



Rabobank

Response to Australian Agricultural Competitiveness Issues Paper

Rabobank Australia Limited

To: Agricultural Competitiveness Taskforce

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1 Who we are

Rabobank Australia Limited (hereafter Rabobank) is a part of the international Rabobank Group, the world's leading specialist in food and agribusiness banking. Rabobank has more than 110 years experience providing banking and financial services to businesses involved in all aspects of food and agribusiness. In its home country of the Netherlands, Rabobank is structured as a cooperative and operates in 42 countries, servicing the needs of approximately ten million clients worldwide through a network of more than 1,600 offices and branches. Rabobank is one of Australasia's leading rural lenders and a significant provider of business, corporate banking and financial services to Australia's food and agribusiness sector. The bank has 61 branches throughout Australia.

Rabobank welcomes the opportunity to provide a submission to the Agricultural Competitiveness Issues Paper. The longevity and sustainability of agricultural production systems is integral to our clients' business performance, strengthening local communities and supplying vital food to our nation and the world.

2 Approach

Rabobank understands that this submission is the first phase of consultation on the topic of Australian agricultural competitiveness. With this in mind, we have positioned our recommendations around four of the nine major topics identified in the issues paper:

- Ensuring food security in Australia and globally
- Increasing the competitiveness of the agricultural sector and its value chains
- Enhancing agriculture's contribution to regional communities
- Improving the competitiveness of inputs to the supply chain

We fully anticipate and look forward to providing continued input into this consultation process as it progresses.

To comprehensively respond to these topics we have also engaged Rabobank's Client Councils. Rabobank facilitates an ongoing dialogue with its agricultural customers through a platform called Client Councils. Rabobank uses the opportunity to discuss material matters in the industry, community and greater society with its clients and does that by facilitating 11 client councils throughout all the states in Australia who each meet three times per year.

While in this submission we have only provided commentary on selected topics, we will also contribute to the submission prepared by Australian Bankers' Association (ABA) which provides comprehensive coverage of the more finance related topics. In particular, farm debt mediation, farm management deposits and superannuation fund investment in agriculture.

3 Summary of recommendations

1. Rabobank recommends policy and regulatory settings that improve market access for Australian exports. While priority should be given to the negotiation of Free Trade Agreements, building working relationships with foreign counterparts and servicing complimentary product markets in importing countries is also strongly recommended.
2. Rabobank recommends a continued focus on developing high value products/produce for export into targeted global markets. Policy and regulatory settings should centre around a shift away from competing in highly commoditised global markets and towards supplying high value targeted markets.
3. Rabobank recommends the development of a long-term strategy for infrastructure investment. Particular focus should be given to rural storage, handling and transport infrastructure, as well as reducing costs for the processing of Australia's food and agricultural products.

The following opportunities have been identified by Rabobank's Client Councils:

4. Rabobank supports the opportunity to increase exposure of school children (both rural and urban) to agriculture; with the recommendation of integration of agricultural production into the school curriculum. In addition further investigation into allowing rural students continued involvement in the family farm while utilising modern online technology for educational purposes is also encouraged.
5. The opportunity exists for further acknowledgement of agricultural skills and training.
6. There is an opportunity for further investigation of the 457/417 visa. With particular focus given to training requirements for agricultural workers.
7. Farm business profitability and sustainable development can be accelerated through increased access to information and knowledge partnerships along the F&A supply chain.
8. The divide between country and city is growing. An approach to bridge this gap is through the engagement of consumers, NGOs and other industry stakeholders in a balanced discussion around agricultural competitiveness – including the social aspects.

In addition, Rabobank would recommend significant investigation in the following three areas:

- Superannuation funds and agricultural investment: incentivising superannuation funds to invest in agriculture.
- Land tenure especially the crown/leasehold estate: the strong consideration of converting leases to freehold to encourage investment.
- Global benchmarking: robust benchmarking against global competitors to understand and provide transparency as to which elements of Australia's production systems may be less competitive with particular focus on labour, power, supply chain inputs, fuel and regulations.

4 Why this Whitepaper is important to us

Australian food and agriculture product suppliers are well accustomed to operating in a highly dynamic and competitive global environment. Looking ahead, there are many reasons to suggest that this environment is only going to become even more dynamic and more competitive, requiring Australian farmers and manufacturers to become more agile. Put simply, Australia cannot afford to stand still for too long, and any plan to boost the competitiveness of Australian agribusiness will undoubtedly require greater awareness and coordinated action from all stakeholders to achieve maximum benefit for the industry and the wider economy.

In many respects, the long-term objective for Australian food and agriculture is two-fold, to both contribute to feeding the world, but also to maximise the value that producers can extract from the products they supply.

In addition to our recommendations we have provided a broader context as to why these issues are of particular significance to Rabobank and our clients.

Food Security

The issue of food security is a continually increasing concern on a global scale. With the world's population predicted to grow by 2 billion by 2050, there is a substantial focus on drivers of productivity and efficiencies in agricultural production, with global food production needing to lift 70% by 2050 in order to fulfil the predicted demand¹.

Food security is built on the following pillars which must be achieved simultaneously:

- Food availability – ensuring sufficient quantities of food are available on a consistent basis, determined by the level of food production, stock levels and net trade;
- Food access – economic and physical – having sufficient resources to obtain appropriate foods for a nutritious diet. Concerns about insufficient food access have resulted in a greater policy focus on incomes, expenditures, markets and prices.
- Food utilisation – appropriate use of food based on knowledge of basic nutrition and care, as well as adequate access to services (water, health, sanitation).
- Stability – of food prices and supply, impacted by adverse weather conditions, political instability or economic factors.

(Source: FAO, WHO)

Rabobank's global vision is to feed the world sustainably. Recognising that we can only realise this vision through the efforts of others, our mission is to enable the economic success of our clients and the vitality of their communities so that they can feed the world and sustainably achieve their goals and ambitions.

More specifically, we will be looking to enable farmers to grow more food, actively improve global food and agribusiness (F&A) value chains, participate in continuous dialogue around balanced nutrition and support our clients in building enterprises resilient to volatility and strengthening cooperation.

Regional Communities - Sustainable development through client engagement

Rabobank facilitates an ongoing dialogue with its customers through a platform called Client Councils.

The dialogue has led to increased insights into challenges and opportunities of agricultural enterprises and more widely, rural communities. Outcomes not only refer to the core economics of farming but wider issues affecting families and communities, which are equally as critical to the sustainability of Australian agriculture.

Despite the geographical diversity of our councils, there is a consistency to the themes tabled by our clients across all states.

¹ FAO, High Level Expert Forum on How To Feed The World in 2050, "Global Agriculture Towards 2050"

Theme	Description
Industry Capacity	<ul style="list-style-type: none"> • Challenges of attracting and retaining youth for careers in agriculture • Challenges with succession planning • Pressure on the agricultural workforce at large and limitations for growth caused by labour shortages
Sustainability	<ul style="list-style-type: none"> • Water availability • Land degradation • Waste management • Challenges in co-existence of agricultural and mining activities
Education	<ul style="list-style-type: none"> • Access to agricultural education • On the job development and recognition of skills • Access to quality education for farming families
Urban/Rural Divide	<ul style="list-style-type: none"> • 80% of Australia's population living in five largest cities • Potential disconnect from Australia's rural heritage • More objective communication to ensure more effective engagement in the urban / rural divide
Rural Health	<ul style="list-style-type: none"> • Access to health care • Denial of health issues • Early identification of mental health issues

The above themes have become the charter of our Client Councils and extension is now sought into concrete initiatives developed with our council members and facilitated by Rabobank and industry stakeholders.

The changing demographic landscape of Australian rural communities

In a recent research project from KPMG, initiated by Rabobank, into the past developments and expected trends of rural demographics it was found that the agricultural workforce has suffered a steep decline.

Over the period 2001-2011, whilst Australia's total workforce had grown by 21%, the agricultural workforce declined by 30%. This represents a significant gap and illustrates a direct pressure on the growth potential of Australian agriculture. In addition, this trend also illustrates the attractiveness of other industries like the mining sector and other urban-based job opportunities.

This is certainly shown in the states of Western Australia and Queensland where the growth of the workforce was respectively 32% and 31% (relative to 21% nationally) and the decline of the agricultural workforce was 36% and 26% respectively (relative to 30% nationally).

An important observation is that the young members of the workforce often leave rural communities, favouring urban based jobs or better paid jobs in the mining industry. From a social point of view, these communities become less attractive for young people to live in. This has a flow-on effect to the vitality of the community where the viability of the retail sector suffers and then it becomes more challenging to attract professionals such as doctors and teachers to these areas.

In combination with evidence of decline in the vitality of some rural communities, it is interesting to note that over the same period, Australian agricultural has enjoyed moderate production increases that have been achieved with less people. Ongoing farm mechanisation, rationalisation through farm consolidation, conversions from intensive labour sectors and a more efficient use of temporary resources like backpackers and (international) seasonal workers have enabled the industry to mitigate some of the risks around the declining workforce to date.

There is the expectation over the longer term that agricultural workforce numbers will decline. At the same time the average age of a farmer is 58 and the 65+ age group is the only age range seeing an increase in workforce numbers forming a potential risk to the longer-term sustainability of agricultural enterprises.

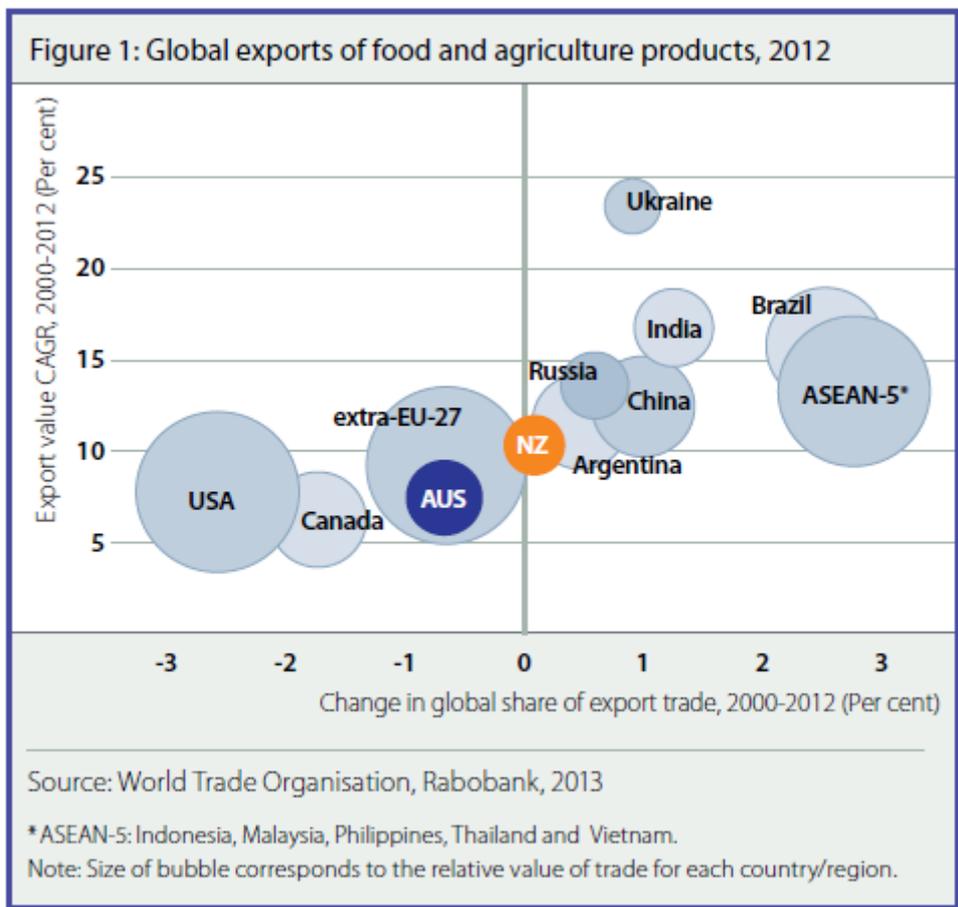
Recent competitiveness research

Rabobank's Food and Agribusiness Research and Advisory team has recently (10 April, 2014) released a report to clients titled "Competitive Challenges" which highlights six key issues of critical importance to Australia's competitiveness on the global agricultural stage:

1. Rising production costs on-farm and beyond the farmgate
2. International market access
3. Logistics infrastructure (in)efficiencies
4. Regulatory pressures
5. Capital constraints
6. Product innovation and development

The report goes on to highlight that the competitiveness of Australia's food and agriculture sectors generally compares favourably in a global context, a position that has underpinned their prominent role in global trade over the years.

However, this situation is far from static, and many global competitors are busy expanding competencies and building on their own strengths and/or fast finding ways to address limiting factors to their competitiveness and growth potential.



Accordingly, over the past decade, highly resourceful developing countries have begun to assume a greater role in global export trade of food and agriculture products (Figure 1). The potential of countries in South America and Eastern Europe is obvious, but interestingly even some major food-importing countries/regions such as China and the ASEAN-5 also appear to be playing a greater role on the export landscape. While these countries exhibit vast demand for food and agriculture imports from outside the region, equally they have been generating large and rising intra-regional trade flows, facilitated by a strong commitment to liberalising trade within the region.

This rise of low-cost suppliers from developing countries has increased the focus on the relative on-farm cost competitiveness of traditional suppliers in developed countries. In many cases, the comparison is not very flattering, causing many developed countries to step-up efforts in other areas to bolster their competitiveness.

As is already the case, Rabobank will continue to engage with the government on these specific topics. More detailed research on some of the top six issues will be delivered by Rabobank throughout 2014.

5 Rabobank recommendations and Client Council feedback

5.1 Rabobank recommends policy and regulatory settings that improve market access for Australian exports. While priority should be given to the negotiation of Free Trade Agreements, building working relationships with foreign counterparts and servicing complimentary product markets in importing countries is also strongly recommended.

Continuing to improve global market access is recognised as one of the most pressing challenges facing Australian food and agriculture product exporters. Over time, issues such as self-sufficiency and food safety in importing nations around the globe have resulted in barriers being erected against trade in most agricultural commodities, and the process of deconstructing these barriers has proven to be incredibly complicated and drawn-out.

Strategies for accessing new markets and growing access to existing markets should evolve around:

- The successful negotiation of free trade agreements (FTAs) and the removal of technical trade barriers. Negotiating a meaningful trade agreement with China should be a critical priority.
- Establishing close working relationships between exporters and their foreign counterparts, including fostering the transfer of technology and training and investment in supply chain infrastructure.
- A full understanding of destination market dynamics is critical including strategies to compliment rather than directly compete with local (destination market) product.

The successful execution of strategies to improve market access is vital in maintaining a competitive position relative to other exporting nations.

5.2 Rabobank recommends a continued focus on developing high value products/produce for export into targeted global markets. Policy and regulatory settings should centre around a shift away from competing in highly commoditised global markets and towards supplying high value targeted markets.

Australian producers have inherent strengths to leverage, most notably in the area of product integrity and traceability, which are valuable given the growing focus on food safety and supply chain visibility from consumers around the world and particularly in China.

We need to recognise that;

- Australia is not and is not likely to become the food bowl of Asia. We currently supply 6% of agricultural exports (by value) into the Asian region.
- Australia has a high cost of production agricultural sector
- Australian producers can respond to the growing number of quality and product safety conscious consumers in Asia by leveraging Australian product characteristics such as product integrity, diseases free status and traceability.

Australian suppliers are finding it more difficult to compete on price and basic quality parameters in global markets as competitors have improved their product quality and service credentials. The focus of the industry needs to change to a value proposition. Where the value proposition will look to differentiate product from a commodity base.

Australian farmers are well regarded for the quality of their products in global food and agriculture markets. However, more can be done to ensure that Australian products are the preferred choice of global customers. Better branding of Australian agriculture is needed.

Given the relatively high cost structures of food and agriculture product suppliers in Australia versus global competitors, agricultural suppliers in Australia need to find ways to differentiate and add greater value to the products that they provide and export to ensure continued competitiveness.

Over and above the cost competitiveness of the product, understanding and meeting the needs of customers around product quality and service reliability, and differentiating products through sustained innovation and branding, can increase the product value in the minds of customers and ultimately act to lessen competitive pressures.

Case Study – Australian wine on the global stage

The Australian wine industry provides one example where local food and beverage companies have made a telling mark on the world stage for value added and branded products. The intent shown by the Australian wine industry to grow beyond their home markets through the use of innovative production and marketing practices has enabled them to successfully establish brands that now rank amongst the world's most valued.

In recent times, Australian wine companies have encountered heightened competition in world markets. Lower cost competitors such as Chile, as well as more heavily subsidised competitors in Europe, have significantly improved their value and mainstream market product offerings which has eroded the value proposition of local suppliers.

This has resulted in a need for Australian suppliers to continue to build on their knowledge of market dynamics and consumer behaviour, which serves to underpin their ability to better tailor products and marketing strategies, and in turn build brand equity and pricing power in global markets.

5.3 Rabobank recommends the development of a long-term strategy for infrastructure investment. Particular focus should be given to rural storage, handling and transport infrastructure, as well as reducing costs for the processing of Australia's food and agricultural products.

Australian agriculture requires commitment to a unified industry-wide, long-term strategy to infrastructure investment which involves unilateral input from government, supply chain operators and industry participants.

Policy and regulatory settings should focus on investment in domestic logistics, in particular rural rail infrastructure.

Strong infrastructure and cost improvements by global competitors are exposing a relative lack of investment in Australian infrastructure and the corresponding efficiency with which Australian products/produce reaches export markets.

The efficiency with which products are moved from the farm gate to end customers is becoming an increasingly important consideration in assessing the overall competitiveness of Australian agriculture businesses.

In particular the lack of infrastructure in northern Australia needs to be addressed to support a viable production system for farmers to not only produce a product but to enable it to get to market.

While Australian suppliers are indeed advantaged by their geographical proximity to growing Asian markets, they equally cannot afford to base their cost competitiveness on relatively limited cost

components such as sea freight. This is investigated in detail in Rabobank's recent report titled "Australian Grains – Competitive Strains". A case study from this report illustrates this point.

Case Study – Infrastructure investment in the grains industry

The sea freight advantage for Australian grain exports over most major competitors into major Asian markets of roughly USD 10 to USD 20 per tonne, while meaningful, could be easily offset by efficiency losses caused by poorly maintained infrastructure or by the future efficiency gains of global competitors.

Currently in Australia, transporting grain utilising road freight is approximately 30% more expensive than using rail infrastructure. The cost differential highlights the importance in ensuring that any future infrastructure investment is directed to the parts of the supply chain which will have the greatest impact on overall efficiency. Identifying these opportunities to improve cost competitiveness should form the basis of a co-ordinated and universally accepted long-term grain industry strategy for growth and development.

The task of increasing economies of scale in processing, transport and storage infrastructure can only happen with new investment. However, this cannot be the sole responsibility of supply chain operators and processors, especially when grain growers, traders, domestic consumers and government all stand to benefit from an increase in infrastructure productivity and a growing Australian agriculture sector.

Client Council feedback

The following recommendations have come from Rabobank's Client Councils.

5.4 Rabobank supports the opportunity to increase exposure of school children (both rural and urban) to agriculture; with the recommendation of integration of agricultural production into the school curriculum. In addition further investigation into allowing rural students continued involvement in the family farm while utilising modern online technology for educational purposes is also encouraged.

The offer of agricultural education has historically suffered as a result of decreasing student numbers interested in an agricultural career. More recently, educational institutions are seeing more interest from potential agricultural students. The profile of these students consists of a higher share of those with an urban background who are attracted to sustainable food production. Bearing this in mind, we encourage the existence of agricultural education in the primary and secondary school curriculum.

Smaller schools and rural agricultural education institutes have economic challenges to maintain the offer of agricultural education needed to deliver new talent into the industry. In some cases, it is only with significant help of industry stakeholders, government grants and scholarships, that continuity can be realised.

There is also the need for consideration of farming families who face the challenge of finding good quality secondary and tertiary education for their children. In many cases this education is only offered at a distance requiring significant travel from the family farm and at significant cost through attendance at boarding schools. This results in children living away from the farm for longer periods of time which obstructs an ongoing involvement with the farming enterprise. A flexible solution for rural students to attend school ensuring continued involvement in the family farm whilst utilising modern online technology for educational purposes.

5.5 The opportunity exists for further acknowledgement of agricultural skills and training.

The increasing size of farm enterprises is adding complexity to different levels of management. Human resources, governance, compliance and financial management challenges have changed the character of the farmer's job into that of a rural entrepreneur. With a generation of younger farmers taking over, this will require the development of skills in those respective areas in order to run sustainable, efficient and profitable farm enterprises. This applies to both new farm owners as well as farm managers.

Working on a farm for an extended period of time may increase skills in many different areas. However, when compared to other industries there is an opportunity for increased formal accreditation around this training and development. One of agriculture's biggest competitors in attracting workers is the mining sector. In combination with the significant differences in remuneration, learning and development opportunities are also often seen as a draw card of the mining sector.

The mining sector does this particularly well with education and skills programs which are widely acknowledged throughout the broader resources industry. The agricultural sector has an opportunity to improve this system but requires consideration around how this would be funded.

5.6 There is an opportunity for further investigation of the 457/417 visa. With particular focus given to training requirements for agricultural workers.

Rural communities have looked at different opportunities to fill the gap in the agricultural workforce.

We would firstly like to acknowledge that we appreciate this topic is particularly complex and impacting industries more broadly than agriculture. With that in mind, we have limited our commentary to agriculture with the recommendation. The example below illustrates the challenge that the industry has in finding a workforce in the home market.

Temporary Work (skilled) 457 Visa

This visa allows skilled workers from overseas to be sponsored and employed for 4 years by an Australian business. Farm hands, tractor drivers, boom spray operators, truck drivers and anyone under management level do not qualify for this visa. Even though the farm business is willing to employ these people to work on expensive, sophisticated and specialised machinery, they are seen as unskilled operators. Occupations like crop and sheep farmers for example, do qualify but require Vocational Education and Training Assessment or Qualifications to be endorsed.

The application/nomination process that the farm business has to go through to become a sponsor is not optimally aligned with the way farm businesses operate. The farm business has to show that the employee will receive external, professional training. This training is calculated as a % from the budget and must be outsourced. This is despite the fact that it is in the farm owners best interests to teach their staff how to operate their expensive machines and understand the importance of their role – which is much more practical to be carried out on-farm, on-the-job.

The farm business has to show that there is already another employee within their business who is on the same level, carrying out the same duties as the position needing sponsorship. Given that most farm businesses:

- a) do not have one farm manager and certainly not two,
- b) would not need a farm manager (rather a farmhand), and
- c) may not even have another farmhand to compare to,

this is often an unviable process.

Working Holiday 417 Visa

This visa allows overseas workers to come and work in regional Australia for up to 2 years. No skills are required however workers cannot work on the same property for more than 6 months.

Many farm businesses in the cropping sector only require seasonal labour for a few months at a time during seeding and harvest. The workers on 417 visas often come with rural backgrounds and farm experience. They are keen to work hard and fill positions in rural locations often overlooked by Australian residents.

Case study – 417 Holiday Visa

A backpacker comes in just before peak season; the farmer invests time and resources in training the new employee. The employee becomes familiar with the business and other staff. They work their season (2-3months) and then move on but are often keen to come back again. If they come back the following year (or peak season), this saves time on recruitment and training and increases efficiency. After that, the now skilled and experienced worker cannot come back to the same property because they've either done 6 months work throughout seeding and harvest or they come back 12 months apart and their 2-year visa is now expired and cannot be renewed.

The farmer then starts the process all over again, placing more time, more stress, and more money into meeting ongoing labour needs. Whilst we understand the complexity of the issues surrounding visa regulations, the current conditions of both visas do not optimally support the recruitment and training efficiencies of farmers, with a subsequent cost to agricultural productivity.

5.7 Farm business profitability and sustainable development can be accelerated through increased access to information and education and knowledge partnerships along the F&A supply chain.

There is the opportunity for government to stimulate knowledge partnerships along the supply chain which have the benefit of the government working together with stakeholders to not only improve sustainability but also improve business profitability.

Examples of areas where access to information and knowledge partnerships are shown to improve competitiveness include:

Leading Research and Innovation

Scientific research on changing weather patterns shows that agricultural productivity will be exposed to increasing climate risks over the next decades. These risks challenge the status quo of current farming practices and will require greater agility and adaptability of primary producers.

Innovation is required to mitigate the risks of weather events on agricultural productivity. The benefits of the weather radar services would help dryland farmers, irrigation farmers and livestock producers and help manage water resources more sustainably. Research and development (R&D) drives innovation around knowledge and best practice but other factors will determine the uptake and success of these innovations at farm level, that is extension.

Business Management Education – Business Planning, Growth and Finance

Rabobank understands the value of educating farmers in business management and financial awareness. To this end, it has developed two unique programs. The Executive Development Program for farm owners and decision makers and the Farm Managers Program designed specifically for our next generation of farmers are run annually for approximately 40 participants from Australia and New Zealand – both programs are financially subsidised by Rabobank. Since 1999 Rabobank has delivered these programs to over 500 Australian farmers.

Rabobank believes there continues to be an essential role for Government support for these agribusiness education programs and a need for increased focus on the investment in our human capital in farming.

Water

Decreasing water availability has already stimulated several industries across Australia to innovate and manage water resources more efficiently. Good examples of that are the cotton industry and horticulture. However more frequent and longer periods of drought and the increasing pressure on

water resources as a result of the growing population, will put further pressure on farming enterprises in their aim to grow their production. The increasing cost of water is a further challenge to the competitive position of Australian agriculture in certain areas. In addition the intensification of the public debate about responsible water use is expected to put additional pressure on the social license of farming in certain sectors.

Land Degradation

Land degradation is an ongoing threat for the competitiveness of Australian agriculture. The diminishing quality of soils, by definition, has an adverse effect on productivity and yields. As our viable agricultural land area decreases because of a variety of reasons, Australian farmers need to find other strategies to sustain and regenerate our soils especially in drought times, therefore protecting our food supplies and one of this country's most important economic bases. Programs, such as the now discontinued Farmready were an important way to encourage and educate Australian farmers to find new methods of farming that were ecologically sound as well as profitable. A positive benefit of this program was to encourage younger generations to see farming as a viable employment and business option.

Drought Management

Australia is one of the driest countries in the world with an average of 534mm rainfall per year as measured by the World Bank in 2011. In January 2004, Australian agricultural land was 57% of Australian land mass and in January 2011 was 53% as measured by the World Bank. Drought management is an important tool for Australian farmers to remain viable as well as protect Australia's valuable agricultural land.

Extension

Furthermore, in our earlier mentioned research of the rural demographics, it has discovered that the profession of Agricultural Consultants has suffered a significant decline in numbers of 29% over the period 2006-2011. Historically, Agricultural Consultants have played an important role in the extension of knowledge into farm enterprises.

5.8 The divide between country and city is growing. An approach to bridge this gap is through the engagement of consumers, NGOs and other industry stakeholders in a balanced discussion around agricultural competitiveness – including the social aspects.

The disappearing connection with rural heritage in urban areas may not be directly identified as a threat to competitiveness, however this aspect is seen as one of direct negative influences on the reputation of agriculture and therefore on the attractiveness of agricultural careers.

There is a growing need to build broad consumer confidence in Australia's food and fibre production system. More objective communication about farming systems could contribute to a more informed dialogue. Farmers need to be proactive in their messaging and activities to connect to urban audiences or risk missing the opportunity to engage. This leaves the primary production sector exposed to negative opinions that may further affect the resilience of some farmers.

Government has an opportunity to stimulate this dialogue in partnership with the stakeholders from the food & fibre supply chain. A successful example of such a partnership is the Centre for Food Integrity in the United States (www.foodintegrity.org) and the associated channel www.bestfoodfacts.org. These initiatives have successfully connected consumers, experts, Government and industry stakeholders in order to increase transparency in the food system and build consumer confidence.

5.9 Further investigation also encouraged in the areas of:

- **Superannuation funds and agricultural investment**
Acknowledging that lessons from the past should be front of mind in regard to market distortions caused by failed schemes such as managed investments, we would support further investigation into encouraging superannuation funds to invest in agriculture.

- **Land tenure**
The additional complexity and costs arising from continuation of the anachronistic crown/leasehold estate may be a disincentive to agricultural investment in certain parts of Australia. There would appear to be little downside in accelerating the conversion of this form of tenure to freehold.
- **Global benchmarking**
While there is an understanding of Australia's high cost of production and there are ideas offered in this paper as to a way forward. There is also the opportunity for more robust benchmarking against global competitors to understand and provide transparency as to which elements of Australia's production systems are less competitive with particular focus on labour, power, supply chain inputs, fuel and regulations.

6 Conclusion

Australia's food and agriculture sector is experiencing a renaissance around the world as emerging markets and suppliers act to alter the global competitive landscape. An agile, innovative and competitive agricultural sector remains essential to the ability of an industry to compete in global markets, especially as Australian suppliers look to continue to participate in the growth on offer in fast-growing but lower-income markets in the Asian region.

This submission acknowledges that the Australian food and agricultural industry in combination with the government must look to a much broader range of levers to support competitiveness.