



30 April 2014

Agriculture Industry Action Plan submissions
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RE: Agriculture Industry Action Plan – Draft taskforce recommendations to government

Regional Development Australia – Northern Rivers (RDA-NR) welcomes the opportunity to contribute to the development of the *NSW Agriculture Industry Action Plan*.

RDA-NR is an independent not-for-profit organisation jointly funded by Federal and State governments and a catalyst for regional growth and innovation. It acts as advocate, broker and project manager on behalf of regional industry, community and government stakeholders.

Agriculture and associated ‘downstream’ industries were responsible for \$1.3 billion in exports from the Northern Rivers in 2006-07¹ and today employ almost 20 per cent of the Northern Rivers’ workforce. Grazing is the primary agricultural land use in the region, which is well known for its beef and dairy industries, which account for 17.7 per cent (beef) and 19.1 per cent (milk) of the total value of these commodities in New South Wales².

Horticulture is also important to the region. According to ABS 2011-12 estimates³, the region’s 1,637 horticultural businesses made up almost 30 per cent of the total number in NSW (5,597). The region produces 100 per cent of NSW’s macadamias, 98.5 per cent of NSW sugar from cane and 96.8 per cent of NSW blueberries. The region also makes a major contribution to the supply of the State’s avocados (82 per cent), bananas (77 per cent), fresh tomatoes (65 per cent), and soybeans (32 per cent)⁴. In terms of gross value, the region produced 54.5 per cent of Australia’s total macadamias (\$77.9 million), 85.4 per cent of Australia’s total blueberries (\$82.3 million), 11.6 per cent of Australia’s total avocados (\$105.1 million) and more than 22 per cent of Australia’s total soybeans (\$14.9 million) in 2010-11⁵.

Industry vision and priority issues: comments?

RDA-NR notes that the themes for action in the *Draft Recommendations* (the Draft) have been developed through stakeholder consultation. It agrees with the **vision**, **themes** and **priority** issues



outlined in the Draft but believes there should be more emphasis on strategies for enabling farmers to earn a living directly from their produce, rather than delaying their return on investment until they sell their farms. Most farmers in the Northern Rivers are on small properties and action is needed to enable them to thrive as small businesses, not just as food producers. As discussed in the Draft, upskilling the current and future workforce, increasing efficiencies through new technologies, investing in infrastructure to provide better access to markets and up scaling value-adding activities will all contribute to this. RDA-NR also proposes that fostering **collaboration** and **innovation** within the agricultural sector as a whole and within its individual industries (e.g. sugar, beef, macadamias) will also be required for the agricultural sector to remain competitive.

RDA-NR supports the majority of the recommendations. However at 41, the number is overwhelming and – if left un-prioritised – there is a significant risk that the Government may not focus its action on those which have the potential to most positively affect the desired outcomes.

We propose the existing recommendations be conflated where possible into fewer, key recommendations with descriptive commentary about the actions required. In the following sections RDA-NR proposes which recommendations be prioritised and makes suggestions to strengthen them. Recent examples of replicable activities from the Northern Rivers are also given as examples of good practice that can be extended and/or replicated.

1. Do you support the actions proposed for ‘profitability, productivity and innovation’?

*RDA-NR Proposes that **Recommendation 2** is prioritised here and that it be broadened to recognise that RD&E models may need to be tailored to each sector (e.g. dairy, blueberries, avocados) and to ensure that such models are workable for small and large farming concerns.*

Example: Groups such as Northern Rivers Food, Inc. (an industry membership group originally established as a project of RDA-NR) provide support for small artisan producers and bring the region’s food products to the attention of national and international buyers through events such as Sydney Good Food and Wine show, under a ‘regional’ brand.

Responding to market opportunities, some Northern Rivers farmers have accessed less traditional markets such as dry-land rice, pecans and organic produce, and moved into value-adding on farm including nut oils, mueslis, artisan cheeses, chilli-based condiments, marinated olives and tea tree personal care and household products. The region has thriving farmers’ markets affording small-scale producers opportunities to retail their fresh produce and added-value products (condiments, sauces, cheeses, etc.) direct to consumers.

The DPI and industry bodies should engage more actively with university departments across a range of disciplines, to analyse and promote successful initiatives and to widen the focus on profitability from merely increasing production to include the business, financial, marketing and leadership skills that are needed now and in the future.

2. Do you support the actions proposed for ‘Workforce and skills’?

RDA-NR proposes that Recommendation 14 be prioritised and extended include positive actions to encourage and enable young people and the long-term unemployed into the sector.

Example: Recognising shortages in casual skilled labour in the region, the North Coast Agricultural Shared Labour Pool was established in 2012 as part of the NSW Sugar Workforce Development Program, which was funded by the Australian Government Department of Education, Employment and Workplace Relations through the Local Employment Coordinator Flexible Funding Pool.

In 2012, 98 job seekers undertook accredited training and 17 new 'positions' were created in the 'Pool', providing seasonal skilled labour on an 'as needed' basis across the sugar, macadamia and tea tree sectors. Following the severe storms in early 2013, more than 300 days of work were undertaken by Pool workers to address damage to macadamia orchards affected by the storms. Since the conclusion of the pilot scheme, a number of Pool labourers have been employed full-time on farms. An additional seven workers have been added to the Pool and there is steady interest from workers in joining the scheme.

Programs such as the Shared Labour Pool that provide collaborative cross-sector solutions to shared problems should be replicated and extended in collaboration with relevant industry groups, education providers and governments, as a means to filling labour shortages. In addition to cultivation and production skills, future training should also include basic workplace training skills to enable the long term unemployed to enter/re-enter the workforce. Such programs could help to offset high unemployment in regional areas such as the Northern Rivers where secondary school Year 12 completion levels are lower than the remainder of the State (38 per cent compared to 52 per cent) and unemployment rates for those individuals are as high as 17.6 per cent⁶.

3. Do you support the actions proposed for 'Business and regulatory'?

Recommendation 21 will be crucial to success here. It will also be important to ensure that the burden of complying with standardised regulation does not preclude smaller and family farm operations from participating.

Example: Inconsistent regulations for pesticide use across the States are a barrier to improving yield and therefore viability of macadamia farms in the Northern Rivers. In Queensland, pesticides are registered for use 'by crop'; however NSW regulations require registration to be both pest and crop specific. This costs the AMS around \$200,000 in applications annually and introduces delays in uptake from growers. The AMS Productivity Development Officer estimates this bottleneck could be holding back annual productivity by up to 20 per cent.

4. Do you support the actions proposed for 'investment and ownership'?

RDA-NR proposes that Recommendation 27 is the priority – and to specifically include investigating and addressing the financial barriers for young people to enter the sector.

Example: In 2013, AMS worked with its counterparts from NSW Sugar to produce business modelling to encourage more corporate (share and lease) farming. The data was presented at two RDA-NR hosted seminars, intended to introduce mechanisms to the industry (which was largely built on a tax incentive scheme based on capital value of the land), to improve productivity and profitability by providing opportunities for younger farmers who cannot afford to enter the market through land purchase, to invest in existing farms and manage them as profitable businesses on a share or lease basis, the driver being the financial return from the produce, not simply by improving the capital value of the land.

5. Do you support the actions proposed for 'Markets and export'?

RDA-NR proposes two key recommendations in this section:

Recommendation 33: Government leads a broad engagement and export development strategy for agriculture in NSW, including targeted initiatives. This should include break downs by export markets; product segments; and by regions where appropriate.

Recommendation 36: Government to develop an infrastructure investment plan to prioritise key development / replacement / investments and that is consistent with industry investment strategies.

We encourage the NSW Government to leverage the diverse competitive advantages that different regional areas have based on their location, soil types, land holdings, produce types and other attributes. This consideration should be factored in to outbound trade missions and incursions from visiting international buyers.

Efforts are already underway to grow new export markets for the region's industries based on the power of digital communications. Recently the AMS hosted a visit by five Korean bloggers to macadamia farms and local restaurants utilising macadamias, in a bid to grow the Korean market. One of the bloggers, Song Hyun Jung, was quoted in the Northern Star⁷: "in Korea food is grown with chemicals and the air is not fresh; but here everything is so green and natural... that is why Koreans will love the macadamias."

Regional investment in infrastructure that enables goods to get to market more efficiently is critical and more investment in understanding the true freight needs of the agriculture sector is needed. Farmers who produce good value, quality product on farm but face prohibitive and inefficient costs in getting goods to market will never be competitive. According to the Rural Industries Research and Development Corporation, the existing information base for infrastructure planning is limited and "there is evidence that current transport infrastructure has some gaps and lacks consistent maintenance"⁸.

Roll out of commercial-grade broadband across the Northern Rivers will enable more producers to take advantage of technology to improve productivity, profitability and market intelligence gathering. It will also provide opportunities to improve export activities, skill levels and employment opportunities in the region.

Example: Many agricultural businesses are becoming dependent on fast internet. NSW Sugar Milling Cooperative uses a 3G-enabled GPS system to ensure 'just in time' logistics management of haul-out trucks to its mills. Although introducing the system was expensive it has created efficiencies, e.g. reducing the number of trucks required from 17 to 12⁹, enabling the milling operation to remain competitive.

6. Do you support the actions proposed for 'Connectivity with community'?

In RDA-NR's view Recommendations 37 and 38 should be aggregated and broadened with the objectives of assisting the community to better understand where their food comes from and the potential impact of inappropriate land use activities such as housing developments and the extractive industries on the agricultural sector, domestic food security and export potential.

RDA-NR accepts the Taskforce's argument that [even in regional locations] the connection between the agricultural sector and urban residents in communities is being weakened and this is exacerbated by consumer and supermarket demands on the sector. Governments and industry at all levels must continue to collaborate to ensure and inform the community about issues of quality, health and safety of all aspects of the food system. In the Northern Rivers, the production and promotion of 'clean and green' food products is also important to export markets and this was recently confirmed by regional dairy Cooperative NORCO's recent win of a contract to export short shelf-life products to China.

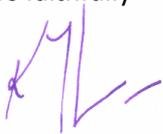
As brand attributes, 'clean and green' are reliant on access to clean air and water. In regional areas access to water and natural resources are often controlled, influenced and managed by agencies and organisations outside the region, leading to decisions that negatively impact economic development opportunities in other regions. For example, the current situation in the Murray-Darling Basin is evidence of the over use of shared resources in one region impacting opportunities for economic activity in neighbouring regions.

Coal Seam Gas (CSG) exploration and mining is an emerging issue that has the potential to escalate to the scale of the Murray-Darling Basin delays, with the risk of shared aquifers being contaminated through CSG activity in one region resulting in negative consequences for a neighbouring region's tourism and niche-food industries. The NSW Government has a major role to play in facilitating cross-regional negotiations for use of shared resources.

Finally, in and around the larger regional centres in the Northern Rivers, it is important for Local Government planning instruments to be consistent, and designed to ensure that peri-urban prime agricultural land is protected from land use activities that could negatively impact on agricultural activities and government should play its role in determining these at state level.

Please do not hesitate to contact me should you require further information about any of the initiatives described above.

Yours faithfully



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References:

- ¹ ABS *Australian National Accounts: Input-Output Tables*, Electronic Publication, Final release 2006-07 tables. Cat No 5209.0.55.001 cited in RDA-Northern Rivers, *An Appetising Destination*, 2011
- ² ABS *Value of Agricultural Commodities Produced, NRM: NSW 2010-12*
- ³ ABS *Land Management and Farming in Australia 2011-12* TABLE 8 Major Agricultural Activities
- ⁴ ABS *Value of Agricultural Commodities Produced, NRM: NSW 2010-12*
- ⁵ *ibid.*
- ⁶ RDA-Northern Rivers *Northern Rivers Social Profile 2013*
- ⁷ Northern Star, *Bloggers maca the most of it*, Friday 4 April 2014 (page 2)
- ⁸ RIRDC (Tulloh & Pearce), *Transport Infrastructure for Australia's Agricultural Needs*, Canberra, 2011
- ⁹ RDA-Northern Rivers *Northern Rivers Digital Economy Strategy 2013*