



Issues Paper Submission

Agricultural Competitiveness Whitepaper

The NAB Agribusiness Rising Champion Initiative commenced in 2010. The aim of the initiative is to inspire, empower and support young people, who are passionate about the Australian beef industry and to provide them with an opportunity to be directly involved.

Cattle Council would like to thank the following for their support in the NAB Agribusiness Rising Champions Initiative:

- Gold Sponsor: NAB Agribusiness;
- Silver Sponsor: McDonalds Australia;
- The Australian Beef Industry Foundation; and
- State Farming Organisation members of Cattle Council (AgForce Queensland, NSW Farmers' Association, Tasmanian Farmers' and Graziers Association, WA Farmers, Pastoralists and Graziers Association of WA, Northern Territory Cattlemen's Association, Victorian Farmers' Federation, Livestock SA).

This submission has been developed the 2013 Rising Champion finalists at the invitation of the Hon Barnaby Joyce MP, Minister for Agriculture.

The 2013 Rising Champion Finalists are:

- Blythe Calnan (WA) – Champion
- Craig Croker (NSW) – Runner up
- Heidi Hayes (Vic)
- Alistair Sutton (Tas)
- Maryanne Fouhy (NT)
- Jesse Thompson (SA)
- Tess Camm (Qld)



## Introduction



Blythe Calnan, 2013 NAB Rising Champion

The 2013 Cattle Council of Australia Rising Champion finalists thank the Minister for Agriculture for the opportunity to provide submissions to the development of the Agricultural Competitiveness Whitepaper.

As representatives of each state with backgrounds spanning from the Live Export trade, processing sector, northern and southern production systems, family and corporate operations, we offer a snapshot of the next generation of the Australian beef industry.

As custodians of the industry into the future, competitiveness is key to ensuring that we have an industry to represent into the future. As the average age of the Australian grazier continues to increase it is vital that we make our voice heard about the beef industry we will inherit and pass onto future generations.

There are a number of principles that we believe are vital future success of the industry and the role that government can play in their implementation. These principles are:

- The Australian beef industry must be profitable and sustainable;
- Policy makers must make decisions with the next generation in mind;
- That young producers are equipped with the tools to contribute;
- That young producers have the ability to enter the industry;
- Careers in agriculture are elevated to the status they deserve; and
- Agricultural representative groups evolve to maintain their relevance.

As a native of rural Western Australia, and an advocate and employee of the Live Export sector I have seen first-hand that unless these principles are addressed when considering the future competitiveness of the Australian Agricultural sector, then we will end up with only part of the solution.

Young producers entering the industry today are faced with a different industry to that of previous generations. Social licence, high debt levels, a more complex trade environment domestically and internationally, climate variability, generational shift away from family farms and a greater rural/urban divide are just some of the differences.

However, as representatives of the next generation we do not view these as challenges – these differences represent opportunities. To capitalise on these opportunities we must be part of the solution.

Although brief, throughout this submission we hope to articulate the Agricultural sector we would like to inherit and provide ideas to take the industry forward.

Thank you again for the opportunity and we look forward to contributing throughout the whitepaper process.

### Information Sharing

We have the land and the 'know how' to produce the food that the world asks for. But we must not be complacent. As a net exporter of produce we will continue to be increasingly reliant on our international trading partners. Key to these ongoing relationships is increasing our understanding the countries that we export to. This does not just mean understanding the markets, but also their agricultural sectors and their cultures.

As young producers we would find immense value in sharing information with young producers around the world. Each year the Cattle Council of Australia's Rising Champion has the opportunity to attend the Annual Five Nations Beef Alliance Conference meeting fellow young producers from New Zealand, the United States of America, Mexico and Canada. This alliance helps to increase mutual understanding about how each other's production systems and markets work. The Alliance also sets out to grow demand for beef globally, with an emphasis on building partnerships rather than viewing each other as competitors.

We would like to see the Australian Government to adopt a similar program to facilitate young producer relationships with our key trading partners.

### Utilising technology

A key to increasing Australia's food security is ensuring maximum utilisation of technology. This utilisation does not just extend to technology for increasing production, but also increasing the efficiency of the systems we use to manage our industries.

As young producers we have an enthusiasm utilising technology such as smartphone apps to manage our administration as it is quicker and often simpler to use. However, in complying with industry and government requirements and making the necessary declarations for on-farm business decisions such as buying and selling cattle, we are frustrated by the continual reliance on a paper-based system. For example the National Vendor Declaration is still primarily paper-based, which can hamper its effectiveness and relevance if market requirements change overnight.

Greater government incentive for the administration of our agricultural industries to move to electronic would be welcome. It would allow forms to be more responsive to changing market needs and also greatly increase on farm efficiency. Electronic administration would also assist to dramatically reduce red tape on farm.

Of course, an inhibitor to the uptake of technology is infrastructure. Many areas of rural Australia still lack tools that urban Australia takes for granted such as mobile phone reception and high speed internet. Increasing the ability of Agricultural producers to access tools such as these through focussed infrastructure investment would be a move in the right direction.

### Succession Planning

One of the great challenges for today's young beef producers is succession planning. As the average age of beef producers increases and there is a decrease in the number of children returning to run the family business – there is an urgent need for governments to provide avenues to assist this transition. These avenues could include developing a tool for businesses to research their own solutions or even developing incentives for accessing advice about appropriate business structures.

Succession planning is largely a commercial decision for each business to make. However, as policymakers discuss increasing productivity in the agricultural sector, enabling the transition for the next generation to bring new ideas and technologies is vital.

### Research, Development and Marketing

One of our key learnings during our time in Canberra in 2013 was how Meat and Livestock Australia undertakes Research and Development and Marketing on behalf of the beef industry, and that these activities are funded by a combination of levies and matching government funds (for research and development only). The work that MLA does to building markets and enhancing

the productivity cannot be underestimated in terms the potential returns at the farm gate – particularly if the next key innovation is just around the corner.

We implore the Australian Government to continue to support MLA's work and ask that consideration be given to:

- Expanding the scope of these organisations as a tool for encouraging greater interest for careers in the beef industry;
- Investigating ways industry service providers such as MLA can assist young producers to get a start in the industry.

However, it is important that in undertaking its work, MLA consults with its peak councils such as the Cattle Council of Australia to ensure the expectations of producers are met and that Peak Councils are adequately resourced to do this job effectively.

#### Appropriate Representation

One of the cornerstones of the agricultural sector in Australia is representation for producers. State, National and Commodity organisations play a vital consultative role in ensuring that government policies and decisions are practical for producers. It is vital that the role of these organisations is acknowledged by governments and efforts are made to ensure that consultation takes place.

#### Accessing Capital

One of the recurring themes raised by the Rising Champion finalists was the difficulty they have experienced in breaking into the sector and starting their own businesses. One of the biggest inhibitors was their ability to access capital to fund their business ventures. They indicated that financial institutions were reluctant lend when there was little security or equity to borrow against – particularly if they are hoping to buy out a family member and all of their interests were tied up in the property.

The same issue of accessing capital was raised when discussing the ability of new entrants from non-agricultural backgrounds to break into the sector.

One of the options we would ask the Australian Government to investigate is the opportunity young producers to access low interest loans as a means getting a 'foot in the door' in the industry. We note with interest that low interest loans are already being offered to drought-affected producers subject to conditions.

#### Sustainability

If the Australian Beef industry is not sustainable – then there is no industry. It is our view that sustainability means the ability of the industry to continue to grow in productivity – you can only do this by managing and valuing the resources that go into production. In considering what it is that makes a beef operation in Australia truly sustainable it includes business viability, profitability and climatic flexibility.

We support the Cattle Council of Australia's membership of the Global Roundtable for Sustainable Beef both as an acknowledgment of consumer expectations and to ensure the interests of Australian producers are protected at the forum. Australia is a world leader in sustainable production, marketing our product as clean and green. We have world leading industry programs such as the National Livestock Identification System, Livestock Production, various Sustainable Resource Management Programs and the Animal Welfare Standards and Guidelines which demonstrate our position as sustainable producers of beef.

Producing quality, sustainable beef is our point of difference with other major beef producing nations, and is our key our competitiveness both internationally and domestically.

However, we acknowledge that sustainability also includes economic sustainability and profitability. As debt levels remain high and parts of the industry, particularly the northern industry face long-term challenges with profitability, we are cognisant that there is still work to be

done. While industry must bear responsibility for addressing its long-term goals, Government must play a key role as well. By continuing to invest in targeted Research and Development and by diversifying into new markets across both the boxed and live beef trade, it can help build the long-term sustainability and competitiveness of the industry.

#### Changing communities

The very nature of the community concept is changing. While it is important to preserve the traditional rural community that the agricultural industry identifies with so readily, it is also important to recognise that new communities are evolving through online forums.

Also technology improves; geography is no longer what ties people to their employment. You can now work from anywhere in the world. This has the potential to enhance our regional communities as people are able to jobs that previously could not be done in these regional centres.

The beef and agricultural sectors are unique in that the tyranny of distance and access to services and infrastructure are key impediments to undertaking business. This is why many agricultural businesses consolidate in major cities and centres. If the corporate aspect of agriculture could be attracted back to the bush through access to services and infrastructure, then many regional communities would benefit.

#### The Next Generation

However, what we believe is key to enabling agriculture's contribution to communities, is empowering the next generation of producers to enter the industry. What often leads to communities declining is the exodus of young people searching for employment elsewhere. Incentives pursue careers in Agriculture is vital. These incentives must not just target those already in the industry – but look to also recruit new industry participants.

In addition, it is important to broaden the traditional concept of what a career in agriculture means. There equally credible careers in agriculture for 'mainstream' professions such as finance, management, marketing and allied health. These are just some examples.

Rather than reinventing the wheel, it is crucial that the Australian Government look to the systems that already exist and seek to capitalise on them. Incentivising is key.