"It's time to think BIG about Australian agriculture"

Parkes Shire Council's

Submission : White Paper on Australia's Agricultural Competitiveness
Dear Minister

IT'S TIME TO THINK BIG ABOUT AUSTRALIAN AGRICULTURE

Parkes Shire Council would like to thank the Federal Government for the opportunity to comment on the future of Australian Agriculture.

Parkes is a thriving Shire located within the Central West of New South Wales. The Parkes Shire has a population of more than 15,000, recording annual population growth in 2010 and 2011, following a decade of the population remaining steady.

The Shire is strategically located at the intersection of the Newell Highway, connecting Brisbane and Melbourne, and the transcontinental railway linking the eastern seaboard to Perth. The strategic location combined with a diverse economy underpinned by strong mining and agricultural sectors and an industrial support base, commercial centre and significant public sector presence.

The Parkes Shire boasts a strong, diverse economy, with a Gross Regional Product (GRP) of over $1 billion per year (AECgroup 2012). The economy is underpinned by the key industries of agriculture and mining, but also has a strong transport and logistics industry, retail and public sector.

Council would like to extend an invitation to Minister for Agriculture Hon Barnaby Joyce and the members of the cross-agency taskforce within the Department of the Prime Minister and Cabinet to visit Parkes to discuss issues highlighted by the submission. We understand that we are all subject to very tight schedules so we are also more than willing to travel to discuss the implementations of the initiatives raised by the submission.

Should additional information be required Council's General Manager (Kent Boyd) and/or Business and Economic Development Manager (Anna Wyllie) would be pleased to oblige on 02 6861 2333.

Yours sincerely

Councillor Ken Keith
MAYOR
Executive Summary

Council would like to thank the Federal Government for the opportunity to "think big" about Australian agriculture. The Parkes Shire's economy has historically been underpinned by primary industries such as mining and agriculture. This submission will examine why agriculture is important to regional communities such as the Parkes Shire. Agriculture affects and influences the way in which regional communities operate, it underpins regional economies and shapes the culture of communities and the agricultural cycle influences regional communities way of life.

This submission will examine:
- why more funding for research and development is need in agriculture;
- the need for awareness of the diversity in careers in agriculture is needed especially as the agricultural industry is faced with an aging population;
- The changing demographics in agriculture and the affect that it has on Regional communities and economies;
- the need for investment in value add industries;
- the importance of the first and last mile and a national approach to infrastructure and transport and logistics;
- water security;
- and the importance of opening markets to Asia and food security.
Regional Communities

The importance of agriculture to regional communities like the Parkes Shire can not be understated.

Agriculture is the third largest employer after retail trade and health care, within the Parkes Shire employing approximately 700 people or 11.8% of the workforce. The workforce has decreased by 258 or 27% between 2006 and 2011 (ABS Based on place of work ABS (2007), ABS (2012b). The decrease can be explained by a number of facts such as drought and an aging population but it can also through greater productivity. (Illustrated in graph 1)

Agriculture and transport and logistics are the second major contributor to the Parkes Shire gross regional product (GRP) behind mining contributing approximately 7% each to the GRP (Illustrated in graph 2). Although the number of people working in agriculture has decreased, over the same period of time the total value of output from the Parkes Shire has increased from $94 million in 2005/06 to $173 million in 2010/11 which is over 83%. (Australian Bureau of Statistics (ABS) - Value of Agricultural Commodities Produce 2010-2011). This increase in value can partly be explained by the lifting of drought conditions but also by the uptake of technology by the agricultural sector and more research and development in smart, efficient and productive practices.

Employment by Industry - Graph 1

Source AECgroup 2012
Over 35% of businesses in the Parkes Shire are associated with agriculture. This includes machinery and equipment services, agriculture engineering, pest and weed management services, fertiliser and chemical suppliers.

Another concern for the Parkes Shire community is the aging of the agricultural work force. Nearly 70% of the agricultural workforce in 2011 was aged over 45, with 23.4% aged over 65 years. This raises a number of issues such as succession planning, the sustainability of the agricultural work force and the work forces ability to adapt to new technologies.

Council believes that the Government should look for innovative ways to encourage younger people to become involved in agriculture. There are a wide variety of jobs and careers that people can under take within agriculture rather than the traditional idea of owning and operating a property (the cost of this may seem restrictive for many people wishing to enter the market).

Council believes that the Government needs to run awareness campaigns regarding the vast diversity of careers in agriculture such as research and development, agribusiness, marketing, viticulture, mechanical design, stock and station agents and food production through to import and export specialists.
Food Security

The global population continues to grow, which is driving demand for food. The Department of Agriculture, Fisheries and Forestry projects the real value of world agrifood demand in 2050 to be 77% higher than in 2007. Most of the projected rise occurs in Asia, where agrifood demand is expected to double over the projection period. The projected increase in the real value of global agrifood demand is greatest for vegetables and fruit, meats, dairy products, cereals and fish. The real value of Australia's agrifood exports in 2050 is projected to be 140% higher than in 2007, equating to an annual average increase of 2.1%.

The Parkes Shire is a major producer of lamb and cereals. The largest agricultural commodity produced in the Shire are cereal crops, which accounts for 61% of Parkes Shire’s total agricultural output in value terms.

Australia has the capacity to ensure not only its own food security but with the expected economic growth in Asia there is a potential growth market for Australia’s agricultural produce and exports.

Regional communities such as Parkes need to ensure that they place themselves in a position to take advantage of these emerging markets and ensure as much as possible that the profits are kept locally. This means that more development needs to be done to ensure that value adding to agriculture products happens as close as possible to the “farm gate”.

Workforce age structure, 2011

Compiled and presented in economy id by .id, the population experts.
This will ensure that money stays within regional economies which will in turn push growth into their economies and more skilled works.

To achieve these goals regional agricultural communities need the assistance of the Federal Government to help to open up markets to Asia but also to invest in agricultural research and development. Council believes that Government should be investing in organisations such as the CSIRO rather than pulling millions of dollars out.

Council also believes that there are opportunities for local communities, farmer and agricultural produces to partner with Universities to help establish best practice in agricultural management and production.

Enhancing agricultural exports

The Parkes Shire has a strong and well established agricultural sector with over 500 agricultural operations in 2011 employing nearly 700 people. During 2009-10 there was approximately 590,000 tonnes of wheat produced in the Central West region, 190,000 tonnes of barley, 30,000 tonnes of canola and 11,400 tonnes of lupins. However, there is limited processing of agricultural produce currently undertaken in the Shire. The nearby operation of large flour and canola processing facilities limits the opportunity for additional facilities in the Parkes Shire as there is unlikely to be the required volume in the region to support additional operations. However, there are opportunities for smaller boutique processing and packaging operations to service specific markets such as bottling and stock feed. The strong transport links in the region also make Parkes an attractive location for storage and distribution operations.

The Parkes Shire has opportunities to value add to agricultural sector including processing facilities and becoming a service centre for the agricultural sector such as a centralised storage and distribution point for fertiliser, chemicals and fuel.

![Value of agricultural production 2010/11](source: Australian Bureau of Statistics, Value of Agricultural Commodities Produced, Australia, 2010-11. Cat. No. 7604.0)
Effectiveness of incentives for investment and job creation.

Council understands that many of the incentives for investment and job creation are not the responsibility of the Federal Government but the State Government, however Council feels that it is important to comment on them.

1. Regional Relocation Grants

Council welcomes initiatives like the State Government's $7000 relocation incentive it also agrees with Associate Professor Phil McManus from the University of Sydney's, analysis that pragmatic decision about relocating to the country are influenced by key factors such as:

- Affordable housing
- Educational opportunities/ facilities
- Health services
- Sense of community
- Close to family and friends: and
- Full time employment

The Central West and Parkes ticks many of these boxes however, there are still areas such as health and education services where it falls behind, creating barriers in attracting people to the community. Council believes that population growth and decline have a major impact on local regional economies. Growth means that there is investment in the community and retention of essential services such as hospitals and teachers. It also makes the community a more attractive place to relocate and a decline in population can have the opposite effect where a community can lose essential services and people venture outside the community to spend money.

It is in our opinion it is a negative message that retirees are ineligible for the relocation grant. Many retirees are making the decision to move to regional areas where housing is cheaper and lifestyle more able to accommodate their needs.

2. Job Action Plan (regional component)

Parkes Shire Council welcomes the NSW Government's initiative of a payroll tax rebate of to $4,000 per employee for every new FTE position created to encourage 100,000 new jobs, 40,000 of which will be regionally based.

Council would be interested in looking at how well this initiative has been taken up in regional areas, especially as many employers over the last few years have faced challenging financial times. Council also believes that there is an opportunity to use initiatives like the Job Action Plan to encourage Agricultural Value add.

3. Restart NSW (regional component)

The NSW Government intends to spend 30% of Restart NSW funds will be allocated to infrastructure projects in regional and rural areas, this financial year that equates to approximately $135 million most of which will be spent on "bridges for the bush" program.
Parkes Shire Council would additionally would highlight projects such as the upgrade of the Newell Highway (including a heavy vehicle bi-pass at Parkes) so that high performance vehicles (HPV) can travel from Queensland to Victoria. The importance of the Inland Rail from Brisbane to Melbourne could also benefit from Restart NSW funds. Council would also like the NSW Government to consider looking at the access of HPV west of the Newell Highway. This submission will also discuss the importance of infrastructure on the agriculture industry.

4. Resources for the Regions

Under the Resources for Regions Policy, up to 3% will be allocated to mining-affected communities. Council notes that for the financial year 2012/13 most of the money allocated under this scheme has been concentrated within the Hunter Region. Mining has an impact on many local government regions and the agricultural industry across NSW. It puts pressure on infrastructure, roads, water supply, healthcare sector, housing and education. In the future Council would ask that the NSW Government call for submissions/applications from Local Governments who are effected by mining to help prioritise the projects.

Council also believes that the current spend of Government within a municipality compared to the amount of Royalties a region generates needs to be reviewed. The Government spend should be over and above what State Government would normally spend in a Local Government Region as the impact is over and above the norm.

A basic example would be, if in a non-mining affected community the State Government spends X per head per annum then in a mining affect Local Government area the Government should spend X per head per annum "plus" Y per head per annum (where Y represents the amount of royalties generated from that local Government Area) or at least some substantial proportion of these royalties.

As a Shire we believe the impact of mining is significant especially on the availability of skilled labour for agriculture and is clearly reflected in the GRP figures. However the current methodology does not fully identify this significance. Council believes that there are figures that can be measured annually such as GRP and the amount of mining proposed within a region that should be taken into account when allocating funding to mining affected regions and money should be spent on diversifying the economy and especially into agricultural value adds.
Infrastructure  Supply Chain and Transport and Logistics

Council believes that strong efficient supply chains (be it road, rail, sea or air) are essential for the agricultural industry to develop and prosper.

Parkes Shire Council believes that all levels of Government and the private sector where appropriate should work together to look at innovative ways to achieve end to end supply chain efficiency. Parkes Shire Council takes its roll in the supply chain seriously and aims for the infrastructure to enable the lowest cost in transport and logistics, currently we have three major projects that we are working on to enable this.

I.  $3million Redevelopment of the Parkes Regional Airport

The Parkes Regional Airport Redevelopment includes terminal refurbishment & expansion (replacing 1976 designs to meet passenger demands which have grown from 8,000 to 35,000pa with future projections of 40,000pa over the next 5 years), infrastructure and technology improvements, accessible design, NBN & new security regime readiness & areas annexed for commercial activities.

The airport services 4 Local Government Areas (Lachlan LGA consist 20% of passengers, travelling up to 150km to access the airport) & is critical to the region's social & economic development.

The project will generate significant regional economic impacts which will directly benefit and contribute to sustainable local and regional economic growth and lead to new private sector investment in the region (as highlighted in the attached Business Case. While technology continues to assist regional communities overcome the "tyranny of distance" there is no substitute for businesses to access convenient, reliable airports, which continues to be a major decision factor for investment. The Gross Regional Product (GRP) of the airport catchment area is growing at a faster rate than the State (6.7% over 2.3%) and the redevelopment of the airport is required to continue this pace of development as well as to act as a catalyst for future investment.

An Economic Assessment of the project found that it would increase the local economy (in terms of GRP) both directly and indirectly by $5.3 million during construction and provide an annual increase of $5.1 million during operation. In terms of employment (both directly and indirectly), the construction phase would generate 42 FTE jobs and 41 FTE jobs on an ongoing basis in the economy during operation.
Market research carried out by AECgroup identified that the airport redevelopment could specifically encourage private sector investment including an air freight facility, aircraft maintenance facility, pilot training facilities as well as retail, commercial and accommodation developments. These investments would increase the capacity of the airport to facilitate air freight and build synergies with the National Logistics Hub located in Parkes and ensure inputs and potentially outputs (even with the advent of international air travel from Parkes into Asia) are efficient and timely.
II. Melbourne to Brisbane Inland Rail

Parkes Shire Council is a strong supporter of the Melbourne to Brisbane Inland Rail. The Mayor Cr Ken Keith is the chair of the Melbourne to Brisbane Inland Rail Alliance (MBIRA) which represents Councils along and adjacent to the route. MBIRA has a vision to see the completion of a "modern, high standard railway from Melbourne to Brisbane that will be able to transport freight in a highly efficient way. A railway built to "future-standards" which will serve the nation for centuries". There is an opportunity to provide centuries of benefit if the railway is built to worlds best practice and tenaciously designed for low operating costs. The Australian Logistics Council estimates that a one percent increase in national freight efficiency saves the national economy $1.5 billion, making investment in an efficient project such as this, of national importance.

Council is concerned that even though the Government has announced $300 million for corridor acquisition and alignment and a Implementation Group headed by former deputy Prime Minister John Anderson, that it seems that the Government is pushing ahead with the route which was proposed by ARTC in 2010. Council believes that the route proposed by ARTC lacks the efficiencies needed to push modal shift and with out a fast, efficient modern rail system, industries like the Agricultural sector will suffer.

Aside from improving the nation's competitiveness, a highly efficient inland railway is a game changer for regional Australia and particularly agriculture. Efficient rail access opens a range of opportunities for the regions, and would increase competitiveness of agriculture. A strategically designed railway system would allow access along the route thus significantly reducing the cost of delivering produce to port and transporting freight from ports to regional areas.

Luke Chandler, general manager of food and agri-research at Rabobank, was recently quoted in an article by Sarina Locke for ABC Rural News stating that Canada's rail freight for grain is already half the price of Australia's. It takes 16 trains in Australia to haul 60,000 tonnes to port, compared to Canada's six trains. He also pointed out that Brazil's Government is investing $60 billion in improving rail links to ports. Currently our Government has only committed $300 million to the Inland Rail project.

We do not see the Melbourne to Brisbane Inland Railway as the sole responsibility of government and believe the private sector should be a major contributor. Government does
however have a key role in coalescing the potential partners to ensure the project is delivered in a timely and effective way, and MBIRA would greatly appreciate your earnest support in that regard.

The map below which Council has developed shows the importance of Inland Rail to agriculture the proposed route cut straight through the Eastern Wheat belt, but also gives Farmers access to the west coast. Agriculture produces work on very small margins and any thing that Government can do to increase these margins by helping increase efficiencies in the supply chain
Parkes Western Ring Road Project:

The Parkes Western Ring Road Project will move freight more efficiently from Melbourne to Brisbane by extending access to high productivity vehicles (HPV).

The development of the Western Ring Road at a cost of approximately $25 million is estimated to remove around 1500 heavy vehicles per day from the Parkes retail district, significantly improving local access, amenity and safety.

It will also provide direct Newell Highway access to the Parkes National Logistics Hub and avoid two railway level crossings. Importantly the route avoids four geometrically substandard intersections which currently limit the extension of access for HPV on the Newell Highway South of Dubbo.

Construction of the Parkes Western Ring Road will:

1. Increase the efficiency of moving freight and in particularly agriculture along the Newell Highway
2. Remove around 1500 heavy vehicles per day from the town centre.
3. Improve motorist and pedestrian safety.
4. Improve traffic flow in Parkes, particularly east-west.
5. Improving the amenity of the retail district for shoppers, residents and workers
6. Substantially reduce heavy vehicle noise and stock created odour
7. Substantially facilitate access of HPV on the Newell Highway from Dubbo to Victoria by avoiding four geometrically substandard intersections
8. Removes two railway level crossings for Heavy Vehicles travelling through Parkes reducing delays and improving level crossing safety
9. Removes the urban conflict of local traffic and trucks
10. Provides unimpeded Heavy vehicle access to the Parkes National Logistics Hub

Council also believes that Government needs to work towards National regulation for the movement of freight which will in turn decrease the complexity of moving agricultural products between states and thus decreasing the price of freight. Council also believes that roads west of the Newell Highway should be opened up to HPV's.
Water Security

Never before has a comprehensive, integrated, regional approach to water security been adopted. Then again, never before has Australia been as exposed to the impacts of drought and climate change as we now are. The work that Parkes Shire Council sees water security as a collaborative responsibility of all levels of Government, natural water systems are larger than one community and need to be managed for not only urban use but also industry and agriculture.

Parkes Shire Council who is also a member of Centroc has already completed, and seeks to continue, to secure water for our urban communities, for the industrial sectors that support our livelihoods, and for our unique and precious natural environment. The Centroc Councils have recently completed a Carbon Plus Study, which will ensure that those Councils continue to manage the carbon footprint of its water security strategy. Achieving water security for Central New South Wales will require significant investment in both infrastructure and demand management programs.

Through Centroc, the 17 local government councils within the region have demonstrated their capability to unite, collaborate and work toward a common goal. Already the collective efforts have successfully developed a long-term sustainable water supply strategy which significantly improves the water supply security of the central west region whilst balancing social, environmental and economic outcomes.

The is no comprised when it comes to water security it is an essential element for communities to prosper. But Council also believes that it is essential that Governments of all levels look at the issues around water security as a integrated and collaborative approach. This will require significant investment from Government.