



Submission to the

AGRICULTURAL COMPETITIVENESS ISSUES PAPER

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Royal Agricultural Society of Victoria Limited

The Royal Agricultural Society of Victoria (RASV) is a member based organisation. Its core purpose is to advance excellence in agriculture by improving the quality and increasing the demand for Victorian produce.

The RASV promotes and celebrates agriculture through events which provide those with a direct involvement in primary and secondary production – particularly in Victoria – with unique opportunities to connect with consumers.

The RASV delivers value to industry by conducting successful events that provide platforms to enhance consumer awareness encourage excellence and set industry benchmarks. The Royal Melbourne Show, Victoria's largest annual community event is conducted by the RASV. It provides industry with opportunities to engage and connect with half a million consumers annually over 12 days and build their understanding of the vital role agriculture plays in everyday life.

The Royal Melbourne Show also provides industry – particularly beef, dairy, sheep, and fleece – with an important platform to benchmark and celebrate quality. Other events the RASV conducts to support industry include:

- Australian International Beer Awards, Australia's largest beer show and the pre-eminent showcase of premium beer and brewing excellence in the Asia Pacific region
- Royal Melbourne Wine Show, the celebration of excellence in Australian winemaking and one of the nation's most respected wine awards
- Royal Melbourne Fine Food Awards, fast becoming Australia's most celebrated fine food awards

Each of these events celebrate product quality, encourage taste and trial, and act as a unique platform for industry promotion and education.

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Introduction

The RASV has more than 160 year's experience in promoting and celebrating excellence in Victorian agriculture. Through its targeted events, awards and programs it provides industry with benchmarking opportunities with an overall objective to improve quality, recognise and celebrate excellence in the diverse sector of agriculture. Further, an increasingly important role is to provide a platform whereby industry can connect with consumers primarily through the Royal Melbourne Show.

Today, more families reside in capital cities than ever before. This has reduced the exposure to agriculture for many consumers on whom the industry rely to purchase Australian made and grown products. Events such as the Royal Melbourne Show seek to bridge this gap and provide a pathway for industry to connect and create greater awareness on where food comes from.

Furthermore, agriculture is facing a critical skills shortage, coupled with an ageing farmer population and inadequate tertiary enrolments in agriculture related courses, and without an effective workforce the sector will struggle to take advantage of growing opportunities driven by Asia's middle class consumers.

Predictions the farming sector will be Australia's next boom industry have yet to fully materialise. The perception is that the rhetoric is not matched by actual industry advancement, financial returns to the farm-gate and associated value chain participants.

There is considerable debate on how to fund the advancement of the sector with the wariness to seek foreign investment predominately driven by lack of understanding, poor data and media perceptions. It is clear that considerable education is needed to enable the sector to understand emerging complexities and to encourage the next generation of farmers back to the land.

The three critical areas the RASV recommends Government and industry should consider in addressing Agricultural Competitiveness in Australia are: **(1) investment in agriculture, (2) reconnecting with Australian community and (3) addressing the Human Capital for future industry capability.**

1. Investing in Australian agriculture

Australian agriculture is positioned to once again be a critical strategic industry for the nation's future. However, it will need considerable investment to take advantage of the growing global opportunities in Asia and other established markets in the EU and the Americas. Currently the investment space is fragmented with no effective market place for Australian agriculture to connect with opportunities in a coherent way.

While Trade Missions organised by Government whet the appetite of many potential exporters, the next vital step is missing. Current events developed to overcome these gaps are often poorly targeted and fail to develop strong connections between investors and agricultural enterprises. Combine the absence of any consistent industry brand and attracting investment is all the more difficult (Mick Keogh, Australian Farm Institute – Brand Australia in a bad state, February 2014)

Agriculture is not currently seen as a priority investment sector by many mainstream finance service industry professionals, and in particular the Superannuation industry due to its volatility – real or perceived. It is poorly understood by non-sector participants and the risk profile is often out of sync with short-term financial investment assessment and reporting mechanisms. Agriculture requires patient capital for investment projects to succeed (ANZ Insight, issue 3, 2012).

Factor in the major cultural differences between Asian and Western styles of business and it is no wonder it's very challenging. However, this could in part be mitigated to a certain extent by providing a market mechanism for the exchange of ideas and understanding – creating a more effective market place.

In the October edition of Deloitte's Agribusiness e-newsletter it stated, 'quite simply there isn't currently enough home grown capital to support the sector's potential growth'. The RASV has recognised this and in collaboration with the Victorian State Department of Environment and Primary Industries (DEPI) commissioned research to explore this issue. As a result, a business

case into the viability of a new agricultural trade and investment event is currently being finalised.

Key Recommendations

- Improve investors' appreciation of opportunities in Australian food and agriculture through showcasing excellence in the sector. This will create opportunities for investors, agricultural enterprises and intermediaries to interact.
- Create more efficient mechanisms for connecting investors and agricultural enterprises which will deliver opportunities with greater focus on transactions – not just 'talk'.
- Develop greater ability for agricultural enterprises to respond to investors' expectations. This will reach more Victorian agricultural enterprises and educate agricultural enterprises to be 'investment ready'.

2. Connecting with community

According to an Australian Farm Institute farm policy journal (Oct 2013 Vol.10 No.4) the divide between urban and the farm sector is ever expanding, which may significantly encumber the 'social licence to farm' for Australian producers.

With the vast majority of people living in major cities and regional centres the exposure to Australian farming communities has been lost within this great divide. While farmers' markets and the popularity of cooking shows have increased the awareness of food production, it has done little to re-connect consumers with producers at a farmer level.

This lack of connectedness is most evident among our younger generation. A recent survey by the Australian Council of Educational Research (ACER) revealed 75 per cent of students thought cotton socks were an animal product and 45 per cent of students could not identify that bananas, bread and cheese originated from farms.

These results highlight a real need for key industry bodies and agricultural corporations to more effectively connect with the community at large especially within urban areas. A stark contrast to the mining industry, which is highly engaged with their communities and has managed to create a positive image of the sector through infrastructure development and support for educational, sporting and cultural events (Brereton, D & Harvey, B, Aug 2005).

Currently the most efficient platform to connect industry to these communities is through agricultural Shows. The RASV's flagship event the, Royal Melbourne Show, is a key vehicle to provide urban communities with the opportunity to experience agriculture first-hand. The event provides many visitors with their only exposure to agriculture and Victoria's farming community. Combined with the capital city royal shows in other states, the national show network engages with almost three million consumers each year – not including the regional shows.

The RASV asserts there is no other current platform in similar scale to connect consumers to agriculture. We continuously seek to improve and increase agricultural content that is engaging and educational.

Nonetheless, more needs to be developed with a view on the future consumer who has probably never been exposed to agriculture in any form. This will require an ongoing additional investment and co-investment partnering with Government and industry to deliver a cohesive message.

Key Recommendations

- Develop a national co-investment strategy involving capital city agricultural societies, regional development corporations (RDCs) and agribusiness enterprises to significantly enhance agricultural engagement and educational experiences through the capital city agricultural shows network.
- Investigate in collaborating with the Primary Industries Education Foundation (PIEF) and agricultural societies and regional development corporations RDCs the most efficient and effective platform to deliver ongoing agri-education for primary and secondary students
- Increase industry buy-in and activations to offer visitors a real agriculture experience

3. Growing the next generation of agri-professionals

It is widely accepted that there is a critical skills shortage in the agriculture sector. This is compounded by an ageing farmer population and inadequate tertiary enrolments in agriculture related courses to fulfil growing demand – although there has been a recent improvement in enrolments albeit from a low base.

The National Farmers' Federation (NFF) estimates the sector needs to find close to 90,000 workers in the short-term to reflect pre-drought levels, and more than 15,000 workers annually to replace those exiting the industry – which is considered highly unlikely (NFF, as cited on page 42 of *The Blueprint for Australian Agriculture, 2013-2020*). Critical to this is encouraging the next generation to consider agriculture as a career option.

To date, attempts in the agricultural sector to increase the participation of young people have been without substantial success. Many attempts have been too fragmented, local and small scale. A collaborative industry approach, comprising contribution from all commodity groups with the support of government and education, is essential to engaging young people on a large enough scale to remedy existing shortfalls.

In addition, the somewhat negative image of agriculture can adversely impact those making career choices. The McColl Report attributed the decline in enrolments to negative perceptions towards agricultural careers held by the general public, and a failure of the sector to promote the courses (1991, as cited on page 45 of *The Blueprint for Australian Agriculture, 2013-2020*).

Miller states that 40 per cent of people first start thinking about a career while at primary school or earlier, increasing to more than 60 per cent by early secondary school (Miller et al 2011). Career choices are driven by exposure to an industry, whether via immediate family, friends, educational institutions or media. Without significant increase in young people's interest in farming careers, the future of Victorian agriculture and supporting agribusiness services is uncertain.

Addressing these barriers to attracting young people to farming careers requires comprehensive, well-resourced and tripartite approach from government (all tiers), industry and education sectors.

In addition, there is a major opportunity for Government to assist the economy and incentivise the re-deployment of redundant workers from the manufacturing industry.

The RASV seeks to educate Victorians about the positive and valuable contribution farmers make to our economy, community and livelihood. Improving and contemporising the image of farming can attract young people to consider an agricultural career, as well as changing consumer perception to better support local industry and product.

However, it is insufficient to launch a campaign that improves the image of rural life, farming careers and agriculture without underpinning it with interventions and resources that genuinely and sustainably improve the conditions, lifestyle and incentives for a career in agriculture.

Key Recommendations

- Develop a strategy for attracting young people to farming and agribusiness careers, administered by a single organisation with representatives from a range of commodity groups, business and regions throughout Australia.
- Promote and support online centralised information and contact portal to discover opportunities – targeted at young people and promoted to schools, such as Career Harvest (www.careerharvest.com.au).
- Collaborative industry presence to target careers expos, rural themed events, food and wine events, regional showcases and any other relevant experiential events.
- Consider incentives for industry, from small family farms to large corporate enterprises and including agribusiness and support services, to contribute to the promotion and realisation of career opportunities for young people and displaced workers.

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