

Agricultural Competitiveness Issues Paper

The Government is developing a White Paper on the Competitiveness of the Agriculture Sector that will provide policy directions for enhancing the profitability of the sector and boosting agriculture's contribution to economic growth, trade, innovation, productivity and regional communities.

An issues paper has been developed and the Government has sought submissions prior to developing the White Paper.

Eurobodalla Shire Council offers the following contribution on behalf of the businesses and organisations in the shire under the headings listed by the Issues Paper.

Agriculture in the Eurobodalla Shire employed 290 people in 2011 (2.7% of the working population) in 313 businesses. The value of agricultural production (crops and livestock) was \$20.3m in 2010/11 with an additional \$5.12m in Oyster production (2011/12 figures).

8.7% of the Shire's land is zoned for primary production with an additional 0.5% zoned for primary production, small lots. Because Eurobodalla is predominantly locked up in National Park and State Forests, this primary production land equates to about 39% of all remaining land.

Issue 1: Ensuring food security in Australia and globally

Two opportunities which could expand agricultural production in Eurobodalla relevant to this Issues Paper are:

- 1. Encouragement of local production for local markets
- 2. Direction of resources to land with highest potential to increase yield

Local production for local markets would include support for community gardens and local produce, farmers markets. The economic value of such enterprises and small scale producers to the economy should be evaluated with a view to increasing levels of operational and financial support.

Advantages of supporting such activities include:

- Starting on a small lot helps avoid some of the high costs of entry which discourage new farmers. People grow a bit on their existing plots and start selling their produce before they need to make financial investment decisions
- Local produce / farmers markets provide positive local competition to major supermarkets.
 This has been evidenced in Moruya where a new and successful Farmers Market has been established.
- Primary producers get 100% of the retail price when sold at Farmers Markets making commercial production more viable for more producers.

The direction of resources to land with highest potential to increase yield would involve ways of encouraging intensive agriculture on the most fertile lands. Farmers may currently be averse to doing this because of the additional risk or through lack of knowledge. Over recent times, much of the financial support to farmers has been drought-relief related which is not necessarily going towards maximising production.

Issue 2: Farmer decisions for improving farm gate returns

Encouragement, education and support for farmers to diversify into non-food income means they can improve their returns by having a more reliable income stream. This allows better business planning and could even make it cheaper to access finance.

Tourism is a key industry in Eurobodalla. Forestry is also important and with many farms including woodlands it maybe that appropriate selective felling could provide an additional steady income stream.

Prior to World War 2 there were many grazing properties that had plantations of tree crops that produced storable protein and sugars enabling ruminants to survive on dry fodder. Facilitation to plant crops that will take a decade to bear would improve the drought resilience of the industry.

Issue 3: Enhancing access to finance

In terms of finance, one area to consider would be the setting up of a low interest loan scheme (as well as existing grants) for new initiatives which are directly linked to opening up new exports markets.

Issue 4: Increasing the competitiveness of the agriculture sector and its value chains

Increased support for direct to consumer activities e.g. Farmers Markets where producers get 100% of the value, allow the sector to finance future growth and the development of additional supply chains.

The aggregation of small producers has many benefits and many local dairy producers were part of the successful Bega Cheese co-operative prior to its listing on the ASX as a major national company.

Support services e.g. 'A Sharing Resources Kit' for other small producers to work together would be valuable and would allow:

- Shared distribution which means reduced costs and greater access to large markets
- Greater added value by the sharing of processing & packaging equipment

Encouragement and support for 'regional' deals with local producers and local independent supermarkets would be beneficial. Two local dairy companies have distribution arrangements with a few local IGA supermarkets which:

- Provides competition on quality to large supermarkets
- Provides producer with steady revenue
- Allows producer to plan and expand gradually

One small local vegetable grower who believed they had zero export potential has been identified by a Shanghai businessman who has explained that they are extremely keen for quality, chemical free produce grown in areas that have clean environments.

This is an example of where Australia and Eurobodalla can compete – on quality rather than price. Means of promoting and certifying this quality would be welcome and would get more local product into high end markets.

Issue 5: Enhancing agriculture's contribution to regional communities

Protection of prime agricultural land from incompatible uses to avoid land use conflict and speculative land pricing is important to ensure agriculture remains economically important to regional communities.

As mentioned elsewhere, the aggregation / encouragement of small producers can encourage the next generation of farmers. Supporting small-scale farming and its progressive expansion can help to avoid the huge capital costs of buying a farm in one go.

The diversification of farms into non-food e.g. tourism for Eurobodalla adds another layer to the local tourism industry which is worth some \$324million per year.

Support for a greater focus on local value adding or on premium market development e.g. free range, organic, intensive crops is likely to increase yield per hectare, create greater employment per hectare and mean local suppliers don't compete on price alone with cheaper overseas suppliers.

Large commercial intensive operations generate totally different risks to small extensive diversified farming systems and to create a one size fits all legislatory and compliance framework may prevent jobs growth.

Issue 6: Improving the competitiveness of inputs to the supply chain

Support for increased investment in the reuse of water, storage or sourcing of additional supply (e.g. bore rather than river) and increased use of effluent would provide greater security for the inputs to the supply chain.

A number of the responses to these issues include greater education for farmers and developing the ability to deliver such training online or in regional outposts of universities, could not only improve skills but help keep the talent base in the rural areas. Relevant training is hard to come by in Eurobodalla and local community groups have started to organise such training themselves.

Another matter of importance is the upgrade of the King's Highway between Batemans Bay and Braidwood. Even a few places to permit a passing lane would be hugely beneficial to farmers getting produce to Canberra, our nearest major market.

Improved transport links generally would improve Eurobodalla producer's ability to deliver value for money goods to market e.g. Canberra airport's impending acceptance of international flights into Asia and the potential for new markets for a whole range of high end value added products.

Issue 7: Reducing ineffective regulations

There is a myriad of state & federal regulation affecting agriculture and this causes issues for farmers in terms of complexity, time, jurisdiction and duplication.

As a minimum, a resource / help desk where farmers could go to quickly get expert advice of what regulation (state & federal) is relevant, would be very useful.

Reducing duplicated legislation would reduce time and compliance costs. One example would be in the environmental space where a time poor farmer is currently required to navigate through the federal Environmental Protection and Biodiversity Certification Act as well as overlapping state regulation (in NSW) of the Native Vegetation Act and the Threatened Species Act.

In addition, some local producers who meet organic food standards choose not to become officially certified because of the administrative / regulatory burden.

<u>Issue 8: Enhancing agricultural exports</u>

Financial and in market support for new export projects would be most welcome and this could be via the Commercialisation grants and dedicated export market business support managers. Whilst in Aquaculture, Australia's Oyster Coast, www.oystercoast.com.au, is one such initiative looking to open up brand new export markets.

Additional support at the beginning of and through the export accreditation process would encourage producers to undertake what to many could be a daunting and time consuming process.

Farmers tend to be small operators and time poor. This Oyster initiative is one which would get to market much quicker with either financial support for a co-ordinator role or such manpower provided directly by government.

Biosecurity remains important. Maintaining animal health and reducing the transfer of weeds/invasive species across borders/countries/states is a key action e.g. Check / regulation of nurseries, fodder industry, produce and agricultural suppliers to minimise the potential for transfer of invasive species

Additional funding for research on weeds of national significance, as well as new and emerging weeds would reduce the future impacts and economic costs.

Weeds of National Significance (WONs) programs have worked well and linking federal funding direct to Local Control Authorities (eg Councils) would be more efficient than the current process.

Encouraging suitable markets to increase their import of processed meat rather than live cattle increases the value of the export product and would protect the industry against potential concerns about the export of live cattle.

<u>Issue 9: Assessing the effectiveness of incentives for investment and job creation</u>

Please see the comment made in Issue 8.

General Comments

The overview in the Issues Paper refers to "maintaining and enhancing the natural resource base on which our rural industries rely" however the issue barely rates a mention in the body of the paper. This issue and the potential significant impacts of climate change are critical to all of the other issues addressed in the paper.

Eurobodalla Shire Council is currently preparing a Rural Lands Strategy for the Shire. As part of the process of developing the strategy, Council worked with a Steering Committee of local farmers and land owners to develop a Rural Lands Issues Paper. The Rural Lands Issues Paper summarises the key issues for rural land in Eurobodalla. A copy of the Rural Lands Issues Paper is attached to support this submission.

Council also notes the National Farmers' Federation released a Blueprint for Australian Agriculture in 2013 which provides a range of strategies addressing the issues raised in the Government's Agricultural Competitiveness Issues Paper. As the peak body for Australian farmers, due regard for the NFF's blueprint should be given in the development of the Agricultural Competitiveness White Paper.