high schools, such as Urrbrae Agricultural College in South Australia, must be adequately resourced if they are to continue to specialise in agriculture, and supports the idea of linking such schools through an Agricultural High School Forum, or similar, to encourage a strong professional and agricultural education network.

14b Establishing a young farmers mentoring and networking program

At face value, a mentoring and networking program has merit. However, the SA Government is mindful of the Taskforce's observation that a number of government and industry-led initiatives already exist. Rather than establishing a new program, it may be preferable to establish an overarching entity that has responsibility for ensuring that existing programs deliver outcomes that align with the needs and aspirations of young farmers and complement rather than duplicate each other.

The SA Government understands that a rural mentoring program is available to young farmers in New Zealand. A recent published evaluation⁶ may prove useful for developing mentoring in Australia.

14c Increasing financial support for regional education

The SA Government supports consideration of enhanced measures to support rural students' access to tertiary study, particularly if they have to relocate to access their education and training.

In this regard, the SA Government is concerned that from 1 January 2015, subject to passage of the Australian Government's 2014-15 Budget legislation, Student Start-up Scholarships will no longer be available to higher education students receiving Youth Allowance (student), Austudy or ABSTUDY (Living Allowance). In future, students will have to apply for an income contingent Student Start-up Loan. The Australian Government is urged to reconsider this change given that Student Start-up Scholarships were in part designed to provide extra support for young people from regional areas who need to relocate to access higher education.

More funding to develop on-line higher education study options for rural and remote students accessing higher education would also be of assistance. This could take the form of a competitive grant scheme that allows tertiary providers to compete for funds on the basis of delivering innovative, industry-specific programs in regional and remote areas.

The agrifood industry is suffering from a lack of skilled professionals to undertake the research and innovation that drives industry development. In its report *Rebuilding the Agricultural Workforce*⁷, the

⁶ Australasia Pacific Extension Network, *Extension Farming Systems Journal*, volume 9 number 1.

⁷ The Allen Consulting Group, 2012, *Rebuilding the Agricultural Workforce*, Business/Higher Education Round Table, Melbourne

Allen Consulting Group noted that since 2001 there has been a trend of declining enrolment in higher education qualifications in agricultural science and related fields, contributing to a shortage of qualified professionals in the agriculture sector. The report concluded, among other things, that there is a need for immediate and effective action in addressing the workforce challenges facing the sector.

Part of the problem is that too few graduates are taking the opportunity to study for a higher degree by research in order to enter a career in agricultural research. The Australian Government's proposed student fee levy on research higher degree students may exacerbate this situation.

One solution would be to increase postgraduate stipends relative to initial industry salaries offered to new graduates.

14d Creating national agricultural tertiary centres of excellence

The growing world demand for high-quality food and wine, combined with South Australia's reputation for food safety, biosecurity and product integrity, creates significant opportunities. The State's unique regions, products and clean, green environment provide the competitive edge required to secure and maintain premium status in markets of choice.

Further growth in primary production and processing, the adoption of new technologies, expansion of existing and emerging markets, and realising increased value for our high-quality products will be a major economic driver for the State.

Centres of excellence in food and agricultural research and production will provide the platform from which to export ideas, intellectual capital, products and services. They will include education in sustainable natural resource management.

The SA Government is committed to learning excellence, as evidenced by:

- PIRSA establishing the Food Innovation Centre of Excellence
- The South Australian Research and Development Institute's (SARDI) involvement in developing an Australian Research Council Industrial Transformational Training Centre in food packaging and preservation
- The success of the SARDI Food Technology program.

SARDI is a significant provider in all agricultural fields of education, training, research and extension, with many of its scientists having adjunct lecturing positions at SA universities. Rural Solutions SA also has a significant role in the education and training aspects of agricultural competitiveness.

Policy Idea 15—Strengthening labour availability

15a Expand the Working Holiday Maker (417) visa

The SA Government understands that the number of countries eligible to participate in the Working Holiday Maker (WHM) program has increased in recent years, with negotiations under way for more to be considered. The key here is reciprocal arrangements for Australians when they visit these countries.

The cut-off age for the WHM program is currently 30 years. In the agribusiness sector, work is often physically demanding and people need to be fit and able to contribute productively. Increasing the cut-off age may need to be accompanied by a "fit-for-purpose" test in order to manage the risk of undesirable work health and safety outcomes.

The SA Government understands that a second visa is only allowed where the WHM visa holder has been engaged in specified work in regional Australia, which includes work in the agriculture, mining and construction industries. In circumstances where WHM visa holders are interested in living and working in regional Australia and there is still a need for them to be employed because of the skills shortage, it may be preferable to encourage employers to nominate visa holders for an employer nominated visa.

15b Broaden skills coverage of the Temporary Work (Skilled) visa (subclass 457)

It is the SA Government's view that the Australian Government should first determine its response to recommendations in *Robust New Foundations – An Independent Review into Integrity in Subclass 457 Programme* that address the Consolidated Sponsored Occupations List before changes to the current arrangements are contemplated.

15c Expand the Seasonal Worker Program (SWP)

According to its website⁸, the Seasonal Worker Program applies to employers in the horticulture industry. The SA Government believes that expanding industry coverage to all agriculture sectors would be beneficial. The three-year trial in which seasonal workers were employed by selected accommodation providers, cotton and cane growers and aquaculture ventures may provide an evidence base for expanding industry coverage.

Bearing in mind that a visa is granted for anywhere from 14 weeks to six months and visa holders are only eligible to stay in Australia for up to seven months, it may be worthwhile for industries to determine their peak seasons and look at possibilities of using both WHM and SWP visa holders.

15d Streamline application processes

As with broadening the skills coverage of the 457 visa, it is the SA Government's view that the Australian Government should first determine its response to recommendations in *Robust New Foundations – An Independent Review into Integrity in Subclass 457 Programme* before changes to the current arrangements are contemplated.

15e Provide clear pathways to residency

The SA Government is aware that the skilled migration program and the 400 visa series are currently being reviewed by the Department of Immigration and Border Protection, which is looking at various suggestions / options from industry, employers and jurisdictions, including options for streamlined recognition of the skills of visa applicants with experience but not formal qualifications.

⁸ <http://employment.gov.au/seasonal-worker-program>

8. Drought

Policy idea 16—Increasing drought preparedness

The SA Government agrees that “a strong and profitable farm business is the best preparedness for managing drought”. This is the basis of implementing the National Drought Program Reform that resulted from extensive studies and reviews of approaches to government assistance programs and committed to by all jurisdictions in the Intergovernmental Agreement signed in April 2013.

While the Green Paper states that “Australian farmers, even more so than their global competitors, must adapt to climate variability” it does not reinforce the need for farmers to understand the impact of future climate change and adapt accordingly in order to remain competitive, maintain productivity and protect the natural resource base. This is a significant gap and should be addressed in the White Paper.

16a Introducing accelerated depreciation for new water and fodder infrastructure

The SA Government does not support additional accelerated depreciation for new water and fodder infrastructure. Farm businesses have an existing range of taxation benefits that assist them to smooth out seasonal financial fluctuations. There is much evidence that strong farm businesses are driven by strategic deployment of profits rather than minimising tax as a driver.

This suggestion perpetuates a short-term and operational response that is counter to the intent of the National Drought Program Reform to build strong, forward looking farm businesses that plan for the risks ahead.

16b Encouraging multi-peril crop insurance

The SA Government does not support such intervention in the insurance market. The costs of multi-peril crop insurance have been prohibitive to date, with insurance providers not willing or able to take on the risk.

Grants to commercial providers are not a sustainable intervention as is recognised in the suggestion that “it be withdrawn over time as the market develops”. However, it is difficult to envisage the process for that withdrawal. Where just a single provider is providing the insurance it could be a beneficiary indefinitely while the market is “not developing”.

That there are providers considering entering the market is to be encouraged and a role for government might be to independently build understanding of the benefits and implications of taking out such insurance.

It is noted that in some circumstances this may lead to greater risk taking by some farmers – for example, cropping on less suitable soils, more cropping in marginal years, or carrying more stock longer into a poor season with negative consequences on soil protection and soil health. These issues should be addressed in any further consideration of this policy idea.

16c Improving climate information

The “Tools and Technologies” component of the National Drought Program Reform focusses on this area. Contemporary and useful decision-making aids being available and accessible to farmers through a range of activities and media are key drought preparedness measures.

The SA Government believes the Australian Government should give further consideration to supporting the CSIRO and the Bureau of Meteorology to research and deliver information on seasonal climate variability and climate change across Australia. This information may enhance government support in the dissemination of climate projections in a manner that assists farmers to understand the information, its limitations and how to best use it in their long-term decision-making.

The SA Government believes providing additional radar sites to track real time weather conditions is important for short-term decision-making.

- Improved radar infrastructure on the Eyre Peninsula would advance agricultural competitiveness in a strategically significant agricultural region of Australia and support a range of other regional marine and land based public purposes
- South Australian stakeholders have highlighted numerous examples of regional weather stations being located in towns or coastal locations where data has had limited value in informing agricultural decisions. This may be a systemic issue across Australia.

Policy idea 17—In-drought support

The SA Government supports in principle the provision of direct farm business support during “drought events that are beyond the reasonable capacity of farmers to prepare for”. This notion is embedded in the Intergovernmental Agreement on National Drought Program Reform.

South Australia’s position is that the focus of such in-drought support should be on “the social wellbeing of farmers, their families and their communities” as proposed, and not on the kinds of business support previously available under the Exceptional Circumstances arrangements.

17a Additional mental health support in times of drought

The SA Government supports this idea. Consideration should be given to mechanisms to identify needs for additional mental health support and documenting:

- The risks to rural community’s health and wellbeing
- Preparedness on the part of providers
- The “controls” (measures of assistance) to support response and recovery for different scenarios.

South Australia recommends that the mechanism for additional funding be based on an assessment of the health and wellbeing of families and communities rather than, in the first instance, an assessment of the weather.

17b Provision of additional assistance for prolonged and severe drought

With droughts predicted to become more severe and frequent with climate change, the National Drought Program Reform is predicated on farmers managing the risks with sound planning and strong business management rather than expecting government financial assistance.

The Green Paper notes that “individual farmers are best placed to determine how to manage their particular circumstances and prepare for drought in a way that suits their businesses”. This concept underpins the National Drought Program Reform.

The Green Paper also poses a number of questions. Each is addressed in the following commentary.

- *What makes a drought event “beyond the reasonable capacity of farmers to prepare for”? Is it the severity, the length or a combination of both?*

Inevitably there may be a drought event beyond the reasonable capacity of farmers to prepare for. It will be a combination of severity and length. However, a definition of drought should not be the focus of whether there is a need for government intervention / assistance.

The focus should be on identifying and addressing the specific needs of farming families, farming businesses and farming communities. Monitoring seasonal conditions will be an important tool in focussing attention to identify those needs.

- *Is there a minimal length of time that farmers should be expected to manage—especially given the other forms of support available—before direct farm business support is provided?*

South Australia does not recommend a set minimum length of time that farmers should be expected to manage. It will vary between regions and between enterprises and any support provided should be based on individual farm business need, not weather or time.

- *Should a drought that is “beyond the reasonable capacity of farmers to prepare for” be defined as a drought that exceeds past drought records?*

No. That would be counter to the “needs-based approach”. It would also be complicated by which “past drought records” would be considered.

- *Could this criterion be applied at a local level (that is, should assistance be made available when a drought occurs if it has never occurred before in the local area)?*

Given South Australia’s approach, this question is not applicable.

- *Should eligibility be determined on a regional or individual basis or both, and should financial criteria be used?*

Under the Intergovernmental Agreement on National Drought Program Reform, jurisdictions have committed to no longer “draw line on maps”.

If additional assistance were made available, any financial assistance to individuals (such as the Farm Household Allowance) would of course be on an individual need basis. Accordingly, eligibility would be determined by financial criteria to demonstrate the need. Where the assistance is in the form of additional services, there would be no need to draw a line for access to services and again, the additional services should be in response to a community’s needs.

- *Should individuals have to satisfy a number of prerequisites before they access support? For example, should individuals be required to demonstrate prudent risk management and preparedness measures having been implemented prior to the provision of support?*

A need to “demonstrate prudent risk management and preparedness measures” could be a useful requirement in reinforcing the intent of the National Drought Program Reform, consistent with a principle of mutual obligation. An investigation of any unintended consequences, in terms of treatment of new entrants for example, should be undertaken prior to implementing any such requirements.

- *Should support just be limited to the period of drought or include a period of recovery after the drought has broken?*

Any support should be according to the period of identified need, with a “sunset clause” and reciprocity provisions.

- *Is it appropriate to treat a one-in-75-year drought differently from a one-in-20 year drought, and if so how?*

The way to approach this is on identified needs rather than arbitrary definitions of drought. Indeed it is possible that a one-in-10 year event may attract a narrow range of limited additional support, whereas the response to a one-in-100 year event may be akin to responding to the needs of a major natural disaster.

- *What measures should be provided to support farmers in such a drought?*

Any such assistance should be consistent with the eight principles for in-drought support set out in the Intergovernmental Agreement on National Drought Program Reform, including measures that provide support for family and community health and wellbeing and for management of natural resources. There should be a commitment to the level and types of farm business support that is currently in scope: that is, no direct financial assistance, including untied subsidies and grants to offset costs of interest on loans, freight and fodder, but consideration of project funds for learning and planning to build business resilience and for infrastructure or management tools to build productivity resilience post drought.

Policy flexibility to design measures that address unforeseen needs, including farm business needs, should remain in place as per current national arrangements.

The recent partnership investment by the Australian and SA Governments to assist South Australian pastoralists with wild dog control and emergency water infrastructure were appropriate measures in assisting pastoralists to build longer-term resilience and maintain the natural resource base.

- *The Government also welcomes stakeholder feedback on whether having a clear set of criteria and programmes, as well as a delineation of Australian Government and State and Territory responsibilities, will provide enough certainty about what drought assistance will be available in the future and when it might apply.*

The SA Government believes current arrangements committed to in the Intergovernmental Agreement on National Drought Program Reform are adequate and appropriate. The main challenge is for all jurisdictions to remain committed to that agreement and implement programs consistent with it.

9. Water and Natural Resource Management

The SA Government agrees with placing a priority on the productive use of natural resources for economic growth and development, including the development of farming areas. For this use to be sustainable over the long term, an integrated and whole-of-system approach is necessary.

Sustainable management of natural resources is a key component of competitive and productive agriculture and there is an opportunity for the Australian Government to take a proactive role in supporting a broader range of natural resource initiatives that will support the viability and profitability of agricultural production and rural Australia. This could be achieved through utilising the existing regional NRM arrangements to deliver initiatives across the country.

South Australia also is implementing *Prospering in a Changing Climate - A Climate Change Adaptation Framework for South Australia*, which identifies a range of issues relevant to the sustainability and hence long-term viability of the State's agriculture. These include:

- Changes to crop yields and quality
- Impacts on flowering, pollination and fruiting
- Loss or damage from extreme events (production and transport / physical assets)
- Changes in abundance and distribution of weeds,
- Impacts on salinity levels, soils carbon and erosion.

These climate-change-related issues, and many others relevant to other agricultural industries across Australia, must be addressed to ensure long-term development and viability of Australian agriculture. This warrants consideration in the development of the White Paper.

The SA Government acknowledges that regulation needs to be as simple, efficient and effective as possible, but believes there should also be recognition that some regulation assists agriculture by maintaining the availability and condition of natural resources. Water allocation policy and management arrangements have been significant in assisting agriculture. Appropriate regulation of natural resources is critical not only for resource availability over the longer term; it also provides a secure business environment supportive of development investment.

Policy idea 18—Improving water infrastructure and markets

Total Gross Value of Irrigated Agricultural Production for South Australia in 2012-13 was \$1.5 billion⁹. Wine grapes, potatoes, citrus and almonds are the largest of a vast range of fruit and vegetable crops produced in South Australia. While a significant amount of this production is for local consumption, \$1.2 billion of processed wine, \$64 million of citrus and \$53 million of almonds were exported in the same period¹⁰.

The SA Government agrees that developing our water infrastructure and improving the efficiency of water trading markets are integral to the competitiveness of Australia's irrigation industries. South Australia also submits that some water-related issues warrant further consideration in developing the White Paper. These include:

- Climate change and its potential impact on water infrastructure needs for Australian agriculture

⁹ ABS, 4610055008do001_201213 Gross Value Of Irrigated Agricultural Production–2012-13

¹⁰ PIRSA Food and Wine Scorecard 2012-13

- The principles of the National Water Initiative and implementation progress to date across Australia as it relates to agriculture
- Non-infrastructure approaches for water provision for agricultural uses, such as water allocation planning frameworks, property rights and pricing mechanisms. The full suite of water management approaches should be considered in any national strategy regarding water and its availability for agricultural purposes.

18a Dams and water infrastructure

The SA Government agrees there is a need for greater consideration of opportunities to improve water infrastructure to support the sustainable use of water for agricultural growth. It is critical that such infrastructure projects seek to maximise and balance environmental, economic and social considerations; they should be assessed in terms of cost effectiveness and against the likely growth prospects of the sector, so that the nation minimises the possibility for public investment in assets that may become “stranded” in the future.

In its submission to the Ministerial Working Group on Water Infrastructure, South Australia identified a number of projects that focused on modification of existing infrastructure to improve water use efficiency, as well as delivering social, economic and environmental benefits.

It is the SA Government’s view that the two South Australian projects included in Table 4 in the Green Paper¹¹ should be reclassified into the highest priority category. This is due to there being existing infrastructure, identified demand and interest by private investors. The SA Government is providing further detailed evidence through the Working Group to substantiate and progress consideration of possible capital investment in these projects within the next 12 months.

18c Water markets

The SA Government endorses the water market elements of the Murray-Darling Basin Plan, such as elimination of administrative water trade restrictions. It is noted that some stakeholders suggested water reforms continue to support irrigation businesses and rural communities, including through more efficient water trading markets.

Options for counter-cyclical temporary trade of environmental water by the Commonwealth Environmental Water Holder (CEWH) to mutually benefit irrigators and the environment also were suggested. It is noted that the CEWH already has the ability to trade water entitlements and allocations in the pursuit of its environmental outcomes. It is important to ensure that the primary purpose for which trade is allowed is to manage water to deliver environmental objectives to ensure that the significant public investment in water recovery to achieve the objects of the Act is protected.

As a result of the advocacy of the South Australian Government, the Basin Plan provides the framework to recover a long-term annual average of 3,200 gigalitres for the environment. The Government’s position is based on best available science that indicates this volume of water recovery is required to protect and restore the River Murray system. The South Australian Government would have significant concerns regarding any proposal that could erode the achievement and maintenance of this long-term average volume of environmental water, or create drivers for trade that are inconsistent with the primary purpose of managing and delivering environmental water for environmental objectives.

¹¹ Expanded Horticulture Production – Northern Adelaide Plains –Waste Water Reuse and Intensive Livestock and Horticulture Expansion – Northern Dams Upgrade – Clare Valley.

The assertion that mutual benefits could arise for irrigators and the environment through counter-cyclical trade – in particular, calling on the environment to forgo its allocations to irrigators during dry periods – is not sound. It is difficult to see how this could occur in reality without compromising the environmental objectives of the Basin Plan. Environmental water allocations are extremely valuable during dry periods for survival and to maintain key refugia, among other things. It is noted that the CEWH has purchased relatively few high-security entitlements and in dry periods it is unlikely to hold high volumes of environmental water allocations.

The CEWH's decisions on water use, carryover and trade are made in the context of, and consistent with, the Basin Plan's Environmental Watering Plan and annual priorities. These decisions are also informed by a Commonwealth environmental water-trading framework.

Such trade could affect the ability to meet sustainable diversion limits as it could result in a reduction in the amount of water delivered annually and erode the long-term aggregate volume of environmental water.

Temporary water prices are set by the water market in light of demand, supply and other market forces. The Basin Plan water trading rules aim to facilitate the operation of efficient water markets and specifically prevent restrictions being placed on the trade of water rights based on a person being or not being a member of a particular class of persons (s12.07 of the Basin Plan).

Some stakeholders suggested that the functioning of the water market might be improved if speculators were banned from participating in the market. This would not be consistent with freeing up the market from restrictions and is not supported. There is clear evidence that an operating water market, in conjunction with administered carry over arrangements, delivered considerable benefits during the Millennium Drought, particularly to perennial horticulturists in South Australia.

Policy idea 19—Natural resource management initiatives

The SA Government urges the Australian Government to give greater consideration to sustainable natural resource management and its crucial role in supporting viable agricultural production, and to address this in the White Paper.

By way of example, there is a comprehensive and integrated legislative and regulatory basis to South Australia's *Natural Resources Management Act*, which has the explicit objective to "assist in the achievement of ecologically sustainable development in the State by establishing an integrated scheme to promote the use and management of natural resources in a manner that...seeks to support sustainable primary and other economic production systems with particular reference to the value of agriculture and mining activities to the economy of the State".

While the Green Paper acknowledges the Australian Government's four-year \$1 billion investment in the National Landcare Program, the quantum is significantly less than for previous programs (NHT, CFOC) and inadequate. Industry and farming systems groups are identifying priorities for investment and their views should be considered when designing investment programs.

19a Amending the *Environmental Protection and Biodiversity Conservation (EPBC) Act 1999*

Amending the EPBC Act to remove "onerous" on-farm conditions or to support national transport and infrastructure priorities as suggested would be difficult and could potentially be counter to the

Act's objectives. Stakeholder views from a range of perspectives, including environmental protection and biodiversity conservation, should also be included in considering these policy ideas.

As only eight projects have been subject to such conditions since the inception of the Act, the benefits of this policy idea in comparison to the effort required to amend it warrants due consideration.

The SA Government believes an evaluation of the previously set conditions should also be undertaken to determine if the conditions were required and reasonable to ensure the objects of the EPBC Act were met, and matters of national environmental significance (MNES) were adequately protected. If not, administrative changes to processes used to apply the Act could be further investigated. Measures such as strategic assessments, which are already available under the EPBC Act, should be included as policy options to ensure national transport and infrastructure priorities are appropriately dealt with.

Options other than legislative change should also be included in considering this policy idea. For example:

- Were there viable alternatives that could have avoided the need for giving transport and infrastructure right of way, which could have avoided the supposed impediment?
- What were the drivers for choosing the location (i.e. economic only)?
- Was the EPBC Act considered at an early stage of project planning, at a time when changes could have been made?

19b More targeted pest and disease management and control

South Australia's *Natural Resources Management Act* authorises Regional NRM Boards to work with regional communities to manage natural resource issues, including pest and disease management and control.

The SA Government supports the Australian Government working with national and State industry and research organisations to fund improved pest and disease control. Programs such as Weeds of National Significance have demonstrated the benefits of a nationally coordinated and strategic approach for prioritising and targeting investment in weed management.

10. Research, Development and Extension (RD &E)

Policy idea 20—Strengthening the RD&E system

While acknowledging the Australian Government's investment in seven agriculture-related Cooperative Research Centres (CRCs) and 15 rural Research and Development Corporations (RDCs) and its \$100 million *Rural R&D for Profit* grants program, the SA Government believes significant additional investment in RD&E is needed to enhance the sector's international competitiveness.

Consideration could also be given to a review of unused IP rights owned by publicly funded research and development organisations, and how they might be shared with industry, in order to derive commercial benefit.

20a Updating the rural RD&E priorities to better align with community needs

Agricultural productivity growth – and thus the industry's competitiveness – can be accelerated through targeted, near-to-market research, development and extension (RD&E).

Farming systems groups are in the best position to identify the community needs of many RD&E programs. South Australia's *New Horizons* program is demonstrating how farm productivity, water use efficiency and natural resource outcomes can be achieved through collaboration. Maintaining and improving the soil and land resource base is a vital component of a productive and profitable agricultural sector. The National Soil RD&E Strategy provides a roadmap for all industries and more than 150 organisations to deliver better outcomes for Australia's 135,000 farmers and the community. Resources are required to implement the strategy.

Improving water-use efficiency is also important for rain-fed crop and pasture production systems.

20b Establishing a new body, or tasking existing research bodies, to coordinate cross-sector research

The SA Government supports RDCs being required to spend a proportion of their funding or to use part of the new \$100 million *Rural R&D for Profit* grants program to fund cross-industry and transformational R&D in order to increase profitability for primary producers.

20d Promoting the development of extension services

The value of extension services is acknowledged, including those focused on sustainable natural resources management. Ideally, an extension component should be built into all R&D programs. South Australia's *New Horizons* program demonstrates how extension can be integrated into an R&D project and delivered concurrently with research.

Research and development providers, the farming community and many agricultural consultants and service providers have well recognised interests in the success of extension of applied RDC related R&D. There is a much less mature commercial market for the agricultural "extension" of business management skills and farm business structures. South Australia supports consideration of specific funds to develop these extension markets.

20e Decentralising Government agricultural research functions to regional areas

Any proposal to decentralise government agricultural research functions to regional areas would need to consider the benefits to industry. The Waite Institute is an outstanding international

example of co-location, researcher collaboration (between Adelaide University, SARDI and the CSIRO) and connection with the agriculture industry, albeit in an urban setting.

More than 75 percent of SARDI's employees work in the regions to support the economic growth of South Australia's primary industries, and to provide solutions to climate change and sustainable resource utilisation.

Recent South Australian developments to improve regional service delivery include:

- The Loxton Research Centre redevelopment in partnership with the Australian Government
- The October 2014 opening of the new Clare office as PIRSA's hub for Yorke Peninsula and the Mid North
- The 2013 Struan House lease commitment to underpin services in the Limestone Coast.

Policy idea 21—Improving the rural RDCs

Industry focussed R&D is clearly one of the key factors underpinning productivity growth and consequently the overarching prosperity of Australia's rural industries. There is significant uncertainty regarding the likely success of reforms in this area, and care needs to be taken to ensure that we do not throw the productivity "baby" out with any industry subsidy "bathwater". Significant amounts of physical and human capital currently deployed to rural R&D may be difficult to replace if lost to these purposes.

The SA Government also acknowledges the merits of potential public funding and intervention on the basis of additional benefits, including "broader community spillovers" and the pursuit of "other government policy objectives". Any reforms should be focussed and monitored closely against both their intended purpose and any costly unintended consequences, with flexibility for additional change in the policy and institutional environment in light of future learning.

In its submission to the Productivity Commission Draft Report on Rural Research and Development Corporations, the SA Government made the point that greater clarity is required on the specific institutional roles and then associated governance arrangements of, among others, Australian and State government agencies and the RDCs in addressing inter-industry spillovers, broader community spillovers and issues such as potential synergies and duplication in regard to other government policy objectives.

11. Biosecurity

The fundamental problems for agriculture will not be addressed by increased productivity, reduced red tape and increased competitiveness unless access is maintained to international and domestic markets. This, in turn, depends on government policies, surveillance certification and accreditation.

The SA Government expects the Australian Government to be nimble and responsive to the needs of the agriculture sector in the delivery of programs that are critical to sustaining Australia's enviable pest and disease free status and ensuring that Australian agriculture has relatively unfettered access to the global marketplace.

- Product health and safety relies on a robust surveillance system designed to exclude an array of trade-threatening diseases and contaminants
- Certification of regional pest freedom for plant products is underpinned by surveillance and regulation
- Traceability of livestock is based on a property and transaction recording system that pinpoints animal movements along the production chain
- Welfare is based on auditable proof of an animal welfare code with auditable enforcement actions.

Policy idea 22—Improving legislation

Effective biosecurity underpins international trade in agricultural products. Importing countries require three things on a government-to-government basis: guarantees of product health and biosafety; guarantees of traceability; and, for livestock, guarantees of animal welfare.

A strong and effective biosecurity system is a South Australian priority and the SA Government recognises the need for a nationally coordinated and strategic approach that promotes a shared vision and responsibility. An effective system is underpinned by Commonwealth and State legislation and involves the combined efforts of governments, industries and communities working together to prevent, detect and respond to new threats and manage the impacts of existing pests and diseases.

South Australia is a signatory to the Intergovernmental Agreement on Biosecurity, which provides a framework for cooperation between governments, and continues to support progression of the Biosecurity Bill.

Policy idea 23—Improving the biosecurity system

Collaboration and investment by governments is fundamental for delivering effective national biosecurity by providing leadership and capacity in policy development, preparedness planning and training, prevention, surveillance and detection, emergency response and supporting ongoing management of pests and diseases.

Biosecurity SA is exploring new ways of responding to established animal and plant pests and diseases. The objective is to allow industry to manage established diseases where government investment is relatively inefficient, in order to focus on critical functions.

One example under development in South Australia is a farm biosecurity and market assurance scheme that rests on voluntary disclosure, prior to any livestock sale, by the vendor to prospective

buyers. The concept devolves responsibility for managing endemic livestock diseases to industry through an accreditation scheme based on international animal health standards.

The SA Government supports improving national surveillance, monitoring and traceability systems in partnership with stakeholders, while noting that systems already exist in many parts of the food regulation area for food safety issues. Consideration would be needed to clarify how far traceability and recall should extend.

12. Accessing International Markets

South Australia's total food and wine exports increased by 11 percent (or \$469 million) in 2013-14, to reach a record \$4.8 billion, and accounted for 42 percent of total merchandise exports from the State (2013 -14 PIRSA Scorecard). Not surprisingly, market access is a key priority – for opening new markets and increasingly for maintaining or improving access to existing markets.

It is the SA Government's view that an improved understanding of the roles of the Australian Government and State and Territory Governments is needed to ensure an effective market access regime. For example, the extra investment by the SA Government and industry in biosecurity measures to achieve Fruit Fly Area Freedom status and Phylloxera Exclusion Zone status should be recognised by the Australian Government during market access negotiations.

There is a continuing lead role for the Australian Government in trade development to address tariff and non-tariff barriers, particularly in markets where bilateral trade agreements have been negotiated, to ensure Australia receives the maximum benefit from the trade agreements.

Policy idea 24—Strengthening Australia's overseas market efforts

24a Undertaking further trade research

Ideally, existing resources and market intelligence from the Australian Government would be utilised. Relevant information broken down by State would be disseminated, and State Government agencies could use this to inform policy and services.

24b Improving exporter services and our understanding of overseas markets

The Department of State Development's (DSD) TradeStart Advisers work closely with PIRSA colleagues and are based in the RDAs. They regularly present at industry association functions and continue to look for ways to collaborate.

24c Providing more exporter readiness training

Alongside the TradeStart program, DSD is looking at ways to support aspiring exporters in all sectors.

DSD also supports exporters to undertake export readiness training under the Gateway Business Program.

24d Accelerating the development of technical, market access country and commodity strategies to prioritise market access efforts

While the Australian Government leads market access development with key trade partners, the SA Government plays an important role in promoting opportunities that Free Trade Agreements provide to industry partners and advocating on behalf of South Australian agribusiness during FTA negotiations.

In September this year, PIRSA convened a China-South Australia Agricultural Roundtable with the Embassy of the People's Republic of China. The forum provided direct feedback from South Australian exporting companies about the range of market access issues they face in the China market and highlighted the strengths of South Australia's agricultural industry.

South Australia supports the Team Australia approach, as demonstrated by its leadership in developing the Australia Pavilion for SIAL China in May 2015. However, a more sophisticated model is required which takes into account the State and regional points of difference that are increasingly being recognised by international markets. A one-size-fits-all model is not appropriate in all markets. This is particularly relevant to the wine industry, where premium regions have a high profile in some international markets.

24e Developing national promotion efforts (such as through a national brand)

The Australia-Sino 100 Year Agricultural Partnership initiative focuses particularly on a single brand for Australian agricultural products to China. The initiative is led by industry and the model can be a test for an industry-led national food brand development with the potential to extend beyond China.

The SA Government is aware that Austrade recently developed an Australian Unlimited food brand, which includes agricultural product such as beef. This collective umbrella brand approach allows greater exposure for Australia to compete in the international market.

However, certain regions have developed strong regional positioning and branding in overseas markets and they should continue to be encouraged and supported. Their regional provenance is providing producers and exporters with a niche position and premium pricing in the marketplace. Clear examples in South Australia are the Barossa Valley food, wine and tourism region, and oysters from Coffin Bay.

24f Increasing Australian Government positions overseas, and considering options for industry-funded positions to underpin increased focus on agricultural market access

The Premium Food and Wine Ambassador Program contributes to the SA Government's Premium Food and Wine from our Clean Environment strategic priority by building South Australia's brand, improving consumer recognition and supporting the growth of the South Australian food and wine industry in targeted local, national and international markets.

South Australian identities chosen as the State's Premium Food and Wine Ambassadors are passionate and highly respected within their industries and community networks. High-profile individuals in targeted international markets have also been selected to promote South Australia's Premium Food and Wine Brand overseas.

While increasing Australian Government positions overseas and options for industry-funded positions to underpin increased focus on agricultural market access are matters for the Australian Government decision, any investment would need to demonstrate a satisfactory return on investment.

Policy idea 25—Improving Australia's exports and import systems

South Australian TradeStart clients have raised concerns regarding the current process of gaining access to phytosanitary issuance for products not currently listed in the Manual of Importing Country Requirements (MICoR) system administered by the Department of Agriculture – particularly the Department's insistence on a written letter from customers' (buyers') governments confirming the requirement of phytosanitary certificates.