



Agricultural Competitiveness Taskforce
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Submission by the Organic Federation of Australia submission to the National Agricultural Competitiveness Issues Paper - April 2014

Background

The Organic Federation of Australia (OFA) was formed in 1998 as the peak body for the whole organic sector. We are recognised by the Federal and State governments as the peak body. We represent and advocate on behalf of the whole sector and this includes producers, workers, consumers, processors, exporters, wholesalers, retailers, researchers and certifiers. We have over 2,600 members and including the members of our member organisations we also represent a further 5000+ stakeholders. As the peak body we also look after the interests of the 60% of Australia consumers who state that they purchase some organic products (Newspoll 2008).

The OFA supports the principle of having one integrated National Agricultural Competitiveness Issues Paper and know that this initiative will provide multiple benefits for all the stakeholders in the food supply chain. There are many areas within the current white paper where the organic sector can contribute significantly and there are other areas where we have concerns. These will be outlined in this submission.

The organic sector is worth over \$60 billion globally and over \$1.2 billion in Australia. Despite the current global economic downturn, the organic sector continues to grow and outperform all other businesses except diamonds. The IBIS 2014 report identifies organic farming as a stand out business performer with an expected growth in 2014 of 13.7%. It has been like this for over 10 years and is expected to continue.

Issue 1: Ensuring food security in Australia and globally

The OFA recommends that the following points be seriously considered;

- Urban agriculture should be encouraged and be expanded. This will require a national assessment for Peri-Urban Farming to be carried out. This will engage many young people.
- Flood irrigation should be outlawed to be replaced by efficient sprinklers, drip and pivot irrigation with mandatory monitoring of both soil and hydraulic parameters. This will improve water use efficiency.
- Australian Department of Agriculture should set up a Small-Scale Intensive Farm Training program SIFT and National Sustainable Agriculture Information Service similar to the USDA
- Composting putriciples and other recyclable material should be mandated avoiding the waste being put into landfills - currently Israel exporting soil mix to Asia for vegetables made up of green waste and biosolids - exporting waste at a profit
- Internet access with high speed upload and download is critical for all farmers and should be fast-tracked. Organic growers use this to improve production techniques, marketing and quality
- AUSAID should be showcase of exporting agricultural technology and expertise. Australian Organic Farming is well respected around the world for adopting the best technology and expertise providing global food security by increasing biodiversity of crops and animals. It should be included in the AUSAID programmes.

Issue 2: Farmer decisions for improving farm gate returns

The OFA recommends that the following points be seriously considered;

- Current population of Asia representing 51 countries is approximately 4.299 billion.
- Targeting the top 2% eat organic food - equates to 85.98 million. This is more than what Australia can currently produce and offers an excellent platform to build a global geographical brand. Australia is a net exporter of food and produces enough food to feed around 60 million people (Prime Minister's Science, Engineering and Innovation Council 2010). This is a significant opportunity for Australian farmers wanting to improve farm gate returns.

- The biggest attraction to farmers moving towards certified organic farming is the increased farm gate returns and current growth rates of 13.7%. The major constraints to growth in the organic sector are;
 1. An educational shortfall - farmers and students are not being told about the potential market opportunities
 2. A lack of representation of organic farmers in Free Trade

Agreements - South Korea is an exception

- Currently there is very little on-line information to help farmers look at alternative farming and marketing like the US Small-Scale Intensive Farm Training program (SIFT) and National Sustainable Agriculture Information Service (ATTRA).
- There is also a Government bias towards GMO farming with no understanding of the consumer demand for GMO free food. Evidence is mounting that GMO food to be labelled as there are health costs that have not been economically evaluated.
- Government should offer incentives for farmers to move towards organic farming that has identified market niche through education investment.
- Imported foods need to be reviewed as supermarkets use it to keep local prices down
- Food from China and Asia imported directly or indirectly through NZ (frozen foods) must be tested for heavy metals, OC and OP
- Farmers need to change to carbon building practices, artificial nitrogen fertilisers remove carbon from the soil - organic practices add carbon to the soil increasing resilience
- Reevaluate land capabilities - some areas should be taken out of crop production and returned to pastures
- Windbreaks increase production by 15-45% (RIRDC Polyculture 2001)- should be tax incentive of 125% to build windbreaks on farms
- Adoption of Keyline principles and Natural Sequence Farming principles to increase hydration of landscape thus improving water use efficiency and DM yield per mm rain
- Organic farming is ideally suited to droughts as the primary goal is to increase soil carbon and increase biodiversity of crops, animals and windbreaks.

- Federal and State funding to farmers must be linked to long term strategies like time controlled grazing, composting, green manure crops, rotations, polyculture (RIRDC 2001), windbreaks and microclimates
- Funding must be linked to building soil carbon and increasing polyculture and biodiversity. An audited process required to avoid administrative waste
- Young people are moving away from chemical farming to organic farming
- Currently have a national organic diploma for agriculture through NEC TAFE. Need to have national funding to expand this into bio bioregional areas
- Need to link farmers with land willing to be leased to young farmers wanting to grow food

Issue 3: Enhancing access to finance

The OFA recommends that the following points be seriously considered;

- Australian Farm export is \$48B, 3% of GDP. The Australian Government should offer tax incentives for foreign companies to invest in organic agriculture possibly through a 49:51% model (majority owned by Australia)
- Changing diets in Asia sees opportunity to invest in certified organic farming. Australia is well placed as we are close to market, and organic certification in this country is well respected.
- Government could offer large incentives for Chinese partners to co-invest in Australia organic farming
- Look at Consumer Supported Agriculture (CSA) model for new entrants - not exclusively young farmers
- Aussie Farm bonds - Money saved by public into government bonds for helping young farmers go organic - maybe called Organic Bonds

Issue 4: Increasing the competitiveness of the agriculture sector and its value chains

The OFA recommends that the following points be seriously considered;

- Australian supermarkets should be made more competitive by reducing their size to a maximum of 20% of the market. This should also include alcohol outlets as well. This will create competition and encourage alternative marketing of agricultural produce.
- Imported and local goods should be subject to compulsory heavy metal, organo phosphate and organo chloride testing. Presently processed and fresh foods are being imported through NZ and are potentially contaminated from China and SE Asia. Farmers are being out competed by cheap food that is grown on heavy metal and chemical contaminated soils and there appears to be no way of checking if the food is clean or not

Issue 5: Enhancing agriculture's contribution to regional communities

The OFA recommends that the following points be seriously considered;

- One major effect the change in population dynamics by the exodus from rural and remote townships is the decrease in the availability of labour in critical times of harvesting (especially in the horticulture sector).
- The decline in jobs in the smaller towns has led to youth unemployment and lawlessness.
- The main reason why we have had regional centre population decline is because there are very few profitable agricultural businesses. Agricultural production here in Australia has historically been based on producing high volumes of low value product. This is a long term business disaster as we can't compete against large exporters like the US.
- Organic agriculture, urban and peri-urban agriculture entities assist the community cohesion, it allows young people to make a start in agriculture.
- Research indicates from the USA that urban agriculture entities employ thirteen people per million dollars of production whereas more industrialized agriculture systems employ three employees per million dollars of production
- Research from Florida USA reflects that 78% of money spent on food consumption from locally owned shops, restaurants and farmers markets stay within the community whereas the food dollar spent in supermarkets only 19% is retained in the local community
- A recent article in the Guardian potentially values the value of urban agriculture at 50 billion in Australia on information extrapolated from the USA refer to <http://www.theguardian.com/sustainable-business/food-blog/local-food-entrepreneurs-big-food-australia> for further information
- Rural communities and regional communities are wanting to reconnect relationships with those who produce their food. This is opposite to the disconnect offered via supermarkets where food loses its identity through the supply chain mechanisms.
- Organic farming offers a business opportunity to focus on the wealthiest in Asia and return that money directly to the small business owner in his/her local community.
- Urban agriculture encourages viable enterprises to supply the local area with organic produce and also supply visiting consumers. It also provides educational and training opportunities that act as a showcase.
- Many new people wanting to enter agriculture are people who have decided to make a 'sea-change' or are young people who want

to become farmers, urban or peri-urban agriculture offers that opportunity as it is an affordable alternative.

- TAFE based organic/permaculture course demand indicates that new entrants to agriculture view organics as a viable pathway, this needs to be further developed and fostered. Some assistance from the Work force Development funds has helped but is underfunded.

Issue 6: Improving the competitiveness of inputs to the supply chain

The OFA recommends that the following points be seriously considered;

- Organic farming practices are designed around the principle of soil health maintenance. These principles ensure land and water resources are maintained in a sustainable framework that allows high productivity whilst enhancing the natural resource base. A significant amount of research supports this claim and it is also built into the requirements of organic standards and also the definitions of organic farming.
- Organic Farming is a knowledge based farming system, where understandings of ecology, agro-ecology and natural systems are used in a proactive manner in the production of food and fibre. A number of training institutions such as TAFE, Universities and private training providers have been developing and implementing in this area regarding organic farming. Refer to OFA Industry training plan-2010-2013
- The Organic Schools Program run by Australian Organic P/L has addressed the education of primary school student regarding the benefits and hands on engagement with organic food production. The curriculum is compliant to the National Curriculum requirements. This is driving an understanding of young consumers in the sustainable production of food and opening them to the experiences that could lead to future pathways in agriculture.
- The growth of organic livestock production has led to profitable enterprises being developed and maintained in remote areas (OBE Beef), the organic sandalwood production in WA is another example.
- The organic industry needs to be properly funded for education. There is a massive shortfall in funding compared to other agricultural funding.
- It is noted previously in this submission that organic agriculture is the fastest growing sector in agriculture (IBIS report) within the domestic and international market place. It would therefore seem to be an imperative to foster this continued consistent growth potential by strategic investment in research via RIRDC, Industry RDC's and government agencies both federal and state. The OFA could assist in ensuring that this funding is directly used for what it is intended.
- Development of water infrastructure should be linked to high tech irrigation and not flood irrigation.
- The OFA wants to foster the development renewable energy provision especially to alleviate the cost of the energy for farming. (Impacts Solar being an example of this technology development).

- Development of an integrated transport system with rail being a major component.
- Develop further extension to Urban and peri-urban agriculture so the connection between producer and consumer is shortened hence less investment required for infrastructure.
- Improved the capacity of the provision of the NBN so that people in the rural sector are not bypassed by the technology

Issue 7: Reducing ineffective regulations

The OFA recommends that the following points be seriously considered;

- The OFA would like to see the regulation of the word “ organic “ in Australia so as match the protection of our international counterparts, so consumers are no longer confused when product is labelled as Organic.
- The OFA wants the AS6000 to be the government approved National Standards for all export and domestic. Linked to this a government seal is required. Both the US and EU have national seals. Currently Australian companies (like beef exporters) need to use a US seal to export our produce into Asia. Asia does not want local certification but a Government seal that guarantees authenticity.
- Some consideration should be given to allowance of produce from farms to sold directly to consumers especially in the meat sector. This is similar to the Farm Shop program in the UK, which allows a greater amount of profit to stay in farmers hands but gives the consumer protection re food safety concerns without the use of over burdensome regulations
<https://www.gov.uk/farm-shops-and-farmers-markets>
- A process of integration of regulations from the three tiers of government (Local, State and Federal) needs to be developed to lessen the impedance of new business start-ups and the ongoing compliance cost in time and money for existing businesses.
- Work also need to be done regarding import regulation requirements on food safety and contamination issues, so that Australian consumers are not left wondering that imported food products are compliant to Australian food safety requirements and that Australia producers are not disadvantaged when consumers make food choices. One requirement should be clear and transparent labelling regulations on the source of food

Issue 8: Enhancing agricultural exports

The OFA recommends that the following points be seriously considered;

- That the development of organic equivalence protocols are implemented with USA, China and India to reduce the organic compliance cost for producers and processors to engage in export trade development within these markets.
- To ensure that recognition organic farming and resultant products are built into trade negotiation whether it be in Free Trade Agreements or Multi/Bi-lateral or regional ie Pacific Rim
- Regular dialogue with politicians and access to policy makers and bureaucrats so that organic industry perspectives can be progressed so as to foster the continued growth of the sector.
- Biosecurity is an important consideration to the organic sector noting that management systems need to develop from proactive perspective rather than reactive. Noting that reactive responses generally require non-compliant material to be used to control the exotic pest unless a readily available biological control can be used.
- One action on biosecurity should be boosting of the funding of proactive deployment of technical staff to address the problem at the source rather than once it enters the Australian environment and become a biosecurity issue. Noting this could be address via foreign aid programs as well as under the auspice of DAFF

Issue 9: Assessing the effectiveness of incentives for investment and job creation

The OFA recommends that the following points be seriously considered;

- Visa assessment processes are overly onerous on people wanting to enter Australia for visitation and also to obtain work permits .
- Consideration should be given to advocating increased productivity when labour resources aren't available to effectively harvest the increased production.
- Low cost food production is not sustainable if the productive resource base is not sustained whether that is the land resource or the people who carry out the process. Organic Farming supports family farms, urban and peri-urban agricultural as the attention to detail and diversity of enterprise mixes so that the waste of one part of the farming system provides inputs to another as this process ensures increased productivity per unit area.
- Schemes to renew the interest of new players in engaging in Agriculture need to be implemented and fostered. The OFA believes that organic farming offers a pathway to achieve this goal as research shows that it continuing to show strong growth. There is still insufficient supply to meet the continuing growth in demand.
- As organic farming is an ecologically based farming system, there are less impacts on the environment. What appears to be expensive food is in fact protecting the waterways and natural resources of the country. This in turn requires less funding by the Federal government on a catchment by catchment basis. Examples include less erosion into the waterways meaning less nutrient movement and destruction of sensitive oceans and coral (dead zones).