

Australian Government Agriculture Competitiveness Issues Paper

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Submission

General Comment

I welcome the development of a Green Paper and the release of an Issues Paper for comment.

This will provide a Strategy for Australian Agriculture Competitiveness and a roadmap for investment and a policy guide for Australian Agriculture.

We must build on our comparative advantage in primary resources to promote economic development, social wellbeing and contribute to worldwide food security.

The Issues Paper does cover the main issues and I congratulate the Government for organizing 33 Taskforce forums and its program for engaging with industry sectors

However - as the Press release headlines say “ Time to think big about Australian Agriculture” – the Australia Government should consider an Agribusiness industry approach to secure a progressive future for agriculture and farmers .

Certainly in my region of Gippsland in Victoria – agribusiness generates over half of regional income and the region plans its agriculture future through agribusiness. (to exclude fishing and forestry appears ludicrous !)

Agribusiness Gippsland Inc. also notes that the press coverage and media comment by the Federal Government and Minister highlighting the key points :

- The importance of the high valued markets in Asia
- Australia’s need to double food production
- The importance of innovation, new technology including support for genetically modification technology
- Support for foreign investment .

We suggest that these principals, which are the foundations for future sustainability and social wellbeing, should be given greater ‘up front’ prominence in the coming “white paper”.

Comments

- Overview – 2nd para – Definition of Competitiveness - very disappointing “ efficiency of resource use to boost the standard of living of all Australian etc” – many farmers would say that is the problem ! farmers work very long hours to provide Australian businesses post the farm gate and consumers a quality food or fibre product for a very low cost.
 - Note Vic UHT packaged milk is selling in China’s big Supermarkets for nearly A\$7 per litre and Australian consumers are able to buy for \$1/litre

- The value adding chain post the farm gate always collect their cost and profit margin
- Another reason to have a whole of chain and or an agribusiness focus
- Scope of Paper – note points are covered in the Issues and note also that many of points are also linked to an agribusiness approach.
 - Natural resource management benefits may have been overlooked.
- Page 2- stats covering value of agric. - farm \$ 48 billion, processing \$91b and retail \$136b in total \$275 billion. And farm exports \$38b – note Victoria accounts for nearly 30% of exports
 - Note employment accounts for 25% of all employment in the manufacturing sector .
 - Note Neil Clarke Business Intelligence (Vic) May 2013, value Aust.Agribus at \$405billion and every farm gate \$ generating further \$5 along the value chain.
 - Gippsland value of farm production - \$1.7billion
 - Outcome – need better definition of agric and or agribusiness and supply of data
- Note – farmers manage 53% or 405 million hectares of Australia’s landmass and reference to stewardship.
 - Highlights the importance of natural resource management and the role of Australia’s icon – Landcare
 - The value of Landcare must be recognised as for sustainable resource management, knowledge exchange and social benefits . Does also provide an opportunity in the export of knowledge especially with food security
 - Outcome – natural resource management and Landcare role is recognised.
- Note ref. to food demand growing by 75% by 2050 with major growth (75%) in Asia.
 - Agric production will need to expand (to double production by 2050) - support
 - Support new investment , research etc especially in northern Australia
 - Support new water conservation projects and dam construction – including in Gippsland
 - Recognise the need to invest in intensive agriculture and agribusiness including use of hydroponics and robotic technology.
 - Outcome – agribusiness must have investment in new research, innovation and technologies including robotic, GPS etc
- Page 3-4 - support by Government’s broader policy to boost productivity.
 - Need to link with new trade policies (FTA) with Asia
 - Connect to National Food Plan and Investment in Asia
 - Note –Governments Trade Mission to China and the need to involve Agribusiness
 - Recognise the role of SMEs in food and agriculture
 - Agriculture development in regional Australia does need to access satellite and NBN technolgy
- Support all election commitments for agriculture as outlined including new loans for hardship.
 - And the establishment of an Industry Advisory Council reporting to the Minister for Agric.

- Support reducing red and green tape but note that many Governments have had this policy and farming and agribusiness need action.
 - Outcome – That red & green tape is reduced and the general burden of paperwork (streamlined , harmonised)
- Issues – page 5 The 9 issues are very good and support and suggest that social issues (the social licence etc) could also have been an issue

Issues Comment

Issue 1.

- Food security – Australia
 - Note National Food Plan – encl attached summary comment
 - Need to address consumer issues (as Australia will never run out of food) re ; investment/ resilience , social licence
 - Research – particularly GM – note GRDC – developing a climate change resistant wheat
 - Note work by Melb. Uni - Robert Faggian on climate change & commodity future modelling for Gippsland sub-regions
 - need increase investment in water security and dams
 - Food security – international
 - Aust exports food to feed 60 million people and will need to double this.
 - Although Victoria and Gippsland may target value added markets in Asia to service the growing population change to higher incomes . Aust does have an obligation to service food insecure nations.
 - Need new broad acre crops and varieties with increased yields resulting from new R&D (GM) so that commodity crops are viable for Aust. farmers.
 - Australia should value the export of NRM and Landcare knowledge to these countries to train people in 3rd world countries to grow and sustain their own food requirements
- Questions:
Above points cover 3 questions
- 4th dot – re export of knowledge – Australia undervalues this opportunity – and this includes NRM / Landcare knowledge . The export of knowledge could also consider regional exchange of knowledge eg: sister regions.

Issue 2: Farmer decisions for improving farm gate returns

- Neil Clark & Assoc data on agribusiness show small farmers exiting and growth in \$2m to \$10m segment and provide very interesting statistics on property profile (value , size) – national and for Gippsland.
- My observation is that the top farms are ahead of the pack in adoption of new technology, investment and profitability (supported by Neil Clark stats)
- Access to knowledge is essential – this includes access to NBN and satellite technology , improved mobile phone usage is very important for growing agribusiness

- There is a move to intensification in Gippsland and use of robotic technology
 - In Gippsland there is a strong YAP sector (Young Agribusiness Professionals) which is supported and promoted by Victorian Farmers Federation in Victoria.
 - Note this sector has a high Nuffield Scholar sector and very good links to international knowledge
 - Attracting new farmers and building and retaining confidence with the younger sector is very important
- Questions
- Drivers - need for change – recognition - biggest barrier is confidence and commitment for the long term
 - VG advice / extension – delivered in tomorrow's technology – also support ' exchange trips to Asia etc / case studies – mentoring can assist.
 - Drought – preparedness – better tax write offs – and support low interest loans – the current proposal and guidelines are acceptable – however need more funds. Also the best way to boost other affected regional SMEs is through assistance to farmers (they are VG local investors)
 - New entrants – current focus on food is helping and also an agribusiness focus is better. image and status does need to be uplifted and farmers have to move away from the 'moaning image "

Issue 3 – Enhancing access to Finance

- Farming does need to look at other business models especially for land ownership, and capital investments
- Foreign investment arrangements and partnerships are all options however training and assistance will be essential for Australian farm businesses
- Support for a farmer representative on the FIRB
- Note in Gippsland Milk processing we have 7 milk processing manufacturers that are international companies

Questions:

- Re; attracting private capital – develop better models (partnerships etc) , re foreign investment – address social licence issues and promote agribusiness successes and assist SMEs to develop appropriate business models
- Port Jackson Partners report " Greener Pastures' did outline a couple of VG options for funding (note is referenced in the Paper)
- Should consider strengthening the Australian family model (particularly family corporates) as I believe they demonstrate a strong resilience
- Should look for more opportunities with foreign investment in R&D partnerships

Issue 4 - Competitiveness of the Agriculture sector and the value chains

- Note some useful data in the report – 136,000 farms in Australia
- Note data on supermarket dominance – surely the intense competition for sales and using discounts highlights the smallness of Australia's local consumer market – perhaps if Australia's population was doubled by 2050 this may help. The economic benefits for population growth to Australia would also be

considerable but one can imagine the fierce opposition from environment and ‘ Green’ movement !

- Agriculture/ agribusiness and Food manufacturing sector is seeking lower energy costs .
 - Note Aust. Food & Grocery Council has told Govt that a doubling of gas prices will cost the industry \$170m per year called on Vic & NSW Govts to remove restrictions on gas development.
 - Note Australia’s largest dairy manufacturer ‘ Murray-Goulburn ‘ has both its Gippsland production factories on gas.
 - 60% of Australia’s production is exported (and Victoria exports nearly 30% of that total and over 80% of dairy exports.
 - Govt policy to introduce new FTAs with Asian countries need strong support
 - Support Minister for Trade streamlining bilateral arrangements and other barriers to agric. trade with many of our trading partners (permit systems etc)
- Questions:
- Change to laws – harmonise laws and regulatory systems between States
 - Reduce ‘green tape’ – need regulations that are ‘ outcome’ focus (we have done this in Victoria with some of regs)
 - **Support Agribusiness Forums at State levels to work with SMEs to boost increased income from domestic and international markets.**

Issue 5 – Enhancing Agriculture’s contribution to Regions

- Growth in regions is essential - and focus should be on agribusiness !
- Progressive agriculture requires good service support including NBN and digital support and essential for regional growth.
- New targets/outcomes in Vic by Govt is to double regional population and to triple regional economic output by 2040 (from \$63billion to \$190billion)
- Food processing statistics should be attributed to agriculture in preference to inclusion in ‘ manufacturing stats’
- Agribusiness regional growth plans assist in development of infrastructure and regional investment,
- Regional agribusinesses assist in improved regional strategic planning – especially in statutory planning
- Regional strategies should look at integration of resource industries and or synergies

Issue 6 - improving efficiency of supply chain inputs.

- Note federal Govt report on a Landuse Framework and integration of industries (gas and mining)
- Note ref to PC review on regulation of landuses for minerals and energy.
- Support comment on farmers recognition on soil, water resources and environment . Australian farmers landcare participation (nearly 50% in Groups and another 40% practicing landcare) must be valued and supported by Govt and community

- The importance for fertiliser inputs is highlighted and support for industry developments including nitrogen fertiliser production from brown coal and or lignite should be considered.
 - Major water investment projects on the scale of the Snowy and Ord should be considered to secure future food production.
 - Assistance for Farmers to implement new technologies in irrigation water management and application should be adopted
 - **Agribusiness Gippsland recommend that an Agribusiness Grants Fund should be established in partnership with States to support this industry.**
 - Low fuel and energy inputs are essential if Australian farmers and industry are going to be globally competitive.
 - support considered for 'on farm' energy production and use of biofuels
 - Attracting workers at the right time and with right skills is a major challenge
 - SWP & 462 visas must be retained
 - Career paths must be modernised – linked to farm business, food and agribusiness
 - Training schemes must be re written
 - R&D – short term and strategic must be supported. And congrats. to writers of the Paper for support for GM and gene technology .
 - Good science must be supported and promoted with improved communication to counter misinformation and adverse media coverage that is peddled in the popular press – eg – permeate free milk, natural and hormone free etc !!
 - Infrastructure planning must consider long term agribusiness needs . A Gippsland Food Plan will be released in March 2014 that does cover the importance of roads, rail, ports and airfields for securing agribusiness production and investments.
 - Vic Planning Minister is considering “ Farm Production Overlays’ – these should be given consideration (but generally farmers are cautionary)
 - Access to funding investment from super funds must be reviewed and note comment from a Super Fund Manager – that there are insufficient projects for investment in Australia
- Questions:
- Points above cover each of questions – but emphasise the importance of lifting the status of agriculture to attract young people and support for Nuffield type scholarships and exchange programs to boost industry training.

Issue 7 – Reducing ineffective regulations.

- Australia has an image of producing clean, ‘ green’ and very high quality food /farm products – standards and regulations to maintain our image must be not be compromised.
- Note stats re: farm costs (4%) and involving 90 Acts administered by Dept of Agric.
 - Support Govt policy to reduce red and green tape

- Support the need to harmonise and streamline regulations and processes between States.
- Note a very good assessment by ABARES in the Paper and note that COAG has signed off on the National Water Reform Plan.

Questions:

- All industries complain about paperwork and one seems to fill out the same form many times .
- Farmers involved in selling and tourist activities constantly complain about the paperwork and the cost of compliance.
- Consider re: quality standards - meeting outcomes – not the process.
- Re: native veg. Regulations – farmers operating in the Farm Zone should be exempt.

Issue 8: Enhancing Agricultural Exports.

- Note the many excellent reports that have been written on the opportunities for Australian agric exports; including
 - Australia in the Asian Century
 - The National Food Plan
 - Deloitte – ‘ Catching the next wave ‘
- And do note and support ANZ Insight Reports on boosting Aust resource exports incl ‘ Greener Pastures’ on food .
- Note chart on page 30 and do we overlook the opportunity to export knowledge ?
- Note again the importance of Govt policy to introduce FTAs and to reduce trade barriers into Asean countries.
- Biosecurity protection must have high priority as cost of control for pest and disease can be devastating.

Questions:

- must embrace the many recommendations in the reports on boosting Australian exports into Asia.
- support Trade Missions and note the success of the Victorian Govt. Trade Mission Program
- support continuing work by Minister for Trade
- must consider export of knowledge and landcare as a valuable tool and opportunity
- Biosecurity must be given national priority and recommend pest weed and animal programs such as Weeds of National Significance (WoNs) should continue – support must be continuing otherwise the benefits are lost.

Issue 9: Incentives for Investment and Jobs.

- Farmers do not look for subsidies but for support programs to help them ‘ride out ‘ difficult climate and other events beyond their control.
- Do note all Govts support disaster events affecting city and metropolitan areas

- Do support maintaining . “Primary Producer status, and income averaging in the Tax Act.
 - Note support for a Government Taxation White Paper
 - Support for Rural Counselling services are needed as impact of stress issues on farmers appears very high.
- Questions;
- current programs providing low interest loans appear the best option
 - support relocation and transition assistance as ‘ one off’s’ to cover major industry change.
 - do support worker assistance programs.
- Australia should develop policy where regional / country inputs/comment must be considered
 - Note the Paper has very good references

Congratulations to the authors and look forward to the final Government Strategy Paper for Australian Agriculture.