



The Committee for Gippsland Inc

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### **Submission to Agricultural Competitiveness White Paper**

The Committee for Gippsland welcomes the opportunity to respond to the Agricultural Competitiveness White Paper. The initiative of developing a vibrant, innovative and competitive agriculture sector is to be commended. The Committee for Gippsland acknowledges the role of government in setting stable, long-term policies to improve productivity and growth, and in this context, to outline a clear strategy to improve the competitiveness and profitability of the agricultural sector.

The Committee for Gippsland is the peak business and industry body for the Gippsland region. Established in 2011 and sector neutral, we comprise nearly 80 member organisations, including higher education providers, transport operators, agribusiness and food manufacturing companies, community and business groups, energy generators, tourism, retail and the services sector. We aim to positively influence government policy at all levels for the long-term community and economic benefit of the Gippsland region. The Committee for Gippsland enjoys the significant support of our four foundation level members, including Patties Foods, bankmecu, Federation University and Esso Australia.

The Committee for Gippsland works closely with our member organisations, and in respect of this submission, we acknowledge and support the recommendations made by Agribusiness Gippsland in their response to this White Paper.

## Overview

Gippsland is home to a broad industry base and rich natural resources, making it a premier location for a national food hub. With access to water, high-yield land, transport linkages, an availability of a skilled workforce, it is a prime location for agribusiness investment. The region is also a major food producer, with nearly a quarter of the nation's milk output, 26 per cent of Victoria's beef production, one of the most significant apple and pear growing regions in Australia, and a rich horticultural sector. Research and development, as well as industry leadership is a key driver in Gippsland, as home to the National Centre for Dairy Excellence, the East Gippsland Food Hub, and more recently the development of a Gippsland Food Plan, which the Committee for Gippsland strongly supports.

## Gippsland Food Plan

The Committee for Gippsland was pleased to be part of the steering committee that supported the development and launch of the Gippsland Food Plan, an initiative of Regional Development Victoria. Importantly, the Gippsland Food Plan acknowledges that the region's food industry is a key pillar of Gippsland's economy, with a farm gate value estimated at \$1.5 billion and generating more than 16,000 jobs. The Gippsland Food Plan sets out the following future growth opportunities for Gippsland's food system:

- The Gippsland region is geographically well-positioned to access national and international markets
- Fertile soils, moderate climate, high rainfall and access to supplementary water resources provide a strong foundation for food production
- Gippsland is expected to be less severely affected by climate change than other Australian regions.
- Gippsland is already home to a diverse range of renowned products and production systems which help the food system to be sustainable and resilient
- Gippsland consists of a network of well-connected regional cities and towns. It also has a diverse workforce and enjoys access to excellent transport, communication, education, training and health services.

The Committee for Gippsland supports the Gippsland Food Plan's four key priority areas to expand the region's food industry:

1. Promoting growth and attracting investment
2. Enabling infrastructure and logistics
3. Innovation and adapting to change
4. Advocacy and policy development<sup>1</sup>

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<sup>1</sup> Gippsland Food Plan, Regional Development Australia Gippsland: <http://rdagippsland.com.au/gippsland-food-plan/>

The Committee for Gippsland also supports the recommendations contained in the Gippsland Food Plan, which are:

- Develop a prospectus to promote the Gippsland food industry's capabilities and opportunities for new investment
- Establish a database of all Gippsland food system connections to share information throughout the food system
- Support participation in international trade delegations
- Keep abreast of consumer trends
- Explore opportunities for Gippsland businesses to replace imports
- Work with the Gippsland hospitality and food sector to promote Gippsland foods
- Build local awareness of the quality and range of Gippsland food products.

While we appreciate that not all of these aspirations will comply with the terms of reference set out in the Agricultural Competitiveness White Paper, the recommendations around closer alignment with international trade delegations and upgrading industry capability do resonate with the aims of this White Paper.

The Committee for Gippsland does not propose to respond to every issue presented in terms of reference for this White Paper, however we do intend on offering an informed and evidence-based approach to the following areas on behalf of our member organisations and the broader Gippsland agribusiness sector.

### **General industry feedback**

The Committee for Gippsland has invited feedback from our member organisations on all aspects of this White Paper, and in particular offers the following feedback as being a reflective but not exhaustive snapshot of the issues facing agribusinesses and food processing businesses in Gippsland:

### **Training, finance and workforce availability:**

This is a complex area involving several challenges for businesses in Gippsland. It also includes feedback that the farming workforce is an ageing workforce population that is facing several challenges to inject generational renewal to offset retiring farmers. Anecdotal feedback from agribusinesses and financial planners in the region suggests a more concerted effort around succession planning and available finance for the next generation of farmers is a crucial issue.

The Committee for Gippsland supports initiatives to help attract and maintain a skilled and innovative agri workforce. While the family-owned farm model is the predominant one for the sector, many farmers are approaching retirement age and looking to either sell their land or pass it down to the next generation.

A lesser number of younger farmers are taking up opportunities from their parents and earlier generations, for a number of reasons. For broader reference on this issue, the Committee for Gippsland draws attention to a number of findings contained in a 2010 Senate Committee *Inquiry into Food Production in Australia*.<sup>2</sup> To help encourage a younger generation of farmers to continue to enter the sector, the Committee for Gippsland believes an increased level of research and development funding for the sector, and better higher education and skills opportunities relevant to the sector, would help address this challenge.

The Committee for Gippsland commends the submission by Agribusiness Gippsland that identifies an Australian agribusiness sector training package which creates a pool of high level service providers. Agribusiness Gippsland notes that these providers would have significantly increased skills in flexible farming systems, plus networks, and knowledge of data that can more effectively drive farm businesses.

In addition, the Committee for Gippsland would be supportive of concerted efforts at both a state and federal government level to provide a revitalised focus on matching higher education outputs with industry needs. Better engagement between business and industry with higher education providers and government departments is something that can help address some of these issues. The Committee for Gippsland recognises that regional areas generally have a lower rate of retention and attainment of post-secondary education, and so we are supportive of additional pathways that present post-secondary students with a better way to access certificate, diploma and degree choices.

Gippsland offers some benchmarked examples of excellence in industry leadership. For example, the National Centre for Dairy Excellence in Warragul, the East Gippsland Food Cluster, the Regional Development Australia – Gippsland auspiced Gippsland Food Plan, and the Ellinbank research farm are all examples of how the Gippsland region leads the way in leadership, research and development. These models provide strong industry and community dividends locally, and could lend inspiration to other regional areas around Australia also looking to further develop their local industry and skills initiatives.

**Recommendation 1:**

***That the White Paper Taskforce consider the development of an Australian agribusiness sector training package which creates a pool of high level service providers.***

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<sup>2</sup> Senate Agricultural and Related Industries, *Inquiry into food production in Australia*, 2010: [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=agric\\_ctte/food\\_production/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=agric_ctte/food_production/index.htm)

**Recommendation 2:**

***That the White Paper Taskforce encourage initiatives to more fully integrate post-secondary education from certificate to university training in the agribusiness area. The Committee for Gippsland notes and supports Federation University's current development of a statement on agribusiness to reflect the importance of the sector to Gippsland's economy.***

**Excessive regulation:**

This is an important area where a more concerted effort at all levels of government needs to be initiated to streamline and harmonise regulatory and compliance obligations on food and agribusinesses wherever possible. The Committee for Gippsland recognises the need for regulatory and compliance structures, in order to provide a controlled framework for quality, safety, labelling and other requirements. In consulting for the drafting of this submission, it quickly became evident that food processors in the Gippsland region rate over regulation and excessive compliance and cost requirements as a significant issue.

This includes duplication of regulation, both at a state and federal government level, and at a state and local government level. The Committee for Gippsland notes the efforts of COAG for state and federal government to better address this, and more recently with the initiatives taken by the Federal Government on deregulation.

The Committee for Gippsland also notes Agribusiness Gippsland's submission to this White Paper, which includes the fact that 4 per cent of farm costs are taken up through managing regulation, and involve up to 90 government acts administered through a single department.

The feedback received by the Committee for Gippsland includes a non-exhaustive table of compliance fees required by one business. The submission was made by a meat processing business employing under 100 staff. One of the issues raised was that for many licensing fees, there was no leverage factor, meaning that the same amount was paid for a license whether the company was a small Australian-owned business employing five people, or a large multi-national company employing 300 people. The Committee for Gippsland includes a copy of this table for reference.<sup>3</sup>

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<sup>3</sup> Regulatory Fee Table available upon request as appendix to submission

### **Recommendation 3:**

***That the White Paper Taskforce consider all available opportunities to further streamline and harmonise regulations in the farming and agribusiness sectors, especially where compliance obligations are duplicated across several tiers of government.***

#### **Infrastructure and market access:**

Gippsland possesses some of the highest yield agricultural soil in Australia, and produces a broad variety of high quality, nutritious products. Much of this is sold into the local market, however there is a strong demand internationally for products like dry milk powder and beef. In order to service domestic and global demands for Gippsland's fresh and quality produce, food processors must have access to safe and efficient freight and logistics networks.

The Committee for Gippsland has supported the development of the Port of Hastings since articulating it in its 2011 Strategic Plan. The Gippsland logistics precinct in the Latrobe Valley will play an important role in these developments, as will freight rail and road upgrades. The Committee for Gippsland has identified fast speed broadband as a key infrastructure requirement for the Gippsland region, and supports the fast rollout of the National Broadband Network through Gippsland.

The Committee for Gippsland strongly believes that investment in infrastructure is a primary enabler of productivity. Adequate infrastructure capabilities to support the retention and attraction of additional commercial investment, food producing development and access to market are central to this.

The Committee for Gippsland notes successive Victorian Government planning discussion papers including *Melbourne Let's Talk About the Future*, and its successor *Plan Melbourne* identify the need for a third major airport for Victoria, and for it to be based in an area near Koo Wee Rup, in Cardinia Shire. The Committee for Gippsland is also pleased to note the Shire of Cardinia's view that; *the development of an additional airport within the southeast Melbourne region will generate a range of economic benefits that will support long-term sustainable employment and economic growth throughout the region.*<sup>4</sup>

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<sup>4</sup> Submission to Melbourne Let's Talk About the Future discussion paper, 2013.

*Plan Melbourne's predecessor, Melbourne Let's Talk About the Future, captures the significance of this opportunity well, noting that; Melbourne is a key freight and logistics centre for Australia, but capacity at the Port of Melbourne is constrained. Melbourne Airport is curfew free and is on track to handle more than 40 million passengers. There is adequate capacity to increase the number of aircraft flying into Melbourne Airport for some time but more limited capacity to provide land-based access to the airport. Avalon Airport has plans to become an international airport and a further airport in the south-east.*<sup>5</sup>

The Committee for Gippsland is of the view that airports play an important role in sustaining regional competitiveness and enhancing economic activity. Avalon Airport, located near Geelong, is a case in point. It was declared an international airport in October 2012 and has attracted more than \$53 million Victorian and Federal government funding, which has substantially contributed to the sustainability and prosperity of that region.

For Gippsland and the south-east to meet its ambition of developing as a national food hub, improve its productivity, and enhance employment and higher education participation, a third major airport in the region is required.

**Recommendation 4:**

***That the White Paper Taskforce note the importance of continued investment in regional freight capability and infrastructure capacity for agribusinesses to more efficiently access export markets.***

**Gippsland's dairy industry:**

Gippsland is the dairy capital of Australia. Supplying fresh milk product to the local market, the region is also renowned for its excellent cheese varieties, through to the dry products it exports internationally, particularly strong through the China and Japan markets. Within the region, the dairy industry provides thousands of jobs, local spend and economic value. Internationally, it is essential that significant government effort be invested in assisting greater flexibility of export markets, as well as improving market access opportunities, to enable greater business and planning certainty for primary producers through to dairy processors.

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<sup>5</sup> Melbourne Let's Talk About the Future, page ix: <http://mvcc.vic.gov.au/about-the-council/~media/Files/About%20Council/Council%20meetings/2013/26%20February%202013/7A%20%20Part%201%20Council%20submission%20to%20the%20Metropolitan%20Planning%20Strategy%20Discussion%20Paper.ashx>

The Committee for Gippsland welcomes the work undertaken by Dairy Australia on examining the benefits to local producers where comprehensive trade agreements between Australia and countries including Japan, China, Korea, Indonesia, Gulf Cooperation Council and India can be achieved, and which has been recently been realised with Japan.

Particularly throughout Asia and the Middle East, Australia – and Gippsland’s – dairy products are increasingly sought after for their high-quality, rich in protein value. It should be noted that while these regions are not necessarily ‘westernizing’ their tastes, they are certainly modernising them, and Australia’s dairy products continue to increase their prominence on this evolving menu. Complementary to this, should be a concerted effort to ensure Australia’s food safety system is emphasised, particularly in the context of promoting acceptance of Australia’s system for meeting importing country requirements, as well as seeking to reduce excessive and costly requirements relating to auditing, and port of entry testing.

Supply chain relationships across a number of food processing sectors require immediate attention. Using the dairy sector as an example, a better way to manage supplier/ supermarket chain relationships needs to be developed, in particular for farmers and food processors where issues like compliance, complaints and cost-effective dispute resolution processes can be put forward.

At the retail end of this issue, the Committee for Gippsland is also concerned about the increasing concentration of the market, to the detriment of smaller, independent food retailers, and ultimately, both consumers and the food production industry as well. The end result of this scenario is that consumers are left with dwindling choices and product options, and there is a diminishing pressure on prices and competition.

The Committee for Gippsland welcomes the announcement of the conclusion of the Japan Australia Economic Partnership Agreement, and in particular the significant reductions in import tariffs of between 30 to 50 per cent for beef, lamb and some other sectors. The Committee for Gippsland notes however that the incentives in this area are significantly less for the dairy industry. As well as this, key product categories including powder and butter have been excluded from the agreement. The ability of these Australian producers, many of whom are based in Gippsland, to more efficiently and effectively access major international markets like Japan is crucial to the continued development and success of the industry. Broadly however, the Committee for Gippsland notes the importance of the agreement, and the significant benefit for agribusiness across Australia, and in Gippsland.

### **Local food production priorities for Gippsland**

The Committee for Gippsland takes a long-term strategic approach to supporting and developing food production in the Gippsland region. In April 2012, the Committee for Gippsland, in conjunction with Regional Development Australia – Gippsland and the Gippsland Local Government Network, released the Gippsland Priorities and Projects Plan, a list of shovel read projects we are jointly advocating for at a state and federal government level.<sup>6</sup> While this Plan has been updated since then, the priority funding asks for several key projects remains.

In particular, the Plan includes the priority of the upgrade of the Macalister Irrigation District, which will increase agricultural production and provide a reduced loss of water to farmers.

The aim of the Macalister Irrigation District 2030 project is to modernise the Macalister Irrigation District, upgrade the supply system and work to generate water savings which will lead to increased food production. The cost of replacing an ageing channel system with a piped network and to automate the channel system in two supply zones, is around \$310 million. So far the project has received \$16 million in Victorian Government funding which has been matched with Southern Rural Water irrigator contributions.

This is on top of \$6.4 million irrigators have already spent on early works. The MID produces about 400 million litres of milk annually and Murray Goulburn estimates the additional water could increase milk production in the Macalister region by an extra 24 million litres a year. As the largest irrigation district in the southern half of Victoria with some of Australia's most valuable productive grazing land, the MID 2030 project is expected to promote further growth in the industry as well as attracting new investment.

#### **Recommendation 5:**

***That the White Paper Taskforce note the importance of water infrastructure to the agribusiness sector, and the Gippsland-wide support for funding of the Macalister Irrigation District 2030 modernisation project.***

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<sup>6</sup> *Gippsland Priorities and Projects Plan*, April 2012: <http://rda.gov.au/news/rda-gippsland-releases-its-regional-priorities-and-projects-document>

## Conclusion

Gippsland is home to a high-quality and diversified agribusiness sector. It has the potential to grow substantially by supplying even more fresh, chilled and frozen produce to both national and international markets. One of the keys to achieving this growth will be to address the region's ability to be competitive and secondly, to address the region's ability to innovate through research and development.

A leading indicator of this benchmark will be to enable Gippsland's competitiveness by creating more efficient access to market, for example through improved highways and arterials, freight rail and air access into, and out of, Gippsland. Port access is also a key issue for industry in Gippsland, and the Committee for Gippsland remains committed to ensuring this is on the table at both a state and federal government level.

Gippsland, and Australia, is home to food produce that is among the safest, most nutritious and highest quality food in the world. Leadership and innovation in successfully marketing this to current and emerging markets around the world is a key issue for the industry, and something the Australian Government can continue to play a leading role in promoting. Along with these efforts, additional focus on reducing import red tape, standardizing food manufacturing accreditations, and investing greater resources into supporting Australian food producer's access to new markets is another key area to continue to pursue.

The Committee for Gippsland would be pleased to provide additional information on any of the issues raised in this submission. For further detail please contact Mary Aldred on (03) 5623 3219.

Sincerely



Mary Aldred  
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