

G21 Agribusiness Forum

Submission to Agricultural Competitiveness White Paper

The G21 Agribusiness Forum is pleased to make this submission as part of the Agricultural Competitiveness White Paper process. The Forum looks forward to ongoing engagement with the process, which it considers as vital to facilitating growth of the agriculture, food and fibre industry in Australia and in the G21 region.

Summary of key issues

- Agribusinesses make a strong contribution to the economy of the G21 region.
- Growth and development of agribusinesses can provide an important source of new investment, employment and income generation for the G21 economy, which is particularly significant as the economy undergoes substantial structural change.
- Existing businesses provide a strong base on which to develop innovative, entrepreneurial agribusinesses focussed on global market growth opportunities, especially in Asia.
- Governments can assist in developing the agribusiness sector by creating an environment to develop innovation and entrepreneurial skills in existing and new firms.
- Governments also have a role in delivering infrastructure that enhances competitiveness and access to markets that are vital to global competitiveness.
- The G21 Agribusiness Forum is working with all parties to facilitate these outcomes.

What is the G21 Agribusiness Forum?

The G21 Agribusiness Forum provides a coordinated voice for the whole agribusiness sector and associated supply chains in the G21 region. The G21 region includes the local government areas of the City of Greater Geelong, Golden Plains, Colac-Otway, Surf Coast and the Borough of Queenscliffe. The G21 Agribusiness Forum is part of the Victorian Agribusiness Council, which advocates and promotes Victorian agribusiness development.

Facilitating the growth and development of dynamic, innovative and resilient agribusinesses will play an important role in the future development of the G21 region. The G21 Agribusiness Forum aims to assist growth and development of agribusinesses through:

- **Connecting agribusiness** to organisations that can assist their growth and development;
- **Facilitating collaboration** amongst agribusiness supply chains and other sectors to enhance the creation of value by agribusinesses in the region; and
- **Building entrepreneurial and innovative capacity** of agribusiness owners and employees.

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Agribusiness plays an important role in the G21 economy

Agribusiness is a major driver of the G21 region economy¹. In calendar year 2012 it:

- **Employed around 10,000 people** in primary production, manufacturing, wholesale and retail;
- Accounted for **37% of manufacturing employment**;
- Produced **9% of the region's output value** (\$2.7 bn of \$30 bn); and
- Accounted for **17.6% of the region's manufacturing output**

Table 1: Contribution of agribusiness to the G21 economy

	Output (\$M)	Employment (number)	Wages & salaries (\$M)	Local sales (\$M)	Regional exports (\$M)	Local expenditure (\$M)	Value added (\$M)
Contribution	\$2,720	7,238	\$340	\$913	\$1,308	\$973	\$964
Percentage of region	9.1%	7.4%	5.5%	10.6%	13.7%	11.3%	9.7%

Agribusiness also has strong in-region linkages, accounting for **11% of local expenditure** in 2012. Each dollar of output from the agribusiness sector generates 35 cents in local sales, 48 cents of exports and 16 cents of household consumption.

These contributions to the well being of the G21 economy come from a diverse range of businesses in the region including:

- **primary production** e.g. beef, sheep, pig, poultry and dairy farming, cropping, wine grape growing, olive growing and vegetable farming;
- **manufacturing of food and beverages** e.g. milk and other dairy products, meat, wine making, olive oil, wool and grain transport and storage, malt manufacturing, textile manufacturing, and food product manufacturing; and
- **wholesale and retail activities** e.g. grain storage and export, wool storage, food service businesses, transport and logistics.

There is also a considerable education and research presence in the region including Marcus Oldham College, Deakin University, The Gordon TAFE, CSIRO and a newly establishing Agriculture Trade Training Centre at Covenant College in Geelong.

Opportunities for development

Ongoing development of the agribusiness sector will provide a significant source of future economic growth for the G21 region. In particular ongoing development of high value agribusinesses is an important component of the future employment, investment and income for the Geelong economy as it undergoes significant structural adjustment. This includes significant opportunities that will arise from growth in Asian markets.

¹ (1 For further information see:

[http://www.g21agforum.com.au/2779/downloads/Agribusiness%20in%20the%20G21REGION\).pdf](http://www.g21agforum.com.au/2779/downloads/Agribusiness%20in%20the%20G21REGION).pdf)

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The G21 Agribusiness Forum considers that ongoing efforts to improve competitiveness are vital to taking advantage of these opportunities. The Forum sees two major components to facilitating enhanced competitiveness:

- Creating an environment that facilitates the *growth of innovative, entrepreneurial and globally focussed agribusinesses* in the region; and
- *Investing in economic infrastructure* to enhance cost effective supply chains and market access.

The Forum sees a clear role for government in both of these components.

Facilitating innovative, entrepreneurial and globally focussed agribusinesses

As noted above the diverse range of agribusinesses in the G21 region provide a strong base from which to expand investment, employment and income. By way of example of the opportunities that entrepreneurial businesses provide, the G21 Agribusiness Forum is preparing case studies of such businesses in the region.²

It needs to be recognised that being globally competitive within a high cost environment requires the development of world class innovation skills within firms and across whole supply chains. Characteristics of successful firms in this type of environment include a high capacity for innovation through value creation, a strong focus on global market niches, highly experienced and knowledgeable management, strong customer relationships and close relations with knowledge institutions.³

Ongoing improvements to deliver efficient supply chains are a vital complement to allowing innovative and entrepreneurial agribusinesses to take advantage of Australia's proximity to major Asian markets. Further, efficient supply chains are vital to capitalising of our competitive advantage in food safety and food security. There is also a need for enhanced promotion of our ability to deliver safe and secure food products in a timely manner to Asian consumers.

The G21 Agribusiness Forum sees key components of creating an environment for innovation as being:

- *Developing innovation skills of agribusinesses managers* – to equip existing and new firms to develop the characteristics outlined above. Innovation skills include leadership, active management, employee skills, collaboration skills and skills in customer relationships.
- *Developing skilled workforces* – there is a need to ensure a supply of appropriately trained labour for growing agribusiness industries. This requires strong, practical links

² See: <http://www.g21agforum.com.au/2779/downloads/Agribusiness%20newsletter%20March%202014.pdf>

³ Ref: Goran Roos, The Role of Intellectual Capital in Business Model Innovation: An Empirical Study in Pablos PO, Tennyson R & Shao J Intellectual Capital Strategy Management for Knowledge-Based Organisations.

between education providers and industry e.g. in the G21 region this is being pursued through a number of avenues including the newly establishing Covenant College Agriculture Trade Training Centre, Marcus Oldham College, The Gordon TAFE and Deakin University's Centre for Regional and Rural Futures.

- ***Cluster development for collaboration*** – clusters of agribusinesses already exist in the G21 region. There is significant potential to use these clusters to facilitate collaboration as a source of innovation for industry development. This potential is illustrated in the success of the Geelong Food Co-Products Cluster in working with a group of agribusiness firms to develop an organic based fertiliser utilising waste from fish processors in the region as well as a range of other industry developments.⁴ Similarly, development of the Golden Plains Food Production Precinct for intensive agriculture and livestock production will provide significant economic benefits to the region. The Australia China Business Council has also recently undertaken a project aimed at building collaborative networks to assist regional agribusinesses to develop and enhance export relationships with China. This type of collaborative approach to building export markets is considered to have significant potential to assist export growth.
- ***Collaboration between researchers and industry*** – stronger, direct relationships between researchers and industry provides an important component of innovation. The challenge here is to ensure that applied research activities are strongly related to practical agriculture and related supply chain business issues. This helps ensure adoption of new technologies and practices as part of innovative business operations. In the G21 region Southern Farming Systems and Deakin University's Centre for Regional and Rural Futures is an example of how these links are developing.

Government support for these types of activities e.g. through programs such as Enterprise Connect provides a low cost means of developing innovation skills across the value chain.

Investing in economic infrastructure for cost effective supply chains

Geelong provides a natural hub for transport infrastructure that services the G21 region, key agricultural regions of south west and western Victoria and areas beyond. This includes road, rail, the Port of Geelong and Avalon Airport. It includes:

- major grain export through the Port of Geelong;
- major wool and other fibre handling and storage through Australian Wool Handlers;
- a number of major transport and logistics operators e.g. Wettenhalls, Riordan Grain Services and K & S Freighters;
- access to Melbourne and Victorian markets and the Port of Melbourne for dairy production and a wide range of manufactured foods e.g. Geelong is the home of olive oil

⁴ See www.gfcc.com.au

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production operations of Boundary Bend Olives that account for 75% of the Australian olive oil market (through its Cobram Estate brand); and

- significant potential for export of high value perishable agricultural and seafood products though Avalon Airport e.g. dairy, aquaculture and live animal exports.

Ongoing development of this infrastructure is vital for cost efficient market access both domestically as well for export markets and will directly facilitate investment in existing and new agribusinesses. There is considerable planning underway to identify key infrastructure investments in Geelong. For instance, the City of Geelong in association with key industry partners has completed a study that identified a series of investments that would significantly enhance cost effectiveness of the Port of Geelong operations .⁵ This outlines road, rail and marine investments.

The next step will be to expand this study to develop detailed business cases for infrastructure investments related to specific agribusiness supply chains relevant to the Geelong region. This will lead to a clear basis for investing in improved market access infrastructure in Geelong and the G21 region more broadly.

Government investments in infrastructure planning and delivery in association with industry will be vital to ensuring these goals are met and will strongly complement the development of innovative agribusinesses in the region.

Further information:

We would be happy to elaborate on any aspect of our submission. Contact: Russell Coad, Chair, G21 Agribusiness Forum e: rjcoadwool@gmail.com p: 0429 430 599

⁵ See: <https://www.geelongaustralia.com.au/common/public/documents/8d06715d363ea38-Geelong%20Port%20and%20Land%20Freight%20Infrastructure%20Plan.pdf>