



## **Feedback to the Australian Government's Agricultural Competitiveness White Paper**

AgriMinds is a Sydney - based Agribusiness think tank whose members have senior experience in a wide range of Food and Fibre industries. We have had internal debates for some time about issues which we believe need to be addressed to help our industry prosper and are keen to offer our thoughts and conclusions as a contribution to the government's deliberations.

To start, we have mixed views about Australia's capacity to produce considerably more food than it now does. There should be some definitive research in this area, bearing in mind issues such as water availability (including a better understanding of underground water), and the reasons for the apparent stalling of productivity growth from some land areas now.

Opening up opportunities in Northern Australia may change the outlook for food production. However we have limited understanding of the realistic outcomes there and what quantum of capital might be required to make a difference.

If food demand from Asia increases as projected, Australians may gain increased market leverage and consequently have an opportunity to add value to primary foods before export (provided the labour cost component of value adding can be minimised).

AgriMinds members are very conscious of previous efforts to suggest improvements to government - without result over many years. We challenge this government to quickly absorb the feedback and make changes to re-energise the sector in the shortest possible timeframe!

AgriMinds feedback to the White Paper is on the following pages.

## Issue 1: Ensuring Food Security in Australia and globally

Note:- we are aware that fisheries matters are outside the scope of this white paper but we consider the following comments to relate to land-based issues.

- With around 70% of the fish sold in the Sydney Fish Markets currently imported and the rapid growth of buying power in Asia increasing the competition for limited supplies, there is considerable doubt about the continuing availability of seafood for Australians.
- We believe a big investment is needed now to incentivise the expansion of fish farming. Also urgent is the need to find a substantial resource of non-seafood based feedstuff for farmed fish.
- **On a separate point**, there is a need to research how best to restore land areas affected by mining projects to ensure that these areas are rehabilitated to the highest agricultural grade possible. We suspect that large areas have **not** been reclaimed as well as they could be and that state governments are not diligently applying their authority and the expertise of specialists in this matter.

## Issue 2: Farmer decisions for improving farm gate returns

- AgriMinds members are interested in the possibility of reviving farmer cooperation so that, in a group, marketing decisions can be taken to secure markets and add value by further processing, either by the formation of a cooperative or simply a joint business structure .

## Issue 3: Enhancing access to finance

- No comment

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

- AgriMinds members believe that a fresh view of what Agriculture is about needs to be applied. It is of course about **Food** production on the one hand and **Fibre** production on the other. We believe that a separation of those two product streams would **achieve the focus and concentration of effort that needs to be applied** to re-invigorate the sector so that new challenges and opportunities have a chance of being achieved.
- First we are suggesting that there is a need to apply direct focus to Food production. An elite course in Food Production (ie farming for food) should be fostered by government and industry to attract top level students and to act as

a template for other colleges and universities to follow. AgriMinds has a suggested format and curriculum (previously sent to the Minister).

- At the same time we believe there is a need to create a similar elite degree course in Fibre Production which should include animal and plant fibres as well as timber, carbon fibre and synthetic fibres including new discoveries such as graphene. This whole Fibre segment is shouting out to be treated **as a new exciting field of learning and discovery**.
- When any university takes up one or other of these elite courses, the government should match the university investment by funding a Science and Processing Technology Centre at the campus to **ensure that the science and technology are right there with the teaching**. This in turn will enable course graduates to take an interest (maybe post-graduate study) in value adding technologies such as processing and packaging. At a very recent Food Innovation Australia Limited (FIAL) meeting it was stated that there is very little food packaging expertise left in Australia (except in multinationals)!
- On another front, Australia needs to be pragmatic about its approach to foreign ownership of Australian land and businesses. In the name of transparency, there should be a register of the beneficial ownership of farmland (promised by government) as well as the ownership of food processing companies (because most are overseas owned). Thought should be given to placing limits on ownership of such sectors by overseas owners – who may well have objectives in Asia or elsewhere which differ from those in the best interests of Australia. We view the current trigger for FIRB scrutiny of farmland purchase of investment of \$240m **as totally unacceptable!**
- When imported food is brought into this country by a wholesaler or retailer the government should obtain data from the importer in relation to quality testing of the product and should require regular testing of the product in Australia until quality assurance is confirmed. At the same time Australian officials should seek product reciprocity for Australian foods with the exporting country.
- Success stories in food and farming should be highlighted to the community as a whole. For example the recent discovery by farmers of a low Glycaemic Index potato has given rise to a whole new (premium?) market for potatoes to those who seek low G.I. foods to help manage high blood sugar issues.

#### Issue 5: Enhancing agriculture's contribution to regional communities

- Following on AgriMinds proposal for an elite degree course in food production, and its adoption by regional universities (complete with the government

contribution of a Science and Processing Technology Centre), there should be a seamless opportunity for graduates to study food processing, thereby rejuvenating the food processing skill base in regional communities. Value-adding to primary food products can then take place, creating some regional employment. A key issue at this point is to ensure that this is a market-driven exercise, not a production-driven one.

- It seems that much of Australia's food processing industry is overseas owned and comes with its own proprietary food processing technologies. Big companies then pick off developing locally owned businesses when they reach a size where they have achieved market impact. As previously mentioned, this is an area where a ceiling might need to be called on overseas ownership. Australia needs to be in a position where it can develop its own large and successful companies.
- It may be the case that regional farmer-owned cooperatives or group-owned businesses can be revitalized and play a new role in providing facilities for food processing and packaging in the regions. Some cooperatives could revert to milk processing and say, cheese manufacture on a local scale. Other businesses could provide a group of farmers with, say, pea or bean harvesting, processing, packaging and storing facilities. Once again, a cautionary issue is the warning that a production orientation is dangerous and a market must be secured before a venture of this kind is implemented.
- It seems that existing successful farmers are not doing enough to provide incentives for budding young farmers to get a start in farming (like those graduating from our proposed new elite food production course). Can an effort be made to persuade these successful farmers to offer a portion of a large property at a modest rental and mentor young farmers to become successful farming businessmen and women?
- More properties should be available for rental along the lines of many share-farmed properties in New Zealand. This would provide a foothold for young trained people to make a start in farming.
- In remote indigenous communities a major effort should be made to establish gardens/allotments and train members of these communities in fresh food production. Indigenous people can then proudly grow and consume their own green foods and fruits, thereby achieving both local jobs and healthier diets. At the same time, and within the same communities, there should be a serious attempt to establish plantations of bush fruits and foods, thereby providing a source of new ingredients and flavours to differentiate Australian-made processed foods from others.

**Issue 6: Improving the competitiveness of the agricultural sector and its value chains**

- **A serious review of settling refugees into regional communities for a minimum fixed period (say five years) should be re-visited. Many rural communities need more people and have resources available to house, counsel and assist new arrivals. New family arrivals could obtain work on properties, provide intakes for local schools, enhance sales of local businesses, provide additional skill bases etc. At the same time the humanitarian benefit of re-habilitating families who have no future other than refugee camp life, seems like a situation that we cannot ignore for much longer.**

**No comment on the final 3 issues**

**Issue 7: Reducing ineffective regulations**

**Issue 8: Enhancing agricultural exports**

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

**AgriMinds April 2014.**

**Contact Jim Vandore**

**Chairman**

**tel. 0403 807 200**