



## PARLIAMENTARY NATIONAL PARTY OF AUSTRALIA (WA)

### Submission to Agricultural Competitiveness White Paper

#### 1. Overview

The Parliamentary National Party of Australia (WA) ('PNP') welcomes the Federal Government's leadership in providing a platform for enhancing the contribution of agriculture to the national economy through the development of an *Agricultural Competitiveness White Paper*.

The PNP recognises that the agricultural sector has been the backbone of regional communities in Australia for more than a century.

If farmers are doing well they spend money in local shops and machinery dealerships. This creates more jobs – attracting people to towns, keeping shops, banks, doctors and surgeries open, keeping people involved in sporting clubs and community groups - ensuring that regional communities remain vibrant.

In recent times, there have been numerous reports that highlight the huge opportunities that exist for Australian agriculture to capitalise on the economic growth of Asia and the desire of Asian countries to ensure their food security.

These reports suggest Australia could double, even triple, the value of our agricultural exports.

Achieving this goal will require focussed research and development, expert skills and above all, significant investment.

The National Party of Australia (WA) Incorporated ('The Nationals WA') released a \$300 million 'Seizing the opportunity – The Nationals WA's vision for agriculture' policy ('vision for agriculture policy') prior to the 2013 Western Australian State election. Following the re-election of the Liberal-National Government, the Western Australian State Government provided a commitment to implement this vision for agriculture policy in the 2013-14 State Budget.

The contents of the vision for agriculture policy comprise the contents of this submission. The PNP submits that the key components of the vision for agriculture policy can be implemented federally to ensure that the Australian agricultural industry is best positioned to take advantage of the unprecedented rise in worldwide demand for food.

#### 2. Northern Australia White Paper

The PNP further submits that the development of the *Northern Australia White Paper*, in conjunction with the *Agricultural Competitiveness White Paper*, provides the Federal Government with a unique opportunity to encourage agricultural investment in northern Australia.



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A holistic approach to northern agricultural development is needed to ensure that cross-jurisdictional regulatory burden is removed ensuring that Australian businesses are provided with the best environment to service demand from our Asian neighbours.

Further, northern development must be considered as a whole, not on a state by state basis, to ensure that economies of scale are achieved in order to justify key infrastructure spend, such as the development and upgrade of key ports.

The development of northern Australia's agricultural industry provides a rare opportunity for Australia to develop from the ground up in an environmentally sensitive manner as northern Australia is largely underdeveloped and free from forests. The PNP submits that it is the role of Federal and State Governments to implement a framework to encourage the development of northern agricultural land. The collation of the *Northern Australia White Paper* and the *Agricultural Competitiveness White Paper* provides both tiers of government with the opportunity to address these issues.

### 3. Research and Development

The agriculture industry is constantly evolving, so investment into research and development is essential to respond to the challenges of a changing environment and to remain internationally competitive.

This involves not only scientific research to develop new crop varieties, new technology and new farming practices, but also economic and market research to find out what our customers want, examine and predict market trends, identify market opportunities and identify ways to make farmers more profitable.

#### a) Already Happening

As part of the national framework for agricultural research and development, WA has taken the lead responsibility for innovation in the grains sector.

The WA Government's flagship contribution in this area is a \$30 million commitment to establish the Australian Export Grains Innovation Centre (AEGIC), which will be a national centre of excellence for economics, science and innovation to improve the competitive advantage of Australian grain in the international marketplace. A new headquarters for the Department of Agriculture and Food (DAFWA) and an AEGIC building are currently being designed and are due for completion in 2018.

The Nationals WA in government have made significant investment in research and development in Western Australia having already established the New Genes for New Environments facilities in Merredin and Katanning for research into genetically modified food



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technology and the Managed Environment Facility in Merredin for research on conventional crops.

The Nationals WA in government are also supporting innovation in research centres, such as the Centre for Grain Food Innovation in Bentley, the Frank Wise Institute at Kununurra and the Manjimup Horticulture Research Centre.

Through the successful drought pilot, which the Australian Government and Western Australian Liberal-National Government conducted in partnership, The Nationals WA in government have tackled risk management and drought preparation, including farm planning and management training. The *Royalties for Regions* program has also funded 65 new weather stations to provide farmers with the best possible climate information to assist with farm planning decisions.

Furthermore, the Nationals WA in government have supported the use of the Birchip Cropping Group's and the CSIRO's Yield Prophet online wheat crop production model and the Bridging the Gap initiative which aims to overcome yield constraints in higher rainfall areas of the Western Australian wheatbelt.

### b) What's Next?

Under The Nationals WA's vision for agriculture policy a range of research and development initiatives will be funded by the State Government throughout Western Australia.

The Nationals WA understand the value of grassroots research and development and as part of an alliance government will provide grants to grower groups to conduct research, development and extension projects.

The Nationals WA in government will also fund a program to identify and facilitate access to potential new markets and new opportunities in existing markets for Western Australian produce.

This program will seek to understand the food requirements of export markets in Asia and the Middle East and how they might be met in terms of local production, exports and long-term contracts with overseas customers.

Western Australia is the nation's major grain growing state and The Nationals in government will continue to support our dominance in this area by injecting a further \$20 million into AEGIC.

The Nationals WA in government will also commit \$15 million to establish a Northern Beef Industry Development Centre in Broome and \$10 million towards a Sheep Industry Development Centre in Katanning.



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These centres will foster the latest research work to ensure the entire supply chain is effective and efficient, and build on the efforts of the respective beef and sheep industry leadership councils. Given live exports are a critical part of the WA livestock sector, the centres will work to support the development of new markets.

With the growth of the organics industry set to continue, The Nationals WA in government will establish a \$5 million Organic Food Industry Research Centre in Bunbury.

The Nationals WA in government will also invest \$10 million over five years to help WA grain growers to better manage risk. This will involve expanding the weather station network, building radar stations at Merredin and Jurien, expanding the number of Yield Prophet sites and an Agtech initiative to enable growers to utilise modern technology to manage risk more effectively and make more informed decisions.

### c) Key Commitments contained in the vision for agriculture policy

- \$20 million for research and development grants for grower groups.
- \$6 million for research into market opportunities in Asia and assistance to access these markets.
- \$20 million further funding commitment to AEGIC to boost grains research and development.
- \$5 million to establish an Organic Food Industry Research Centre in Bunbury.
- \$15 million to establish a Northern Beef Industry Development Centre in the Kimberley.
- \$10 million to establish a Sheep Industry Development Centre in Katanning.
- \$10 million to help grain growers better manage risk.

## 4. Land and Water

The critical element in any agricultural endeavour is water.

The PNP recognises that Western Australia has abundant and under-utilised water resources in our north, while at the same time traditional food growing areas in the south-west are under pressure from a drying climate.

There is potential to increase economic growth and employment in regional communities from irrigated food production by establishing new irrigation areas and increasing the size and water use efficiency of existing irrigation districts.

Irrigated agriculture also offers significant employment opportunities for Aboriginal people in Western Australia, with many Aboriginal communities located near substantial water resources.



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### a) Already Happening

The Nationals WA in government in Western Australia have delivered what previous governments couldn't - Stage 2 of the Ord Irrigation Area in the East Kimberley. This has only been possible through investment of \$311 million of *Royalties for Regions* funding. A further \$195 million in Commonwealth funding was provided to the project. The Nationals WA in government are working towards Ord Stage 3 and further expanding irrigated agriculture in the East and West Kimberley.

With the support of The Nationals WA in government in the planning and development phase, Rio Tinto is now operating its Hamersley Agriculture Project, which uses billions of litres of excess fresh water from a Pilbara mine site to grow hay.

Gogo Station in the Fitzroy Valley has diversified into irrigated agriculture and Woodie Woodie mine in the Pilbara is solving a waste water problem by using mine de-watering to grow crops.

The Nationals WA in government have also helped build a new irrigation pipeline and allocated \$25 million to the Gascoyne Food Bowl project to expand the Carnarvon Irrigation Area.

The *Royalties for Regions* program has invested \$500,000 to explore the development of a recycled water supply in the Peel Region, which would create new opportunities for agricultural production in the region.

The Nationals WA are committed to good management and use of natural resources and support the continued funding of the State Natural Resource Management program. The State Natural Resource Management Office was established by the Western Australian Government to facilitate the coordinated delivery of natural resource management in Western Australia.

### b) What's Next?

The projects highlighted above are just some of the examples of how water is the key to agricultural expansion.

Under The Nationals WA vision for agriculture policy \$40 million will be invested throughout Western Australia under the *Water for Food* initiative. The initiative will continue to support the expansion of irrigated agriculture in the East Kimberley, as well as develop environmentally and culturally appropriate irrigated agriculture in the Fitzroy River catchment and La Grange area south of Broome.

The Nationals WA in government will fund projects to capitalise on mine de-watering opportunities in the Pilbara. Resources will be committed to expand the production area of



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the Swan Coastal Plain, improve water efficiency and develop alternative water sources to support the expansion of horticulture in the south-west.

The Nationals WA in government will also continue to push for reform to pastoral land tenure, to give pastoralists better security of tenure and the opportunity to attract investment and diversify into irrigated agriculture.

- c) Key commitments contained in the vision for agriculture policy
- \$40 million to implement a *Water for Food* initiative.

### 5. Getting Produce to Market

Australia's and more specifically Western Australia's proximity to Asia gives us an opportunity to provide fresh fruit, vegetables, meat, seafood and dairy products directly from the regional areas where they are produced to key markets. To do this regional Australia will require better transport and storage, upgrades of facilities at seaports and airports, and improved processing and packaging. The Nationals WA recognise this and have committed, as part of an alliance government, to invest in these areas throughout Western Australia.

Providing the right transport, energy, water and communications infrastructure in regional areas will encourage more investment in regional food production and processing businesses and create employment and economic growth.

#### a) Already Happening

The Nationals WA in government have made unprecedented investment of \$178.8 million in upgrading rail and road infrastructure in Western Australia's wheatbelt to transport the State's grain harvest. The Commonwealth has also provided significant funds in this area.

The construction of a new sugar mill as part of the Ord-East Kimberley Expansion Project and upgrades to the Wyndham Port are also key infrastructure projects to be undertaken.

Commercial operators are building a northern abattoir near Broome following studies commissioned by the Department of Agriculture and Food.

The *Royalties for Regions* program is funding 113 new mobile phone towers to allow regional Western Australian businesses access to the same level of technology service as provided in the metropolitan area. The regional mobile communications program will provide an increase of mobile phone coverage of up to 22 per cent.



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The Nationals WA in government have also invested \$27 million throughout Western Australia as part of the Regional Airports Development Scheme, which has been used by airport operators to develop infrastructure, undertake planning, maintenance and terminal upgrades at key regional airports.

### b) What's Next?

The Nationals WA in government will fund an audit of infrastructure across Western Australia to identify constraints to the expansion of agriculture and the food industry, right across the supply chain.

Following the results of the audit, The Nationals WA in government, will establish a \$75 million Infrastructure Investment Fund to begin tackling these constraints, including creating more berth space at ports, upgrading key road and rail networks, opening up regional airports and ensuring access to good communications infrastructure.

### c) Key commitments contained in the vision for agriculture policy

- \$2 million to conduct a State-wide infrastructure audit.
- \$75 million Infrastructure Investment Fund.

## 6. Investment and Trade

Australia is an exporting nation and Western Australia plays a significant role in this regard.

The PNP recognises that WA has always been an exporting State. Currently about 80% of Western Australian agricultural produce is shipped overseas. The small size of WA's domestic market means the only way to grow our agricultural sector is to sell more of our products to overseas customers. WA has developed a deserved reputation for delivering top quality, fresh, healthy, safe food. We can capitalise on our reputation to build on existing markets and expand into new ones.

Investment and trade go hand-in-hand. A company that invests in Australian agriculture is locking in its commitment to Australian produce, instead of scouring the world's spot markets for the cheapest prices.

One of Australia's and WA's biggest trade advantages is our freedom from many pests and diseases, which allows us to access markets that our competitors cannot. That also means one of the biggest threats to Australian agricultural investment and trade is a breakdown in biosecurity. An outbreak of a serious pest or disease could have catastrophic consequences, and shut Australia out of overseas markets for many years.



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### a) Already Happening

In Western Australia significant efforts have been made to foster trade relations with our Asian neighbours.

In 2010, the Western Australian government achieved a major breakthrough in opening up the Saudi Arabian market to WA wheat. WA is also increasing exports of fresh vegetables to supermarkets in Singapore, dairy products to Indonesia and wine to China.

WA has overseas trade offices in key markets like Indonesia, Singapore, Japan, China and India. WA also achieved a world first by achieving freedom from potato cyst nematode, which opened markets in Korea and Taiwan.

### b) What's Next?

Under The Nationals WA vision for agriculture policy significant steps will be taken to ensure that the Western Australian agricultural industry is poised to take advantage of investment and trade opportunities.

Under the *WA: Open for Business* initiative, The Nationals WA in government will establish a Trade Commissioner as head of an Office of Inward Investment in Western Australia. The Trade Commissioner will act as a first point of contact for investors, providing advice on investment opportunities, assistance with government regulations and coordination across government agencies. Assistance will be given to local agriculture and food businesses to become investment ready and link them with potential investors.

The Nationals WA in government will also boost the Department of Agriculture and Food's presence in WA's overseas trade offices and co-fund an export development officer to work with Horticulture WA.

The Nationals WA recognise the need for timely approvals to meet development expansion timelines if they are going to attract investment and sell into international markets. Projects such as Cone Bay Barramundi and potential algae farming operations are reliant on the development of efficient processes.

The Nationals WA in government have committed to fund the development of a WA brand to identify and promote local produce in overseas markets to capitalise on WA's reputation for fresh, clean, healthy food.

The Nationals WA in government will also boost Western Australia's biosecurity measures to bolster quarantine and respond to biosecurity threats should an outbreak occur.



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### c) Key commitments contained in the vision for agriculture policy

- \$20 million for the *WA Open for Business* initiative to help attract investment to WA.
- \$7 million to develop 'Brand WA' to sell WA to the world.
- \$20 million to bolster biosecurity.

## 7. Skills

To take advantage of the export opportunities before us, the agricultural sector will need a skilled workforce that understands advanced technology and biology, as well as complex business and marketing arrangements.

Agriculture is a sophisticated, technologically-advanced industry that offers a range of exciting and rewarding careers, but the agricultural workforce has not kept pace with this change.

Agriculture is not attracting the people it needs with enrolments in tertiary agricultural courses declining. With an increasingly urbanised population, there is also a growing lack of knowledge and understanding about where our food and fibre comes from and how it is produced.

### a) Already Happening

The Nationals WA in government have endeavoured to raise the profile of agriculture in Western Australian secondary schools through its AgLinkED and Open your Eyes to a Career in Agriculture programs, and build a greater recognition of WA produce through the *Buy West Eat Best* campaign. The Nationals WA in government are also supporting farmers to improve their business skills through the Plan, Prepare, Prosper workshops.

WA has the best system of agricultural colleges in Australia, into which the Western Australian government invests \$25 million annually. The *Royalties for Regions* program recently provided a \$10 million boost for Muresk Institute, which is located in the heart of the agricultural region of Western Australia, to transform it into a multi-use facility for tertiary students.

### b) What's Next?

The Nationals WA are committed to raising the profile of agriculture in Western Australia.

The Nationals WA in government will develop an initiative to help industry to raise the profile of agriculture in the community and promote a positive image of the sector. This will include providing more resources to teachers in primary and secondary schools, a program to



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increase the number of people applying for jobs in the agriculture sector and increasing the capacity of the industry to promote itself. The Nationals WA in government will also inject an additional \$10 million to continue the transformation of the Muresk Institute and to assist with the development of agricultural courses.

The Nationals WA in government will investigate the feasibility of establishing a WA college of agriculture to cater for high school students in the Kimberley, and a tertiary facility with a focus on attracting Aboriginal people into agriculture.

The Nationals WA in government will also fund a program to boost the skills of regional Western Australia's agriculture and food businesses, including a free business diagnostic check, industry workshops and business adviser support.

### c) Key commitments contained in the vision for agriculture policy

- \$20 million to increase the profile of WA agriculture.
- \$20 million to boost business skills of agriculture and food businesses.
- \$10 million to the Muresk Institute for further skills development in agricultural industries.

## 8. Conclusion

The PNP is excited by the opportunities that are currently present for Australian agriculture – particularly the unprecedented rise in worldwide demand for clothing and food.

Fifteen years ago, no one could have imagined the growth of the Australian mining sector to the levels that we see today. The PNP submits that an opportunity for an expansion in the agricultural sector - akin to the mining boom - is possible provided that the correct framework is developed to allow the agricultural industry to flourish. The production of an *Agricultural Competitiveness White Paper* provides the opportunity for both tiers of government and industry to come together to implement this framework. The PNP welcomes this process and submits that the key components highlighted in The Nationals WA vision for agriculture policy should be adopted federally to ensure that Australian agriculture is provided with the best opportunity to take advantage of the unparalleled rise in worldwide demand for clothing and food.